COMMERCE – GENERAL

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Secret talks to boost blacks

By NIGEL BRUCE

DR PIET Koornhof, Minister of Plural Relations, had secret talks on Friday with the men running the country's giant retail chains on ways of encouraging business in the townships without harming black traders.

In Cape Town for the talks were, among others, Edgar's Sidney Press, OK Bazaars' Meyer Kahn, Greatermans' Isaac Kaye, Pick 'n Pay's Hugh Herman (Raymond Ackerman being abroad), and Metro Cash's Natie Kirsh.

This week Dr Koornhof is calling in the country' top industrialists for similar talks and next week he plans to meet with Sam Motsuenyane's National African Federated Chamber of Commerce.

The latter is likely to be the stormiest session of all, as black business opinion, well aware of the enforced shortcomings of the black trader, are dead set against any suggestion that white retail moguls be allowed to overwhelm black areas.

This is the Minister's second significant move, since he took office, towards encouraging black business and putting, to use his words, "heart and soul" into black dormitory cities like Soweto.

His first step, the significance of which, I am told, he believes has not been appreciated widely enough, was the scrapping four months ago of the onerous and often petty legal restrictions on black traders doing business in their own areas.

These black traders are subject now only to the relevant licensing laws, in exactly the same way as white traders are in their own areas; albeit the latter are infinitely larger and more prosperous.

Blacks are nevertheless still prevented from trading in white areas and from business involment as industrialists.

These talks, however, suggest that Dr Koornhof plans to do much more than merely speed up the relaxation of trading restrictions, a process which began in 1976, when black companies and partnerships were first permitted.

He made it clear to the retailers that he was not prepared to open black townships indiscriminately to white traders because this would swamp black traders in a tidal wave of competitive forces.

Whatever grand scheme is eventually worked out must provide, he emphasised, for the preservation of the livelihood of black traders.

Apparently, discussion on Friday centred on methods of training black businessmen so that they will better be able to cope with stiffer competition in the future.

Mr Press voiced some weighty opinions on training schemes, while Mr Kaye favoured franchising arrangements to achieve the same ends.

Some retailers were left with the impression that Dr Koornhof, while reluctant to commit himself at this stage, might be thinking of attempting to trade off a training participation in townships for white interests against certain concessions for blacks in white areas.

One thing is certain, however: the undoubted diplomatic skills the Minister used in the past to manipulate fractious sportsmen are going to be taxed to the limit on this thorny problem.

Dr Koornhof — giving blacks a lift.

Pick 'n Pay profit up 39 per cent

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2/5/79 RDM

CAPE TOWN — This year promises to be a better retailing year than for some time, Mr Raymond Ackerman, chairman of Pick n Pay, says in his annual report.

He says the Budget and the general feeling of increased confidence should provide the impetus for a much-needed stimulus to consumer spending.

In the year to February 28 Pick n Pay increased turnover by 41,6 per cent to R466 million, while taxed profit rose 39,5 per cent to R9,1 million.

The introduction of sales tax last July depressed consumer spending. But there were signs the new tax was now being absorbed and that traditional patterns were reappearing, Mr Ackerman said.

Two more hypermarkets were opened during 1978/79, bringing the number to five and all made substantial contributions to profits. Three new supermarkets were opened.

No hypermarkets would be opened in the current year, but two more would start trading in 1980-81.

Referring to a proposed hypermarket in Constantia, Cape Town, Mr Ackerman said the company was waiting for a final decision to go-ahead from the Cape Divisional Council and the Administrator of the Cape which should be known within three months.

Supermarkets are to be opened at Welkom, George, Rustenburg and Paarl. — SAPA.

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7/5/79 RD

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Pep moving into food

4/5/79 RDM 30

CAPE TOWN — Pep Stores is moving into foods and as a first step has bought Cape Town's eight-store Shoprite chain for R1,9 million. In about a year's time Pep should be ready to extend its Western Cape base and begin building a countrywide food chain.

Chairman Renier van Rooyen will, in fact, be following similar steps to Raymond Ackerman, who bought the then small suburban chain of Pick 'n Pay from the founder, Mr Harry Goldin (now chairman of Clicks Stores) and quickly turned it into the country's most successful supermarket chain.

But at a press conference here, Mr Van Rooyen, just back from an overseas trip, made it clear he would not be challenging Pick 'n Pay.

He has shrewdly seen a gap in the market and is to fill that void with a chain of neighbourhood supermarkets, well located and close to residential areas with discount prices on food and hardware.

Shoprite, founded in 1966 by Mr Barney Rogut (who was one of the founders of Grand Bazaars) and Mr Basil Geller, has annual sales of R10 million and last year — to February 28 — pretax profits were R600 000. The latest figures will show an improvement on the past year and Mr Van Rooyen is clearly delighted with the deal.

The R1,9 million price is based on net asset value and about half of the assets are made up of cash. The profits are equivalent to around 7c earnings per Pep share. Shoprite has a 65 per cent food, 20 per cent clothing and 15 per cent hardware mix.

Mr Rogut and Mr Geller are to continue to manage Shoprite as an independent company within the Pep group. Mr Wellwood Basson, 33, is being appointed managing director of Shoprite.

The stores are in Paarl, Bellville, Lansdowne, Woodstock, Goodwood, Milnerton, Wynberg and Brooklyn.

With this take-over Pep is entering the food and hardware field for the first time and Van Rooyen says this is a calculated and well planned move based on his faith in the retailing sector. Pep has been examining the food sector for three years. The deal took only two weeks to negotiate.

Pep's profits are due out in the next few weeks and the figures will be keenly awaited by the market as the group operates in a sector which offers high growth prospects, as well as being a key indicator of economic prospects.

Van Rooyen says the group has had a satisfactory year. However, it appears demand has not been up to his earlier high expectations.

But the absorption of the Half Price chain has gone extremely well, although there were a few snags.

The forecast profits from this source should be up to expectations and the easy assimilation of Half Price augurs well for the future, both on margins and actual sales. Liquidity remains strong. — DDC.

Wholesaler is now serving Mdantsane

MDANTSANE — A modern wholesaler, Nolizwe Wholesalers Ltd, is now here to service the local retail trader.

It is under the management of Mr J. H. Botha, assisted by Mr I. D. Bouwer, receiving manager.

The 25 000 square foot project cost R375 000 and provides an opportunity to train Ciskeians in managerial positions.

There are 24 employees — a receptionist, a public relations officer, three cashiers, one tea-woman, one end controller, four receiving and marking men, two outside packers, ten caddies and one tractor driver who travels between Mount Ruth station and the business.

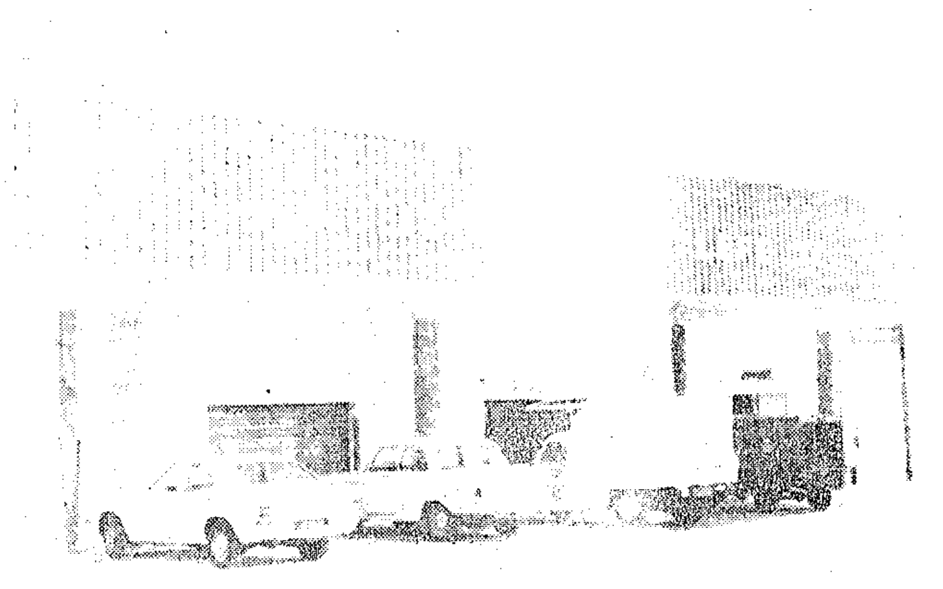
The wholesalers stock domestic hardware, crockery, cutlery, blankets, confectionery, stationery, schoolbooks, frozen foods, frozen chickens and chicken pieces and all cash and carry range.

Packed neatly in the freezer room were 400 cartons of frozen chicken and foods. Perishable food like cooking fat, margarine and butter are packed away in a cold room.

Mr Botha said the venture was established at Mdantsane to cut down on travelling expenses and to encourage traders to support their own development.

One man calls on shops for the feed back, and works as liaison officer between wholesaler and customers.

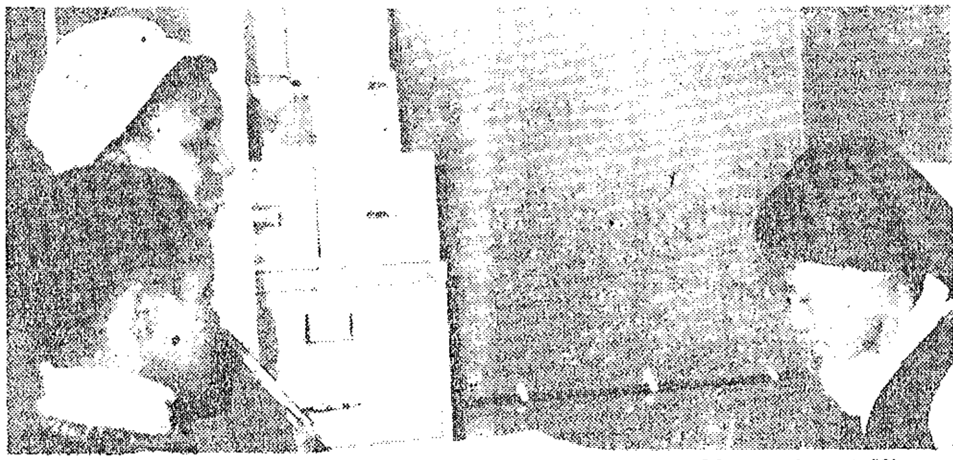
Mr Botha said their ultimate goal was for a Ciskeian to take over the wholesalers.



Front view picture of the wholesalers.

The Ciskei member of the Legislative Assembly, Mr G. Mpepo, representing Mdantsane constituency was one of the first businessmen who bought stock for his shop. He is with Mr Botha, the manager.

Miss L. Kutta, one of the cashiers handing change to Mr R. Moletsane.



Miss C. Manxiwa, taking orders from Mrs K. N. Skunana and her assistant, Miss S. Salman.

Packing shelves are Miss Getrude Mdingi, Mrs R. Buya, Miss E. Wabuda and Miss V. Matyunjwa.

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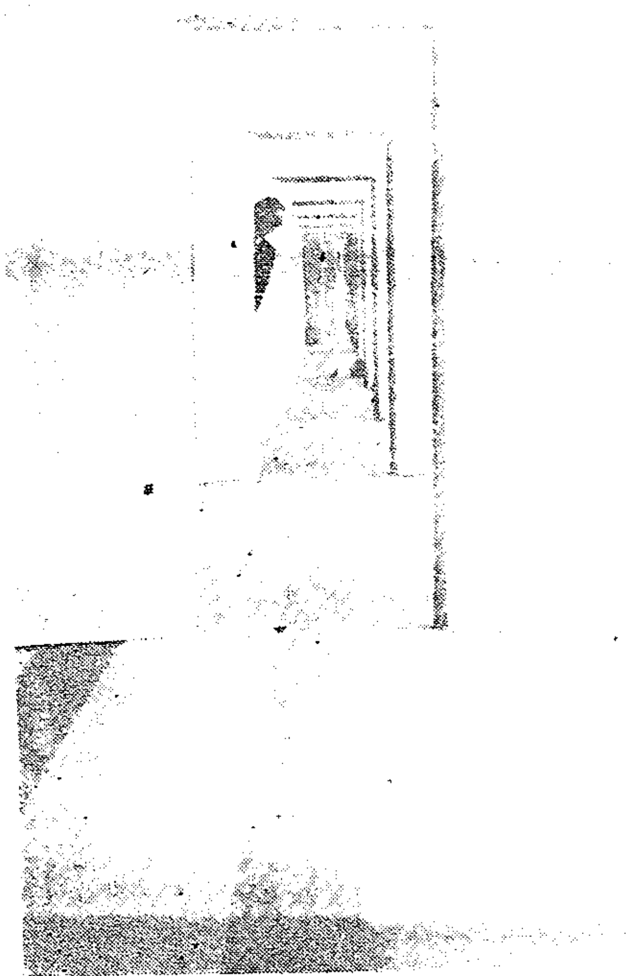
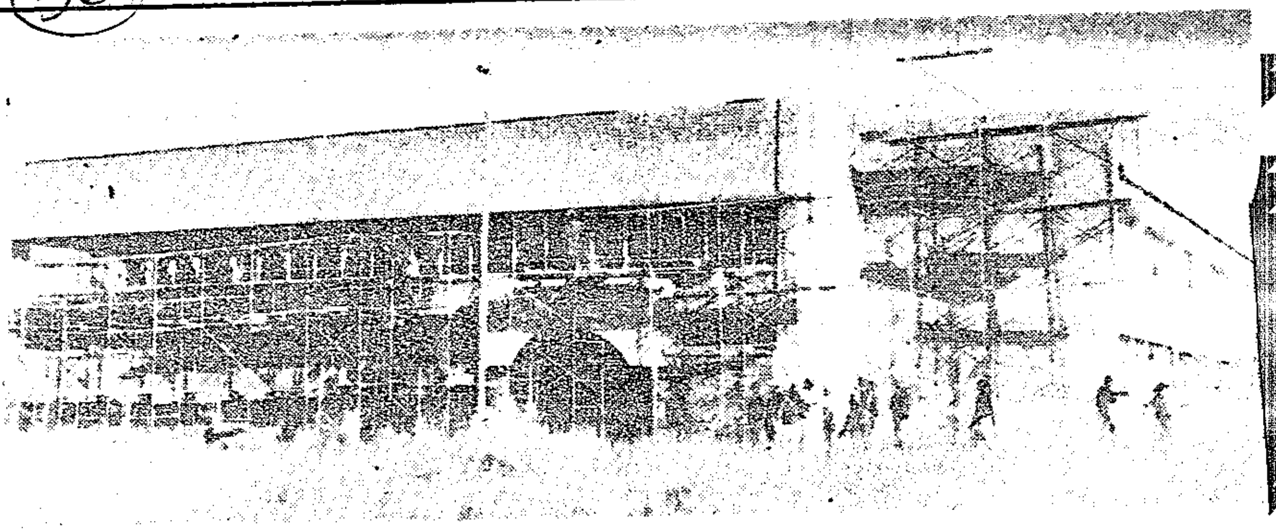
BUSINESS



All the offices have interleading doors.



TOP. The new complex rising from the veld at Mdantsane. ABOVE. Feverish activity to have the building ready for the scheduled opening next month.

New shopping complex

EAST LONDON — A modern R900 000 shopping and office complex is nearing completion in Mdantsane, the second largest black town in South Africa.

The complex is being financed by the Ciskeian National Development Corporation and built by LTA Construction (Ciskei).

This the second office and shopping complex which has been built by the CNDC in the business centre of Mdantsane.

The new complex comprises nine shops, two medical consulting rooms, two banks, three insurance agencies and 44 offices.

The building will be completed next month and all the space has been taken up.

Among the tenants will be the Daily Dispatch, who will have their Mdantsane editorial and advertising offices in the new building.

LTA Construction Ciskei — is jointly owned by the CNDC and the LTA group of companies, and Ciskeian shareholders. Contracts in the Ciskei totalling nearly R6 million are being handled by the company. — DDR.

Fm 4/5/79

(30)

TRACTORS

The BTI ploughs in

Having already committed itself to a R260m diesel engine plant designed to produce, *inter alia*, 14 000 tractor engines a year, government last week ordered an inquiry into local content for agricultural tractors.

Crazy? Tractor distributors certainly confessed to "absolute bafflement" at the move, for the Board of Trade and Industries can hardly now recommend *against* increased local content.

Admittedly, there is more to local content than an engine. But, as one tractor man said: "Surely the time for the inquiry would have been before the decision to go ahead with Atlantis Diesel Engines."

The BTI is called on to investigate the desirability of: a greater measure of SA manufacture of tractors and components; and rationalisation in the number of models and manufacturers.

Then it will make recommendations concerning the extent of local manufacture which should be aimed at under "present and foreseeable circumstances," and necessary measures to attain these objectives "in a manner ensuring the sound development of the industry."

The recommendation will be made with regard to the best utilisation of available resources, the board's own examination of local content for commercial vehicles, and necessary tariff protection for diesel engine production.

Existing local content in tractors, mainly in the form of tyres, batteries and hang-on parts, averages about 19%-20%, says Wally Rautenbach, tractor operations director at Ford and current chairman of the SA Tractor Manufacturers' Association.

Using a locally-made engine will lift this to about 50%, Rautenbach estimates — but at a considerable cost premium.

"A supplier who previously imported a tractor fully built up will now have to import it in knocked down form and set up an assembly facility," he says. "Two years ago we did a study and found it would cost R5m to set up such a factory from scratch. If you use some existing facilities it could still cost R3m-R3.5m."

In addition, a number of unique components are required to marry a new type of engine to an existing tractor. Design costs are also involved.

Rautenbach notes, too, that the source plant's delete allowance for supplying a tractor minus engine is never equal to the full cost of the engine because it involves the plant in additional costs. Says he: "I would be very surprised if the penalty cost on the engine is less than 50%."

As the engine represents 30% of the tractor's cost, this means the vehicle cost will go up about 15%, in line with IDC estimates. So the Atlantis plant cannot really be justified on economic grounds, and protective tariffs will have to be imposed against imported tractors. But, says Marius de Waal, IDC general manager and leader of the ADE project, it is not a simple matter of taking the cost premium and adding a couple of percentage points. Some tractor models are under-priced in order to make headway in the market, so de Waal believes the necessary tariff level will be closer to 100%.

Tractor industry . . . ploughed under?

The tractor market is likely to fall below 11 000 units this year, but in a normal year it is about 14 000 tractors, worth an estimated R175m.

There are 12 active suppliers offering a total of about 80 different models, mostly in the important 30kW-100kW range, within which engine size 70% of the tractor market falls. However, four suppliers (Ford, Massey-Ferguson, Vetsak — with Fiat products — and John Deere) have 80% of the market. They offer 38 basic models in the main market area.

Switching to ADE's engines will force a large measure of rationalisation on the industry, since only four basic engines will be available in the 30kW-100kW (30hp-160hp) range. These will be Perkins products, while bigger tractor suppliers will also be able to choose from three Daimler Benz engines above 100kW.

While the industry obviously could make do with this severely limited range, the manufacturers' view is that it does not meet their requirements adequately.

Clearly, if the prime justification for local tractor manufacture is strategic, the economic arguments are turned around. Rationalisation becomes essential to get the benefits of volume production. But certain crucial components, such as a fuel pump, will be extremely costly to produce here.

And at anything less than 100% local content, rationalisation involves over-dependence on a very few foreign sources of supply. It might, indeed, be in the interests of the country to retain links with a large number of suppliers.

= ± R2,61

R2,61

(3C) 11/5/79 DD

Clicks going public

JOHANNESBURG — As expected for the past three months, the Greatermans subsidiary, Clicks Stores, is coming to the market for a listing.

And it looks as though those who have held their Greatermans shares through the thick and thin of its recent poor profit and dividend showing will be the main beneficiaries of the offer — if they are willing to take it up.

Out of 10-million in issue 50c equity shares, 2-million are being offered for subscription at 100c a share. Shareholders in Greatermans — Ordinary, A Ordinary and cumulative participating preference — will have the chance to buy 1 100 000 shares, which leaves them with a prospect of around one-for-seven or eight, depending on the stock they hold.

Thereafter 900 000 shares will be split as to 500 000 to Clicks suppliers, directors and executives, and 400 000 to the share purchase scheme.

Hardly, one would have thought, an issue which makes the company "public" because the bulk of the issue is going, it appears, to a privileged few.

However, the offer looks likely to succeed, with the prospective dividend yield indicated in the prospectus likely to be 8,8 per cent covered not too far short of twice by an indicated earnings of 17,4 per cent.

Both figures are well ahead of the current averages for the stores sector as a whole, with the dividend yield at 5,6 per cent and the earnings return at 11,1 per cent.

It is difficult to imagine any of the selected potential shareholders in Greatermans refusing their rights, or similar action on the part of the other favoured sectors of the group, but the comparative narrowness of the selection seems wide open to criticism.

As it is, Harry Goldin's Clicks group looks set for improving things. Specialising in discounting toiletries, cosmetics and gifts on a cash and carry basis, Clicks gets around 50 per cent plus of its turnover from these fields, with the balance made up by electrical goods, sweets, radios, cameras, stationery, toys, household cleaners and kitchenware.

Modelled on the US drugstore, the only difference between the two types of retailing is that Clicks does not dispense medical prescriptions. In essence, therefore, the chain is not the US type drugstore, and will not, therefore, be affected by the proposed legislation which will ban the sale of certain goods by so-called pharmacies.

Clicks, like some other stores groups, including the other Greatermans chain Checkers, which some had thought would be a better flotation than Clicks, operates on a cash-and-carry basis. It should therefore have a first-class cash flow, one which can be employed, like that of Pick 'n Pay, to the best financial advantage of the group, and indeed, at the proposed listing date it will have neither borrowings nor off-balance sheet finance.

According to the preliminary statement accompanying the issue proposals, earnings for the year to June 1980 will be around R1 950 000 to give equity earnings of 19,5c a share. Those taking up the new shares will not participate in the 1978-79 dividends which have already been declared.

Thus, on forecast earnings of 17,4c a share for the 1978-79 year on turnover of about R39-million from its 28 outlets, the group would have paid out 8c a share in dividend — important to Greatermans with its former 50 per cent stake in Clicks, of course.

While one can hardly blame Greatermans, Clicks, Mr Goldin and the merchant bank and brokers involved in the issue for the narrowness of the numbers likely to be able to apply for the new issue, it does seem a shame that such a successful group should have its shares confined to such small numbers.

— DDC

PICK N PAY (30) FM 11/5/79

Maintaining momentum

Activities: *Mass retail food chain with 41 supermarkets and five hypermarkets. Chairman owns 32% of equity.*

Chairman and chief executive: *R D Ackerman.*

Capital structure: *2,3m ordinaries of 50c; 392 000 automatically convertible cum prefs of 50c. Market capitalisation: R68,0m.*

Financial: *Year to February 28 1979. Borrowings: long and medium term, R7,0m. Net cash: R14,9m. Debt:equity ratio: 23,7%. Current ratio: 0,9. Net cash flow: R10,6m. Capital commitments: R13,4m.*

Share market: *Price: 2 950c (1978-79: high, 2 950c; low, 1 600c; trading volume last quarter, 30 000 shares). Yields: 13,3% on earnings; 4.1% on dividend. Cover: 3,3. PE ratio: 7,5.*

	'75	'76	'77	'78
Return on cap %	57,8	45,2	36,6	41,0
Turnover (Rm)	270	260	330	467
Pre-tax profit (Rm)	6,8	7,8	10,6	15,0
Pre-tax margin %	2,5	2,9	3,2	3,2
Earnings (c)	156	198	268	393
Dividends (c)	52	65	86	120
Net asset value (c)	499	649	872	1 192

A number of favourable factors suggest that a simple sales projection, based on Pick n Pay's past growth record, could stand the test of time. With the economy stated to pick up, consumers are bound to spend more on basic commodities. In fact, Chairman Raymond Ackerman is so enthused by the recent budget that he believes 1979 could be the best retailing year in a long time. PnP's sales should also be boosted by additional outlets, particularly on the supermarket side. PnP plans to establish four new rural "superstores" in Paarl, Rustenburg, George and Welkom. This is the first time PnP will be moving into the country districts — an obvious growth area.

Further expansion will be restricted to upgrading supermarkets this year. Although a new store is planned for Pretoria, the Lynnwood, Pietermaritzburg and Kempton Park supermarkets are being expanded for "retailing in the 80s."

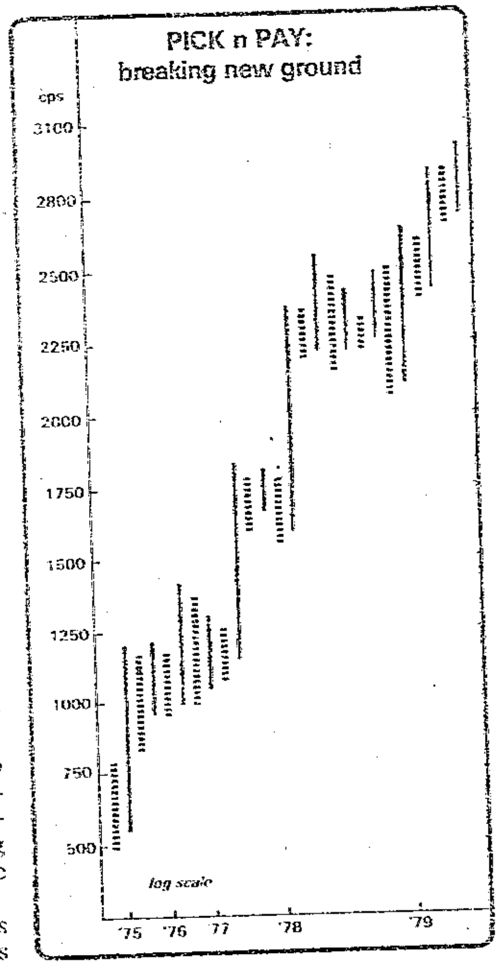
PnP is also investigating other avenues in retailing. In fact, a team of directors has been set up to look into new projects. Whether this means the establishment of a separate chain, or the acquisition of an existing organisation, is anybody's guess. But one likely avenue could be for the group to introduce the new lines into existing stores.

A new concept of opening stores in black, coloured and Indian areas under PnP's auspices, but jointly owned by members of the relevant racial group, has been introduced. The first store will be opened in Mitchell's Plain next year.

PnP was to have done a similar deal with Nafcoc, but, much to its dismay, Nafcoc suddenly terminated the discussions. Now PnP will probably look for black traders willing to enter into joint-ownership ventures. There can be no doubt that the black market offers high growth potential. Nevertheless, Ackerman obviously feels that the time is not yet ripe and says he would rather wait a few years before establishing supermarkets in black homelands.

Ackerman says nothing of wholesaling, which is quite surprising. He is on record as saying that he would hit back at Metro Cash & Carry after that group took over three Western Cape wholesale groups last year.

Development of hypermarkets is taking a back seat this year, although two more are set to come on stream next year — one in Port Elizabeth the other in Johannesburg. Because the biggest lessee in large shopping centres is often required to take on a headlease, which is tantamount to assuming the risk of ownership, PnP has decided to follow its Brackenfell example and purchase the planned Johannesburg hyper. This is the reason for the high R13,4m (R1,4m) capital commitment.



The new Johannesburg hyper will be 65% financed with a R7m mortgage, which is the only long-term commitment in the company's balance sheet. Despite PnP's diversification into slower moving stocks, such as textiles and hardware, it chalked up a remarkable improvement last year. Despite a 41% turnover rise, the stock turn increased from 10 to 11 and the final stock position, expressed as a percentage of turnover, declined to 7,6% (9,1%).

The high return on capital employed is misleading in PnP's case, as most stores are financed through leasebacks which do not figure in the balance sheet.

A more meaningful measure of the group's profitability are pre-tax earnings of R156 per m² of floor space. The reason for this could be falling interest rates, which plays an important role in high-volume operations. Daily cash flows are invested at call providing additional income, while credit is offered interest-free in most cases.

On the assumption that the company will match last year's sales growth, turnover should approach R660m. Margins are unlikely to deviate from the 3,2% pre-tax margin achieved in the last two years, so pre-tax profit should be around R21m. If the tax rate remains unchanged at 40%, earnings of 550c are possible and a 170c dividend could be paid, putting the share on a relatively attractive 5,8% prospective yield.

Peter Pittendrigh

MOTOR INDUSTRY

A sordid divorce

(30) FM 11/5/79

Though it no doubt pains Sigma chairman Chris Griffith to see the partial shattering of his motor empire dream, Leyland too has emerged from the collapse of the merger with a lot more than egg on its face.

It has to resurrect its car and light commercial division, rebuild its dealer network (once 160 dealers, though less by the time Sigma took over marketing of Leyland cars on January 1), jack up its plummeting sales of cars, and revitalise its image in the marketplace.

Sigma, for its part, comes out of it having incurred some removal costs and without the Leyland truck and bus business it so badly wanted. But it has creamed off 20 of the best Leyland car dealerships, which may not choose to go back. (Leyland claims, however, that many dealers have shown interest in returning to the fold.)

The aftermath may involve some bitterness over possible claims and counter-claims concerning undecided contracts and advertising and public relations expenses.

No prizes for guessing which company faces the bigger problems. But Leyland's position is not totally bleak.

To begin with, the rationalisation advantages of the merger may not be entirely lost. There will be separate negotiations on the possibility of Leyland becoming a contractual assembler of Sigma products such as Peugeot and Mazda LCVs, or Mack and Mitsubishi trucks, production of which has already been switched to Blackheath and Elsie's River.

Secondly, the breakdown seems to have spurred British Leyland to a commitment to the SA operation that was not apparent before. SA chief executive Richard Newby says categorically there is "no question whatsoever" of withdrawing; there is "total backing and support" from BL.

As evidence, Leyland plans to introduce its Range Rover to SA.

Why this stand has been made, when as recently as 1977 BL made a provision of £17m (R28m) for possible closure in SA, and when it planned to reduce its commitment through the Sigma merger, is not clear.

Perhaps the reason is that BL really has no choice. Even if it eventually finds another local partner (and Leyland sources say no deal is contemplated at present), it will have to hand over a company in better shape than Leyland is in at the moment.

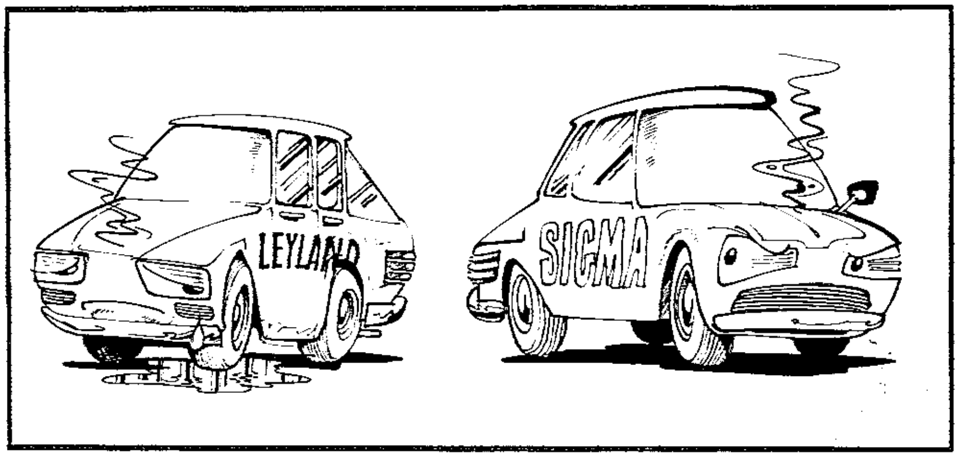
But let us not forget that while the passenger car division may be in tatters, the truck and bus, tractor and special equipment business is intact and viable. Last year Leyland won the largest bus order ever placed in SA — 382 buses worth R11m for Putco, now being delivered.

Leyland is the seventh biggest commercial vehicle supplier in SA, selling 4 253 units last year (4,3% of the market). That may not sound much, but there are 12 smaller truck suppliers, all presumably making money. Moreover, Leyland is stronger at the more profitable top end of the market. In the 12,5-15t segment, which includes the majority of buses, it had 17% of the market.

The same cannot be said of the passenger car division, where Leyland has been losing ground for some years. In January this year, sales of Leyland cars — through Sigma — fell to one of their lowest levels ever — 287 cars, or 1,75% of the market.

The Marina and Apache models have been phased out, and what remains (Mini, Rover and Jaguar) is not a viable range. A new medium-priced car is badly needed — hence BL's recent thoughts of producing a Japanese car, such as Honda.

The Mini will continue, but it has had its day, and a question mark hangs over the acceptability of the Rover. Since its launch in April last year, sales have dipped alarmingly. They averaged 568 a month in the first three months, falling to 322, 221 and finally 165 in subsequent



quarters.

Leyland executives are angered at the suggestion that the Rover was the main bone of contention between the two companies, but that is the way Sigma sees it. Last Friday, dealers representing 80% of Sigma's total volume voted unanimously to drop the Rover from their line up.

When Sigma took on the marketing of Leyland products, there was a re-launch of the Rover to the dealer network, backed by an extensive advertising campaign. Sales did pick up [illegible] from 120 in January to 185 in February [illegible] but Sigma found the attention which had to be given to the Rover by salesmen was affecting sales of its own models, such as the Colt Galant.

Quality was also a problem in a highly discerning market. Workshops apparently spent inordinate time dealing with complaints and warranty claims, and there are many disappointed owners.

With the Rover battling head on with such products as the Mercedes Benz and BMW, Sigma felt it should be repositioned about R1 000 cheaper. This BL refused to do, leading to the final split.

Sigma, particularly, did not like the Australian designed six-cylinder 2,6l engine, originally made for the Leyland P76 car planned for the Australian market. The P76 did not get off the ground, Leyland closed down in Australia, and later the machinery and tooling were sold cheaply to Leyland SA.

Sigma feels the engine has an inadequate performance for the larger Rover, which in the UK has a better engine.

However, if the Rover is the major reason for the failure of the talks, one wonders why Sigma did not do its homework before starting negotiations.

What of the future? Leyland, apart from sorting out one hell of a mess, will maintain its truck and bus business, and is now in the market as a contractual assembler. It plans to [illegible] its car range with the injection of the Range Rover (an up-market [illegible] vehicle aimed at the private motorist). It badly needs a high volume car [illegible] knows, perhaps it will replace the [illegible] with a Honda. It emphatically [illegible] will close down the car division [illegible] pletely.

Sigma [illegible] to form a new [illegible] Sigma Industrial, to handle its [illegible] industrial equipment business [illegible] includes Mack and Mitsubishi [illegible] Hymatic, Hitachi and [illegible] earthmoving, construction and [illegible] handling equipment [illegible] from Leyland.

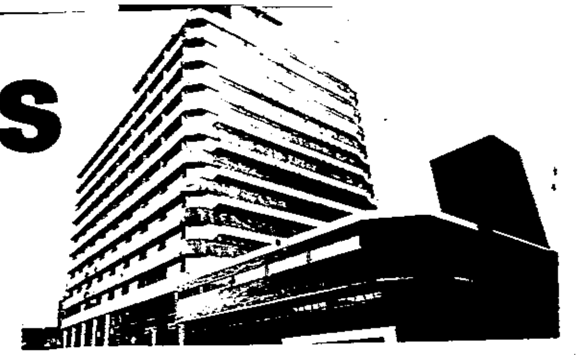
On the passenger car side [illegible] ment of a new product to [illegible] the Sigma range can be [illegible] six weeks. Rumour has it [illegible] an enlarged Colt.

[illegible]

[illegible] market).

Then, Sigma might [illegible] [illegible]

Winter snap boosts stores' prospects



IT WAS Edgars against Woolworths in the stores sector this week and Edgars was winning hands down.

Rumours of heavy stock write-downs at Woolworths had the share going backwards to a new low in a market and a sector reaching for the stars boosted by soaring profits, a steady bullion price and bullish economic reports from Barclays and Standard.

While the JSE Actuaries stores index advanced on the week and the Edgars share price reached a new high of 4 500c, Woolworths shed 30c to close on a low of 435c.

With a 25-year record of rising profits and dividends, Woolworths has long enjoyed a higher rating than Edgars, but this week the gap narrowed with the Edgars dividend yield down from 5,8% to 5,6%, while Woolworths' rose from 4,1% to 5,7%.

I have it on the best authority that at this stage there are no indications that Woolworths' stock write-downs in the second half to end May will be much higher than in a large increase on the same period last year.

True, stock write-downs limited the first half improvement in taxed profits to a mere 7%. But so far second-half stock provisions are not significantly higher than last year's.

Only if winter sales disappoint will they be, and this question overhangs all the clothing stores.

For all clothiers the winter season is crucial. They sell as much from late April to end June as at Christmas and have not been pleased at the Indian Summer in which the

DIAGONAL STREET

By David Carte

Highveld has basked until the big freeze began at last this week.

I understand that since temperatures plummeted, however, sales have been brisk and most clothing retailers expect to better last winter now that consumer purses are fatter.

Woolworths is probably the most conservative store group, writing down all stocks not sold in the same season in which they are purchased. Last year it wrote down stocks by R7m and was still able to improve gross profits from R21,9m to R24m.

It also owns most its CBD stores, leasing only in suburban shopping centres. Fixed property last balance sheet was probably understated at R35,9m. It has no on-balance-sheet gearing — in fact had a net cash of R7,6m last balance sheet and its trade is all-cash, which makes it completely inflation proof, low risk and price competitive.

Nevertheless, I would expect the more highly geared, lease-intensive HP store groups such as Edgars to outperform Woolworths during the recovery.

This is because they have carried high interest and leasing overheads through the recession. Unit fixed costs decline as sales rise and profits therefore outstrip sales. Gross is for net.

In addition consumers have already demonstrated that they are keener to buy on tick now that purse strings are looser and confidence is improving. They are also definitely less price-aware.

Edgars is looking particularly attractive right now. It took some nasty medicine 12 to 18 months ago, writing down stocks and paring margins.

This and heavy off-balance-sheet investment in new floor space, the new HQ and management, caused market penetration, profitability and prospects to soar.

The enhanced rating is therefore justified but investors should be aware of the more highly geared, volatile and therefore more risky nature of Edgars and its ilk.

Meanwhile, Woolworths is a safe, inflation proof, all-cash blue chip, which should be accumulated on weakness for rainy days. Woolworths will probably earn 50c (46c) and pay 2lc (19c), which puts it on a prospective yield of 6,3%.

OK is planning to diversify

LATEST news is that once it has sorted out its hypers, OK intends to "diversify within its own area of expertise" by either acquiring or launching a new retail chain selling basic food, furniture and houseware on a low mark-up.

OK already derives half its sales from blacks and they would be a prime target.

Strategically, Meyer Kahn would like to mobilise OK's strong financial base. He will probably lease back the R60m of properties currently owned and gear up from the present debt/ equity ratio of 39%. Sounds good for earnings and return on capital.

But OK is also planning a low-key price war, which might win it market share but cost it in profits.

Barlows has a cash-flow problem

AFTER scrutinising the numbers, the best analysts in town are forecasting year-end earnings of 105c and a dividend of 36c for Barlows.

Next week's interim may show these figures to be conservative. The interim results of TC Lands, Wit Colls, Welgedacht, indeed, Rand Mines in its entirety, as well as Pretoria Portland Cement, Plascon Evans and Nampak have all been exceptional.

Barlows this year will be consolidating GEC, Nampak and Fuchs for a full year. In addition Rietspruit and Duvha have just started contributing to cash flow.

Cash flow is Barlows' biggest headache. It must spend many more millions making further acquisitions or kicking off new industries or submerge in low yielding cash.

Some have suggested that it might make a bid for GFSA. That's the extent of the problem. Obviously it could also increase its investments in coal and electronics, especially with Government keen to start an indigenous computer industry.

Barlows might be interested in a company like LH Marthinusen to complement GEC or perhaps Afrox subsidiary Dowson and Dobson Electronics to tie in with Fuchs.

While LH Marthinusen is not for sale, industry talk is adamant that D&D Electronics is. Afrox is silent.

D&D Electronics does not really fit in with the rest of D&D, or, for that matter with Afrox, which recently sold off ill-fitting Silicon Smelters.

While Afrox itself is dominant in gases, Dowson and Dobson has done very well in mining engineering and equipment — in fact has provided much of Afrox's recent growth.

D&D Electronics makes electronic railway signals, pay telephones and other telecommunications equipment, mainly for Government departments and, in this company, looks a strange bedfellow.

Messina Electronics is another major independent in the electronics game that the Big Three might find interesting, although there has been no indication that this is for sale yet.

Hot performance Southern Sun an amazing cash cow

I PRICED Southern Sun Hotels at 1 520c last week in reporting that this hot performing hotel and casino group will probably go public this year. That was before I realised what an amazing "cash cow" the company is.

Apparently it has paid 70% of its earnings in dividends since inception and despite this has increased earnings at 25% pa compound and assets six times in 10 years.

A company that can pay and grow at that rate is worth a dividend yield of 5% and this puts its value on the present issued capital at 2 000c.

The number of shares in issue will probably rise as a result of the listing, in which case the listing price will obviously be lower, but the 2 000c price tag is a base to work on.

Union and London is the lucky holder of 308 500 Southern Sun shares. Sol Kerzner has an option to buy 125 000 of these at R5 before end May.

This, he will obviously exercise, leaving Union and London with 184 000. The shares under option are valued at R5 in the Union and London balance sheet, so Mr Kerzner's taking them will not affect U&L's asset value.

But Union and London's remaining 184 000 shares are in the balance sheet at only R7,20. If they are valued at R20, net assets increase by R2,3m or 193c, an appreciation of 21% on the last published net asset figure of 424c.

In addition, the Southern Sun dividend, which rose from 70c to 105c, will add R64 000 or 5.3c per Union and London share to earnings and dividend income.

That's a 16% earnings improvement from the Southern Sun holding alone. With 20% of the listed portfolio in De Beers, 17% in gold/uranium, 11% in Nedbank and 11% in coal last report, investment income overall must improve.

At 390c, Union and London yields a historical 6,9% and looks good value.

MOTOR CARS

VW's R30m on tap

Implementation of Volkswagen's expected big expansion plan seems imminent, with only the SA board's rubber stamp needed to inject another R30m into the Uitenhage plant.

With Mr Peter Searle and his top aides at present in West Germany, the go-ahead for further investment can be considered a formality. The cash-flush Wolfsburg-based parent company is keen to put up the money from more than R2,5 billion in cash reserves worldwide.

For parent and offspring the timing is right. Wolfsburg can get a bargain-basement deal by transferring the equivalent in Dm of only R20m, through the budget-inspired financial rand market, to come out at this end with the R30m to be spent locally. This 33% FR discount is, however, expected to shorten in the medium term so, if there is any substantial overseas investment to be done, it will come soon.

Uitenhage's VW plant, on the other hand, will need extra cash as phase five of the local content programme looms for all car makers on January 1. With no new major vehicle launches likely to follow the fast-selling Golf in the foreseeable future, the expected R30m will go mostly on manufacturing more components and ensuring more parts from local suppliers.

VW declines to take the speculation any further except to confirm that only 10% of the 60 ha it owns at Uitenhage has plant on it. Any expansion is virtually sure to be alongside present facilities with more job opportunities if the local board takes up the Wolfsburg money.

The operation, with or without the extra cash injection, looks healthy with car sales in January-March totalling R64,8m at recommended showroom prices. The Golf contributes R33,5m of this with Audis and Passats taking up the rest except for R1m still going to the veteran Beetle.

USED CARS

Room for Honest Al?

The used car trade is haunted by an image of dishonesty and shoddiness. Yet it is a multi-million rand business. Figures compiled for the first time in SA by the Department of Statistics show just how big — about the same in value as the new car business, and three times as big in terms of unit volume.

Last year, while new car sales totalled 295 000, registrations of used cars topped 600 000.

Based on recommended retail prices, the value of new cars sold last year would have been around R1,4m, representing an average price of R6 450 per unit.

A look at advertised prices for used cars suggests that the average would not be much under R2 200, which would put the total used car trade last year at R1,3m.

Since most purchases of new cars are accompanied by a trade-in, sales of new and used cars often move in tandem.

So how does one explain the latest opinion survey carried out by the Stellenbosch Bureau for Economic Research, which reports that while sales of new cars for the first quarter are 17,2% up on the same period in 1978, sales of used vehicles were classed as "disappointing"? Of the total number of dealers questioned, 23% found sales down in value, while 9% expect a further decline during the second quarter.

The dealers, 16% of whom said stocks were too low in relation to expected demand, were less optimistic about their sales of new cars. However, they claimed to be over-stocked with used vehicles and with spare parts.

Theo Swart, president of the Motor Industries' Federation disputes the findings. "I have contacted dealers throughout the country and find there is no evidence of a downturn in second-hand cars," he says.

"One or two dealers report sales down, but others see the spotlight on an upturn. This trend is particularly marked in the luxury-car class where, because of recent price escalations on new cars, even companies are tending to move towards clean, used cars for their fleets."

Statistics Department figures certainly point to a decline in used car sales during last year. They dropped consistently from a peak of 179 000 in the first quarter (almost 60 000 a month) to 130 000 in the fourth (43 000 a month).

But now the position appears to be changing. Estimates are that more than 50 000 used cars were licensed in January.

According to dealers in the Johannesburg and Reef areas this week, sales of used cars are "not bad." Says one: "The actual value and volume may be a little down compared to past years, but we are certainly not suffering. And, because of the recent price hikes for new cars, depreciation values on used cars are not having too great an effect. Since the beginning of this year new car sales have started to take off again and there is now a noticeable improvement in the used car market as well."

THE RADIOCARBON CHRONOLOGY

The rates derived from the simulations have shown that the fission model provided the fastest rates of expansion. The fission model was also characterised by a lower rate of expansion for a single culture than for the whole tradition. A comparison of the rates of expansion derived from the models with values derived f...

not used in the analysis as the analysis was ar of spread of the Early Iron Age.

DATA

Regression analyses for both of the possib to Silver Leaves and Kwale to Silver Leaves, we regression lines were calculated, the value for culture and the values for the two possible rou earliest date was set at a distence of zero. T to other early sites was measured. The regress and rates of expansion were derived from the re

The sites and associated dates used in the in tables seven, eight, and nine.

CAR SALES

A hiccup

ST 15/5/79

Passenger car sales during April slumped 12,06%, following the highest March sales figures on record, but industry prospects are still fairly bright. Cumulative sales of 70 549 cars in the first four months show a 13,1% increase over the 1978 figure.

If this rate of increase could be maintained it would result in a total sales figure for the year around 230 000 units, but the manufacturers consider a 5% rise, to 215 000 units, more likely. Reason for their caution is that the prices of new cars are expected to be increased substantially before the end of this year.

The Sigma/Leyland mix-up is also likely to affect the statistics and, judging from the latest Naamsa figures Sigma should not be too unhappy that negotiations have broken down.

Taking the three previous companies' results (Sigma, Leyland and Pacsa) over 1977 and 1978, the average market share was 23,5%.

Sigma chairman Chris Griffith forecast a share of at least 25% for the group, but since the start of this year the share has steadily declined and for April stands at only 21,56%.

Another notable drop was Volkswagen to 17,9% after chalking up 19,6%, 21,0% and 22,07% respectively over the first three months. Ford's share of the market is the highest since October last year.

General Motors' 11,88% is its best since December 1977.

In the commercial sector, Toyota came out in front with almost 24% of the market pushing former leader Datsun (20,66%) into second place.

General Motors and Ford continue to battle for third and fourth places.

Overall, commercial vehicle sales over the four months are still 2,8% higher than for the same period last year.

RESULTS

The regression line for the Urewe culture had a slope of 0,54 with the origin at 92 years (Fig.4). This gave a rate of expansion of 0,57 Km/year. The slope for the Urewe to Silver Leaves expansion was 0,116 with the origin at 34 years. The overall expansion rate was 9,6 Km/year (Fig. 4). The overall rate of expansion corresponded fairly well with the values derived from the simulation (Table 2) with moderate to high rates of population growth (0,035; 0,040) and medium population densities (5-10/Km^2).

The slope of the regression for the Kwale to Silver Leaves route was 0,096 with the origin at 138 years (Fig.5). The expansion rate was 10,3 Km/year considerably slower than the values derived from the discontinuous spread model (Table 6).

The values for the rates of expansion derived from the radiocarbon chronology are considerably faster than the values for the wave of advance model (Table 1) and this coupled with the evidence for a difference between the rate of expansion for a single culture and the whole tradition provided support for a discontinuous spread model of the Early Iron Age expansion.

DISCUSSION

The regression analysis of the Early Iron Age radiocarbon chronology supported a North to South temporal ordering in the flutted and bevelled complex. The complex used in the present analysis differed from the eastern stream and therefore the regression analysis in no way supported the historical reconstruction proposed by Phillipson (1975; 1977). However the temporal ordering within the complex indicated a North to South spread and hence a 'stream' model.

The relatively slow expansion rates associated with the simulations of the continuous spread model indicated that the wave model (Soper, 1971a) is probably incorrect. The rapid rates of spread generated by the simulations of the discontinuous spread model suggest that this was the most likely mechanism of dispersal. This mechanism mimics movements known from oral tradition (Kimambo, 1974; Legassick, 1969; Monnig, 1967; Turner, 1954; Were 1974). The groups that were hived off would have moved some distance and settled and they could have acted as nuclei for further expansion. Because more than one

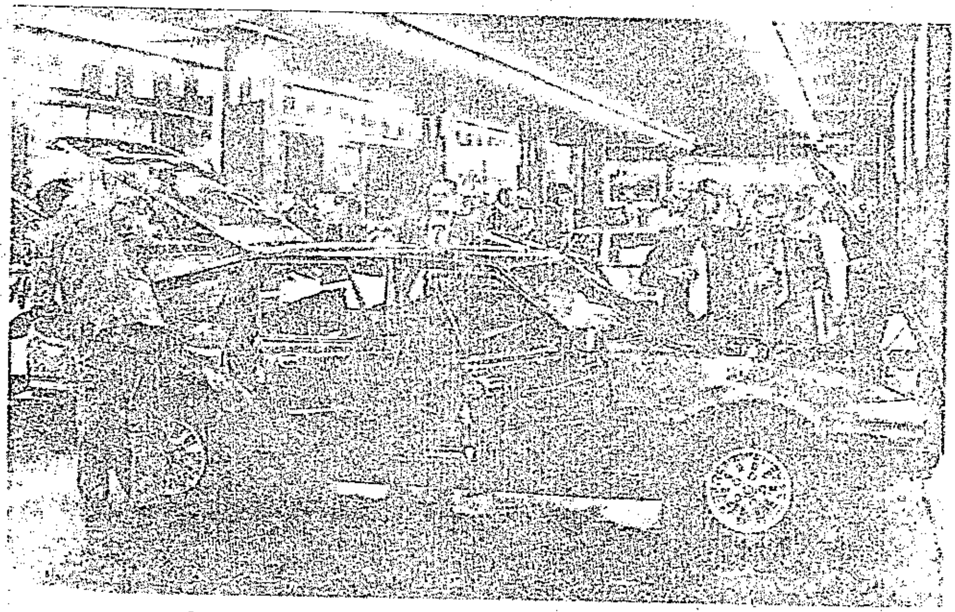
(30) FM 18/5/79

MOTOR INDUSTRY

Cold comfort

Two events this week can give little comfort to owners of Leyland cars. One is the news that local chief executive Richard Newby has resigned, and the other is the "Leyland is here to stay" advertising campaign in the daily press.

Newby insists his move from Leyland was planned before the bust-up with Sigma, and there's no reason to disbelieve him. After all, with the prospect of the Leyland operation being absorbed into Sigma, it would make sense for someone in his position to seek fresh pastures elsewhere.



Leyland car plant . . . too costly to close down

He was, in any event, only keeping the seat warm during the negotiations. He took over from Peter Murrough last July, as negotiations were beginning for the Sigma merger.

It's not known where he's going, except that it's to a local subsidiary of an overseas company; the move happens on July 1.

His departure at this time makes continuity difficult in a company desperately trying to piece together the shattered remnants of its former marketing organisation.

That no successor has yet been announced indicates that one has not been found.

It is clearly imperative that an appointment is made as soon as possible. Industry sources speculate that it won't be made from within Leyland South Africa, which leaves the possibilities of a man from Leyland overseas or from SA industry.

Murrough, incidentally, while sales director of Jaguar Rover Triumph in Britain, is still on the SA board. If he's not interested in coming back, at least he will be in a good position to help find the new man.

Recent rationalisation of the industry has meant that one or two former top motor company executives have moved into other industries. Perhaps Leyland could tempt them back.

The trouble with the ads Leyland has been running is that they pointedly omit reference to the car range. "The full range of Leyland trucks, buses, tractors and special equipment will continue to be available throughout SA," they say.

So is the company, after all, plann to close down its car division? Leyla insists it is not, and says the ads on mention of cars only because it does n yet have a dealer network for ca Trucks are marketed through a separ network which was unaffected by merger talks.

Dealers are hurriedly being signed however. Latest count is 35 — thoug one time Leyland had 160.

The evidence is that to close down car division now would result in un able costs for the company. At the ti the negotiations broke down, there w stocks of some 1 500 Rovers in SA a 600 Jaguars. As they stand, Rover pa cannot be used anywhere else in world because of the deletion ite unique to SA requirements. (When CKD or SKD pack is assembled at source plant, particular items which produced in the importing country left out. The list of deletion items va from one country to another.)

The Jaguars were imported in a ma factured state under permit and mus sold before the permit expires at the of the year. With Phase V of the lo content programme becoming operat on January 1, it is possible that perm will no longer be granted to import fu assembled cars.

Leyland's choice, then, is to sell cars in SA or ship them all back to UK — a costly exercise.

Meanwhile, car owners are having scratch around for servicing. Sigma continue to carry out work un warranty in the normal way only owners who purchased their Leyland from a Sigma dealer.

If a car was bought from a Leyl outlet before the end of last ye warranty work carried out by a Sig dealer has to be paid for by the ow who must then claim back from Leyla Hardly a satisfactory arrangement, likely to continue until Leyland rebuilt its own dealer network.

It may not be Leyland's fault, but Leyland that will have to carry the car

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JOHN ORR
Change, or else

2C

FM 18/5/79

"Department stores, like battleships, cannot make quick turns" — New York Times Magazine.

At last the John Orr group has woken up to the fact that the Claridges image went out with the parasol. While it lasted, the John Orr store in downtown Johannesburg was compared to Harrods, but the evolution in shopping trends has left it with an image which is now more of a drawback. This family controlled business has been trying to change with the times for three years, but now must make an all out effort if it is to survive.

Kenneth Broderick-Clarke, recently appointed chief executive, says the group is well aware of its position. However, he points out that John Orr is not the only department store group suffering from the shopping revolution.

No direct comparison can be drawn between John Orr and Greatermans, as the latter enjoys the Checkers food chain profit prop, while Stuttafords has its Van Lines, which contributed 44% of last year's profit. And Edgar's success has been due in part to a policy of catering for the young and the black markets, while allowing lots of time to pay.

By far the biggest contributor to Orr's profits is the Eloff Street flagship, which has had to combat the largest fall off in trade. It is hoped that a re-vamping of the ground floor, aimed at attracting free-spending younger shoppers, will help to initiate an image change. Young fashions and shoe boutiques, plus a health restaurant, will replace some of the more conservative departments.

Nor does the fall off in numbers of white shoppers in the CBD, blamed on a lack of adjacent parking and higher travelling expenses which has prompted the switch to suburban shopping look like being fully compensated for by black shoppers. In the case of John Orr, blacks account for only 5% of downtown turnover, and these, says Broderick-Clarke, are "affluent blacks, conscious of social status". As yet John Orr has taken few steps to attract others.

Until now, the Transvaal and Natal groups have been separate, but a new policy will centralise buying, financial control and stocks on a national scale. In addition, the retail price range and stock mix is currently under the microscope.

While the group feels that change must be gradual, guarding against losing more established customers while attracting new shoppers, year-end figures point to some urgency. In 1975, John Orr earned 32c a share and distributed 19c. For the year ended February 1979, earnings dipped to 2,4c (1978: 19,3c). Not only was the final dividend passed, but the group was forced to dig into reserves to finance the 3,5c interim declared earlier.

At 95c the share has few near-term attractions.

Jean Moon

, May 18, 1979

Encourage Black traders, plea

18/5/79 N.M (30)

Financial Editor

MR. Alec Rogoff, president of the Durban Chamber of Commerce, made a plea in Durban yesterday for greater freedom to be given to Black businessmen to trade among themselves and in association with businessmen from other population groups.

Mr. Rogoff, who was addressing the Chamber's annual meeting, said that he could not stress strongly enough the importance of giving every encouragement to the independent Black businessman.

"For too long economic development in this country has been largely in the hands of White or Indian-owned and managed companies.

"If this continues, I think the Black people will never have much faith in the private enterprise system."

Foreign firms

Mr. Rogoff reminded the meeting of what had happened in emerging independent countries where, at the time of independence, the economy was largely in the hands of foreign corporations.

"These organisations were usually viewed as exploiters of the new country.

"While I welcome the moves being made by Government to free Black businessmen from restrictions, I do not think that we can leave it at that.

"We have to take positive steps to develop

MR. A. Rogoff

the potential of the Black businessman. Only through him can be built a bulwark strong enough to stand against the socialism which appears so attractive to the uniformed masses."

Education

Turning to education, Mr. Rogoff said that some "very sobering information" had just come his way.

More than 40 percent of White youths being demobilised from the Army had a maximum of standard eight education. Many had a lower standard.

"This indicates that while the Black man is in urgent need of better education and training, this is not to say that the situation is ideal in respect of other population groups."

The number of Whites available for managerial positions had steadily decreased. But the economy would have to grow at 6 percent, if the new job seekers coming on to the labour market were to be absorbed every year.

"We need managers, technicians and skilled personnel far in excess of our present resources."

Supermarket giant wants apology on pasta issue

Argus 19/5/79 (30) ~~152~~

PICK 'N PAY has demanded an apology from the UCT Students' Representative Council following the distribution of a pamphlet in which it was said noodles and spaghetti sold under the company's brand name are manufactured by Fattis and Monis.

The pamphlet, published in English and Xhosa by the Communities Commission of the SRC, was distributed from private cars as far afield as Stellenbosch and Paarl in the past few days.

It outlined the history of the controversial strike of a number of workers at the Bellville South Fattis and Monis factory, and gave details of the boycott calls against the company's products by various bodies.

BRAND NAMES

A final paragraph listed these products and a number of brand names, including that of Pick 'n Pay.

Mr David Hill, president of the UCT SRC, today said the council received a telephone call from Pick 'n Pay yesterday pointing out that this was incorect.

'Obviously we want to apologise. We checked the information before publishing the pamphlet, but we made a mistake,' he said.

A spokesman for Pick 'n Pay said the company took a serious view of the matter and has demanded an apology.

Pep raises its profits and dividend again

CT, 19/5/79

(30)

By PAUL DOLD
Financial Editor

PEP STORES has produced an encouraging set of profits for the past year with sales, earnings and the dividend well up and although the higher level of trading is not dramatic, the performance shows the group's capabilities given even a dull business climate.

It is no secret that consumer spending failed to come up to expectations but Pep and its shareholders cannot grumble with sales up from R109,6m to R126,2m, attributable profits up from R5,5m to R6,7m and the final dividend of 35c as against 32c making the total for the year 55c (48). This is no mean performance.

At the operating level pre-tax profits were about R1m ahead at R9,9m and with a lower tax rate net income was R6,9m (R5,7m). Presumably this reflects some of the advantages of the Half Price Stores takeover, including pre-acquisition losses but equally the cost of the takeover has to be considered as well. There are now 500 stores against the 411 of a year ago. Clearly, with a chain such as Pep expansion remains the keynote.

Earnings per share spurted from 101c to 123c and the cover has been raised from 2,10 to 2,24 times.

The board makes only a brief reference to the outlook for 1980 which is not surprising given the inertia in retail spending generally.

According to current business indications the board forecasts growth in sales, earnings and dividends. By the time the annual report is published, Pep should be able to give a better indication of prospects, and particularly the philosphy behind the new food chain which is to flow from the recent takeover of the Cape Town Shoprite group.

With its strong cash flow Pep should be well placed for further growth this year in hopefully a vastly improved trading climate, particularly as its arch rival Half Price has been neutralized. Even a slight rise in margins would have a heavy impact on profits.

The results will be welcomed by the market, which seemed unsure whether Pep would maintain its earnings record in these economic conditions and the price should firm.

Gross profit: Pre-tax profit plus interest paid.
Debt:equity ratio: All interest-bearing debt as a percentage of total shareholders' funds.
Total shareholders' funds: [illegible]
Return on capital: [illegible]
Capital employed: [illegible]
Gearing: [illegible]
Net asset value: [illegible]
Return on equity: [illegible]
Current ratio: Current assets divided by current liabilities.
Cash flow, group: net profit plus depreciation. **net:** [illegible]
Capital commitments: Contracted and authorised [illegible]
Gross margin: Gross profit as a percentage of [illegible]
Stock turnover: Turnover divided by the year-end [illegible]
Market capitalisation: Number of ordinary shares [illegible] latest market price.
Earnings per share: Net profit after tax, minority interests, preference dividends and after [illegible]
PE ratio: [illegible]
Cover: Earnings divided by ordinary dividends.

A R270 000 surplus between the book and insured replacement value of stocks destroyed by fire at Williams Hunt's Johannesburg branch of EW Tarry, plus a tax reduction resulting from a bad debt claim, can be thanked for the 6% improvement in attributable income to R2.7m.

	'76	'77	'78	'79
[illegible]	12.0	8.4	7.8	6.6
[illegible]	82.2	88.1	85.2	93.4
[illegible]	4.0	2.52	2.21	[illegible]
[illegible]	4.8	2.82	22.8	34.8
[illegible]	25.0	31.6	28.0	33.6
[illegible]	14	12	10	[illegible]
[illegible]	361	392	409	482.8

The tax benefit resulting from a bad debt claimed by the holding company from Modern Appliances, now in the process of liquidation, was partially offset by increased taxation in neighbouring territories. In addition, distributable reserves were boosted by R239 000 as a result of recovering previous provisions.

Although the fire disrupted Tarry's operations, the branch still accounted for 12% of the group's turnover at R11.3m (R12.2m) and contributed 26% of operating income at R1.1m (R923 000).

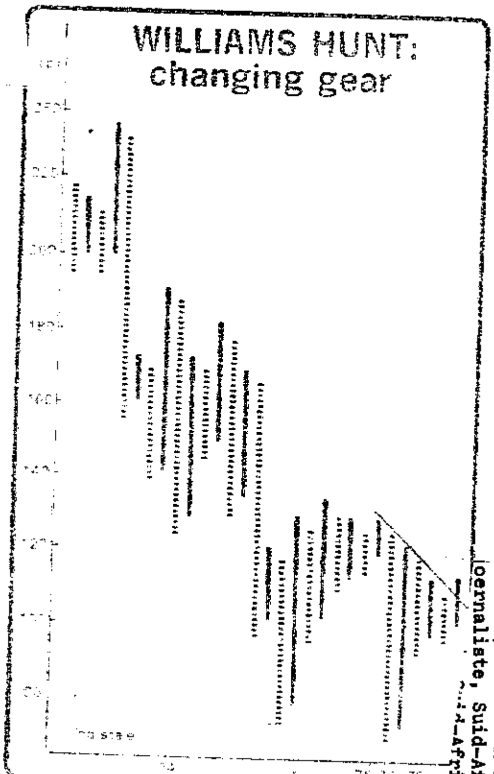
In the wake of overtrading and poor margins, and the expectation of poor harvests in some areas, Farmec's contribution to turnover fell 1% to 16% at R14.8m as its contribution to operating income slumped from 20% to 5%.

A foreign exchange saving should result from the acquisition of machinery to manufacture transfer printing paper at the textile plant. The system is used for previously imported printing curtaining and dress material. Textile turnover improved by 29%, and the operating loss narrowed from R113 000 to R33 000. The engraving and other ancillary plant, however, will not be in operation before the second half, but should contribute to profits in the following year.

The recently acquired clearing and forwarding agency, which produced 1% of operating income at R33 000, mainly handles group business, and so far has only a few selected outside customers.

The value of Williams Hunt's investment in General Tire increased 69% to R4.5m, while unlisted investments remained unchanged at R100 000.

Technically, the share is again moving ahead after a four-month consolidation phase. The yield is above the sectoral average, and is covered 3.7 times, but there are better motor investments with greater marketability.



WILLIAMS HUNT

Caution now

Activities: [illegible] Subsidiaries include Farmec, Tarrys, and Motor & General. The holding company is Amrel.

Chairman: [illegible]

Capital structure: [illegible]

Market capitalisation: [illegible]

Financial: Year to February 28 1979 [illegible]

Share market: [illegible]

Gedurende die verslagjaar het die navorsing van die Sentrum die volgende behels:

A. Mobiliteit en Politieke Verandering in Suid-Afrika

Hierdie projek is 'n paar jaar gelede aangepak. 'n Ondersoek onder die kleurling bevolking van die Kaapse Skiereiland is onderneem. 'n Aantal tydelike navorsings-

n die American Friends Service
Hy het 'n aantal konferensies in
ie land bygewoon, baie vergader-
ior beamptes van die Carnegie
ity Relations Services van die
e van die Amerikaanse regering,
s Service Committee en kollegas
niversiteite besoek.

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Swede, Israel en Zambië besoek.
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MOTOR INDUSTRY

(30)

Heunis says no

FM 26/5/78

Economics Affairs Minister Chris Heunis has turned down the Naamsa request for a delay in the implementation of Phase V of the local content programme for the motor industry.

This means that as of next January 1, motor manufacturers will have to be turning out light commercial vehicles (as well as cars) with a 66% local content — or pay the penalty.

This will mean an additional 1% of excise duty for every percentage point of local content below 66%. From 1982, it is proposed that the penalty rise to 1,5% per percentage point.

The penalties, incidentally, have not yet been made law. Heunis tells the *FM* customs and excise duty rebate amendments will be published at the commencement of Phase V — and this will be the only publication of rules relating to its operation. So if any manufacturers are sitting around waiting for publication of the rules before they commit themselves to gearing up for January 1 implementation they are likely to come short.

The Minister says, however, he has "no information which could justify the conclusion that manufacturers are gearing up at too slow a pace," despite fears expressed by components manufacturers (*FM*, Mar 30).

But Heunis warns that if he is convinced that "no reasonable effort" has been made to achieve the 66% level, the manufacturer concerned may have to forfeit all excise rebates and pay the full duty envisaged for a purely assembled model — namely 100%.

The introduction of Phase V will not necessarily mean the end of assembled cars such as the Jaguar and Mercedes 450SL, but there will be no rebate duty for such cars.

At present, cars reaching 66% local content under Phase IV of the local content programme are classed as manufactured models, and they get a duty rebate on imported components.

Various models not registered as manufactured are being assembled from imported CKD packs with differing degrees of local content, and they are subject to the full excise duty of 42c/kg. Along with the Jaguar and Mercedes Benz 450 they include the Fiat X1/9, and the Citroen GS 1220.

On the existing mass basis, the duty payable on a car selling for up to R30 000 is small enough to be absorbed into the price without difficulty.

However, it has been proposed by the Board of Trade that under Phase V such cars be subject to a customs duty of 100% based on value.

If this is implemented by Heunis next year, chances are that assembled models will disappear from the market, but he has given no indication yet of what duties will be imposed.

A final word from Heunis is that the BTI is to examine the practicalities of a value basis for local content. An absurdity of the existing system based on mass is that it encourages manufacturers to produce lighter (and consequently more fuel-efficient) cars.

It also means that going local on more complex components has been delayed.

Switching to a value system may not be all that easy when for years the industry has been going for mass. But a change would be welcomed by the glass fibre industry, which can produce relatively cheap body panels on small production runs.

c) Ander lede:

Friends (Quakers) en van die American Friends Service Committee deurgebring. Hy het 'n aantal konferensies in verskillende dele van die land bygewoon, baie vergaderings toegespreek en senior beamptes van die Carnegie Corporation, van Community Relations Services van die Departement van Justisie van die Amerikaanse regering, van die American Friends Service Committee en kollegas verbonde aan verskeie universiteite besoek.

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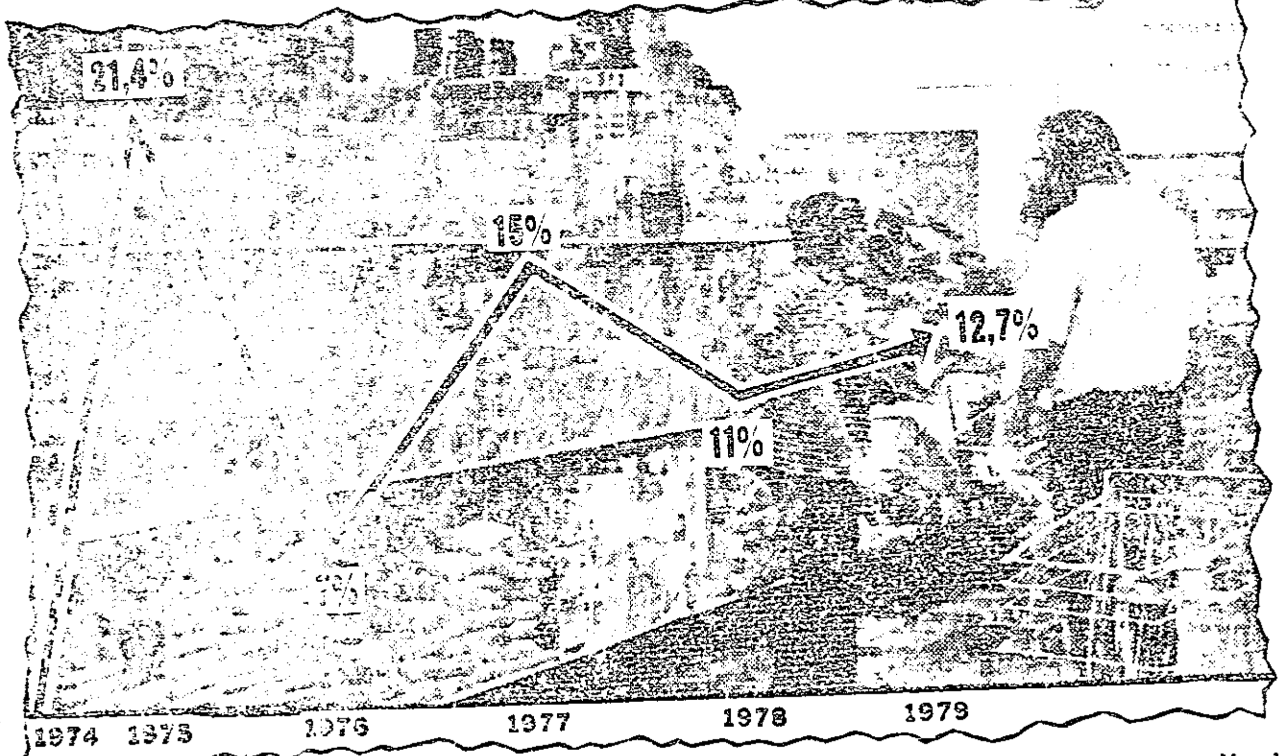
Professor J.L. Boshoff, ere-Fellow van die Konstruktiewe Program, het met 'n aantal instansies, wat universiteite in Natal en Transvaal insluit, en met verskeie handels- en industriële firmas in Natal ...

TALKING SHOP

By COLLEEN SHEARER

[illegible]et's see [illegible]who won the [illegible]rice stakes

(and we still blame the GST)



[illegible]ITH the second part [illegible] Talking Shop's in[illegible]ation survey com[illegible]leted, we can now [illegible]ow that 91 essential [illegible]ems rocketed in price [illegible]uring 1978 79, the [illegible]se being boosted by [illegible]ST.

Over this period prices [illegible]cluding GST rose 14.4 [illegible]ercent, discouragingly [illegible]igher than the previous [illegible]nual survey which was [illegible].0 percent. If it hadn't [illegible]een for GST the [illegible]anufacturers and stores [illegible]ould have felt quite [illegible]leased with themselves.

Which supermarket [illegible]on? It depends on what [illegible]ou mean by "won". On [illegible]uality, cleanliness, [illegible]ourtesy, efficiency or [illegible]imply price.

WOOLWORTHS wins on [illegible] efficiency: incor[illegible]ect/inverted prices or [illegible]omputer error — that [illegible]egular scapegoat — or [illegible] rotated stocks [illegible]imply do not happen in [illegible]his chain. And their fa[illegible]ous sell-by date is the [illegible]inest guarantee of [illegible]reshness which saves the [illegible]ime-wasting hassles of [illegible]eturning for replacements.

SPAR wins on [illegible]riendliness. It has a [illegible]amily atmosphere which I [illegible] thanks to the [illegible]anagers being "on the [illegible]oor" and giving personal [illegible]ttention to the needs of [illegible]heir customers.

Checkers, OK Bazaars, [illegible]and Pick 'n Pay all seem [illegible] and are [illegible] stores although [illegible] in [illegible] [illegible]here is an atmosphere of [illegible]oodwill, congeniality and [illegible]elpfulness.

Bulk buyers

The two hyperstores are [illegible]tores apart. [illegible] are the

the individual percentage increases.

It is interesting to note the difference in the supermarkets' performances in fighting inflation and here Spar was the most successful on 11.2 percent. Looking back we find the total basket difference between Spar and Pick 'n Pay Hypermarket, the 1978 price winner, was R7.00 but this gap has been narrowed this year to R3,62.

Tinned milk

Undoubtedly much of this was due to opening special offers at Hypermarket last year whose prices inevitably are much more in line with the other stores now.

Let us analyse the second list of items, 45 in all.

Worst price increases came from Carnation evaporated milk at 30.5 percent and this same rise is reflected in Protea Skimmed Milk powder at 25.5 percent as well as Klim at 14.5 percent. According to the Durban Milk Association this is because of a shortage of milk powder from [illegible] milk [illegible] turn to a drop in production because farmers opted out of that low profit [illegible].

The price [illegible] to producers [illegible] milk was raised last December but it will be some time before this incentive to dairy farmers bears fruit.

An unaccountable increase of 30 percent is [illegible]

packet is much cheaper and you may even find it is undergrade. Raisins, too, are differently classified now, being graded by class number but I had to take what was available for the survey.

A product which has attracted many new brands is mealie meal and here promotional prices were as low as 51c for 2.5 kg at OK Hyperama, but I fear these prices will shortly stabilise on the highest figure. Mealie meal's increase averaged 17 percent but this originates from the maize price increase granted recently by the Price Controller.

Not to be outdone, Jungle Oats also raised its price by 14 percent and with Maltabella up 17.5 percent there is no escape for the porridge lovers. It seems they will have to be satisfied with cornflakes for Post Toasties kept down to a 7.5 percent rise.

Maltabella has brought out a new economy pack but this was dearer than the old pack at OK Bazaars and Spar. Blame it on new stocks but that excuse is becoming tiresome especially when one considers the fantastic performance by rice — down 2.5 percent — and this has to be imported.

The usual whipping boys are transport and labour costs but it is puzzling to reflect that goods [illegible]

[illegible] and [illegible] and [illegible] have dropped [illegible] price in many cases, and I refer to quality brands.

Although a few [illegible] plaints [illegible] the rise in the price of fresh mushrooms, this in fact was only 9 percent over the year. Average price is 60c for 200 grams — R3 a kilo — and the average price for loose white is R2.25 and brown R2.48. Checkers had the best mushroom offer at [illegible].

Likewise check the prices of loose tomatoes against [illegible]packs. The latter averaged 74c a kilo and [illegible].

Other cheaper alternatives to our listed brands are Sylko aluminium foil which averaged [illegible] against Hulett's 94c. This latter price rise was [illegible] figures — 14 percent. There were two further alternatives one being No Name at Pick 'n Pay which was [illegible] better at 74c.

However, Handifoil at Checkers was deceptively cheap being 72c but length was only four metres ins[illegible]

[illegible] of six. [illegible] Hyperama's [illegible] was not particularly exciting — two rolls of four metres each [illegible] R1.15 [illegible] eight metres of [illegible] R1.25.

[illegible] No Name [illegible] was cornflakes at 39 cents against Post Toasties average of 50. But one disturbing fact is Pick 'n Pay's claims of having passed the Qualitest. What

is the standard? And [illegible] is confined to the chain how can it carry any merit. I would rather see their No Name brand [illegible] standard [illegible] Qualitest is [illegible] an [illegible] stunt.

Still on high rises, Sama, Koo Sweetcorn and [illegible] chunks are up 15, 14,5 and 11.6 percent. But inconceivable is Koo's 14,5

percent increase in Mixed Vegetables, a line which varied from 21 cents at Hyperama to 36 cents at OK Bazaars, this latter being the latest price, a [illegible] retail.

Last heavyweight is Bournville cocoa which is beyond the pale now having risen from 44c for 250 grams in 1974 to R2.34 this month which is over 500 percent.

Phase-in period to assist black traders needed

A phase-in period to assist black businessmen with their initial business difficulties is essential, according to Mr Llewellyn Mehlomakulu, business development manager of Barclays National Bank, in an address to the Southern Transvaal Africa chamber of Commerce at its annual meeting.

The establishment of free trade areas in white and black areas is, he believes, a much-needed step in the right direction. It will make an important contribution towards the establishment of a genuine free market system in South Africa.

"But," he added, "to satisfy black expectations, the rate of change will have to be accelerated."

Despite this need for acceleration, he felt that although blacks should be allowed to trade in White areas as soon as possible, there should be a delay of five years before whites could trade in black areas because of the slow development of black business to date.

With the coming of free competition, Mr Mehlomakulu sees an urgent need for a change of atitude among Black businessmen who must break out of the one-man-business syndrome and form companies and partnerships. "In this way they will be able to mobilise capital and management skills," he said.

Black businessmen, in common with small businessmen worldwide, usually failed to keep proper business records, often because of a lack of accounting staff. These were essential, not only because they indicated the profitability of a business, but also because they enabled the businessman to prove his creditworthiness when applying for credit facilites such as loans and overdrafts.

They were also essential for accurate calculation of income and general sales taxes. "In addition, well-kept books are invaluable as proof of the value of a business to a prospective buyer," Mr Mehlomakulu concluded.

Mr Llewellyn Mehlomakulu has been appointed business development manager at Barclays National Bank.

by Bill Hoest

Pick 'n Pay sales, costs rising

28/5/79

Sales by Pick 'n Pay for the first three months of the year are 25 percent up on a year ago, says the chairman, Mr Raymond Ackerman.

But expenses are rising in view of the need to pay higher wages and salaries due to increases in basic food prices and transport, he told the annual meeting in Cape Town over the weekend.

Efforts to save petrol have brought a monthly saving of 15 000 deliveries from manufacturers to back doors of supermarkets.

"So much petrol could be saved by manufacturers and retailers working together and rescheduling deliveries, reducing the need to raise petrol prices which will have a terrible inflationary effect."

The first Pick 'n Pay store in a country area will open in Welkom in three weeks, the first of five supermarkets opening this year. "We have already selected and bought some excellent sites for this year and next in the country areas around South Africa," said Mr Ackerman.

* * *

Hepworths might break even during the current year after reducing the group net loss before tax from R425 916 to R266 412 in the year to February, the annual report says.

The chairman, Mr W A Bean, says: "The lack of growth at many branches during the past three years has resulted in fundamental discrepancies between the company's present situation and that which was forecast in projections prepared a few years ago."

In a consolidation programme, 12 branches had been closed during the year and another 11 had since been closed, leaving 61.

While it was not possible at this early stage to forecast trading results, "our budgets anticipate a substantially reduced loss, and the possibility of breaking even.

"It is not, however, envisaged that the payment of ordinary dividends can be resumed in the ensuing year." — Sapa.

Loss of R3,7m for Scotts Stores

N.M. 30 31/5/79

Financial Editor

HOPES that Scotts Stores Ltd., Durban, would end the past financial year with a pre-tax profit were dashed yesterday with the announcement that the company had sustained a loss of R3 742 000 after R2 213 000 had been written off for goodwill and other items.

Mr. W. J. D. I. Scott, group managing director, took the unusual step of meeting the Financial Editors of Natal newspapers individually to explain recent developments with his company. He then flew to the Transvaal to talk to representatives of the financial Press in Johannesburg.

Mr. Scott said that the worst was now over and the group was well placed to show a satisfactory profit in the 1979/80 year. Meanwhile, no dividends have been declared.

Poor performance

The largest contributing factor to Scotts' difficulties up to February, 1979, was the poor performance of the Babyland/Our World chain, which had 26 stores in the Transvaal. These specialised in the needs of young children.

The chain's results were more than R800 000 worse than the budget.

A large part of the loss of R1 446 000 shown by the chain was attributable to overheads that had since been drastically reduced.

The number of stores had been cut to nine and these had been placed under the Uniewinkels management. A much-improved performance was expected from these stores in the current year.

Mr. Scott said that the directors detected in September last year that there was trouble ahead and action was taken then.

In addition, because of the loss by Babyland/Our World and a further loss of R14 000 by Cashmart (Pty.) Ltd., a group of food wholesale cash-and-carry outlets in Natal and the Free State, a strain was placed on the whole group's cash resources.

This was being overcome with the assistance of a consortium of bankers. The directors believed that the problems facing the group, in this connection, were of a temporary nature.

Further funds were expected to be generated, to reduce the group's borrowings, by the retention of profits and the realisation of assets no longer required.

the middle berths as shelves for our things. We had a capital breakfast at Elandsfontein and did not grudge the 4/- charged for it as our dinner the night before consisted of buns and coffee at the railway restaurant at Pretoria. While we were at Elandsfontein we saw Lord Milner's train pass through on its way to Pretoria. There was a guard of 50 men in a truck attached to the train.

In the evening we reached Standerton and dined there. During the night we went through Laing's Nek tunnel but saw nothing of Majuba or the way the train comes down the hill. It reverses at each stage. Laing's Nek tunnel is 5 000 feet

C.T. (30) 3/5/79

Pep plans 20 new stores — Half Price expected to earn R1m

BY PAUL DOLD
Financial Editor

PEP STORES is planning to open 20 new stores this year and the chairman, Mr Renier van Rooyen, expects higher sales and profits with an increase in dividends although signs of an upswing in the economy are not yet evident.

Sales last year were well down on forecasts and it was particularly poor sales in the second half of the financial year which went strongly against projections.

Mr Van Rooyen says in the annual report that there was no improvement in the buying power of customers in the year and in spite of low margins and the absorbtion of rising costs, sales were still not up to expectations.

This has resulted in a higher stock holding than anticipated which hampered improved stockturn. The expected improvement in liquidity did not materalize but Pep experienced no cash shortage.

Firm control over purchases and stock levels as well as a budget aimed at strict expenditure restraint indicates an improvement in liquidity this year.

The annual report shows that Pep picked a winner in its acquisition of Half Price Stores after a protracted takeover battle with Scotts and profits from the date of acquisition to the year end exceeded the projected R800 000 or 14,3c per Pep share. In the financial year prior to acquisition Half Price had a loss of more than R2m. The deal also increased Pep's net asset value by 5.4c a share.

"Expectations are that Half Price will contribute a profit in excess of R1m in the new financial year. The total integration of the group has been finalized and the assimilation progressed smoothly and successfully while the real advantages which this takeover holds for your company are becoming clearly evident."

One disappointment for shareholders is the news that the Papillon group is once again in a considerable loss position. Yet another complete change in management has taken place and there has been a switch in marketing strategy. Indications are that a favourable reversal can be expected, the report says.

Shoprite

Turning to the recent takeover of Shoprite — an interesting and exciting new direction for Pep — Mr Van Rooyen forecasts sound growth and profit possibilities in this field under the direction of Mr J W Basson, the new managing director.

Shoprite had a turnover of R10,8m and a profit of R806 887 in the year ended February. Pep paid some R2m for the group which was based on net asset value. The deal was effective from March 1, 1979.

Pep's factories supplied 49 percent of group requirements in the past year and all plants increased efficiency.

... Last year, sales increased 36% to R330,6m (R243,2m) and attributable profit increased 44,9% to R6.2m (R4.3m).

This was achieved through expansion and better internal cost efficiencies. The number of outlets increased to 96 (72), including the 10 recently acquired Western Cape wholesale outlets. This year a further 13 outlets are planned and a two-pronged assault is under way in the hardware market through the new Cashbuild chain and the Gordon group's wholesale operation.

Cashbuild aims at supplying underdeveloped areas with basic building supplies and hardware. To assist this operation, Metcash has since the year-end acquired the Gordon group's Johannesburg Hardware Wholesalers and Bingo Wholesalers through the issue of 300 000 shares, and R125 000 in cash.

This acquisition had the effect of increasing Metcash's nav by 54c and, had the deal been concluded a year earlier, would have added 5c to earnings.

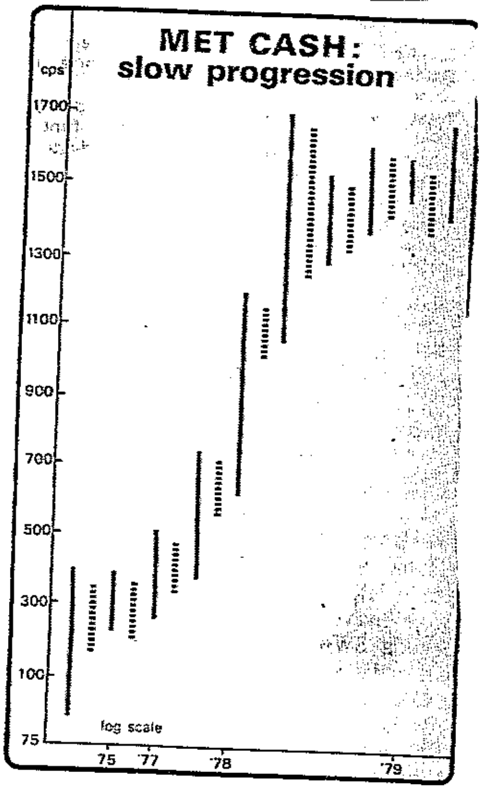
The acquisition of the three Western Cape wholesale groups for R6.2m in cash has stretched Metcash's balance sheet. Financing the deal resulted in a R2.5m acceptance credit and bank overdrafts rising to R5.9m (R579 000). These acquisitions also resulted in a sharp rise in debtors to R10.1m (R3.4m) and were partly responsible for the higher R34.5m (R23,6m) stockholding at the year-end.

However, there are two important reasons for the higher stocks. Firstly, impending price increases in certain commodities moved Metcash to stockpile at the expense of liquidity. Secondly, executive director Carlos dos Santos concedes that the group had been experiencing stock control inefficiencies. Improved stock management will lower inventories relative to turnover this year.

The slight increase in the stock:creditors ratio to 84.2% (83.5%) was largely due to short payment terms on stockpiled goods. Dos Santos explains that it is not important to Metcash that the stock:creditors gap be narrowed. "The wider it is the better we like it," he says. The reason is obvious — no interest charges. However, it all points to higher gearing, which, as measured by the debt:equity ratio, has risen to 100.4% (22,8%).

In addition, undisclosed leasebacks are an important source of funds for new developments. It is not known how much servicing of these contracts costs, but it all adds up to Metcash now being a highly geared company.

The increase in the pre-tax margin to 3,3% (3,0%) was not due to higher margins, as one would have expected, but stemmed from improved cost efficiencies. Dos Santos believes that further improvements are possible, so higher margins are again in the offing. This suggests that attributable profit will rise



at a higher rate than sales, but, due to the increased number of shares in issue, growth in earnings could be more in line with sales.

On these assumptions, the company could earn 248c and pay a 2,1 times covered 118c to put the share on a 7,2% prospective yield. On the record, and the prospects of continuing growth, it is still attractive.

Peter Pittendrigh

13

Friends (Quakers) en van die American Friends Service Committee deurgebring. Hy het 'n aantal konferensies in verskillende dele van die land bygewoon, baie vergaderings toegespreek en senior beamptes van die Carnegie Corporation, van Community Relations Services van die Departement van Justisie van die Amerikaanse regering, van die American Friends Service Committee en kollegas verbonde aan verskeie universiteite besoek.

... en Raadsvergadering van die Suid-Afrikaanse Instituut vir Rasseverhoudinge, Kaapstad (Januarie).

Suid-Afrikaanse Jaarlikse Vergadering van die Religious Society of Friends, Stutterheim (April).

Negende Wêreldkongres van Sosiologie, Uppsala, Swede. Verhandeling voorgelê in Werkgroep 6 en vergaderings bygewoon van die Raad van die Internasionale Sosiologiese Vereniging as die amptelike afgevaardigde van Suid-Afrika (Augustus).

FM 1/6/79 1/6/79

PEP

More zing

50

The current year has started quietly with March and April sales below expectations. But Pep chairman Renier van Rooyen says May looks set to beat budget and subsequent months should also produce better results than a year ago if consumer spending holds up.

At the halfway stage to end-August Pep earned 36,6c (35,5c) a share and lifted the year's forecast to 136c on a pre-tax profit of R11,3m. But from October, sales fell below expectations and Pep ended the year to February 28 with pre-tax profits of R9,9m (R9m) and earnings of only 123.1c (101c). The dividend total was however lifted to 55c (48c) giving a cover of 2.2 (2.1).

Diversification booster

Acquisition of liquidated Half-Price Stores added about R800 000 to pre-tax profits, in about four months, which was on target. Half-Price has 79 outlets and should contribute even more in the current year now that stocks are better-balanced.

Since the February year-end, Pep has moved into food retailing through the Shoprite chain which consists of eight food and hardware outlets. The chain cost R1,9m and earned R800 000 in 1978/79. This year Van Rooyen expects to open a further "six to eight" Shoprite stores, with "more rapid progress" thereafter. Shoprite will not challenge the larger established stores of Pick n Pay, OK Bazaars and Checkers, but rather will aim for the "neighbourhood shopping centre."

During the year, 14 new Pep stores were opened and six closed down. The 51-store Papillon group made losses of a "few hundred thousand rands" in 1978/79 but has been re-organised and Van Rooyen believes "it is now on the right track."

Van Rooyen is cautious of forecasting profits. However, he is confident there will be "positive growth in sales, profits and dividends." The enlarged group now has 509 stores and nine factories which make about 49% of group requirements. Though costs are being absorbed and margins remain under pressure, he foresees most of the outlets remaining profitable.

He says liquidity is not a problem despite high stocks in Half-Price, so dividend could remain less than 2.5 times covered.

The share fell 20c to 660c after the group failed to meet forecast profits, and yields 8,3%. Some market forecasters expect earnings of about 170c this year with a probable 70c dividend, for a prospective 10.6% yield. The projections look possible, particularly if the new chains, Half-Price and Shoprite, perform well. At 660c the share merits a near-term buy recommendation.

Des Kilalea

TOWNSHIP TRADE

Colour-blind?

17/6/79

The hot question of whether the white supermarket giants will be allowed into black townships should be decided by the local township community councils, according to Dr Piet Riekert.

His proposal for trading within black townships is thus in line with his proposal for trading in group areas outside the townships (see previous story): let the local authority decide whether or not to admit traders of a race different to the one for which the area is proclaimed.

Riekert reports that some of the witnesses before his commission emphasised the need to protect African traders in the townships, on the grounds that "they could not compete with undertakings with large capital resources of the other population groups." But other witnesses made a pitch for free trade, arguing that black buyers in any case streamed into areas outside the townships to shop.

Avoiding taking sides on the issue, Riekert recommends that community councils be given the power to admit white, coloured or Indian traders to the townships "on a permit basis."

He also proposes easing some of the legal restrictions under which African township traders still suffer. In place of the present requirement that a would-be trader can get a trading site only if he qualifies for urban residence under Section 10(1)(a) or (b) of the Urban Areas Act, Riekert says the allocation of sites should be vested in the community councils "and not be made dependent on some requirement or other in connection with birth, employment, or residence of the person concerned in a prescribed area."

This would apply not only to individuals but also to "partnerships in which all the partners are blacks, and companies the issued shares of which are owned exclusively by blacks."

Among the other changes Riekert would like to see:

- traders should no longer have to get ministerial permission if they want more than one trading site;
- they should no longer be required to supervise their businesses personally;
- they should be free to employ persons other than blacks if they want to, subject to authorisation by the local labour bureau.

Riekert favours allowing blacks to take part in trade freely in any urban black residential area. "Only the physical settlement of the black entrepreneur in his personal capacity in a particular area will be subject to the normal requirements of employment and housing," he says.

"This will enable black capital to flow freely to any black residential area ... which should entail greater competition and better quality services, to the advantage of black communities."

o) Ander lede:

Mnr H.W. Middelmann

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Friends (Quakers) en van die American Friends Service Committee deurgebring. Hy het h aantal konferensies in verskillende dele van die land bygewoon, baie vergaderings toegespreek en senior beamptes van die Carnegie Corporation, van Community Relations Services van die Departement van Justisie van die Amerikaanse regering, van die American Friends Service Committee en kollegas verbonde aan verskeie universiteite besoek.

Gedurende Augustus en September het die Direkteur Engeland, Nederland, Switzerland, Swede, Israel en Zambië besoek. Hy het vooraanstaande joernaliste, Suid-Afrikaanse diplomate, senior amptenare van die Suid-Afrika-Stigting en verskeie regerings betrokke by Suid-Afrikaanse belange ontmoet. Hy het besprekings gevoer met stigtings, trusts en opvoedkundige verenigings. As gevolg van sy besoek aan Nederland het hy h toelae vir die Konstruktiewe Program ontvang van die Algemeen Diakonaal Bureau van die Gereformeerde Kerken in Holland.

Professor J.L. Boshoff, ere-Fellow van die Konstruktiewe Program, het met h aantal instansies, wat universiteite in Natal en Transvaal insluit, en met verskeie handels- en industriële firmas in Natal, kontak opgebou.

...rekteur die volgende konferensies

..., Nasionale Uitvoerende Komitee- van die Suid-Afrikaanse Insti- ...dinge, Kaapstad (Januarie).

...kse Vergadering van die Religious Stutterheim (April).

... van Sosiologie, Uppsala, Swede. ...ê in Werkgroep 6 en vergaderings ...ad van die Internasionale Sosio- ...is die amptelike afgevaardigde ...gustus).

Star 7/6/79 (30) ~~343~~

Soweto: the good news...and then the

By Sally de Vasconcellos

Shopping in Soweto has never been cheap . . . but here's some hope for those shoppers.

A few Soweto traders have reduced some of their prices. According to Mr Veli Kraai, chairman of the Soweto Trader's Association, this is an attempt to encourage shopping in Soweto.

"There is no reason for them to shop elsewhere," he said. "Many black people live below the breadline — all they can afford to buy are the bare necessities anyway."

But it was found in a Fair Deal survey last year that prices were considerably higher than those in the Reef's wealthiest white areas.

When pricing the 10 identical items at five Soweto stores this year, we found that although there were decreases in price, prices were still higher than Johannesburg supermarkets.

At Sizanani Store, Zone 1, Diepkloof, all but one of the items had dropped in price. The highest percentage price drop — 16 percent — was on a 125 g tin of Koo baked beans. Last year it cost 25c; it now costs 21c.

Four prices at Sangweni Supermarket had increased, one had dropped and three remained the same. A 125 g tin of Cadbury's Bourneville Cocoa cost 105 percent more this year.

At Maponya's Supply Store, Phefeni, three prices had increased, and four remained the same. The largest percentage increase was on a packet of Lifebuoy soap. Last year it cost 35c. Whereas this year it cost 47c.

There were three decreases in price and two increases at Modern Trading Store, Dube. The highest percentage drop — 14 percent — was on a packet of Lion matches which cost 21c last year and now costs 18c. Also a 200 g packet of Lifebuoy soap had gone up from 28c to 30c.

At Khazamula's Trading Store, Mofolo, two prices remained the same, there were two decreases in price and two increases. A 190 g tin of Bull Brand corned meat had dropped in price by 20 percent, but a 200 g packet of Lifebuoy soap had increased from 28c to 30c.

We spoke to store owners about their fluctuating prices.

"We are trying hard to keep our prices down," said Mr Richard Maponya, owner of Maponya's Trading Store. "I can see the hardship Soweto residents are facing."

Mr M Nyathi of Modern Trading Store said the reason he had dropped his prices was because their business had dropped. "We are therefore trying to draw shoppers back into Soweto."

In Soweto there are no major supermarkets, but moves are afoot to build complexes. The shops there at present are mainly small one-man businesses which have to buy their stock in limited quantities. As a result they are unable to get the discounts and cheaper prices for bulk buys which the supermarkets obtain from their suppliers.

In the past it has been virtually impossible for residents to buy goods as cheaply as whites can. If they **travel** to a supermarket they have to meet the transport costs.

(See chart on facing page)

	Sizanani Store, Zone 1, Diepkloof			Sangweni Supermarket, Orlando East			Maponya's Supply Store, Phefeni			Modern Trading Store, Dube			Khazamula's Trading Store, Mofolo		
	1978	1979	Change	1978	1979	Change	1978	1979	Change	1978	1979	Change	1978	1979	Change
Joko Tea, 125 g	74	70	— 5%	73	73	—	68	68	—	76	72	— 4%	74	77	4%
Lion Matches, Packet of 10	22	19	—13%	22	31	40%	21	21	—	21	18	—14%	19	19	—
Price's Candles, 450 g	37	36	— 4%	44	44	—	35	47	34%	40	36	—10%	—	35	—
Lifebuoy Soap 200 g	26	24	— 8%	26	29	11%	26	26	—	28	30	7%	25	27	8%
Hulett's White Sugar, 1 kg	42	43	3%	—	43	—	36	43	8%	—	43	—	—	41	—
Bull Brand Corned Meat, 190 g	49	47	— 4%	—	52	—	—	49	—	51	51	—	49	39	—20%
Tastic Rice, 500 g	49	47	— 4%	51	51	—	49	49	—	52	48	—7%	48	45	— 6%
Baker's Tennis Biscuits, 225 g	46	44	— 5%	42	46	9%	39	—	—	45	47	4%	45	45	—
Koo Baked Beans, 225 g	25	21	—16%	29	26	—11%	22	27	22%	25	—	—	—	—	—
Cadbury's Bourneville Cocoa, 125 g	—	—	—	71	1,46	105%	1,30	1,35	3%	—	—	—	—	—	—

Although some prices have dropped in Soweto, they still remain higher than Johannesburg supermarkets. The first prices were taken in September 1978. The others were taken recently. The third column under the name of each store indicates the percentage by which the store's prices have dropped where there is a minus sign before the percentage. Where there is just a percentage it shows the price has increased. All prices include General Sales Tax.

Consumer gap

The decline in the producer's share of the consumer rand spent on food, calls for efforts to bridge the gap between consumer and producer, says Professor Leon Weyers, chairman of the Consumer Council.

"Instead of cheese, the consumer is buying processed cheese, instead of maize meal he tends to prefer cornflakes," he told Hannes Ferguson. "The road between the farm and the consumer's table is lengthening.

"Farmer and consumer should not only try to understand each other's point of view, but should also take some kind of financial interest in the in-between stages of processing and marketing.

"Here there cannot be one comprehensive solution, but a number of approaches could contribute.

"Co-operatives (no longer exempt from taxation) are now allowed to invest in any industry which processes their members' products.

"This should help to make the co-ops more marketing conscious.

"Another approach would be any arrangement whereby a farmer, or group of farmers could acquire an interest in the marketing of his product through other channels.

"The spread of consumer co-ops to the cities is also a commendable idea," Professor Weyers said.

Potatoes expensive

Bulk-buying fruit and vegetables when they are cheap and plentiful goes a long way towards helping the consumer to keep food bills down.

These are this week's best buys from the Johannesburg Market:

- Cabbages — from R1,30 to R2 a bag.
- Gem squash — 60c to R1,50 a pocket.
- Butternuts — 40c to 80c a pocket.
- Tomatoes (half-ripe Grade I) — R1,20 to R2 a box.
- Oranges — R1,30 to R1,60 a pocket.
- Grapefruit — 40c to 50c a half-pocket.
- Papaws — R1,40 to R1,60 a box.
- Avocado pears — R1,40 to R2 a box.
- **Hubbard squash — R1,50 to R3 a bag.**

(Prices may vary slightly — these were quoted on Tuesday.)

"Bad buys," on the other hand, include potatoes, onions, apples and cucumbers, the supply of which has been affected by the drought.

Fair Deal will carry this market guide each week.

Beans are going up

The latest price increase to be announced is for brown haricot beans — a rise of R18 a ton.

The Dry Bean Board has announced the following selling prices for the period July 1 to November 30 this year: Grade 2 — R378; Grade 3 — R358; Grade 4 — R338; Grade 5 — R318; and Grade 6 — R298.

The manager of the board, Mr C F Bezuidenhout, says the increase is due to higher producer costs.

Not such hard cheese? Hardly

Last week's sharp rise in the price of dairy products hit consumers hard — but they are still better off than housewives overseas.

In England, a litre of milk costs about 41c; 1 kg butter R2.72 and 1 kg of hard yellow cheese, R2,94.

French housewives pay 47,5c for milk, R3,80 for butter and the same for hard cheese.

Milk costs only 22c a litre in Russia, where butter sells at between R2,32 and R2,54, and cheese from R2,62 to R2,78.

To help local consumers keep an eye on prices, Fair Deal surveyed the cost of 20 basic foodstuffs. The cheapest price — regardless of brand — was obtained from Checkers Multimarket (Eastgate), OK Hyperama, Edenvale, and Pick 'n Pay Hypermarket, Norwood.

An average price — including General Sales Tax — was then calculated.

(Only one store, the Hyperama, carried butter on its shelves when surveyed on June 4 — and Multimarket had no Cheddar cheese that day.)

This chart will be printed each week, with a special guide at the end of the month to show how prices have changed.

Are you paying more than you should for basic foods? This chart shows the average cheapest prices for 20 essential items in your shopping basket.

Star 7/6/79 (3

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	Average price
White bread	25
Brown Bread	16
Milk, 1 litre	38
Butter, 500 g	1,10
Yellow Margarine, 500 g tub	75
Yellow Margarine, 500 g brick	65
Cake Flour, 2,5 kg	89
White Sugar, 2,5 kg	96
Chicken, per kg	1,12
Cheddar Cheese, 1 kg	2,34
Pork Sausages, 500 g	87
Instant Coffee, 750 g	2,27
Teabags (tagless) 100	1,09
Chuck, 1 kg	1,77
Rump Steak, 1 kg	4,02
Skim Milk, Powder, 1 kg	2,26
Oil, 750 ml	82
Frozen Hake 1 kg	1,70
Eggs, large 1 dozen	61
Rice, 1 kg	68
TOTAL	R24,69

3 — ~~Violence & Wine~~
3 Crime & Wine

(30)

CT 7/6/79

'Blacks should be acquainted with wine'

Staff Reporter

BLACK PEOPLE should be granted every opportunity to become acquainted with wine as a beverage of moderation, Dr Andre du Toit, chairman of the KWV said this week.

Speaking at the sixty-first annual general meeting of the KWV at Paarl, Dr Du Toit said that the swing of urban black consumers from sorghum beer, with its privileged distribution set-up, to other liquor types, as well as their social and economic progress, meant a completely new liquor distribution dispensation to black consumers. This was not only unavoidable but also highly desirable.

At a press conference after the meeting, Dr Du Toit said: "The approach of the Bantu Administration boards after many liquor distribution points were burnt down during riots, was tragic.

"It was as if they wanted to prove to the black people that they would not be able to burn down the new distribution points and subsequently built unsightly forts where liquor could be bought.

"Very little was done to present liquor to black people in a decent sophisticated way," Dr Du Toit said.

A Bonnivale wine producer, Mr Lourens Jonker, said at the meeting that the black wine market was of the utmost importance and that it should enjoy priority over trying to boost exports. He urged the directors to make a study of this.

S. 76 SPECIALIST DEPARTMENTS ASSOCIATED WITH PRODUCTION

(Research by Joan Woodward into 59 firms in South Essex, England : "Organisation : Theory and Practice")

CONTROL DEPARTMENTS	Number of Firms	
Inspection , or Quality Control	51	*
Cost Accounting , or Works Accounting	45	*
Planning	23	
Production Control	26	
Work Study , Method Study and Industrial Engineering	30	

SERVICES TO I

Purchasing	28	***
Maintenance ... ery	53	*

PERSONNEL

Personnel ... tions	21
... only	23
Medical ... e Medical Officer	6
... e Medical Officer	24
Operator T	15

Interna-
tional
Relations

Spy charge
US-SA relations plummet

Argus 14 April 1979

By Tos Wentzel (Political Correspondent)

RELATIONS between South Africa and the United States plummeted to a new low today with accusations and counter-accusations and a US decision to expel two South African diplomats following South Africa's expulsion of three Americans.

The deterioration of relations follows the disclosure by the Prime Minister, Mr P W Botha that a United States Embassy aircraft had been found to be fitted with a spy camera which was used to take pictures of sensitive installations.

The plane left South Africa today on the first stage of its return flight to the United States.

After South Africa had announced that three American airmen were being expelled the United States retaliated by expelling two members of the South African Embassy staff in Washington.

They are the defence and naval attache, Commodore W du Plessis, and the air attache, Colonel G Coetzee.

The US had conceded that the American Embassy plane had a camera on board, but they have rejected allegations that this was improper. The Americans are in turn accusing South Africa of knowing for some time about what was going on and of now trying to create a diversion.

STAGED

The Americans say that the whole episode was deliberately staged to distract attention from the Information scandal, while South Africa is demanding an apology from the US. The US is refusing to do this.

The US Secretary of State, Mr Cyrus Vance, has warned that the 'spy plane' incident will gravely damage future relations between the two countries.

The Minister of Foreign Affairs, Mr R F 'Pik' Botha, said today there had been a considerable deterioration of relations between the two countries.

LACK OF TRUST

He spoke of 'a total lack of trust and confidence between the two countries' and indicated that the position was not likely to improve unless the US apologised.

He said he regretted that the situation had deteriorated to the present position and said he did not wish to get involved in acrimonious exchanges with the US Government.

At the same time he accused the US of intimidation and veiled threats.

He also rejected allegations that South Africa was trying diversionary tactics and that South Africa had specifically timed the announcement about the spy camera.

It was the Government's duty to take the public into its confidence and it could not have kept quiet about the spy camera incident.

The present US reaction had become part of a pattern.

'They never reply directly when they are accused of having done something improper. They themselves diversi[...]

They irrelev[...] hate[...] reply.

Mr Botha said he had still not had a reply to his recent allegations that US diplomat Mr Don McHenry was playing a double role over South West Africa.

When the South African charge d'affaires in Washington, Mr W R Retief, was called to the State Department yesterday he was told of the US Government's 'displeasure' at the manner in which the South African Government had handled the matter.

EMBARRASSED

According to reports from Washington the US is clearly embarrassed about the incident but is trying to play it down as much as possible. In State Department circles there is said to be regret about the deterioration in relations as there were earlier indications that they were on the mend.

Mr Edmondson was today not available for comment. An embassy spokesman indicated that all reaction would come from Washington.

Move on attaches

Argus 14 April 1979

Political Staff

THE Prime Minister, Mr P W Botha, today dismissed as 'nonsense' a United States statement that the use of a camera in a US Embassy aircraft had not been improper.

In an interview, Mr Botha said the United States had conceded that there was such a camera.

He said the State Department's decision to expel two South African attaches had been an act of pure revenge as they had done nothing wrong.

It is clear from Thursday's statement by Mr Botha, that South Africa obtained a spool from the American 'spy' camera on board the official United States Embassy aeroplane.

Labour gets tougher on SA

LONDON. — Britain's ruling Labour Party yesterday toughened its stand on South Africa, declared it was prepared to intensify sanctions against Rhodesia and would support United Nations settlement proposals for South West Africa.

In its manifesto for the May 3 General Election, the party pledged to take steps to reduce Britain's economic dependence on the Republic and discourage new investment in the country.

"Labour believes that it is not only wrong but contrary to Britain's long-term interest to have close economic ties with South Africa," the party stated.

"Until a settlement in [...]

Tighter laws

Cape Times April 13 1979

[...]er immigration laws [...]ricans to settle here.

A Tory government would [cla]mp down strictly on num[ber]s allowed into the United [King]dom and, as legislation [cou]ld not discriminate between [blac]k and white, white South [Afri]cans would be included in [the] "shut door" policy.

[A] Tory spokesman told me [tha]t a revision of the immigra[tion] laws would be a priority [for] a Conservative govern[men]t. He said changes would be [mad]e only after consultation [with] governments of countries [whos]e nationals would be affect[ed].

[A]s South Africa's position in [the i]nternational community is [not ex]actly a happy one, a Con[serva]tive government's attitude [to wo]uld-be immigrants would [no]t be anything but gener[ous], the spokesman said.

[He] added that only positive [chang]es in South Africa's inter[nal policies] might make it possi[ble fo]r a Conservative govern[ment] to view the matter of [immi]grants more favourably.

[He] spelt out exactly how Con[servat]ive immigration policy [woul]d probably affect South Af[rican] would-be immigrants.

[At] present a person whose [fathe]r was born in the United [King]dom is usually granted per[mane]nt residence here. Revised immigration legislation would almost certainly change this.

Affected would be not only South Africans but also many Canadians, New Zealanders and Australians, and others from countries to which British subjects had emigrated.

"There is a limit to the number of immigrants that Britain can afford to take in and that is a basic fact. We simply don't want more people than we can accommodate," the spokesman said.

At present persons who have worked in the UK for four years can apply for permanent residence. This, I was told, would almost certainly fall away.

The Tories also would end concessions to husbands and fiancees. This would be aimed mainly at Asians, but would apply also to other nationals.

The issue of work permits would be severely restricted and quota system introduced, covering everyone outside the European community.

As far as political refugees and war resisters or draft dodgers were concerned, asylum or permanent residence would be the discretion of the home secretary, I was told.

COLOURED TRADERS
Change in store?

FM 13/4/79

Plans to revitalise the business centre of Cape Town's Athlone coloured township may soon give traders there a new lease on life. To hear the traders talk, change will not come a moment too soon.

Coloured traders in the Cape Peninsula are battling to compete with white-owned hyper- and supermarkets, and they are growing more and more disenchanted by what they see as discrimination against them.

Kassim Ali, secretary of the Western Cape Traders' Association, tells the FM that 60% of coloured trade goes to the white stores. The reason, he charges, is that "the local authorities favour white business against us."

Cape Town city engineer Jan Brand rejects this charge. But he tells the FM that the council is considering a report which, if adopted, will improve trading conditions in Athlone.

Coloured traders, says Ali, have no room to expand in the townships: "Land is zoned for business areas in such a way as to allow us small shops only. Permission to expand is in the hands of the Administrator and we are totally dependent on his say-so." The result, he says, is that coloured-owned supermarkets are out of the question.

Ali adds: "We are now demanding the right, as municipal rate-payers, to be consulted about all decisions affecting us," although Brand says they are already consulted.

A major problem, Ali maintains, is that "town planning decisions discriminate against us. New major roads have been built which by-pass our stores and lead directly to the white-owned ones."

Indeed, some coloured traders accuse City Tramways, which owns Cape Town's bus service, of co-operating with white stores against them. Bus stops are a long way from the coloured business area but directly in front of the white stores, they allege.

Not so, says a City Tramways spokesman. There are more buses along Klipfontein Road (which is adjacent to the Athlone business area) "than at any other point in the Metropolitan Area," he replies.

Nevertheless, the authorities do appear to recognise that something is amiss. Brand says his report advocates making Athlone more accessible as well as providing adequate infrastructure so that a large supermarket can be built there. The scheme is waiting on money from a state committee appointed to examine Athlone's plight.

Ali, who sits on the state committee, believes it will herald changes. "But if our hopes are dashed, we'll simply have to get off the committee," he warns.

 R.D.M 8/6/79

~~48~~ 36 ~~327~~

Protect your property, industry told

CAPE TOWN. — Industry and commerce will have to protect their own property as far as possible, the Minister of Justice and Police, Mr J T Kruger, said yesterday.

Officially opening a seminar of the Security Association of South Africa, Mr Kruger said the Government and police would do their duty towards protecting premises and property, but industry and commerce were primarily responsible for the protection of their own assets.

Businessmen and industrialists would understand that what was required of them in this respect was in the interest of South Africa and its peoples as a whole.

Mr Kruger said it could be argued that it was the State's responsibility to protect industry and commerce and that the Government was therefore shirking its duty.

But as much as the man in the street was primarily responsible for safeguarding his home and property, so were industry and commerce as far as their property and premises were concerned.

Mr Kruger said South Africa was seeing the first manifestations of urban terrorism with bomb attacks, which had fortunately so far misfired. But terrorist attacks could be expected to continue to threaten private industry as well as the community.

By the very nature of the situation law enforcement bodies would have to rely heavily upon commerce and industry to help them to counter the onslaught.

It was common knowledge that South Africans were living in trying times. Threats against the country and its social order were real, but Mr Kruger said he wished to state clearly that there was no reason for alarm or panic.

Industrial subversion could be avoided only if a strategy of survival was adopted and implemented by all responsible institutions.

Mr Kruger added that despite the sometimes malicious attacks on the police, he was satisfied they were doing a wonderful job. — Sapa.

KIMET Fm 8/6/79 (30)

Gearing advantage

Activities: *Holding company with a 50% interest in Metcash, King Food and Dee Bee Supermarkets and 100% in Kirsh Real Estate. Kirsh Industries owns 60,7% of Kimet's equity.*

Chairman and managing director: *N Kirsh.*

Capital structure: *15m ordinaries of no par value; 300 000 First A part red cum prefs of R1; 600 000 Second B part red cum prefs of R1. Market capitalisation: R22,2m.*

Financial: *Year to February 28 1979. Borrowings: long and medium term, R1,0m. Net cash: R1,2m. Debt:equity ratio: 4,7%. Current ratio: 1,3. Net cash flow: R873 000. Capital commitments: R40 000.*

Share market: *Price: 148c (1978-79: high, 160c; low, 133c; trading volume last quarter, 559 000 shares). Yields: 13.0% on earnings; 4,1% on dividend. Cover: 3,2. PE ratio: 7,7.*

	'76	'77	'78	'79
Return on cap %	—	—	—	20.9
Turnover (Rm)	—	—	—	36.8
Pre-tax profit (Rm)	—	—	—	6.6
Gross margin %	—	—	—	1.9
Earnings (c)	—	—	—	19.3
Dividends (c)	—	—	—	6
Net asset value (c)	—	—	—	149

With Metcash's sales making up 91,4% of Kimet's turnover, which includes rental income, Kimet's performance should be substantially in line with that of Metcash. However, the main difference is one of gearing, which on current growth expectations for Metcash, explains the substantial historic yield gap between the two shares.

This gearing stems from the relatively constant dividends accruing to the participating prefs, while the earnings of associate companies are rising.

Kimet equity accounts its associates, which are all companies in which it has 50%. At the taxed level, Metcash contributed R3,1m or 77,4% of Kimet's net profit. King Foods weighed in with R399 000, or 9%, and Dee Bee with R270 000 or 6,7%. The remainder of Kimet's investments, including subsidiary Kirsh Real Estates, the results of which are consolidated, accounted for some R239 000.

In line with last week's forecast of a 36% growth in Metcash's earnings, after allowing for the increased share capital, and applying a lower 20% growth rate to King Food and Dee Bee, Kimet's taxed profit could be hoisted to R5,4m. Of this, R4,3m should come from Metcash.

Kimet's Kirsh . . . counting on gearing

R478 000 from King Food, R324 000 from Dee Bee and R250 000 from Kirsh Real Estate.

Having got as far as a definitive forecast, all that remains is to calculate what effect servicing of the pref's will have on earnings growth. Last year, the prefs absorbed R1,1m, of which R990 000 represented the basic 11% rate and R135 000 the participation portion. The formula, which gears up the profit available to the ordinaries, is based on the net cash profit of Kimet, which last year amounted to R2,0m.

If dividends accruing to Kimet rise by the expected 35% — based on the above assumptions — pref shareholders will receive the basic R990 000 plus R250 000 by way of participation, and ordinary shareholders would be left with R4,2m. About 30% of this amount will be dividend income, and available to Kimet shareholders. The distribution could be around R1,4m or 9c a share, a 50% increase. This puts the share at 148c on a 6,1% prospective yield. Although this is not quite as high as Metcash's 7,2% prospective yield, chairman Natie Kirsh points out that Kimet will show twice the growth due to its gearing. So on a medium-term view, Kimet is worth considering. *Peter Pittendrigh*

CORPORATION FOR ECONOMIC DEVELOPMENT

Success and failure

The Corporation for Economic Development should be allowed to help develop townships in "white" areas, urges the Riekert Report. But in keeping with government policy, the report suggests that this assistance be confined to trade and light service industries.

If Pretoria approves even this limited proposal, the CED's spending, which has soared in the past few years, could soon break the R200m barrier. Planned spending for the year ending March 1980 already stands at R161m — 56.3% up on last year. By contrast, in the first 10 years of the CED's life (it was formed in 1964), total outlays amounted to only R25m.

This year's expenditure will be financed from profits, loans and a R55m contribution from government. The CED recently borrowed R25m on the local capital market. In the past two years three foreign loans totalling R27m have been raised. Johannes Adendorff, the CED's MD reckons that the amounts have been sufficiently small to avoid "political resistance" from overseas investors.

The bantustan development corporations will get R71m of the CED's budget, against R46m last year.

Tea picking . . . London likes Venda's brew

Despite claims by the CED that farming development has top priority, it plans to cut expenditure in this area from R12m last year to only R9m in 1979-80. Yet outlays on transport are going up from R7m to R22m, much of which is spent on ferrying blacks to and from factories in "white" areas.

A large chunk of spending on farming will go towards the expansion of coffee production in Venda, Gazankulu and Lebowa.

In Venda two coffee estates are being set up — the Pashwhane and La Rochelle farms. The first 200 ha at Pashwhane, half the eventual area, will be directly controlled by the CED, and planting should be completed by March next year. The rest will be distributed among individual farmers. The CED's share will form the "nucleus" of the farm, from which farmers will draw expertise and equipment. The budget for this project is R2m. It will create about 1 200 jobs.

On the La Rochelle farm the CED will control 150 ha, and individual farmers 200 ha. The development cost of the "nucleus" will be around R1m.

The same concept is being applied on a R1m coffee farm in Gazankulu, which is expected to be between 100 ha and 200 ha. In Lebowa, studies on two similar projects have been completed, and the CED is now ready to start developing them at a cost of R2m.

The CED estimates that these farms will be producing at least 1.5 t of coffee per ha within the next five years.

In Venda, the CED has just opened a 500 ha tea estate, which could yield 1 000 t year. Dr Koos van Marle, director of agricultural development, says that the tea has been tested in London and is of "excellent quality." Another 800 ha of land suitable for tea cultivation have been identified.

Nurseries have been built to supply plants for a 400 ha citrus estate in Gazankulu's Mahla district. The trees will be ready for planting in 1981. The farm will be divided into 5 ha plots, with each farmer tending 1 000 trees. The CED is also considering growing mangoes (for export) on this estate.

Provided adequate rain falls next spring, BophuthaTswana farmers will be helped in planting an extra 7 000 ha of maize this year, pushing the total up to nearly 18 000 ha.

Adendorff reckons the major handicap to commercial farming in the homelands is the tribal land tenure system, under which the allocation of land is subject to the whims of chiefs. "Agriculture will not get off the ground as long as this system remains," he argues. But Professor Piet Nieuwenhuizen of RAU emphasises the size of the farms: "Two to four hectares are not enough. Whites cannot farm on such small plots so why should blacks be expected to do so?"

Postage stamp plots

Nonetheless, government continues to parcel out postage stamp plots to black farmers. A notable example is a project at Msinga in the Tugela Basin, where 10 000 people have been resettled on 2 ha plots.

KwaZulu is leading in industrial development, probably because of its proximity to Durban and Richards Bay, and its fairly well developed infrastructure.

The Vickers-Lenning foundry and National Veneer plywood factory came on stream last year. R10m has been sunk into the foundry, and over R7m into the plywood factory. The CED built the plants and leased them to private enterprise at a subsidised rate. It also loaned the two companies a total of R6.9m. The projects have created nearly 750 jobs.

According to Percy Taylor, National Veneer's financial director, lack of space, the restrictions on expansion imposed by the Physical Planning Act and the concessions offered by the CED, prompted the move to KwaZulu. Taylor claims that the firm has not come up against any major problems. However, labour training is taking longer than in Johannesburg.

A plant manufacturing driving shafts is expected to start operating in KwaZulu towards the end of this year. The CED's outlay is R200 000 on buildings, R600 000 in loans and R200 000 in share capital. The factory will employ about 100 blacks.

Total CED spending on industrial development this year will rise by a mere R1m to R30m. The corporation will not disclose project details.

Adendorff argues that "it would be difficult to spend much more than R30m" because of the limited resources of the homelands. Lack of the skills needed for industrial ventures is one of the problems. Nieuwenhuizen, however, claims that the absorptive capacity argument is no longer valid. Rather, only the lack of roads and communications is putting the brakes on development. "The CED is not moving fast enough to improve facilities," he reckons.

Rapport 10/6/79 (30)

Ná drie maande is ons reg, sê motormanne

DIE Suid-Afrikaanse motorbedryf gaan op die kort termyn die wind van voor kry, maar die verwagting is dat sake ná drie maande feitlik weer „normaal" sal wees. Dit is die oorwoë mening en reaksie op Min. Chris Heunis se brandstof-aankondigings.

Ford Suid-Afrika is een van die min vervaardigers wat dadelik met drastiese maatreëls vorendag gekom het. Maar die meeste van die ander is nie ewe pessimisties nie.

Mnr. Dunbar Bucknall, Ford se skakeldirekteur, het aan Sake-Rapport gesê dat sy maatskappy vandeesweek met 'n vierdaagse werkweek begin en tans ook aandag skenk aan die moontlikheid van korter werkure.

„Ford aanvaar dat die patroon om kleiner motors te koop, nou eers momentum gaan kry en dat die aanvanklike skokeffek van die verhoogde petrolprys oor drie maande afgeloop sal wees."

By die Sigma-Motorkorporasie word geen wesentlike probleme voorsien nie. Die voorsitter, mnr. Chris Griffith, voel egter dat mnr. Heunis onnodig aan die snelheidsperke gaan torring en verkope op Saterdae opgeskort het.

„Wat die prysverhoging betref het Suid-Afrika égter geen keuse gehad nie. Ek sien dit egter as 'n probleem wat ons nie werklik baie lank in ons midde gaan hê nie. Beter pryse vir ru-olie en meer voorrade van die Sasol-aanlegte is net om die draai," meen mnr. Griffith.

„Wat ons reeks motorvoertuie betref, is Sigma in die gelukkige posisie dat die meeste van hulle met vyfgang-ratkaste toegerus is (Mazda 323 en Colt Galant) en dat die Peugeot-voertuie ook bekend vir hul uitmuntende petrolverbruik is. Ek wens net die Toyo Kogyo in Japan kan voorsien in die bestelling wat ons vir 323-komponente plaas. Dis eintlik ons heel grootste probleem!"

Mnr. Fred Butler, Sigma se besturende direkteur, meen dat die era van die luukse klein motor aangebreek het. „Dis die tipe van voertuig waarsonder die gesin in die toekoms nie sal kan klaarkom nie.

„Ek verwag dat die Suid-Afrikaanse mark vir klein motors nog steeds sal groei en dat in die markeel dáár inderdaad eerder 'n toename in eenhede as 'n afname sal wees."

Datsun-Nissan Suid-Afrika is nog 'n vervaardiger wat nie daaraan dink om sy produksie te verminder nie. Mnr. Brian Wegner, bemarkingsdirekteur, verwag dat die mark vir die eerste drie maande 'n insinking sal beleef en daarna weer normaal sal wees.

„Die verhoging was in landsbelang en het wel 'n aanvanklike skokreaksie gehad. Dit is egter net tydelik van aard."

Volgens hom sal die klem in die toekoms net al hoe meer op die grootte van passasiersmotors val. „Dit sal noodwendig beteken dat die voertuie kleiner en kleiner sal word. Daarom dat Datsun-Nissan gesorg het dat hy aan albei kante van die mark produkte het wat met goeie verbruiksyfers kan spog.

„My aanvanklike gewaarwording is egter dat Min. Heunis se aankondigings nie so erg dramaties was as wat die motorbedryf aanvanklik verwag het nie."

Volgens mnr. Wegner oorweeg Datsun dit tans om 'n vierdag werkweek by sy aanleg in Rosslyn in te stel. „Maar ons sal daarop aandring dat die totale getal werkure per week in daardie vier dae gewerk word. Dus sal produksie en lone nie geraak word nie.

„Maar dit sal beteken dat die personeel se vervoerkoste vir een dag gespaar word. Hierbenewens spaar die fabriek die koste om elke oggend die swaar en groot masjinerie aan die gang te kry — die duurste aspek van die monteerafdeling."

17

Rapport 10/6/79 ~~49~~ 30

Klein man kan diktatuur keer, sê AHI-baas

KLEIN en onafhanklike sakeondernemings is 'n belangrike bolwerk teen die totstandkoming van 'n ekonomiese en finansiële diktatuur — een van die gevare van die skepping van 'n magskonsentrasie wat voortvloei uit die geweldige bedrae aan beleggingskapitaal wat deur die groot institusionele beleggers ter beskikking kom.

So het die president van die Afrikaanse Handelinstituut, dr. Martin van den Berg, vandeesweek op Umhlanga gesê. Hy het die Rapport-sakekursus wat daar gehou is, geopen. (Foto's op bl. 6).

Dwarsdeur die westerse wêreld is daar, veral vanweë inflasie en hoë inkomstebelasting, besig om 'n konsentrasie van finansiële mag in die hande van die groot institusionele beleggers (veral lang-termyn versekeraars en pensioenfondse) plaas te vind.

Hierdie magskonsentrasie vloei voort uit die geweldige stroom van langtermyn-beleggingskapitaal wat, vanweë die besondere aard van hul bedrywighede, tot hierdie instellings se beskikking kom en wat hulle dan o.a. gebruik om geleidelik bestaande onafhanklike ondernemings oor te neem, of soms om self as entrepeneurs met nuwe ondervinding te begin.

Hoewel daar besliste voordele uit ekonomiese oogpunt uit hierdie magskonsentrasie kan voortvloei, o.a. groter rasionalisasie en toegang tot groter kapitaalbronne indien 'n onderneming vanweë toevallige tydelike omstandighede in die moeilikheid raak, is daar ook besliste gevare en nadele.

Almal sal met hom saamstem dat dit ongewens is vir enige land wat op die basis van die vrye markmeganisme fungeer om geleidelik in 'n ekonomiese en finansiële diktatuur te verval. So iets sou natuurlik vrye en gesonde konkurrensie kan benadeel wat 'n noodsaaklike vereiste is vir die markmeganisme om te kan werk.

Een manier waarop hierdie strukturele neiging teëgewerk kan word, is om te sorg dat 'n gunstige klimaat geskep word vir die voortdurende totstandkoming van nuwe onafhanklike klein sakeondernemings in groot getalle.

Aangesien die sterftesyfer onder klein sakeondernemings wat nuut tot stand kom, betreklik hoog is (blykbaar ongeveer 3 uit 10), en heelwat van die suksesvolles voortdurend deur groot ondernemings oorgeneem word, is dit duidelik dat dit in ons almal se belang is om te probeer sorg dat nuwe onafhanklike klein sake-ondernemings voortdurend in groot genoeg getalle reg deur die land tot stand sal kom.

Dr. Van den Berg het 'n paar basiese waarhede genoem in verband met die toetrede van nuwe entrepeneurs as onafhanklike klein sakemanne tot die sakewêreld. Een daarvan (wat hy sê noem hy met huiwering) is sy bedenkinge oor universiteitsopleiding om jou eie kein saak te begin.

'n Man het nie noodwendig 'n graad nodig om dit te doen nie. Die drie jaar vir 'n B-graad kan soms baie eerder vir besigheidsondervindig aangewend word.

Shopping complex: it's on

30 ~~81~~

DD 11/6/79

EAST LONDON — The controversial R2 million shopping complex in the North End here is on again.

And the Department of Community Development official who has been piloting the project since its inception a few years ago, Mr P. A. van Eyck, takes a break from his new post in Pretoria to meet the Indian Management Committee and the city's 66 Indian traders here this week..

The re-emergence of the project which was stalled last year following a visit by the State Committee has caught traders unawares.

It has also come as a surprise in view of the recommendations of the Riekert Commission to open all central business districts to Indian traders.

The recommendation was backed by the Minister of Indian Affairs and Community Development, Mr Marais Steyn, who said Indians "had reached the necessary sophistication" to trade in the central business districts.

Chairman of the East London Indian Traders Association Murgas Williams said he was shocked when telephoned by Mr Van Eyck about the meeting.

"I was contacted because the last time Mr Van Eyck tried to arrange such a meeting, our association decided on a boycott and only one trader attended the meeting.

"I have sanctioned this meeting, but it must be seen in its proper perspective.

"The traders association does not support or reject the complex. We merely see it as a business venture by an entrepeneur — in this case the Department of Community Development.

"But we will fight strenously if any of our 66 traders are forced out of their existing premises — whether by overt or covert means — into the complex.

"We believe in free trade, irrespective of race, colour or creed. A businessman's acumen is all that matters, that is why we are not enthusiastic about the opening of CBD.

"I am asking the traders to attend the meeting because it will be an ideal chance for us to confront this project as a unit."

Mr Williams said the traders were scheduled to meet last night to plan strategy for their meeting with Mr Van Eyck.

Today Mr Van Eyck meets the Indian Management Committee. It is understood the IMC will present him with a memorandum based on the stand of the traders association.

On Wednesday and Thursday, Mr Van Eyck will meet traders individually to show them the plans for the complex and probe their individual requirements. — DDR

Hypermarket row

4/6/7?/81 (30)

CAPE TOWN — Hypermarkets in South Africa were much larger than in other parts of the world, the Cape Town City Engineer, Mr J. G. Brand, said here in suggesting a ban on all supermarkets with a shopping area of more than 1 500 sq m.

His report — which has been adopted by the council's town-planning committee, but has yet to go before the full council — recommends that other municipalities impose a similar prohibition.

An area of 1 500 sq m is larger than most supermarkets, but much smaller than the hypermarket at Bedfordview just on the outskirts of Johannesburg.

Mr Brand made it clear the intention was not to prevent hypermarkets or large supermarkets from being developed. It was to enable the municipality and the province to consider proposals on their merits in relation to the overall planning of the area.

In France, the average size of a hypermarket was 5 000 sq m, while the first South African hypermarket at Boksburg had a floor area of 10 000 sq m.

Hypermarkets offered benefits to the community if they were well run, as the method of selling kept costs down. The fact that large hypermarkets were being pioneered in South Africa meant that additional benefits could be brought to the community, but there was also the possibility of severe disadvantages, Mr Brand said.

Some disadvantages were that these large developments would draw trade from other retailers within a 5 km radius and cause traffic congestion on major roads and at intersections up to 5 km from the hypermarket. There were also noise and environmental problems.

In addition, the long shopping trip would mean a waste of time, money and fuel, which could offset the price savings.

Mr Brand's suggestion has brought a sharp reaction from Mr Raymond Ackerman, head of the huge Pick-'n-Pay organisation and the man who pioneered the hypermarket concept in South Africa.

He has condemned the move to put a brake on the establishment of huge supermarkets and hypermarkets as "an unwarranted interference in the freedom of retailers to trade efficiently".

A ban on supermarkets of more than 1 500 sq m would hurt retailing just as much as the "Gagging Bill" wouud hurt the press, Mr Ackerman said.

A selling area of 1 500 sq m was "totally inadequate for efficient modern retailing and a control like this can cause raging inflation".

With price increases like the recent cheese and butter price hikes it was essential that retailers should be free to operate the right size stores for the most efficient possible selling to consumers.

Mr Ackerman said Mr Brand's figures on the average size of hypermarkets were wrong.

It was true the early hypermarkets were smaller, but this was no longer so.

"There are hundreds of hypermarkets in Europe and I've visited most of them. I can tell Mr Brand that our hypermarkets are small in comparison with the new ones being opened in Europe.

"I respect his knowledge of roads and tar and concrete and he should respect my knowledge of retailing and stop interfering in an area he knows nothing about. We don't want the freedom of retailers to trade as efficiently as possible to be tossed away."

Mr Ackerman said modern stores now being planned had a selling area of 2 000 sq m and if Mr Brand tried to stop this he was going completely against world trends.

He said he would make representations to the city council against "the totally unjustified curb on efficient retailing."

Mr K. Allie, general secretary of the Western Cape Traders Association, which represents more than 2 000 black, Indian and Coloured traders, said he thought Mr Brand had come up with an excellent idea as it would help the small man.

He appealed to small traders to get together and "buy big" so they could sell more cheaply than the hypermarkets as this was "the only way to fight them." — SAPA.

Star 13/6/79

(30)

Dr A J A Roux (64), who retires as president of the Atomic Energy Board at the end of June, is joining the board of Vaal Reefs. His final official function as president of the Atomic Energy Board, will be to open, on June 27, Vaal Reefs South Uranium Plant which is at present being commissioned.

Gloom as new car sales tumble

By Michael Chester, Financial Editor

Business confidence was bruised still more today with the release of statistics showing that new car sales tumbled 9,6 percent last month compared with a year ago. Commercial vehicle sales dropped by 8,5 percent.

Initial forecasts that 1979 car sales would climb to around 215 000 are now being drastically trimmed by motor executives and new estimates are pulling the target down to no higher than about 190 000 — not even matching the 1978 total.

Since the motor trade as a whole stands second in size only to the vast gold mining industry, the repercussions are already causing grave concern.

Motor executives have enough to be concerned about already with the car sales total sliding from 20 141 in March to 17 712 in April and now lower to 16 011 last month.

But it is feared that worse is yet to come now that motorists have the burden of staggering rises in petrol prices.

Ford SA has already confirmed it has been forced to put a number of its plants on a three-day work week, and Datsun Nissan has expressed fears it may also have to consider shorter working hours.

Other manufacturers may also need to turn attention to cutbacks in work hours or labour force sizes if motor sales stay on a downward trend.

Production lines of bigger models are likely to suffer most as companies and individuals turn more and more to smaller cars — not only to trim their petrol bills but also with an eye on new legislation about fringe benefits expected next year and likely to penalise owners of large luxury models.

The trends are already evident in the May sales charts: the small Mazda 323 from Sigma Motors stands in the lead as top seller, followed by the VW Golf.

These were the models that in turn put Sigma as the overall car market leaders with sales at 3 496 with Volkswagen close behind with 3 325 sales.

However, all in all, total car sales January to May now run only 8 percent ahead of the corresponding period a year ago. Now fears are spreading the lead over 1978 will gradually disappear altogether and most likely go into reverse.

Commercial vehicles sales in May were down to 6 839 compared with 8 743 in April and 8 569 in May last year.

Car and truck sales drop

(30) 14/6/79

PORT ELIZABETH — Sales of new cars and commercial vehicles dropped by 9,6 per cent and 8,5 per cent respectively in May, compared to May 1978, according to figures released yesterday by Naamsa.

When comparing last month's figures with those of April this year, 1 701 fewer cars were sold and 904 fewer commercial vehicles left the factories — a startling drop in total of 2 605 vehicles in one month.

Total car sales figures in May this year were 16 011, compared to 17 718 in May last year and 17 712 in April this year.

From January to May this year, total car sales figures of 86 560 still reflect an 8,1 per cent increase over the 80 090 cars sold in the same period last year.

In Johannesburg yesterday, Mr Wilfred Joss, chairman of the National Automobile Dealers' Association, said the sales figures were satisfactory "particularly in the light of the two weeks' uncertainty and indecision which preceded the announcement of the new and more stringent fuel conservation measures".

The change in the market profile towards lighter and more economical motor cars which started at the beginning of this year continued, Mr Joss said, and these units now accounted for no less than 45 per cent of the passenger vehicle market compared with 29 per cent during 1978.

The more stringent fuel conservation measures would undoubtedly affect the vehicle sales predictions which were made at the beginning of the year.

He expected only 198 000 passenger and 90 000 commercial vehicles to be sold in 1979, about 12 per cent less than the original forecasts. — SAPA.

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Pall descends on motor industry

(30)
14/6/79.
RDM

By DON WILKINSON

CAR AND commercial vehicle sales in May were down on their comparable levels of 1978, suggesting that the steam has long gone out of the Budget-assisted plans to boost the economy.

And though one might have expected that vehicle buyers might at least have made some attempt to anticipate the fuel crisis and fuel price rises, the figures hardly suggest that this was the case. Car sales in May were down by 9,6% at 16 011 units against 17 718 for May 1978. Commercial vehicle sales slid by 8,5% to 7 839 from 8 569.

Both figures represent the first real check to the vehicle industry this year. But in spite of this, overall sales for the year are still higher than the totals for a year ago. Car sales are thus still 8,1% higher than a year ago at 86 560 against 80 090, and commercials are marginally ahead at 40 682 compared to 40 505.

The way things are going, however, it looks doubtful if the car industry will be able to maintain even its current gain, and almost certain that the original estimate of a sales total for 1979 of around 200 000 units will be hard to achieve. There are those in the industry who believe that not even the 1978 total of just under 200 000 cars will be reached.

Listed companies in the car and vehicle production industry are so few and far between that the NAAMSA figures tend to be somewhat academic as far as the stock market is concerned. There are, of course, a large number of supplying companies whose tyres and other equipment depend largely on the fortunes of the industry. The latest sales figures can hardly be cheering for these suppliers.

As far as the individual companies go, Sigma with its Peugeot and Citroen associate now holds 21,8% of the market, a percentage point ahead of hitherto leader Volkswagen. Third lies Ford with 17,5% of May sales, and much further down the list is Datsun with 10,7%.

It seems, however, that there has been a tentative move by buyers away from the gas guzzlers and towards the smaller car. May sales of the Sigma Mazda 323 and VW's Golf respectively totalled 2 218 and 2 101.

This makes them the two highest selling. Between them they accounted for just 27% of new cars sold, compared with just less than 26% in March 1979. The popularity of these two vehicles suggests that perhaps the car-buying population is seeking out the less petroleum-expensive vehicles, although on the other hand it is worth noting that despite the threat of taxation on company cars, during the month BMW sold 715, and Mercedes 559 new cars.

On the commercial front, and where petrol and diesel costs are now a prime consideration, the results for the month were no less discouraging. Leading the field was Toyota with 1 893 sales, followed by Datsun at 1 750 and Ford at 1 202.

Heavy specialist Leyland, which was the part of that group that Sigma really wanted, stayed in front with sales of 318 vehicles.

Major chain stores accused of bullying

Sun. Trib. 17/6/79

(30)

By TONY HUDSON

THE GROCERY Manufacturers' Association has accused the major chain stores of placing food and toiletry makers in a position where many may prefer to get out of the business rather than face increasing pressure to give big discounts on bulk orders.

A spokesman for the association told Tribune Finance this week:

"The fear is that should they find themselves having to bargain with only three customers for the bulk of their business, they will experience declining margins and will consequently have to raise prices more rapidly than the rate of inflation if they want to remain in business.

"If they do not do this, investment in the food and toiletry industries will become unattractive and consequently both the quality and the range of goods available will suffer."

The association said the effect of the awesome buying power wielded by the big three (not named but probably OK Bazaars, Checkers and Pick 'n Pay) on manufacturers is that by having their profit margins squeezed by the bulk buyers, the manufacturers have had to raise their prices to the smaller retailer in order to remain profitable.

The association says when the Government announced it was about to launch a Commission of Inquiry into trading and business practices, it asked for two months — which is up at the end of June — to set its house in order.

A draft code of practice was discussed at several meetings. Says the association: "It soon became apparent there was a clear division between the three major chains and large distributors on one side, and the manufacturers and small retailers on the other."

The spokesman said the former group were opposed to the code which involved enforcement terms. The others wanted a code whereby everyone, big or small, obtained the same trading terms.

However, OK Bazaars MD Meyer Kahn, described the report as "The biggest load of hogwash".

He said that the manufacturers were interested in protecting their own profit margins and reducing competition in their field. He said that in the US, where the Robinson-Patman Act protected the large chains from taking monopolistic advantage of the smaller stores, margins of manufacturers were double those in South Africa.

Business Mercury

OK Bazaars optimistic

19/6/79

30

JOHANNESBURG — "We take an optimistic view of the economy and believe that the consumer demand will improve, particularly during the second half of the financial year," Mr. R. J. Goss says in the annual report of OK Bazaars (1929).

He adds that if this should happen, "we anticipate that the group will achieve a level of earnings in excess of the past year's performance."

Consumer expenditure remained sluggish during the financial year under review, says Mr. Goss, primarily as a result of the unsettled economic and political conditions and introduction of the general sales tax in July 1978. National retail sales grew by only six percent in monetary terms.

Expenditure up

"This figure excludes GST and it would appear therefore that consumer expenditure grew by 10 percent, indicating a decrease in real terms of approximately two percent."

The 9,5 percent increase in group sales to R592-million compares favourably with overall industry performance. Sales through the conventional trading operation in the Republic rose by 11,5 percent, while the hyperamas, because of increased competition, showed no growth in spite of the Prospecton store's trading for a full year.

Profit rises

Profit before taxation rose by 10,1 percent on a sales increase of 9,5 percent. In the event, earnings per share rose by 15,3 percent to 122,8 percent share.

"This improved performance resulted mainly from a good merchandise mix and the effective control of all costs."

CAR SALES FM 15/6/79 (30)

The crunch comes

Whatever happened to General Motors last month? Sales fell 50% from April, accounting for most of the industry's 9.6% decline. Leyland, virtually without a dealer network after the Sigma fiasco, also suffered.

Naamsa sales figures for May show a drop of 9,6%, compared with both April 1979 and May 1978 (which were almost identical).

GM sold 1 042 cars, and the depleted Leyland lines dropped to only 208 units (down 56,8%).

Jim Fry, GM's director of sales and service, says the May figures were severely affected by a run-out in April during a national retail incentive campaign which left dealer stocks in poor shape for May.

"We are not unduly disturbed as already indications are that retailing in June is running extremely well," says Fry. "In the Johannesburg area alone GM's retailing is more than 50% higher compared with last month."

Sigma, even without Leyland, came out top of the passenger car log and was overall sales leader with combined sales of 4 352 vehicles. Its Mazda 323 car line outsold all other passenger cars, and with 2 218 sales had 13.9% of the overall market.

VW's Golf line took second place with 2 101 sales for 13.1%, and Ford Cortinas came third with 1 584 sales — 9,9%.

Ford also dropped 18,3%, and Datsun 14,2% from April.

After five months of the year, however, sales are still 8,1% ahead of 1978. But the fuel crunch has come.

Commercial sales appeared to be taking off in the early part of the year, but have started to slip.

Despite the swing to small, economical compact cars, Dr Eberhard van Koerber, MD of BMW, says he is "more than satisfied" with his company's products in the luxury sector of the market.

Sales of BMW over the first five months of this year show a market share of 4.1%, which is a 26,4% increase in volume over 1978. And the average new car sales increase over the same period has been only 8,1%. Fleet owners now comprise 60% of BMW's clientele.

MOTOR INDUSTRY

Patching up

(30)

FM 15/6/79

Sigma's answer to its loss of the Leyland Rover was launched throughout SA this week. It is an extension of the Colt Galant range, the Colt 2600 Automatic.

It is powered by a four cylinder in-line Mitsubishi engine which previously was used only in the Galant Lambda and Celeste coupes and Mitsubishi's new pick-up truck.

Low fuel consumption is claimed — 6,97 litres/100 km at 80 kph in an AA supervised test run from Johannesburg to Durban.

Integral air-conditioning, FM/MW/SW radio and cassette tape player, automatic speed control, digitial quartz clock, reading lights for rear seat passengers and a courtesy light for rear seat footwells are standard. Other features are a heated rear window, remote bootlid release, adjustable steering column and inertia reel front safety belts.

Suggested retail price is R8 695.

Meanwhile, Leyland has given notice that restoring its public image is a top priority. PR man Arne Pitlo has been appointed to the board as Director of Communications and Public Affairs. Pitlo has also taken on Group Editors as PR consultants for an undisclosed fee.

New MD Leslie Wharton has now arrived from the UK to take up his appointment, while the rebuilding of the shattered dealer network is proceeding apace. Latest count: 46 dealers signed in three weeks.

PEP STORES

Tm 15/6/79 (30)

Attractive yield

Activities: *Operates as a retailer of clothing, footwear, blankets, household softs and toiletries from 370 branches in SA, Transkei and SWA. Subsidiaries include Papillon, which operates 51 ladies' boutiques, Half Price Stores and Shoprite, which operates eight grocery and clothing*

shops in the Western Cape. Directors hold 16,6% (20,2%) of the equity.

Chairman: *R van Rooyen*

Capital structure: *5,6m ordinaries of 50c.*

Market capitalisation: *R36,1m.*

Financial : *Year to February 28 1979. Borrowings: long and medium term, R8,0m; net short-term, R5,6m. Debt/equity ratio: 56.3%. Current ratio: 1,6. Net cash flow: R4,9m. Capital commitments: R595 000.*

Share market: *Price: 645c. (1978-79: high. 730c: low. 390c; trading volume last quarter, 349 000 shares). Yields: 18.9% on earnings; 8,5% on dividend. Cover: 2.2. PE ratio: 5,3.*

	'76	'77	'78	'79
Return on cap %	47.9	39.9	31.8	29.3
Turnover (Rm)	73.1	91.4	109.6	126.2
Pre-tax profit (Rm)	9.3	10.1	9.0	9.9
Gross margin %	13.5	12.2	9.6	9.5
Earnings (c)	95.2	109.4	100.7	121.6
Dividends (c)	44	46	48	55
Net asset value (c)	284	345	396	449

Since Pep's announcement of its annual results, the share has weakened from 660c to 645c, reflecting investor disappointment that earnings and dividend forecasts made at the half-way mark were not met. Be that as it may, the fall appears to have been overdone, since the results were nevertheless good and the balance sheet continues to be one of the strongest in the stores sector.

The reason for the slowing down lies in the second half, when an excpected improvement in the buying power of Pep's customers failed to materialise. This led to continued pressures on margins and to a higher than anticipated stock levels. At the year-end, these stood at R51,1m against R43.2m previously. Consequently, there was not the expected improvement in liquidity — although chairman Renier van Rooyen says that Pep has "yet to feel any shortage of cash."

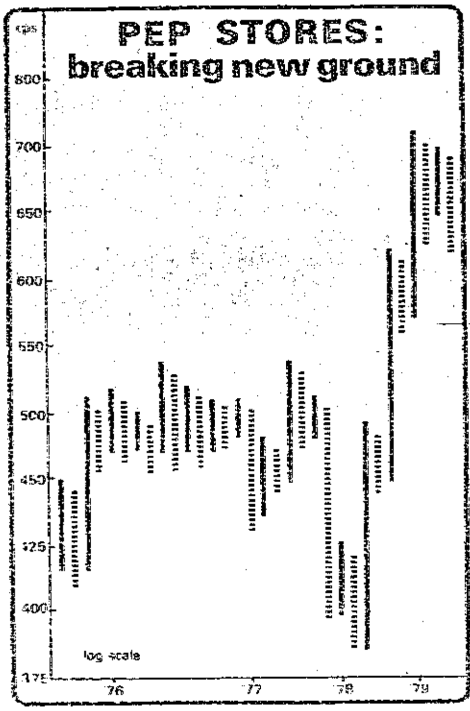
Nevertheless, group sales rose by 15% in moving from R109.6m to R126.2m, and pre-tax profit improved by 11% to R9,9m. Taxed earnings escalated faster, rising by 22% to R6,8m to give earnings of 121,6c and a total dividend of 55c, which is covered 2,2 times. The nub of investor disappointment, then, lies in the fact that, since Van Rooyen's forecast of earnings of 135c and a dividend of 60c were over optimistic, there are fears that Pep has finally run out of steam.

Although the balance sheet is still relatively healthy, total interest bearing debt did shoot up from R10,9m to R14.2m — and increase of 30,4% — and the debt:equity ratio increased from 49% to 56%. In contrast, interest paid remained virtually unchanged at R1.6m, consuming only 14% of gross profit.

Margins were more or less held at 9,5%, although return on capital employed slipped further last year, dropping from 31,8% to 29,3% as expenditure on expansion failed to generate as much as previously.

During the year, 14 new Pep stores were opened and six closed, bringing the total to 370 by the year-end. At the same time, three Papillon boutiques were opened and one closed.

Last August, Pep acquired the whole of Half Price Stores after some hectic last minute bidding from, amongst others, Scotts Stores, for a total of R3m. A final payment of R1,6m is due this year, and is reflected in the balance sheet under creditors. Up to the date of acquisition, HPS lost R2,1m. Since then it has rebounded, earning a profit of more than R800 000, equivalent to 14,3c per Pep share, in the remainder of the financial period. Hopefully, HPS will contribute more than R1m to company coffers this year.



PEP STORES: breaking new ground

Van Rooyen is "excited" about the prospects of the eight grocery/clothing shops of Shoprite, which were recently acquired for R2m. During the accounting period, it earned a profit of R807 000 on sales of R16,8m.

Papillon, however, encountered problems, and the promising first quarter profit finally translated into a "considerable loss". So much so, that there has been a complete change of management as well as a new marketing strategy.

Despite these changes, some commentators feel that Van Rooyen is a little out of his depth in ladies' fashions and that the group should be sold. They are equally concerned with the Shoprite acquisitions, saying that it is directly competitive with established operations such as Pick 'n Pay. They consider Van Rooyen to be no match for Raymond Ackerman. Van Rooyen counters that Shoprite will not challenge the larger established stores of Pick 'n Pay, OK and Checkers, but will aim to set up shop in suburban centres.

For the current year, the emphasis is to be on firm stock control and expenditure restraint to yield yet again higher sales and profit. Obviously some growth is expected to come from the opening of another 20 retail outlets in the Pep division. Also, the cost of integrating HPS into the group will not be a drag this year.

With Shoprite and HPS in for a full 12 months, turnover will probably be about R170m — even though the year started slowly with less than expected sales in March and April. But margins could be pruned further to 8,5%. And with a 30% tax rate (expected to continue for two years given HP's assessed losses and investment allowances), earnings could work out at about 170c, allowing a dividend of, say, 70c.

This gives a prospective yield of just under 11% — which is relatively attractive given the sound balance sheet. *John White*

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New car sales slump: Drastic steps likely

19/6/79
Mail

PORT ELIZABETH. — Fears of a continued slump in new car sales have moved the two Port Elizabeth manufacturers to consider drastic steps to reduce production temporarily.

Ford has decided to close down its plants for a week next month and General Motors may have to lay off a small number of its hourly-paid workers. Both companies are already working a four-day week.

Ford's public affairs director, Mr Dunbar Bucknall, said Ford had decided provisionally to close down its Port Elizabeth plants from July 2-6, to revise production schedules. It would then continue to work a four-day week from July 10.

The company was completing its evaluation of the effects of the new fuel measures introduced by the Government early this month.

He added that a further statement would be made this week.

The public affairs manager of General Motors, Mr Peter Ray, said the Kempston Road plant which was closed for a day, would also be closed next Monday.

"It is likely that we will have to start retrenching hourly-paid staff this week. The number will be kept to a minimum, however, and will probably not exceed 80," said Mr Ray.

He said that once a decision had been made on retrenching staff, the company could consider going back to a normal five day working week, subject to the market demand.

Mr Reuben Els, public relations manager of Volkswagen, Uitenhage, said the company had no plans to work short time or lay off staff. The company would be working a normal five-day week.

The "Mail" Labour Correspondent reports that the production cutbacks follow a slump of almost 10% in new vehicle sales last month compared to sales in May last year and April this year.

Car sales went down by 9,6% to 16 011 units against 17 718 for May last year. Commercial vehicle sales slumped by 8,5% to 7 839 from 8 569.

It appears there may be a definite move towards smaller cars and not all manufacturers may be equally hard hit.

Will dearer petrol mean slower growth and fewer jobs?
In-depth investigation, Pages 10, 11

OK forecasts rise in consumer spending

Star Bus. 19/6/79 (30)

JOHANNESBURG. — South Africa's biggest retailer, OK Bazaars, is optimistic on the economic outlook and sees prospects of stepped-up consumer demand.

"We take an optimistic view of the economy and believe that the consumer demand will improve, particularly during the second half of the financial year," Mr R J Goss says in the annual report of OK Bazaars (1929).

He adds that if this should happen, "we anticipate that the group will achieve a level of earnings in excess of the past year's performance".

Consumer expenditure remained sluggish during the financial year under review, primarily as a result of the unsettled economic and political conditions and introduction of GST. National retail sales grew by only 6 percent in monetary terms.

"This figure excludes GST and it would appear therefore that consumer expenditure grew by 10 percent, indicating a decrease in real terms of approximately two per cent."

The 9.5 percent increase in group sales to R592 million compares favourably with overall industry performance. Sales through the conventional trading operation in the Republic rose by 11.5 percent, while the hyperamas, because of increased competition, showed no growth despite the Prospecton store's trading for a full year.

Profit before taxation rose by 10.1 percent on a sales increase of 9.5 percent. In the event earnings per share rose by 15.3 percent to 122.8 percent a share.

"This improved performance resulted mainly from a good merchandise mix and the effective control of all costs."

These trading results are considered to be very satisfactory, particularly as the improvement was entirely owing to the performance of the conventional trading operations.

"The hyperamas traded far below expectation and major non-recurring costs were incurred in the restructure of the businesses, and have been absorbed in the period under review.

"In addition, two new major conventional outlets were opened in Eastgate and Welkom during the second half of March and the total starting-up costs have been written off." — Sapa

OK expects to earn more

(30)
Rand 19/6/79

By ELIZABETH ROUSE

HIGHER 1980 earnings are forecast for the OK Bazaars group by the chairman, Mr Dick Goss, who is optimistic about improved consumer demand, particularly in the second half of the year.

He says in the annual report that OK's main aim this year is to maintain its competitive position through an efficient marketing and expansion programme.

This means that the group will go all out to keep up its pace, which paid off so well in the past year. Mr Goss warns that the market will continue to become more competitive because of the aggressive expansion of retail facilities, leading to an increase in competitive price-cutting and ever narrowing profit margins.

He is more optimistic about prospects for the group's problem area, the hyperamas, which showed no growth in the past year. The rationalisation and restructuring programme is now complete and the launch of an aggressive marketing campaign, coupled with the opening of the two hyperamas at Pretoria and Roodepoort, is expected to improve performance in this division considerably.

OK's policy is to open no less than two outlets a year, and in addition to the two hyperamas, plans are well advanced to open in Kenilworth, Cape Town, and at Secunda towards the end of the year.

Initial indications are that sales at the newly opened Eastgate and Welkom stores are in line with expectations.

The group is operating well within its self-imposed financial restraints. No new loan capital has been negotiated and redemptions totaling R6-million were made in the past year.

Total liabilities to total capital employed decreased from 0,91 : 1 to 0,81 : 1 and interest bearing debt from 0,40 : 1 to 0,39 : 1. Scheduled capital commitments totaling R10 200 000 for the current year (R8 200 000 in the past year) will therefore be no burden.

The group is now adopting a wise policy about owning property. Recent revaluation of its property portfolio knocked R7-million off fixed assets, the main deficit of R9 200 000 occurring on hyperama properties while stores and warehouses showed a surplus of R5 500 000.

The hyperama sites in Roodepoort and Pretoria have therefore been sold to Old Mutual for R6-million, realising the deficit on these properties and enabling OK to transfer R2 600 000 from non-distributable reserves to retained surplus.

Nevertheless the revaluation of fixed assets revealed a surplus over book values of R35 100 000 and total assets are now valued at R256 300 000. OK's net asset value shows a slight decline to 1 169c from 1978's 1 174c.

Mr Goss is pleased with the group's performance in the past year. Sales through the conventional trading operations rose by 11,5%, surpassing the national retail sales growth of only 6% in money terms.

He points out that as the national sales figure excludes sales tax it would appear that consumer expenditure grew by 10%, indicating a decrease in real terms of about 2%.

The lagging hyperamas pulled OK's total sales growth down a shade to 9,5% at R592-million but all other major merchandise divisions made a positive contribution to the sales rise.

Earnings improved by 15,3% to 122,8c and shareholders' return increased to 10,5% from 1978's 9,1%. On Mr Goss's forecast shareholders can expect an improvement on the past year's total payout of 66c.

R300 000 sales record for Pick 'n Pay's 1st superstore

30

PICK 'n PAY's new country superstores are destined to make a heavy impact on both group sales and profits judging from the phenomenal opening of the pioneer branch at Welkom last week.

Turnover during the opening — over 2½ days — reached a new group record of some R300 000 beating the previous peak of R214 000 set by Pinelands, Cape Town.

The new range of stores is essentially a cross between a hypermarket and a supermarket and Pick n' Pay's management are elated at the response to the first store.

The group has four superstores planned for country towns this year and another is to be located in a city. Their gross floor area is 6 000 sq m with a 3 000 to 3 500 trading area. They have similar malls to the hypers with small shops opening onto the check-out area. The sites provide parking for 700 to 800 cars.

Pick n' Pay chairman Mr Raymond Ackerman said yesterday that there was a worldwide trend to this type of store. Welkom has a higher non-food mix than a supermarket.

PICK 'n Pay's new Welkom superstore — the first of the group's new country stores — with the mall leading onto the small shops.

Non-foods

At the opening, non-foods accounted for 20 percent of sales and the relatively higher margins on hards helped the store to lowes food prices.

"This is a very important aspect of our growth in the eighties. The increased non-food area is vital and makes Mr Brand's proposal to keep supermarkets down to 1 500 sq m horribly inflationary. The key factor to modern retail markerting is to have a good mix of foods and non-foods to lower food prices. For this we need space, not archaic thinking."

Welkom includes a builders' yard (separate from the main floor) which has its own entrance. Within the supermarket, departments include motor tools, do-it-yourself, and small appliances as well as the usual bakery, butchery, delicatessen and cookiematic.

The store has 29 check-outs facing the nine small shops

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21/6/79

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Large-car makers to retrench over 350

PORT ELIZABETH — A change in car-buying patterns and an expected decline in new car sales yesterday forced Ford to retrench 297 workers in Port Elizabeth.

General Motors also started a retrenchment programme affecting about 80 workers.

Both companies went on to a four-day work week at their plants shortly after the government announced new fuel conservation measures, including a 15c a litre increase in the petrol price.

The model ranges of the two companies do not place them in as favourable a position as Volkswagen in Uitenhage considering the swing to smaller cars in the face of higher fuel prices.

Volkswagen continues to work a five-day week.

Ford will also close its plant from July 2 to July 6 and will work a four-day week from July 10 for two weeks.

It hopes, however, to start working a five-day week again from August.

Ford's director of industrial relations, Mr Fred Ferreira, said during the shutdown salaried staff would take a week's annual leave. Hourly-paid employees would be given three days' paid leave.

"We decided on that particular week because it falls in the school holidays and will give employees a chance to be with their families," he said. "The shutdown will enable us to adjust the stock and supply situation to the reduced sales volumes the industry now forecasts."

He said Ford was compelled to reduce the workforce by about five per cent, or 297 employees.

A General Motors spokesman said about 80 hourly-paid employees would be retrenched in the next few days.

Plants would again work a four-day week next week. — DDC.

RETAILING FM 22/6/79 (30)

Finding a solution

Organised commerce hopes to present Government with its solution to the retail practices dispute between grocery manufacturers and supermarket chains by month-end.

Assocom executive director Raymond Parsons told the *FM* this week there would be a meeting with the Federated Chamber of Industries, Afrikaanse Handelsinstituut and Consumer Council "within a few days."

At issue, in simple terms, is the claim by grocery manufacturers that big retailing chains use their buying power unfairly to screw low prices out of [illegible] and manufacturers.

When the complaints were brought before Economic Affairs Minister Chris Heunis in October 1977, he promised an investigation by the Board of Trade and Industries. But the investigation was never set in motion because the private sector promised to thrash out its own solution. Neither party relished the prospect of legislative action.

The two sides have until June 30, only now they will present their solution to the new Minister of Industries, Commerce and Consumer Affairs, Schalk van der Merwe.

Among the abuses which have been cited by the 60-member Grocery Manufacturers' Association is the threat to discontinue stocking a manufacturer's lines in order to get higher confidential discounts.

Discounts for bulk buying are normal practice in retailing, but the confidential system that has developed in SA in recent years means that each supermarket chain can negotiate its own discount in [illegible].

When the three major chains (OK, Checkers, Pick n Pay) account for up to 60% of the output of some manufacturers this gives them the muscle to exert considerable pressure. Their power is growing, too, as small traders close down.

The GMA has proposed a code of practice for the industry which would make all information about discounts and special incentives public knowledge, thus ensuring that everybody who buys a given volume receives the same discount.

At present, says GMA executive director Lawrence McCrystal the result of pressure from the large chains is that prices to small dealers have to be raised to compensate.

Since smaller retailers tend to serve the poorer sections of the community, the net result is that less-well-off consumers subsidise the rich.

Consequently, says McCrystal, retailers themselves are split on the GMA's proposed code — the big chains being against, and the small stores in favour.

The proposed code would make discounts subject to BTI approval, and available to all buyers on an equal basis — the only criterion being volume.

Main stumbling block, however, seems to be the proposals for policing the code through the Trade Practises Advisory Committee, with heavy fines for offenders. "They are trying to give control of private enterprise to the government," says Pick n Pay chairman Raymond Ackerman.

Responds McCrystal: "If you are in favour of free, fair and open trading, you should support our proposals."

The GMA argues that margins are being eroded by retailers' toughness. Certainly, the average return on investment for a sample of 15 quoted food companies declined from 25,5% in 1974 to 18,9% last year.

But by current standards, even 18,9% is not too bad.

Financial Mail June 22 1979

Raymond Ackerman

Pick 'n Pay: Juggernaut in making

Sun. Times Bus.
24/6/79
(30)

Expansion plans could top R160m

DONALD ANDREWS reports

PICK 'n Pay are gearing themselves for extensive expansion through the eighties, involving capital spending of at least R160-million, but possibly much more.

New developments could include another chain of stores, a national catering division, fast foods outlets, wholesaling and supermarkets overseas.

Though chairman Raymond Ackerman referred to "diversification" without elaborating much in his last annual report, he believes this word does not accurately describe the store's spreading of its wings.

Nearly all expansion remains in the Pick 'n Pay broad tradition of mass marketing of consumer goods on a self-service, cash basis. A notable exception is outside catering, though its link is through food — the company's foundation.

An important principle of Mr Ackerman's is that the shoemaker should stick to his last.

"I'm conservative," he says, "but people don't believe me."

No wonder. In the next breath he says Pick 'n Pay shouldn't be hidebound by the shoemaker principle. And for sound reasons.

The store can never afford to become complacent or other than growth orientated. New departments within shops must be created to ensure a leading place with customers into the next decade.

Horizons beyond have to be looked to as well to maintain a 20% growth for shareholders and ever-opening promotion opportunities to keep staff motivated.

Mr Ackerman explains all diversification as growth from within. It began with supermarkets branching into Blue Ribbon meats, Cookiematic biscuits, catering, hypermarkets, hardware, textiles, wholesaling, fast foods, bakeries, garages, superstores and — into the future — a new chain, supermarkets overseas, stores in black and coloured areas and a fast food chain.

The finishing touches are being put to a feasibility study for the new chain. All Mr Ackerman will reveal at this stage is that it may be food based, plus . . .

But it doesn't take much insight into retailing to see where a gap exists in Pick 'n Pay's store spread. Their shops serve the car-owner shopper.

They are missing out in downtown and localised suburban locations where the lack of parking is compensated for by public transport. As for merchandise range, they must be eyeing the market in toiletries and household durables so successfully cornered by Clicks.

On overseas expansion, which Pick 'n Pay is researching, Mr Ackerman said an internationalism was developing in supermarketing, which could lead to joint ventures in Europe and North America.

Moreover, he disclosed that efforts were being made to coordinate a visit of American and European businessmen to South Africa with a view to a substantial new investment here and a possible link up with Pick 'n Pay.

Fast foods and catering are yet further ventures with exciting potentials. Now both grouped under newly appointed national catering manager Leslie Pieters, outside catering grew from the small deli kitchen in the Cape Town fresh produce warehouse.

Limited

In 1975, as a trainee manager with a catering background, Mr Pieters spotted the growth potential of the kitchen and with Mr Ackerman's okay tendered for the vast Cape to Rio race Tavern of the Seas restaurant catering contract.

The fast foods are self-service restaurants with a high-quality limited range being developed out of the fast food counters already found in the hypers.

Taking all the names in these fields, Mr Pieters estimates that Pick 'n Pay's current turnover of R2,5-million makes them about the fourth or fifth biggest.

Growth into black and coloured areas is lagging most, but this could be due to Mr Ackerman's insistence until now on strictly private enterprise ventures with 51% of capital coming from the other participating race group. Negotiations are most advanced on a Mitchells Plain, Cape, store in conjunction with coloured interests.

All this diversification is in addition to the on-going new store openings, particularly superstores — a cross between a supermarket and a hypermarket. About 11 are planned in mostly country areas.

As Pick 'n Pay leases its land and buildings, it will not itself be committed to providing all of its R160-million plus.

For instance, of its R75-million hypermarket expansion announced three months ago, and which is included in these capital expansion plans, about R50-million will be leased.

It all adds up to a company heading for a lot more than R500-million turnover in the year ending February 1980 — up from R466-million last year.

What's more, Mr Ackerman was told this week by two major suppliers that on food volume turnover Pick 'n Pay's 47 stores were now ahead of Checkers' about 170 stores.

Business crimes cost R2 000m a year

(30) 28/6/79

Commerce and industry suffered a loss of more than R2 000-m from business crimes in 1974, an Iscor security official has said.

Captain Toy Myburgh said at the Security Association conference in Pretoria yesterday that industry suffered R1 537-m in losses. Losses in the wholesale trade were R523-m.

Shoplifting alone accounted for a loss of R62-m and it had been calculated that 77 percent of theft losses were from employees.

"The scant figures in this regard indicate crime against business is a matter of pressing concern. Businessmen should start to view crime just like any other component of business costs.

"Crime losses are costs and they should get the same sort of aggressive attention devoted to cutting labour costs, facility costs or any other costs that sap profits," Captain Myburgh said.

Brigadier S H Schutte of the South African Police said the private sector needed to give an honest and deep inquiry into any sources of dissatisfaction which could make the ideology of the terrorists more acceptable.

CRASH HELMETS FM 29/6/79 (29)
Going ahead

The boom in motorcycle sales (*FM* last week) is causing a tidy spin-off for the 60 000 unit-a-year R2m crash helmet market.

Says Leez de Kock, of W H May, which claims to supply 25% of the market: "Sales have trebled in the last month and we reckon they'll be up 30% on 1978 by year's end." Kevin Byron, of Midmacor, importers of the Nava range and marketers of the locally made Asti range agrees: "The problem with the lift-off is getting stocks in."

But all is not well in the business. W H May has applied to have the import duty, at present 30% and in force since 1974, changed to a straight R13 per unit. Logic behind the move is that this will discourage bringing in dumped helmets from Taiwan at R5 to R6 a time, which W H May claims is seriously eroding its market. Suggested retail prices for its open-faced helmets are R25 and full-faced R45. The company, which claims a production capacity of 50 000 a year, also makes riot helmets, and has been exporting crash helmets at the rate of 1 000 a year to Malawi and scored a minor breakthrough by exporting skate-boarding helmets to Australia.

With 1978 imports worth R316 474 down 55% on 1977, this application has caused a ripple and a fair amount of amusement in the industry. Midmacor, with exclusive marketing rights for the helmets made by Cape Town firm Elvinco, says it doesn't need further protection, and is in fact negotiating to produce the popular Nava range locally under licence from the Italian company. The imported article presently sells at R85, and Byron says that even at that price "it's no sweat, the biking guys will buy because of design." He does admit that one problem with local manufacture is the lack of flexibility to change designs with altering international trends. "You can't get the production runs necessary to make some ventures worthwhile before styles change," he says.

Importers are grumbling that if imports are discouraged by higher duties, a lot of time and money spent on gaining SABS approval will have gone down the drain.

It costs R250 for each helmet type to be tested, to ensure it meets with SABS standards, while there is a 20c levy on each helmet sold or imported. On top of that, each new shipment has to be retested against specifications of the original ample.

With most imported helmets selling at more than locally produced articles, the *FM* understands that strong representations against the application have been made. It is rumoured that W H May's problem is more one of marketing than of price. At one stage the company was selling direct to outlets, and wholesalers couldn't support the company because retailers (like hypermarkets) were getting helmets at the same price. Then also, there were distribution problems. W H May, however, now says marketing strategies have been revamped.

RETAILING FM 22/6/79

Expansion minded

Knowles, a private Pinetown
company which owns 17 stores in
mainly of the supermarket type
stepping onto the national stage and
acquired three stores in the Cape
another in the Transvaal.

It has bought one store in Som
West, another two in Paarl and a
the Eden Mall at Edenvale in the
vaal. Purchase price is undisclosed
joint MD Stuart Sampson expects
acquisitions to push turnover up
annual R11m.

The plan, explains Sampson, is
annual turnover from R25m to R
the next three years, convert
private to a public company and
seek a JSE listing in three to
time.

Knowles is still looking for
acquisitions in the Transvaal and
the objects of the expansion is to
its purchasing power with the
Hitherto Knowles has been very
local operation "but we are now
from that stage and are stepp
big league," says Sampson.

It has no intention, he declares,
for the city centres that pre
suburban shopping scene where
grown up so successfully.

One of its big projects now
Natal town and regional plannin
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a regional centre at Westville
two years ago to cost R

With that sort of money — Sampson says no institutional money is behind the group — remaining in small-time private operation is hardly possible.

MOTOR INDUSTRY

FM 24/1/80 (30)

Telling it straight

"I never infer things. I tell it straight," says British Leyland chief executive Sir Michael Edwardes, confirming that in management style at any rate he believes, like Margaret Thatcher, in the politics of conviction.

Halfway through a three-year secondment from the chloride group to BL to try to revive the fortunes of the UK motor manufacturer, Edwardes was in Cape Town this week to introduce his Leyland SA proto team, chairman Frank Andrew and MD Les Wharton, to the Press.

While much uncertainty remains about aspects of the SA operation, Edwardes is convinced of two things: Leyland is here to stay and his two-man rescue squad has been given until the end of financial 1980 to get the company out of the red.

Chairman Frank Andrew has the credentials to complete the task successfully, having just left Australia after supervising a dramatic turnaround in the fortunes of Leyland down under, from an A$24m loss position to pre-tax profits of A$7m at the last financial year. The scope of the SA revival programme may or may not be in the same ballpark.

If the local board decides to scrap Leyland's car division, the 1980 target will be achieved without too much trouble, if not, "the new team will have a hell of a job," says Edwardes. A decision about the car division will have to be made in the next month or two, and it's entirely up to the local board.

Meanwhile the truck division will have to spearhead the recovery according to Edwardes. SA is the fifth largest commercial vehicle market in the world, in which Leyland SA has 8% penetration in the over-two-ton class, but only 2% in terms of the SA definition of the commercial vehicle market, which includes bakkies, LDVs and so on. The share would improve markedly if Land-Rover and Range-Rover could be brought into the commercial classification.

On the car side, Edwardes offered no clear pointers to the future. The Mini might come back. The oil crunch makes it a viable proposition, and demand is firm. On the other hand, it's going to be a painful climb-back to restructure a network of dealers and back-up service centres. So far 61 dealers have been signed countrywide, but there are still bald patches in Pretoria and Bloemfontein. Before the Sigma follies, Leyland had 160 dealers.

Edwardes and his team are perplexed by reports in the motoring Press that the Rover car is selling like a stone, but suspect that the reports were probably inevitable following the collapse of the merger talks at a time when Sigma had fired all the Rover dealers.

Les Wharton says an independent survey of 203 Rover owners showed that 71% rated their cars "excellent", so he finds it hard to understand grounds for complaints in the motoring Press that owners are disenchanted with the car (sales of which are 30% over budget in France).

Although the trucking industry may never be the same as a result of the structural changes that are taking place in the heavy transportation industry, Frank Andrew says that in countries like South Africa where government is committed to divert more and more traffic to rail, the oil crisis will obviously boost the rail feeder transport industry, a development which Leyland foresaw years ago.

Edwardes says the whole range of Leyland trucks is to be replaced by smaller, more fuel-efficient models over the next ... of R540m ...

Contd. from previous page:

Speculation originally had it that all presently registered unions would not have to re-register — but that African unions seeking registration for the first time would have to pass stringent tests (*FM* March 2).

Another ... believes that there will

GRAND BAZAARS

Controlled growth

Activities: *Retail supermarket chain with outlets in Cape Peninsula, Paarl and Port Elizabeth. Directors control 68% of the equity.*

Joint chairmen: *Max Sachar, Manual Sacher.*

Capital structure: *2,1m ordinaries of 50c. Market capitalisation: R6,3m.*

Financial: *Year to February 28 1979. Borrowings: long and medium term, R340 000; net short-term, R1,9m. Debt:equity ratio, 81,7%. Current ratio: 1,2. Net cash flow: R271 000.*

Share market: *Price: 300c (1978-79: high, 300c; low, 108c; trading volume last quarter, 60 600 shares). Yields 15,7% on earnings, 5,3% on dividend. Cover, 2,0. PE ratio: 6,4.*

	'76	'77	'78	'79
Return on cap %	21.8	24.9	31.7	33.1
Turnover (Rm)	24.9	30.7	38	45.3
Pre-tax profit (Rm)	0.7	0.8	1.2	1.7
Gross margin %	3.3	2.1	2.7	4.5
Earnings (c)	19.6	22.3	29.5	47.2
Dividends (c)	7	8	11	16
Net asset value (c)	92	102.2	138	163.6

Tight overhead expenditure control allowed Grand Bazaars to translate an 18,9% increase in sales into a 59,9% earnings hike.

While the increased tempo of consumer spending in its market helped push up sales, management gets full credit for introducing such innovations as late-night shopping, successful house brand labels and an in-house butchery with the equity jointly owned by Grand Bazaars and meat suppliers.

While gearing is manageable, stocks rose by R1,8m to R6,8m due to heavy pre-winter buying (by now much of this may already have been moved) and stocking up for two new Ultramarkets due to open this financial year.

The new Ultramarkets will be in Port Elizabeth and Uitenhage and will increase floor area by 10 000 m². If they are as successful as the first, they could boost sales by over R2,5m to contribute 4,5c a share to pre-tax profit in the current year.

So far, Grand Bazaars' growth record is impressive. Pre-tax profits have grown every year from 1975's R450 000. The latest round of expansion is not being done without adequate managerial and administrative back-up. This is extremely important in any retail expansion — as OK discovered to its cost.

So apart from installing a computerised warehousing system which should ensure fast goods movement and higher productivity, the company has an on-going management development programme to ensure store management continuity.

Unfortunately, the directors do not detail how future expansions will be funded, and what exactly capital commitments are this year. Reserves at R1,7m are not high enough to invite digging into this kitty. And an almost 82% debt:equity ratio does not allow for much more borrowing although re-structuring from short-term to long-term, currently 2,3:1, would be advisable before interest rates move higher.

Dividends have stuck at about 35% of earnings for the past few years and this is unlikely to change in view of possible funding requirements should consumer spending increase significantly.

Grand Bazaars is not another Pick n Pay — it will have to start using suppliers' money more than it is so as to get closer to that company's growth rate — and the 5,3% yield fully discounts the immediate future.

For the longer-term, Grand Bazaars is a good buy — provided the price is not pushed up much beyond the current 300c. The share is, after all, tightly held.

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would rise from R2.35 an hour to R3 an hour.

Mr Williams, who was present at the meeting, said that in the present economic conditions he could not see how such hopes could be held out.

He told Cape Herald that the officials were merely taking steps to entrench themselves in power for another three years by getting votes from hopeful union members.

SITTING PRETTY

'What do we do if, in September, the new wage is not R3? We'll just have to accept what our union does for us — but the executive will be sitting pretty for another three years.'

Mr Williams was critical of the failure of the union's officials to inform the members that an executive member, Mr T Whittle, had resigned more than two general meetings ago.

'Even now we don't know what steps are being taken to replace Mr Whittle.

'A man resigns after 22 years' service and we don't know about it. We don't know why he resigned. But we elected him in the first place.'

CONFERENCE

Mr Williams also slammed the union officials for spending nearly R2 000 of members' money to attend a three-day conference at Mazelesburg during August last year — and then not bothering to report what had happened there.

'The time has come for the members of the union, the rank and file electorate, to make their presence felt. We ... ation taking ... we have elected ... ... over us,' said Mr Williams.

Another point which Mr Williams was concerned about was that the minutes of the previous meeting were incomplete in that what he regarded as an important question, and its answer, were excluded. This matter was about the fact that plasterers, bricklayers, carpenters and painters in the building trade were all on a higher minimum wage rate than electricians.

● Mr Williams was involved in a running fight with the union last year after he claimed that the union was not representing him properly in a dispute with his employer. The matter was subsequently settled to the general agreement of all the parties. Recently Mr Williams injured his back in a fall from a temporary stand at the swimming championships at Worcester and was bedridden in hospital until the day before last week's meeting.

comment about the proposed R2.35 to R3 wage increase, Mr Shield retorted: 'That's rubbish.'

He declined to comment on any of the other statements, saying that all union meetings were private, that the Press was never invited and that he did not wish to make any other comments.

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06 APR 1979

TRADE UNIONS

Weekend Mail

Principle and practice

When is a racial trade union not a racial trade union? When it is for whites (or other non-African workers) only. Or that, it seems, is the attitude of Assocom and a growing number of industrial employers.

Replying to a Tucsa letter asking for its comments on black trade union recognition, Assocom says its long standing policy is that "industrial procedures should be restructured on non-racial lines." It adds that many employers are reluctant to "negotiate formal agreements" with unregistered unions on the grounds that such agreements "could carry no legal force."

According to unionists in the commercial distributive trade, Assocom has repeatedly told them that it will not recommend African union recognition to members because it prefers a single non-racial union. The unionists have been trying to gain recognition for the (unregistered) African Commercial, Catering and Allied Workers' Union (CCAWUSA) from ... stores, some of whom ... "non-racial union" ... withholding recognition.

Yet, the unionists point o... members in the commerci... trade have been dealing wi... and coloureds and Asians for over three decades.

Says shopworker ... Kagan: "When they ... non-racial policy a fe... missed it as a tactic. ... can't be registered an... tude is a convenient ... issue."

The situation in th... raises another issue. ... don't want to belo... unions? The colou... union wants complete integration ... the Wiehahn commission allows it — but the African and the white union both want to maintain their separate identities, while co-operating on specific issues in a federation.

Says CCAWUSA general secretary Emma Mashinini: "Are employers now going to insist that we integrate? The domestic affairs of the unions are none of their business."

It is also difficult to see employers — despite their claims that they don't like uni-racial unions — breaking off relations with whites only unions if Wiehahn provides for mixed unions.

How does Assocom react to charges of a contradiction between principle and practice? It won't say. Approached by the *FM* with queries arising out of its letter to Tucsa — which the Johannesburg Chamber of Commerce itself made public — executive director Raymond Parsons would say only: "In view of pending developments in this field — both in the private sector and from the Wiehahn report — Assocom would prefer not to elaborate on its letter to Tucsa at this stage. Your queries confirm the need for the urgent publication of the recommendations of the Wiehahn commission."

Union (Sawu)...

The Durban conference, at the Hotel Asoka, was attended by 16 delegates.

This week, the secretary-general of the dissident group, Mr S E B Ekline, issued a Press statement saying that Mr Koka, Mr Mahlangu, Mrs Tseke, Rev Johannes Seoka, Mrs Florence Sithole, Mr M J Khemalo, Mr Reuben Mashabane, Sir Jabulani Hlamini and Mr Fayo Mtshali, were expelled.

The group alleged that the expelled people "had misrepresented the union."

Yesterday Mr Mahlangu told POST that he regarded the expulsions as a big joke.

"These 16 individuals who call themselves delegates expel us from an organisation and in the same breath form a new organisation," he said.

Ian Muil

... assets be handed over to ... Mahlangu.

Mrs Magatane was also authorised to take ... to recover the assets of the Sawu ... be handed over.

The resolutions were all passed by 10 votes to three. It is believed Mr ... accepted that they were valid.

On Thursday, a lawyer's letter was sent to Mr ... requesting him to hand over the assets by 12 noon on Friday or face legal action.

Mr ... however, failed to do so.

In ... a letter claim ... the assets had ... legally ...

Contd. from previous page:

Speculation originally held that all presently registered unions would not have to re-register — but that African unions seeking registration for the first time would have to pass stringent tests (*FM* March 2).

Another source believes that there will be new restrictions on unions which fail to pass the tests. It will be an offence, the source says, for an employer to enter into a written agreement with an unregistered union or to deduct members' union dues on its behalf.

Agreements like the unique one reached between Pinetown firm Smith & Nephew and the [illegible] National Union of Textile Workers would then be illegal unless the union succeeded in passing the registration tests.

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JOHN ORR'S English (30)

Dismal performance

Activities: *Holding company with subsidiary trading and property companies, and investments in property. All buildings owned by the group, except for two which have been leased out, are used for trading purposes. The group has 69 stores comprising departmental, budget and fashion outlets.*

Chairman: *M E van Santen; deputy chairman: J Leonard Orr; managing director: O C Dawson.*

Capital structure: *5,2m ordinaries of R1. 389 000 6% cum prefs of R2. Market capitalisation: R5,5m.*

Financial: *Year to February 28 1979. Borrowings: long and medium term, R5,6m; net short-term, R4,4m. Debt:equity ratio: 46,0%. Current ratio: 1.8. Net cash flow: R436 000. Capital commitments: R618 000.*

Share market: *105c (1978-79: high, 170c; low, 80c; trading volume last quarter, 405 000 shares). Yields: 2,3% on earnings; 3,3% on dividend. Cover: 0,7. PE ratio: 42,0.*

	'76	'77	'78	'79
Return on cap %	12.4	11.5	10.1	4.6
Turnover (Rm)	39.2	39.8	40.5	40.6
Pre-tax profit (R'000)	2 600	2 200	1 925	566
Gross margin %	9.1	8.4	7.4	3.7
Earnings (c)	28.1	23.5	19.5	2.5
Dividends (c)	14	14	13	3.5
Net asset value (c)	388	398	408	408

New brooms abound at John Orr Holdings, but the question is: Can they sweep cleanly enough to put the group firmly back on its feet?

The new faces in this stores group, which has in the past earned the reputation of being slightly antiquated, include: the recent appointment of Derek Irish to the board; outside personnel introduced into top management, heavily diluting the traditional family nature of the business; the revamping of the merchandising team, 75% of which is made up of outsiders; and a second line management team currently being built up via a modern training scheme.

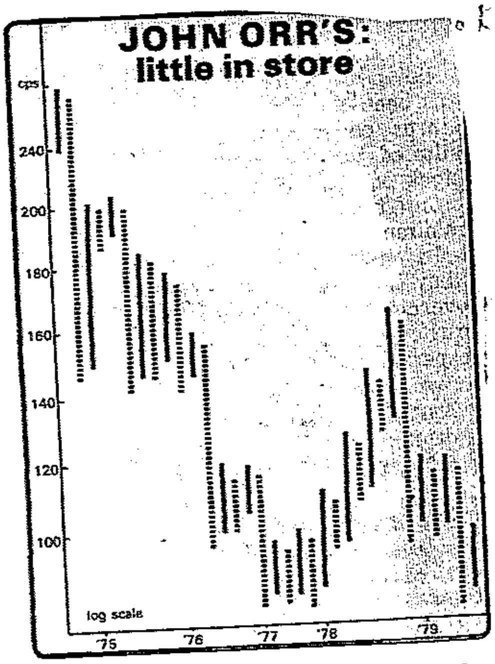
But perhaps the most significant move has been the consolidation of John Orr stores on a national basis. This has allowed for the buying and financing of stock on a group basis, thus reaping the benefits of discounts applicable to minimum bulk buying.

In addition, John Orr's resistance to "buy now pay later" shopping has been overcome by a [illegible] purchasing scheme. Marketing experiments currently taking place at the downtown store, and a complete revamping of the Sandton store are also expected to attract additional business.

At last John Orr's has admitted that, to succeed in the future, it must cater for changing life styles and buying trends. The merchandise mix, for example, is now aimed at a far wider spectrum of shoppers, catering for all pockets, age groups and races.

The construction of the Eloff Street mall will hopefully attract shoppers back to the CBD. But perhaps more important is the change of shopping patterns that could be brought about by the fuel crisis. Instead of expensive Sandton shopping expeditions to distant hypermarkets and shopping centres, the [illegible] housewife will be forced to squeeze more shopping into her lunch hour.

[illegible] short-term borrowings [illegible] R4,4m, chief executive of the stores group, Kenneth Broderick Clarke said that last year's acquisition of Fashion Retailers and Rita [illegible] is estimated to have increased group capital employed by about R800 000. Also the stocking of generally higher stock levels,



Labour

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He told Cape Herald that the officials were merely taking steps to entrench themselves in power for another three years by getting votes from hopeful union members.

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06 APR 1979

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According to unionists in the commercial distributive trade, Assocom has repeatedly told them that it will not recommend African union recognition to members because it prefers a single non-racial union. The unionists have been trying to gain recognition for the (unregistered African) Commercial, Catering and Allied Workers' Union (CCAWUSA) from the large chain stores, some of whom have also used the "non racial union" argument to justify withholding recognition.

Yet, the unionists point out, Assocom's members in the commercial distributive trade have been dealing with whites-only and coloureds-and-Asians-only unions for over three decades.

Says shopworker unionist Morris Kagan: "When they came out with this non-racial policy a few years ago we dismissed it as a tactic. Non-racial unions can't be registered and this sort of attitude is a convenient way of ducking the issue."

The situation in the shopping industry raises another issue. What if workers don't want to belong to non racial unions? The coloured shopworkers union wants complete integration — if the Wiehahn commission allows it — but the African and the white union both want to maintain their separate identities while co-operating on specific issues in federation.

Says CCAWUSA general secretary Emma Mashinini: "Are employers now going to insist that we integrate? The domestic affairs of the unions are none of their business."

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EVERY RAND PASSED ON TO THE HOUSEWIFE, INSIST 'BIG THREE'

Secret discounts net chains R35-m

Sun. Exp. 1/7/79 (30)

SECRET discounts amounting to at least R35-m annually are being paid to big retailers from their suppliers — but a clampdown may be imminent.

Allegations are being made that these discounts go straight into profits and are not passed on to consumers. However, spokesmen for the big supermarket chains have vehemently denied this.

The former Minister of Economic Affairs, Mr Chris Heunis, last year threatened an investigation by the Board of Trade and Industries into the practice which has developed here over the last 15 years.

The investigation was called off after retailers and suppliers undertook to settle the matter between themselves.

● Mr Raymond Ackerman . . . confidentials

● Mr Cedric Savage . . . pay for privilege

SUNDAY EXPRESS EXCLUSIVE

By JEAN LE MAY

Mr Raymond Parsons, director of Assocom, told the Sunday Express this week that exhaustive discussions had been held with retailers and suppliers and with the Afrikaanse Handelsinstituut, the Federated Chamber of Industries and the Consumer Council.

The original deadline of June 30, given them to find a solution to the problem, had been extended for a week or two by the new Minister of Industries, Commerce and Consumer Affairs, Dr Schalk van der Merwe, he said.

Grocery manufacturers in particular have complained that the big retail chains use their massive buying power unfairly to bludgeon manufacturers and suppliers into selling to them at low prices.

It is common knowledge that big retailers — particularly the big three supermarket chains, Checkers, and Pick 'n Pay and OK Bazaars — get secret discounts, known as "confidentials", from many suppliers.

These discounts, which the Sunday Express has been told usually amount to between 2,5% and 7% of the original order, are calculated over and above any other negotiated discounts.

But Mr Raymond Ackerman, chairman of Pick 'n Pay, said in a interview with the Financial Mail that his group was paid 1,5% of their total sales — or R7-m annually — in confidentials.

Manufacturers claim confidentials are payments made to the retailer by the supplier for the right to keep their products on supermarket shelves.

The Grocery Manufacturers Association, which has allegedly listed 40 complaints about unfair practices, says there have been threats to discontinue certain lines if confidentials are not coughed up.

Mr Cedric Savage, head of Tongaat foods division, blew the gaff on confidential discounts last year when he told the Financial Mail:

"We pay them (the supermarket chains) simply for the privilege of ensuring that our products remain on their shelves.

"The big chains make a large proportion of their profits by astute buying rather than by selling," he told the Sunday Express this week.

"They have made a special study of merchandising, concentrating on the bargaining process of which confidentials have become an integral part.

"At the same time, their expertise in merchandising has helped them to build up an image as the housewife's friend in the fight against inflation.

"But you need only look at the enormous profits and return on investment of the supermarket chains to see that they are substantially higher than those of the manufacturers and suppliers from whom they demand confidentials.

"Until a fair practices code is introduced and enforced, confidentials are likely to remain one of the facts of life here in South Africa."

Several other suppliers who refused to be named confirmed this to the Sunday Express, some alleging that confidentials go straight into profits and are not passed on to consumers.

Figures have never been disclosed, but since retail sales in South Africa now run at more than R1 000-m a month, the amount paid in confidentials could be astronomical.

● Mr Allan Farbig . . . no truth

The supermarket industry is now said to take more than R2000-m annually in sales. Thus the minimum paid in confidentials — taking Mr Ackerman's figure of 1,5% paid to his group as a yardstick — could be R30m annually.

However the Sunday Express has been told by a financial expert who has studied the subject that the actual figure paid to all retailers in confidentials is at least R35m annually.

Top brass in the "big three" supermarket chains reacted angrily to the allegation.

Mr Richard Cohen, marketing director of Pick 'n Pay, said: "I resent the implications of your question. We get volume rebates for bulk purchases . . . and every discount we obtain is passed on."

Mr Allan Farbig, director of sales promotion for OK Bazaars, said: "There is absolutely no truth in the allegation that so-called confidentials are the price we ask to stock products — we simply can't afford not to stock popular lines, the housewife won't put up with it."

Mr Harold Greenstein, Checkers' director of marketing, told the Sunday Express: "Certainly we take volume rebates — I don't like the term 'confidentials' — but our business is controlled by the demands of our customers. We get the best price possible from our suppliers and pass it on."

(30) 5/7/79 DD 5/7/79

Trade bars still up chamber told

JOHANNESBURG — The government was not opening central business districts to black businessmen, the president of the National African Federated Chamber of Commerce, Mr Sam Motsuenyane, said here yesterday.

He was making his presidential address at the 15th annual conference to the chamber.

The conference was attended by members throughout the country, as well as delegates from the Zimbabwe-Rhodesian, Namibian and Swaziland chambers of commerce.

Mr Motsuenyane said his impression was that the government was almost convinced of the need to free black businessmen from legal restriction in their own areas.

"On the other hand, I have every reason to believe that the government is subjected to tremendous pressure from the white private sector to open avenues for free trade in the black townships. Certainly the large white supermarkets and wholesale companies would like to move into the black townships."

Nafcoc will, however, continue to vehemently oppose any movement of white companies into black areas if blacks are still debarred from conducting any business in the white areas.

Mr Motsuenyane said Nafcoc had held a conference with representatives of the government, seven homeland governments and private-sector organisations to form a council for economic co-operation and development in Southern Africa.

Membership of the council would at first be confined to Nafcoc, Assocom, the Afrikaanse Handelsinstituut, the S A Association of Banks, S A Agricultural Union and multinational companies in Southern Africa, Mr Motsuenyane said.

Nafcoc had started discussions with Rhodesia, Malawi, Zambia, Lesotho Botswana and Swaziland as early as 1975. But none of the countries agreed with South Africa's apartheid policies, making Nafcoc's task extremely difficult.

Nafcoc had agreed to take part in the creation of a small business development centre as a first step towards the establishment of a development corporation for urban blacks.

New business projects in black townships, such as service industries and shopping centres, could not be financed solely by conventioanl banking institutions.

"In spite of the 99-year lease facilities, most financial institutions are not prepared to finance blacks on any terms that would not allow them full ownership of property in the black areas," Mr Motsuenyane said. — SAPA

Mennonite Central Committee se Konferensie oor: 'Die Rol van Geskiedkundige ... Botswana. Vra...

navorsings-Fellows het aansienlik tot die Sentrum se program bygedra: dr Sheila T. van der Horst, afgetrede mede-professor van Ekonomie, U.K., en professor J.L. Boshoff, gewese Rektor van die Universiteit van die Noorde.

LIDMAATSKAP

Soos voorheen gemeld, is die Sentrum vir Intergroepstudies geregistreer as 'n maatskappy. In die Memorandum en Statute van Vennootskap word voorsiening gemaak vir die benoeming van eenhonderd lede. Tans is daar 57 lede en hulle sluit die volgende in:

a) Drie stigterslede:

Mnr J.G. Benfield
Mnr H.L. Kennedy
Mnr P.G.T. Watson

b) Seventien persone wat gedurende die afgelope 10 jaar lede van die Beheerraad was (x dui stigters-lede aan):

Professor E.V. Axelson
Professor J.F. Beekman
Professor J.F. Brock
Mnr C.S. Corder x
Professor W.H.B. Dean
Dr J.P. Duminy x
Professor G.F.R. Ellis
Biskop A.W. Habelgaarn
Mnr E.V.E. Howes x
Professor M.F.Kaplan
Ds. W.A. Landman
Mnr G.K. Lindsay
Sir Richard Luyt
Professor S.J. Saunders
Professor H.W. van der Merwe
Mede-professor D.J. Welsh
Professor Monica Wilson

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Black business needs a private sector boost

If there were not meaningful political reforms in the foreseeable future "the sands of time will run out of South African capitalism," Professor Jill Nattrass told the SA Institute of Race Relations in Johannesburg today. Staff Reporter JOHN ALLEN reports on her address.

A University of Natal economist today urged the private sector in South Africa to promote black ownership of companies in which they worked as part of a drive to "save capitalism" in the country.

Professor Jill Nattrass, of the university's department of economics, also suggested at the conference of the South African Institute of Race Relations being held in Johannesburg that companies implement affirmative action programmes to help eliminate economic injustice on the basis of race.

In a 30-page address dealing with how the private sector could further racial justice she produced statistics on jobs and pay which showed that despite some progress in areas, eliminating injustice was a huge task constituting a vital challenge to private enterprise.

Among trends indicated were that:

- While blacks had made inroads into top job categories, they had not increased their share of jobs in a category allowing them more economic control;
- Despite getting more pay, blacks had not significantly increased their share of private wealth — another way of securing more economic control; and
- The gap between the living standards of black people in the towns and in rural areas appeared to be growing.

These must go

"Economic injustice will not be significantly reduced, let alone eliminated, as long as South African blacks face institutional barriers that limit either their ability to accumulate wealth or to move freely into the areas of greater economic opportunity," Professor Nattrass said.

Influx control measures, the Group Areas Act and underdevelopment in black rural areas had to be removed.

"The private sector . . . must throw its weight into the political arena and work for controlled change now. If meaningful political reforms are not achieved within the foreseeable future the sands of time will run out for South African capitalism."

Detailing the extent of economic equality, she said: "The average income per head of the whites is nearly five times greater than that of the next most favoured group, the Asians; the life expectancy of whites is longer and their access to education and top job opportunities very much better than those of other racial groups . . ." (See table).

Between 1970 and 1977 black, Indian and coloured people made "quite significant inroads" into top job categories — except that of managerial, executive and administrative posts.

Moving into this last category, afforded individuals a way of achieving economic control. White employees had about 97 percent of these jobs and appeared to be increasingly moving into them.

Lower rungs

Most coloured and black people in the category were small traders, so their numbers probably overstated their ability to control capital.

Another way of gaining economic power was acquiring specialised skills, said Professor Nattrass. But blacks and coloured people were still confined to the lower rungs of job ladders within the top job categories they were moving into.

In 1977 90 percent of Africans in the professional and technical grade comprised schoolteachers and nurses. . . . In the clerical occupations one finds a bunching of Africans, coloured people and Indians in the lower positions. . ."

Despite progress in pay (see table) the three groups were not well-placed to be able to extract substantial benefits for specialised training and experience.

Legal barriers

(Professor Nattrass noted that in most areas of jobs black earners improved their pay more than Indian or coloured people from 1970, and that the coloured community made "very small average gains" in all areas).

The estimated white share of the country's personal income dropped from 74 percent in 1970 to 68 percent in 1975 and 1977, but this was unlikely to have significantly affected the distribution of private wealth, she added.

This meant for inequality for "wealth itself accumulates additional wealth, which favours those already wealthy."

In addition legal barriers hampered black enterprise and many economic institutions were oriented almost totally to the white business environment.

It appeared that a substantial gap between the level of economic well-being of blacks in towns and those in rural areas was building up, Professor Nattrass said. Geographically uneven development partly explained this.

But barriers to black population movement, such as the pass laws, perpetuated poverty.

"They chain large numbers . . . to the almost totally undeveloped African rural areas, or to . . . the white farming sector. Influx control measures dislocate the normal process of urbanisation accompanying economic development. This . . . widens the gap between . . . urban and rural living standards."

The private sector should not only ameliorate economic justice, said Professor Nattrass. It had to push for substantial reforms aimed at altering racially uneven access to economic power.

More control

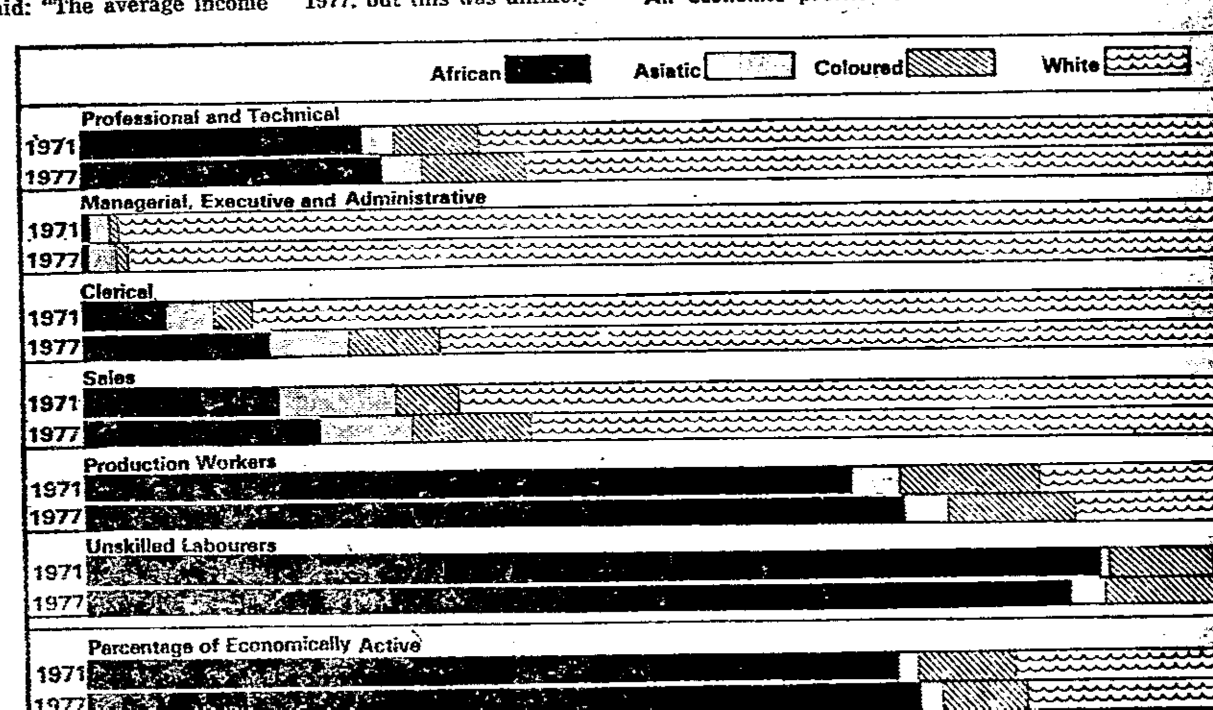
It should bring political pressure to have barriers to black business lifted, to have training improved and to have blacks given more political, and thus economic, control both in urban and rural areas.

An affirmative action programme to advance blacks into positions of control in companies was needed. Black control could be increased by fostering black ownership in black and white corporations, and by helping employees to buy shares in their firms.

Black businesses should be better served by financial institutions and white business associations could share their business experience.

Indicator	African	White
a) Average Income per Head, 1975 (R)	200	2 500
b) Percentage of Taxpayers receiving Taxable Incomes Over R2 000 per annum, 1975	N/A	80
c) Median level of Education of Economically Active Men, 1970	—	9,7 yrs.
d) Percentage of Economically Active Employed in Top Job Categories (1)	3	47
e) Percentage Employed in Lowest Level Jobs (2)	56	7
f) Percentage of Children at School in 1970, Aged 7-11 years	75	100
7-19 years	51	83
Life Expectancy, Men at Birth, 1969-1971	52 yrs.	65 yrs.

An economic profile of the white and black groups.



	Professional and Technical	Managerial and Executive	Administrative and Clerical	Labour Skilled	Labour Semi-Skilled	Labour Unskilled
1970 Mean Earnings						
African (Rand)	923	1 322	849	775	720	510
Asiatic (Rand)	2 203	2 506	1 860	1 718	1 141	683
Coloured (Rand)	1 706.	1 174	1 475	1 551	951	733
1975 Mean Earnings						
African (Rand)	2 044	1 409	1 913	2 008	1 629	956
Asiatic (Rand)	4 240	4 963	3 704	3 990	2 829	2 015
Coloured (Rand)	2 869	1 979	1 772	2 248	1 383	924
Average Growth Rate 1970-1975						
African	17,2	1,3	17,6	21,0	17,7	13,4
Asiatic	14,0	14,6	14,8	18,4	19,9	24,2
Coloured	11,0	11,0	3,8	7,7	7,8	4,7

Urban black racial average earnings by occupation, 1970 and 1975.

Let blacks trade in cities — Nafcoc

A STRONG call for all CBDs — central business districts — to be opened to black businessmen was made yesterday by the president of National African Chamber of Commerce, Mr Sam Motsuenyane.

In a veiled threat, Mr Motsuenyane said: "Nafcoc will continue vehemently to oppose any movement of white companies into black areas if blacks are still debarred from conducting any business in the white areas."

He was making his presidential address in Johannesburg at the 15th annual conference of the chamber, which was attended by members from throughout the country as well as delegates from the Zimbabwe-Rhodesia, South West Africa and Swaziland chambers of commerce.

Mr Motsuenyane said Nafcoc had started discussions with Southern African countries such as Zimbabwe-Rhodesia, Malawi, Zambia, Lesotho, Botswana and Swaziland as early as 1975. However, the fact that none of the countries agreed with South Africa's policies of separate development and apartheid had made Nafcoc's organisational task difficult.

"If we want to become real friends with our African brothers around us, then we must first be willing to put our house in order in such a manner that they will not feel embarrassed or unhappy to be in our company," he said.

"Apartheid as a philosophy of life has already cost our country too much."

Mr Motsuenyane said the Government was not yet thinking of opening central business areas of cities to black businessmen, though his overall impression was that the Government was now almost totally convinced of the need to free black businessmen from any form of legal restriction in their own areas.

"There should, in fact, be far greater agitation today for the opening of the central business district areas to black businessmen as blacks are responsible for almost 50% of the total income accruing to those areas. This is quite logical, because the black working population spends most of its time in the white areas," he said.

"Now that the opportunity has only been recently created for blacks to form companies and build larger businesses in their townships, the Government and the private sector are called upon to help the emerging black entrepreneurs with training and capital in order to enable them to establish viable and competitive enterprises before bringing competition to their doorstep."

Mr Motsuenyane said Nafcoc had for the third consecutive year held a conference with representatives of the Government, seven homeland governments and private sector organisations with a view to forming a council for economic co-operation and development in Southern Africa.

A sub-committee had been appointed and was formulating a draft constitution.

"I must make it abundantly clear that Nafcoc's initiative in this regard is not in any way connected with the present South African Government's effort to create political and military ties among the countries of Southern Africa. Our motivation is based entirely on economic considerations of a non-political nature.

"Our friendships with Africa and with the rest of the world shall only become a reality if South Africa can be seen to be moving away purposefully from apartheid or legalised racial discrimination."

Despite these difficulties, Nafcoc intended to go ahead with the establishment of a council, which was likely to be inaugurated late this year or early in 1980.

Mr Motsuenyane said Nafcoc had agreed to take part in the creation of a small business development centre as a first step towards the ultimate objective of a development corporation to serve urban blacks.

However, the question of the provision of long-term loans to black businessmen should not be overlooked.

"In spite of the 99-year lease facilities, which we were made to believe would enable blacks to secure loans from building societies and other financial institutions against bonds registered over their properties in the black townships, it is becoming clearly evident that most financial institutions are not prepared to finance blacks on any terms that would not allow them full and unencumbered ownership of a property in the black areas in the event of the client failing to meet the terms of the mortgage bond.

"This mammoth problem calls for a further reappraisal of the terms of the 99-year lease facilities and an overhaul of the whole system of land tenure in South Africa."

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RETAILING

Cave saving

(30) FM 6/7/79

"Low capital investment plus low overheads equals lower prices" is how Fontana MD Taki Xenopoulos describes the philosophy behind the Save Cave chain of food and toiletry stores which he opened last week.

Fontana, in partnership with "a number of leading finance houses" which prefer to remain anonymous at this stage, is putting up R1m for the project which will eventually see 50 cut-price Save Caves countrywide. The first three have made their appearance in the Johannesburg CBD and will spread to the suburbs. Xenopoulos is banking on a monthly turnover of more than R100 000 for each shop with a capital investment of around R20 000 each. Shelves will be stocked with 500 - 600 bread-and-butter lines like mealie meal, condensed milk and canned fruits. "We're cutting out items like snails and jellied eels which are slow movers and tend to push overheads up," says Xenopoulos. Other cost cutters will the lack of fancy decor or advertising campaigns, while perishables will be a "no-no" because of high handling labour costs and losses because of low shelf lives.

By cutting overheads to a bare minimum Xenopoulos reckons that Save Caves can undercut hypers and other supermarkets requiring vast amounts of capital by at least 10% and believes the outlets can influence the overall cost of living by 4.9%.

Will the Save Caves stay open round the clock , following the Fontana 24 hour policy pioneered in SA by Xenopoulos? "No." is the very definite reply. Part of cutting overheads means shorter hours and a lower wage bill says Xenopoulos, although there could be longer hours in high density residential areas like Hillbrow and Seapoint.

Xenopoulos says he got the idea from the West German Aldi retail chain which today controls some 1 100 outlets and was shipped across to the US where Warehouse Stores claim to have captured 15%-20% of the retail grocery and toiletry business. If hard-pressed consumers can obtain all the benefits from efficiency, simplicity, lower capital outlay and overheads that Save Caves are promising in the form of lower prices, it's a fair bet that they'll catch on.

TRACTORS

Knuckles rapped

Two tractor suppliers have had their knuckles rapped by the IDC for disregarding the gentlemen's agreement in the industry over the production of local engines by Atlantis Diesel Engines (ADE) from 1981.

ADE (set up by the Industrial Development Corporation) will be producing only Perkins and Daimler-Benz engines, and tractor suppliers who don't already fit them will have to switch.

Both Massey Ferguson and Landini tractors already use Perkins units while White tractors (the Oliver tractor from the US) can fit both.

But any suggestion that other suppliers will be at a disadvantage because of this has been frowned upon.

The Tractor Manufacturers Association and the IDC had reached an agreement that no-one would make use of any advertising material directly connected with the proposed Atlantis engines.

So the promotional letters put out by Farm Maintenance & Services of Pietermaritzburg (agent for MF) and Malcomess (supplier of Landini and White) implying they will have an edge over their competition brought an outraged reaction from the industry.

In a letter to customers (dated March 28), FMS stated incorrectly that from mid-1981 "there will only be one make of tractor engine available in SA: Perkins . . . Any tractor manufacturer who chooses not to convert to the Perkins engine will therefore not be permitted to sell its tractors in SA . . . It is obvious that tractor manufacturers other than Massey Ferguson will have to re-design their tractor frames to accommodate the SA Perkins engine . . . Only MF tractors have engines standard with those to be used in *all* new tractors after mid-1981. The effect on trade-in values of all other makes of tractors will be material."

The letter from Malcomess dated April 26 said many "false rumours and inaccurate facts" were circulating about ADE . . . "After mid-1981 all imported engines will carry an additional surcharge that can be as high as 25% —the same is true for spare parts . . . This development is of special significance to you when deciding on your next tractor . . . it means that all other tractors must either try and adapt to the Perkins engines (which at best can only be an adaption), or must accept the high surcharge on engines and parts, or must disappear from the SA market."

"Therefore," the letter continues, "consider these facts now — what will your tractor's trade-in value be in two years time? What will be the prices of your spare parts? . . . In Landini and White you have some of the most modern tractors available, using an engine that will be locally manufactured."

Barney Strydom, MD of J I Case South Africa, was incensed by the letters. "They are verging on libellous," he said. "They are far from true and are obviously being used simply for sales promotion.

"My company, which distributes Case and David Brown tractors, will be fitting the local engines to the range at a new assembly plant in Bloemfontein. Our engineers are conducting extensive research to establish which of the two types of engine will be most suitable.

"The tractors we market incorporate a cast frame, therefore do not need a stressed engine.

"In view of our total commitment to local growth, Case finds it disconcerting that certain tractor manufacturers are using the government's proposal to sow seeds of doubt in the minds of tractor buyers," he added.

Ford, leading supplier with 22.5% of the agricultural tractor market last year, would not comment on the letters, but indicated it is happy with the outcome.

The Tractor Manufacturers' Association brought the letters to the attention of the IDC, which promises, "it won't happen again."

Financial Mail July 6 1979

New car sales more buoyant

Star 11/7/79 (30)

By Harvey Thomas,
Motor Editor

Motor industry executives are cautiously revising their annual sales estimates after a far more buoyant June market than had been expected.

The industry had been prepared for the worst after the big petrol price increase and the lower speed limits, with some analysts predicting a June market as low as 14 000. But when sales figures were released today they indicated a market of 17 575 new cars, more than were sold in May.

The total was a sharp drop on the 26 130 cars sold in June, 1978, but this figure was inflated because of pre-sales tax buying.

In June this year the trend towards smaller cars gained more momentum.

The top-selling model last month was VW's Golf which, with sales of 2 801 edged ahead of its arch-rival, Sigma's Mazda 323 (2 755).

In the luxury car area buyers appear to be switching from the bigger executive cars to smaller-engined models from the same companies.

BMW, for instance, sold 495 of its five-series cars and 158 of the larger seven-series. Mercedes-Benz sold 397 of its smaller cars and 145 of the larger models.

The company with most car sales in June was again Sigma, just ahead of Volkswagen with Ford third.

Total new car sales for the first six months of 1979 were 104 135, a slight drop on the corresponding period last year.

navorsings-Fellows het aansienlik tot die Sentrum se program bygedra: dr Sheila T. van der Horst, afgetrede mede-professor van Ekonomie, U.K., en professor J.L. Boshoff, gewese Rektor van die Universiteit van die Noorde.

LIDMAATSKAP

Soos voorheen gemeld, is die Sentrum vir Intergroepstudies geregistreer as 'n maatskappy. In die Memorandum en Statute van Vennootskap word voorsiening gemaak vir die benoeming van eenhonderd lede. Tans is daar 57 lede en hulle sluit die volgende in:

a) Drie stigterslede:

Mnr J.G. Benfield
Mnr H.L. Kennedy
Mnr P.G.T. Watson

b) Sewentien persone wat gedurende die afgelope 10 jaar lede van die Beheerraad was (* dui stigterslede aan):

Professor E.V. Axelson
Professor J.F. Beckman
Professor J.F. Brock
Mnr C.S. Corder*
Professor W.H.B. Dean
Dr J.P. Duminy*
Professor G.F.R. Ellis
Biskop A.W. Habelgaarn
Mnr E.V.E. Howes*
Professor M.F.Kaplan
Ds. W.A. Landman
Mnr G.K. Lindsay
Sir Richard Luyt
Professor S.J. Saunders
Professor H.W. van der Merwe
Mede-professor D.J. Welsh
Professor Monica Wilson

F.M. 13/7/79 (30)

CHAMBERS OF COMMERCE

Dynamic Durban

"Last year we appealed to members to introduce at least one new member during 1978. The response to this was negligible . . . " (1978 annual report, East London Chamber of Commerce).

Tucked away in many Chamber of Commerce annual reports is a plea to members to become more actively involved in Chamber business. The Johannesburg Chamber's 1977/78 annual report appeals "to the business community of Johannesburg to support our movement." The Kimberley Chamber president, "Poddy" Shein, feels "that the secretary could well do with the moral support of Chamber members."

Vincent Brett, Assocom's secretary, says member apathy in the various chambers is a result of "human nature."

All large firms are strong supporters of the movement, but medium- and small-sized business support varies, and is dependent on individuals within the firm. Though, of course, all members show interest when a problem directly affects them.

That may not be the whole answer, however. Surprisingly, Durban has the biggest Chamber in the country and membership is increasing. One reason, it seems, is its strong management team. Assistant GM James Aikman adds that committee work is frequent and services provided by the Chamber are valuable to members. In addition, the Chamber has been positively promoting its activities "for longer than others."

Financially, most Chambers are in a tight position. With stagnant membership rolls and increasing administrative costs, many are recording lower surpluses. Indeed, some are showing losses. Obviously, increased membership would greatly ease the financial situation.

One non-member quizzed reckons that his firm provides the same services as a Chamber of Commerce, internally, at less than the cost of a subscription. Nonetheless, Assocom and its members perform a useful function as pressure groups. Finance Minister Owen Horwood has said that "Assocom unquestionably exerts a strong and positive influence on the formulation and implementation of government economic policy."

But, as Brett points out, many businesses are content to receive the benefits of Assocom pressures without contributing. He says, though, that one problem is reaching consensus among the 17 000 organisations represented in the movement.

Another problem within the employer association movement as a whole is the overlapping and duplication of functions. Assocom and FCI last discussed closer co-operation 10 years ago. Perhaps a more dynamic and cohesive employer organisation movement would receive greater support.

"Poems sincere to th

"Peter Horn is as v
South Africa ... he
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"Peter Horn's poetry
reminders of the aby
His wise, cynical s
places him firmly a
lously shares our g

"Horn often manages
landscapes to capture the spiritual centre of the
suffering can take in this country." CHERRY CLAYTON, *Snarl*

"poems that redefine and deeply move" STEPHEN GRAY

"He can seize a detail and render it emblematic; write
satire which bludgeons its subject in a satisfyingly
thorough way". ROBERT GREIG, *To the Point*

"It is a beautiful and moving work which seems to have
jumped Aragon's 'cage of words' and found the door of this
'world of black and white'" MARGUERITE EDMONDS, *New Nation*

New

Poems

Peter Horn

BLACK SUPERMARKET (30)

Shaky start?

F.M 13/7/79

Blackchain, the fledgling black supermarket group, is having problems getting its Soweto supermarket project off the ground.

"We are in financial difficulties," Blackchain director Solomon Lesolang told a hushed Nafcoc conference in Johannesburg last week. He said that a meeting last month decided that additional shareholders be sought to help finance the supermarket which Blackchain plans to open in Soweto's Diepkloof township early next year. Failure to raise enough money would leave Blackchain two alternatives: hand the project over to the West Rand Administration Board, or let one of the big white supermarket groups take over.

Blackchain offered 998 250 shares to the black public at R1 each in May last year, a month after the company was registered. The R250 000 raised since then was not intended for putting up buildings — the R900 000 supermarket and warehouse — but as working capital, R1,6m being needed. Thus, Blackchain MD Sponono Majola tells the *FM*, the aim of last month's decision was to raise funds from blacks to cover building operations at Diepkloof.

Blackchain cannot find a company to finance the building project. Says Majola: "We haven't obtained the 99-year lease on the site and it is hard to find a company that will finance construction of our buildings."

But Sydney Matus, executive director of the Spar group, thinks Blackchain's problems can be solved. "If black businessmen wish to compete on equal terms with white business they must not be so proud as to refuse the opportunity of some form of partnership." This partnership, Matus tells the *FM*, would be on the basis that white wholesalers and black retailers work together.

"What we could do," he continues, "is get experienced people to run Blackchain's day-to-day business." Immediately

Sun. Tribune 15/7/79 (30)

Fuel price alters shopping day patterns

By Tony Hudson
Finance Editor

THE fuel crisis has already started to tear chunks out of household budgets and marked changes in spending patterns are already beginning to make themselves felt among food outlets.

Both Pick 'n Pay's hypermarket and OK's Hyperama report a falling off in turnovers in the middle of the month and a pick-up at the end of the month, indicating a swing to one shop a month in the place of a number of trips.

The Hypermarket general manager Aubrey Zylinsky said there had been a noticeable drop-off in turnover in the middle of the month, but this had picked up toward the month end. "In fact, the month end shop seemed to last a few more days than usual," he said. He also pointed out that the trend at month end was for larger than normal shopping baskets, which brought the month's figures back into line.

Another point he had noticed was that the month end shop was mainly for foodstuffs, while mid-month shoppers browsed among the non-food items.

The Hyperama general manager John Bailes, had the same experience and said that while turnover stayed at its proper level, there was a definite drop off in mid-month shopping.

The other side of the coin is the suburban supermarkets who are reporting generally increased turnover. Checkers' director of operations for Natal, Geoffrey Gilzean, told me that turnover for June, the month the new fuel price came into force, was up 10 percent on the May figure and the figures for the first week in July were a massive 45 percent up on the same week in 1978.

"We have not seen growth like this before the new petrol price came into effect. There is no doubt that people are not prepared to travel as far as they were in the past.

Pick n Pay's Alan Gardiner said the group had seen a marked increase in turnover since the increases took place.

Knowles' Stuart Sampson reports that the store has also seen an overall increase in trade since the beginning of June.

It would seem that the blame of the change in the spending pattern must be laid at the door of the fuel increases, for the increased turnovers reported go right against the country-wide retail pattern, which reported that the first few months of this year were, in real terms, the worst trading period since 1974.

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SUNDAY TRIBUNE, JULY 15, 1979

New York

Walter Pfaeffle

US car industry heading for a slump

THE U.S. car industry appears to be heading for a slump, with [illegible] reaching far beyond the current disruptions in petrol supply.

While Detroit's auto managers try [illegible] the fact, dealers [illegible] the country report sales down by as much as 35 percent [illegible] last year and buyers shunning all but the smallest, most fuel efficient autos.

What is more, the experts say car sales will remain [illegible] even after the petrol crunch, as inflation has cut [illegible] into consumers' spending [illegible] income and [illegible] their confidence [illegible] simply [illegible] [illegible]

[illegible] would [illegible] downturn in auto sales [illegible] says [illegible]

[illegible] economist for the [illegible] Conference Board, a [illegible] organisation that studies consumer attitudes.

Only a few weeks ago, Chrysler president Lee [illegible] predicted sales [illegible] in 1979 and General Motors [illegible] Thomas [illegible] his estimate [illegible] Automotive [illegible] respected trade [illegible]

[illegible]

[illegible] fed [illegible]

[illegible]

ported cars should do well. And US manufacturers who said some years ago they would "throw the invaders back into the sea" have become much more cautious in their comments.

In May the number of imported cars sold in the United States almost reached 25 percent, with foreign manufacturers [illegible] 234 495 units — an increase of nearly 25 percent over last year.

Lately however, the [illegible] of the car market has hurt imports as well.

Sales of the [illegible] foreign cars, which had been running [illegible] percent to 30 percent ahead of year-earlier volume [illegible] March, increased only eight percent in June. [illegible] US makes were [illegible] percent.

[illegible]

of course they can only worsen the economy and speed up a recession that most economists now believe is inevitable.

"A downturn in auto sales [illegible] overall business which has been looking shakier and shakier in any event," says one economist.

Meanwhile even Government economists are painting a much blacker painting of the economy in 1979, saying there will be little, if any, economic growth and a high rate of inflation, probably in the double-digit range.

The new forecast undoubtedly will add to President Carter's political problems because they represent [illegible] from both the [illegible] conditions and previous forecasts.

THE battle of the supermarkets is hotting up since we published our first survey on prices last week.

One store manager suspected the way we select items for comparison. He felt some chains were being favoured.

Some items are chosen after queries and complaints from readers; others because they are topical, and yet others simply because they are items I have needed at home.

The biggest talking point now is meat . . . many butchers I spoke to are unhappy and there are dire warnings of more price increases because of the re-siting of the abattoir at Cato Ridge.

What are the facts?

Let's see how the meat prices stand

	Woolworths West St	OK Bazaars West St	OK Hyperama	Pick 'n Pay Musgrave	Checkers Overport	Spar Avonmore	Pick 'n Pay Hypermarket
Rump steak	3,85	3,70*	3.94	4,35	3,95	4,19	3,88
Chuck on bone	1,59	1,55	1,39*	1.89	1,90	1,49	1,64
Chuck roast	3,05	2,40	2,19	2,74	2,69	2,10	1,98*
Prime rib	2,19	2,19	2,59	2,37	2,20	2,12	1,88*
Brisket	1,49	1,50	1,44*	1,59	1,70	1,62	1,59
Bolo	2,79	2,40	2,39	2,74	2,59	2,54	1,98*
Leg of lamb	3,29	2,75*	3,14	3,19	2,86	3,50	2,95
Breast of lamb	1,89*	2,00	1,89*	1,96	2,40	2,46	1,89*
Leg of pork	2,29	2,20*	2,40	2,75	2,58	2,29	2,60
Belly of pork	1,89	1,90	2,15	1,96	2,20	2,19	1,72*

TALKING SHOP

By COLLEEN SHEARER

Supermarket battle is now hotting up

THE new abattoir opened on July 2 and reports of higher meat prices have abounded. I remind readers that the price of meat went up about 10 percent countrywide on June 11 due to increased production costs, notably the higher maize price. But to test statements further I have compared last week's prices with this week's.

There was no change at Woolworths, OK Bazaars, Checkers, Pick 'n Pay, Hypermarket, and very little at Hyperama. The explanation was that these companies had bought in large stocks to carry them through so that they would be immune from the birth pangs of the new abattoir.

Spar, however, was an early victim of transport costs which one butcher told me are costing him about 6 cents more a kilogram. It seems logical that all of them will eventually suffer this added cost, particularly as many wholesalers have had to invest in expensive refrigerated trucks.

I have a nagging worry, however . . . surely transport costs on the hoof have been reduced by siting the abattoir nearer the farms? And isn't it less expensive to transport carcasses? I feel the consumer is losing out both ways because it is a fact that the floor prices have *not* gone up during the changeover, but should [illegible]

Launel: Newcomer to the soap powder scene

cause there are 120 instead of the usual 100 bags. Meantime, the nett weight of the pack is still 250 grams so obviously the new sachets are smaller. Just like to keep the record straight.

THE cold snap is a good time to look at hot chocolate drinks and here we have Nestlé and Cadbury. This week the stores were selling the new Cadbury chocolate drink and removing stocks of the old.

readers wish that Nescafé was available in a cheaper refill, filling the glass jar a very expensive form of packaging.

Another saving can be made with vanilla essence if you buy the larger size. The 30 ml bottle averages 21 cents, which means 70 cents for 100 ml, whereas the 100 ml bottle averages only 52 cents.

A READER asked why the price of sugar-free drinks had gone up so

markets of plastic bags. Checkers is a prime offender, making the most exaggerated parcelling of goods in separate and far-too-large bags.

GARY PLAYER tissues were criticised by Joan of Johannesburg who has fallen victim to the freezing weather, and her nose resents the fact that these tissues are not as soft and soothing as before. I wonder how Bill of Bloemfontein is faring in that icy city?

TWO Jiffy plastic bags are included as a direct comparison in value for money. There is a big difference in price but none between the quality of the plastic. The only justification for a higher price at all is that special labels are included in the freezer bags but I find a 20 cent difference, that is 50 percent, quite unacceptable, and I certainly would make my own labels. My letters to Jiffy querying their pricing has not even been acknowledged. You can't win them all.

LUX flakes disappeared from the market about three years ago, but we have a newcomer which promises to be just as kind to all delicate fabrics like woollens, silks, lin-

These are early days yet. Over the next few weeks we shall keep a record of meat prices and see if the Meat Board's optimism is upheld. At the moment it is satisfied that difficulties, mainly in the despatch area, are being overcome.

Still on meat, you will notice a few forequarter cuts are included, the use of which is recommended by the Meat Board. In this regard Woolworths has initiated an imaginative handling and presentation of forequarter meat, much of it boneless, with advice on how to prepare it.

☐☐☐

BRAGANZA'S TV advertisement *implies you get* more for your money by buying their tea bags be-

... on special offer for as little as 49 cents for 250 grams at Hyperama.

Five of us tried all three drinks. None liked Nestlé's. This I found to be faintly similar to Milo. Opinions were equally divided on the two Cadburys' but I think the new is far superior to the old as it is the nearest in taste to the overseas chocolate drink.

All three require a large amount for one drink — 30 grams — but this works out at only 10 cents a cup. No milk is needed.

The winning custard prices were mostly for Protea.

Note that Robertson's has brought out an economy refill for white pepper. This is an average saving of 20 cents on the 100 gram tin. Many

... of Coca-Cola and like beverages because the price increase of the latter was blamed on the increase in the price of sugar.

I wrote to the Price Controller in Pretoria who replied that:

"Increases granted to the mineral water industry were based on unavoidable increases in the cost of fuel, tyres, labour, bottles, crates . . . It was unfortunate, therefore, that the increase in the prices of cold drinks was attributable to the sugar price increase only."

Round and round we go.

☐☐☐

ON PACKAGING costs and the price of Nescafe bottles, I am appalled at the prodigal use by super-

... Launel, and is the first special-care washing powder carrying the international quality symbol of Woolmark.

☐☐☐

MACLEAN'S new anti-plaque toothpaste and Contra anti-dandruff shampoo were both included as a result of complaints that they were under-filled. I reported both to the Department of Weights and Measures who investigated at once, and found, indeed, that there was cause for dissatisfaction.

Maclean's factory was visited by the Johannesburg officers of Weights and Measures and *given a warning.* Contra's stocks were frozen for 24 hours while they put their house in order.

Round the stores in general

	OK Bazaars West St	OK Hyperama	Pick 'n Pay Musgrave	Checkers Overport	Spar Avonmore	Pick 'n Pay Hypermarket
Epol crumbles, 2 kg	99*	1,05	1,05	1,16	1,19	99*
Lucky Pet fish, 450 g	—	25*	—	29	32	27
Braganza tea bags, 250 g	1,49	—	1,49	1,48	1,59	1,39*
Nestlé hot chocolate, 500 g	1,85	1,79	1,85	1,73	1.95	1,69*
Cadbury's hot chocolate, 500 g (new)	—	1,59*	1,69	—	—	1,68
Custard powder, 500 g	55	45*	53	61	67½	49
Robertson's white pepper refill, 100 g	75	79	69*	72	—	71
Cerebos salt, 500 g	30	27*	29	31	30	27*
Vanilla essence, 100 ml	49*	55	58	—	51	49*
Mixed herbs, 13 g	44	35*	42	39	41	39
Ground cinnamon, 36 g	46	39*	41	42	43	41
Coca-Cola, 1 litre	40	39	41	39	43	38*
Baker's Tennis biscuits	36	35	33*	40	44	35
Sliced peaches, choice, 825 g	49	65	59	51	65	45*
Gary Player tissues, x 48 double	46	45*	49	48	58	47
Jiffy Freezer bags, 25 — 220 x 300	57	57	57	—	79	49*
Jiffy utility bags, 25 — 220 x 300	43	39	37	41	42	36*
Launel washing powder, 300 g	59	57*	57*	62	—	—
Maclean's anti-plaque toothpaste, 100 ml	89*	89*	89*	92	99	89*
Contra anti-dandruff shampoo, 100 ml	1,19*	1,39	1,45	1,43	1,49	1,45
Number of wins (including the meat table above)	7	12	4	—	—	15

* — Lowest price

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18. Music ....UFeni (B.B. Myathaza)

19. Vote of Thanks .... Rev. M.T.L. Moletsane

20. National Anthem

R E F R E S H M E N T S   R E F R E S H M E N T S

R E F R E S H M E N T S   R E F R E S H M E N T S

'AWESOME CHAIN STORE POWER' IS RESPONSIBLE, ALLEGES THE GMA

30

Rich subsidised by poor on grocery costs

Secret discounts net chains R35-m

● Headline in the Sunday Express

By JEAN LE MAY

WHEN it comes to grocery buying, the poor subsidise the rich in South Africa today. Wealthy shoppers in towns are subsidised by homeland Blacks and people who live on the platteland.

This is because of "the awesome buying power" of the big chain stores which enables them to demand special discounts from food manufacturers, the Grocery Manufacturers' Association said in a statement given exclusively to the Sunday Express this week.

"Through having their profit margins squeezed in their sales to the major chains, manufacturers cannot give equally low discounts to smaller retailers if they are to remain reasonably profitable," said the statement.

"One chain has located its stores so as to draw largely on the White market sector in the average and above-average White income areas."

Mr Philip Cross, chairman of the GMA, commented: "No manufacturer likes to see his product sold for substantially more in a platteland store than in a chain store in a wealthy Johannesburg suburb.

"But at present we have the anomalous situation where the better off are being subsidised by those who are less well off.

"South Africa is behind many other countries in legislating to prevent this . . . there are laws in the United States, Canada, Australia and most European countries to regulate trading practices. It is a hot issue in Britain where the law is being revised.

"The real issue is that there should be open trading — discounts for bulk buying should be the same for small and large retailers alike, subject to the smaller buyers being able to make some arrangement to take the same volumes in single deliveries, possibly through wholesalers or group buying.

"This would mean small retailers could sell at the same prices as the chain stores and people would not have to travel miles to shop more cheaply — itself a waste of fuel."

The big three chain stores — Checkers, Pick 'n Pay and OK Bazaars — exerted their buying power by demanding substantial discounts, said the GMA statement.

"The major chains, and particularly one chain, have used their power to improve their positions . . . one chain uses such tactics as threatening to discontinue the stocking of lines (which they do periodically) to obtain higher confidential discounts."

If the the present situation continued, said Mr Cross, the food industry would become an unprofitable business from the manufacturing point of view — as it was, many of the main manufacturers were diversifying out of food.

"This cannot be in the country's interests — it could lead to food shortages and thus higher prices, and with no new investment the industry could be landed with antiquated plant and out-dated technology."

The number of small retailers was decreasing substantially with many going insolvent because they could not compete with the big chains, which bought up to 60% of some manufacturers' output, he said.

He called for co-operation between retailers and manufacturers instead of "slanging matches" in the Press.

"Manufacturers act as bankers for retailers as it is," he said. "We sell goods to them on credit which they sell for cash."

He foresaw legislation to enforce fair trading, he said, similar to that in many other countries.

"The GMA is doing done everything it can to find a solution."

Cohen denies 'siting'

DIRECTOR of Pick'n Pay, Mr Ralph Cohen, denies his group sited stores in wealthy areas.

"We have stores in less affluent areas too — Brixton, Kempton Park and a northern suburb of Pretoria," he said.

"We have only been in existence for 11 years and are now looking at country areas — a store will open in Rustenburg this year and we are looking at Witbank and Nelspruit.

"Everybody is welcome to come and shop at our stores and there is no discrimination there."

Pick 'n Pay's other stores were the hypermarkets in Norwood and Boksburg, and in Rosebank, Craighall, Bedfordview, Benmore, Florida, Springs, Randburg, Blackheath, Worcester and Welkom, he said.

In reply to the allegation that manufacturers acted as bankers for retailers because they sold goods on credit which were then sold for cash, he said:

"I'd like to ask whoever made the allegation whether manufacturers pay all their suppliers cash? What we do is normal business practice and I don't see the point of the remark."

He did not like the term "confidential discount", he added.

"This is a suppliers' term — we call them volume rebates. The only reason they are called 'confidential' is that the manufacturers ask us to keep them secret. Otherwise we'd be quite prepared to make them public."

US car industry heads for slump

30
19

Argus Bureau

NEW YORK. — The United States car industry appears to be heading into a slump, with causes reaching far beyond the current disruptions in petrol supply.

While Detroit's motor managers try to stop soft-pedal the fact, dealers across the country report sales down by as much as 35 percent from last year and buyers shunning all but the smallest, most fuel-efficient cars.

What is more, the experts say car sales will remain in serious trouble even after the petrol crunch, as inflation has cut deep into consumers' spendable income and so eroded their confidence that they simply are not buying expensive cars.

'Even if the Arabs were drowning us in oil, there would still be a downturn in car sales,' says Mr Fabian Linden, senior economist for the Conference Board, a non-profit organisation that studies consumer attitudes.

ESTIMATE

Only a few weeks ago, Chrysler's president, Mr Lee Iacocca, predicted sales of 11,1-milllion cars in 1979 and General Motors boss, Mr Thomas Murphy, put his estimate at 11,5-million.

But Automotive News, a respected trade publication, says the industry at mid-year has piled up the biggest stock of unsold cars in its history.

While no one expects the kind of diasatrous sales collapse that occured after the 1974-75 slump, many do not see any chance of a recovery before next year or even later.

Given the petrol crunch and the high price tags on the bigger American-built cars, it is no surprise that the small imported cars should do well.

And US manufacturers who said some years ago they would 'throw the invaders back into the sea' have become much more cautious in their comments.

In May the number of imported cars sold in the United States almost reached 25 percent, with foreign manufacturers selling 254 495 — an increase of nearly 23 percent over last year.

Lately, however, the softness of the car market has hurt imports as well.

Sales of the small foreign cars, which had been running 25 percent to 30 percent ahead of year-earlier volume since March, increased only eight percent in June. Sales of US makes were off 26 percent.

If sales remain so low, they can only worsen the economy and speed up a recession that most economist now believe is inevitable.

'A downturn in car sales hurts overall business, which has been looking shakier and shakier in any event,' says one economist.

(30) 19/7/79 Post

Chamber to meet on break-aways

THE Southern Transvaal African Chamber of Commerce (Soutacoc) will decide at its executive meeting on what should be done to bring peace between tht Vaal Triangle African Chamber of Commerce (VTACOC) and some of its members who have broken away.

About 100 members mainly from Sharpeville, broke away from VTACOC claiming that the Chamber did not treat them well. The breakaway group formed its own chamber, the Orange Vaal African Chamber of Commerce (Ovacoc).

SOUGHT

Ovacoc has sought affiliation to Southern Transvaal which is a regional body.

The secretary of Southern Transvaal, Mr Sy Kutumela confirmed that Ovacoc has made an application which was temporarily accepted.

"We accepted their application to bring them into the fold for they cannot be thrown away. They are also business people who should fall under a Chamber," said Mr Kutumela.

He said the application was accepted until Soutacoc has convened a meeting between the two groups of find out what had caused their differences.

DISCUSSED

"The matter as it stands is subjudice. We will discuss it at our executive meeting and thereafter meet the two groups to settle their differences," said Mr Kutumela.

In their last monthly meeting the Ovacoc members resolved not to rejoin VTACOC because, they said, Ovacoc does not treat them well. Instead it overlooked their grievances and did all it could to help Sebokeng traders to get what they want.

20/7/79

HARROWES

Improving slowly

Activities: *Retail group operating 15 branches on the Reef. Sells clothing, household goods on credit and furniture and appliances on HP. Trades as "Leydens", "Harrowes" and "Simon Templar". The directors hold 39% of the equity.*

Chairman and joint managing director: *R M Mendelsohn; joint managing director: D Unterslak.*

Capital structure: *954 000 ordinaries of 50c; 100 000 6% prefs of R2. Market capitalisation: R286 000.*

Financial: *Year to February 28 1979. Borrowings: long and medium term, R481 000; net short term, R712 000. Debt:equity ratio: 83,4%. Current ratio: 2,0. Net cash flow: R30 000.*

Share market: *Price: 30c (1978-79: high, 40c; low, 13c; trading volume last quarter, 5 000 shares). Yields: 4,3% on earnings. PE ratio: 22,7.*

	'76	'77	'78	'79
Return on cap %	7,4	—	—	8,1
Turnover index*	108	100	87	93
Pre-tax profit (R000)	242	(95)	(81)	37
Earnings (c)	13,7	nil	nil	1,3
Dividends (c)	nil	nil	nil	nil
Net asset value (c)	142	133	127	129

*1975=100

As predicted at the half-way stage, the company returned to profitability last year. The turnaround from a pre-tax loss of R81 000 to a profit of R37 000 was achieved on a turnover increase of 7% (13,5% decline in 1978).

The question is whether the trading improvement will continue at a pace great enough to boost significantly the 1,3c earned last year to allow a resumption of dividends. The record is grim with no payout since 1975 when 4,5c was paid from earnings of 14,3c.

Chairman, Richard Mendelsohn, is mildly optimistic. He says that retail trading is likely to improve once the end-July tax cuts are felt. A 13% improvement in turnover has already been achieved in the first two months of the financial year, but mild weather could dampen first-half results.

There have been slight improvements in some key ratios. Total net borrowings were reduced by R73 000 to under R1,2m, which helped lower the interest bill from R235 000 to R192 000. But nonetheless gearing remains high at 113% (121%).

However, the cost of servicing debt this year should be lower for, as Mendelsohn emphasises, total debt is at its lowest since 1973. But the lower interest bill will do no more than help offset cost increases, he adds. And as gross profit only covered the interest bill 1.19 times (2,6 in 1975), and the return on capital was a mere 8,1%, there is still room for improvement.

On balance the share has little appeal. The small issued capital is firmly held and seldom traded, and resumption of dividends seems unlikely this year.

Gillian Cowhan

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Silence in jail

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(SRC Stamp)

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Signature

STERNS

(30) FM 20/7/79

Widening the market

Activities: *Retail marketing of jewellery, especially diamonds and diamond rings. Subsidiary manufactures boxes and display equipment. Also insurance and financial brokers. The directors control 68,7% of the equity.*

Chairman and managing director: *S F Barnett.*

Capital structure: *3,7m ordinaries of 50c. Market capitalisation: R3,4m.*

Financial: *Year to February 28 1979. Borrowings: net short term, R2,0m. Debt:equity ratio: 33,9%. Current ratio: 2,7. Group cash flow: R880 000. Capital commitments: nil.*

Share market: *Price: 90c (1978-79: high, 130c; low, 84c; trading volume last quarter, 100 000 shares). Yields: 23,0% on earnings; 12,2% on dividend. Cover: 1,9. PE ratio: 4,3.*

	'76	'77	'78	'79
Return on cap %	45.9	37.5	27.0	15.8
Turnover index*	114.5	128.9	143.1	145.0
Pre-tax profit (R000)	2 009	1 970	1 951	1 308
Earnings (c)	32.1	30.1	30.3	20.7
Dividends (c)	9	10	10	11
Net asset value (c)	119	139	159	167

*1975=100

A change last year in the basis of accounting from Fifo to Lifo in the jewellery division exaggerated the after-tax profit decline by over R500 000. The pre-tax figure was nearly R1m down on the unadjusted amount which was 17% up on the previous year, and the value of stocks was written down almost the same amount using this new accounting method.

The group intends moving upmarket, with the opening of a new chain of stores to be known as the Fine Jewellers Guild. The first store is scheduled to open at Eastgate in August, and will be followed by two more stores over the next two months. Also planned are acquisitions of other prestige jewellery outlets to be incorporated into the new chain. The new venture will be internally funded, and the change to Lifo has helped boost cash available to the company for this purpose.

Sterns has also rationalised the 50 or so stores in its chain into one company, with a large saving in auditor's and licence fees, paid when each store operated as a separate company.

Ahead of possible further fund requirements, and as Sterns avoids the use of long-term debt, authorised share capital is being doubled to 8m shares.

On an unadjusted basis, stock on hand rose R1m to R5,9m, through prepurchases for the new stores.

Sterns is also planning new stores to operate under its present name. This chain mainly supplies the lower-income brackets, where success has been primarily related to the hire-purchase facilities offered to clients. Last year new stores were opened in Kroonstad and Durban.

The company is sound, if unexciting, although the new venture might add to the share's attraction. No long-term debt is carried in the balance sheet, and cash flow is adequate to meet present interest payments. Also, with the newly-authorised share capital, and on historic yields, there should be little difficulty raising any necessary additional equity funds.

Although return on capital has deteriorated over the past few years — a result of squeezed margins in a competitive and declining economy — the product line is sound and management has recognised the need to move upmarket where margins are higher.

On a prospective yield basis the share appears sound value though the possibility of a rights issue may be a detraction.

Jonathan Bader

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I would like to subscribe to ..... volume(s) of Peter Horn, *Silence in Jail.*

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MOTOR SPARES

FM 20/7/79 (30)

Parts galore

Sigma Motor Corporation is gearing up for a major onslaught on the lucrative R750m-a-year motor spares market.

Ron Friedericksen, general parts manager, estimates the retail value of the spares market at R1 billion annually. "But with the 15% to 20% discounts usually allowed by spares dealers, the actual value would probably be around R750m," he says. The wholesale value is about R480m a year of which R200m is represented by tyres.

Under its new Pro-Part label, Sigma has already launched a battery and is to build up a complete range. It's a tough market, already dominated by names such as Motorcraft, Lucas, Bosch and the 49 members of the National Automobile Parts Association.

"Napa members hold about 30% of the market, excluding tyres and batteries," says MD Georg von Loeper. "Napa is an association of independent components wholesalers selling parts for cars under their own brand names. This is why members have at times been called pirates — a charge I reject."

As an example of how Napa works, Von Loeper points out that Dunlop Industrial supplies about 86% of fan belts as original equipment to manufacturers. "We get exactly the same belts and hoses as Alfa, Ford, Motorcraft or any other spares people — except the belts are sold as Dunlop and are not relabelled.

"Probably the most important factor is that Napa supports the trade. That means we trade only through spares shops and garages, not through hypermarkets and other outlets outside the trade."

Napa currently supplies 5 000-6 000 items in 15 product lines. For example, the Dunlop belts and hoses cover 900 items and the Fram filter line is made up of around 740 items.

Another supplier is Leyland's Unipart, which director Arne Pitlo describes as "small but growing". But it is big in the UK. In a market estimated at up to £2 billion a year, the Leyland company has cornered almost 80%.

Motorcraft, the Ford-based spares operation, puts the overall value of the SA market at R375m a year, which includes parts and accessories from the motor manufacturers. Its range includes a wide variety of replacement items produced by a number of appointed manufacturers. Currently 29 product lines are handled, running to thousands of items, and the range is growing.

Sigma faces a hard battle breaking into this market, but the rewards are high. Motor manufacturers tend to keep original equipment costs down and make higher profits on replacement parts.

Poems

Peter Horn

"Poems sincere to the point of pain" *Natal Witness*

"Peter Horn is as vigorous and versatile a poet as any in South Africa ... he not infrequently achieves poems of memorable force or beauty". LIONEL ABRAHAMS, *Rand Daily Mail*

"Peter Horn's poetry is prickly and sharp, bristling with reminders of the abyss ever likely to open at our feet ... his wise, cynical self-mockery is another saving grace: it places him firmly among the sinners... This poet scrupulously shares our guilt." *Eastern Province Herald*

"Horn often manages to unite inner and outer South African landscapes to capture the spiritual centre of the forms suffering can take in this country." CHERRY CLAYTON, *Snarl*

"poems that redefine and deeply move" STEPHEN GRAY

"He can seize a detail and render it emblematic; write satire which bludgeons its subject in a satisfyingly thorough way". ROBERT GREIG, *To the Point*

"It is a beautiful and moving work which seems to have jumped Aragon's 'cage of words' and found the door of this world of black and white'" MARGUERITE EDMONDS, *New Nation*

KICKBACKS FM 20/7/79 (80)

Speak confidentially

Consumer Minister Schalk van der Merwe is having a hard time finding aggrieved retail suppliers willing to put their confidentials on the table. The oft-vociferous though ever-anonymous plaintiffs against paying cheques to supermarket moguls selling their goods missed a rare chance last year (*FM* October 27) when the ethics — even the legality — of retailers taking payment from suppliers was questioned.

The then Economics Minister Chris Heunis (now Transport) noted the outcry against confidentials — a method of discounting generally detested by suppliers — and called off a Board of Trade probe into the practice only when retailers and suppliers promised to reach a code-of-conduct compromise by July.

They haven't and confidentials, ethical or not, are still being paid by major and minor manufacturers and processors who waited too long last time for a leader — perhaps an Aunt Sally — in their whispering campaign against the supermarket chains.

Now Minister Van der Merwe is also waiting to hear from Assocom, the FCI, AHI and others about the intrigues and alleged unfairness of confidentials. Meanwhile the big three, Pick n Pay, OK and Checkers (and lesser emulators), who see nothing untoward in the *extra* discount system, continue pushing deals to the last cent.

To keep their companys' goods on supermarket shelves salesmen still accede to buyers' blunt allusions to extra payments on top of negotiated discounts. Jargon revolves around "what are you doing for us this year?" and "what's in it for us?" while single confidentials cheques paid to supermarkets run up to R400 000 a year.

Pick n Pay boss Ray Ackerman, widely considered the originator and king of confidentials dealing, openly told the *FM* that R400 000 was the biggest single extra discount payment he had received and saw nothing wrong in driving such a bargain against a major supplier who wanted his goods on lucrative supermarket shelves.

Pick n Pay's Ackerman . . . king of confidentials

Ackerman and other supermarket chiefs shun the term confidentials and describe these payments as target discounts — a cash reward from the supplier for achieving extra-high sales of his product (though you should take that with a pinch of salt) — and another way of keeping down costs for the housewife.

This, naturally, irks suppliers who would like to substantiate the argument that confidentials are not used to keep down prices but are paid straight into profits. The *FM*'s view is that, provided there is no conspiracy among retailers and that retailers aren't blocking the entry of potential competition, then it's all fair as in love and war.

However, any action which sets up barriers to entry or conspires to restrict competition should be mercilessly dealt with by the state, to the extend of compulsory jail sentences.

KENTUCKY TURNOVER

Printers' gremlins attacked the article on Fast Foods, *FM*, July 6, which referred to Kentucky Fried Chicken. The article stated that the average turnover of a Kentucky City outlet is about R240 000 a month, and of a smaller suburban operation, about R15 000 a year. A Kentucky city outlet in fact makes about R240 000 a year, and a smaller suburban operation about R15 000 a month.

Sun. Express. 22/7/79

30

R70 000 protest over hypermarket 'subsidy'

By JEAN LE MAY

SEVERAL retailers in northern Johannesburg sent an estimated R70 000 worth of clothing back to the manufacturers because they found identical garments being sold in a hypermarket for less than they had paid wholesale.

The clothing manufacturers concerned said they were "unaware of any large-scale returns".

In a statement released exclusively to the Sunday Express this week, the retailers (who have asked not to be named) gave an example of garments bought by them from a Natal manufacturer for R10,50 each. Soon afterwards they found the Pick 'n Pay Hypermarket in Norwood was retailing identical garments for R10.

"At a 20% mark-up, we would have been obliged to sell at R12,60 — and face angry customers reporting us as bad buy of the week," said a retailers' spokesman.

"We discussed it between ourselves and sent about R70 000 worth of clothing back to the manufacturers. They threatened to sue us. We said: 'Go ahead — we'd love to hear this coming out in court'.

"We refused to stock any of their products in future, saying we declined to subsidise the hypermarket.

"They gave us the old story about volume rebates, but that won't hold water because scores of retailers ordered at the same time as the Hypermarkets — that is, after having been shown samples — and costing must have been worked out on all orders combined.

"To put it bluntly, our customers would have subsidised the Hypermarket's — and it doesn't give the service we do, with fitting and alterations.

"We have found smaller manufacturers who are filling our orders satisfactorily."

Mr M Chappell, financial director of SA Clothing of Durban, told the Sunday Express he was unaware of any significant returns.

"We have had complaints from a few individual retailers," he said. "We try not to supply the same lines to small retailers and to the Hypermarket."

Mr Hugh Herman, a director of Pick 'n Pay, said his company's buying power in clothing was "fairly small".

"We discount clothing by taking a very low mark-up," he said. "Our policy is to take a low mark-up on high turnover."

Later he telephoned the Sunday Express to ask for confirmation that the garments sold by n Pick 'n Pay were identical to those in the retail shops.

The owner of one of the shops said she had sent an assistant to buy one of the garments from Pick 'n Pay and that she and several other people could confirm that it was identical to those in her own shop — which she subsequently returned to the manufacturer.

The Cape Times, Monday, July 23, 1979

Motor industry calls for concessions

30

BY PAUL DOLD
Financial Editor

THE Government should look closely at ways and means of assisting the motor industry which was the second largest employer in the country, Mr Theo Swart, president of the Motor Industries Federation says.

Concessions to boost the industry could be made in several areas, including reducing hire purchase deposits to 15 percent from 20 percent, and extending the term of the HP agreement which is currently 36 months. Private leasing could also be re-introduced.

Currently only motorists who can claim their car costs as an income tax deduction are allowed to lease. The disposable income of middle-class consumers in the main car market had been deteriorating and steps needed to be taken to boost consumer spending and cut the jobless rate.

Mr Swart forecasts that car sales for the year at some 200 000 units will be about the same as last year but before the fuel price rise the industry had been projecting a 15 percent growth rate. The picture is far from encouraging when one considers that industry sales are now only back at the 1973 level.

July nation-wide sales will probably be slightly down on last year and the sales pattern for a few months is likely to be below year ago figures with an upturn in the last few months of the year when the fuel price rise had worked through the system. July sales thus far are more or less in line with predictions. July is traditionally a low sales month due to the Transvaal school holidays.

June sales were 17 575, predictably well down on the 26 130 in the same month last year due to the pre GST buying spree, but higher than May's 16 011. This brought the total for the first half year to 104 135 as against 106 220.

While the industry in June probably enjoyed the benefits of a structural change in buying patterns — the swing to smaller cars — this could be of a short term nature only.

Clearly, swift action will have to be taken to increase consumer demand particularly in the face of the steel price rise. If sales do dip temporarily for the next few months as Mr Swart suggests, this will come at a crucial time for the economy when most business men will be looking for positive signs of the economic upturn.

The MIF and Naamsa have made urgent representations to the Government to drop the 70km an hour speed limit. The industry view is that the limit serves no purpose as a fuel saving measure and is hurting the country through a slump in productivity.

Mr Swart said there had been tremendous panic by companies so far as the use of large cars was concerned and a stampede to switch to smaller cars. Companies were being irrespsonsible as the gas guzzlers had disappeared in 1973 and the large car today was a medium sized compact.

The cost of dumping these models would cost the companies and the country a fortune.

IX DISEASES OF THE DIGESTIVE SYSTEM

	W		A		C		B	
	M	F	M	F	M	F	M	F
0-1	0,17	0,08	0,10	0,21	0,78	0,29	0,49	0,48
1-4	0,01	0,01	0,00	0,00	0,07	0,10	0,05	0,05
5-24	0,02	0,01	0,03	0,01	0,04	0,03	0,05	0,05
25-44	0,11	0,09	0,39	0,10	0,41	0,19	0,23	0,22
45-64	0,92	0,42	1,60	0,72	1,31	0,67	0,80	0,68
65+	1,80	1,16	1,61	2,44	1,91	0,75	1,44	0,91
ALL	0,31	0,21	0,33	0,16	0,33	0,17	0,25	0,20
NO.	653	430	116	56	370	201	533	329

DISEASES OF THE GENITO-URINARY SYSTEM

	W		A		C		B	
	M	F	M	F	M	F	M	F
	0,02	0,03	0,00	0,10	0,25	0,10	0,04	0,06
	0,01	0,01	0,02	0,00	0,12	0,14	0,02	0,04
	0,02	0,01	0,04	0,04	0,02	0,04	0,03	0,02
	0,02	0,05	0,06	0,09	0,17	0,13	0,06	0,08
	0,23	0,19	0,44	0,37	0,36	0,36	0,34	0,25
	1,25	1,09	1,07	1,83	1,57	1,10	0,73	0,56
ALL	0,13	0,15	0,11	0,12	0,15	0,14	0,10	0,08
NO.	276	303	38	42	169	165	203	130

eration's president, "this has assisted the industry, but the benefits have not been as exciting as expected." This is more important now, he adds, not only because of the higher fuel price, but also because of other price increases.

The banks, which generally opposed the lower deposits (see *FM* March 30), claim that there has been no marked swing towards reduced deposits. According to Stannic MD, Ken Gager, "our observation is that higher instalments are possibly working against reduced deposits." And, he argues, "if the 20% deposit became widespread, banks would tend to look more carefully at customers credit-worthiness, because the lower-deposit hits our equity heavily." Other bankers, however, argue that because of the competitiveness of the market, in practice there probably would not be a swing towards more conservative lending.

The MIF believes that government will only have gone far enough in helping the industry once the restriction of a minimum deposit and prohibition on private leasing is scrapped. Swart argues that it is up to the people granting credit to determine the terms of an HP deal, a view with which the *FM* firmly agrees.

A government spokesman's answer to this is that basically the restrictions have been imposed "in order to place credit sales in this regard on a sound footing."

NO.	87	[illegible]

EXCISE DUTIES

Decelerating

45-65	-	-	-	-				
65+	-	-	-	-	-	-	-	-
ALL	0,25	0,17	0,48	0,32	0,83	0,67	0,55	0,67
NO.	519	359	170	113	942	785	1143	1075

MOTOR INDUSTRY

FM 3/8/79 (30)

Sigma 'toenadering'

International Harvester, in the middle of a major revamp of its SA operation, is to assemble Mitsubishi and Mack trucks for Sigma at its Pietermaritzburg plant.

While Sigma Power Corporation (Sigma's truck arm) financial director, Bill Boyd, maintains that the move has been made on "a purely commercial basis", that it comes after the unhappy Sigma-Leyland tie-up can't be ignored. Boyd maintains that assembly in Pietermaritzburg makes better sense than at the Elsies River Leyland plant — "it's closer to the main market."

Sigma is understandably adopting a low profile in the matter, and has left it to IH to make the announcement. With current production running at 20 Mack and 60 Mitsubishi trucks a month, output at the Pietermaritzburg plant will double and it will be running at about 60% capacity.

IH MD Duane Treadwell says the move "is pretty exciting for us" and goes along with the company's revamped strafegy to push its market share of the R600m a year truck and agricultural equipment markets to about 15% from its present 6%. IH has brought new men (including ex-Malcomess procurement man Eddie Geel), new machines and new money into its operation. A R5,6m cash infusion has seen the opening of dealerships throughout SA and neighbouring countries as "a first step to strengthening IH's position in SA which is going to play an increasingly important role in feeding the people on this continent".

Treadwell also says the move to local diesel engines for tractors is well in hand and "shouldn't present any problems". On the question of a depressed tractor market, he reckons things will change. "It's part of an international pattern. Farmers tended to overbuy in the past, with the result that the market in following years slid. It'll come back," he confidently predicts.

More importantly, IH's latest moves should be seen as a commitment to stay in SA and expand its interests.

(30) FM 3/8/79

The big-car crunch

The panic rush into small cars following the latest petrol price rise has given the Mercedes-Benz car line its biggest problem in years.

In the only month of recorded sales following the increase (June), unit sales of SA's top-of-the-market executive car dropped 29% from 770 to 550. Not surprisingly, Morris Shenker, MD of UCDD — Daimler-Benz's local manufacturers — is concerned.

In a rare press interview this week he told the *FM*: "When I returned from overseas after the price increase, I could hardly believe the public reaction. It seems that all established values went overboard virtually in one night."

Now Shenker and his team are preparing to fight back, convinced that they can stop the rot. And a rot it certainly is. Some of Mercedes' most loyal customers in the past have withdrawn their support. SA Breweries, for example, has converted to smaller cars, using the 2-litre limit as an approximate yardstick.

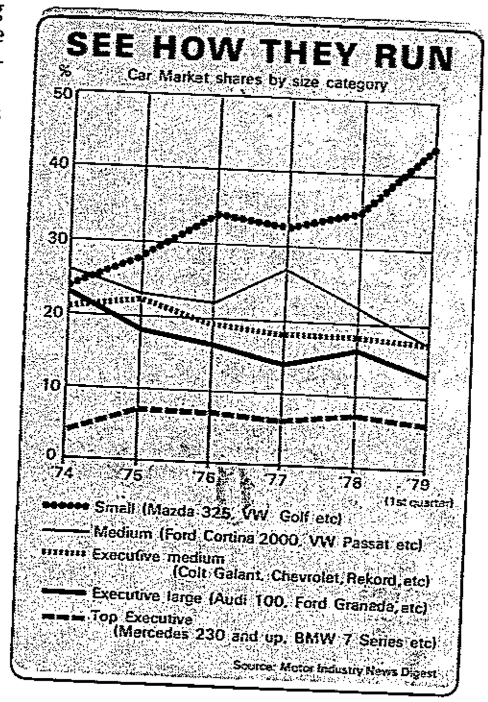
A similar approach has been adopted by groups such as Premier Milling, and Murray and Roberts, and even Anglo American is limiting Mercedes purchases to the 230 series for senior executives.

Shenker believes the reaction by these big groups, and others who have decided on the same strategy, has up to now been largely over-hasty. Thus, he believes the status quo will return "pretty quickly" — in fact as soon as there has been a "sober assessment" of the role of a Mercedes-Benz in the life of SA's executive bracket. "There's too much value in this product which buyers in this class need," he avers.

UCDD points out that nothing has changed but the fuel situation and bases its claims on an investigation it has conducted into comparative overall values, as well as the cost of trading down to smaller models. And they argue that the loss of prestige, safety, driving pleasure and comfort are simply not worth the cost savings they have calculated.

For example, Shenker reckons, a four-year picture of total operating costs comparing a Mercedes-Benz 230 with a medium-sized car and a small car shows that the Mercedes is only R34 a month more expensive to a company than the medium vehicle, and R69 up on the small car. The medium and small car statistics were averaged out from the costs of three models — all top sellers.

Using the same yardstick, and considering that in the case of companies the Receiver of Revenue effectively pays 42% of costs, the claimed net saving on a similar trade-down from the larger 280S is R91 in the case of the medium car and R126 on the smaller model. "This is a helluva small amount of money to justify depriving key executives of safety, comfort — and the sense of achievement that driving one of our cars gives," adds Shenker.

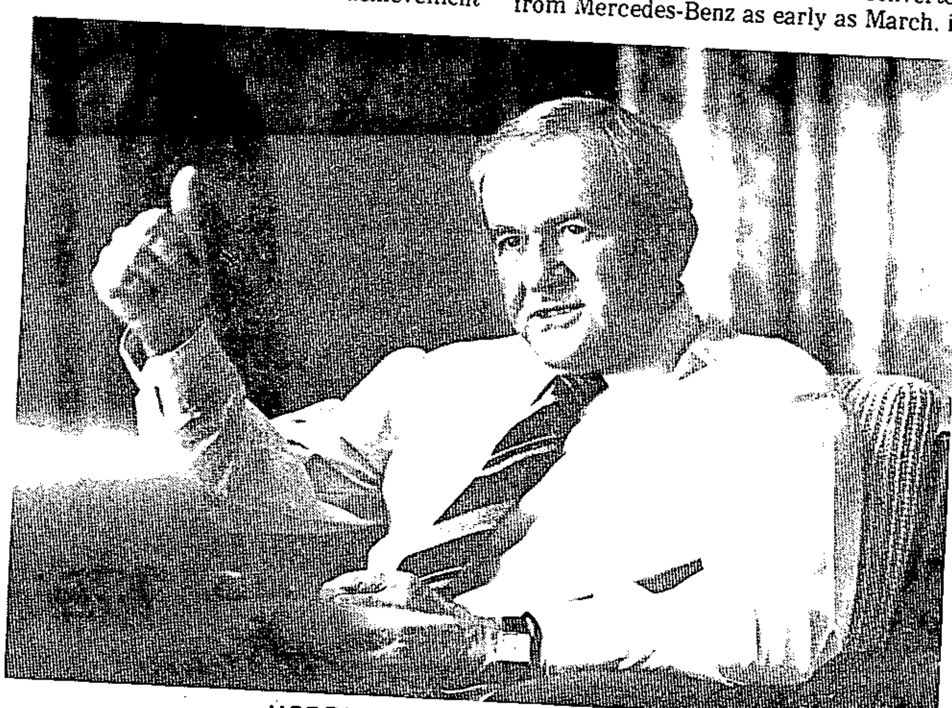


There are additional problems regarding trading down — and this is something to which the Automobile Association is currently paying attention. Explains AA director Eric Turk: "Some people may believe it's patriotic to trade down — but this is not necessarily the thing to do. A lot of people who own large cars may lose much more than their saving on petrol if they trade down. Because of this we have come up with a formula which will show whether the exercise of trading down is a really viable proposition."

Turk is reluctant to discuss the problem of Mercedes in isolation. Shenker, however, says many companies are losing more than they could save in a lifetime of motoring. Given current prices, which the *FM* believes may be somewhat deflated because of the sudden increase in supply of Mercedes-Benz cars on the second-hand market, Shenker's claims would appear to be well-based.

A 1978 Mercedes-Benz 280SEA, whose original purchase price was R17 928, would have fetched a mere R11 800 in July this year — a drop of R6 128. At the bottom of the range, a Mercedes-Benz 230 costing R10 616 in 1977, would have fetched R7 150 in July — a drop of R3 466. Naturally, these are trade figures.

A company like SAB, which converted from Mercedes-Benz as early as March, in



UCDD's Shenker . . . fighting back

P. T.

Sandwich king Taki takes on Fed Volks giant

Sun. Times 5/8/79

Cut-price grocery shop war builds up

30

Taki Xenopolous ... depending on rapid turnover

Stewart Cohen ... steering a complete facelift.

DONALD ANDREWS reports

THE cost of essential groceries could plummet as Greek sandwich millionaire Taki Xenopolous takes on powerful Federale Volksbeleggings in a nationwide cut-price store war.

Two new rival chains — one owned by Mr Xenopolous and the other by Fed Volks, through Ackermans — are hurriedly opening stores in the first manoeuvres.

Johannesburg-based Mr Xenopolous, through his fast food company, Fontana, plans to open 50 stores nationwide at the rate of four a month.

His first stores, called Save Cave shops, are already trading vigorously, claiming to have cut prices on essential groceries by 10%.

Ackermans' Save Mart outlets, which claim to have slashed prices by 7% across the board, are attached at present to four group department stores.

Both groups have imported this concept from Europe and the US, where it caught on among shoppers like wildfire.

The underlying principles are simplicity, utility and cheapness. The no-frills policy extends to fixtures and fittings, decor and advertising.

Turnover

Only a restricted number of essentials are sold, with perishables kept to a minimum. So stock turnover is high and inventories low.

All these, and other more detailed, factors add up to small outlays and low overheads, which permits low prices.

Ackermans intends adding 10 to 15 new department stores — mainly in the Transvaal and complete with Save Marts — to its existing 35 within two years.

Fontana has the as yet unconfirmed backing of unnamed finance houses and Ackermans is part of the Greatermans group, which is controlled by the powerful Federale Volksbeleggings holding company.

Eventually Save Cave and Save Mart will meet in the same town, and when they do, sparks are sure to fly.

Already both have successfully taken on the hypers (let alone supermarkets) on price — without the petrol costs of getting there.

Save Mart is so confident of the competitiveness of its prices that at the beginning of each month it publishes a full price list of all its 300 lines.

And these prices are held constant for the month — a practice which is sure to win custom.

Save Cave distributes price list pamphlets at checkouts. Prices are adjusted from time to time, depending on cost increases.

The Save Mart price policy, in particular, is bound to knock holes in normal supermarket marketing strategy such as loss leaders, which are designed to lure shoppers who inevitably pay for the losses in mark-ups on other items.

When it comes to emphasis, style and image, Save Cave and Save Mart tend to differ. For a start, the north-based group carries up to 600 lines — double that of its southern competitor — which includes non-essentials such as sweets.

An average supermarket has about 5 000 lines.

Ackermans' chief executive, Stewart Cohen, believes they are so dissimilar beyond the basic concept that they are incomparable.

Maybe Mr Cohen does have something of a point. Save Mart is but one, albeit important, aspect of an entire facelifting and upgrading programme the old-established Ackermans chain is undergoing.

Whereas before Ackermans was aimed at the lower 50% of the market, it is now gearing itself for the middle 70% — probably roughly between OK Bazaars and Woolworths.

Research

A lot of market research has gone into selecting the 300 lines — they are either the fastest movers of brand leaders found in most supermarkets or basic slower movers — like pepper. The idea here is to provide all the everyday items for the monthly shopper.

Generally, the Cape has produced South Africa's retail innovators and the revamped Ackermans entry into the field is being steered by two former Grand Bazaars executives.

Mr Cohen was general manager there, and together with marketing executive Joss Heller, moved across to reshape Ackermans in February. Both played a big hand in Granbaz's successes.

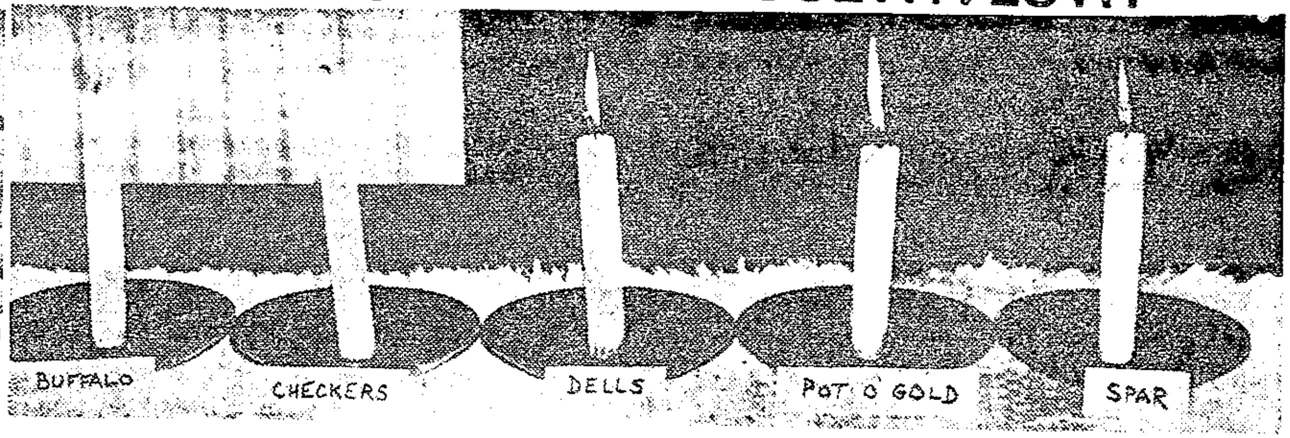
But Mr Xenopolous, too, has proved his skill at cheap, quick-turnover food selling. Where he may come unstuck is his dependence on rapid turnover to finance both stock and expansion.

He is aiming at a turnover of R100 000 a month at each shop. To the Fed Volks boys, that's chicken feed.

TODAY: THE BURNING QUESTION FACING HOUSEWIVES...

Where were the candles when the lights went out?


Keeping an eye on the burning candles in Talking Shop's test



SOME MORE WINNERS

We continue our list of comprehensive prices and the asterisks show you where you score

	Pick 'n Pay Westville	Spar Westville	OK Bazaars Malvern	Checkers Malvern	OK Hyperama	Pick 'n Pay Hyper-market
Shaped Noodles: 500 g	68*	—	—	1,45	99	68*
Loose Frozen Beans/kg	68*	—	—	Cross-cut 95	69	68*
Loose Frozen Mixed Vegs/kg	89	—	—	95	79*	88
Chicken Breasts/kg	1.44	1,28*	1,35	1,33	1,28*	1,50
Eskort Pork Sausages: 500 g	89*	99	1,12	1,05	89*	—
IXL Cream of Tomato Soup: 410 g	28*	—	—	32	36	28*
Fattis and Monis Spaghetti: 500 g	45	47	45	44	35*	39
Shaped Noodles: 500 g	45	47	41	39*	47	49
Purity "Junior" Apple Sauce: 200 g	27	26	25*	26	27	26
Nestum Baby Cereal: 500 g	99	99	89	89	85 *	98
Currant Buns x3	28	25	27	26	18*	24
Jelly Babies: 500 g	69	59*	61	76	—	74
Spray 'n Cook: 225 g	1,15	1.15	1,19	1,15	95*	1.05
Preen: 200 g	99	99	92	88*	89	89
Melrose Cheese Spread: Cheddar 340 ml	1,35	1,25*	1,29	1,30	1,29	1,28
Nestle Cheese Spread: Cheddar 340 ml	1,35	—	1,39	1,21*	1,25	1,35
Nescafe: 250 g	3,99	3,89	3,89	4,17	3,95	3,75*
Kenna Pure Instant Coffee: 250 g	3,49	3,85	3,39	3,06*	3,25	3,49
F. G. Mixed Coffee: 50/50: 500 g	1,75	—	1,67	1,65*	—	1,74
Koffiehuis Mixed Coffee 50/50: 500 g	1,75	—	1,85	—	1,69*	1,69*
Raadsal Mixed Coffee 37½/62½: 500 g	1,39	—	1,47	1,43	—	1,35*
Kloof Mixed Coffee 25/75: 500 g	1,29	—	—	—	1,25	1,15*
Number of wins	5	4	1	5	10	9

TALKING SHOP


Colleen Shearer

ON... CANDLE POWER!

EVERYONE has suffered a power cut at one time or another and had to resort to candles. So this week, following a reader's complaint, I decided to burn it up and see what is the best value for money.

The complaint, from Hillcrest, concerned the prices charged in some district stores and the fact that many candles burnt out messily and too quickly.

I found six brands in the supermarkets — Britelite, Buffalo, Checkers, Dells, Pot o' Gold and Spar. Average price was 40 cents for the 450 gram pack of six with Pot o' Gold the cheapest at 33 cents, and Dells dearest on 47 cents.

is sweets and Jelly Babies are included because a reader was shocked to find the price of these had gone up 75 percent in four weeks. This makes them almost as dear as dried fruit and I know which is better for the children.

* * *

A complaint about a store in Clairwood — Juniors — sent me on a fresh trail. That store charged 79 cents for 100 grams of Johnson's Baby powder, and 59 cents for a cake of Johnson's Baby soap.

This is not illegal for neither item is controlled but it seems worse to me than the illegal slicing and overpricing of margarine at a tearoom in Jacobs called were heaviest at 483 grams, and the lightest were Pot o' Gold and Spar at 448 grams each.

The burning question of course is which candle stayed alight the longest.

A test bench was set up and precautions taken to prevent draughts blowing the flames sideways and causing unfair melting.

At the start there was quite a difference in lengths with Checkers the longest on 28 centimetres and Pot o' Gold and Spar shortest on 24,6 centimetres. This put Pot o' Gold and Spar on par in weight and length but they soon parted company with Pot o' Gold in an awful hurry to get the job done. In nine hours exactly it gasped its last and spluttered out.

Britelite and Spar lasted for 10 hours 45 minutes, a big improvement on Pot o' Gold. Dells followed next in 10 hours 30 minutes, and then in 10 hours 53 minutes buffalo breathed its last.

This left only Checkers holding the torch which it did for another 20 minutes, ending up burning for 11 hours 13 minutes, over two hours longer than Pot o' Gold.

Working out how much the candles cost an hour, we found that Checkers won on 3,2 cents. Next was Buffalo on 3,6 cents and then Pot o' Gold and Spar both on 3,7 cents. These were followed by Dells on 4,5c and last and dearest was Britelite on 4,6 cents.

All candles burnt out completely with no messiness or waste. Only Checkers were packed in plastic which did not appear to be as robust as those packed in the usual blue paper because five of the six candles were broken. Since the survey I have noticed Buffalo is coming out in plastic, too, and it seems doubtful whether this is a good move.

★ ★ ★

COMPLAINTS came in about stale goods at two Malvern stores. The one was Passion Cheer at Checkers but my sample was quite satisfactory. However, the Nipper's Rusks at OK Bazaars were on the old side and this was the only store that had this line in stock. I was told by several managers that they had not stocked it for some time.

I contacted Simba-Quix which seemed pleased at the tip-off and promised to remove the stocks of Nipper's Rusks at once.

★ ★ ★

GOOD news at OK Bazaars is a new line — Fresh Pure Thick Cream. It is very good and the price right, too — 49 cents for 250 ml.

★ ★ ★

ANOTHER item to rise steeply in price store is providing a service of sorts for black customers who wish to use it straightaway.

★ ★ ★

ALSO surveyed last week was Baygon surface spray and this was chosen above any of the space sprays because these are 'knock-down' and you have to have good aim. Surface sprays are more effective as they remain active for time time on skirtings and shelves, and the insects have only to come into contact with the residue to be liquidated.

★ ★ ★

NOTE the widespread difference in ground coffee prices. My intention is to show how much actual coffee you are getting for your money, regardless of taste preferences. And as we warned three weeks ago when discussing bleaches, we intend as far as possible to discriminate against those products which are cagey about their contents.

This consequently disqualifies all those instant chicory/coffee blends which are so obscure about actual coffee content. The law still turns a blind eye to this practice except in the case of ground coffee where the percentage coffee and chicory must be declared on the label.

We are also protected when buying a pure instant coffee and here I found Nescafe, Kenna, Moccona and Princess. Princess was cheapest at R3,15 for 250 grams.

Tastes differ naturally but it may be a revelation to compare brands and prices of ground coffees and it will be seen that prices more or less match contents, that is, the higher coffee content is faithfully reflected.

Not on the chart is Kenna pure coffee grounds which averaged R3,50 in the hyperstores for 500 grams, and Kenna with 75 percent coffee which averaged R2,95 for 500 grams.

Perhaps the only way to make practical comparisons is by calculating the price per kilogram of the actual coffee content working on average prices:

Kenna — 100 percent coffee. Equals R7,00 a kilo.

Kenna — 75 percent coffee: 25 percent chicory. Equals R7,86 a kilo.

FG — 50 percent coffee: 50 percent chicory. Equals R6,81 a kilo.

Koffiehuis — 50 percent coffee: 50 percent chicory. Equals R6,98 a kilo.

Raadsaal — 37,5 percent coffee: 62,5 percent chicory. Equals R7,46 a kilo.

Kloof — 25 percent coffee: 75 percent chicory. Equals R9,84 a kilo.

So although you may buy the Cheapest packet — Kloof — in fact you are paying the most for actual coffee content. But, as I am so often told, many consumers actually enjoy chicory.

Another look at meat prices

	Woolworths West St	Pick 'n Pay Musgrave	Spar Avonmore	OK Bazaars West St	Checkers Overport	OK Hyperama	Pick 'n Pay Hypermarket
Rump steak	4,28	3,95	3.98	3.85	3,95	3,79*	3.89
Stewing steak	2.73	2.54	2.35*	2.50	2,69	2.39	2.44
Leg of lamb	2,89*	3.09	2.99	3.10	2.96	2,99	2.89*
Breast of lamb	1,89	1.79	1,97	2.50	2.50	1,70*	1.89
Leg of pork	2.29	1.99*	2.19	2.48	2,58	2,39	2.60
Belly of pork	1,89	1,86	1,99	2,00	2,50	2.15	1,72*

15

kampus, waar ons gedurende die laaste vyf jaar gehuisves was, ontgroei. Daarom is ek besonder dankbaar vir die ekstra ruimte wat ons nuwe kantoor in die Leslie Social Sciences Building op die Groote Schuur Campus aanbied.

2

Die hoofdoel van die Sentrum is om navorsing na die onderlinge groepsverhoudinge in Suid-Afrika te bevorder en te lei, in die besonder oor verhoudinge tussen rasse- en taalgroepe.

RUSSELL HOLDINGS

Trading well

(30)

FM 10/8/79

Activities: *Retails furniture, domestic appliances, clothing and outdoor-living products. Has over 280 outlets.*

Chairman: *W L du Plessis; managing director: L Mankowitz.*

Capital structure: *24,3m ordinaries of 10c. Market capitalisation: R32,8m.*

Financial: *Year to April 30 1979. Borrowings: long and medium term, R17,9m; net short-term, R19,1m. Debt:equity ratio: 78,3%. Current ratio: 2,1. Net cash flow: R7,5m.*

Share market: *Price: 137c (1978-79: high, 165c; low, 97c; trading volume last quarter, 704 000 shares). Yields: 34,7% on earnings; 8% on dividend. Cover: 4,3. PE ratio: 2,9.*

	'76	'77	'78	'79
Return on cap %	28.3	23.6	20.8	20.4
Turnover (Rm)	98.2	109.3	117.9	135.2
Pre-tax profit (Rm)	12	16.2	14.2	16.3
Gross margin %	16.5	13.2	14.8	14.9
Earnings (c)	45.3	39.8	40.6	47.6
Dividends (c)	9.8	10	10	11
Net asset value (c)	172	202	234	268

Russell made a fine recovery in the second half of the year to lift annual turnover by 14.7% and increase gross margin. The turnover increase was apparently attributable to greater credit facilities being granted as the R18m additional turnover was matched by a R17m increase in debtors.

Furniture and appliances again contributed the bulk of net income increasing their share to 94% (91%). This increase was matched by a corresponding drop in the clothing division which is currently in the doldrums. For the remainder, the outdoor-living and property divisions contributed 1% and 4% of the total respectively. Thus it is clear that the group will once again ride on the back of the furniture sector to improved results.

Included in new outlets established during the year is the new bedding chain "Forty Winks" catering for higher income customers while greater penetration of the middle income market was aimed at by the acquisition of Rudicks stores. The aim of establishing full coverage of the Wanda Furnishers stores on the Transvaal and OFS is almost complete with 13 new branches. The group also holds a 50% interest in five homeland branches which contributed R62 000 of taxed profit. The number of homeland branches is expected to double this year which should considerably increase income. A new Joshua Doore furniture outlet was opened in Tokai, Cape.

Despite a successful deb issue of R11m last September, the debt:equity ratio has risen to 78.3% (71.4%). Long-term borrowings increased from R12.6m to R17.9m. From funds derived from business operations of R15.6m (R13.3m), R12m was used to increase working capital (1978: R3.5m). Thus current assets rose to R126m (R105.6m) and current liabilities to R58.6m (R50.5m). Stock turnover has decreased slightly from 7.6 to 7.2 while debtors collection remains at about nine months. Return on capital remains virtually unchanged at 20.4% with management targeting a return of 22.5% within the next two years.

Largely due to conservative dividend policy and high cover, the share normally trades well below net worth. However, the shares are increasingly actively traded with investors looking [illegible] improvement as consumer [illegible] up. This year a total payout [illegible] possible and the share is [illegible] investors with medium-term [illegible]

II NEOPLASMS

	W M	W F	A M	A F	C M	C F
0-1	0,17	0,13	0,00	0,21	0,06	0,16
1-4	0,03	0,07	0,07	0,00	0,07	0,05
5-24	0,09	0,05	0,07	0,05	0,06	0,04
25-44	0,26	0,33	0,21	0,26	0,54	0,56
45-64	3,01	2,58	1,47	2,19	5,10	2,68
65+	12,24	7,26	4,70	5,18	12,59	7,51
ALL	1,41	1,21	0,36	0,43	1,03	0,69
NO.	2920	2522	126	152	1170	809

III ENDOCRINE, NUTRITIONAL AND METABOLIC DISEAS

	W M	W F	A M	A F	C M	C F		
0-1	0,09	0,05	0,06	0,21	2,27	1,68		
1-4	0,03	0,01	0,00	0,05	1,27	1,08	1,02	1,29
5-24	0,01	0,01	0,01	0,01	0,01	0,01	0,02	0,02
25-44	0,02	0,02	0,08	0,08	0,08	0,05	0,06	0,07
45-64	0,09	0,12	0,39	0,88	0,28	0,42	0,24	0,61
65+	0,39	0,59	1,61	2,59	0,81	1,28	1,04	1,44
ALL	0,05	0,08	0,12	0,18	0,28	0,26	0,22	0,33
No.	114	173	43	63	316	307	455	530

VII DISEASES OF THE CIRCULATORY SYSTEM

	W M	W F	A M	A F	C M	C F	B M	B F
						78	13,54	14,15
						45	2,46	2,13
						3	0,18	0,16
						2	0,66	0,52
						,4	2,75	1,72
		7,89	16,51	13,42	20,07	10,49	9,32	6,19
ALL	1,12	0,97	1,22	0,79	2,87	2,22	1,37	1,24
NO.	2336	2019	430	282	3270	2588	2858	1951

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1921

MOTOR INDUSTRY (30)

New baby FM 16/8/79

Fiat is negotiating with a number of other SA motormakers to find a contract assembler for its Ritmo small car, due to be introduced here soon.

No decision will be made until next month at the earliest, says marketing director Dr Mario Barbeiri. "At present it is the Italian holiday season," he explains.

Contenders are thought to be Alfa Romeo, already assembling the Elita; UCDD (Mercedes Benz) in East London; Motor Assemblies in Durban, which produce the Toyotas and Renaults, and even Leyland.

Fiat might even make the Ritmo itself: its plant at Pretoria could be expanded to increase production capacity by another 4 000 to 5 000 units over its current 12 000 a year. But there's no truth in the rumour that Fiat and UCDD are planning a joint marketing operation, says Barbeiri.

The Ritmo may be available here in an electric version.

"We are utilising a prototype electrically-driven Ritmo to test a Fiat-built and developed electric engine," says Barbeiri.

"We have sourced the motor from our parent company in Italy, but have arranged for certain local components to be fitted.

"The aim is to test the local production viability of an electric-engined Ritmo and assess whether we could offer such a model as an addition to the range."

Fiat's first electric-engine prototype was the X1 23 city car, then efforts were concentrated in commercial vehicles.

IV DISEASES OF BLOOD AND BLOOD-FORMING ORGANS

	W M	W F	A M	A F	C M	C F	B M	B F
0-1	0,02	0,03	0,20	0,21	0,06	0,16	0,06	0,06
1-4	0,01	0,01	0,02	0,00	0,02	0,04	0,01	0,01
5-24	0,00	0,00	0,01	0,01	0,01	0,01	0,01	0,01
25-44	0,01	0,01	0,01	0,02	0,00	0,01	0,01	0,01
45-64	0,02	0,02	0,03	0,03	0,06	0,04	0,01	0,03
65+	0,11	0,11	0,13	0,15	0,13	0,15	0,03	0,03
ALL	0,01	0,02	0,02	0,02	0,02	0,03	0,01	0,01
NO.	30	34	7	7	21	31	23	21

VI DISEASES OF THE NERVOUS SYSTEM AND SENSE ORGANS

	W M	W F	A M	A F	C M	C F	B M	B F
0-1	0,52	0,18	0,50	0,41	2,02	1,56	1,26	1,20
1-4	0,05	0,05	0,02	0,07	0,45	0,26	0,23	0,18
5-24	0,03	0,01	0,05	0,04	0,09	0,06	0,09	0,07
25-44	0,03	0,01	0,04	0,05	0,23	0,09	0,13	0,06
45-64	0,07	0,07	0,21	0,11	0,36	0,13	0,26	0,07
65+	0,18	0,13	0,00	0,15	0,47	0,18	0,44	0,15
ALL	0,06	0,04	0,07	0,06	0,25	0,14	0,17	0,12
NO.	128	85	26	23	289	164	366	187

30 FM 10/8/79

MOTOR VEHICLES

The long road down market

Motorists and fleet owners have overreacted to this year's round of fuel price increases with a headlong rush into smaller cars that may appear to be patriotic but pays small heed to economic common sense.

To buy down over the long term, as existing fleets come to the end of their lives, may be sound policy. But to precipitately trade-in a fleet of company Mercedes cars at a heavy discount and buy Golfs could cost the company more than it saves in fuel and does little to redress the real problem in SA's fuel equation: the diesel/petrol imbalance.

On a straight cost basis there is no comparison between a small car and a bigger one. But the point is, surely, that a super luxury car bought by a company for its top executives (and 85% of them are company purchases, according to UCDD), is not merely a way of getting from A to B. It is a perk, a status symbol, a tax-deductible reward, and if top men are deprived of top cars they will simply have to be compensated in some other way. And the comfort aspect is one that should not be ignored.

All that said, however, there is doubt that the writing is on the wal big cars. Since 1973 there has be steady movement down market. In small cars accounted for 24.6% o market and, apart from a kink in the small car share rose steadı 35.5% last year.

Every other category excep executive cars lost ground. (The categories generally accepted b industry are medium, executive m and executive large.) But the big cars so beloved of MDs and co

IX DISEASES

	W M	W F	M
0-1	0,17	0,08	0,10
1-4	0,01	0,01	0,00
5-24	0,02	0,01	0,03
25-44	0,11	0,09	0,39
45-64	0,92	0,42	1,60
65+	1,80	1,16	1,61
ALL	0,31	0,21	0,33
NO.	653	430	116

X DISEASES OF T

	W M	W F	M
0-1	0,02	0,03	0,00
1-4	0,01	0,01	0,02
5-24	0,02	0,01	0,04
25-44	0,02	0,05	0,06
45-64	0,23	0,19	0,44
65+	1,25	1,09	1,07
ALL	0,13	0,15	0,11
NO.	276	303	38

XIV CONGENITAL ANOMALIES

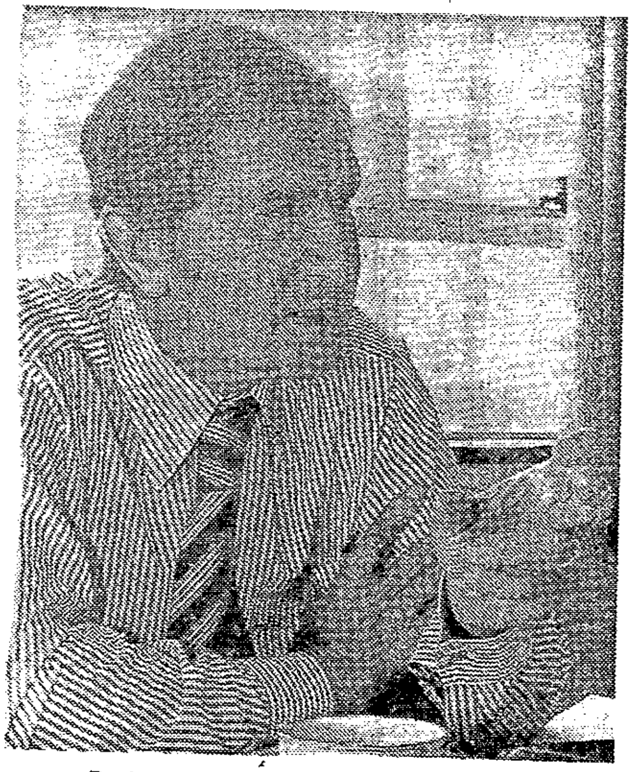
	W		A		C		B	
	M	F	M	F	M	F	M	F
0-1	1,57	0,76	0,60	1,03	1,24	0,79	0,89	0,74
1-4	0,05	0,04	0,05	0,05	0,05	0,02	0,04	0,05
5-24	0,01	0,00	0,01	0,01	0,01	0,02	0,00	0,00
25-44	0,00	0,00	0,00	0,00	0,00	0,01	0,00	0,00
45-64	0,01	0,00	0,00	0,00	0,00	0,00	0,00	0,00
65+	0,02	0,01	0,00	0,00	0,00	0,03	0,00	0,00
ALL	0,04	0,02	0,03	0,04	0,04	0,03	0,03	0,00
NO.	87	43	9	14	50	33	54	47

XV CERTAIN CAUSES OF PERINATAL MORBIDITY AND MORTALITY

	W		A		C		B	
	M	F	M	F	M	F	M	F
0-1	12,46	9,07	16,92	11,55	29,22	24,78	23,16	22,23
1-4	0,02	0,02	0,02	0,02	0,02	0,04	0,04	0,00
5-24	-	-	-	-	-	-	-	-
25-44	-	-	-	-	-	-	-	-
45-65	-	-	-	-	-	-	-	-
65+	-	-	-	-	-	-	-	-
ALL	0,25	0,17	0,48	0,32	0,83	0,67	0,55	0,67
NO.	519	359	170	113	942	785	1143	1075

Star 10/8/79 (50)

David Lewis keeps up the pace



David Lewis . . . manufacturing "a bore."

By Jean Moon

Taking the logical step towards the further penetration into the black market, David Lewis and Doug Bank bought Pace magazine for a song.

"The black advertising market is getting bigger and bigger, and this is the consumer we want to attract," says Mr Lewis.

The further inroad into this "people" business is expected to rescue the monthly publication, not yet a year old, from the bad publicity it received following disclosures of its alleged involvement in the Info scandal through its connection with Hortors.

Not that circulation figures — claimed to have averaged 90 000 a month for the past 6 months and now topping 100 000 — are any indication of a dying publication. For the future, Doug Bank estimates circulation should settle at around the 300 000 level.

Black market gets bigger and bigger

Although the magazine is non-political, black thinking in this country is bound to give it a bias in that direction. But alongside features such as the David Sibeko funeral comes "How good is the black fighter?" The same edition features "Black and white love in the Free State" and "The crack new armies in Africa".

Lewis and Bank have tremendous faith in the editorial staff of Pace, led by Jack Shepherd-Smith and Lucas Moleti, and are "very excited" about the project. "Now the air is clear, the magazine can go to great heights."

David Lewis finds business activities connected with manufacturing a "bore" and he "just loves working with people."

"Future investments can be expected to be in the people orientated businesses — except hotels," he said.

David Lewis probably had his fill of the hotel trade after starting and successfully running the Holiday Inns chain in South Africa. In 1974, the American franchise holders appointed Lewis to do a rescue operation for Holiday Inns in Europe. He had partially put things back on a viable course when Mrs Lewis' longing for South African sunshine brought them back home.

He has a "large" amount of money to invest, and besides expanding his present activities, expects to make further acquisitions in the field of entertainment.

Columbus, originally bought "to keep him from under my wife's feet at home," is doing well following the sale of the holding company to Peter Gain. The sale left David Lewis with the operations covering the manufacturing and selling of vacuum cleaners and polishers.

FUTURE

The future of this field lies in supplying the black consumer with requirements. Mr Lewis points out that 1 200 new homes are completed in Mitchells Plain in the Cape Peninsula every month, and each one is fully carpeted.

Columbus, through Electrolux, claims to currently enjoy between 45 and 50 percent of the vacuum cleaner market, and expects a 50 percent market share once Soweto is electrified.

kampus, waar ons gedurende die laaste vyf jaar gehuisves was, ontgroei. Daarom is ek besonder dankbaar vir die ekstra ruimte wat ons nuwe kantoor in die Leslie Social Sciences Building op die Groote Schuur Campus aanbied.

Ek wil weereens die Carnegie Corporation en die Algemeen Diakonaal Bureau van die Gereformeerde Kerken van Nederland bedank vir hulle gulle ondersteuning van die Konstruktiewe Program wat ons in staat gestel het om meer personeel aan te stel en om publikasies en werkgroepe te finansier. Ek wil ook graag weereens die ondersteuning deur plaaslike skenkers, firmas en trusts noem, kort nadat die Program gestig is. Hulle hulp het dit moontlik gemaak om etlike publikasies gratis te versprei onder almal wat in die bevordering van 'n oop samelewing belangstel.

Ten slotte is dit met innige genoeë dat ek my verpligtings teenoor die ere-navorsingsbeamptes van die Sentrum vir hulle bydraes tot die navorsingsprogram, boekstaaf en teenoor die personeel vir die wyse waarop hulle hulle pligte gedurende die jaar uitgevoer het.

Hendrik W. van der Merwe
Direkteur

Desember 1978

Motor sales back on track

Sun. Times Bus.

30

12/8/79

BY STEPHEN ORPEN

AN ENCOURAGING corrective lurch last month brought vehicle sales for the first seven months of 1979 virtually back on course with those of last year. Against the background of much higher fuel and vehicle prices, this lends support to industry hopes for sales this year comfortably above those of 1978.

June new car sales, on 17 575, were dramatically down on 1978's 26 130, whereas the July, 1979, figures were dramatically up on July 1978 — a clear sign of the effect of pre and post-GST buying last year.

Sigma again leads the pack with new car sales of 4 560, compared with 4 119 in June, and well ahead of second-placed Volkswagen with 4 059 (4 090).

Sigma's Mazda 323 raced ahead with 3 058 against the VW Golf's 2 756. In June, Mazda 323 sales were 2 755 and Golf sales up front with 2 801.

Toyota led the commercial vehicle stakes on a unit basis in July, with 1 921 sales compared to second-placed Datsuns's 1 872. But commercials sales as a whole are still some 5% below those for the first seven months of last year.

The swing to smaller cars (see Page 4) was reflected in Sigma and VW's performance against, for instance, Mercedes, which registered 408 sales, to give an annualised total of some 5 000, against last year's 9 292.

Presumably, however, some beneficial reaction for Mercedes and other luxury car producers can be expected in due course.

Total new vehicle sales for July were 25 588, against 19 443 in July, last year. Total new vehicle sales for the year so far, on 178 246, are still fractionally down on those at this time last year, on 178 822.

New car sales are up on 122 030 compared with 119 228, but commercials are down on 56 216 against 59 594. The commercials figures for July, however, on 7 693 compared with 6 435 in July last year, augurs well for the rest of this year.

JAARVERSLAG

1978

SENTRUM VIR INTERGROEPSTUDIES

(Geregistreer as The Abe Bailey Institute of Inter-Racial Studies Limited (Beperk deur Garansie))

Posadres:
p/a Die Universiteit van Kaapstad
Rondebosch
Republiek van Suid-Afrika
7700

Kantooradres:
Leslie Social Sciences Building

Die Sentrum word grootliks gefinansier deur die Abe Bailey-Trust wat ingevolge die testament van Sir Abe Bailey gestig is. Dit is geregistreer as The Abe Bailey Institute of Inter-Racial Studies Limited (Beperk deur Garansie) – 'n maatskappy beperk deur garansie en sonder 'n aandele-kapitaal kragtens die Maatskappywet 1973 (Wet Nr. 61 van 1973).

Toyota chief gives reasons for brake on earnings

S.E.P. 8/8/79. 30

By Pieter de Vos

Toyota (South Africa) has foregone payment of its interim dividend after its earnings in the six months ended June 30 plummeted to 5,7c per share from 32,9c in the comparable period last year.

Its net consolidated income was less than one sixteenth of what it had been in the first six months of last year. It fell from R2,05m to R125 000.

Attributable profit was R230 000, against R1,34m in the same six months last year. The interim paid last year was 7c.

Dr Albert Wessels, chairman, sets out the reasons for this strong decline and predicts "a materially improved income in the last six months of the year."

During the past six months the total retail market of new motor vehicles declined by 4,2 percent against the same period last year. The company's products showed a decline in volume of 2,3 percent notwithstanding a gain in market penetration of almost 13 percent.

Currency exchange rates during the latter part of 1978 and the beginning of this year were generally unfavourable. These rates were applicable to the units sold in the past six months. It was not possible to recover the inflated costs of car parts.

The exchange rates improved by almost 15 percent in the past six months, which will show in the results for the next six months. The lower prevailing interest rates will also have a beneficial influence, says Dr Wessels.

Sales of vehicles which consume less fuel will rise. The recommendations with regard to the valuation of fringe benefits should also have a far-reaching effect on the size of passenger cars sold and aid an improvement, Dr Wessels says.

* * *

Another motor company, Northern Free State Motors, has shown a decline in profits. Its taxed profit in the financial year ended June 25 at R534 000 was down from R725 000. Pretax profit was down from R1.21m to R920 000.

The company says its acquisition of Day Tyre Co (Pty) Ltd for R139 304 should contribute an additional 2,85c earnings per share.

Star 19/9/79

30

BUSINESS

Schus lifts profits to R346 527: dividends passed

CAPE TOWN — Schus Holdings improved on their return to profitability in the last financial year Mr Jossel Lipshitz, managing director said in the company's annual report.

For the first six months Schus showed a profit of R205 900 and concluded the year with an overall profit of R346 527 (R47 849) after a profit of R140 627 in the second six months. Earnings per share increased from 2,6c (1978) to 19,3c.

There was undoubtedly an increase in consumer confidence during 1978 which continued during the first few months of 1979. The increase in disposable income, due to the tax concessions which the Government created in the Budget. has since been eroded by the two severe petrol price increases.

"We believe that for the year ending February 1980 there will be a change in buying patterns.

"People will be buying down — going for economy and reliability, as offered by the Datsun range. Lower priced cars produce, however, lower gross profits.

"Constant adaptation of credit control procedures to fall in line with changes in the economic pattern proved successful and there has been no necessity to change our funding for bad debts.

Long term loans have been reduced by almost R100 000 and a two percent reduction in the interest rate will redeem the loan before December 1981 as was originally contemplated.

"The consolidated taxed profit of the group amounted to R346 527 for the financial year ended February 28 1979. Interest for the year amounted to R403 075 — an increase of R14 018 on the previous year. This increase is attributable to the higher stock carried in order to finance the 16,2 percent increase in turnover.

Neither preference nor ordinary dividends were declared during the year under review." — Sapa.

navorsings-Fellows het aansienlik tot die Sentrum se program bygedra: dr Sheila T. van der Horst, afgetrede mede-professor van Ekonomie, U.K., en professor J.L. Boshoff, gewese Rektor van die Universiteit van die Noorde.

LIDMAATSKAP

Soos voorheen gemeld, is die Sentrum vir Intergroepstudies geregistreer as 'n maatskappy. In die Memorandum en Statute van Vennootskap word voorsiening gemaak vir die benoeming van eenhonderd lede. Tans is daar 57] hulle sluit die volgende in:

a) Drie stigterslede:

Biskop A.W. Habelgaarn
Mnr E.V.E. Howes
Professor M.F. Kaplan
Ds. W.A. Landman
Mnr C.K. Lindsay
Sir Richard Luyt
Professor S.J. Saunders
Professor H.W. van der Merwe
Mede-professor D.J. Welsh
Professor Monica Wilson

Mennonite Central Committee se Konferensie oor: 'Die Rol van Geskiedkundige Vredeskerke', Gaborone, Botswana. Verhandeling voorgelê oor: 'The Role of Churches in Promoting Justice in Southern Africa' (Oktober).

Konferensie van die Afrikaanse Calvinistiese Beweging, Potchefstroom (Oktober).

(c) Deelname aan Welsyns- Professionele en Openbare Organisasies

Die Direkteur het aktief gehelp in die Suid-Afrikaanse Instituut vir Rasse-Verhoudinge as 'n lid van die Weskaap- ... en van

WAARDERING EN DANK

Ek is altyd dankbaar vir die geleentheid wat die jaarverslag bied om my waardering te betuig aan lede van die Akademiese Advieskomitee en die Beheerraad vir hulle leiding, aanmoediging en belang in die aangeleenthede van die Sentrum.

Die Universiteit van Kaapstad het benewens 'n bydrae tot die bedryfskoste van die Sentrum, ook vir die Sentrum sedert sy stigting in kantoorruimte voorsien. Met die uitbreiding van personeel het ons die huisie op die laer

Star 16/8/79

(30)

Spectacular sales surge for Edgars

By Michael Chester, Financial Editor

Edgars Stores reinforced its blue chip image in the stores sector today with the release of audited results showing a spectacular surge in sales from R194m to R229m in the year ended July 7.

The performance is all the more impressive because of the overall sluggishness in the retail trade as a whole. While the national average rise in sales in cash terms over the year was only around nine percent, meaning an actual decline in volumes when inflation is taken into account, the Edgars advance amounts to 17.8 percent.

SOARED

Better still, profit attributable to shareholders has soared an even stronger 28.1 percent from R9.8m to R12.6m.

With earnings a share up 29 percent, the directors have declared a final dividend of 175c which, plus the interim dividend of 110c, means the total distribution for the year swings 21 percent higher to 285c — covered 2.3 times.

Mr Sydney Press, chairman, credits the record results to a significant increase in market penetration and fine tuning in all divisions.

TRIMMED

The Edgars share of the market has now moved from 6.9 percent in 1975 to 11.2 percent — with perhaps still better to come, especially in the children's wear division which is moving ahead at breath-taking pace.

Quite clearly the new strategy of fewer but bigger stores is paying off. While the number of stores has been trimmed from 478 to 433 since 1975, the space covered has increased from 170 000 to 294 000 sq m.

The enormous new flagships have supplied particularly good results.

Mr Press notes that although there remains the problem of restoring consumer confidence continued good sales into the new financial year encourages Edgars to forecast still further improvement in earnings.

The results out today are a classic demonstration on how inflation can be beaten by virile new management strategies.

Edgars also turned in record results in its Zimbabwe Rhodesia operations and dividends are up by 43 percent for the year ended July 7.

Sales increased 3? percent to ZR 11m dollars, while profit increased 44 percent to ZR 877 000 dollars. Earnings per share were 16.5c (13.5c last year). A final dividend of 6c brings the total for the year to 11c (7.7c).

Die hoofdoel van die Sentrum is om navorsing na die onderlinge groepsverhoudinge in Suid-Afrika te bevorder en te lei, in die besonder oor verhoudinge tussen rasse- en taalgroepe.

kampus, waar ons gedurende die laaste vyf jaar gehuisves was, ontgroei. Daarom is ek besonder dankbaar vir die ekstra ruimte wat ons nuwe kantoor in die Leslie Social Sciences Building op die Groote Schuur Campus aanbied.

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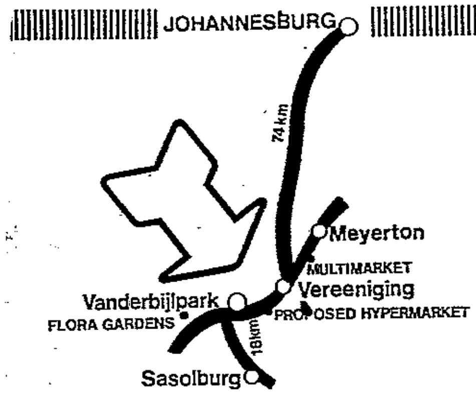
Hendrik W. van der Merwe
Direkteur

Desember 1978



Towns in dogfight over hyperstore

COURT ACTION IN THE OFFING ABOUT SITING OF A NEW PICK 'n PAY

● Mr and Mrs Sidney Riley (extreme left and right) and a group of friends from Bedworth Park say they will fight for the hypermarket in their Vereeniging suburb.

Picture by DENIS FARRELL.

TWO smoky industrial towns on the Vaal, Vereeniging and Vanderbijlpark, are locked in an unneighbourly dogfight over the location of a Pick 'n Pay Hypermarket.

The hypermarket is planned for Bedworth Park, a Vereeniging suburb in the veld close to the Vanderbijlpark border.

Too close, says Vanderbijlpark, threatening to take its sister town "as far as the Supreme Court" to stop the giant complex, which it fears will kill its own town centre.

"What about the shopping complex Vanderbijlpark is allowing in Flora Gardens — well away from its town centre?", retorts Vereeniging.

"Dog in the manger," sniffed a Pick 'n Pay spokesman, adding that Vanderbijlpark was miffed because Mr Ray Ackerman turned down a site that town offered him in favour of Bedworth.

And a Vereeniging estate agent has attributed the fracas to the lack of a regional planning body which would consider the needs of the area as a whole and not get involved in parish politics.

This week we visited the Vaal Triangle — and met Mrs Eileen Riley of Bedworth Park, organiser of a pro-hypermarket petition, with a group of fellow-residents who waxed indignant over tea and biscuits.

They want the hypermarket because what will be good for Bedworth Park will also be good for Vereeniging, where they pay their rates. They point out that although the township was established five years ago, they have to drive eight kilometres to the nearest shop.

SUNDAY EXPRESS INVESTIGATION BY JEAN LE MAY

"We find it hard to keep servants because we are so far away from the shops, *and just think of the waste of petrol in driving 16km to and from the Checkers Multimarket other side Vereeniging,*" said Mrs Riley.

"Moreover, think how convenient the hypermarket will be for the residents of Sharpeville — just over the motorway."

Vereeniging Town Council is adamant that it is going ahead, although an advocate briefed by Vanderbijlpark warned a joint council meeting last week that "it will be on your own heads if you go ahead with the hypermarket".

A spokesman for Vereeniging municipality pointed out with some bitterness that when the hypermarket plans were first advertised "Vanderbijlpark raised no objections".

"But then they realised we were in earnest, and found a legal loophole.

"Pick 'n Pay acquired extra land in Bedworth Park to accommodate a parking area, and it was necessary to apply for re-zoning.

"Unfortunately we omitted to send a copy of the rezoning advertisement to Vanderbijlpark, and they seized on this in an attempt to stop the hypermarket.

Another spokesman added: "Now there's the devil to pay . . . and we'll have legal fees on top of everything else. . ."

Mr Petrie Louw, town secretary of Vanderbijlpark, said the basis of the town's objection to the hypermarket was that it would have a detrimental effect on the town's business centre.

"This type of giant complex is regional in nature and will serve the whole of the Vaal Triangle, from Sasolburg to Meyerton."

● John Erasmus . . . opposition

Express: Where would you like to see it, then?

Mr Louw: In our own town centre. We were advised by town planning experts that big shopping complexes should always be in town centres.

Express: What about Flora Gardens?

Mr Louw became rather defensive about the mooted Flora Gardens complex, saying it was "nothing but a minor suburban shopping centre" and had not yet been approved.

Mr John Erasmus, who at present has a Spar supermarket in the centre of Vanderbijlpark, thinks otherwise. His Spar Hypermarket will be a complex of some 30 shops in Flora Gardens, a suburb on the far side of Vanderbijlpark from Bedworth.

"It will be approved all right — I have a way of knowing that it will be approved," he told us, but refused to elaborate.

As for the Pick 'n Pay Hypermarket — "Let them come," he said. "I'm just waiting until the inhabitants of Sharpeville stream into Bedworth. . ."

Mr Hugh Herman, a director of Pick 'n Pay, described Vanderbijlpark's attitude as "dog in the manger".

"They were anxious to have us in their town, but Mr Ackerman turned down the sites offered. The Bedworth site is perfect for us, at the heart of the Vaal Triangle, on the motorway, about halfway between the two biggest towns and close to a major Black area. "We're going ahead."

Surprise as consumers go on binge

(30) Sun. Times Bus. 19/8/79

SOUTH Africans have confounded forecasters by plunging into a buying spree.

Like a bolt from the blue, a surge in consumer spending on household goods has surprised — and delighted — many of South Africa's major retailing chains, and the manufacturers that supply them.

Despite what the latest official figures may suggest, the message from a wide cross-section of major companies questioned this week is that John and Mary Citizen are launched on a spending binge that promises to carry through at least until Christmas.

The tills sprung to life in May and have been chattering ever faster in the two-and-a-half months since.

At least a dozen large manufacturing, hire purchase banking, instalment credit and retailing bosses told me this week that their turnover was now running between 15% and 30% ahead of last year's for the May-August period — with most of the advances grouped around 22%.

Lift-off in household goods sales

By STEPHEN ORPEN

Even allowing that inflation is apparently accelerating — it was up to 12,5% a year in the first half of 1979 — this indicates that business activity in the consumer sector may grow at 6% or more in real terms in the seven months May to end-December.

This could boost total consumer spending on durables and semi-durables to well over R7 000-million in the next 12 months, compared with R6 284-million last year.

Increase

Retail sales for 1979 could top R14 000-million, compared with R6 743-million in the first seven months of this year and R6 344-million in the corresponding period last year.

The surprise take-off follows a virtual standstill in the real value of sales in the first six months of 1979 as a whole.

Indeed, the official figures of the Department of Statistics reflect a drop of 4,8% in the value of sales at constant 1970 prices in January to July this year compared with a rise in money terms of 6,3%.

The sales results of the last three months as revealed to me by the country's largest household goods manufacturers, retailers and financiers suggest that the increase in real terms for the period to the end of the year will be "at least 7%, excluding cyclical factors, and definitely well above 10% with no adjustment for the pre-Christmas bulge."

Barlows appliance division, supplying a wide range of household goods including TV sets, describes June, July and August as "exceptionally good months".

In July, sales were more than 20% above budget, which allowed for "a fair increase over sales in July last year.

"Our sales revenue was 18% up in real terms and the trend is holding. We are bullish for the rest of the year, particularly as the acceleration started before the PAYE tax adjustments.

"With interest rates dropping but inflation increasing, we think consumers have decided to spend while borrowing is cheap and saving expensive.

"All our products are moving fast — from fridges, stoves and washers to freezers, driers and TV sets.

"Our problem is to meet demand as our factory capacities are approaching full stretch and our components suppliers are in the same bind."

OK Bazaars chief Meyer Kahn says May was the OK's best month for the year until June and July substantially surpassed the May figures.

"July was outstanding and August is looking as good. We also believe the higher demand trend will hold."

He won't comment on what increase OK now expects in turnover this year. But on figures mentioned by other OK men it seems 1978's R592-million turnover could be above R700-million.

Wesbank managing director Chris Ball says his bank is writing more than 20% more HP business for motor cars, "although a good part of this can be explained by our increased penetration in the market.

"Nevertheless, it is highly encouraging that new car sales have held up so well. For the year, they are still only some 2% ahead of last year's. But the June and July figures were collectively satisfying.

"One might have expected sales to nose-dive as a result of fuel and vehicle price hikes. This hasn't happened."

Ken Gager, head of Stannic, in the Standard Bank stable, says his company's takings are some 22% ahead of last year's for the May-July period, and are now running ahead of budget.

Climbing

Even allowing for increases in market share among the companies questioned, and for possible post-PAYE adjustment buying, it seems consumer spending may at last be climbing firmly.

It is clearly too early to say whether this is sufficient excuse for Pretoria to scrap any plans it may have for additional stimulation of the economy.

Probably, say economists, more stimulation is necessary anyway. An annual growth rate in the economy of 3% is still far too meagre to mop up unemployment.

But any upturn in consumer spending, which has for so long resisted prodding, is to be welcomed.

Sentrum die volgende behels:

A. Mobiliteit en Politieke Verandering in Suid-Afrika

Hierdie projek is 'n paar jaar gelede aangepak. 'n Ondersoek onder die kleurling bevolking van die Kaapse Skiereiland is onderneem. 'n Aantal tydelike navorsings-

Supermarket company's first AGM

S J J Lesolang, chairman of the supermarket company.

By Willie Mahloane

MEMBERS of the newly-established R1-million black chain supermarket complex will hold their first annual general meeting at the Dube YWCA Hall tomorrow.

The meeting will start at 10 am. Mr S J J Lesolang, chairman of the complex, said members throughout the country are expected to attend.

The first building of the complex is taking shape at the Baragwanath Shopping Centre. The supermarket and warehouse are scheduled to be completed by Christmas.

The company was registered in December 1976 and was granted a building site in Diepkloof. A share capital of R350 000, out of authorised share capital of R1-million divided into a million shares of R1 each, was raised.

The building contract was awarded to the African Development and Construction Company, a sister company initiated by Nafcoc in an open tender at a cost of more than R1-m. The project will be built in three phases and consists of a supermarket, warehouse of a cash and carry wholesale type, 17 speciality stores, a small hall and six doctors' offices and surgeries.

Mr Lesolang said the company is to find more than R1½m to complete the shopping centre as planned. The money should be raised before August 31.

The Urban Foundation has agreed to temporarily bridge the company's payment on certificates from the African Development and Construction company.

The Foundation is advancing the loan for six months at an interest of nine percent per year. Other problems experienced by the company are:- Land tenure, restrictive laws and policies, debarring entrepreneurs from full participation in the free enterprises system in South Africa, and the uncertainty of the 99 years leasehold.

New breed takes over from families

Sun. Times Bus. 26/8/79

30

Big stores use modern know-how to survive

By PENELOPE MORGAN

THE giant department stores, dominated for many years by family owners, are struggling for survival by changing their management and marketing techniques.

They are becoming less price-orientated and more conscious of display and atmosphere. The irony of the situation is that this change is a response to intense retail competition during the past few years of recession, in which profits of the four big department stores — John Orrs, Stuttafords, Garlicks and Greatermans — have dwindled.

Except for Garlicks, the families lost their hold on the department store scene, because they failed to keep pace with the changing mood of both black and white South African consumers.

Last year, Stuttafords was taken over by Graham Beck's, Kangra Holdings; John Orrs is in the process of something similar; and Greatermans, formerly run by the Herber family, sold out to Federale Volksbeleggings.

Diminished turnover and sagging profits forced the families to sell out to virile

ion chain, is making great inroads into the fashion and soft-goods market — sales increased from R194-million to R229-million for the year ended July 7. Attributable profit soared by 28,1%.

Most department store heads agree that their corner of the retail market is over-traded and they expect to see some of their competitors disappear in the next year or so.

Apart from John Orrs, which is in a state of flux, Garlicks is the only other department store that has maintained its family identity. A member of the family, John Garlick, is still the chairman.

Garlicks markets to a much wider range of customers than John Orrs and Stuttafords. However, deputy managing director Jack Garlick said his company would compete directly with Greatermans if that company went "upmarket".

Some retailing specialists think Garlicks is coping with the changing conditions better than the rest because, for the past four years or so, the company has been trading "downmarket" — that is, offering low-priced goods.

Jack Garlick said it was not Garlicks' intention to go downmarket, but if it did, it was because of buying policy. Management insists that all buyers have offices in the department for which they buy, and that they spend a good part of a each day serving customers.

Being in the forefront like this, buyers are up to date with customer preferences. Other stores buy centrally for their groups.

All things considered, increased competition among department stores could be on the cards. This could only benefit the consumer, who is becoming more sophisticated and discerning.

rector, David Bell, says: "We feel quite confident that we will maintain our position in the market because we are flexible.

"In our downtown stores, because of the growth in the size of our black clientele, we will change the emphasis of our merchandise. However, we believe that because about 60% of the merchandise carried by the big department stores is the same, atmosphere and display are the deciding factors."

Challenge

And there are already indications from Greatermans' new management that it is responding to the challenge. One must conclude that it is going "upmarket" because of the appointment of new department store division chief executive, Bill Loudon, formerly of the classy Harvey Nicholls store in Knightsbridge, London.

Greatermans did not deny that Mr Loudon's appointment could mean that the store would be going into fashion in a big way.

Greatermans' department stores managing director, Richard Lyne, said: "The key to the revival of the department store is to create an exciting environment, as we have done with our Eastgate store.

"In the US in the late sixties, department stores went through the same problems we are now facing. Some, like Macy's, were revamped and are now thriving; others fell by the wayside. In South Africa, only those stores that recognise the changing needs of the different groups of consumers will survive."

Ackermans, a wholly-owned subsidiary of G...

navorsings-Fellows het aansienlik tot die Sentrum se program bygedra: dr Sheila T. van der Horst, afgetrede mede-professor van Ekonomie, U.K., en professor J.L. Boshoff, gewese Rektor van die Universiteit van die Noorde.

LIDMAATSKAP

Soos voorheen gemeld, is die Sentrum vir Intergroepstudies geregistreer as 'n maatskappy. In die Memorandum en Statute van Vennootskap word voorsiening gemaak vir die benoeming van eenhonderd lede. Tans is daar 57 lede en hulle sluit die volgende in:

a) Drie stigterslede:

Mnr J.G. Benfield
Mnr H.L. Kennedy
Mnr P.G.T. Watson

b) Sewentien persone wat gedurende die afgelope 10 jaar lede van die Beheerraad was (* dui stigterslede aan):

Professor E.V. Axelson
Professor J.F. Beekman
Professor J.F. Brock
Mnr C.S. Corder*
Professor W.H.B. Dean
Dr J.P. Duminy*
Professor G.F.R. Ellis
Biskop A.W. Habelgaarn
Mnr E.V.E. Howes*
Professor M.F.Kaplan
Ds. W.A. Landman
Mnr G.K. Lindsay
Sir Richard Luyt
Professor S.J. Saunders
Professor H.W. van der Merwe
Mede-professor D.J. Welsh
Professor Monica Wilson

Sunday EXPRESS Business SA'S BRIGHTEST MONEY PAGES

Hyperamas on their last legs? Tripe, says Meyer Kahn

OK BAZAARS MD Meyer Kahn would like to find the source of a persistent rumour campaign which claims the group's Germiston Hyperama is on its last legs and about to close down.

"I'd dearly love to get my hands on whoever is responsible for these rumours," he told the Sunday Express this week.

"The fact is that our new marketing campaign for the two Hyperamas is taking hold and, while it's still a little early for an absolute judgment, it seems to be doing the job.

"In fact we're about to open another two," he said.

The group's strong earnings growth last year was flawed by a weak merchandising operation in the Germiston and Durban Hyperamas — then trading independently — which led to the big stores being brought back into the OK corral.

Kahn took charge of a new approach to the whole Hyperama merchandising operation and laid down an aggressive marketing campaign for the existing two and the new ones to come in Pretoria and Roodepoort.

"Eastgate didn't do us any good in Germiston, but we're happy with the progress being made — so, to anyone who gets in the way of this rumour, I'd like to say categorically that nothing could be further from the truth."

JAARVERSLAG

1978

SENTRUM VIR INTERGROEPSTUDIES

(Geregistreer as The Abe Bailey Institute of
Inter-Racial Studies Limited
(Beperk deur Garansie))

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INLEIDING

Gedurende die eerste nege jaar van sy bestaan het die

Edgars Consolidated sees 33,6 pc earnings rise

(30)

Star 31/8/79.

By Jean Moon

"The continued excellence of our principal investment, Edgars Stores, ensured a 33,6 percent in earnings — and 22 percent in dividends," says Edgars Consolidated Investments.

The new wholly owned shoe manufacturing subsidiary, Richleigh Shoes, earned a taxed income of R295 000 compared with the previous year's R14 000, and improved productivity is likely to yield future growth this year.

Net income for the year to June rose 37 percent to R6,1m and the final dividend was up 3c to 14c giving a distribution of 23,25c, while earnings were 36,74a share compared with 21,9c previously.

Edgars Stores pushed its sales 17,8 percent higher in the year to R228,9m producing a net profit for the year of R12,9m. Earnings were 29 percent higher at 650c a share and the dividend was raised from 235c to 285c.

Edgars says consumers probably found inflation a jarring experience resulting in consumer spending being muted. The results were brought about by a significant increase in market penetration and a fine tuning in all divisions.

The group's financial structure has further improved. Total capital employed is 13 percent up on last year at R98,6m and retail stocks only 12 percent up on the previous year.

* * *

An excellent turnaround in profits has been achieved by Eddles Holdings in the year to June.

Improved customer demand improved turnover for both the factory and the wholesaling subsidiary. Coupled with improved margins this has produced a continued reduction in the manufacturing loss and further improvement in the wholesaling results, giving a group profit for the year. But, warns the company, future prospects should not be viewed with undue optimism.

A R22 000 loss in the year to June 1978 has been turned into a R288 000 profit for the 12 months under review, while improved profitability is demonstrated by the rise in turnover from R11,6m to R13,91m. Compared with last year's 13,3c loss per share, this year the company has earned 14,8c per share, but it has still not declared a dividend.

c) Ander lede:

Friends (Quakers) en van die American Friends Service Committee deurgebring. Hy het 'n aantal konferensies in verskillende dele van die land bygewoon, baie vergaderings toegespreek en senior beamptes van die Carnegie Corporation, van Community Relations Services van die Departement van Justisie van die Amerikaanse regering, van die American Friends Service Committee en kollegas verbonde aan verskeie universiteite besoek.

Gedurende Augustus en September het die Direkteur Engeland, Nederland, Switzerland, Swede, Israel en Zambië besoek. Hy het vooraanstaande joernaliste, Suid-Afrikaanse diplomate, senior amptenare van die Suid-Afrika-Stigting en verskeie regerings betrokke by Suid-Afrikaanse belange ontmoet. Hy het besprekings gevoer met stigtings, trusts en opvoedkundige verenigings. As gevolg van sy besoek aan Nederland het hy 'n toelae vir die Konstruktiewe Program ontvang van die Algemeen Diakonaal Bureau van die Gereformeerde Kerken in Holland.

Professor J.L. Boshoff, ere-Fellow van die Konstruktiewe Program, het met 'n aantal instansies, wat universiteite in Natal en Transvaal insluit, en met verskeie handels- en industriële firmas in Natal, kontak opgebou.

(b) Konferensies

Gedurende 1978 het die Direkteur die volgende konferensies bygewoon:

Jaarlikse Konferensie, Nasionale Uitvoerende Komitee- en Raadsvergadering van die Suid-Afrikaanse Instituut vir Rasseverhoudinge, Kaapstad (Januarie).

Suid-Afrikaanse Jaarlikse Vergadering van die Religious Society of Friends, Stutterheim (April).

Negende Wêreldkongres van Sosiologie, Uppsala, Swede. Verhandeling voorgelê in Werkgroep 6 en vergaderings bygewoon van die Raad van die Internasionale Sosiologiese Vereniging as die amptelike afgevaardigde van Suid-Afrika (Augustus).

The Star Friday August 31 1979

Hard cash goes out of fashion in credit card boom

By Pieter de Vos

Hard cash appears to be going out of fashion as more and more South Africans turn to credit cards.

[illegible] than 10 years [illegible] the [illegible] credit card [illegible] launched on the South African market, [illegible] than half a million South Africans [illegible] at least one.

Standard Bank, which introduced its card about four years ago, will have more than 200 000 card-holders by the end of this year. Barclays [illegible] 310 000 card-holders, and the number [illegible].

[illegible] than 20 persons [illegible] elsewhere.

Estimates are that more than R[illegible] worth of business will be transacted through Barclays and Standard credit cards this year.

Next year another two major banks, [illegible] and Nedbank, will launch their credit cards. [illegible] has given any [illegible] what contribution they will make in [illegible] the usage of credit cards.

A [illegible] their own cards from Barclaycard or Standard Bank [illegible] their own bank.

Most of the big cash retail stores were [illegible] unwilling to [illegible] the scheme. The banks [illegible] a contractual [illegible] [illegible]

[illegible]

Stores more optimistic over non-racial restaurants

CT. 5/9/79

(30)

Staff Reporter

THE MANAGEMENTS of big department stores throughout the country feel they are on the verge of a breakthrough after last week's scrapping of apartheid in the Edgars Stores restaurant in the city centre.

Optimism pervaded comments by company executives and, said Edgars Stores chairman, Mr Sydney Press, from his Johannesburg headquarters yesterday: "I am grateful to Mr Louis Fouche, secretary for Community Development, for seeing me in Pretoria last week and agreeing that our restaurant can be free of any restrictions as far as people are concerned.

"In Johannesburg our restaurant has been open to all races for some time, and applications are pending for other main centres in the country." Mr Press emphasized that his discussions with the Department of Community Development were cordial.

He would not comment on the question of whites complaining again about the presence of coloured diners. He conceded that white complaints — directly to Community Development and not to Edgars Stores — had led to the putting up of apartheid signs in the first place.

Mr A Fabig, a director of OK Bazaaars, said from Johannesburg yesterday, his company had "put its toe in the water" and had applied for multiracial facilities for its Eloff Street store, the biggest of the chain in the country.

His company did not wish to antagonize anyone and would await the outcome of the Eloff Street application.

His company had meanwhile decided on a policy of all-or-nothing. If it was insisted that there should be separate facilities, such as only standing eating room for blacks, seating accommodation for whites would be done away with and everybody would have to stand.

Just over a week ago the Secretary for Community Development, Mr Louis Fouche, said that applications for open restaurants would be sympathetically considered. This stand was described by Mr Richard Lyne, managing director of Greatermans, as "encouraging".

It's official: giant market project will be black after all

(30) 7/9/79. Post

By IKE MOTSAPI

THE development of the giant supermarket at the "white owned" complex at Klipspruit, Soweto, which is to be declared black, will go on as planned according to the senior developer, Mr Aaron Cohen.

The transfer of land ownership was confirmed yesterday by a spokesman for the office of Dr Piet Koornhof, Minister of Co-operation and Development.

Mr Cohen yesterday told POST the development of the supermarket would not be halted as a result of the transfer of land ownership. He said he was going on with the development.

What he needed was permission from the new owners of the land.

The transfer of land was revealed at a meeting between Dr Koornhof and members of the National African Federated Chamber of Commerce (Nafcoc) on Wednesday.

The Liaison Officer of the Department of Co-operation and Development at Pretoria, Mr van Schalkwyk confirmed the transfer of the land ownership.

BEAMING

Mr M M Maubane, an executive of Nafcoc, confirmed this and said the area "has been declared black and was now part and parcel of Soweto."

When this news reached the area yesterday, Sowetans were beaming with joy.

The chairman of the Soweto Traders Association (STA), Mr Veli Kraai welcomed the move and said. "This is good news. We have been fighting for years to get that supposedly white compex."

An official of the South African Council of Churches, Dr Manas Buthelezi also welcomed the move. He however said it was sad that blacks were not allowed to trade where they could.

Blacks had to wait for a proclamation along the lines of ethnic grouping before they were allowed to trade.

A social worker, Ms Kate Menyatso said she was happy about the proposed move. Blacks not only in Soweto, but throughout the country should be given a chance to prove their worth.

"We have suffered a lot and it is good that the Government now realises that we are people like any other race," she said.

QUESTIONS

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Draw up the income statement for the 19.8 financial year
under a) liability method

b) deferral method

Assume the tax rate remains 42%

the cost of raising the necessary funds has to be taken into account. The funds themselves are already justified by comparison with the alternative methods of provision, but there are additional costs involved in raising them: interest on loans, or administrative and incentive costs of raising taxation. These are normally insignificant for any given ... but may affect the overall amounts available for the health ...

...roviding a given se... use the ...portions, the d... ...mming, tho...

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There are various means o... expenditure be accounted ...

2.1 Programme Budgeting

Programme budgeting, also k... presentation of expenditure ... is directed. Thus, projec... geriatric problems, sanitat...

This is necessary:

(a) to know the cost of ... objective;

(b) to group together activities with the same objectives which can be compared by cost-effectiveness analysis;

(c) to know the effectiveness of a given amount of money when spent on different objectives, so that choices can be formulated in terms of the alternatives we might afford - so many geriatric day care centres, so many child welfare clinics, etc.

Financial statistics are ...

... budgeting, then, entails the attempt at this separation, sorting out from the multiplicity of decisions those which can be made on the basis of administrative or economic, together with medical-technical criteria, and those in which the role of the public through political

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There a... behind ca... spurred on... with the ... flexing their ... The tearoom... collective power... the East Rand ref... until their commiss... 12.5%. The newsp... the claim that th... despite incr... sisted th... adequate...

The impasse was resolved when Demosthenes Michos, chairman of the 2 500 strong Tearoom, Restaurant Proprietors and Cafe Owners Association persuaded recalcitrent owners to drop the boycott on condition that the newspaper industry looked into the matter. This happened, and commissions on dailies have been upped to 15%, a 20% increase. A further concession is the undertaking from the newspapers is that they will consult the tearooms when future price increases come about, and " won't act unilaterally" again.

handle the bottles." All this, and breakages of around 15%, have to come out of his pocket for no income."

What owners are looking for is a percentage on the value of deposits handled ("Receipts on empty bottles - people buy at the hypers and bring us the empties - are far greater than profits in the game"). This would be similar in concept to the handling fee paid to retailers by the breweries and wine producers.

Michos is adamant: "Our contention is that if the liquor industry can do it, so can

Cafe spokesman Michos . . . flexing his muscles

Matters don't rest there however. Next in the firing line are the magazine publishers - "commissions allowed on magazines are far too low" says Michos. These range from 20% on fast sellers to 33.3% on slow lines. "The same arguments as with newspapers apply - increased overheads, labour costs and losses due to pilferage."

Bread follows. Michos maintains that tearooms are actually losing by selling bread. Profit allowed per loaf is 1.5%, but this is eaten up by health regulations ...ipulating plastic packaging (0.75c is ... at Michos says owners are having to ... storage and wastage. Michos' ass...tion will be approaching the ...ities on this score - "we are a ...ate body and our actions can't be ... adversely affect the consumer."

...rticularly contentious issue ... the work involved in having to handle and store returned soft-...npties for no remuneration, a ...f which the SA Mineral Water ...n is not unaware - it met with ... and cafe owners last week to ...he issue. "We've got a valid ...laims Michos, pointing out that ... members each year forks out ...ntal for storage space for ... on labour to sort and

the soft-drink bottlers." What happens if they don't toe the line - will their products be boycotted? Michos adopts a concilliatory tone: "We're not threatening anybody and the association would never adopt that line." He does however add that he has his ear to the ground and hears mutterings from individual tearooms that if the newspapers could be made to see reason, so can the soft-drink producers.

Why this emergence of the tearoom owners association as a lobbying force? "It's simple," says Michos. "Too long have we been pushed around by the bigger boys in the business, and we've suddenly realised that no one else is going to fight our battles for us. We're a force, we've got muscle, and we've proved it." Perhaps others too, besides the newspapers, will sit up and take notice.

952

the cost of raising the necessary funds has t
The funds themselves are already justified by
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2. CHOICE OF PROGRAMMES

So far, we have discussed methods of choosing means to obtain a given objective. But what tools are available to aid the choice of objectives themselves? Can anything be said on the question of the priority to be given to particular diseases or age groups, whether to allocate more to child welfare clinics or care of the aged?

Overall criteria are needed, and they have to be expressed in such a way that they can guide these detailed questions. Essentially, the problem is not only to relate resources used to objectives achieved, but to relate the various objectives to each other.

There are various means of doing this; but all of them require that expenditure be accounted for by the ends it is expected to achieve.

2.1 Programme Budgeting

Programme budgeting, also known as budgeting by objectives, involves the presentation of expenditure data according to the objectives to which it is directed. Thus, projects to combat TB would be grouped together, geriatric problems, sanitation programmes, etc.

This is necessary:

(a) to know the cost of pursuing each objective;
(b) to group together activities with the same objectives which can be compared by cost-effectiveness analysis;

differential lock.

The LS1928 4 x 2 truck/tractor is ideally suited for semi-trailer and draw-bar trailer applications of up to 41 000 kg GCM.

The LS1928 6 x 2 truck/tractor is suited for semi-trailer applications up to 41 000 kg GCM.

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He adds:

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MOTOR INDUSTRY

Getting into gear

am 7/9/79

General Mining's venture into gearbox manufacture, while of limited application (only for commercial vehicles), represents a significant milestone for the motor industry

Financial Mail September 7 1979

The gearbox is the last major vehicle component which is not locally manufactured, so the new plant will fill a gap in the industry's strategic self-sufficiency.

George Clark, GM Industries at General Mining, says the first phase — the manufacture of 15 500 gear boxes a year — would cost an estimated R40m.

"Phase Two will be the expansion of the gear box manufacture to 30 000 units a year plus possibly steering boxes and axles," he added. This is likely to cost a further R100m to R120m.

A new company will be formed, AS Transmission and Steering (Pty) Ltd., of which General Mining will hold 52% of the shares and the remainder will be split between Zahnradfabriken of Friedrichshafen and possibly the IDC.

Clark said the IDC had been put price up into the various segments to find the cost of a gear box," he said.

Although Clark and De Villiers do not foresee any problems in marketing their production — which will match with the compulsory Atlantis engines — Clark said there was always the possibility that the new company may be forced to ask for tariff protection.

"We don't regard ourselves as being a hothouse industry, but should things look like getting out of hand we may just have to use such a procedure to protect our own industry," he said.

However, at this stage it is going to be a "free market" battle — with the General Mining/Sandock group currently holding most of the aces.

Financial Mail September 7 1979

Indian traders allege coercion into bazaar

(30)

C.T. 1/9/79

(31)

(358)

By RICHARD WICKSTEED

INDIAN TRADERS in District Six have alleged that the Department of Community Development was "coercing" them into occupying business premises in the department's new "Indians only" Asiatic Bazaar in District Six.

The bazaar has been dubbed "Fouche's Folly" after the Secretary of Community Development, Mr Louis Fouche.

Two traders alleged that they were aware of instances in which the department had promised traders — who were to be evicted from their homes and business premises — houses in Rylands Estate if they accepted the offer to move their businesses to the bazaar.

When approached, these traders declined to comment.

Construction work on the bazaar, which is being built behind the Good Hope Centre in District Six, is due to be completed next month.

Most of the traders spoken to have received "termination of occupation" notices from the department, informing them that their business premises were to be appropriated in terms of the Community Development Act of 1966.

Soon after the eviction orders arrived Community Development officials delivered application forms — for premises in the Asiatic Bazaar — to the evicted traders.

The traders, most of whom have occupied business premises in District Six for decades, feel that the bazaar will be a financial flop, but that the department has left them no alternative other than to apply for premises.

The termination of occupation notices state that "an extension will be granted should alternative business premises not be provided . . . before the scheduled date of eviction".

Bitter about this "coercion", the traders say they have no alternative other than to ignore a call by the Western Cape Traders' Association to boycott the "racially exclusive" Asiatic Bazaar, as to do so would leave them financially destitute and open to further "manipulation" by the department.

The department has so far received 70 applications for the 72 trading premises in the bazaar.

According to the traders however, the situation presents a "Catch-22" predicament, as they feel that the bazaar will not attract shoppers because it is in an inaccessible position, is removed from their normal clientele and has been designed primarily as a tourist attraction similar to Durban's Indian Market.

One of the traders spoken to by the Cape Times — all of whom wished to remain anonymous — said he had operated from his property for 20 years, and was "extremely angry but unsurprised" by the department's actions.

He demanded that the department grant the traders a rent-free trial period for the first six months of the bazaar's operation.

The secretary of the Western Cape Traders' Association, Mr K Allie, said "those who have applied to trade in this area are most probably those who have been forced out of District Six by eviction and demolition.

"The whole District Six situation is morally wrong. Let the black, coloured and white man trade together. The prime minister has said 'let the white man come and trade in Soweto'.

"We say: 'Let all sections of the trading community work together in South Africa'."

An executive spokesman for the District Six Rent, Residents and Ratepayers' Association said shopping-centres in the southern suburbs had been hard hit by petrol price increases.

"The fact that 70 traders have applied for the 73 shops in the bazaar is irrelevant. It is uneconomical for people to leave the by-passing freeways to shop at an Indian bazaar. The Indian traders will have to trade among themselves.

"There is no need to condemn the bazaar: it will condemn itself. 'Fouche's Folly' is nothing more than a monument to himself and to petty apartheid."

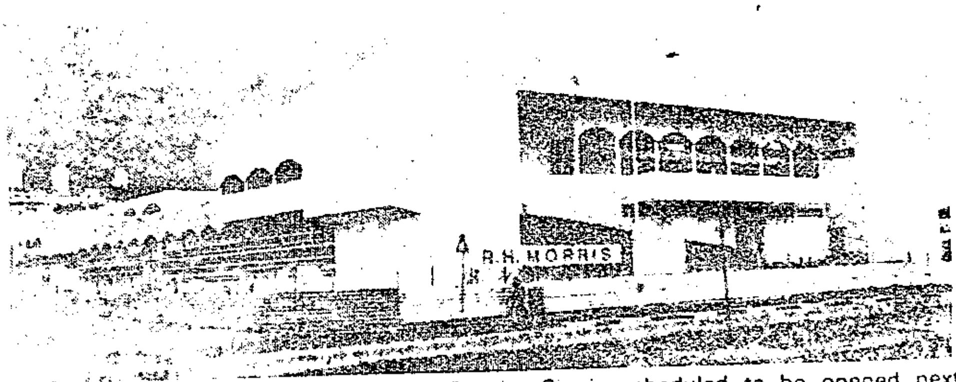
● The Cape Times was unable to contact any senior Department of Community Development officials for comment.

However, the Under-Secretary for Community Development, Mr B van der Vyver, said the bazaar had been designed and sited by the best planners and architects available.

"The bazaar is a very modern shopping-centre. The siting is ideal. It is next to the central business district. At the moment the Indian traders are scattered all over District Six. It is very much a viable proposition," he said.

He said the bazaar had been planned for the traders, and they had been consulted.

Mr Van der Vyver said he viewed as "incorrect" the allegation that some traders had been offered homes in Rylands Estate in exchange for occupying trading premises in the bazaar.



The "Indians only" Asiatic Bazaar in District Six is scheduled to be opened next month but has already provoked criticism of the Department of Community Development, which commissioned it

30 13/9/79

A solution for the small man...

Star 13/9/79

Go out and get yourself a franchise operation

30

The mortality rate of small businesses, particularly those which open on a limited budget, is alarmingly high.

In America there is a 50 percent failure rate among small businesses who have opted for the fast-food type of operation, and a 10 percent failure rate for chains. With these types of statistics, no wonder banks and finance houses become wary of involvement.

Most people have at some stage wanted to open their own businesses, but either lack sufficient capital to cope with the required marketing and advertising, or have insufficient knowledge of business procedure and the actual mechanics of making a particular business work.

For the small man there is a solution — he can buy a franchise.

EFFICIENT

Franchising in South Africa is not a new thing, but in many cases it is overlooked by the businessman, wishing to set up an operation in a particular field.

In its simplest term, franchising is an efficient system of distribution. Under the umbrella of the franchisor, the franchisee gains the knowhow to avoid costly and time consuming errors.

Franchising has been described as the last outpost of independent entrepreneur, giving him the opportunity to put his personal mark on a nationwide enterprise, while at the same time offering the security of proven products or services.

By obtaining a franchise an individual associates himself immediately with a nationally known brand or trademark. But before a franchisee is accepted by the franchisor, he is usually throughly screened and given an intensive training in the particular field he is about to enter, whether it be fast foods or carpet cleaning.

The franchisee is required to invest a certain amount of capital into the business, the exact amount depending upon which type of operation he is about to enter. He is often required to contribute to the advertising of the product, and he must pay the franchisor a certain percentage of his turnover.

The franchisor, in order to protect the product image, can be expected to continually check on the performance achieved and the service given by the franchisee.

Like any other business enterprise, the more success the franchisee makes of his business, the more return he receives on his investment

If he does well and increases the value of his own outlet, like any other business, the outlet can be sold at a good profit.

CANCEL

If for any reason the franchise is not conducted to the standards set down by the franchisor, it can be cancelled.

The franchisor does have an outclause whereby he can sell the franchise to another person, re-imbursing the original franchisee once it has been sold.

An edition of Hotel and Caterer points out that not that all franchise agreements have been a resounding success in South Africa. Only two years ago Wimpey South Africa found itself with considerable liquidity problems, which were solved only by a substantial cash injection by J Lyons and Company UK.

Following an analysis on the successful and unsuccessful franchisees, 90 outlets were closed. Now, with 30 well-run and strictly controlled outlets. Wimpey has increased its turnover 33 percent in two years to R20m.

Instead of the total cost of advertising being borne by the franchisor, it is now split 50-50 with the franchisees. Staff motivation has been introduced to cut down on staff turnover, a constant problem.

PHILOSOPHY

Although the philosophy of a fast-food operation is to turn seats over as quickly as possible, and the sale of liquor prevents the rapid vacating of seats, the success of the Notting Hill Gate Wimpey Bar in London has prompted Wimpey SA to establish a similar operation in Johannesburg.

A study of the Notting Hill Gate operation revealed turnover had increased 2½ times within three weeks of re-opening under its new guise.

Kentucky Fried Chicken increased its turnover by 17 percent to R15m in 1978. and it is thought this stemmed from television advertising.

Apart from training programmes, KFC aims for quality control. A Control team make six mystery visits a year to each of the 81 outlets and carries out an investigation of the product immediatley afterwards in a nearby vehicle.

KFC has proved so highly successful with blacks, that an outlet is to be opened next month in Umtata and another in Soweto in November. KFC already has branches operating in Seshego in Lebowa and in Maseru.

Hillrand Business Brokers have set up a new company to deal with the sales arm for franchinees, trading under the name of Franchise International. While franchises so far in South Africa have been limited mainly to garages and fast food operations, Franchise International has a wide variety of franchise operations in the pipeline. These include "Athletes Foot," a shop for joggers, and Spring Crest Draperies, a furniture outlet.

STUFFED CABBAGE SALAD — May Bennett, Ridgeworth

1 fresh green medium size cabbage
onions
carrots
tomatoes
fresh pineapple
radishes

Cut the centre from the cabbage, leaving the outer leaves to form a bowl. Wash well. Chop onion. Peel and cube the carrots and pineapple. Cube tomatoes. Thinly slice some of the inner leaves of the cabbage leaving the stalks. Place the carrots, pineapple, tomatoes, sliced cabbage and the finely chopped onion in a bowl adding any juice from the tomatoes, pineapple and add salt and black pepper to taste. Toss well, then pile the salad into the cabbage "bowl". Garnish with radish roses and a small bowl of mayonnaise for those who like it. To make the radish roses, cut across the tops in a double cross, then put them in iced water until the radishes open up.

---oOo---

GERMAN POTATO SALAD — Ethne Beard, Port Elizabeth

boiled potatoes
cooked bacon
mayonnaise
chopped onion
salt and pepper

Cube the potatoes while still hot. Chop up the bacon, mix with the potatoes, onion and mayonnaise. Season with a little salt and pepper. Use hot or cold.

---oOo---

EGG SALAD — May Bennett, Ridgeworth

hard boiled eggs
salanaise
salt and pepper
paprika and parsley

Cut eggs in half and lay on a flat salad platter; cut side down. Pour over salanaise.

---oOo---

CHICKEN AND CUCUMBER SALAD — S. Drury, East London

1 cup cooked chicken, diced
4 T finely chopped walnuts
French dressing/mayonnaise
lettuce
1 cup cucumber, peeled and diced
1 cup cooked green peas

Marinade chicken, cucumber, nuts and peas with French dressing. Serve on lettuce with mayonnaise. Cover with greaseproof paper and refridgerate until ready for use.

French dressing:
Blend together 6 T salad oil and 2 T lemon juice.

---oOo---

SPRING GREEN SALAD — May Bennett, Ridgeworth

1 medium size lettuce
1 cucumber
2 onior
parsley

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CURRIE

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and lemon juice; mix well. To serve, add dressing to salad; toss gently. Makes 4 - 6 servings.

---oOo---

30 13/9/79

New car sales rising

PORT ELIZABETH — Figures released here by Naamsa (National Association of Automobile Manufacturers of SA) show that sales of new motor cars during August remained buoyant — up by nearly 1 000 over the previous month's sales, or 5,5 per cent, and up by 724, or 3,9 per cent, over August last year.

Based on sales for the first eight months this year, some 211 385 units should be sold before December 31.

Car sales in August totalled 18 893 (18 169 in August, 1978) and the progressive total for the first eight months this year, at 140 923, was 2,6 per cent up on 137 395 for the January to August figure last year.

Commercial vehicle sales last month, at 8 677, were 1,6 per cent up on the 8 542 units sold in August last year, and well up on 7 693 recorded in July this year.

However, sales of commercial vehicles during the first eight months this year, at 64 893, showed a 4,8 per cent deficit compared with 68 140 sold from January to August last year.

Highest car sales recorded last month came from Volkswagen, with 4 520 units, 382 more than Sigma Motor Corporation. This reversal from the previous month can be mainly attributable to sales of Volkswagen's Golf, which streaked ahead of Sigma's Mazda 323, leader in July, with sales of 2 824 agains 2 285. In July Mazda 323 sold 3 058 and the Golf 2 756.

Third of the manufacturers in August was Ford (2 604) whose Escort, with sales of 1 215, also took third "individual" spot, overtaking Cortina (1 139), while fourth place was taken by Datsun (2 055) and fifth by Toyota (1 842).

In the commercial vehicle field, Toyota retained the lead with 2 441 units (1 921 in July), followed by Datsun 2 197 (1 872) and Ford 1 080 (1 046).

Combining car and commercial vehicle sales, Sigma retained its lead with 4 882; followed by Volkswagen, 4 780; Toyota, 4 283, and Datsun, 4 252. — SAPA.

MOTOR INDUSTRY FM 14/9/79 (2)

Let's be rational

Proliferation of models, that old bone of contention, was gnawed again in Durban last week at a function to introduce the motor industry to a modular cab system for medium and heavy trucks. Secretary for Industries, Phillip Theron, grumbled that 18 manufacturers of heavy goods vehicles producing 166 models with 280 variants was altogether excessive and that a fraction of that number would be sufficient.

On the subject of local content he noted that with engines, gearboxes and drive axles now produced (or due to be) in SA, it followed that greater local content should apply to the rest of the vehicle. All this was sweet music to hosts Rowen (SA) which was testing reaction of the local motor industry to the idea of producing standard panels for heavy vehicle cabs.

Rowen is a Durban-based engineering company producing steel stampings and fabrications for the motor industry and other odds and ends ranging from wheelbarrow pans to solar heaters and cane knives. The rationale for standardisation is quite simply that SA is a low-volume market for medium and heavy trucks and consequently tooling costs per unit are heavy.

Significant savings could be made by mass-producing standard panels which could account for as much as 70% of the cab shell and still leave room for manufacturers to express their individuality.

SMALL IS TOPS

Latest figures from the National Association of Automobile Manufacturers (Naamsa) indicate that the battle of the small cars is continuing unabated. But sales of larger, executive cars are starting to pick up again after the initial shock of higher fuel prices.

In August, VW's Golf range recorded 2 824 sales making it the most popular car line of the month, with Sigma's Mazda 323 taking second place on 2 285.

Ford must be happy with sales of the Escort line which, with 1 215 unit sales, exceeded Cortina sales for the first time since November 1976. And sales of Alfa Romeo's recently launched Giulietta, at 311 units, was the company's best figure for a car line for well over three years.

The BMW 5 Series showed a much improved sales figure over the previous two months, but the 7 Series continued dropping, while the rival Mercedes camp is also starting an uptrend with sales 32,6% better than the previous month.

AUGUST CAR SALES

	1979 August	% of Market	1979 July	% of Market	1978 August	% of Market
VW	4 520	23,93	4 059	22,68	3 676	20,23
Sigma	4 138	21,90	4 560	25,48	3 154	17,36
Ford	2 604	13,78	2 356	13,17	3 747	20,62
Datsun	2 055	10,88	2 030	11,34	1 739	9,57
Toyota/Renault	1 842	9,75	1 567	8,76	1 311	7,22
GM	1 002	5,30	1 069	5,97	2 003	11,02
Fiat	772	4,09	649	3,63	390	2,15
BMW	640	3,39	502	2,81	681	3,75
Alfa Romeo	560	2,96	328	1,83	274	1,51
UCDD (Mercedes-Benz)	541	2,86	408	2,28	529	2,91
Leyland	215	1,14	364	2,03	656	3,61
Other	4	0,02	3	0,02	9	0,05

August total .... 18 893 (3,98% up on 18 169 last year)
Jan-Aug total .... 140 923 (2,57% up on 137 395 last year)
July total .... 17 895 (August 5,58% up)

COMMERCIALS

	1979 August	% of Market	1979 July	% of Market	1978 August	% of Market
Toyota	2 441	28,13	1 921	24,97	1 833	21,45
Datsun	2 197	25,32	1 872	24,34	1 443	16,89
Ford	1 080	12,45	1 046	13,60	1 526	17,86
GM	813	9,37	944	12,27	1 141	13,36
Sigma	744	8,58	735	9,55	1 092	12,78
Leyland	389	4,48	287	3,73	410	4,80
UCDD (Mercedes-Benz)	310	3,57	236	3,07	205	2,40
VW	260	3,00	290	3,77	548	6,42
Fiat	239	2,75	187	2,43	190	2,22
MAN	75	0,86	63	0,82	41	0,49
Int Harvester	48	0,55	25	0,32	27	0,32
Oshkosh	19	0,22	20	0,26	11	0,13
Magirus-Deutz	18	0,21	22	0,29	22	0,26
ERF	12	0,14	13	0,17	10	0,12
Vetsak	12	0,14	8	0,10	20	0,23
Malcomess-Scania	10	0,12	13	0,17	15	0,18
Fodens	9	0,10	5	0,06	8	0,09
VSA	1	0,01	6	0,08	—	—

August total .... 8 677 (1,58% up on 8 542 last year)
Jan-Aug total .... 64 893 (4,77% down on 68 140 last year)
July total .... 7 693 (August 12,79% up)

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(c) to know the effectiveness of a given amount of money when spent on different objectives, so that choices can be formulated in terms of the alternatives we might afford - so many geriatric day care centres, so many child welfare clinics, etc.

Financial statistics are not traditionally arranged on this basis but in categories such as 'salaries', 'transport', 'medicines', etc. A separa- ... between expenditure on different ...

231

the necessary funds has to be taken into account. ... are already justified by comparison with the alter- ... ovision, but there are additional costs involved in ... st on loans, or administrative and incentive costs ... These are normally insignificant for any given ... ct the overall amounts available for the health

... the basis of administrative or economic, together with medical-technical criteria, and those in which the role of the public through political

(a) to know the cost of pursuing each objective;

(b) to group together activities with the same objectives which can be compared by cost-effectiveness analysis;

(35) FM 14/9/79

EDGARS

Productivity drive

Activities: *National retailer of clothing, footwear and household textiles. Operates 433 stores in SA, Zimbabwe-Rhodesia and neighbouring countries through three retail chains, Edgars, Sales House and the Jet self-service cash chain. Edgars Consolidated Investments holds 50% of the equity.*

Chairman: *S A Press; deputy chairman: S Chatfield; managing dirctor: A D P Bellamy.*

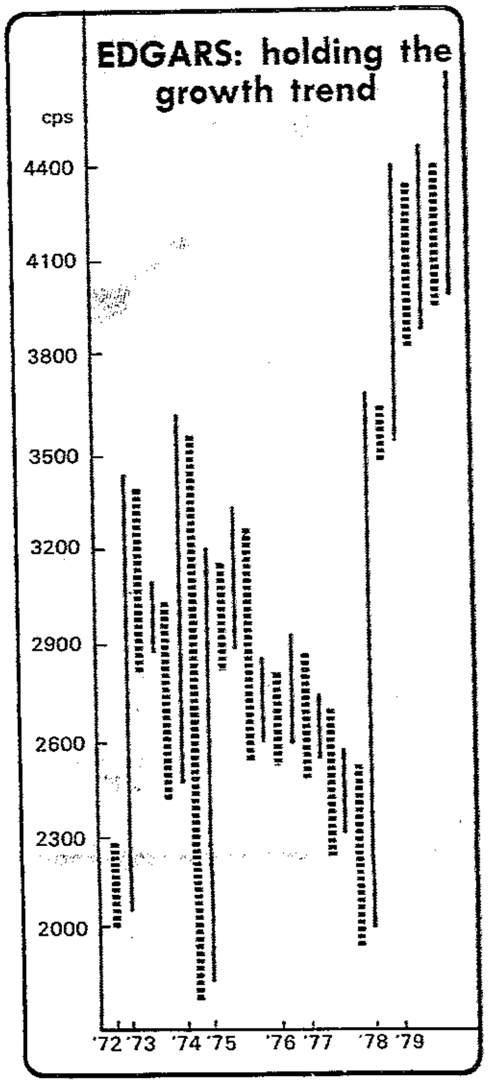
Capital structure: *1,8m ordinaries of 50c. 150 000 6% prefs of R2; 400 000 participating prefs of 20c.*

Market capitalisation: *R86,4m.*

Financial: *Year to July 7 1979. Borrowings: long and medium term, R28,6m; net short-term, R599 000. Debt:equity ratio: 64,5%. Current ratio: 2,6 Net cash flow: R8,2m. Capital commitments: R6,1m.*

Share market: *Price: 4 800c. (1978-79: high, 4 800c; low, 2 000c; trading volume last quarter, 16 000 shares). Yields: 13,8% on earnings; 5,9% on dividend. Cover: 2,3. PE ratio: 7,3.*

	'76	'77	'78	'79
Return on cap %	28.6	19.4	24.7	26.9
Turnover (Rm)	142.3	169.9	194.4	228.9
Gross profit (Rm)	18.4	16.8	21.5	26.5
Gross margin %	12.2	9.9	11.1	11.6
Earnings (c)	485	356	513	661
Dividends (c)	185	210	235	285
Net asset value (c)	2 104	2 232	2 719	3 101



Edgars started out 50 years ago in September in a single basement shop with the idea of buy now and pay later the Edgars' way. It has proved a resounding success. Today there are three chains with separate identities catering to consumers at 433 stores. Every week the group sells R4,4m worth of merchandise, generating a taxed profit of R250 000.

Growth over this period has been consistently good, and last year was no exception. Although turnover rose by 17.7%, an increase in operating efficiency and an improvement in gross margins from 11.1 to 11,6, led to gross profit rising by 23.4% to R26.5m. At the attributable level, adjusted earnings were 28.8% higher at 661c per share and net cash flow improved from R6.2m to R8.2m.

While total borrowings rose by 9.8% as a result of higher short-term obligations, the debt:equity ratio dropped from 66.8% to 64.5% as total shareholders' funds rose faster from R50.9m to R57.9m. Also, more effective use of capital was reflected in the return rising from 24.6% to 26.9%.

This time round, Edgars' leasing charges of R5.2m exceeded the interest bill of R4.8m, with the total covered 2.6 times by gross profit compared with 2.2 in the previous year. As a consequence of the group moving towards its stated policy of eventually covering the dividend 2.5 times, the dividend this year of 285c was 21% higher, and cover was lifted from 2.1 to 2.3.

In the face of a muted economic recovery which found consumers rather tight-fisted, Edgars' improvement stemmed largely from increased market penetration, which rose from 6.9% to 11% as younger shoppers flocked to the city flagships and amplified stores in major areas. In particular, the Sales House chain and Celrose manufacturing division are said to have made notable contributions and the cash-only Jet chain grew by 23%.

Over the year, stock turn improved slightly from 4.2 to 4.4 times, based on year-end stock levels, while sales per m² improved from R717 to R779 and sales per retail employee rose from R28 800 to R30 300.

The average selling area per store has risen from 297 m² in 1974 to 679 m² last year, which has led to higher productivity. Further amplification is on the cards, and the extent of the scope that exists is apparent when one compares Woolworths' sales per employee of R52 456. Different product mixes make the comparison only partly valid, but the gap can be narrowed.

Edgars intends capitalising on its successful merchandising and marketing policies by adding another 24 000 m² of retail space in the current year. Included in this will be openings in Bloemfontein and Pretoria to complete the flagship programme this year. This compares with 23 000 m² of new space last year, which brought the gross area of the 433 stores up to 294 000 m².

Chairman Sydney Press, who will hand over day-to-day management to MD Adrian Bellamy on October 1, cautions that more retail space is being provided than SA can absorb. And to compound the problem, building costs are increasing at an alarming rate. Press says that the cost of fittings and new stores has leapt by more than 50% in the past three years.

Now, having increased retail space five-fold in the past 10 years, and having constructed and absorbed the costs of its national HQ at Edgardale and the large Tongaat factory, the time has come to concentrate on maximising the use of these facilities. In Press' opinion, the three retail chains have the potential to double the density of their trading areas, leading to substantially higher sales and profit per unit trading area at little extra cost.

One of the major growth areas is the Jet chain. Management feels that Jet, which sells on a cash-only basis, could be instrumental in increasing the proportion

EDGARS COMPARED

Year to	Edgars July 7 1979	Woolworths May 31 1979
Turnover (Rm)	229	170
Gross profit (Rm)	26.5	25.9
No of stores	433	65
Area/store (m²)	679	1 517
Sales/m² (R)	779	1 724
Sales/employee (R'000)	30.3	52.5
Current ratio	2.6	2.3
Debt:equity (%)	64.5	0.4
Stock turn	4.4	8.0

marj.

Peel brinjals and cut into Julienne strips. Put into enamelled pot and cover with white vinegar and bring to the boil. Cook for as short a time as

...fication for the 5.9% yield in today's market. But, given only 1.8m shares in issue and the price of 4 800c, the lack of marketability is a detraction to smaller investors. Perhaps now is the time for a

ASPARAGUS TART

Sharon Young, Rondebosch

Crust:
1/4 lb grated cheese
1/4 lb flour
salt
1/4 lb grated butter
1/2 t baking powder

Press together with hands, and press into baking dish.

Filling:
1 tin salad asparagus
4 T breadcrumbs
2 cups milk
2 T butter
4 T grated cheese
liquid from asparagus

Pack asparagus in the raw crust. Then breadcrumbs, then cheese. Make white sauce with the rest of ingredients. Cool. Beat 1 egg into it. Cool. Pour over. Bake for ± 25 minutes at 350°F.

CURRIE

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The Star Monday Septer

30 17/9/79

Greatermans cuts down loss to R2,9m

By Jean Moon

Putting its house in order has cost Greatermans a loss of about R8m before taking into account a R3,4m profit on group operations for the year ended June 30.

Since taking over the helm, Isaac Kaye has cut his losses by instigating substantial write-offs in Prudential Shippers and a drastic mark-down of stocks in the department stores and in Ackermans.

The net result has been a R2,9m loss attributable to shareholders.

But now directors feel the group is well-poised to take advantage of the increase in consumer spending which is currently taking place.

They are also optimistic as far as Checkers is concerned. The supermarket chain had a successful year, and achieved its profit budget. Also, the results of Clicks — in which Greatermans reduced its stake from 50 percent to 37 percent — were encouraging. Group investment in this toiletry chain was reflected in the company's books at R3,1m at the financial year-end.

Steps have also been taken to strengthen management at all levels.

As could be expected, no dividend has been declared for the financial year.

* * *

Issues and Investments increased its earning 17,6 percent during the year to June from 420c a share to 493,9c. The final dividend has been raised 10c to 70c making a total distribution of 125c for the year.

The tax rate was reduced from 36 percent to 33 percent, while turnover improved 31 percent to R38,21m and pretax profits rose 10,8 percent to R2,55m.

* * *

Industrial and Commercial Holdings improved its earnings from 101,89c to 120,46c a share in the year to June, out of which shareholders are to receive a 7c rise in final dividend to 40c a share.

On a 31 percent rise in turnover to R38,21m, pre-tax profits rose 10,8 percent to R2,56m.

CHILLI

1 pkt Royco tomato vegetable soup
1 small tin baked beans
5 ml (1 t) curry powder
500 g minced meat
40 ml (2 T) cooking fat
250 ml (1 cup) water
clove garlic, crushed

Fry the garlic in heated fat for a minute. Add the meat and fry lightly. Blend the soup powder and curry powder with water and stir into meat. Bring to boil and add baked beans. Cover and simmer gently for 30 minutes.

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FLUFFY TOPPED BOBOTIE

Sharon Young, Rondebosch

1 - 2 medium sized aubergines (eggplants)
1 - 2 large onions
3 - 4 large tomatoes
2 - 2 1/2 T oil
2 lbs meat from leg of lamb
1 t curry powder
seasoning
1/2 pt (1 1/3 cups) brown stock
bouquet garni
2 - 3 T chopped blanched almonds

Topping:
6 T (1/2 cup) very smooth mashed potato
2 T thin cream
3 eggs
1 - 2 T finely grated Parmesan cheese
seasoning

Dice the aubergines (eggplants), the peeled onions and tomatoes and toss in the oil. Dice or mince the lamb and mix with the vegetables. Add the curry powder, seasoning and stock. Simmer for about 15 minutes, stirring well to mix the meat with the vegetables. Transfer to an oven-proof dish, add the bouquet garni and nuts. Cover the dish and cook in the centre of a very moderate oven, 325 - 350°F, Gas Mark 3 - 4, for 45 minutes. Remove the bouquet garni. Mix the potato, cream, egg yolks, cheese and seasoning. Fold in the stiffly whisked egg whites. Spread over the meat and cook for a further 20 minutes.
Serves 5 - 6.

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TASTY LUNCHEON - OR SUPPER DISH

Sharon Young, Rondebosch

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umbs,
small

Heat oven to 350°F. Sift dry ingredients together. Rub in margarine. Blend to dropping consistency with the eggs and milk. Fold in the cheese and drop into greased ring tin (approximately 20 cm). Bake for 30 - 35 minutes.

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Star 18/9/79 (30)

"Dusty" Miller

Greatermans back on feet

'We have the right people'

Isaac Kaye, Greatermans chief.

By Jean Moon

"As far as we can see, all loss-making steps have now been carried out," says Greatermans' new chief executive, Isaac Kaye.

Mr Kaye is now "quietly optimistic" that the group has been put back on its feet following the steps taken which cost about R8m.

WRITE-OFFS

These steps included substantial write-offs in Prudential Shippers and large markdown in the department stores and Ackermans. The overall effect amounted to a loss of about R8m, but profits of associated companies reduced the loss attributable to shareholders to R2,9m.

In-depth investigations carried out by the group lead Mr Kaye to believe that from now on everything is "full steam ahead."

The complex problems affecting Prudential Shippers have been solved and the company has changed direction, concentration now on financial services rather than the lending of money.

CHANGED

The board and the top management, excluding that of Checkers, have been changed. Harold Joffe has taken over as financial director, Trevor James has taken the helm of the computer services division and Stewart Cohen is now in charge of Ackermans.

Next month Bill Loudon is to take over the Greatermans department store division. "I searched for the right man and found him," said Mr Kaye, who describes the new staff member as a highly motivated Scotsman who understands the trade thoroughly.

If Bill Loudon does for Greatermans what he managed for Harvey Nichols in London, turning it into a highly profitable situation in 18 months, shareholders can relax. Although his latest London venture catered for the top end of the market, Mr Loudon spent years with the John Lewis goup, which gave him a thorough knowledge of all sectors of the market.

Mr Kaye, who started his career as a pharmacist, believes in delegating work to the right people "and we now have the right people.

PARTNER

"All businesses do well when the right people are in charge," he says.

The Isaac Kaye-Dusty Miller "dream" partnership began 22 years ago in Rhodesia, and the two men have worked closely together since then.

The star of the Greatermans stable is Checkers, the food chain which caters for every segment of the community. Wherever possible a Checkers will be installed in every Greatermans department store.

(30) 18/9/79 Post

Nafcoc is for investments

By PAULINE BUTHELEZI

THE executive director of the National African Federated Chamber of Commerce (Nafcoc) told a Press conference yesterday that his organisation was not opposed to foreign investments.

Mr M M Maubane said Nafcoc was not opposed to foreign investments on condition these were channelled and directed towards the development of under-developed areas like the black urban townships.

He was speaking at a Press conference at which Nafcoc was reporting back on its meeting with the Minister of Co-operation and Development, Dr P G J Koornhof in Pretoria early this month.

Here are some of the points raised:

● On the question of the 99-year leasehold scheme the Minister told Nafcoc that the legal problems which had made the implementation of the scheme more difficult had been resolved. People could now raise loans directly with banks and building societies.

● Mr Maubane said Nafcoc members were pleasantly surprised when their views on the creation of a branch of the Corporation for Economic Development (CED) in the urban areas, was sought by the Minister.

This turn-about by the Minister was surprising and interesting because the Riekert Commission had recommended the creation of a CED in urban townships, which recommendation the Government had turned down.

The opinion of the delegation was that this would be a positive step provided the CED did not project the same image as Bantu Investment Corporations.

● On the subject of firearms for traders, the Minister agreed to put the matter before his Cabinet for possible review by the Department of Justice. The Minister would also arrange a meeting between Nafcoc and the Minister of Justice.

● On the question of Government participation in business, the progress made in the handing over to blacks and the granting of bottle store licences to blacks, the Minister said the matter was still to be resolved by the Government.

● The Minister said service industries were now fully approved and that his department was working towards the demarcation of industrial sites in urban areas. Mamelodi industrialists were to have their sites occupied any day.

● The delegation raised the implications of creating free trade zones in residential areas. The Minister assured the delegation that the "Klipspruit Affair" was settled and that this piece of land would now be incorporated into Soweto.

The Minister reiterated his Department's concern that blacks should be protected from the type of encroachment which the successful carrying out of the Cohen scheme would have resulted in.

MOTOR TRADE

FM 21/9/79 (30)

The black bonanza

Untapped demand among blacks is widely seen as the big hope for the motor industry. Only when blacks start buying new cars in significant numbers can the industry hope to see sales lifted to an annual 500 000 or so — enough to make it viable.

So far, black buying is only important in the used car market. This is not to be sneezed at, because most new car purchases depend on a successful trade-in. But with the white market close to saturation, it is not enough.

What are the prospects for a take-off in new car buying by blacks? Not all that good, according to media man Brian Shaw, who handles the Sigma Motor Corporation account for advertising house Kenyon Wiles.

Black buying power may not be felt in the industry for the next 10 to 15 years, he says.

Shaw points out that there are many problems in the infrastructure to sort out, including "the electrification of the black townships and the advent of the television service for blacks." Once the electrification programme really gets under way there is likely to be a rush to buy items such as washing machines, hi-fi units, refrigerators, food mixers and even exotic lighting units. And all these items, says Shaw, will be bought on the hire purchase system over two-year periods, leaving little money to spend on cars.

John Dill, Ford's director of parts and service, is more sanguine. "We forecast that there will be a steady increase in new car buying by blacks to reach a share of 25% in seven years," says Dill.

Fiat sales director Silvano Grimaldi says new car sales to blacks should jump from the current 700 to 800 a month (around 5% of the overall market) to 3 000 to 4 000 a month within a year. Fiat has opened one franchise operation in Soweto, plans another in the Indian township of Lenasia and intends moving into BophuthaTswana. Grimaldi reckons black buyers previously concentrated on large cars, but the swing is now towards more compact units.

"The increase in salary per black household is such that many can now choose between buying a large second-hand car or a new small car — and many are going for the new car," he says.

Edward Mahlobo, owner of Soweto's first full new car dealership, confirms that blacks are changing their car buying habits. "They want the biggest distance for the least amount of money," he says.

Figures from the Department of Statistics show that, of all cars licensed by individuals (as against company registrations), whites claimed 82.9% as at June 1977, with coloureds 4.9%; Asiatics 4.0% and blacks 8.2%. This gives a total of 17.1% of the overall new and used car markets for the non-white sectors.

In contrast, of the minibuses individually licensed in June 1977, the whites had only 50.0%; coloureds 5.0%, Asiatics 4.5% and blacks 21.7%. More recent figures from the Department show a strengthening swing to minibuses. In January, for instance, the blacks had 1.1% of the new cars licensed and 9.1% of minibuses, while coloureds took 1.9% and 3.0% respectively, and Asians 4.6% and 5.3%. February figures were: blacks 1.0% and 15.6%; coloureds 1.1% and 2.2%; and Asians 3.8% and 6,5%.

March figures were almost on a par with February but in April blacks accounted for 1,0% and 22,8% of cars and minibuses licensed respectively, coloureds for 1,8% and 3,2%, and Asians for 3,8% and 7,4%.

But Dill's figures of 500 000 new car sales a year, is a long way off, even though, as he points out, the income per household among blacks increased by 194% between 1970 and 1977, compared to rises of 186% for coloureds, 200% for Asians and 85% for whites.

Shaw maintains that this is not enough to materially affect the sales of new cars for a few years to come. "But things may change more quickly in the homelands," says Shaw. "This is because the Blacks are developing into businessmen and anyone who can come up with a good package deal to help these emergent black businessmen to get new cars should be on a winner."

30

21/9/79

that the chain take over some existing obsolete Checkers outlets. Long-term leases on Checkers outlets can be transferred, giving Ackermans low-cost outlets with good trading potential.

Checkers' executive chairman Bob Harvey, says that about R50m will be spent on refurbishing existing stores, as well as opening new outlets and relocating.

Plans are to follow the Bloemfontein trend, with Checkers positioning in existing Greatermans stores wherever feasible. The move makes sense in that this will be a strong drawcard, as is the case with Ackermans and the Save Marts, and should fit in with the "new look" department stores.

So, with things set to move in the Ackermans and Checkers chains, what of the department stores? In all probability policy will be to move away from current marketing and merchandising of "potties and hat-stands" to concentrate on food and fashion.

Its traditional concepts are patently unsuitable as a springboard for resumed profitability. With Checkers on budget, losses for the department stores were probably in excess of R5m and the new management team is in a hurry to put things right.

Group financial director Harold Joffe emphasises that there are no cash flow difficulties. With Checkers continuing to provide the wherewithal, there are sufficient funds with which to work on the restructuring, even though the warehousing operation may be a modest drain for some time.

Needless to say no dividend was declared last year. At 370c the share has recovery potential, but it will take several successful years to regain blue-chip status.

Jonathan Bader

GREATERMANS

3

FM 21/9/79

Corrective medicine

Getting to grips with the problem of the department store operations has proceeded apace, judging from this week's preliminary profit statement from Greatermans. Although the group reported a loss on operations of R3.4m (R7.4m profit), the downturn resulted in the main from "extraordinary markdowns of stock . . . taken in the department stores and Ackermans, and exceptional bad debt write-offs and doubtful debt provisions . . . made by Prudential Shippers."

The overall effect led to a reduction in group operating profit of "approximately R8m." Adding this back, operations resulted in a R4.6m group operating profit — 39% down on the previous year. With Checkers achieving budget, this suggests far larger losses in the department stores last year.

The write-downs come as no surprise. They are often a new management's first move, aimed at clearing away past mistakes and setting a base for future improvements.

It is no secret that the department stores have been an albatross around the group's neck for some time. Checkers and Clicks provide most of the group's income, with a marginal contribution from Ackermans. Now, with strengthened management at all levels, Ackermans' contribution should materially increase this year, while with the write-offs now taken in the department stores they should return to profitability.

Long-neglected Ackermans is well-placed to advance. With ex-Grand Bazaars MD Stuart Cohen at the helm, the past few months have seen a re-orientation of marketing and merchandising. Merchandise is being continually updated, and emphasis is to push the stores upmarket. Installation of Save Marts in most existing and planned stores is a strong customer drawcard. They involve minimal capital outlay and, to date, are extremely successful.

Next in line for Ackermans is increased exposure in the Transvaal. One idea is

Checkers is doing well . . . and the others could follow suit this year

X DISEASES OF THE GENITO-URINARY SYSTEM

45–64	0,92	0,42	1,60	0,72	1,31	0,67	0,80	0,68
65+	1,80	1,16	1,61	2,44	1,91	0,75	1,44	0,91
ALL	0,31	0,21	0,33	0,16	0,33	0,17	0,25	0,20
NO.	653	430	116	56	370	201	533	329

XIV CONGENITAL ANOMALIES 91

	W		A		C	
	M	F	M	F	M	F
0–1	1,57	0,76	0,60	1,03	1,24	0,79
1–4	0,05	0,04	0,05	0,05	0,05	0,02
5–24	0,01	0,00	0,01	0,01	0,01	0,02
25–44	0,00	0,00	0,00	0,00	0,00	0,01

Sun. Express 23/9/79

(30)

Small egg men boycott feed giants

SOME members of the South African Independent Egg Producers' Association are boycotting poultry feeds produced by the major milling companies, a spokesman for the association told the Sunday Express this week.

Their action is the latest shot in the continuing war between Nepco — the giant egg co-operative formed last year with the backing of the millers — and the independent producers, who fear that efforts are being made to squeeze them out.

SAIEPA secretary Colin Jacobson said the boycotters had switched their feed accounts to smaller, independent millers because the major milling companies — chiefly Premier Milling and Tiger Oats — were in direct competition with them as egg producers.

"We gave them our support for years — until they went into the egg business themselves and seemed determined to cut our throats by taking our customers away from us," he said.

He saw Premier Milling and Tiger Oats as the aggressors in the egg war, but Tiger Oats director Clive Apsey told the Sunday Express the allegation was "garbage".

"Nobody is trying to put anybody out of business,"

'MILLS PLAN TO CUT US OUT' CLAIM

By JEAN LE MAY

he said. "Commercial life is for the winners.

"It was decided at the egg 'Turnhalle' last month that all producers would cut back in order to get rid of the surplus. But the mistakes in the industry must be paid for by the weakest.

"There are certain people in the industry who would like to see other people cut back. Their argument is, 'You're bigger, so you can afford to lose more'.

"It would be against the national interest if Tiger Oats were to cut back more than other producers. It would increase our unit cost of production and it is in the national interest to keep production costs as low as possible.

"There are two sectors to the egg industry. One sector — the major producers — believes the consumer is entitled to the most economically priced eggs and that in a free enterprise system the price should find its own level.

"The other sector — the independent producers — is searching for panaceas which involve promoting an inefficient industry whereby certain people get a guaranteed living irrespective of their ability to earn it in a free enterprise environment."

And Premier Milling director Peter Wrighton denied that his company was trying to put the independent egg producers out of business.

"Our policy has been to sit down and negotiate with other producers rather than indulge in price wars," he said.

There were two ways of reducing the surplus — by promoting consumption and by "cutting off the hens' heads".

"We're prepared to cut off more heads than anyone else," he said.

Meanwhile, Nepco this week announced a 5c reduction in the price of eggs in the Western Cape.

Mr Johan Kets, Nepco's general manager, told the Sunday Express the idea was to promote consumption in the area, where the surplus was proportionately higher than anywhere else, and to recover the share of the market which Nepco had recently lost to independent producers.

He was not prepared to say whether the 5c reduction would be extended to other parts of the country.

Mr Raymond Ackerman, chairman of Pick 'n Pay, told the Sunday Express that his chain would continue to support independent producers, and if necessary carry the loss.

"It will be a disaster if Nepco gains control of the country's entire egg production," he said. "Nepco is a cartel and once it gains control the egg price will rise astronomically — to well over R1 a dozen."

It's tough in the cramped world of stores

Sen. Tim Business 23/9/79 (30)

SENATOR Horwood's R216-million push to the economy does not make consumer sectors of the JSE much more attractive.

While the package was marginally heftier than expected, it was largely discounted ahead of the announcement and amounted to less than 1% of retail sales in 1978.

While most of the store groups will probably do well in the current year, some observers, including SA Mutual, still have reservations about the stores sector on a five-year view.

Retail sales are the ultimate determinant of retailing fortunes. These boomed right through the sixties and the early seventies, but have levelled off and fallen in recent years.

Retailers, however, have continued expanding at breakneck pace.

So far the bigger, more efficient stores have continued to improve profits in a stagnant retail market at the expense of the small and less efficient. But now the big and efficient are beginning to tread on each other's toes in a badly overcrowded market.

It's so bad that within 20km of each other in eastern Johannesburg there are three hypers, a Makro and Eastgate, one of the largest shopping complexes in the world.

Shoppers in northern Johannesburg have vast complexes at Sandton, Rosebank and Randburg to choose from.

And there are new hypers and supers and hundreds of limited-range stores, such as Clicks, Save Cave, Savemor, Savemart and Lucky Seven on head office drawing boards.

So long as national sales stagnate, every new shop becomes more marginal. With its Save Caves, OK is actually attacking its own markets, so it's probably not overstating things to say a dog-eat-dog situation prevails, particularly in food, where margins are already slim.

A fortnight ago I singled out Pick 'n Pay as the prime target of competition from the limited-range stores and raised a question about the competitiveness of huge stores.

But Ray Ackerman is not perturbed. He says Pick 'n Pay is satisfied after exhaustive analysis overseas, that the big hypermarket, superstore and supermarket will be more than competitive in the 80s.

Pick 'n Pay will continue with its published plan to develop more of these stores in areas such as Welkom, where turnover was twice the national average for supermarkets its size.

He says Save Caves cannot hope to match hyper and superstore prices and the target of R2-million of turnover in stores of 300m² to 500m² is impossible. According to Ackerman, Aldi, the German chain of convenience, limited-range stores, after which Save Cave is styled, achieves only a quarter of this.

It is also not competing effectively against the hypers, which are a more recent development in Germany. And that, says Mr Ackerman, is why Aldi is branching out into America.

He does concede, however, that Aldi-type stores would do well in black areas.

Who is right, we shall see, but in the meantime none of the contenders denies that competition today is anything less than fierce.

I would not expect stores profits to fall in the near future. In fact I would expect another set of stunning results from Pick 'n Pay next week.

Retail sales should rise enough over the next five years to enable most retailers to continue growing.

But the sector does not deserve current low yields relative to the rest of the market. These yields discount fast growth, which may not materialise.

STUFFED CABBAGE SALAD — May Bennett, Ridgeworth

1 fresh green medium size cabbage
onions
carrots
tomatoes
fresh pineapple
radishes

Cut the centre from the cabbage, leaving the outer leaves to form a bowl. Wash well. Chop onion. Peel and cube the carrots and pineapple. Cube tomatoes. Thinly slice some of the inner leaves of the cabbage leaving the stalks. Place the carrots, pineapple, tomatoes, sliced cabbage and the finely chopped onion in a bowl adding any juice from the tomatoes, pineapple and add salt and black pepper to taste. Toss well, then pile the salad into the cabbage "bowl". Garnish with radish roses and a small bowl of mayonnaise for those who like it. To make the radish roses, cut across the tops in a double cross, then put them in iced water until the radishes open up.

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GERMAN POTATO SALAD — Ethne Beard, Port Elizabeth

boiled potatoes
cooked bacon
mayonnaise
chopped onion
salt and pepper

Cube the potatoes while still hot. Chop up the bacon, mix with the potatoes, onion and mayonnaise. Season with a little salt and pepper. Use hot or cold.

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EGG SALAD — May Bennett, Ridgeworth

hard boiled eggs
salanaise
salt and pepper
paprika and parsley

Cut eggs in half and lay on a flat salad platter; cut side down. Pour over salanaise.

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Ford drops prices

24/9/79 (30)

Mercury Reporter

FORD Motor Company is to reduce the prices of some of its cars, stationwagons and pick-up models by between R250 and R450 from today.

Announcing the "limited period" offer yesterday, the company's director of sales and marketing, Mr. George Simpson, said the price reductions would be on all Cortina sedans and stationwagons and on all one-ton pick-up models.

"Prices of all Cortinas will be reduced by R450 and one-ton pick-ups by R250," he said.

"We are reducing prices to encourage buying," said Mr. Simpson.

SPRING GREEN SALAD — May Bennett, Ridgeworth

1 medium size lettuce
2 onions
parsley
1 cucumber
mint (fresh)
scallions

Wash and shred the lettuce, chop onions finely and parsley; keep a few pieces for garnishing. Wash cucumber peel and cube. Wash scallions, and cut tops off leaving a short piece of the green left on. Toss the lettuce, parsley, cucumber, onion and scallions together, salt and pepper. Pour over a little French dressing and serve in a glass bowl. Garnish with a few sprigs of mint and parsley.

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CURRIED GREEN BEAN SALAD — Mrs Futter, East London

2 lbs sliced green beans
2 chopped onions
1 d salt, level
2 cups water

Boil the beans (sliced) with salt and onions till cooked, then pour off the water.

Sauce:
1 1/2 cups sugar
1 d curry powder
1 heaped T flour
1/2 bottle vinegar

Mix the curry powder, flour with a little water. Mix well, so that no lumps form, and then add the sugar and vinegar, boil up and stir all the time, then add the cooked beans and onions, bring to boil again. Bottle.

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APPLE TUNA TOSS SALAD

1 medium head lettuce, torn in bite-size pieces (4 cups)
2 cups diced apple
1 11 oz can (1 1/3 cups) mandarin orange sections, drained
1 6 1/2 or 7 oz can tuna, drained and broken in large chunks
1/3 cup coarsely chopped walnuts
1/2 cup mayonnaise or salad dressing
2 t soya sauce
1 t lemon juice

In a large salad bowl, combine lettuce, apple, orange sections, tuna and nuts; toss together. Combine mayonnaise, soya sauce and lemon juice; mix well. To serve, add dressing to salad; toss gently. Makes 4 - 6 servings.

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Commerce, industry hit at rates move

NM 25/9/79 (30)

Municipal Reporter

COMMERCE and industry yesterday came out strongly against differential rate increases on Durban properties proposed by the City Council for 1979/80.

The suggested increases are 9,7 percent on houses, 12,8 percent on flats and 17,4 percent on other properties.

In a statement Mr. R. J. Draper, president of the Durban Chamber of Commerce, said the higher rates, following immediately after similar increases in 1978/79, would impose a heavy burden on business.

They would undoubtedly have an adverse effect on the development of Durban's central business district, already under pressure.

Justified

In contrast the chamber recognised the needs of the Grey Street area to rebates in respect of all groups of properties. The Council's proposals for that area were "justified and acceptable".

Mr. Draper said the rate increase did not appear to be in line with those announced by other Natal municipalities which had been more moderate.

Durban's rate increases again highlighted the need for local authorities to receive additional sources of revenue and for the rating of Government-owned property.

Finances

"It is now three years since the establishment of the Browne Committee of Inquiry into finances of local authorities and the report of this body is now urgently necessary," Mr. Draper said.

The Natal Chamber of Industries warned that if the rate proposals were approved protests would be made to the Council and the Administrator.

Executive Director Mr. Roland Freakes said the increases, if implemented, would represent a perpetuation of "the record of discrimination" by the Council against industry and commerce over very many years.

Burdened

"We object to industry and commerce being burdened with an increase of 17,4 percent — one and four-fifths times the increase which will be applicable to private dwellings.

"We also object to an increase of 17,4 percent in absolute terms on the grounds that it is way above the prevailing rate of inflation."

The chamber believed, and had made submissions, that local authorities proposing rate increases above the inflation rate should be required to account to and satisfy Exco or another monitoring body appointed by the Administrator.

Profitability

"The Council should realise that the steadily declining profitability levels (at present a little over 7 percent) compel manufacturers to pass on all increased costs in the form of increased prices.

"This means that local industry becomes less competitive in the national market to its detriment.

"The homeowners, whom the Council presumably seeks to protect, will find themselves faced with additional rises in their living costs and even less able to meet future rate increases."

Expensive

Mr. Freakes suggested the Council should consider cutting the estimates of all departmehts by 5 percent. That would bring required rate increases more into line with the general rate of inflation.

"The Minister of Finance employed this basis two or three years ago, as I recall, without serious detriment to State

How Durban Council balances its books

Municipal Reporter

DURBAN City Council draft estimates for 1979-80 follow last year's pattern of placing the largest share of rates increases on businesses — by allowing rebates on residential properties.

The proposals, to be decided upon by the Council next month, have been criticised by commerce and industry.

The main point of contention is the widening of the rates gap between residential and non-residential properties.

Last year the Council introduced a rebate on residential properties, placing a heavier burden on other property-owners.

Shortfall

The increases, suggested to cover a R7 836 630 budget shortfall reported by City Treasurer Mr. Ossie Gorven, are: 9,7 percent on houses, 12,8 percent on flats and 17,4 percent on other properties.

Rebates proposed by the Management Committee for Grey Street properties put increases in that area at 2,9 percent on houses, 6,4 percent on flats and 11,2 percent on non-residential properties.

Details of the city's biggest-ever budget — R406,9 million — have been circulated to councillors and Local Affairs Committee members.

The proposals will be discussed at committee level before going before a full Council meeting on October 22.

Inflation

Manco chairman Mr. Neil MacLennan, who will be presenting his first budget, yesterday blamed inflation for the rates increases.

The budget itself is R44,5 million higher than last year.

Mr. MacLennan warned that rates could go still higher if the city's growth and service standards were to be maintained.

With inflation running at 13 percent the proposed increases represented a reduction in real terms, he said.

"I believe we have been as tight this year as we dare to go," he said.

Proposals

Among the budget proposals are:

- Transport Department losses be reduced to R1 500 000 — R1 900 000 less than 1978-79;
- Capital expenditure — including R42,8 million for housing projects — go up R21 million to R107,5 million;
- The wage bill rises R8 900 000 to R83,3 million and provides for a 10 percent increase for White workers. This has not yet been approved, and
- The Capital Development Fund grows to R259,3 million and contributes R13,25 million for rates relief.

Demand

In his report on Durban's financial situation Mr. Gorven said that with growth and the demand for increased services, particularly in Black areas, cost increases were to be expected.

For the last two years growth had been negative in real terms.

While this was "commendable" because it lessened the burden of rates and tariff increases it had to be accepted that the situation could not continue indefinitely.

"The city must ultimately face expenditure increases which will affect rates and tariffs unless substantial rises in other revenues can be achieved," he said.

Subsidies

Dealing with the Transport Department he said Government subsidies had led to a break-even situation on the Black service.

The finances of the White service would be kept separately in future to avoid "cross-subsidisation".

He added: "It is hoped that during 1979-80 progress will be made with the implementation of the Driessen Committee recommendations so that losses on the White service can be curtailed even further."

The improvement of the department's finances was the result of efforts by the board, the management and staff to cut costs and raise income.

Tax

During the current year the Council had paid R3 600 000 on sales tax and R4 000 000 for fuel.

Provision had been made for an extra R1 500 000 to improve services in Black areas.

While there was no problem in getting capital for "community facilities" operating costs would cause an added burden on rates for years to come.

Commerce

Conc

By R. J. DRAPER,
president of Durban Chamber of Commerce

essions!

That's what're needed

! TAKING a look in broad terms at what 1980 is likely to ing, I believe that substantial tax concessions, possibly ceeding by far what we have seen in the past year, will necessary to sustain a reasonable business momentum.

Figures show that retail turnover in real terms is runn- g slightly behind that of a year ago. A 4 percent growth is looked for but the Minister of Finance has recently ated that it is his hope that growth will be "at the rate 4 percent by the end of the year — a very different ng.

I believe that the fuel crisis has had a great deal to do with this.

I am aware that this is several months old and has already had some effect but the major proportion of cost increases are only just beginning to filter through with more to be expected for 1980.

Fuel

South Africa's success in obtaining supplies of liquid fuel may unfortunately have blinded us to the significant fact that the recent increases in fuel costs must have gone at least someway towards aggravating inflation but probably even more important will have reduced substantially the extra purchasing power that the ordinary citizen was given.

Revenue

The Inland Revenue Department does not always appear to dovetail its actions in with those that other departments have taken in the best economic interests of the country.

For example, I cite two instances where Departmental convenience or desire could possibly affect consumer spending or business confidence:

- It has been normal in recent years, when taxes are reduced in the Budget, for the PAYE tables that come into operation, normally in July, to be adjusted to take account of the four previous months when deductions were running at a higher level: not so this year.

Presumably to save work the department has not made allowance for the four months' overpayment but has allocated the reductions over a full year.

Many people will have been working on the assumption that the lower deductions for PAYE were to be spread over an eight-month cycle; hence these will now be higher than would otherwise have been the case and this must adversely affect consumer spending.

- As if this were not enough the department has produced proposals to tax fringe benefits and will follow this up with a proposal to tax capital gains.

Tax

It is significant that two highly controversial measures designed to take more money out of the taxpayer's pocket have come forward with no indication by the department that they are to be coupled with any substantial easing of income tax rates, particularly for the highly paid, heavily taxed executive who is one of the main springs of our economic revival.

Granted the Minister has said he would like to lower direct income tax rates but this is no more than a statement of future wishes whereas the proposal to tax fringe benefits is for implementation next year.

Alarm

Somewhat alarming thoughts are inclined to come forth from Government departments on occasions. The Secretary for Inland Revenue recently went on record as saying: "So far as high tax acting as a disincentive is concerned let me say I consider the theory a load of bunkum. People are not motivated by money alone and will work harder to maintain their standards of living".

I could not agree less.

Perhaps over the short-term it might be true but the dangers of holding and propogating such a view over a long period of time are only too readily apparent in some overseas countries.

It is common cause that perhaps the most disregarded economic danger that faces us today is inflation. Some people have said that it will hit 16 percent by the end of the year and this in a sluggish market.

Sheer economic misery among the lower paid and unemployed is going to ensure that sometime soon the spotlight will have to swing back to curbing inflation with concrete action being taken even at the price of higher unemployment and lower economic growth.

Circle

In South Africa we seem to be quite incapable of breaking out of this vicious circle of low growth and high inflation, partly I fear because of political uncertainty.

It is significant that in the past few years any reductions in tax rates in both the corporate and personal sectors have been minimal.

There has been nothing on the grand scale of the recent British budget.

Levies

What we have seen, at carefully orchestrated intervals, apart from the Budget, has been the return to the taxpayer of loan levies — money that would have had to come back to him anyway.

There appears to be a view in Government that tax rates are immutable with slight adjustments for inflation that are nowhere near adequate and that all income belongs to the State with a jealous eye being kept on how much the individual may be permitted to retain for himself.

This I believe is the growing feeling among many executives and its bad effects on their confidence will be increasingly seen in the years to come unless Government does something about it.

I feel therefore that the outlook for 1980 may not be nearly as favourable as some think bearing in mind that even optimistic expectations are low in any event.

Considerable tax relief is required and the following are my suggestions:

Surcharge

- Abolition of the remaining 7,5 percent import surcharge — important because of its effect on inflation rate;

- A decrease in the marginal rate of taxation so that the maximum of 50 percent comes into effect at a taxable income of about R60 000 with a clear understanding that this must be increased in future years by something approaching the rate of inflation;

- If the plan to tax fringe benefits is to proceed it should be with concrete proposals to apply the proceeds to the reduction of high marginal rates of taxation. It might also be appropriate to withhold the capital gains tax proposals for a specified period of time, say five years, until the economy is more buoyant; and

- Further I do not believe that anyone with a taxable income of under, say, R6 000 a year should be paying any direct taxation to the Department of Inland Revenue at all. This level should be raised in line with inflation as well.

Proposal

This last proposal should give the ordinary person a distinct sense of satisfaction in which he may well become more optimistic about spending the resultant cash flow.

The previous proposals have, of course, been designed to improve expectations among business leaders, but I believe we need to get everyone thoroughly motivated.

Natal's vital statistics

NATAL had 5 156 registered factories at the end of 1978 — an increase of 56 compared with the previous year. The total number of workers employed rose from 358 984 in 1977 to 365 840 at the end of last year.

Figures provided by the Department of Manpower Utilisation in Durban show that there was a marked increase in the number of Indian women employed.

This figure rose from 29 783 to 41 426. More Black women found jobs too. Their number increased from 31 451 to 39 062. On the other hand, the number of Black males employed fell from 172 767 to 162 417.

The Department's comments on the current position in Natal's main industries are:

Engineering

There has been little change in either the ship repair or the engineering construction sections. No noticeable expansions have taken place. It seems that employers are merely "keeping the wheels turning" waiting for an upturn.

Building

There has been a gradual improvement. More contracts are being obtained and more work is available.

Textile

There has been no noticeable change during the past year.

Clothing

Conditions in this industry have improved considerably. A shortage of some classes of workers is being experienced.

Motor

The fuel crisis has had an adverse effect on all divisions of the industry.

However, the impact has not been so great on firms that carry, or manufacture, economic franchise vehicles. In this area maintenance workshops and dealers have kept busy. Manufacturers have shown an increase in production to meet the new demand.

Footwear

In spite of the fact that two medium sizes factories closed down recently for financial reasons and employees were paid off, these workers were absorbed immediately by other factories. This indicates that the industry is working to full capacity.

Referring to Richards Bay, the Department says that much of the construction work has been completed there.

Because of this development has levelled off. Until stable industries, for which there is much scope, begin to move in, things in this area are likely to remain quiet.

In Pietermaritzburg and the small Natal towns there has been a steady increase in most activities particularly in coal mining.

The main hub of Natal's industrial activity remains on the Durban/Pinetown axis.

HOT BUTTERSCOTCH SAUCE — Mary Snelling, Ridgeworth

1 T syrup
2 T brown sugar
squeeze lemon juice

1/2 oz butter/margarine
1/2 pt warm water
1 d custard powder mixed with
1 T water

Put butter, sugar, syrup into a pan and cook to a rich brown toffee, draw aside, add water carefully, then the lemon juice. Boil up sauce and pour onto custard powder, reboil till mixture thickens. Serve hot with ice-cream.

TOMATO SAUCE

4 tomatoes
4 sliced onions
4 t sugar
8 level t maizena

1. Wash and cut t
2. Put tomatoes, seasoning; b
3. Sieve, add m

BARBECUE SAUCE

2 onions, chopp
2 T vinegar
2 T Worcester se
1 T salt

Mix all ingredi

SHERRY SAUCE (Fo

Warm sherry (1/4 ... whisk in a basin over a pot of nearly ... until thick and frothy. Serve at once, adding sugar to taste.

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SAUCE WITH WHITE WINE — K.W.V. Paarl
(For White Meats and Sea Foods)

1 cup hot cream
1/4 cup dry white wine
3 T butter

1 T flour
salt and pepper
1 t chopped parsley

Melt butter in saucepan. Add flour; cook till brown. Beat in cream and wine. Whip very well. Boil for 5 minutes. Add salt and pepper to taste and chopped parsley.

---oOo---

BRANDY SAUCE — K.W.V. Paarl
(For Steamed Puddings)

Make a white sauce with 1/2 oz butter, 1 oz flour, 1/2 pt milk, add 1/2 oz sugar and 2 t brandy.

---oOo---

HOT CHOCOLATE SHERRY SAUCE
(For Ice ...)

until
tir
water

From Page 1

benefits which can only harm personal efforts an.. provide small returns to the Revenue Department.

This is no way to encourage the efforts on which the country's expansion depends.

I am pleased that the Government is committed to economic growth. The steps taken to achieve this are welcome.

However, although 1979 started well, there has been a "hiccup" during the past few months. This is hardly surprising in view of the world fuel crisis and the large increases in prices of food and basic materials. The slowdown must not be allowed to continue.

Our finance houses are liquid and new capital is available for expansion.

Many people appear to be taking an over cautious approach because of the current difficult international political situation.

In spite of this we must move. We cannot stop. Industry has never lacked courage. It will play its part but it must be now.

I make a particular plea to the private sector.

Meanwhile, South Africa has achieved great success in its export drive and the import replacement scheme is developing.

I recently returned from Europe. I found a greatly improved attitude there to investment in South Africa.

Our excellent balance of payments performance and the advent of the Conservantive Government under Mrs. Margaret Thatcher has helped us in London. The swing from the Left in France, Italy, Spain and Germany will assist too.

We do need an equal reaction from the "pulpits of Georgia" in the United States.

In South Africa we have to help our friends in the West to help us. Measures such as the Wiehahn Report proposals will do just that.

This report and its acceptance in principle by the Government, has been welcomed in employer circles. It is like a breath of fresh air to all of us and will help to develop the economy.

A manpower board will shortly be established by the Government on which employers will play a vital role. The priority of the plan is internal and I emphasise this because South Africa must run its own ship without fear or favour.

We belong to the International Organisation of Employers which has its headquarters in Geneva. The Organisation represents free employer interests at the International Labour Organisation.

When the South African Government was forced to pull out of ILO in 1964, South African employers remained members of the employers' group for obvious reasons.

In June the South African employer delegation arrived and I personally addressed the General Council of IOE and reported on the Wiehahn Commission.

This was a boost to our overseas friends and was well received.

T W BECKETT

30

Profit grounds FM 28/9/79

Activities: *Packers and distributors of tea, coffee and associated products to both retail and non-retail outlets. Brand names include Five Roses, Koffiehuis, Ellis Brown and Game. 69%-held by South Atlantic.*

Chairman: *C D Gray; managing director T L Gawith.*

Capital structure: *6m ordinaries of 50c. 125 000 6% cum prefs of R2 each.*

Market capitalisation: *R14,1m.*

Financial: *Year to 30 June 1979. Borrowings: long term, R0,9m; net short-term, R5,1m. Debt:equity ratio: 43,4%. Current ratio: 1,6 Net cash flow: R2,2m. Capital commitments: nil.*

Share market: *Price: 235c. (1978-79: high, 270c; low, 150c; trading volume last quarter, 23 000 shares). Yields: 20,8% on earnings; 9,8% on dividend. Cover: 2,1. PE ratio: 4,8.*

	'76	'77	'78	'79
Return on cap %	17.7	21.4	19.4	26.7
Turnover (Rm)	33.7	48.4	54.2	56.1
Pre-tax profit (Rm)	2.8	4.5	3.5	4.9
Gross margin %	10.2	11.4	9.5	10.6
Earnings (c)	27.9	44.4	36.4	48.9
Dividends (c)	13	14	15	23
Net asset value (c)	176	203	225	251

As world prices of raw tea and coffee remained relatively stable last year, consumer resistance resulting from the previous year's price hikes was reduced. But, while operating profit improved as a result by 15,4% to R5,8m (R5,0m), attributable profit advanced 31,7% to R2,9m (R2,2m). This was mainly because of lower interest charges of R996 000 (R1,6m) arising from declining interest rates and reduced short-term borrowings.

The company benefited from improved efficiencies with stock turn increasing to 4,1 times (3,2) and operating margins 1% higher at 10,3% on a turnover rise of only 3,5% to R56m (R54m). With coffee prices tending to ease last year, the company reduced stock holdings and, therefore, lowered short-term borrowings.

The price of SA-grown tea — which local distributors are obliged to buy — rose from 328c/kg to 340c, "increasing the substantial premium on ruling world prices." SA-grown tea currently supplies approximately 27% of local demand, and is expected to increase to 35% over the next five years.

Although no breakdown of the profit contribution from the various divisions is given, the directors report that stable tea prices helped reverse the previously declining sales to blacks. Demand for teabags also increased, probably at the expense of loose tea. Sales of ground and instant coffee increased because of lower prices.

Adding flavour to profits

World coffee prices rose substantially in June as a result of reported frosts which hit Brazil's crop. So prices of processed coffee have increased this year, and no meaningful reduction is expected in the near future, according to the directors. Overall tea price increases have been marginal and no consumer resistance to this relatively price-sensitive commodity is expected.

The value of tea and coffee retail sales in SA is approximately R170m, and Beckett is positioned at both upper and lower ends of the market. Its Five Roses, once the market leader, has relinquished its position but there are reports that the growth of Five Roses teabags is good. Beckett's best-selling instant coffee is Koffiehuis, and the company also claims to have the largest share of the local R30m ground coffee market.

With an increased dividend of 23c (15c) on a reduced 2,1 times (2,4) cover, the tightly-held share yields 9,8%, which is better than the sectoral average of 6,6%. Provided coffee prices do not rocket as they did in 1977-78, the share has attractions for investors looking for income.

Jonathan Bade

...nd spice

Mix all ingredients together well. Tie in a pudding cloth, and boil for three hours. Serve with hot nutmeg sauce. This recipe was used for Christmas dinner in 1916 by my mother and gran, who says "we used 1 cup of flour and 1 cup of stale breadcrumbs instead of 2 cups of flour. Very successful".

---oOo---

MUTTON, ROAST SHOULDER OF 1900

shoulder of mutton salt
dripping flour

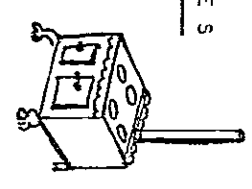
Put the joint in a bright clear fire, floured well. Baste contin-

PAGE RECIPES

...nat!

flour
...t of new milk

beat to a cream, stir in
add the milk. Beat well for
...red plates and bake in a
a cut of lemon and sifted
layer of preserve or marmal-



GRAND BAZAARS

Faring Well

FM 28/9/79

With turnover growth well above the national average for the retail trade over the past six months, according to joint chairmen Max and Manual Sachar, Grand Bazaars has continued to maintain its momentum. This relatively small chain, operating exclusively in the Cape, reported a 65.7% improvement in pre-tax profit to R1m (R604 000) at the half-way mark. Taxed profit before minorities was 66% ahead at R574 000 (R346 000), equivalent to earnings of 24.9c (16.8c) after minority interests.

Although no turnover figures are given, pre-tax margins have risen steadily over the past five years, and indications are that the previous level of 3.8% will be exceeded. Improved performance at the interim stage is attributable to the adoption of improved management methods, better shrinkage control and an increased contribution from the Grandfare Meat Market, which accounted for some R92 000 of group pre-tax profit.

The group will open two Ultra Markets in the next couple of months, in Uitenhage and Port Elizabeth. These stores are based on the hypermarket concept, although their relative size puts them, at 5 100 m² and 7 800 m² respectively, more in the Checkers Multimarket league.

The Port Elizabeth store will be interesting to watch, as both Pick 'n Pay and Checkers are also be opening in that centre in the next few months. Although Grand Bazaars already has two stores operating in Port Elizabeth, and has "a loyal following of customers," the competition will give the group a taste of what is in store when it moves into the Transvaal.

The company expects a substantial share of the market in Port Elizabeth, and identifies pricing policy and merchandising range as giving it a competitive edge. The Grandfare range of house brands is doing very well and the Grandfare Meat Market is running ahead of budget.

In addition, the Wynberg store is being refurbished and converted into another Ultra Market this year; and between them the three stores should make a substantial impact on group earnings by year-end. The original Ultra Market, opened in Cape Town in 1977, was a substantial contributor to group profit from the start.

As a result of the new moves, the board anticipates a substantial increase in profit levels for the current trading period. From first-half earnings a 9c (5c) dividend has been declared. With earnings possibly exceeding 65c for this year, a final of 14c (10c) is likely, putting the share, at 360c, on a prospective 6.4% yield. The share is highly rated, and although tightly held, should be a good long-term investment, provided the Transvaal launch is successful.

Jonathan Bader

II ... E, NUTRITIONAL AND METABOLIC DISEASES

			A		C		B	
			M	F	M	F	M	F
C			0,06	0,21	2,27	1,68	2,31	1,96
1			0,00	0,05	1,27	1,08	1,02	1,29
5-24	0,01	0,01	0,01	0,01	0,01	0,01	0,02	0,02
25-44	0,02	0,02	0,08	0,08	0,08	0,05	0,06	0,07
45-64	0,09	0,12	0,39	0,88	0,28	0,42	0,24	0,61
65+	0,39	0,59	1,61	2,59	0,81	1,28	1,04	1,44
ALL	0,05	0,08	0,12	0,18	0,28	0,26	0,22	0,33
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THE ICD (8th REVISION)
V, XI, XII, XIII
hese categories).

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	M	F	M	F	M	F	M	F
0-1	1,99	2,2	9,81	6,60	55,55	51,04	29,36	27,05
1-4	0,16	0,13	0,76	0,79	8,27	7,48	3,56	3,42
5-24	0,02	0,02	0,07	0,08	0,21	0,21	0,20	0,22
25-44	0,06	0,03	0,17	0,20	1,14	0,78	0,36	0,45
45-64	0,25	0,13	0,75	0,45	3,30	1,37	2,15	1,27
65+	1,04	0,72	1,61	1,98	5,48	2,78	5,45	2,93
ALL	0,19	0,15	0,56	0,45	3,33	2,69	1,66	1,61
NO.	399	315	198	159	3792	3146	3472	2593

Greatermans flexes its muscles

Sunr Tribune
(30)
30/9/79

Finance Reporter

FOLLOWING the substantial write-offs and provisions reported in the group's preliminary statement, Mr Isaac Kaye, the chairman of Greatermans stores, is optimistic on prospects in the current financial year.

In his report for the year ended June 30, Mr Kaye says that he is completely confident that the leaner and hungrier Greatermans group is now admirably poised to take advantage of the increased spending power of the general public which will manifest itself in the year just started. He adds that the easing of the burden of taxation together with the rapidly-increasing buying power of the population will combine to make a major contribution to the potential for retail sales.

Commenting on the past financial year in which the company had an operating loss of R3,4-million before taking into account the attributable profits of associated companies, Mr Kaye emphasises three major areas of operating problems which have been dealt with:

- Department stores where there have been continuing problems for some years.
- Proudential Shippers which was found to have a very large and far-from-clean debtor's book.
- The large computer installation which was not providing a cost-effective service.

Mr Kaye says that adequate provision has now been made in Prudential for all contingencies, that the stock situation in the department stores and Ackermans has now been rectified and that the computer division is functioning satisfactorily.

He adds that an active policy of decentralisation, with delegation of responsibility and appropriate authority is being followed. Management has been and is being strengthened, and, where assets have not been showing an economic return, write-downs and provisions have been taken.

The divisional reports also lay stress on economic returns and management reorganisation. Among important points mentioned in these reports are the follwoing:

- Checkers will open 10 new stores this year including its first hypermarket in Port Elizabeth, while three conventional stores are to be closed. These developments are the first R40-million step in a massive programme desgined to consolidate and enhance Checker's position as the dominant food retailer in South Africa.
- Ackermans closed three stores during the year as part of its rationalisation and upgrading programme. It has already launched Save Mart, the limited assortment food "store-within-a-store" in four Western Cape branches and intends further development along these lines. Some Checker's branches, which are considered too small for Checkers, are being redeveloped for Ackermans.
- Mr Bill Loudon has been appointed chief executive of department stores with effect from October. He was previously managing director of Harvey Nicholls, London. Sales in the department store division rose by only 7 percent during the year and rationalisation is being rapidly implemented.
- In the corporate services division, special mention is made of Prudential Shippers, which is now geared to providing financial services in place largely of lending money, to the computer problems which have now been largely resolved and to the fact that labour relations remain a most important feature of group activities.

The share price has firmed to more than 400c since the announcement of the preliminary results and the huge write-offs. This gives some indication of the market view of the group's recovery and the enormous profitability of Checkers. On a one-year view this could turn out to be one of the most rewarding investments currently available.

SUNDAY TIMES, Business

30/9/79

US car sales on the increase

(62) (30)

By JIM SRODES
Washington

SALES by U S car manufacturers bounced back sharply during mid-September with a 2.4% gain over the same period a year ago.

Ailing Chrysler Corporation led the pack with a surprising 36% recovery with dealers and manufacturers for all companies resorting to price cuts and other incentives to attract buyers.

The 10-day period between September 11 and 20 saw the five domestic producers selling 25 422 cars a day.

This was the second best performance by the industry on record. It has been exceeded only by the 27 000 cars per day registered during 1969.

Chrysler achieved its remarkable come-back during a 23-day selling blitz which saw the company offer customers a 400-dollar rebate on sales of more than 150 000 vehicles, almost twice the sales level of the previous period.

As a result the company's dangerous backlog of 1979 model cars and lorries was reduced by 92 000 units and leaves the company with only 25 000 unsold models as it nears the production start-up of its 1980 vehicles.

General Motors, which also had reduced prices sharply, saw its sales decline 3,5% on a yearly basis. At the same time Ford Motor Co., whose incentive programme lasts until its new models go on sale on October 11, enjoyed 2.8% sales increase.

PICK n PAY

Fm 5/10/79

The next phase

Continued growth is the name of the game for Pick n Pay. Since 1970, annual compound turnover growth has exceeded 42%, with a doubling every two years until 1976. Although this trend has slowed in the past few years, earnings have continued to move ahead with less restraint, mainly the result of improved operating efficiencies and better productivity.

Halfway into this year, pre-tax profit, at

Pick n Pay's customers . . . will they buy as much in the country?

R7,8m (R6,1m) was 27,6% ahead of last year's corresponding period, on the back of an 18.7% turnover increase to R257,9m (R217,2m). Pre-tax margins were improved at 3,0% (2.8%), the result of "the improvement in security and expense control," which gave rise to a shrinkage factor of less than 1%. This low factor has an important bearing on the results of Pick n Pay, which operates in a competitive industry dominated by tight margins.

Last year's overall pre-tax margin was 3.2%, and this should be bettered this year with higher second-half margins. The reason for the disparity between interim and year-end margins relates in the main to the sales mix of the Hypermarkets which retail both foods and non-foods (mainly textiles and hardware). During the year the mix ratio is about 70:30 in favour of foods, but, at Christmas, this can change to as much as 50:50.

Chairman Raymond Ackerman is conscious of the effects of inflation and, so far this year, Pick n Pay has "bought heavily into stocks, particularly buying forward on a rising food market," he says. If margins are kept as low as possible, then consumers will no doubt feel the benefits of Pick n Pay's attempts to combat rising prices.

New stores growth has slowed over the past few years, and the company is probably conscious of the limitations of an unfettered expansion policy. So far this year, a superstore has been opened in Welkom and the Pietermaritzburg outlet has been expanded. In the next few months, supermarkets will be opened in Paarl and Rustenburg, as well as a superstore in George. A hypermarket in Port Elizabeth will come on stream shortly, though it will face strong competition from better-situated Checkers and, to a lesser degree, Grand Bazaars (*Fox* September 28).

Further supermarket extensions are slated in Lynnwood and Kempton Park later this year and the chain is looking towards potential outlets in country districts. This is virgin territory which could provide a new growth element, given growing competition in established markets. However, a disadvantage of moving away from urban centres could be the cost of maintaining strict operating controls, though financial director Chris Hurst is confident that the decentralised managment structure favoured by the group will cope.

With each announcement of further growth, it has become almost traditional for analysts to warn of a slowdown. And, though this is happening, Pick n Pay has yet to scratch rural and black township markets. But these may be unable to sustain the same degree of trade as the white urban centres.

For the next few years, the present 3.3-times dividend cover is likely to be maintained with retentions necessary for establishment of new stores, despite scope for further borrowings. Thereafter, and once growth slows as the group enters a consolidation phase, cover could be reduced.

Following this year's 44c interim (34c) on first-half earnings of 186.6c (144.1c), a final of 106c (86c) is well within reach. At 3 300c, the share thus yields a prospective 4.5% — and that may not prove expensive.

Jonathan Bader

INTROD

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These reports appear after a delay of several
was the latest available at the commencement o
two series,[2] one for whites, Asians and 'colour
country, and one for Africans for selected n
comprise the main urban areas.[3]

In 1974, there were 34 974 white, 4 795 Asia
deaths in a population of 4 155 000 whites,
'coloureds',[4] death registration is virtual
total African population for the whole count
On the basis of a crude death rate in 1970 o
Africans for the country as a whole,[5] one w
Since the Births, Marriages and Deaths Regis
1970,[6] the registration of African deaths is done by the Department of
Bantu Administration and Development or its successors. In 1974, the
Bantu Reference Bureau registered about 130 000 deaths.[7] The published
report for the selected urban areas accounts for 31 410 deaths. Thus,
about 100 000 residual deaths 'are not categorically divided in urban or

by 1970, this figure had decreased to 15,7%, indicating that the whites had improved disproportionately to the 'coloureds'. Similarly, for children 1 to 4 years of age, during the period 1941 to 1970, the white mortality experience as a percentage of the 'coloureds' had decreased from 15,2% to 7,1%. It should be noted that the 0 year age specific death rates are higher than the corresponding IMRs. This is because the denominator for the former is the number of live births whilst for the latter it is the mid-year populations under one year of age.

Fig. 4 provides an indication of the proportional contribution of selected

(iv) Proportional Mortality, accounted for by specific conditions.

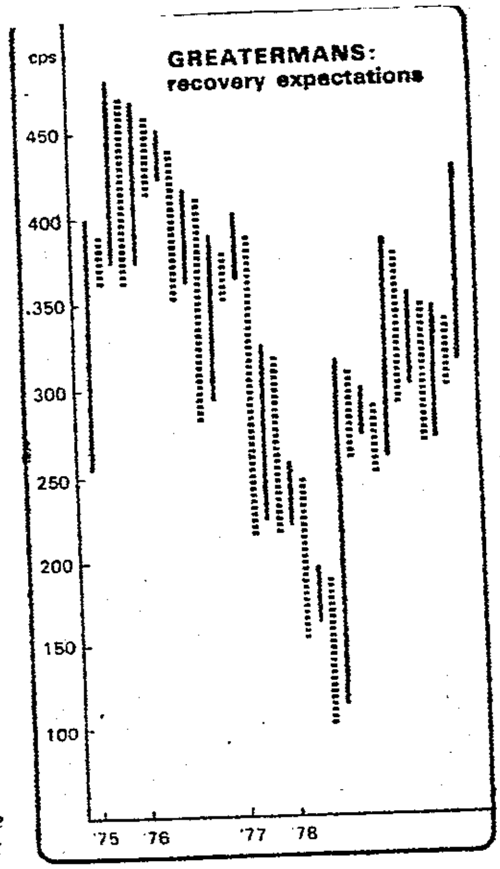
(v) Expectation of Life. This was calculated both at birth (e_o) and at 45 years of age (e_{45}) for both males and females. It expresses the average number of additional years an individual would be expected to live beyond birth and 45 years.

For Africans, the proportional mortality was the only index calculated.

GREATERMANS

The road back

(30) FM 5/10/79



Activities: *Largest retail group in SA. Chains include Greatermans department stores, Ackermans and Checkers. Prudential Shippers is a 100%-owned subsidiary. Owns 37% of Clicks.*
Chairman: *I Kaye.*
Capital structure: *2,8m ordinaries of 50c; 2,6m "A" ordinaries of 50c; 6,9m cum participating prefs of 25c; 1,2m cum prefs of 200c. Market capitalisation: R24m.*
Financial: *Year to 30 June 1979. Borrowings: long term, R15,8m. Net cash: R624 000. Debt:equity ratio: 58,1%. Current ratio: 1,1. Group cash flow: R867 000. Capital commitments: R8,5m.*
Share market: *Price: 438c. (1978-79: high, 438c; low, 155c; trading volume last quarter, 277 000 shares). Yields: nil on earnings; 1,1% on dividend.*

	'76	'77	'78	'79
Return on cap %	23.9	15.2	23.6	5.1
Turnover index*	264	292	313	349
Trading profit (loss) (Rm)	11.6	7.2	7.3	(3.6)
Earnings (c)	118.8	22.7	15.1	—
Dividends (c)	36	36	20	5
Net asset value (c)	656	790	697	700

* 1972 = 100

A major factor contributing towards last year's disappointing results, says new chairman Isaac Kaye, "was an amount of some R8,0m relating to exceptional write-offs taken by Ackermans and department stores to clear out poor stocks, and Prudential Shippers to write off bad debts and provide against doubtful accounts." To say the least, the group has been through a trying period over the past few years, and new management's first task is to put the house in order.

Three main problem areas have been defined: the department stores, which have experienced continuing losses over "a period of years"; Prudential Shippers, with a "very large debtors book which was far from clean"; and the computer, "an enormous installation which was not providing a cost-effective service."

Even before the write-offs, operations fared worse overall. Before taking them into account, operating profit fell to about R4,4m (R7,3m), though this was partly offset by higher income from associated companies of R2,8m (R1,6m), reflecting improved results by Clicks. The net trading loss before tax was held to R634 000 (profit: R9,1m) with a R2,9m attributable taxed loss (R4,5m profit).

On the credit side, if the department stores and Prudential can be brought into line, the group will benefit from a substantial assessed tax loss, though accumulated deficits cannot be quantified from the accounts.

In addition to improving trading performances, the balance sheet needs strengthening. Interest-bearing debt, at R25,2m, represents about 60% of shareholders' funds. The undesirability of this level is recognised by Kaye, who anticipates that "the retention of earnings during 1979/80 will go some way towards rectifying the situation." Last year's accumulated retained earnings position was some R6,0m lower than in 1978, at R16,2m (R22,5m), due in the main to the R2,9m attributable net loss, dividends of R1,3m and a R1,9m transfer to non-distributable reserves.

Last year's current ratio remained static at 1,1, "and it is intended to strengthen this factor in the future." Although low, it should be remembered that Checkers comprises the bulk of the group's operations and that, in food retailing, where turnovers are relatively brisk, stocks must be continually updated. Pick n Pay, for example, last year recorded a current ratio of 0,9, and Checkers probably follows quite closely. Last year, stocks were 31% higher at R88,0m (R67,3m), equivalent to 74% of total assets. Higher stocks were funded through a 13,3% increase in creditors to R97,4m (R86,0m), combined with R5,3m increase in short-term borrowings to R6,9m and a decrease in cash balances of R5,2m.

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(30) FM 5/10/79

ADVERTISING

Black is beautiful

Spending on black advertising is low considering the rise in that sector's spending power over the past three years. Black disposable income, projected at R9 billion in 1980, will be roughly 40% of SA's total. Yet investment in black media in 1979 is a paltry 9%-10% of the total advertising spend of R360m. It isn't expected to be much more in 1980.

Reasons given include the paucity of black media, says BBDO media director Chris Rainford. However, Lindsay Smithers' media manager Nick Louw points out that: "Expenditure in specific black media may be low but advertising to blacks is not confined to black media. Some dailies have a higher black than white readership. It's a question of gearing advertising to the market at which you're beaming. Black readers of 'white' dailies are usually more sophisticated and buy the 'white man's' products."

Frank Muller, McCann Erickson media director, agrees: "We certainly quantify black readers of so-called 'white' papers when placing advertising. Many 'white'

papers have a clear direction in aiming messages at black readers as well with an increasing use of black models in advertising."

The advent of black TV in 1982 is likely to change black media spending patterns dramatically. Says Peter Hume, J Walter Thompson director of research and planning: "At the moment there's a gross under-investment in the black market which not only has the greatest growth potential but probably has the greatest educational needs in many products." He reckons the introduction of black TV will double spending in black media by 1982.

JWT feels commercial content on the black service could be as high as 9%. (The SABC's director: commercial services, Jack Siebert, says commercial time and rates have not been finalised.) Total transmission time will be 27 hours a week. Hume expects rates will be based, not just on audience reach, as in the case of white TV, but on consumer spending power.

Interest in the black service runs high in major advertising agencies. De Villiers & Company media director George Smith expects "commercial time will be oversubscribed. There isn't enough media for blacks at the moment. With TV, expenditure is likely to go up 10%-15%."

Grey-Phillips Bunton Mundel & Blacke marketing services director Darryl Bernstein thinks that with black TV "the vast potential of the black market will get tapped very quickly."

The All Media Products Survey (Amps) reveals that already 850 000 blacks, roughly 8% of the total black adult population, view "white" TV every week. This is achieved despite the findings on research done by JWT's Eric Mafuna, director of black communicationism, that most "blacks find white programme content of rather low interest." Blacks now own about 50 000 sets, even though only 15%-20% of all urban black homes have electricity. JWT expects blacks will own more than 200 000 sets at the end of the black TV launch year.

Advertising on black TV promises some problems. Advertising taboos include cigarettes, tobacco, liquor and pharmaceuticals lacking Medical Control Council approval. Equally tricky will be the design of commercials acceptable in the five languages of transmission — Zulu, Xhosa, South Sotho, North Sotho and Tswana.

	0,21	0,11	0,36	0,13	0,26	0,07
	0,00	0,15	0,47	0,18	0,44	0,15
	0,07	0,06	0,25	0,14	0,17	0,12
	26	23	289	164	366	187

	W		A		C		B	
	M	F	M	F	M	F	M	F
0-1	0,51	0,33	1,10	0,21	1,80	1,59	0,13	0,10
1-4	0,05	0,06	0,02	0,10	0,15	0,17	0,02	0,04
5-24	0,07	0,06	0,09	0,10	0,14	0,17	0,11	0,13
25-44	1,09	0,44	1,31	0,70	1,54	1,27	0,73	0,78
45-64	9,75	4,44	14,76	10,70	10,33	8,25	4,61	5,01
65	42,19	32,93	55,30	47,72	43,12	40,90	13,55	14,21
ALL	4,70	3,81	3,22	2,25	2,74	2,69	1,14	1,20
NO.	9752	7926	1135	804	3114	3140	2390	1921

	W	
	M	F
0-1	2,90	2,22
1-4	0,22	0,28
5-24	0,05	0,06
25-44	0,20	0,12
45-64	1,46	0,92
65+	11,52	7,89
ALL	1,12	0,97
NO.	2336	2019

Large gains forecast for OK

15-25% earnings growth well within reach

By JOHN SPIRA

OK BAZAARS, South Africa's largest retailing chain with a turnover last year of R592-million, will soon be reporting outstanding figures for the six months to September 30, 1979.

Sources in the retailing field are expecting turnover to be around 15-25% higher than the comparative 1978 period, with earnings up by much the same margin.

Although a portion of the improvement will no doubt have derived from OK's increasing market penetration, the anticipated figures support the view (first expressed in Business Times on August 19, 1979) that a marked upturn in consumer spending is underway.

Should the OK performance predictions prove correct, then the group will have enjoyed an extraordinarily successful six months — for the following reasons:

- The half-year to September, 1979, was adversely affected by the drag of the group's two older hyperamas in Germiston and Durban.

While these two operations are now beginning to turn the corner, they will certainly have detracted from group profitability during the past six months.

- Since the Germiston and Durban hyperamas exerted a detrimental influence on profits, the traditional OK department stores must have chalked up astonishing gains — and this at a time when many prophets have been writing off department stores and CBD shopping areas as clapped-out anachronisms.
- A 15-25% earnings growth from a base as large as the OK's is no mean achievement by any standards.
- OK's two new hyperamas in Roodepoort and Pretoria were launched successfully last month. Accordingly, their contribution to earnings in the past half-year will have been small, while their start-up expenses (believed to have been substantial) will have diminished earnings.

The outlook for the current six months must be looked upon as equally promising because:

- The Roodepoort and Pretoria hyperamas are currently trading very successfully and will contribute to group earnings for the full six months.
- The hyperamas at Germiston and Durban could (combined) well make a first-time contribution to group profits.
- The lucrative Christmas period will fall into the current half-year.

If the present strong uptrend continues, then the figures for the full 12 months to March 31, 1980, could look something like this:

- Turnover, R700-million (R592-million).
- Earnings per share, 145c (122c).
- Dividends 75c (66c).

Based on these projections, the shares yield a [illegible] — pretty good [illegible] when viewed against the background of the stores [illegible] average and [illegible] company's vigorous recovery from the lean 1974-1978 years.

OK's managing director, [illegible], declined to comment on the industry's expectations for his group, other than to say that OK has experienced a reasonably good six months.

He added that he expected SA retail sales to total R14 000-million this year compared with a figure of R12 000-million last year.

More on the investment scene and commodities

- 86 -

b) deferral method

Assume the tax rate remains 42%

30

9/10/79

Are Black media really beating the ad drum?

30 - S/Express 7/10/79

WILL the back-spun lobs of JWT's Dick Reed beat the last volleys of Bates' Nick Holdsworth as the controversy continues over whether advertisers are paying more than lip-service to increased Black spending power, through Black media?

While Mediaspot nervously adjusts its green eye-shield, read on:

"I agree with a lot of Nick Holdsworth's thoughts on the vital importance of the Black sector market and its fast-growing value," says media director Reed.

"But there are two key considerations affecting ad investment to reach Black consumers.

"Adindex records the advertising in identifiable 'Black' media — Post, Bona, Drum, Radio Bantu, etc.

"The rest is in general media, often mistakenly considered White media. But the following AMPS 1979 table of audience shows that a lot of investment in these media goes towards buying Black coverage."

"Of every R100 spent in the Rand Daily Mail, R60 has bought Black coverage. In the Sunday Express, R40 out of each hundred buys Black readers.

"Analysing investment of advertising money to Blacks by just reading off the Adindex subtotal for Black media is simplistic and misleading.

"Of the R238-million advertising expenditure in Press, radio, cinema, outdoor and TV, nearly half (46%) was in daily newspapers.

"Yet there is only one Black daily compared with eight Afrikaans and 13 English dailies.

"If you relate to population size, Black newspapers might expect to receive 70% of advertising in dailies — with Afrikaans expecting 17% and English dailies 13%.

"In practice, the one Black daily gets plus-minus 5%, the Afrikaans dailies around 23% and the English dailies about 72%.

"The fundamental reason is not racial/language bias or ignorance — investment is geared to the performance of the newspapers in the market place.

"Percentage shares of dailies' total circulation are: Black 9, Afrikaans 28, English 63. Percentage shares of total readership are: Black 13, Afrikaans 27, English 60."

BLACK READERSHIP PROPORTIONS

Percentage	White	Coloured	Asian	Black
Rand Daily Mail	32	5	3	60
The Star	47	6	4	43
Daily News	42	—	46	12
Sunday Times	38	52	—	10
Sunday Express	42	12	9	37
Scope	49	5	6	40
Radio 5	40	21	14	25
Television	69	14	8	9

□ □ □

THE 60-odd advertising agency mavericks got together quietly this week to try out an association of unaccredited advertising practitioners — with the main objective of making a plan to avoid paying placing fees (up and down on 7% of the 16,5%) to accredited agencies for commission collection.

Mediaspot's man couldn't get to the meeting, so we are still wondering whether the rebels managed to get together effectively.

But at least three men from the Big 5 have been given projects on immediate strategy for the continuing attacks on the commission system as restrictive practice — and NPU members' new double-bait for direct advertisers.

Eventually, the mavericks may be able to carry on in happy disunity while the accredited agencies battle with increasing losses to advertisers who go for the NPU members' discounts offered to direct-placement advertisers.

Still an unsolved problem is the 0,5% levy on all national advertising which, from October 1, will be collected to pay for the NPU and Advertising Research Foundation's AMPS study.

Now NPU members are adding another temptation to discounts for agency clients by absorbing the levy for advertisers who place ads direct.

It's especially attractive to large retail advertisers.

□ □ □

LARRY Butchins of Promedia Conference Convenors is responsible for a new package service likely to brace wilting marketing men as conference time rolls around again.

His Durban-based company is now offering a package-deal on conferences, conventions, seminars, dealer meetings, product launches and even annual staff parties.

"We will handle the entire function from intial concepts and ideas, through practical management, registration, content and final winding-up," says Butchins.

"And this means the lot — all travel and hotel arrangements, transport, entertainment for delegates and wives, programme content — we'll even write the chairman's speech if you want!

"And if necessary, we can supply a full Press service, prior to and during the event," he says.

Capital Radio has already signed close on R1-m advance advertisements

CAPITAL Radio has already signed up close to R1-million in advertising contracts within the first month of selling air-time or 'spots', even though broadcasting only starts on December 26.

It is helping Capital Radio's advertising credibility, of course, that this R6,41-million independent station is successfully signing up top SABC names.

The bigger the names the faster advertising revenue will flow, is an old pirate radio adage.

Four more senior SABC men left this week to cross the frontier to independent radio and all its free enterprise promises, such as increased flexibility and personality performance.

"We didn't even have a printed rates card out. Clients bought on speculative rates on photostated price sheets," says John Moody, Capital Radio's MD from the Port St John's headquarters, perched atop a mountain overlooking both the sea and the river mouth.

This former port captain's home also happens to be the new studio and broadcasting centre.

"Verbal contracts account for well over a million for the first year," he says.

R32-million were spent last year on radio advertising. "We aim, initially, at 10% of this revenue," says Mr Moody. "That alone should make the station a profit-spinning concern."

Target market will be the urban 16-34 age group. Capital Radio believes it will reach, from the start, 3-million of the potential 8,4-million listeners.

Although 70% of the music market in South Africa is cornered by Blacks, Capital is not intending to broadcast in any of the Bantu languages.

Nor does the radio intend capturing the rural market. Yet Black disc jockeys are being canvassed through Pace magazine.

"As long as they are wide awake, have a good command of the English language, and speak it without any heavy accent," says the recruiting team.

The Transkei Development Corporation owns 51% shares of Capital, 26% are owned by the MD Moody, Martin Rattle and Professor Richard Bruce, the company's chairman and financial whizz-kid.

The remaining 23% equity is to be offered within two to years through the Th eian stock exchange — and hopefully — to Transkei citizens.

Meanwhile, Port St John's, a coastal town which in recent months experienced something akin to death-throes following independence and an exit of Whites, can now look more hopefully to the immediate future.

The Standard Bank, which until recently processed a mere 150 current accounts and was thinking of closing shop, suddenly has 250 current accounts due to the influx of new Capital Radio staffers whose monthly wage bill will notch R30 000.

Next on the drawing board will be improved tourism facilities what with Capital beaming out the enticing beauties of beach life along the Wild Coast.

● Capital Radio's HQ — the former home of a port captain overlooking the ocean.

STUFFED CABBAGE SALAD — May Bennett, Ridgeworth

1 fresh green medium size cabbage
onions
carrots
tomatoes
fresh pineapple
radishes

Cut the centre from the cabbage, leaving the outer leaves to form a bowl. Wash well. Chop onion. Peel and cube the carrots and pineapple. Cube tomatoes. Thinly slice some of the inner leaves of the cabbage leaving the stalks. Place the carrots, pineapple, tomatoes, sliced cabbage and the finely chopped onion in a bowl adding any juice from the tomatoes, pineapple and add salt and black pepper to taste. Toss well, then pile the salad into the cabbage "bowl". Garnish with radish roses and a small bowl of mayonnaise for those who like it. To make the radish roses, cut across the tops in a double cross, then put them in iced water until the radishes open up.

---oOo---

GERMAN POTATO SALAD — E

boiled potatoes
cooked bacon
mayonnaise
choppe
salt a

Cube the potatoes while still hot. C
with the potatoes, onion and mayonnai
salt and pepper. Use hot or cold.

---oOo---

EGG SALAD — M

hard boiled eggs
salanaise
salt a
paprik

Cut eggs in half and lay on a flat sal
down. Pour over salanaise.

---oOo---

CHICKEN AND CUCUMBER SALAD — S.

1 cup cooked chicken, diced
4 T finely chopped walnuts
French dressing/mayonnaise
lettuce
1 cup c
1 cup c

Marinade chicken, cucumber, nuts and peas with French dressing. Serve on lettuce with mayonnaise. Cover with greaseproof paper and refridgerate until ready for use.

French dressing:
Blend together 6 T salad oil and 2 T lemon juice.

---oOo---

SPRING GREEN SALAD — May Bennett, Ridgeworth

1 medium size lettuce
2 onions
parsley
1 cucumber
mint (fresh)
scallions

Wash and shred the lettuce, chop onions finely and parsley; keep a few pieces for garnishing. Wash cucumber peel and cube. Wash scallions, and cut tops off leaving a short piece of the green loft on. Toss the lettuce, parsley, cucumber, onion and scallions together, salt and pepper. Pour over a little French dressing and serve in a glass bowl. Garnish with a few sprigs of mint and parsley.

---oOo---

CURRIED GREEN BEAN SALAD — Mrs Futter, East London

Seminar to guide traders

DELEGATES at a National Federated Chamber of Commerce (Nafcoc) seminar were told that seminars and lecturers were not designed to turn traders into bookkeepers and accountants. This was at the Milpark Holiday Inn yesterday.

Mr S P Kutumela, who was chairman at the Business Efficiency seminar, explained that the speakers were trying to give traders guidelines and a working knowledge to enable them to keep clear records of transactions pertaining to their businesses.

Delegates were called upon to participate in a practical exercise of drawing up daily records of sales and cash flow analysis and other related records by one of the speakers, Mr S M Mogadime.

Mr Mogadime, a lecturer and liaison officer at the Centre for Developing Business delivered a paper on "Cash Control". At the end of his talk he invited members who felt they had problems to visit the centre where lectures were being provided for traders.

Mr M T Rodolo, public relations manager for a multinational company, who is also well-known for his marketing talks on Radio Bantu, spoke on "The Merchandising Cycle".

He said the buyer ought to be guided by practical principles of buying, known as the 5 Ps.

- People: It is important for a buyer to know the people and their needs.
- Product: The right product is the one that meets the needs of the prospective buyer. The trader only makes a profit when the product is off the shelf, and in the customer's basket.
- Price: Unless you buy our merchandise at the right price, you could never sell at a competitive price and might thus lose our market.
- Place: The right place. Goods demanded by the consumer must be where they expect to find them and that is on the shelves where they can see them.
- Period: The right period. A wise buyer is the one who anticipates seasonal demand.

Another speaker, Mr D J Purnell, audit manager for a firm of auditors delivered a paper of "Planning for Profits."

"After all," he said, "we are all in business to make a profit, which we do by buying and selling."

---oOo---

9/10/79 RDM (30)

Govt takes brake off car sales

Deputy Financial Editor

CAR sales are set to take off. Repayment periods have been lengthened, from Friday, by six months and this Government action should benefit the public and the motor trade which has been in the doldrums for four years.

Payment periods for cars will be up to 42 months and for light commercial vehicles up to 36 months. Some months ago the minimum deposit was lowered to 20 percent.

Yesterday Dr. S. W. van der Merwe, Minister of Industries and of Commerce and Consumer Affairs, said that car sales were lagging and had not passed the 1975 total of about 200 000.

The hire purchase relaxation was part of the Government's plan to stimulate the economy.

Mr. John McCarthy, director of the McCarthy Group which sells about 62 500 cars a year, said the move appeared to be good for the new car market, but would have a detrimental effect on the used car market.

Motor dealers are expected to examine used car deals closely because the longer repayment period could lead to defaults towards the end of the period.

Lower

The lower repayments would also mean that people who could not afford to buy a car would be able to do so but would find themselves in financial difficulties during the course of the contract.

At the end of 42 months the value of the car could be so low that the owner could stop repayments or abandon the vehicle.

In Johannesburg the Motor Industries Federation and the Afrikaanse Handelsinstituut both welcomed the announcement reports Sapa.

The Motor Industries Federation said the concession could also be to the advantage of the second-hand market, and "fitted in well with the growth policy embarked on by the Government".

Spending

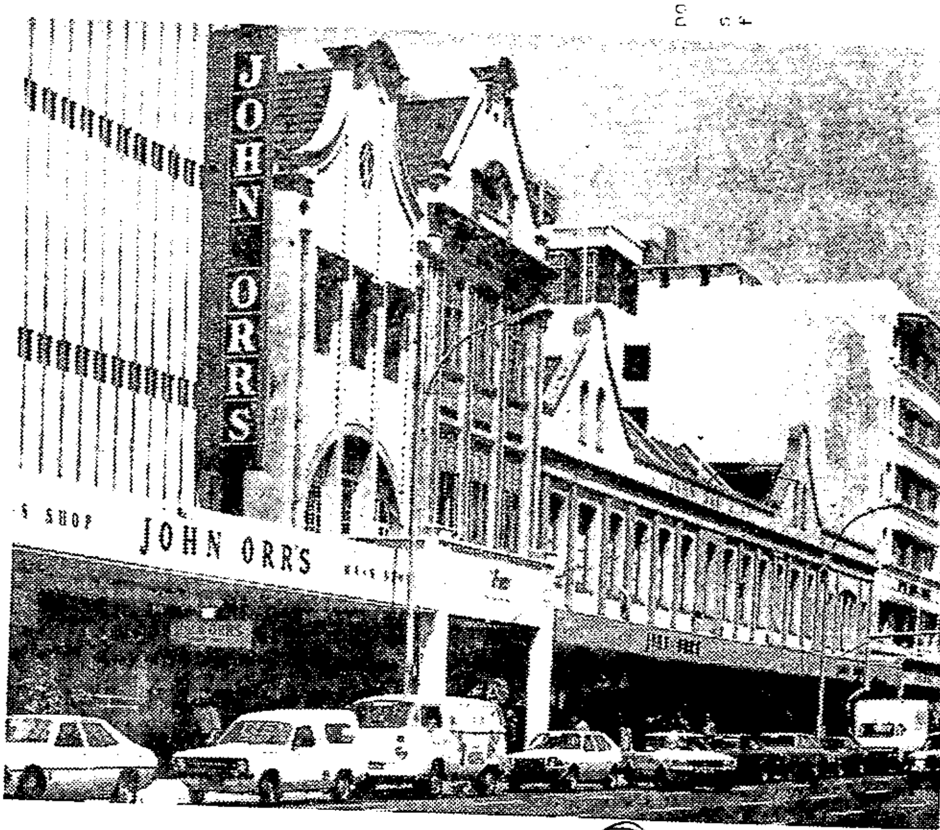
Mr. Jan Lampen, of the Afrikaanse Handelsinstituut said the concession would encourage consumer spending, particularly if it was considered with the recent announcement by the Minister of Finance, Dr. Owen Horwood, regarding the stimulation of the economy.

More good news for consumers is that general electricity tariff increases for next year would be delayed beyond January 1980.

Escom announced in Johannesburg that new tariffs were traditionally implemented from the beginning of the new year.

"Due to its present improved financial position as a result of greater than expected demand for electricity," it was decided to postpone the increases for next year.

Why John Orr's has to close



N.M. 11/10/79 30

Victim of changing times

JACK KEIR

Financial Editor

HOW COULD it be that a great store like John Orr's, in West Street, Durban, has had to close? This is a question that the whole of Durban is asking.

The store will stop trading in the New Year ...

north of Johannesburg, and plans were well advanced ...

John Orr's met this situation with aggressive selling and lower prices to maintain turnover.

It could have been because of this change of tactics or that the whole retail market was taking on a new shape, but John Orr's lost many of its traditional customers.

... pected in the Transvaal.

The group has large property holdings. These are to be put to better and more profitable use.

The John Orr story goes back to 1880 when Mr. John Orr arrived in Table Bay, at the Cape, from Northern Ireland. He joined the House ...

rewards.

* * *

ANTARCTICA does not feature very often as the location for an adventure but *White for Danger* by David Stevens (Collins) breaks some new ground in the tradition of Jules Verne and Dennis Wheatley.

When an Antarctic explorer believes that he has sighted a lost city in the Antarctic wastes, an ex-

POEMS BY THE POPE

... *Easter Vigil* by a young priest, Karol Wojtyla ...

(30) FM 12/10/79

RETAIL SALES

Encouraging signs

Retail trade sales are picking up. This was evident before Minister of Finance Owen Horwood announced his recent measures to boost consumer spending.

Final figures released by the Department of Statistics record that sales for the twelve-month period ended June this year totalled R5 700m, up 5% on the corresponding twelve months to June 1978.

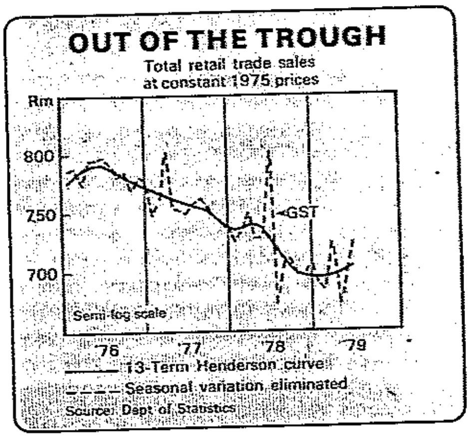
But the most encouraging aspect of the latest figures is that retail sales measured in constant 1975 prices, which have been declining steadily since 1976, appear to have bottomed out and are now picking up again (see graph). In fact, June sales, measured in constant prices and with the seasonal variation eliminated, topped December's by nearly R16m.

Moreover, by all measures, sales improved in the three months to June and the trend appears to be continuing at an accelerated rate. Reports Pick 'n Pay's Raymond Ackerman: "Our sales in all areas for July, August and September are considerably up on the three previous months ending in June, and substantially above budget." He reckons that this sales boost is largely the result of more money in consumers' pockets since the new PAYE tables were used at the end of July. Adds Ackerman: "The sales upturn since June has not been the result of increased promotional activity."

OK Bazaars' MD, Meyer Kahn, reports that his firm's sales are "substantially" above increases recorded by the Department of Statistics. But, he claims, Department figures usually understate sales gains. Underlining the more buoyant trend, Kahn points out that June 1978 was an exceptionally good month as consumers went on a pre-GST spending spree (see graph).

The higher sales are widely spread among the various sectors of the retail trade, and only three categories of traders reported June sales down on those recorded 12 months earlier: sales by furniture and household goods dealers dropped 12%; book stores and stationers dipped 13%; and dealers in sports and entertainment requisites did 6% less business.

x2



- 17 -

HONEY CAKE

1 cup flour
4 t baking powder
2 T butter
1 egg
½ cup sugar
¼ t salt

3 T honey
1½ T butte

Jan

¼ lb ground almonds (or hazelnuts)
½ t baking powder
½ T flour
¼ grated lemon (skin & lemon)

Beat yolks with sugar until creamy, th
flour, baking powder and lemon. Fold
beaten egg-whites. Bake at 350°F for

Serve with whipped cream.

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- 2 -

if it is too thick. Chill in a large bowl. Before serving pour on sour cream and sprinkle with chopped chives.

BEAN SOUP (Serves 8)

Cat

1 pkt sugar beans
1 slice beef shin or soupmeat
1 Kassler rib or bacon bones
handful soup celery chopped
2 bay leaves
1 onion studded with 8 cloves
2 carrots, chopped
2½ litres water
salt & pepper to taste

, bring to boil.
from heat and soak
again, add rest of
eans are tender. Cool.
Purée remaining
y. Put a few reserved
Sprinkle with Worcester
rnish with cream and

Sue J

Peel brinjals and cut into Julienne strips.
Put into enamelled pot and cover with white vinegar
and bring to the boil. Cook for as short a time as

DAVID BOURNE AND BRUCE DICK

2 MORTALITY IN SOUTH AFRICA 1929 - 1974

PART 1 1929-1970

It has become increasingly apparent during recent years
medical knowledge and expertise do not necessarily give
improvements in the health status of the people. More
an ability to implement this knowledge is required. F
applications of these advances in medical expertise are
the provision of medical care requires a scientific bas
logy provides the methodology to define priorities, to
methods of intercepting and controlling these priority
which will permit the most effective utilisation of li
to incorporate methods of surveillance and evaluation
programmes in order to provide an assessment of the se
become operat ... that these services
sensitive to

If the provi
is necessary
munity can b
specific med
qualitative
measurement

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to be appli
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unhealthy

Informatio
collected in most countries, the reliability and detail of this ...
ing considerable variation depending on a number of factors, not the least
of which are the resources available for its collection. There are further
problems associated with reliability (See Pt. II).

BRADLOWS

Continuing recovery

FM 12/10/79

Activities: *Furniture retailer with 52 outlets nationwide, three stores in Zimbabwe-Rhodesia and two men's clothing stores in Durban. Controlled by Bradlow Investments, which is jointly held by the Bradlow family and W & A. Great Universal Stores (UK) holds 30%.*

Chairman: *F P Bradlow.*

Capital structure: *1,7m ordinaries of 40c 100 000 6% cum prefs of R2 and 100 000 'A' 6% cum prefs of R2. Market capitalisation: R4,2m.*

Financial: *Sixteen months to June 30 1979. Borrowings: long- and medium-term. R1,1m; net short-term. R3,3m. Debt:equity ratio: 49,4%. Current ratio: 2,1. Net cash flow: R1,4m.*

Share market: *Price: 252c. (1978/79: high, 300c; low, 75c; trading volume last quarter, 6 000 shares). Yields: *26,3% on earnings; *6,0% on dividend. Cover: 4,4. PE ratio: *3,8.*

	'76†	'77†	'78†	'79
Return on cap %	17.2	13.5	12.1	*15.6
Turnover (Rm)	23.6	22.5	21.0	34.5
Gross profit (Rm)	2.5	2.0	1.7	3.2
Gross margin %	10.6	8.8	8.0	10.1
Earnings (c)	63.5	35.8	34.1	88.5
Dividends (c)	17.5	12.5	12.5	20
Net asset value (c)	431	454	464	534

† Year to end-February
* Annualised

After a two-year trading slump in line with others in the furniture sector, Bradlows reported improved turnover and profits following the 1978 rationalisation. On a comparable basis, turnover increased 23.5% to R25.9m (R21m), and pre-tax profit 78.5% to R1.9m (R1.1m). The directors hope the profit improvement recorded in July and August this year will continue. If so, they say, pre-tax profit this year will probably better the R2.1m earned in the 12 months to end-June.

In the period under review, the company's control structure changed as W & A took over joint control with the Bradlow family through Bradlow Investments, leaving UK-based Great Universal Stores with 30%. Minorities did not accept the 270c standby offer, despite the premium over the 185c pre-suspension price.

Better trading and rationalisation resulted in improved gross margins. Last year, chairman Mannie Bradlow said efforts were being made to increase the profit portion of sales by containing costs. These, plus improved demand, have borne fruit. Bradlows paid an annualised 15c (12.5c) dividend for the 16-month period as the chain confirmed its recovery after a R12 000 pre-tax loss at the halfway mark in 1978.

In line with increased turnover, stocks and borrowings have advanced. Total borrowings rose 9.3% to R4.6m (R4.2m), but gross cover on the annualised interest/leasing bill improved to 3.7 (2.4) times, and gross cash flow could repay total debt in four years.

Year-end stocks advanced 15.2% to R4.2m (R3.6m). But, though this indicates higher turnover expectations, marginal reductions in debt collection periods and the percentage provision for bad debts mean that turnover will not be chased at the expense of higher-risk debtors.

Compared with previous years, little information is given in the annual report. Bradlow seems to have forsaken his chairman's review now the shareholding structure has changed but, judging by the directors' comments and the experience of other furniture companies, profits should advance with the consumer boom.

Further stimulation of consumer demand is on the cards following the earlier-than-expected repayment of loan levies. Though this could mean improving turnover and earnings into the early Eighties, the share, at 252c, takes this into account. The share is best suited, therefore, for investors looking for a reasonably steady return.

Des Kilalea

...s of assessing a
...has stood the test
...valuating the health
...y the only data
...ely collected mor-
...on of the unhealthy
...are appreciated, they
...profile of the com-
...dentifying major

...n order to place the
...s a preliminary inves-
... mortality experiences

...nd collate published
... the various communities
...data has been avoided as
... for themselves, and
...re necessary, action.

...outh Africa were published
...rmittent reports covered
...gular series has been
...ntire period 1921-1970,

..., see reference 3,

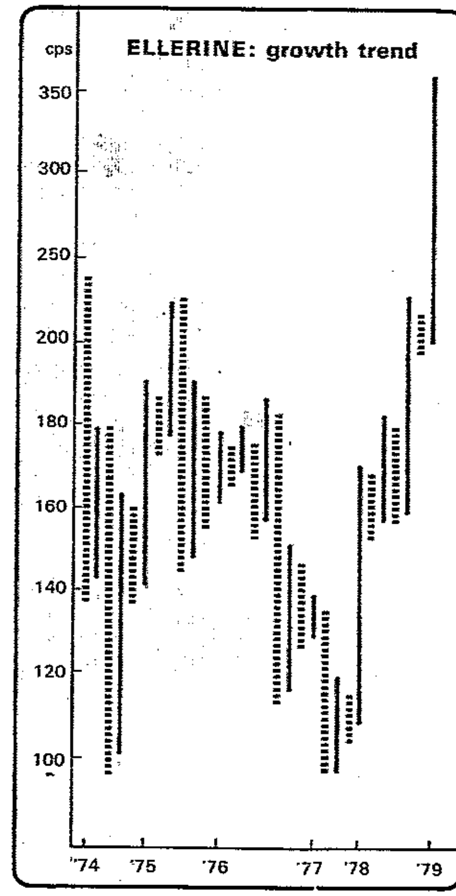
ELLERINE (20) FM 12/10/79

Cautious optimism

Activities: *Retail furniture chain with 169 stores throughout SA, SWA, Swaziland and Transkei. Tedelex owns 50,1% of the equity. Directors control directly and indirectly, 30,1% of the equity.*
Chairman and managing director: *E Ellerine.*
Capital structure: *6,9m ordinaries of 50c. Market capitalisation R23,9m.*
Financial: *Year to June 30 1979. Borrowings: long- and medium-term, R7,5m; net short-term, R14,4m. Debt:equity ratio: 71,9%. Current ratio: 2,8. Net cash flow: R5,7m.*
Share market: *Price: 347c. (1978/79 high, 350c; low, 155c; trading volume last quarter, 65 000 shares). Yields: 27,5% on earnings; 6,9% on dividend. Cover: 4,0. PE ratio: 3,8.*

	'76	†'77	★'78	'79
Return on cap %	23.2	‡28.2	‡17.0	19.1
Turnover (Rm)	48.6	32.8	87.6	76.0
Gross profit (Rm)	9.5	6.7	14.6	13.2
Gross margin %	19.5	20.5	16.7	17.3
Earnings (c)	65.3	49.8	103.1	95.4
Dividends (c)	16	18	19	24
Net asset value (c)	272	380	456	483

★ 18 months
† 6 months
‡ Annualised



An upturn in black consumer spending in the second half, plus additional retail outlets, pushed Ellerine's earnings up 38.8% on a comparable basis in the year to end-June. Chairman Eric Ellerine says the current year has started well, with July and August showing a "substantial improvement," although higher overheads squeezed margins.

Last year, Ellerine opened 27 new stores to bring the total to 169. This year, seven more are scheduled, as well as the re-siting of four present outlets. Ellerine expects the new outlets, plus careful monitoring of existing stores, to allow the group to benefit from the upturn in black consumer spending. In addition, the go-ahead for a black TV channel before 1982 should stimulate the group's trading.

As turnover advanced 30% on an annualised basis, the group appears to have improved stock-turn and control. By year's end, stock levels had advanced only 10.2% to R4.97m (R4.51m), and outstanding hire purchase accounts 23.6% to R90.7m (R73.4m). Whether or not this is indicative of some near-term slowdown in black spending is not clear, but the group is apparently adopting a more cautious approach to debt collection. The year-end provision for doubtful debts and unearned finance charges increased to 28.7% (27.2%) of outstanding hire purchase contracts.

Ellerine has no fears over the group's ability to finance further growth without having to approach shareholders for additional working capital. Provision for long-term finance has been negotiated with the banks, and could be incorporated into the balance sheet without strain. Though the debt:equity ratio increased to 71.9% (53.9%), annual interest and leasing payments are comfortably covered 7.2 (5.3) times, while total borrowings could be repaid out of three years' group cash flow.

Following a good start to the current year, and with economic stimulatory measures, earnings, and the traditionally 4-times covered dividend, are set to advance. Much, of course, depends on government's success in reducing black unemployment. On an historic 6.9% yield, the share is attractive to investors looking to substantially higher black consumer spending in the early-Eighties. Des Kilalea

Ellerine . . . benefiting from the consumer upswing

78

79

PART 2 1974 INTRODUCTION

1970,[6] the registration of African deaths is done by ... In 1974, the Bantu Administration and Development or its successors.[7] The published Bantu Reference Bureau registered about 130 000 deaths. Thus, report for the selected urban areas accounts for 31 410 deaths. about 100 000 residual deaths 'are not categorically divided in urban or

XIV CONGENITAL ANOMALIES

	W		A		C		B	
	M	F	M	F	M	F	M	F
0-1	1,57	0,76	0,60	1,03	1,24	0,79	0,89	0,74
1-4	0,05	0,04	0,05	0,05	0,05	0,02	0,04	0,05
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]01	0,02	0,00	0,00
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]0	0,01	0,00	0,00
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]00	0,00	0,00	0,00
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]00	0,03	0,00	0,00
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]04	0,03	0,03	0,00
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]50	33	54	47

PEP STORES

Late target

Fin12/10/79

Pep's earnings for the six months to end August did not grow as fast as many had hoped and the interim dividend has been maintained at 20c.

Pre-tax income rose by only R100 000 to R3.8m, giving net attributable profit of R2.2m (R2.1m) after a 42% tax deduction and the allocation of R2 000 (R4 000) to

Financial Mail October 12 1979

DITY AND MORTALITY

	W		A		C		B	
	M	F	M	F	M	F	M	F
0-1	12,46	9,07	16,92	11,55	29,22	24,78	23,16	22,23
1-4	0,02	0,02	0,02	0,02	0,02	0,04	0,04	0,00
5-24	-	-	-	-	-	-	-	-
25-44	-	-	-	-	-	-	-	-
45-65	-	-	-	-	-	-	-	-
65+	-	-	-	-	-	-	-	-
ALL	0,25	0,17	0,48	0,32	0,83	0,67	0,55	0,67
NO.	519	359	170	113	942	785	1143	1075

IX DISEASES OF THE DIGESTIVE SYSTEM

	W		A		C		B	
	M	F	M	F	M	F	M	F
0-1	0,17	0,08	0,10	0,21	0,78	0,29	0,49	0,48
1-4	0,01	0,01	0,00	0,00	0,07	0,10	0,05	0,05
5-24	0,02	0,01	0,03	0,01	0,04	0,03	0,05	0,05
25-44	0,11	0,09	0,39	0,10	0,41	0,19	0,23	0,22
45-64	0,92	0,42	1,60	0,72	1,31	0,67	0,80	0,68
65+	1,80	1,16	1,61	2,44	1,91	0,75	1,44	0,91
ALL	0,31	0,21	0,33	0,16	0,33	0,17	0,25	0,20
NO.	653	430	116	56	370	201	533	329

X DISEASES OF THE GENITO-URINARY SYSTEM

	W		A		C		B	
	M	F	M	F	M	F	M	F
0-1	0,02	0,03	0,00	0,10	0,25	0,10	0,04	0,06
1-4	0,01	0,01	0,02	0,00	0,12	0,14	0,02	0,04
5-24	0,02	0,01	0,04	0,04	0,02	0,04	0,03	0,02
25-44	0,02	0,05	0,06	0,09	0,17	0,13	0,06	0,08
45-64	0,23	0,19	0,44	0,37	0,36	0,36	0,34	0,25
65+	1,25	1,09	1,07	1,83	1,57	1,10	0,73	0,56
ALL	0,13	0,15	0,11	0,12	0,15	0,14	0,10	0,08
NO.	276	303	38	42	169	165	203	130

FM 12/10/79 (30)

MOTOR SHARES (30) 12/10/79

High performance ahead?

Three questions are being asked about the motor industry. Has it seen the worst of the petrol crisis, will it share in the general economic upswing and, if so, when will motor shares reflect the improved prospects?

The key to the undervalued motor sector does not lie so much in the petrol crisis, as in the sales performance of the recent past. Although the industry rode the crest of the wave in 1976, most motor companies took a knock in 1977. By 1978 they showed healthy recovery signs which, with few exceptions, were the trend in 1979.

According to Toyota MD Colin Adcock, the shares failed to show the industry's improved prospects due to publicity emphasising the negative aspects of the sector's position. Other industry sources add that government statements, particularly those regarding the availability of fuel, held investors away.

Manufacturers and dealers appear to agree that there was an overreaction to the petrol crisis, reflected in an exaggerated swing towards small cars. Analysis of the last 18 months' sales figures of the National Association of Automobile Manufacturers of South Africa (Naamsa) shows that the tendency to buy smaller cars has been current for about fifteen months. In May last year small car sales accounted for 32,6% of the total motor car market following a steady decline from 34,9% in February that year. Since then this figure rose strongly to 56,2% in July this year, before declining to 50,7% in August.

Saficon chairman Sidney Borsook believes the September figure will show a further decline before there is a reversal.

The switch was particularly noticeable between medium and small cars and is probably more a reflection of price and value. Consumers have tended to downgrade their requirements because of squeezed budgets. At the same time, modern design features have made small cars much more attractive to average needs. The changed buying pattern was particularly detrimental to GM dealers Williams Hunt and Currie Motors. However, Hunt is optimistic that people have become inured to the higher petrol prices and will now start buying to suit their broader needs rather than simply to save fuel. This view is shared by Adcock, who believes the future trend will be towards luxury cars.

Currie also felt the dearth of big car buying. Chairman Abe Jaffe forecasts in his annual report, published this week, that earnings would probably merely be maintained this year. This was most likely a reflection of the particularly gloomy period in which the report was written. But improved prospects for bigger car sales could result in an unexpected earnings increase. This applies to all manufacturers and dealers as gross profits and margins are normally higher in the luxury class.

While the petrol crisis brought special headaches for the motor industry, not all the pain has been relieved by the lifting of the 70 km/h limit and the availability of petrol on Saturdays.

According to McCarthy chairman Brian McCarthy, a major detrimental effect of the 70 km/h speed limit was the depression of spares and service sales. His dealer network has experienced a distinct downturn in this area, but he expects the recent modifications to assist in a recovery. However, Quinton Hazel Superite MD Maurice Kirby tells the *FM* that while the speed limit cutback together with the last petrol price hike resulted in a whopping 25% drop in wholesale spare sales, he foresees only a partial sales recovery.

Although SA motorists usually resign themselves to changed situations, this time they were really scared, he says. Fearing that the good life was over, people started experimenting with alternative forms of commuting and many of them have not yet gone back to cars.

He points out that the switch to smaller cars occurred so rapidly after the petrol price increase that whether a company benefited depended on the contracts it held then. QHS did not. With new contracts for smaller cars being awarded by various manufacturers, QHS could benefit longer term. For instance, Ford has just awarded QHS the contract for electrical harnesses for its hatchback model Erica, to be launched next year. General Motors also intends producing a small car as do Toyota and Datsun. So, competition in this area is likely to become particularly fierce.

The other listed spares manufacturer, Associated Engineering, does not believe that the higher speed limits will make any material difference to its sales. MD Morris Edwards says the industry is more likely to benefit from the generally optimistic psychological mood being created by the government. In any event, AE is concentrating on the heavier end of the market where it is less dependent on the capricious motor car and can achieve higher returns.

That the government is concerned by the low rate of growth in the motor sector was illustrated this week when it lifted the HP repayment period from 36 to 42 months. According to Adcock, this should have a positive influence on sales.

Moreover, to buoy their sales, dealers are now offering what used to be fleet-owner discounts to all comers and bigger discounts to fleet owners. McCarthy believes this is the result of stock build-ups by manufacturers who are under pressure to liquidate inventories. But Borsook says due consideration must also be given to manufacturers' market share.

Motor manufacturers are notoriously optimistic and have probably lifted their sales estimates. At the end of the day, if all their sales budgets were added together, the total would probably be close to 20% higher than general market expectations of around 215 000 cars in the next twelve months. So, the implication is that they will be chasing market share fiercely. In the short-term Pretoria's 4 000 hail-damaged Mazdas should compound the problem as they will tend to flood the market. This is likely to depress margins. Borsook says dealers start off with about 17,5% gross profit and by the time they have given back a 12,5% discount, they are left with 5%. Adcock believes the last three months trading will bring this year's total car sales up to some 215 000 units and that the market will approach 1975's sales figure with about 228 000 units next year. He also believes the swing toward luxury cars will be reinforced as companies realise that fuel costs are not the only consideration. There are other costs involved.

Some dealers admit that manufacturers are offering incentives, which encourage these discounts. Adcock states categorically that his company only offers a standard discount to dealers when they sell to fleet owners. However, he does confirm that discussions are taking place between NIM and his company in connection with some sort of co-ordination of discounting. So it's a good bet that NIM is talking to all the manufacturers.

If the market does pick up, the man-in-the-street will not be offered the discounts to which he has become accustomed. Perhaps then motor companies will be able to achieve wider margins.

It is the low return on capital employed which could eventually put financial pressure on motor companies. Borsook points out that unless the industry can start selling products rather than deals, some dealers could find it difficult to finance inflation induced growth let alone real growth. The table shows the varying returns on capital employed. Some analysts believe this is the measure of a company's value. Other points of interest are the higher discounts and the attractive yields.

On balance, although the sector will probably not show spectacular returns near-term, a latent potential for growth, particularly with the prospect of greater employment for blacks, makes the shares worthwhile medium-term. While some of those who bought in the depressed 1977 period have already seen their capital appreciate more than 100%, it is not yet too late to get aboard.

HOW THEY ARE RATED

	Share price (c)	nav (c)	eps (c)	eps forecast (c)	dividend (c)	Return on capital (%)	Debt: equity ratio (%)
Manufacturer:							
Toyota	175	1 201	75,3†	46,0	20†	9,1	109,8
Dealers:							
Alderson & Flitton	30	99	—	4	—	n/a (8,1 in 1978)	n/a (93,1 in 1978)
Currie	345	825	84,4	90,0	40c	15,7	23,9
McCarthy	80	219	21,7	25,0	8	17,1	48,3
Saficon	98	216	29,0	33,0	9	20,2	59,5
Williams Hunt	115	465	30,6	33,0	10	6,6	56,4
Spares:							
Asseng	320	571	81,1*	90	26*	21,2	42,6
QH Super	50	71	4,5	10	—	9,5	73,0

* Asseng paid a 9c (7,5c) interim from 35,7c (34,1c) earnings in the six months to end-March. † Toyota earned 5,7c (32,9c) in the six months to June 30 and passed the interim dividend.

areas is given by ... An increase in infant mortality was among Xhosa-speaking Africans.[12] ... observed with decreasing urbanisation, the figure for the completely rural areas being of the same magnitude as those parts of the world devoid of medical services. Fig. 4 summarises the age specific mortality rates of

... gross population estimates by economic region.[11]

13/10/79 Nm (30)

A whole new Game as Greatermans goes

GREATERMANS' West Street store. Game the discount subsidiary of the Beares Group, will take occupation on March 1 and start trading there in the middle of next year.

JACK KEIR
Financial Editor

A SHOPPING landmark in Durban, Greatermans, is to close. A spokesman for the store said yesterday the company would stop trading at its West Street store early next year as part of the group's re-organisation plan.

Earlier this week it was announced that John Orr's in West Street would close.

Beares Ltd. has taken a long lease on the Greatermans store — formerly Payne's building — and the Beares Group has bought the buildings on the opposite side of Hooper Lane stretching from West Street to Pine Street.

Beares's total investment amounts to R5000 000.

Mr. Alec Rogoff, managing director of Beares, said Game, a subsidiary of Beares, would trade in the West Street store from the middle of next year. Game would take occupation on March 1.

The building is owned by the Iscor Pension Fund. The other properties will be bought from Greatermans.

"We have confidence in the future of Durban's central business district and we intend to off-set the negative effect of the closure of John Orr's and Greatermans.

Capacity

Mr. Rogoff added that the Game store in Smith Street was approaching maximum capacity.

The move to West Street would relieve the pressure and allow for expansion.

Mr. Rogoff saw no difficulty in meeting the high cost of rates in central Durban.

Another part of the Greatermans' re-organisation is to improve the standard of trading at Ackermans in West Street.

This up-grading of the operation there has already begun.

A Save Mart, which will sell a limited number of fast-moving food products, is to be established.

The group also has plans for Checkers, its supermarket chain. Negotiations are well advanced for the construction of a large parking garage in Pine Street, behind Woolworths. Checkers will occupy the whole of the ground floor. The developers will be Anglo American.

The control of Greatermans changed hands in November, 1978, when Mr. I. Kaye replaced Mr. L. H. Herber as chairman.

The group's problems were identified as continuing losses in the department stores, Prudential Shippers had a large debtors' book and the company's enormous computer installation was not providing a cost-effective service.

In the year ended June, 1979, the group recorded a loss of R3 400 000.

Debts

A major contributing factor to the loss was exceptional write-offs taken at Ackermans and at the department stores to clear poor stocks. Prudential Shippers's bad debts were written off.

Mr. Kaye wrote, at the

Shock, anger as staff hear 'rumour'

Mercury Reporter

STAFF at Greatermans in Durban were shocked, confused and angry at news yesterday that the giant department store might close.

"It came as a complete bombshell," said an elderly shop assistant, Mrs. M. Campbell.

"With John Orr's there were rumours going around for some time — there've been no rumours about Greatermans, nothing."

Others said they did not know what to believe.

"The first we heard was when we picked up a newspaper at lunchtime," a young employee said.

"Then management members came round with smiles and said it wasn't true — it was just a rumour.

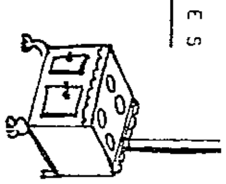
"If it is true, I'm angry. Staff at John Orr's were told ahead of time that the store was closing," she said.

On learning of the presence of a Mercury reporter on the premises, a store manager said he objected to staff being interviewed without permission.

The reporter was taken to the general manager, Mr. K. Priestly, who said that a statement would be issued on Monday.

A spokesman for Beares, which will lease the store from March, said the group would try to absorb as many existing staff as possible.

RECIPES



R·

New car sales drop by 16 per cent

(30) BD 13/10/79

PORT ELIZABETH — Compared to August, sales of new motor cars and commercial vehicles dropped sharply in September, according to figures released here by the National Association of Automobile Manufacturers of South Africa.

Motor car sales took a dip of 16 per cent — from 18 893 in August to 15 870 in September, while commercial vehicles sales fell by just on nine per cent, from 8 677 to 7 895.

However, compared to sales in September last year, motor car sales increased by 3,48 per cent and commercial vehicles sales increased by 5,26 per cent.

Sigma, second in August to Volkswagen by 382 units, returned to number one position with sales in September of 3 457 units, down by 681 units. Volkswagen took second spot with recorded sales of 3 225 units — down 1 295 units.

Ford retained third place with 2 141 units (down 463) and Datsun was again fourth with 1 774 units, 281 units fewer than in August.

Only three manufacturers showed September gains over August. BMW increased sales from 640 to 763, General Motors went up marginally, from 1 002 to 1 005, while UCDD increased sales of Mercedes from 541 to 747 — a whopping 38 per cent in this luxury car market.

On model sales, Volkswagen's Golf retained first place with sales in September of 2 167 (2 824 in August). Second was Mazda 323 with 1 926 (2 285) and third was Cortina with 1 055 (1 139), taking over this place from stable-mate Escort.

In the commercial vehicle field, Toyota retained the lead with 2 206 units (2 441 in August), followed by Datsun 1 629 (2 197).

Combining car and commercial vehicle sales, Sigma kept its lead with 4 228 (4 882), followed by Toyota with 3 809 (4 283), which replaced Volkswagen in second place. Volkswagen sold 3 541 (4 780) and Datsun 3 403 (4 252). — SAPA.

27X

	See	PUBLIC SECTOR - Transport
	See	FAIR EMPLOYMENT PRACTICES WAGE REGULATION WAGES
	See	INDUSTRIAL RELATIONS - Worker's Org. - Regional Bantu Labour Committees
	See	RESETTLEMENT
	See also	AGRICULTURE - Labour URBAN AFRICANS
	See	HOMELANDS

File material on African resettlement here. See GROUP AREAS for relocation of other racial groups. Include material on 'black spots', but file material on the 'dumping grounds' under the homelands concerned. Include also material on the Bantu Resettlement Board and relevant material on Bantu Affairs Administration Boards. Deal with 'pass laws' and 'endorsing out' under MIGRANT LABOUR, S.A. - Pass Laws.

	See also	URBAN AFRICANS
Resources	See	ECONOMY - General ENVIRONMENT MANPOWER ENERGY
Retail trade	See	COMMERCE
272 RHODESIA - General		
273 RHODESIA - Labour		
Road motor transport	See	PUBLIC SECTOR - Transport TRANSPORT - private
274 RIOTS & DISTURBANCES - GENERAL		
Roadmaking	See	CONSTRUCTION - General
275 - R&D - CAPE		
Rubber products	See	MANUFACTURING - Rubber
276 - " - NATAL		
277 " - OFS		
278 " TVL		
279 RUSSIA		

S:

Sactu	See	INDUSTRIAL RELATIONS - Workers' Org. Sactu
280 SANCTIONS		
Saldanha Bay	See	DECENTRALIZATION - Other Areas

Greatermans set for huge expansion

30 S Times 14/10/79

By JOHN SPIRA

GREATERMANS is shortly to announce a massive restructuring and expansion programme amounting to many millions of rands in an aggressive attempt to capture a larger slice of the South African retailing cake.

This programme is seen as a sequel to:

● The acquisition of a controlling interest in Greatermans by the Federale-Isaac Kaye-Dusty Miller consortium in August 1978.

● The chronic loss position of the group's department stores.

● The arrival in South Africa (from the UK) of Bill Louden as new chief executive of Greatermans' department stores.

Greatermans' share price has risen strongly this week (adding around 20%), suggesting that the market has sensed a pending announcement.

It is believed that the restructuring leg of the programme is already underway, with the sale of at least two of the group's 11 full-line department stores either under negotiation or already concluded. Durban and Port Elizabeth have been mentioned in this context.

Those department stores which will not be sold are to be completely revamped, with the trading emphasis being switched from the traditional department store concept to the more voguish hyper-type formula.

It is believed that the expansion leg of the programme (which, it is understood, will be financed by the Federale group) will centre on the creation of a large number of "mini-hypers" spread throughout the country.

These will be larger than the group's Checkers outlets, but smaller than the hyperamas and hypermarkets currently operating under the wing of OK Bazaars and Pick 'n Pay.

It is nevertheless intended that these new mini-hypers will be a direct threat to the established hypers and that they will succeed in attracting customers from them.

The new outlets, which will fall within the ambit of Greatermans' department stores division, will obviously require a considerable amount of capital. But at this stage it is uncertain just how much money is involved and over what period the programme will extend.

Last month Greatermans announced a loss of R8-million before taking into account a R3,4-million profit on group operations for the year to June 30, 1979.

The loss was the result of substantial write-offs in Prudential Shippers and a drastic

●To Back Page

Isaac Kaye

19.6

1. What is the balance on deferred ... pect
   of the plant at 31.12.19.7, ass

   a) deferral method

   b) liability method?

2. Show how the tax charge will be
   income statement for the year e 7,
   assuming

   a) deferral method

   b) liability method

   (assume there are no o
   timing differences)

3. How will the answer to 2. be af ... ence
   of an extraordinary gain on dis ... of the
   company, amounting to R70 000, ... xable,
   in the 19.7 financial year?

4. How does the answer to 3. chang ... now a
   deductible loss, which can be s ... taxable
   income from other sources of R5 ... e
   income statement assuming the c ... sed.

5. Further to Note 4, assume now t ... s a set
   profit before depreciation of I

Draw up the income statement for the 19.8 financial year under a) liability method

b) deferral method

Assume the tax rate remains 42%

'New look' scheme for Greenacres

30

NM 16/10/

Deputy Financial Editor

MR. KEITH Priestley, the Regional Manager of Greatermans in Natal, is to become general manager of Greenacres and Mr. Bill Kerr, the present general manager at Greenacres, is to move to the head office of Greatermans in Johannesburg.

This news was given by Mr. Isaac Kaye, the chairman of Greatermans, at a Press Conference held here yesterday.

Mr. Priestley said in Durban that it was not known when the new appointments would take effect because it would be "a couple of months" before the running-down operation was completed at Greatermans in West Street.

Losing money

Mr. Kaye told Pressmen that although the company's department stores had been losing money, this was not the only reason it had been decided to close Greatermans in Durban.

Greatermans and Greenacres were competing with each other so one had to be closed down. The decision by John Orr's to stop trading had not influenced the matter.

A substantial sum would be spent on refurbishing Greenacres in Durban.

Appointment

Mr. Kaye said that his company was putting a lot of faith in the appointment of Mr. Bill Loudon, the former managing director of a large London store, who would arrive in South Africa to join Greatermans at the end of the month. His influence would be felt within a year.

Greatermans at Rosebank, Johannesburg, is also to close in the New Year. The company's other stores at Springs and Port Elizabeth are to be taken over by Ackermans.

Mr. Kaye gave an assurance that the group would do all in its power to offer continued employment to staff members in stores which were closing.

If employees could not be transferred to associate companies in the group, such as Ackermans and Checkers, every assistance would be given in the search for alternative employment.

ONION RINGS — May Bennett, Ridgoworth

Peel and slice large onions, and separate the rings. Heat a pan; add oil. Dip the rings in milk and then coat with flour, and fry till brown in the hot oil. Drain the oil off on a paper towel, and season with salt and pepper.

---oOo---

1820

FRENCH PANCAKES - 1902

2 eggs
2 ozs butter
2 ozs sifted flour

Beat eggs thoroughly, add bu
sugar and flour, and
melted butter.
chopped parsley
till 1/2 done,
till well done.

PLUM PUDDING

2 cups flour
1 t baking powder
1 large cup brown
1 cup currants
3 beaten eggs
1/4 t ground spice

a little mixed peel finely cut

Mix all ingredients together well. Tie in a pudding cloth, and boil for three hours. Serve with hot nutmeg sauce. This recipe was used for Christmas dinner in 1916 by my mother and gran, who says "we used 1 cup of flour and 1 cup of stale breadcrumbs instead of 2 cups of flour. Very successful".

---oOo---

MUTTON, ROAST SHOULDER OF 1900

shoulder of mutton — salt
dripping — flour

Put the joint to a bright clear fire, floured well. Baste contin-

DURBAN CBD F.M. 19/10/79 (30)

Shaken to the core

Durban's CBD is in the throes of a major upheaval. It started with the recent announcement that John Orrs would close its main store after the Christmas season, and now comes the two-part Greatermans deal with the Beare group. First, Greatermans will vacate the old Paynes — owned by the Iscor Pension Fund — which has a trading area of 12 000 m^2 and sundry offices overhead.

The lease will be taken over from March 1 by Beares' Game Discount World, which is expected to open after spending about three months on alterations. Game will continue in Smith Street in the premises owned by G L L Properties.

Second string to the deal is the purchase by Beare Family Holdings of Greatermans' substantial block of properties bounded by Hooper Lane, West and Pine streets.

They are Southwards Building and others occupied by Sim & Tarry, Clicks, Noels, Littlewards and Caress. Site area is 2 291m^2. Price has not been disclosed but is unlikely to be much above R2m. The two transactions were negotiated as a package, says Greatermans' Mike North.

The assembly was put together some time ago when Durban had plans — since abandoned — to build a major new road through the Greenacres site. "We aren't in the real estate business, so we took the opportunity to sell," says North.

Tenancies in the buildings will continue for the time being, but the buildings are fairly old and an obvious redevelopment prospect. But there's little chance of a rush, as OK has discovered with its long-vacant Britannia site nearby. The more likely developer will be Beares itself.

At the same time, John Orrs continues to negotiate with anonymous parties to take over its West Street store and broker Geoff Chait is due to report progress at a board meeting in Johannesburg on October 25.

Durban's CBD has not seen such activity for a decade but the big Greatermans re-shuffle is affecting other parts of the country as well. In Johannesburg's Rosebank, SA Mutual is wasting no time in reletting the old Belfast. As Greatermans announced its decision to pull out this week, negotiations were already underway with a national fashion chain to take a good slice of the 6 000 m^2 of trading space.

There are other prospects in view, says Mutual's David Frost, but first priority will be to upgrade. The opportunity will be used, he says, to "utilise the space in a more attractive manner."

It's a good time to do it because the Greatermans space, like the rest of Rosebank Galleries, is starting to look tatty among the posher developments close by. Mutual has already smartened up Admirals Court next door and has a new Woolworths building across Tyrwhitt Avenue. So there is a need to bring the old Belfast into line.

By consent Greatermans is pulling out a little ahead of the lease expiry date and this will allow more time for the revamp. But why is it leaving at all?

The decision to put Ackermans into older Greatermans premises in places like Springs and Port Elizabeth makes sense. So does the sale of its old Durban store and the quitting of Paynes to concentrate efforts on a refurbished Greenacres.

But the decision to pull out of Rosebank is hard to follow. Here the final pieces of the redevelopment jigsaw are at last coming together and the rub-off on turnovers in the medium and longer term should be significant.

So don't be suprised to see Greatermans back in a year or two — looking for space that probably won't be available.

Some of the police cars at the entrance of the school.

19/10/79 Post (30)

System prevents a free market – Mosala

ONE cannot even start talking about a free-market system while communities are restricted from free participation, Mr Leonard Mosala told a conference on Free Enterprise in Johannesburg yesterday.

"The rapid and total integration of black people as participants must take place at all levels," said Mr Mosala, a member of Soweto's Committee of Ten.

He said the very future of South Africa depended on an economic system where all men could compete on equal and open terms without the freedom of one to exploit the other.

Fundamental elements to meaningful black participation were:

- The speedy and total removal of all restrictions on black businessmen;
- The total removal of restrictions on black education and training;
- The expansion and rapid training of the existing black labour force by commerce and industry, and job opportunity programmes for trained people;
- Provision of sound and stable family housing by employers and the extension of employee benefit programmes to black employees;
- Greater business involvement in education and training of black communities from which they draw their labour.

Rising unemployment was a security risk in a normal society, but it was worse when it resulted from "a strange socio-economic chemistry".

As long as blacks saw themselves as a means of production without a stake in the ownership and distribution of benefits, concern about the black worker would come to nothing, Mr Mosala said.

STUFFED CABBAGE SALAD

May Bennett, Ridgeworth

1 fresh green medium size cabbage
onions
carrots
tomatoes
fresh pineapple
radishes

Cut the centre from the cabbage, leaving the outer leaves to form a bowl. Wash well. Chop onion. Peel and cube the carrots and pineapple. Cube tomatoes. Thinly slice some of the inner leaves of the cabbage leaving the stalks. Place the carrots, pineapple, tomatoes, sliced cabbage and the finely chopped onion in a bowl adding any juice from the tomatoes, pineapple and add salt and black pepper to taste. Toss well.

SPRING GREEN SALAD

May Bennett, Ridgeworth

1 medium size lettuce
2 onions
parsley
1 cucumber
mint (fresh)
scallions

Wash and shred the lettuce, chop onions finely and parsley; keep a few pieces for garnishing. Wash cucumber peel and cube. Wash scallions, and cut tops off leaving a short piece of the green left on. Toss the lettuce, parsley, cucumber, onion and scallions together, salt and pepper. Pour over a little French dressing ... bowl. Garnish with a few sprigs

---oOo---

Mrs Futter, East London

1 d salt, level
2 cups water
1 heaped T flour
1/2 bottle vinegar

...alt and onions till cooked, then ...h a little water. Mix well, add the sugar and vinegar, then add the cooked beans ... Bottle.

1 6 1/2 or 7 oz can tuna, drained and broken in large chunks
1/3 cup coarsely chopped walnuts
1/2 cup mayonnaise or salad dressing
2 t soya sauce
1 t lemon juice

In a large salad bowl, combine lettuce, apple, orange sections, tuna and nuts; toss together. Combine mayonnaise, soya sauce and lemon juice; mix well. To serve, add dressing to salad; toss gently. Makes 4 - 6 servings.

---oOo---

TABLE II

	WHITE		ASIAN		COLOURED		BLACK	
	Male	Female	Male	Female	Male	Female	Male	Female
Rheumatic Heart Diseases (390-398)	115 1.2%	121 1.5%	28 2.5%	15 1.9%	120 3.9%	139 4.4%	49 2.1%	56 2.9%
[illegible]					190 6.1%	276 8.8%	273 11.4%	212 11.0%
[illegible]					845 27.1%	566 18.0%	148 6.2%	66 3.4%
[illegible]					939 30.2%	1278 40.7%	772 32.3%	749 39.0%
Circu[illegible]					3114 100%	3140 100%	2390 100%	1921 100%
Motor Vehicle Accidents (E810-E819)	750 38.0%	287 42.4%	122 36.6%	28 26.9%	572 26.3%	161 24.7%	282 15.1%	59 18.2%
Suicide (E950-E959, E979) *	485 24.6%	104 15.4%	42 12.6%	13 12.5%	84 3.9%	18 2.8%	76 4.1%	11 3.4%
Homicide (E960-E969)	59 3.0%	41 6.1%	41 12.3%	2 1.9%	680 31.3%	167 25.6%	806 43.1%	89 27.5%
Total Accidents, Poisoning and Violence (E800-E999)	1973 100%	677 100%	333 100%	104 100%	2175 100%	652 100%	1868 100%	324 100%

* E979 "Suicide and self inflicted poisoning by motor vehicle exhaust gas" is a code used in South Africa which does not appear in I.C.D. (8th revision). See Ref. 13.

(30)

RETAILING

FM 26/10/79

Youth at the helm

This month Sidney Press, now 60, handed over full executive responsibility for the Edgars group to Adrian Bellamy, 37. Press remains chairman of the corporate board of Edgars Stores, a non-executive board, which determines broad policy and strategy, and Bellamy takes chairmanship of Edgars Stores Management, which is charged with day-to-day operations. As such, Bellamy has "final authority for implementing group strategy as approved by the corporate board."

Reporting to Bellamy's board are management committees responsible for profits of the group's factories and retail chains, and functional committees for marketing, merchandising, finance, human resources and systems. It seems that Bellamy, who has had a hand in planning the structure in which he operates, has borrowed from the General Motors management structure.

In a memo to his managers, *Gearing for the Eighties*, Bellamy shows that he is prepared, if necessary, to change Press's successfull growth formula. "The group will maintain a thoroughly alert attitude to the need for constant change, and will recognise that generally today's winners will probably become tomorrow's losers," he writes. "In all its activities, the group will seek to remain as flexible and adaptive to new conditions as is reasonably possible."

Perhaps goaded by Press's last chairman's statement, that the group should attain annual sales of R500m in 1983 by "the more productive use of facilities," Bellamy seems intent on sticking out his neck and encourages his staff to do the same. He writes: "The group will consider sins of commission lightly, but sins of omission seriously. Managers of the group must be primarily motivated by the desire to develop new directions rather than merely hide behind the security of old formulae."

With this attitude, he is "confident that we will sustain - and probably surpass — our past growth record."

MONTAYS

(30)

Flat prospects FM 26/10/79

Activities: *Cape-based clothing, furniture and appliance retailer trading largely to African and coloured markets. The directors hold 70% of the equity.*
Chairman: *S Kriseman; managing director: K W Liebbrandt.*
Capital stucture: *3m ordinaries of 50c. Market capitalisation R2,3m.*
Financial: *Year to June 30 1979. Borrowings: long- and medium-term, R450 000; net short-term, R667 000. Debt:equity ratio: 32,4%. Current ratio: 4,6. Net cash flow: R339 000.*
Share market: *Price: 75c. (1978-79: high, 90c; low, 40c; trading volume last quarter, 47 000 shares). Yields: 25,2% on earnings; 11,0% on dividend. Cover: 2,4. PE ratio: 4,0.*

	'76	'77	'78	'79
Return on cap %	20,1	20,2	18,8	16,1
Turnover index*	128	134	138	164
Gross profit (R'000)	963	1 084	1 120	1 162
Earnings (c)	17,0	19,0	19,3	18,9
Dividends (c)	8	8	8	8
Net asset value (c)	92	102	115	125

*1973:100

Sales rose 19% last year. But with gross margins squeezed, the advance did not filter through the profits which were marginally lower, and the dividend was pegged at 8c for the sixth year running.

The sales increase did not flow from growth in the traditional Cape market which in fact showed a decline in real terms. It was entirely due to expansion in three directions: the mail order division, two new stores, and new up-market furniture division.

These results add little sparkle to the four-year history tabled below. Chairman Sydney Kriseman's annual statements over the period make more fascinating reading. From reporting "every confidence for the future" in 1976, the following year Kriseman talked of "survival and liquidity of vital significance." Then, in 1978, with his address changed from Cape Town to Tel Aviv, Kriseman highlighted the problems of inflation. This time round he has little to say on Montays' prospects, contenting himself with what amounts to an exposition on Sir Keith Joseph's particular brand of economics.

Kriseman's economic predilections aside, what can the Montays' minorities look forward to this year? Commenting briefly on the company's prospects, he says sales have been "buoyant" since the year-end. The directors enlarge that "substantial improvement" is anticipated in the mail order and new furniture divisions which contributed "only marginally to profits" last year. Also, at least two new outlets are planned this year.

So sales should show another increase, which could yield higher profits. But shareholders should not look for too much improvement, as although a better Christmas is expected by most retailers, Montays' customers are hardly likely to be in the forefront of the anticipated consumer spending boom.

Given this and the record, the shares at 75c to yield 11% do not look undervalued.
Gillian Counihan

COMPANIES BOYCOTT TOUCHY TECH FUND

Sunday Post 28/10/79

30

TWO MORE major South African companies which have previously given money to the Cape Technikon Development Fund have decided to withold all further financial assistance because of the sensitivity of the issue.

Thousands of rands are involved.

The companies are Pick 'N Pay and Truworths.

In addition, two other big companies have indicated they will review their policies of donating to the Technikon.

They are the Cape Times and the Standard Bank, which had donated R1 000 to the fund, but would now "watch the situation very carefully".

Earlier this week Woolworths confirmed that they had decided to withdraw a R5 000 grant to the Technikon Development Fund.

Confirmation of the stand by Pick 'N Pay and Truworths was contained in replies to letters written by the Women's Movement for Peace to nine companies, urging them to withdraw their support to the Cape Technikon until an alternative to the controversial District Six site was found for the new campus.

Mr Raymond Ackerman, Managing Director of Pick 'N Pay, said in his reply to the Women's Movement:

"We have been approached but as we are aware of the sensitiveness of the situation we have not committed ourselves to anything at the moment nor do we intend to do so until such time as a satisfactory solution can be found", he said.

—**SUNDAY POST** Correspondent.

Fishmonger Hadji Baderoen: "Even the skollies used to greet you. Now..."

of an extra...
company, amounting to R70 000, all of which was taxable, in the 19.7 financial year?

4. How does the answer to 3. change if the R70 000 is now a deductible loss, which can be set off against the taxable income from other sources of R50 000? Draw up the income statement assuming the deferral method is used.

5. Further to Note 4, assume now that the company has a set profit before depreciation of R60 000 in 19.8.

   Draw up the income statement for the 19.8 financial year under a) liability method

   b) deferral method

   Assume the tax rate remains 42%

(30)

RDM 14/9/79

Black income rockets in 5 years

BLACK per capita personal income increased by 12,9% between 1970 and 1975 while that of whites decreased by 1,2%, Professor Piet Nel, director of the Bureau of Market Research at the Univeristy of South Africa, said yesterday.

He said the redistribution of black income since 1970 showed the importance of the black consumer.

Prof Nel said the redistribution on incomes between whites and blacks would have to continue, if the greatest proportion of real growth in household expenditure was to be derived from blacks.

He added that the black share in personal income was expected to reach 28,9% in 1980 in contrast to that of whites which is expected to fall to 60,1% in 1980 from 69% in 1970.

"Although the purchasing power of blacks is considerably lower than that of whites, these figures suggest that the process of redistribution of income is enhancing the importance of the black consumer," he said.

These figures are derived from the Bureau of Market Research's recently completed a comprehensive study of the household expenditure of the various population groups in the Republic, Transkei and BophuthaTswana.

The aim of the study was to determine the structure of the market for specific products.

The study showed:

- Total household expenditure was 65% for whites, who made up 16,6% of the population in 1975; 24,8% for blacks, 6,6% for coloureds and 3,6% for Asians.
- Household expenditure between 1970 and 1975 rose by 4,9% a year for whites, 10,4% for blacks, 12,9% for coloureds and 9,9% for Asians.

Changes in the market share of the various main expenditure household items were important indicators in planning and marketing strategy, he said.

This included:

- The drop in white household expenditure between 1970 and 1975 — most drastic decreases being in washing and cleaning materials, clothing and footwear and reading matter and stationery.
- White expenditure also declined in food and clothing while it increased in housing and electricity.
- For blacks the sharpest upswing in the five-year period was their expenditure in insurance and funds, reading matter and stationery and clothing and footwear.

Among the points Prof Nel made about black expenditure patterns was that as their incomes increased they were becoming more like that of whites. He also said there were fundamental differences in the expenditure patterns of urban and rural blacks particularly in food, housing and electricity, income and poll taxes.

He said the big difference in per capita expenditure of blacks in metropolitan areas and that of blacks in other areas "suggested an enormous potential market for food as the real income of blacks increased".

	F	B M	B F
	.02	91,30	88,18
	.21	10,23	9,93
	.25	1,64	1,12
	96	4,78	3,70
	87	18,06	15,57
	79	53,38	45,89
	.00	8,77	8,13
	347	18348	13062

XVI SYMPTOMS AND ILL-DEFINED CONDITIONS

	W M	W F	A M	A F	C M	C F	B M	B F
0-1	0,51	0,54	2,10	1,24	7,00	6,86	19,69	19,83
1-4	0,04	0,04	0,21	0,35	0,75	0,77	2,58	2,48
5-24	0,01	0,01	0,09	0,06	0,08	0,03	0,21	0,23
25-44	0,05	0,05	0,28	0,17	0,42	0,31	0,72	0,78
45-64	0,44	0,18	1,73	1,04	1,73	1,02	3,80	3,64
65+	1,84	1,95	8,32	6,56	8,55	5,71	14,69	14,84
ALL	0,22	0,23	0,56	0,38	0,83	0,65	1,80	1,96
NO.	463	485	199	134	943	761	3765	3145

XVII ACCIDENTS, POISONINGS AND VIOLENCE (EXTERNAL CAUSE)

	W M	W F	A M	A F	C M	C F	B M	B F
0-1	0,85	0,69	0,70	0,31	1,18	1,24	0,32	0,19
1-4	0,49	0,21	0,31	0,27	0,63	0,61	0,21	0,20
5-24	0,71	0,22	0,68	0,20	1,40	0,38	0,68	0,12
25-44	1,18	0,30	1,43	0,37	3,32	0,70	1,22	0,26
45-64	1,25	0,42	1,55	0,40	2,89	0,76	1,10	0,31
65+	1,26	0,71	1,34	0,91	2,19	0,90	1,02	0,53
ALL	0,95	0,33	0,95	0,29	1,91	0,56	0,89	0,20
NO.	1973	677	333	104	2175	652	1868	324

(30) FM 2/11/79

MOTOR INDUSTRY

Now for the ultralight?

An application by Sigma Motor Corporation for rebate of excise duty on very small car and commercial vehicle models indicates the company is preparing to launch a range of vehicles in the ultralight sector.

Phase V of the local content programme stipulates that every passenger car and light commercial vehicle coming off production lines after January 1 next year must have a minimum of 66% local content by mass.

But now Sigma wants a concession to bring in, at short notice, passenger and commercial vehicles with a mass below 725 kg and an engine up to 700 cc, without meeting the 66% requirement for two years.

Dave Clapham, PRO for Sigma, says a study team is going to France to take a careful look at the Citroen Diane and its derivatives such as the "utility" L'Acadiane.

"We will also be looking at some Japanese ultralights," he says, "but at this stage emphasis will be on the viability of the Diane models."

Chairman Chris Griffith forecasts "a very tough market for small cars" in 1980 and this latest move would help Sigma in this sector, which is currently dominated by the Mazda 323 and Golf models. These hold 25% of the passenger car market.

One reason fo the proposed switch to ultralights is that the Mazda and Golf models will come in for some stiff competition next year. General Motors is expected to launch its T car during the first quarter and other new small cars coming on the market are Fiat's Ritmo, two Corollas from Toyota, the Pulsar from Datsun and possibly the Erika from Ford.

The fact that light commercial vehicles must also comply with local content regulations from January 1 means prices of bakkies will skyrocket.

Griffith . . . a tough market for small cars

Griffith points out that this will result in a swing back towards conventional passenger cars — with the emphasis on the small cars.

Such a move would bring SA more in line with world figures regarding the ratio of cars to bakkies — 4:1 rather than 2:1 as at present.

Industry reaction to the move is mixed.

Motor Industries' Federation president Theo Swart says there would be no opposition from dealers. "If the application is granted and all the manufacturers come in with ultralights then it will just become another sector of the market and dealers will have more cars to sell," he says.

Dr Gian Carlo Barsotti, MD of Fiat, says the move "could lead to a revolution in the market."

Manufacturers work on five-year plans to tool-up for new models, says Barsotti, and if the application succeeds it could place all the manufacturers' strategies in jeopardy.

Barsotti is a little sceptical about the chances of such small cars in the SA market. A few years ago Fiat did a series of tests on its 126 model (with the 600 cc air-cooled engine) and found it underpowered on the Highveld. So the idea of introducing that model was scrapped.

OK BAZAARS

Racing ahead

FM 2/11/79

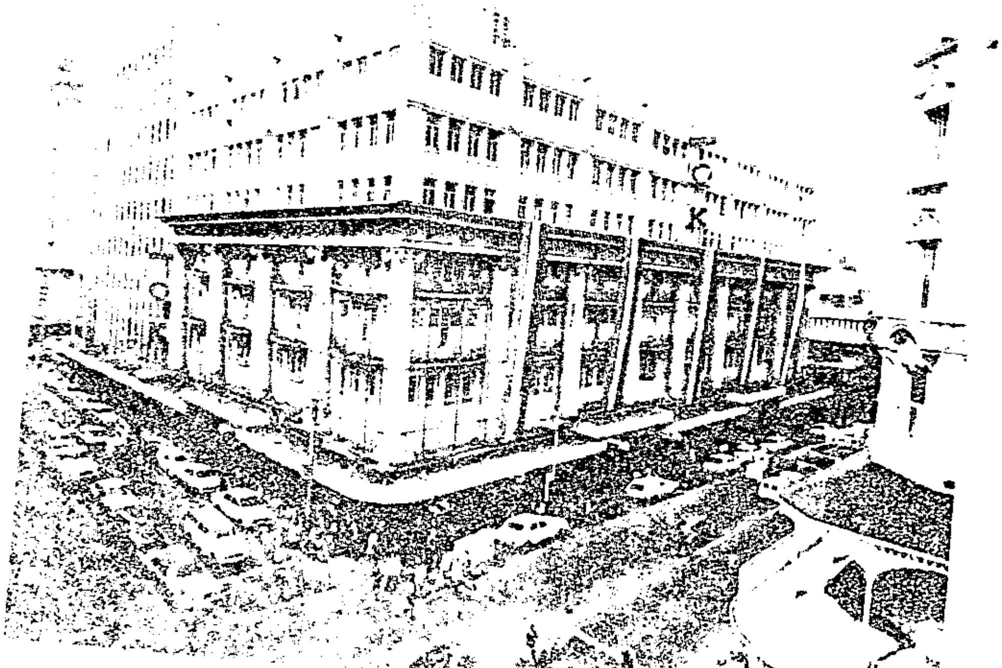
(30)

The past week's 10% improvement in OK Bazaars' share price validates the perfect market theory. For the company has announced results which fully support this week's new high of 1 150c and then leaves some room for further gains in the share price as Christmas spending accelerates.

Largely in line with expectations, OK increased sales in the six months to September 30 by 16,5% to R333,3m — meaning that the group has every chance of reaping the benefits of bumper Christmas buying and boosting turnover for the current year beyond R700m. Margins were widened and trading profits reflect the painless absorption of start-up costs for two new Hyperamas and new stores in Kenilworth Centre and Secunda. Pre-tax profit is up 19,2% to R9,8m but a marginally lower tax rate of 45% (46.1%), due to new store cost write-offs, resulted in taxed profit rising 21.6% to R5.4m.

With 45c earned in the first half, the directors have treated shareholders as generously as customers obviously treated the company and dividends are up to 23c (19c). MD Meyer Kahn's team has left the results to speak for themselves apart from adding the somewhat bland "trading results are considered to be satisfactory" comment to the official announcement.

On the current six months the directors are more informative, and say they expect the current strong sales trend to continue during the second half "despite the increase in competitive retail activity." Based on this scenario the board forecasts that earnings for the full year will increase by approximately the same percentage as in the first half. This would give earnings of about 150c. A twice-covered dividend is likely for a projected final of 52c (47c). OK has covered its dividend by a lower ratio in the past and a move out of property owning into lease-backs could see cash building up over the next 18 months. But this would not be enough to lessen desire for retained earn-



OK Bazaars . . . heading for record sales

... largely because of the extreme price ... being exerted by Pick n ... and a rejuvenated Checkers.

... for the current ... is slated at ... which is not large in relation to ... net assets. It is, in fact, unlikely ... OK will be embarking on ... expansion of store space over the next two years as management attention ... being devoted to improving stock turn ... margins on existing floor ...

OK's target market was diffused in the ... Meyer Kahn SA Breweries days but is ... more accurately concentrated ... the higher priced ... purchases ... and this will help ... Nonetheless a net ... And this gives the 150c ... some security.

... this week's share price the PE of 7.6 ... earnings yield of 6.5% ... moderately low yield for such a ... and operation and suggests ... have much faith in the Kahn ...

2. The Coastal Region:

The coastal region is just now in process of ... few kitchenmidden places and some Middle Sto... been known before through an article by Rudn... Bellew, 1964.

~~It was expected to find~~ Kitchenmidden sites are coming to light, th... by mining and they do ... the age of the coastal ... corded and preserved.

Kitchenmidden ... earlier stone age people on the ...

The majority of sites ... ~~loper~~" kitchenmiddens. ... available water source ... known routes to the co... coast could given them ... one finds in their fi... style of living was v... and they had adapted ... ecological background ... culties in this barren ... the lack of water. The sea gave them the food they needed, which was plentiful enough. The lack of water they overcame by a perfect knowledge of the position of the few water places in the desert and by the equally perfect way of preserving and storing water in ostrich eggs.

Of particular interest in this connection is the recent find of a rich camp and midden site at Baker's Bay, where a "nest" of 22 ostrich eggs as water containers with a single small hole and engraved markings, were found by road workings for a new plant. On inspection of the site only a small remnant of the campsite escaped destruction and here a number of fireplaces with charred

10/.......

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The Star Friday November 2 1979 5

Black and white businessmen can join forces now

Political Reporter

Government plans to draw blacks into the free enterprise system were welcomed by leading white businessmen, who predicted that these would result in a large flow of funds into black areas.

The Minister of Co-operation and Development, Dr Piet Koornhof last night announced Government approval for black-white business partnerships in which blacks would hold a 51 percent share.

Addressing the Johannesburg Afrikaanse Sakekamer, he also announced approval of an offer by industrial magnate Dr Anton Rupert to use his Small Business Development Corporation to establish industrial complexes in Soweto and other townships.

Dr Koornhof said the Government had approved in principle the development in partnership between black and white of a large business centre in Soweto.

Sources in the private sector welcomed Dr Koornhof's announcement, predicting that large amounts of money would flow into black areas creating jobs and a variety of facilities for blacks.

Some sources said the announcement was of particular importance for housing developers who would now be in a position to move into black areas, helping to alleviate a severe shortage of housing in many areas.

"We have been advocating this for years. It's time that it happened," said developer Mr Aaron Cohen. "This is a tremendous breakthrough."

He warned, however, that white businessmen should operate on a basis of good faith and should not merely be on the lookout for short-term gains.

Mr Raymond Parsons, chief executive of the Association of Chambers of Commerce (Assocom), today welcomed Dr Koornhof's announcement. "Assocom favours open trading opportunities for all races in all areas, but recognises that this principle will have to evolve," he said.

			ASIAN		COLOURED		BLACK	
		ale	Male	Female	Male	Female	Male	Female
		%	28 2.5%	15 1.9%	120 3.9%	139 4.4%	49 2.1%	56 2.9%
		%	115 10.1%	127 15.8%	190 6.1%	276 8.8%	273 11.4%	212 11.0%
		%	537 47.3%	246 30.6%	845 27.1%	566 18.0%	148 6.2%	66 3.4%
		5%	273 24.1%	239 29.7%	939 30.2%	1278 40.7%	772 32.3%	749 39.0%
		5 0%	1135 100%	804 100%	3114 100%	3140 100%	2390 100%	1921 100%
		7 4%	122 36.6%	28 26.9%	572 26.3%	161 24.7%	282 15.1%	59 18.2%
		4 4%	42 12.6%	13 12.5%	84 3.9%	18 2.8%	76 4.1%	11 3.4%
Homicide (E960-E969)	59 3.0%	41 6.1%	41 12.3%	2 1.9%	680 31.3%	167 25.6%	806 43.1%	89 27.5%
Total Accidents, Poisoning and Violence (E800-E999)	1973 100%	677 100%	333 100%	104 100%	2175 100%	652 100%	1868 100%	324 100%

* E979 "Suicide and self inflicted poisoning by motor vehicle exhaust gas" is a code used in South Africa which does not appear in I.C.D. (8th revision). See Ref. 13.

3/11/79 30

Ackerman slams bid to control bulk buying

JOHANNESBURG — Mr Raymond Ackerman, managing director of Pick 'n Pay, has called on the Government to scrap their investigation into the buying power of large retail outlets.

Speaking at a retailers and distributors conference here, he warned that consumers would be "raped" if the Government introduced control over negotiating for discounts.

Mr Ackerman was obviously referring to the announcement last month by Mr Heunis, Minister of Industries and Commerce, that he had asked the Board of Trade and Industries to investigate the way large retailers use their massive buying power to squeeze discounts from manufacturers.

Mr Ackerman urged the Grocery Manufacturers' Association (GMA) to fight the matter out in the market place.

"We don't want Government intervention. I appeal to the Minister to scrap it and leave it for businessmen to fight out in the market place.

"It will cause inflation at the rate of 100 per cent annually and will lead to social unrest.

"Let's not import laws into this country that have not worked overseas. We want honest, hard trading and negotiating," he said.

But earlier at the conference, Mr Lawrence McCrystal, executive director of the GMA, called for "fair and open trading".

He said attempts to sort out the retailers manufacturers feud among themselves on a voluntary basis had failed and that a code of ethics had not been worth the paper it was written on.

"Unhappily for the private enterprise system, certain of its practitioners — notably those who spoke most loudly in favour of free enterprise — scuppered the whole initiative in flatly refusing to co-operate in any shape or form," Mr McCrystal said.

It was for that reason the Minister of Economic Affairs was asked to help and had now decided to proceed with an investigation, he said. — DDC.

Voordele van samewerking in swart stede

Rapport 4/11/79

30

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Deur FRANZ ALBRECHT

SAMEWERKING tussen swart en wit sakemanne op 'n vennootskapsbasis vir die ontwikkeling van swart stedelike gebiede kan net voordelig wees. Dit sal veel meer beteken as 'n moontlike winsgewende onderneming, want swartmense sal daardeur persoonlik en kollektief verryk kan word.

Twee vooraanstaande sakemanne van Johannesburg het dié mening uitgespreek na aanleiding van die aankondiging deur dr. Piet Koornhof, Minister van Samewerking en Ontwikkeling, dat vennootskappe tussen wit en swart sakemanne gevorm mag word vir die stigting van ondernemings in swart woonbuurte. Dr. Koornhof het Donderdagaand die Johannesburgse Afrikaanse Sakekamer toegespreek.

Dr. Koornhof het gesê die Regering het dit goedgekeur dat sakeondernemings gestig mag word waarin swartmense minstens 51 persent van die aandele en witmense hoogstens 49 persent mag besit. Hy het ook aangekondig dat 'n groot sakesentrum, wat hy 'n klein Carlton-sentrum genoem het, in Soweto gebou gaan word. Die Nywerheidsontwikkelingskorporasie en dr. Anton Rupert se Kleinsake-ontwikkelingskorporasie sal beskikbaar wees om swart sakemanne te help en van raad te dien.

Mnr. Mof Terreblanche, voorsitter van Johannesburg se Afrikaanse Sakekamer, het gesê die ontwikkeling is dringend noodsaaklik.

Mnr. Nigel Mandy, voorsitter van die Vereniging vir die Sentrale Sakegebied van Johannesburg, het op sy beurt gesê die ontwikkeling hou groot voordele vir die sakeondernemings in die middestad in. Albei sakemanne, wat uit die staanspoor met die ontwikkelingsplanne vir sakelui in Soweto gemoeid is, het gesê dit is onsin dat grootskaalse ekonomiese ontwikkeling in Soweto daartoe sal lei dat die middestad van Johannesburg veral oor naweke sal leegloop.

Mnr. Terreblanche het gesê Soweto kan slegs selfonderhoudend word as hy seggenskap oor die ontwikkeling van sy gebied verkry. Deur die ontwikkeling van sake-, nywerheids- en woonpersele sal die plaaslike regering wat daar beoog word, selfonderhoudend kan word. Die gebied kan egter nie sonder blanke kapitaal en kundigheid ontwikkel nie.

Die verbod op samewerking tussen wit en swart sakemanne in die vorm van vennootskappe het die ontwikkeling van Soweto en ander swart woonbuurte gekniehalter, het hy gesê. Die jongste besluit, veral die feit dat swartmense die meerderheid in die vennootskappe moet vorm, bewys dat aan die vryemark-ekonomie en die kapitalistiese stelsel geglo word.

Mnr. Mandy het gesê sakemanne in Johannesburg se middestad was nooit gekant teen ontwikkeling in die gebiede buite die middestad nie. Hulle het lank reeds besef dat 'n vakuum in bv. Soweto bestaan wat gevul sou moes word.

Mense wat in die middestad koop, werk of woon in die onmiddellike omgewing. Met die uitsondering van miskien kruideniersware sal die middestad nog goedere en dienste voorsien wat elders nie so bevredigend gedoen kan word nie.

Die ontwikkeling van 'n sake- en bedryfslewe in Soweto sal talle kleiner ondernemings skep wat gespesialiseerde goedere en dienste in die middestad sal soek, het mnr. Mandy gesê.

view...
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trine inv...
nary psy...
sodes o...
someone...
only the...
failure t...
In devel...
position,...
Cartesia...
For exam...
someone...
inner eve...
corresponds ... care involved. There and there is the *doing*. He argues that this account is comparable to claiming that w... grates south there is behavior which cons... south and an inner event which constitut... aspect of that flight."

1. What does it mean to say that "all me... ...alyzed in terms of behaviour "?

2. There is a sense in which I believe t... ... is in Paris even though I am ... ...about the tower or thinking about it but if I were woken up and asked where the Eiffel Tower is, I would, with some irritation, say "In Paris". My belief is said to be dispositional. Irritability and solubility are also dispositional, an irritable person isn't irritated all the time nor is a soluble salt dissolved all the time.

   a) Are there mental terms which are dispositional? If so give an example.

   b) "All so-called mental states are simply behaviour." If there are dispositional mental terms how does this affect the above statement?

   c) Why do some behaviourists prefer to analyze mental terms in terms of dispositions to behave?

3. a) In "asking whether someone came home in a bus or a flood of tears... there is only the illusion of mutually exclusive alternatives." Why is this?

   b) What "conceptual confusion" is involved in not seeing this?

   c) The confused person who thinks that there are two genuine alternatives is said to have made a "category mistake", i.e. he thinks

2/

Take-off! Boom in black spending

S. Times, 4/11/79 (30)

Boosting company profits

BLACK spending power, estimated at R6 000-million a year is tipped to mushroom in the next 24 months as the black-white wage gap narrows again after a two-year lull.

JOHN SPIRA REPORTS

It's worth R6 000m a year

Heads of several companies heavily involved in selling to blacks, and spokesmen for leading market research organisations confirmed this in exclusive discussions with Business Times this week.

A report completed this year by a major Johannesburg stock broking firm reveals that the blacks' share of South Africa's total disposable income is now running at about 35% which, based on 1977 figures, would be equivalent to R5 500-million.

The report expects the figure to rise to almost 40% (which translates into R9 000-million) next year.

Professor Piet Nel, director of Unisa's Bureau of Market Research, estimates that the blacks' share of personal income rose from 22,5% in 1970 to 25,4% in 1975 and will be as much as 28,9% next year.

Stellenbosch's Unit for Future Research and Natal University's economics department have produced slightly more conservative figures.

Mr D G S Campbell, chairman and managing director of Frasers (the 293-outlet distributor of soft goods, furniture and building materials which deals principally with the black market) believes that black purchasing power will expand at a rate well above the national average.

This implies that companies with a firm foothold in the black market should enjoy above average earnings growth.

He cites reduced black unemployment, a mood of growing confidence and higher earnings from the mines, as the major factors behind the greatly improved outlook.

The fortunes of Frasers itself offer a good barometer of black spending.

Its earnings declined in 1977-78 owing to a reduction in black spending on non-essentials, coupled with a high rate of black unemployment.

However, for the year to September 30, 1979, the group lifted earnings from 53,5 c to 61,3 c a share as black unemployment fell, the economy picked up and a trend towards the narrowing of the wage gap started filtering through.

Should Mr Campbell's expectations materialise, companies like Ellerines, Tedelex, Twins and World Furnishers can also look forward to buoyant trading conditions.

Eric Ellerine, chairman

To Back Page

From Page 1

Black spending

and managing director of the

(30) FM 9/11/79

MOTOR INDUSTRY

Comeback for carmakers

Things look a lot brighter for the motor industry now than they did a few months ago. The recovery which began early in the year and was almost choked off by intensified fuel conservation measures looks set to resume.

Car sales this year are expected to come close to the original forecasts for 1979 (210 000-215 000 units), and the industry is predicting growth next year of 5%-10% as a result of the relaxation of conservation measures, the easing of hire purchase terms, and the general economic improvement.

But the commercial vehicle market looks less buoyant. Sales are likely to reach nearly 100 000 this year (99 000 last year) and estimates for next year vary from a 5% increase to a 10% decrease.

"The car market in 1979 should be 211 000 units," says Vic Doolan, marketing director of BMW. "Next year we see a market of 220 000 cars, but this may be conservative. It could go to 230 000 provided products are available and local suppliers can meet the demand, and the political situation remains stable. Everything points to a good market next year."

Inflation is a problem, however, with car prices likely to climb at least 12%, more or less matching the rise in the cost of living.

Doolan believes that even the low level of sales during the past three years has been artificially high because of stimulation through price-cutting.

"Dealers have been giving away uneconomical discounts and rebates," he says. "By giving away their margins, dealers and manufacturers have probably enabled people to buy a new car who would not otherwise have done so.

"Prices have also been kept down below comparable international levels. If the market rises to 230 000 next year and there is a supply problem, dealers and manufacturers will return to more intelligent trading."

BMW's MD, Dr Eberhard von Koerber, at the launch this week of executive versions of its 5 Series, noted, however, that the car market can't really take off until blacks become big buyers.

Meanwhile, the SA motor industry will be unattractive to foreign investors unless they can export. Von Koerber wants the Government to provide export incentives to such manufacturers to make it worth their while increasing local content in export cars. BMW hopes to export 3 000 cars next year — the only SA manufacturer to do so.

"We see a steady improvement," says Volkswagen MD Peter Searle. "There is no reason why, with all the positive trends now in evidence, the market shouldn't grow next year."

The panic rush into small cars earlier in the year has been corrected in latest monthly sales, but manufacturers' views on market trends seem to depend on whether they are suppliers of big or small cars.

Von Koerber . . . looking for export incentives

There is no doubt about the long-term trend, however: over the past five years, the small car share of the market has steadily and inexorably risen, while those of all but the big executive cars have shrunk. Except for this year, big executive cars have maintained their share.

Searle, whose VW Golf is the country's best-selling car so far this year (narrowly ahead of the Mazda 323), insists there is a trend towards "more economical" cars — that is, not only to small cars — and not only because of fuel costs.

"There is an enormous amount of discounting and over-trading on the bigger cars in order to move them," he says. "Dealers are making offers that people can't refuse. But this is unlikely to continue, and big cars have become very expensive.

"Moreover, Phase V of the local content programme gives small cars a tax advantage. There is no doubt the trend towards them will continue."

Searle agrees the market could go to 230 000 units next year if there is a positive budget.

"But a market that size will have to be very much a small car market," he says. "Because people are buying more small cars, they are spending less overall. This puts a lot of pressure on company profitability."

Motormakers worst hit this year have been UCDD (Mercedes-Benz), Leyland and Ford (where the Cortina's market share slipped from 12% last year to 7.5%). But BMW, which is also at the top end of the market, has had a record year.

Ford MD Brian Pitt says steps taken by the Government to stimulate the economy will cumulatively strengthen the car market and reinforce the swing back to medium and bigger cars.

"We anticipate economic growth of 3.5%-4.5% for 1980, accompanied by motor industry sales growth of about 8%," he says.

He expects only a marginal improvement in the light commercial vehicle market because of the impact of Phase V on prices, but forecasts 14% growth in heavy truck sales because of the economy's recovery.

Datsun MD Peter Whitfield puts an estimate of 5%-7.5% on car sales growth next year, and notes that the improving rand-yen exchange rate makes the price of Japanese-sourced vehicles relatively more attractive.

However, there is now a significant bottleneck on cars sales in the dealer networks. The number of dealers in the country has declined markedly, with major dealer networks such as the McCarthy Group closing down branches in response to tough trading conditions.

ut eggs in half and lay on a flat s
down. Pour over salanaise.

---oOo---

CHICKEN AND CUCUMBER SALAD

1 cup cooked chicken, diced 1 cup
4 T finely chopped walnuts 1 cup
French dressing/mayonnaise
lettuce

Marinade chicken, cucumber, nuts and
Serve on lettuce with mayonnaise. C
and refridgerate until ready for use.

French dressing:
Blend together 6 T salad oil and 2 T

---oOo---

RETAILING

Shopping around

Is the department store on the way out? SA's well established department store groups have felt the draught as never before in the past few years. From 1975 to 1978 sales in the R11,5 billion-a-year retail trade have fallen in real terms by 1,8% (despite an increase of 31% in money terms).

Growing competition from other types of retailer has hit department stores even harder. Says Richard Lyne, MD of Greatermans: "All over the world the pre-emininence of department stores is being eroded by supermarket food chains, discount chains and speciality stores."

The growth of discounters like Dion, Hypermarket and Game, and speciality stores like Edgars, Truworths and Foschini bear this out. For example, Edgars increased sales between 1975 and 1978 by 63% to R170m, and Pick n Pay boosted its sales by 232% to R329m. Sales for John Orr, Stuttafords and Garlicks combined increased by only 15% (against a total market growth of 32%) to an average of R34m.

Pick n Pay's growth is not just in food, an area long forsaken by the department stores, but in the fields where department stores are meant to lead. "This year we will sell over R22m in clothes and over R50m in hardware," says PnP boss Raymond Ackerman. "Amazing growth from the zero figure of a few years back."

Lyne . . . a department store sells dreams

The very malls and shopping centres to which department stores are now moving are assisting the growth of their competitors. By giving a host of specialist boutiques and discounters accommodation under one roof, they give the shopper one-stop shopping, once the exclusive benefit of department stores, as well as the excitement and individuality of independently owned shops.

Family control of SA department stores, all founded in the 19th century, could be another problem. "Internationally we have seen that nepotism is a prescription for disaster," says Adrian Bellamy, MD of Edgars. In the Sixties the Anstey's family business was gobbled up by Rave. More recently, the Herber family was displaced from Greatermans by SA Druggists' Isaac Kaye; and coal mining magnate Graham Beck, bought Stuttafords; the Orr family have just fought off a takeover bid and John Orr shares are now suspended. Only Garlicks remains in the family fold. But, even with more efficient management, there might not be enough room for all.

Bellamy adds: "Like products, the different forms of retailing have life cycles, and any successful form of retailing invites competition from others. So the department stores, successful in their day, have attracted the competition of the discounter and the specialist."

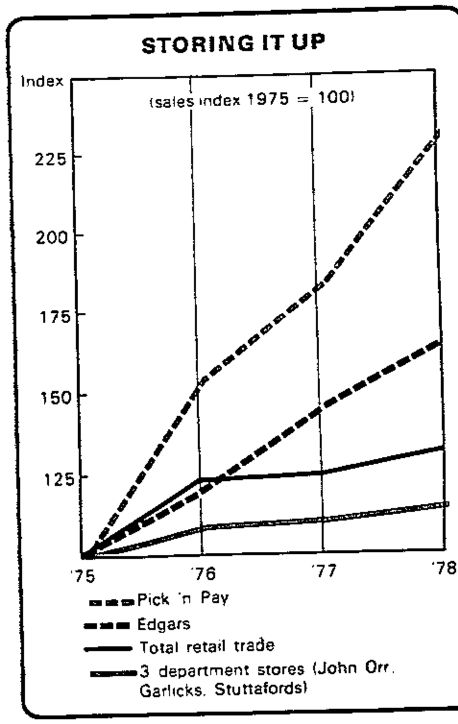
Says Ackerman: "There is still a place for top-class department stores in SA, but I think we have too many. As in the States, the crummy, old-fashioned number twos and threes will not survive."

So far, department stores appear to have have done little to counter the challenge, and shrink from discussing plans.

Chairman John Garlick, of Garlicks, which is awash with funds after the sale of its office machinery division, merely says that his group has no plans to close any outlets, and may open more although "not necessarily department stores."

Leonard Orr, deputy chairman of John Orr's, which tried and failed to beat the discounters at their own game with Spot Discount chain, says: "Perhaps we have tried too quickly and too hard to correct the fuddy-duddy image we are supposed to have had, and now we may even bend back towards the customers we have lost." The departure of MD Ken Broderick-Clarke, not a family member, suggests a return to family control and to the old-style department store customs the family knows best. Orr says that other changes, based on a PE Consultancy Group investigation for John Orr's, will be announced in the interim report due soon.

Beck's right-hand man at Stuttafords, David Bell, says there are changes in the pipeline but "we would rather present a *fait accompli* than announce our plans in advance."



Says Greatermans' Lyne: "If department stores are to grow, they must regain the image of fashionabilty they have lost to the specialists. We must recognise that a department store sells dreams. To give substance to these dreams it must have new and innovative merchandise presented in an exciting way. And it must have activities and events that create an environment in which the customer wishes to participate."

Lyne quotes a *New York Times* article on Bloomingdales, the New York department store, which has done just that. Once ailing and now suceeding beyond management's wildest hopes, the store has transformed itself into a "virtual amusement park with fashion shows more akin to stage productions. Bloomingdales has become a cultural institution. As the MD remarked: 'We are not in competition with other stores but with the Guggenheim and the Met.' "

Cut eggs in half and lay on a flat salad platter;
down. Pour over salanaise.

---oOo---

S. Drury, Eas

CHICKEN AND CUCUMBER SALAD

1 cup cooked chicken, diced   1 cup cucumber, pe
4 T finely chopped walnuts   1 cup cooked green
French dressing/mayonnaise
lettuce

Marinade chicken, cucumber, nuts and peas with Fr
Serve on lettuce with mayonnaise. Cover with gre
and refridgerate until ready for use.

French dressing:
Blend together 6 T salad oil and 2 T lemon juice.

---oOo---

STUFFED CABBAGE SALAD

May Bennett, Ridgeworth

1 fresh green medium size cabbage
onions
carrots
tomatoes
fresh pineapple
radishes

Cut the centre from the cabbage, leaving the outer leaves to form a bowl. Wash well. Chop onion. Peel and cube the carrots and pineapple. Cube tomatoes. Thinly slice some of the inner leaves of the cabbage leaving the stalks. Place the carrots, pineapple, tomatoes, sliced cabbage and the finely chopped onion in a bowl adding any juice from the tomatoes, pineapple and add salt and black pepper to taste. Toss w l, then pile the salad into the cabbage "bowl". Garnish with ish roses and a small bowl of mayonnaise for t
roses, cut across the tc
iced water until the rac

GERMAN POTATO SALAD

boiled potatoes
cooked bacon
mayonnaise

Cube the potatoes while
with the potatoes, onion
salt and pepper. Use ho

EGG SALAD

hard boiled eggs
salanaise

Cut eggs in half and lay
down. Pour over salanais

CHICKEN AND CUCUMBER SALAD

S. Drury, East London

1 cup cooked chicken, diced
4 T finely chopped walnuts
French dressing/mayonnaise
lettuce
1 cup cucumber, pealed and diced
1 cup cooked green peas

Marinade chicken, cucumber, nuts and peas with French dressing. Serve on lettuce with mayonnaise. Cover with greaseproof paper and refridgerate until ready for use.

French dressing:
Blend together 6 T salad oil and 2 T lemon juice.

---oOo---

SPRING GREEN SALAD

May Bennett, Ridgeworth

1 medium size lettuce
2 onions
parsley
1 cucumber
mint (fresh)
scallions

Wash and shred the lettuce, chop onions finely and parsley; keep a few pieces for garnishing. Wash cucumber peel and cube. Wash scallions, and cut tops off leaving a short piece of the green left on. Toss the lettuce, parsley, cucumber, onion and scallions together, salt and pepper. Pour over a little French dressing and serve in a glass bowl. Garnish with a few sprigs of mint and parsley.

---oOo---

PETROL RETAILING

Stepping on the gas?

A bevy of spanking new filling stations is the last sight Johannesburg motorists would have expected to see in these cramped days of sky-high petrol prices. Yet this is precisely the vista along quite a few arterial routes with Shell's brand name especially prominent.

It's connected to the current 1974-80 national rationalisation plan for filling station trading sites. As explained by Shell retail director John Drake and Mobil general manager (retail sales) Curtis Neave this plan effectively freezes the total number of filling stations and even provides for a small reduction. But a key feature permits oil companies to relocate stations freely within a radius of 8km of their original situation.

Neave repudiates the suggestion that trading activity, over-all is on the increase. But changing motoring patterns may lead to local increases justifying relocations within the general pattern of retail sales dictated by high petrol prices. For example, white living patterns could be influenced in the direction of higher density living closer to the city. Another aspect is an improvement in retail sales in urban black areas and even in the homelands.

Drake explains that the companies were permitted a certain number of new sites (over and above relocations) within the general framework of an aggregate reduction. Important additional factors influencing the profitability of existing sites included road closures and rebuilding.

It's difficult to avoid the impression that the major companies are playing their cards pretty close to their chests. The lavish outfitting and sheer size of many of the new stations suggests a strong competitive marketing drive in the selected areas. This is really surprising in the light of what was widely believed to be a gentlemen's agreement (operating since the first oil crisis) which bars promotion of retail petrol sales.

Financial Mail November 9 1979

1 11 oz can (1 1/3 cups) mandarin orange sections, drained
1 6 1/2 or 7 oz can tuna, drained and broken in large chunks
2 t soya sauce
1 t lemon juice

In a large salad bowl, combine lettuce, apple, orange sections, tuna and nuts; toss together. Combine mayonnaise, soya sauce and lemon juice; mix well. To serve, add dressing to salad; toss gently. Makes 4 - 6 servings.

---oOo---

(30)
9/11/79

AMALGAMATED LAUNDRIES

Cleaner front

Activities: *Engaged in dry cleaning and laundry operations; also linen, industrial garment and towel hire. Has properties and factory premises in and around Cape Town.*

Chairman: *H M Florence.*

Capital structure: *1,3m ordinaries of ... Market capitalisation: R852 000.*

Financial: *Year to June 30 1979. Borrowings: long- and medium-term, R738 000; net short-term, R156 000. Debt equity ratio: 75,2%. Current ratio: 1,5. Gross cash flow: R306 000.*

Capital commitments: R84 000.

Share market: *Price: 65c (1978-79 high, 70c; low, 20c; trading volume last quarter, nil shares). Yields: 30,9% on earnings; nil on dividend. PE ratio: 3,2.*

	'76	'77	'78	'79
Return on cap %	11.2	9.4	15.5	27.3
Turnover index*	100	102.9	86.5	102.6
Pre tax profit (R000)†	206	47	145	440
Earnings (c)	10.7	3.3	5.5	20.1
Dividends (c)	—	—	—	—
Net asset value (c)	117	77	76	90

*1976 = 100 †Before adjustment for extraordinary items

Despite adverse publicity surrounding the takeover of Amalgamated Laundries by chairman Max Florence and his associates, credit must be given to management for a rapid turnaround. On the back of an 18.5% turnover improvement (decrease 15.9%), operating profit was 204% ahead to R440 000 (R145 000), "primarily due to the successful reorganisation of our dry cleaning, laundry, linen hire, garment hire and towel hire activities at Lansdowne," which was completed in the 1978 financial year, according to Florence.

Control of the group, previously a Herbert Porter subsidiary, was bought for 46c a share by Florence earlier this year after delisting at Florence's request, following HP's liquidation.

With an eventual 46c standby offer to minorities last month, the share has been relisted. With reorganisation well under way, those who stayed aboard despite last year's passed dividend, could find themselves with a useful investment.

As Florence points out, productivity and efficiencies have been greatly improved, and further savings should be forthcoming


Max Florence . . . cleaning up profits

this year. Attempts were successfully undertaken to retire liabilities which had accrued to the group from "past associations." Short- and long-term loans, totalling R138 000, debts to former subsidiaries amounting to R105 000 and R91 000 in secured loans have been repaid, improving liquidity and strengthening the balance sheet.

As is commonly the case with rationalisation, last year's reorganisation was not cheap. Coupled with settlement of past liabilities and new capex was increased investment in stocks and debtors. So, not surprisingly, dividends were passed for the fourth year in a row.

But, with earnings of over 20c expected to be maintained, a dividend this year is possible, according to Florence's conservative expectations. But, at 65c, the share, which has seen little trade since its relisting, probably discounts any further near-term recovery.


Food prices through the roof. . .


We split open the monopolies. . .


Total abuse of the consumer. . .


Fair trading means price fixing. . .


We work on the lowest possible mark-on

Ackerman warns Govt: Leave food discounts alone

By JEAN LE MAY


● Raymond Ackerman . . . power to the market forces.

FOOD prices will go through the roof if legislation to monitor discount deals between retailers and suppliers is brought in, Pick 'n Pay chairman Raymond Ackerman told the Sunday Express this week.

"Consumers would march on Parliament if they realised what would happen," he said. "The Grocery Manufacturers' Association wants what it calls 'fair and open trading', but this is a misnomer — it is unfair and certainly not open to the consumer, who will suffer disastrously."

Mr Ackerman fired the latest shot in his war with the GMA in a question-and-answer session with the Sunday Express, in which it was intended to put questions to him and to the GMA about the Board of

QUOTE

". . .it could well increase inflation by 50% — critical in our country today."

Trade inquiry into the buying power of the large chain stores.

However the GMA refused to take part — after executive director Dr Lawrence McCrystal had initially agreed.

The GMA did not regard Ackerman as spokesman for the retailers, it said, and its views and arguments in favour of free and open trading had been stated on numerous occasions.

The row is about confidential discounts — that is, secret discounts obtained by big retailers, mostly the supermarket chains, from suppliers.

The GMA says the chains negotiate substantial discounts because of their bigger buying power and that smaller retailers are unable to compete.

A BIG NO TO 'FAIR AND OPEN TRADE'

Theses were the questions put by the Sunday Express to Mr Ackerman, and his answers:

Express: Will fair and open trading as advocated by the GMA lead to increases in consumer prices?

Ackerman: Yes, particularly the price of food. If suppliers do not have countervailing forces against them they tend to push up prices to the maximum, unless there is price control.

Express: Will it add to the rate of inflation?

Ackerman: Yes, it will — it could well increase inflation of food prices by 50%, which would be critical in our country today.

Express: Does the present system of secret discounts keep prices down?

Ackerman: Certainly. We sit and bargain until 10pm for ½c on chickens, we split open monopolies by ensuring that our suppliers do not talk together, we are continually fighting for extra deals — all this forces the suppliers to be efficient and keeps prices down.

Express: Would a voluntary code of practice be as effective as legislation?

Ackerman: I don't believe a formal code is actually needed — it's just plain commonsense in the market place and a voluntary code of co-operation is all that is needed. For instance, we reduced deliveries from suppliers countrywide by 15 000 a month when the fuel crisis hit us, and this has been of enormous value to them. I cite this because it is an area which caused a lot of trouble and it was sorted out voluntarily, by co-operating.

Express: Why were the GMA and the major supermarket chains not able to reach agreement on a voluntary code of practice?

Ackerman: The GMA insisted on having the Government police the code. Another reason is that they continually changed the terms of their suggested involve "publishing" for all to see the terms under which a manufacturer would be prepared to trade". How do you feel about this?

Ackerman: It is absolute anathema . . . one or two large manufacturers have said to me they'd love to see what the opposition was doing so that they could raise prices. Surely this is inflationary? The best way for a buyer and a seller to reach an agreement is in the market place.

Express: Why are the major chains able to sell so many consumer goods at lower prices than small retailers?

Ackerman: By working on the lowest possible mark-on instead of the highest. If a person is going for the highest possible mark-on, he will never have low prices.

The smaller retailers today have the help of wholesale groups which help them to get the same deals as the chains. The whole

QUOTE

"Smaller retailers have the help of wholesale groups."

country will benefit by the big chains and the wholesale groups bargaining and negotiating to keep prices down. This point has been left out of GMA discussions.

Express: What are the most important factors in deciding how much any retailer will pay any manufacturer for any product?

Ackerman: The price, the discount, the cash discount, the target discount, shelf space, promotions, deliveries, payment and advertising are all aspects in negotiation and we don't want any of them taken away. Often a deal turns on an advertising allowance, for instance.

What we want to avoid is suppliers getting together, and that is what they want this legislation to do for them. They want to know what others are doing so that they can sit together and fix their prices — they'll deny this.

The whole thing is geared to a monopolistic situation and a total abuse of the consumer.

Express: What would happen if "fair and open trading", as advocated by the GMA, were introduced?

Ackerman: We would have to accept the prices written down on a piece of paper, we could not negotiate,

trading" consistent with free enterprise?

Ackerman: It is consistent with a monopolistic situation and it is advocated by people who want to take the economy by the nose for themselves. Eminent American economist Professor Milton Friedman says it is only propagated by people who want to take the consumer for a ride. He's wrtten a whole treatise on it and I quote: "Unfair competition means competition is healthy. Fair and open trading means price fixing."

Express: Allegations have been made that manufacturers have to raise their prices to small retailers to make up for their margins being squeezed by the major chains.

Ackerman: If suppliers are so worried about the small traders, they should bring their prices down altogether to what we have negotiated. Then they'll be helping everybody. If they're raising prices to the small trader, it's because they want to make more money.

Express: Are you more interested in keeping prices down for the consumer or in reaching set profit targets? Would you consider lowering targets to keep prices down?

Ackerman: I've never pretended I'm in business to help the consumer. I'm in business to make a profit. But there are ways of doing it and some are NOT to force a monopoly, NOT to collude, NOT to fix prices.

America and Australia have legislation something like what is proposed here, but Germany and Switzerland, where inflation is 2,5% and 4% respectively, do not. This is pertinent, and in America they are challenging the law because it is inflationary.

The manufacturing side has a very bad history regarding monopolies. We have had to fight year after year to break up collusion and price fixing, and for the abolition of resale price maintenance.

Right at this minute certain GMA members have been involved in the formation of Nepco, the egg cartel, and we have forced the issue by backing the independent egg producers.

RDM 14/11/79

Needs of buyers the same

BLACK and white consumers have the same needs and wants, the only difference in buying habits concerns the availability of facilities, Mr Harold Greenstein, marketing director of the Greatermans/Checkers Group, said yesterday in a speech delivered on his behalf by Ms Peta Lomberg.

"We believe customers have basically the same wants and needs and our role is to try to cater for them. Problems arise because of the differing resources and facilities that consumers have. If a consumer does not have a refrigerator he cannot buy frozen foods in bulk."

Commenting on the New Consumer concept, he said: "For my company the new consumer is just the same as any other consumer — except maybe for the facilities which she has.

"The job of the retailer, if he is to be successful, is to ensure he has the supply to meet the demand.

"He has to analyse needs, fads, fashions, likes and dislikes and then put together a catalogue of merchandise varying only in stock quanities so that he can satisfy his customer.

"The task of the retailer is much greater — he and all the privileged classes have a role to play in educating people.

"We have a role to ensure the provision of domestic facilities like electricity so that customers can get the benefits of bulk shopping to make their life and lifestyle simpler and easier.

"We have a role in making consumers know what is available to them.

Conventional tactics must go, says prof

CONVENTIONAL marketing theory, in which urban blacks were not considered part of South Africa's prime consumption group, was now "old hat", Professor Sandra van der Merwe told the New Consumer seminar in Johannesburg yesterday.

Prof Van der Merwe, head of the University of the Witwatersrand's Graduate School of Business Administration, said South Africa's marketing executives should dispense with conventional tactics if they wanted to succeed in South Africa's unconventional market place.

Prof Van der Merwe was one of the 12 speakers at the seminar, attended by more than 300 delegates from companies based in all parts of the country. The seminar was organised to show why urban blacks should qualify for inclusion in South Africa's prime consumption groups.

"The question of what to do now is not 'how do we market to blacks?', in the same way as it was never 'how do we market to whites?' The question is: 'how do we market to South Africans with a particular socio-economic and psychological profile", Prof Van der Merwe said.

The most effective contemporary marketing technique, she said, was horizontal market segmentation in which consumers were classified according to their income group.

Horizontal segmentation should replace the currently fashionable vertical segmentation, in which consumers were bracketed together by race and perceived psychological disposition.

"Horizontal segmentation can offer progressive market leaders an opportunity to cut across racial barriers and aim products and services at target markets with similar socio-economic aspirations," Prof Van der Merwe said.

"The advantage of horizontal marketing is that the message and promise of a product offered for sale can be the same for all ethnic groups. In vertical marketing the promise has to be different."

Prof Van der Merwe pointed to a magazine advertisement depicting a black and a white secretary walking down a street side by side.

"Ultimately the problem is solved by answering a simple question. Does a young black secretary walking down Eloff Street look, feel, dress, smell or eat any differently from a white girl?

"The answer is yes and no. Yes, she's distinctly black from a physical point of view; and no because to all intents and purposes the two girls shop at the same stores and are attracted by the same products.

"And in the future, with economic, social and political change, such remaining differences as there are will disappear," Prof Van der Merwe said.

"It's not our whiteness that blacks are 'emulating' — it's what we have achieved, our lifestyle. As marketers we must never forget this."

Black market must not be seen as a last resort

THE concept of the new consumer was not only valid, but had been a marketing reality for the last 10 years, Mr Peter Vundla, a top Soweto businessman, said yesterday.

He said there had been a tendency to delineate prime consumers in South Africa as whites, coloureds and Asians, with blacks classified as secondary consumers.

"Some marketers regarded the black consumer market as a market of last resort. But the perceptive marketer must know it is not so," Mr Vundla said.

"A study of consumption trends carried out recently among whites, urban blacks and rural blacks, showed clearly that urban blacks are in the majority in the medium to heavy product-user categories.

"The study showed closer affinities in consumption trends between whites and urban blacks than between urban blacks and rural blacks."

Mr Vundla said marketers should consider the facts. The black consumer market was poised to climb in value from its present R4-million to R22-million by the end of the century.

A total of 37-million blacks would control two-thirds of South Africa's disposable income by the year 2 000, as against the remaining one-third controlled by the 6 900 000 whites.

"Today we are witnessing a more educated black urban consumer. His perception of where he fits into today's society has changed. He is demonstrating an ability to fit comfortably into a competitive working world and to perform with the same measure of success and competence as other race groups.

"His upgraded socio-economic status has led to upgraded tastes. His numbers are growing, he is the conspicuous consumer and has become the role model for the rural black with an enourmous influence," Mr Vundla said.

"More and more brands, marketed today cut across the colour line. We need to look more at the universality of products, which now have a general appeal that is not dictated by the colour of the consumer."

The new concept boosts adverts — Reed

THE concept of the new consumer was a significant development in terms of advertising in newspapers, Mr Dick Reed, a director of J Walter Thompson, said yesterday.

Mr Reed said the evolution of the concept changed a lot of the accepted conventions in marketing and advertising, and gave new weight to English-language morning newspapers which had a comparatively high black readership.

In terms of the New Consumer theory it could be said that it was these newspapers which now reached an important sector of South Africa's prime consumption group.

Mr Reed quoted from an annual report of Perskor, the publishing company which runs five dailies — The Transvaler, The Vaderland, Oggenblad, Hoofstad and The Citizen — to illustrate the established marketing philosophy.

Mr Reed read seminar delegates the following section of Perskor's Chairman's Report for the 1978-79 financial year:

"More than half the readers of the English papers are blacks which must, necessarily, considerably reduce the buying power of their readership.

"Thus the Rand Daily Mail, as far as readership goes, has two-thirds blacks. In a lesser way this is also reflected in the Argus group.

"Advertisement allocations in the English Press in South Africa amount to approximately R86-million, while the total Afrikaans Press received an income of R32-million.

"We thoroughly investigated the reason for this and have come to the conclusion that most advertisiers are English-speaking, as are the people who allocate advertising space.

"We believe that when the position is reached where everybody where everybody who buys advertisment space could be bilingual, the probability is that this situation will greatly improve," Mr Reed quoted the report as saying.

"South Africans have traditionally thought racial groups in separate, and usually water-tight compartments. Marketers have often done so too," Mr Reed said.

"But dramatic changes are taking place in attitudes, lifestyles, the distribution of purchasing power and in market segmentation. Hence the validity of the concept of the new consumer."

Mr Reed added that his company had found that in certain cases ethnically selective media provided a better advertising forum by segmenting the target market.

"I must conclude that all of the options have to be onsidered and that media mixing and matching must be done in relation to the weighted target audience.

"This not only leaves us with the 'New Consumer', but also with a 'New Media Professional' who can define target markets, analyse all media options and then come up with the best investment of advertising money," Mr Reed said.

auses of death. The proportional
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Sales of new cars rise sharply

NM 14/11/79

(30)

PORT ELIZABETH — Compared to September, sales of new cars and commercial vehicles increased sharply last month, according to figures released here by Naamsa.

Car sales increased from 15 870 in September to 18 665 in October, an increase of 17,61 percent, while commercial vehicle sales jumped from 7 895 to 9 232, an increase of 18,59 percent.

Compared to sales in October last year, car sales increased by 15,01 percent and commercial vehicles sales by 20,21 percent.

For the first nine months of the year, car sales increased by 3,84 percent over the corresponding period last year — from 168 960 to 175 458 and a projection shows that total sales for the year should reach nearly 234 000 units.

Sales down

Commercial vehicle sales over the nine-month period are slightly down on last year's — from 83 424 to 82 151, a drop of 1,53 percent.

Sigma showed the highest October sales returns with unit sales of 4 060 (3 457 in September). Next is Volkswagen, with 3 769 (3 225) with Ford third on 3 358, a significant increase from September's 2 141.

Individually, Volkswagen's Golf, with sale of 2 438 (2 167) still leads, followed by Sigma's Mazda 323 with 2 213 (1 926), and Ford's Cortina with 2 005.

In the commercial vehicle field, Toyota retained its lead with sales of 2 796 units (2 206), followed by Datsun with 2 041 (1 929). — (Sapa.)

processes is essential; and the division will have to be more fine the more discriminating public decisions can be.[10]

The results of programme budgeting may be valuable in themselves, although the mere procedure does not necessarily ensure that better decisions will be made. Their potential is realised only if there follows an assessment of the value of expenditure in each programme.

2.2 Programme Evaluation

Methods of evaluation range from simple procedures for looking at costs, where the conclusions are left largely to intuition, to highly complicated processes which present more or less clear-cut solutions. For these more precise methods, most of the value judgements have to be made explicitly in advance. Some points on the spectrum between these two extremes are analysed below.

2.3 Looking at Expenditure

Basically, one is looking for inconsistencies. It was noted that a logical axiom, basic to economics, is that a rand should yield approximately the same value in whichever programme it is spent. If the net social benefit from the marginal expenditure on one programme much exceeds that on another, one can do better by withdrawing funds from the second programme and increasing expenditure on the first. By simply looking at a breakdown of the budget between programmes, the amounts spent on each may be compared with our intuitive notions of how much 'ought' to be spent on these things. Our judgement will depend on what we consider the benefits of expenditure under each programme to be, a process which cost-benefit analysis seeks to formalise (see below). For example, if it can be shown that expenditure on preventive medicine constitutes approximately 2% of all expenditure on health,[11] it may be felt that the benefits from this kind of provision warrant an increase in the share of the budget allocated to it.

Unfortunately, such intuitive processes can pick out only the grossest incongruities which are recognised by all, whatever criteria of 'value' are used. The optimum level of expenditure on a particular objective is, from the point of view of intuitive judgement, highly uncertain, because of the wide variation in benefits attributable to a particular type of spend-

ing. This is partly due to a deficiency in information on the results of the programmes which can be resolved by recourse to appropriate data. Nevertheless, there will also be differences of judgement which cannot be resolved without prior agreement on the relative valuation of different benefits which have to be fed into the analysis; and in the intuitive process, these two factors may not be differentiated.

A very large proportion of decisions are now taken with no further analysi than this. Any further steps involve a way of systematically valuing the benefits of diffe [...] programmes to render them comparable to one another.

2.4 An Informal

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Potential health
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Car sales up

30

5/11/79

PORT ELIZABETH — Compared with September, sales of new motor cars and commerical vehicles increased sharply last month, according to figures released here.

Motor car sales increased from 15 870 in September to 18 665 in October, an increase of 17,6 per cent, while commercial vehicle sales jumped from 7 895 to 9363, an increase of 18,6 per cent.

Compared with October last year, motor car sales increased by 15 per cent and commericial vehicles by 20,2 per cent.

For the first nine months of the year, motor car sales increased by 3,84 per cent over last year — from 168 960 to 175 458 — and a projection shows total sales for the year should reach nearly 234 000 units.

Commercial vehicle sales over the nine-month period are slightly down on last year's — from 83 424 to 82 151, a drop of 1,5 per cent.

Sigma showed the highest October sales returns with unit sales of 4 060 (3 457 in September). Next is Volkswagen with 3 769 (3 225) with Ford third on 3 358, a significant increase from September's 2 141.

Individually, Volkswagen's Golf, with sales of 2 438 (2 167) still leads, followed by Sigma's Mazda 323 with 2 213 (1 926) and Ford's Cortina with 2 005, nearly double the previous month's 1 055. SAPA.

Diagram 1: A I

Problem					
Large & poorly spaced families	++++	[illegible]	[illegible]	[illegible]	[illegible]
Inadequate ante-natal & obstetric care	++++	++	++	+++	48
Malnutrition	+++	+++	++	++	36
Need for medical care	++	++	++++	++	32
Specific diseases:					
V.D.	++	++	++	++	16
Dental problems	++++	+	++	++	16
TB	+++	+++	+++	++	54
Common cold*	++++	+	+	-	0
Yaws*	-	++	+++	++++	0

* Added to test scoring method

CAR SALES

FM 16/11/79

On the move

Vehicle sales in October showed promise of healthy year-end figures if the trend can hold for the remaining two months.

Passenger car sales jumped 18% from the September figure and were 15% better than in October last year.

Commercial vehicle sales were up 19% and 20%.

Although the small cars still dominate sales figures, the swing back towards the larger units continues.

George Simpson, Ford's director of vehicle sales and marketing, says the most significant factor to emerge from the October Naamsa figures is the growth of the medium car segment of the market.

According to Simpson this segment shows a growth of 27% over September and has its biggest share of the overall market for 18 months. And this movement has pushed down the small car segment to a mere 41% — the lowest figure since the fuel price increase earlier this year.

OCTOBER CAR SALES

	1979 October	% of Market	1979 September	% of Market	1978 October	% of Market
Sigma	4 060	21,75	3 457	21,78	2 821	17,38
VW	3 769	20,19	3 225	20,32	2 947	18,17
Ford	3 358	17,99	2 141	13,49	3 262	20,09
Datsun	1 833	9,82	1 774	11,18	1 595	9,82
Toyota/Renault	1 726	9,25	1 603	10,10	1 276	7,86
GM	1 231	6,60	1 005	6,33	1 504	9,27
BMW	704	3,77	763	4,81	727	4,48
Fiat	660	3,54	520	3,28	618	3,81
UCDD (Mercedes-Benz)	638	3,42	747	4,71	707	4,36
Alfa Romeo	446	2,39	440	2,77	360	2,22
Leyland	236	1,26	191	1,20	405	2,50
Other	4	0,02	4	0,03	7	0,04
October total	18 665 (15,01% up on 16 229 last year)					
Jan-Oct total	175 458 (3,85% up on 168 960 last year)					
September total	15 870 (October 17,61% up)					

COMMERCIALS

	1979 October	% of Market	1979 September	% of Market	1978 October	% of Market
Toyota	2 796	29,86	2 206	27,94	1 845	23,67
Datsun	2 041	21,80	1 629	20,63	1 253	16,09
Ford	1 269	13,55	997	12,63	1 414	18,15
GM	1 076	11,49	1 014	12,84	905	11,62
Sigma	992	10,59	771	9,77	924	11,86
VW	355	3,79	316	4,00	348	4,47
Leyland	304	3,26	294	3,72	377	4,84
UCDD (Mercedes-Benz)	251	2,68	356	4,51	309	3,97
Fiat	92	0,98	106	1,34	255	3,27
MAN	61	0,65	77	0,98	41	0,53
Int Harvester	33	0,35	54	0,68	59	0,76
Oshkosh	26	0,29	32	0,41	14	0,18
Vetsak	20	0,21	11	0,14	10	0,13
Magirus-Deutz	16	0,17	5	0,06	9	0,12
Malcomess-Scania	14	0,15	—	—	13	0,17
ERF	9	0,10	17	0,22	6	0,08
Fodens	6	0,06	8	0,10	6	0,08
VSA	2	0,02	2	0,03	1	0,01
October total	9 363 (20,21% up on 7 789 last year)					
Jan-Oct total	82 151 (1,53% down on 83 424 last year)					
September total	7 895 (October 18,59% up)					

Till bells jingle

(30) FM 16/11/79

All signs seem to point to a strong consumer upswing this Christmas, supporting the views of many retail group chairmen. Repayment of the 1977 loan levy this month will put over R160m into consumers' pockets. Low interest rates are available on savings accounts, inflation continues high and the next few months could thus see those consumers who have been denying themselves purchases of luxuries over the past couple of years spending ahead of further anticipated price hikes.

Clearly the stores sector stands to benefit. The second half of this year has already seen improved performances from most of the large quoted retail chains, whether they are predominantly in foods, soft goods or durables. For example, interim results from OK Bazaars showed that in the six months to September, sales were 16.5% ahead to R333.3m over the corresponding period last year, and with the anticipated bumper Christmas this should be easily bettered in the current half. Pick n Pay which has experienced an annual compound turnover growth in excess of 42% since 1970, recorded a more pedestrian 18.7% sales hike halfway into its financial year to R257.9m (R217,2m), compared with the same period last year. But this is no mean feat when seen in the light of fast growing competition.

But there are problems — particularly the likelihood of slower growth. Woolworths, long regarded as the doyen of the industry, and a blue chip in the eyes of investors, has recorded an 11.9% compounded sales growth over the past five years, with earnings following suit. Not the most dynamic performance in the sector by any means, but investors have been prepared to pay a premium for the shares based on consistent growth and a seemingly never ending marketing advantage. Compare this performance with that of Scotts, where turnover grew at an annual 38.8% over the same period while

earnings went from 62.9c in 1975, to 126.2c in 1977, and into a loss situation last year, and it is clear why the market places a premium on consistent performance.

Not that one should ignore the shares of companies which have seen tough times in the past five years. Greatermans, probably the largest retail chain in the country in terms of turnover, is one such example. Despite the group's department and discount store difficulties, [illegible] has kept the organisation going, providing necessary cash flow. This trend could have been a recipe for disaster had new management not been able to identify the problems facing the group, and take corrective steps.

Another victim of the declining popularity of department stores is John Orr, which has been the subject of much discussion and investor speculation over the past few months. Here, too, attempts are being made to put the house in order, with [illegible] and the imminent closure of [illegible] outlets. The group, rich in fixed assets, appears to have realised that owning property and operating a retail chain do not necessarily go hand in hand. By using the funds available from the sale of properties, the [illegible] pull itself up by the bootstraps — provided it can meet [illegible]

[illegible] the difficult trading conditions of the likes of John Orr, [illegible] and Greatermans, [illegible] because of prudent management and a strong trading philosophy [illegible] past five years compound turnover growth has been in the region of [illegible] as the group has moved upmarket and expanded its penetration of black markets. With compound earnings growth of [illegible] over the period [illegible] growth [illegible] Edgars leases [illegible] outlets and with strong [illegible] which has no [illegible] performance [illegible] Press is [illegible] associated with [illegible] handled over [illegible] that [illegible] having [illegible] over the past [illegible] years could [illegible] a period of [illegible] and productivity improvement.

This [illegible] makes sense in the light of [illegible] operating margins [illegible] the squeeze of [illegible] these [illegible] to [illegible] be [illegible]

Scotts, for [illegible] recorded an operating profit margin of [illegible] in 1975, but in

EARNINGS (c)

	75	'76	'77	'78	'79	Compound growth %
Scotts	62.9	108.9	126.2	77.9		--
Greatermans	94	118.8	22.7	15.1	--	-
Truworths	465	549	364	427	519	2.3
Foschini	427	466	529	659	n a	15.6
Woolworths	32.8	37.5	40.9	45.9	51.7	12.0
OK	105	113	107	107	122	3.8
Edgars	427	485	356	513	661	11.5
Pick n Pay	102.9	156.3	197.9	268.0	393	338
Grand Bazaar	14.4	19.6	22.3	29.5	47.2	34.6

DIVIDENDS (c)

	'75	'76	'77	'78	'79	Compound growth %
Scotts	25	42	49	35	—	...
Greatermans	32.5	36	36	20	5	37.4
Truworths	180	212	170	200	220	5.1
Foschini	175	192.5	216	270	n a	15.6
Woolworths	13	15	16	19	22.0	14.0
OK	54	58	58	59	66	5.1
Edgars	155	185	210	235	285	16.4
Pick n Pay	37	52	65	96	120	34.2
Grand Bazaar	6	7	8	11	16	27.8

TURNOVER (Rm)

	'75	'76	'77	'78	'79	Compound growth %
Scotts	21.6	40.7	53.6	74.4	80.8	38.8
Greatermans*	[illegible]	264	[illegible]	313	349	13.0
Truworths	64	[illegible]	[illegible]	90.8	102.0	12.1
Foschini	66.9	80.6	87.9	97.8	n/a	12.9
Woolworths	106.5	126.1	137.9	149.2	170.0	11.9
OK	377.4	440.6	509.2	540.7	592.4	12.3
Edgars	115.2	142.3	169.9	194.4	228.9	17.7
Pick n Pay	142	220	260	329	466	34.6
Grand Bazaar	20.6	24.9	30.7	36.0	45.2	21.7

* Index 1972 100

OPERATING PROFIT AS A PERCENTAGE OF SALES

	'75	'76	'77	'78	'79
Scotts	10.5	9.2	8.7	3.4	1.1
Greatermans			n a		
Truworths	12.8	11.9	8.3	9.1	9.6
Foschini	10.2	10.0	10.3	11.3	n a
Woolworths	14.9	15.4	15.4	15.7	15.0
OK	5.0	4.4	4.3	4.7	4.8
Edgars	12.9	12.6	[illegible]	10.7	11.4
Pick n Pay	2.5	2.5	2.7	3.0	3.0
Grand Bazaars	2.2	2.9	2.3	3.1	3.8

an effort to garner sales and push up turnover had to take [illegible] cuts in profit, to the point where the chain, which has lost its glamour rating last year recorded a paltry 1.1% margin compared with Edgars' reasonably consistent 12% or Woolworths 15% over the past five years, once again the advantages of a strong and sound growth policy come through.

Margins in the retail trade differ depending on the markets which are being serviced. Pick n Pay's operating margin of around 3% [illegible] when compared with 15% for Woolworths but supermarkets rely on rapid stock turn aided by much lower prices [illegible] generate profits. Pick n Pay, for example, probably turns its stock once a month, but it should be remembered that a large proportion of sales are generated through hypermarkets where sales of [illegible], which turn over [illegible] have improved margins [illegible] than in traditional [illegible] outlets.

[illegible] situation where results are fairly easily compared is that of [illegible] Both appeal to [illegible] with regard to women's fashion. Truworths, which has recorded a 12% compound turnover improvement over the past five years, has shown a [illegible] earnings growth over the same period. This group went through

NM 17/11/79

John Orr's sells some buildings

(30)

NM
17/11/79

Deputy Financial Editor

JOHN Orr's has sold four of its department store buildings — including central Durban — for R9 000 000 and will close six of its shops. The Jet self-service clothing stores will move into the empty buildings.

Durban, Kimberley and Bloemfontein stores will close on January 14, followed by Springs on April 1. The Rosebank store in a leased building will close later and the Benoni store not before the end of 1980.

Mr. Adrian Bellamy, managing director of Edgars, who run the Jet chain, said they would probably open the Durban store late in August or September.

Dr. N. A. Labuschagne, chairman of John Orr's, said that the buildings had been sold to the Mine Employees and Mine Officials Pension Fund with Edgars taking occupation under a leaseback agreement.

John Orr's will be left with the six department stores plus its profitable chain of Milady stores.

Dr. Labuschagne did not expect any material effect on earnings in the short term following the sale of the properties. He estimated that the net asset value would increase by R3 500 000 (54 cents a share).

Mr. Bellamy said Jet stores would move into the Durban building — other tenants would be Clicks Stores and Barnes. Jet would be a substantial tenant.

Trading loss

On the question of John Orr's staff Mr. Bellamy said: "Clearly we are interested in taking them on. We have a team working on the matter now."

He said that there would be a six month gap in Durban while the store was divided up and fitted out. This could mean that some workers would find work elsewhere.

Mr. Bellamy said the new Jet stores in Bloemfontein, Springs and Durban would be flagships. In Kimberley it was planned that a combined Edgars — Universal store would move into the John Orr's building.

The property sales and the decision to close down the John Orr's stores comes on the heels of a R1 300 000 trading loss for the six months from March to August this year.

Earlier there was a takeover bid which was turned down. Shareholders will have to approve the property sale but with the majority stake in firm hands and a need to return to profitability the deal is not likely to be spurned.

Mr. Bellamy said the Bloemfontein Jet store would open in April — the others in September.

He said that the "prime positioned" properties formed part of the group's five-year store development programme. "They will be particularly significant for Jet's expansion, which is now the fastest growing chain in the Edgar's group."

Between 400 and 500 staff in the John Orr's operation will be affected by the closures. Mr. Leonard Orr, deputy chairman, said that staff would either be placed elsewhere within the group or be generously compensated for their length of service.

Garages push for new fuel price rise

(30)

Star 19/11/79

Fair Deal Reporter

The price of petrol should go up again — unless the Government finds some other way to satisfy petrol retailers' demands for restored profits.

This is the case being put to the Government by the Motor Industries' Federation.

Their president Mr Theo Swart, said today the fuel conservation measures introduced this year had caused a tremendous drop in petrol sales and traders' profits had declined sharply.

Before the measures were introduced, he said, a dealer made, on average, about seven percent profit on gross sales. Now a dealer makes about five percent profit on gross sales.

"It costs him 15c a litre — 30 percent more — to buy petrol now because the price has gone up. But at the same time, he is making less profit.

"Many smaller service stations that do not have a high turnover are in difficulties," Mr Swart said.

"If a dealer doesn't sell about 85 000 litres of fuel today — depending on the rent he pays — he is not making money."

Case stated

He said the MIF had put its case to the Government and had asked it to help restore retailers' profits to previous levels.

In terms of the existing price structure for petrol, a percentage of the price goes towards a stabilisation fund, used to stabilise petrol prices, another percentage to a Sasol fund, another percentage to the oil companies.

The money to help petrol traders would have to come out of this existing price structure, Mr Swart said.

But if the Government couldn't "see its way clear" to finding money from these sources, Mr Swart said, then the price of petrol should be increased.

Mr Swart said the MIF had asked the Government to assist the retailers, not because it wanted to make the dealers rich, but to help them survive.

Retailers would go out of business if they were not given relief and a tremendous number of people — including blacks — would become unemployed, he said.

6

30 ~~174~~ 22/11/79 Post

2.4

Abolish apartheid calls Motsuenyane

THE business environment had to be divested of all forms of racial discrimination, statutory and practised, if South Africa were to move into the free enterprise system, Mr Sam Motsuenyane, chairman of the African Bank of South Africa said yesterday.

Mr Motsuenyane, who is also president of the National African Federated Chambers of Commerce, was delivering a paper on the role of the private sector at the 1820 Settlers conference in Johannesburg on Free Enterprise and the Individual.

The most pressing problem facing black business was a lack of capital, and ownership of land. The most basic method of creating capital, had to be reformed both in the urban black and homeland areas if the blacks' move into the free enterprise system was to be ensured.

Other legislative fetters restricting black entrepreneurs and which needed to be scrapped, included the Native Urban Areas Act, the Group Areas Act and the Public Amenities Act, which tended to restrict rights to enter into business operations outside a black man's official domicile.

"My honest contention is that the South African brand of free enterprise needs reshaping in such a manner that business is seen no longer as black or white but as business.

"But to get there, the interests of the developing black entrepreneur who was for a long time suppressed, must be safeguarded until such time as he is able to compete on equal terms with the established giants," Mr Motsuenyane said.

FUTURE

"The most disturbing feature which prompts many questions about the future economic and political stability of South Africa, seems to be the present political system of separate development. This policy and its underlying philosophy is totally unacceptable to the vast majority of blacks in the country.

"If the policy is not relinquished, it could not only help to further erode investor confidence in the country and thereby reduce the momentum of economic progress, but it also carries the seeds of possible future unrest in the country," he said.

Other problems faced by aspiring black business were the lack of education and training, legal barriers and the poor infrastructure in the trading environment in black townships. — Sapa.

section 83% felt the Workshop ha...
helped them to some extent to integr...
as well as in choosing their degree ...

2.6 <u>The Course on Study Methods</u>

A majority of the sample (69%) felt ... methods of study were adequate at Un... than 1% felt they were completely ad... so. Yet the majority (51%) would ha... lecture on "Lectures, Revision and ... "Reading and Research"; in their com... students suggested that a more pract... all topics might be desirable.

As regards an on-going study method ... semester, 72% of the sample stated ... desirable and 30% would find it ver...

2.7 <u>Library Instruction Course</u>

An overwhelming majority of the sam... enthusiastic about the library course and found the librarians very helpful.

2.8 <u>Academic Advice</u>

In indicating whose advice they had primarily sought in planning their university curriculum, the sampe indicated as follows:

F.M. 23/11/79 30

BLACK BUSINESS

Partnership perils

Considerable reservations have been expressed about government's green light for black/white business partnerships in black areas on a 49/51 percentage basis.

Adding his voice to that of organised black business, Metro Cash & Carry chairman Lionel Katz, accepting the *Business Times* award for the year's top growth company listed on the JSE, said this week: "Black businessmen need facilities. They don't need partners." On this basis, Co-operation and Development Minister Piet Koornhof's partnership decision "is an error."

Katz noted that "of the country's 12 000 black traders, 6 000 are retailers in black urban areas. Thousands, under the 49/51% scheme, face being overwhelmed by white expertise. The same thousands, who have struggled for years to build a livelihood for themselves, will, far from being helped, end up bankrupt."

Vela Kraai, chairman of the Soweto Chamber of Commerce and Industry, a Nafcoc affiliate, "wholly endorses this." He pinpoints the proposed establishment of nine supermarket centres in the township (announced by the Soweto community council) as particularly invidious. "We have not been consulted on this," he tells the *FM*. "We as traders started off with no capital and took years to reach our present position. Now we do not even know the people who will have the 51%, or whether they will simply be fronts for other interests."

As a consequence, there is considerable tension between the traders and the community council at the moment. The chamber will hold a meeting on Sunday to discuss the issue.

Katz noted that "by persisting with a partnership philosophy, the government is putting the survival of the black trading community in jeopardy. For every chain store in a black township, countless black entrepreneurs will go out of business."

Is there an alternative? On the basis of "enlightened self interest," Metro has put together "a package that will enable the little man to overcome the many disadvantages he still suffers because of past decisions.

Metcash's Katz . . . impassioned plea for black traders

"As a result of our representations, the Urban Foundation is funding bonds for small traders. Two major banks are providing lease finance and working capital for black traders. A consortium of insurance companies is providing full insurance facilities for black traders."

This approach, Katz feels, makes sounder economic sense than Koornhof's partnership programme, however well intentioned.

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F.M. 23/11/79 (30)

LIQUOR RETAILING

Mud in your eye

There is no doubt that the creation of the new liquor monopolies will shake the retail trade to the core. Just how, is still anyone's guess; so are the likely effects on prices to the consumer.

Retail prices will attain "more realistic levels," (for which read "higher") says Frank Mudie, chairman of SAB's Solly Kramer's chain.

"I doubt whether the consumer will have to pay more for his liquor," says Dave Magid, MD of Rembrandt's Western Province Cellars, "and this Christmas he will get even better prices than he did last year. We are gearing up for tremendous sales. We will see more independent operators in the retail trade, who have always been the first to initiate price wars."

But others feel that the new dispensation is a move to rid the KWV of its wine surplus while allowing SAB to maintain profit growth in a slightly reduced market without the expense of fighting any competition.

"It's a tremendous scheme for the KWV, Rembrandt and SA Breweries, but not for the retailers," says Natie Matisonn, chairman of the Transvaal Hotel Liquor and Catering Association. "There's talk of rationalisation and the jobs of thousands will be threatened.

"The chairman of Senbank said that this move would shift competition to the retail sector," he says. "We are going to have to cut each other's throats to survive. You can be sure that there will be fewer promotional discounts so the retailers will have to cut deeper into their margins.

"There is also the provision that the two producer groups divest themselves of their retail interests. Lots of bottle stores will be up for sale, and the value of a liquor licence will be worth nothing."

Between them, Rembrandt and SAB control 500 outlets under the Solly Kramer's, Western Province Cellars, Liquortown and Rebel banners, which at present account for about one third of the R1 billion a year retail liquor market. The plan requires that they get rid of these within the next 12 years at the rate of 7.5% a year for the first 5 years. This means that 37 bottle stores will come on the market within a year.

Mudie does not agree this will depress the value of a liquor licence. Says he: "The outlets involved cover the whole of the Republic and SWA, including the rural areas. I can't see this having a significant effect on the price of a liquor licence, as there are more than 6 000 in the country. I also believe that the higher retail prices will help make a bottle store a more attractive business proposition."

While accepting SAB's promise not to raise list prices until 1981, Mudie agrees that they may well reduce discounts. This will, in effect, raise average wholesale prices and give further steam to the consumer price as retailers "adjust margins to more realistic levels."

Another factor in the reshuffle of interests is the role of the retail chains in the total stategy of their controlling producer groups. Matisonn claims that their main function was not to make profits but to protect factory profits of their parent companies by boosting brand market shares.

Rethink

Mudie admits that, in the past, profit levels were not always "as rewarding as could be wished" and that there is now a "major rethink on profit objectives." He also thinks that a widespread retail price war this Christmas, like the one last year, is unlikely.

Magid believes that the wholesale price of beer may even come down. "At present SAB pays monopoly taxes on profits from beer produced at their bigger breweries. As the government has now sanctioned their monopoly why should they penalise them for it?"

Another fear of retailers is that, in future, no one group may own more than five bottle stores. This could reduce the retail trade to a disorganised rabble with none in it big enough to stand up to the two giant producer monopolies.

Says Ken Williams, executive director of SAB and head office group GM of the beer division: "We are in partnership with the retailers in getting the goods to the consumer. If the retailer is not doing well, how can we survive? It is in our own interest that he thrives."

Magid gives a hint of possible developments when he says: "We foresee many of our present staff ending up with their own liquor licences."

One possibility might be a retail liquor franchise under his group's umbrella, similar to the Spar chain of independent grocers. Magid won't be drawn but the advantages of such a group sharing a common name, common advertising, soft loans and group buying are obvious.

"Poems sincere to the point of pain" *Natal Witness*

"Peter Horn is as vigorous and versatile a poet as any in South Africa ... he not infrequently ...

... take in this country." CHERRY CLAYTON, Sn

"poems that redefine and deeply move" STEPHEN GRAY

"He can seize a detail and render it emblematic; write ... satire which bludgeons its subject in a satisfyingly thorough way". ROBERT GREIG, *To the Point*

"It is a beautiful and moving work which seems to have jumped Aragon's 'cage of words' and found the door of th... 'world of black and white'" MARGUERITE EDMONDS, *New Nation*

HAWKERS F.M 23/11/79 (30)

Move along, please

The fate of Johannesburg's hawkers is soon to be sealed. The City Council's planning department recently undertook a study of the "profession" and Council will soon act on its recommendations.

Ostensibly in response to public complaints, Johannesburg hawkers have been blitzed and fined as never before. Since the creation of the Traffic Department's nine-man hawker unit in February, 1 065 prosecutions have occurred — 601 of these for allegedly failing to comply with permit or licensing conditions. An old by-law, compelling hawkers to move 25 metres every 20 minutes, has been invoked and many have suffered confiscation of stock and penalties ranging from R30 to R100.

Stock Exchange spokesmen have categorically denied objecting to the hawkers' traditional presence in Diagonal Street and support for their cause has come from the CBD association. In reply, municipal officials have said that shopkeepers in the area had complained that they were being undercut by hawkers. However, this is open to question. Wits Professor of Human Geography, Keith Beavon, who recently completed a survey of hawkers in the city, says that prior to the blitzing about 200 hawkers were operating in central Johannesburg. He adds: "The relationship which existed between hawkers and traders was both simbiotic and positive. The hawkers brought increased trade and activity to the area and, in fact, themselves supported shop-owners with their purchases and by referring customers to their shops."

A snap *FM* survey of the main hawking areas around Diagonal Street — Noord, Hoek, Sherwell and President streets — confirmed this.

Signs welcoming hawkers were much in evidence, though the hawkers were gone. Raymond Keshav, a President Street trader, lamented that his turnover was cut by 25% overnight and that he would welcome the hawkers back. As the Johannesburg Chamber of Commerce has put it: "Hawking should be seen as complementary to more traditional methods of trading and serves to attract passing trade."

What of the hawkers themselves, deprived of their livelihood overnight? Many hawkers have gone out of business altogether, some after trading for 20-30 years. Mrs Rabia Gangat, a Diagonal Street hawker of 15 years, has been twice fined R50. She maintains that she has lost 75% of her income.

Beavon found that 34% of city hawkers earned R11-R20 a day. Moreover, 75% of them came from families ranging from four to 12 people and, in the majority of cases, were the sole breadwinners. Sixty-four percent had been hawking for more than five years and 25% for over 15 years.

Johannesburg Chamber of Commerce has urged the City Council to provide demarcated areas in Diagonal Street for hawkers to carry on their trade. This makes sound economic sense — and should restore to the area its tradition of vibrant street life and commerce.

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F. M. 23/4/79 30

JOHN ORR DEAL

All on a winner

Only winners look like emerging from the four-store property deal tied up by John Orr last week. The Mines Pension Fund (MPF) is coming out of it with an initial net return of just over 9%, leaseback tenant Edgars has a useful new penetration in four CBDs and John Orr itself has boosted cash resources by R9m without underselling assets.

A year ago 9% wasn't exactly an appealing rate for the institutions; today it looks right in line with market. So when John Orr moves out in January, it will be able to look back on a job well done. From then on, it's between Edgars and the MPF.

It is impossible to assess the long-term pros and cons without escalation rates — which Edgars is traditionally reluctant to reveal. The fact that the lease is a long one (25 years) makes the rate even more important, and the *FM* understands that Edgars is paying a small premium — probably about 6%.

But there's more to it than that because Edgars will become sub-landlord in its own right over at least some of the properties. The Durban store, for example, consists of 7 500 m² which is too much to handle and some of the space will remain on lease to outside tenants. This will lessen the interest burden, which kicks off at between R800 000 and R900 000 a year.

The parties have negotiated the deal as a single package. Agent Geoff Chait says terms were negotiated "backwards" with Edgars first to show its hand by offering a rental figure. Agreement was then reached with the MPF and the selling price hit the spot with John Orr. So the end result has been smiles all round.

But it is still not the end of the pruning for Orr. Chairman Nick Labuschagne confirms to the *FM* speculation that it is getting out of the Rosebank Mall and, he hopes, Eastgate as well. The 1 000 m² Mall shop is expected to be taken by furniture specialists Grusd Bros (of Lounge Suite fame) who will probably be trading under a new name.

And that's more than acceptable to Mall GM Geoff Earnshaw, who sees the additional comparative furniture shopping in the centre as a welcome plus for the tenant mix.

Eastgate negotiations

The Eastgate negotiations are not as far advanced. Edgars is already well-represented and is unlikely to be a candidate. Other department stores are likely to be scared off by the available space — too small for a full-line operation and too large for something more exclusive. It is one of the reasons why John Orr hasn't made a go of it.

If Eastgate is also dropped, it will bring the number of outlets down to seven, and all of them, says Labuschagne, can be expected to contribute now that the La Lucia store looks like turning the corner. The successful Milady's and Hub operations aren't being touched, he says, and future results should reflect the "cutting out of the cancer."

Surprisingly, though, he doesn't see John Orr itself going downmarket to compete directly with the supermarkets and discounters who have done most of the damage.

"Our intention is to trade up again," he says bravely, "we still believe there's a big gap at the top of the market which needs to be filled."

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be applied and are not inconsistent with the provisions
in relation to the production of any book or document or th
under section 415 of this Act, as if such person had been sub
or document or were being interrogated under the said section

(2) In applying the said sections 66, 67 and 68 of the
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or 65 of that Act—

(*a*) to the estate of an insolvent, shall be construe
of the company concerned;

(*b*) to the trustee of an insolvent estate, shall be c
liquidator of such company;

(*c*) to a meeting of the creditors of an insolvent, shall be construed as reference to a meeting of the creditors of such company;

(*d*) to a creditor who has proved a claim against an insolvent estate, shall be construed as a reference to a person who has proved a claim against such company;

(*e*) to the business or affairs or property of an insolvent, shall be construed as a reference to the business or affairs or property of such company;

(*f*) to any person indebted to an insolvent estate, shall be construed as a reference to a person indebted to such company;

(*g*) to the sequestration of an insolvent estate, shall be construed as a reference to the commencement of the winding-up of such company.

Examination of Persons in Winding-up

417. Summoning and examination of persons as to affairs of company.—(1) In any winding-up of a company unable to pay its debts, the Court may at any time after it has made a winding-up order summon before it any director or officer of the company or is consistently worse than that of the whites. The 'coloureds' have higher mortality rates for all the major causes of death apart from cardiovascular diseases and neoplastic diseases in men over 65 years of age, neoplastic diseases in women in this group, and cardiovascular disease in men 45-64 years of age during 1960 and 1970. Clearly the rate of 5/1 000 which has been chosen is entirely arbitrary but a similar pattern of mortality emerges if lower or higher levels are selected.

Two aspects of these age-cause specific mortality rates require emphasis. Firstly, whilst being affected by the incidence of the diseases in question, these rates are also influenced by their fatality rates, for example, a decrease in the mortality related to Tuberculosis will not only be influenced by a decreasing incidence of this disease but also by improved prevention at primary, secondary and tertiary levels of intervention which will consequently decrease the fatality rate and, therefore, the associated mortality.

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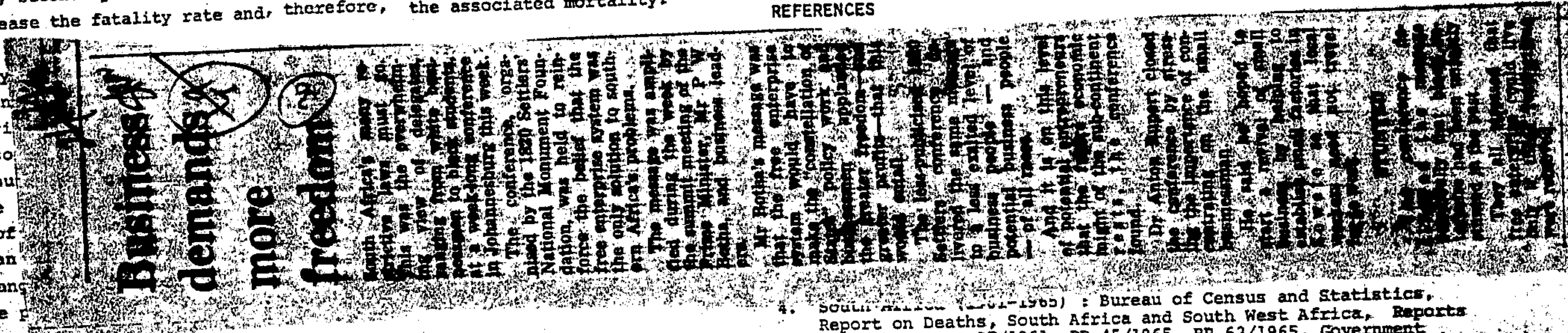
Business demands more freedom

South Africa's many restrictive laws must go. This was the overwhelming view of delegates, ranging from white businessmen to black students, at a week-long conference in Johannesburg this week.

The conference, organised by the 1820 Settlers' National Monument Foundation, was held to reinforce the belief that the free enterprise system was the only solution to southern Africa's problems.

The message was amplified during the week by the summit meeting of the Prime Minister, Mr P W Botha, and business leaders.

Mr Botha's message was that the free enterprise system would have to make the "constellation of States" policy work and businessmen applauded the greater freedom — and greater profits — that this would entail.

The less-publicised 1820 Settlers conference delivered the same message to a less exalted level of business people — and potential business people — of all races.

And it is on this level of potential entrepreneurs that the future economic might of the sub-continent rests, the conference found.

Dr Anton Rupert closed the conference by stressing the importance of concentrating on the small businessman.

He said he hoped to start a revival of small business by helping to establish small factories in Kowsie so that local workers need not travel far to work.

STUNTED

The expectations of life for 'coloureds' and whites are presented in Fig. 6. Although data has been published for Africans[5], this is speculative and is not considered to be of sufficient reliability to warrant inclusion. Two different expectations of life have been included: (1) e_o - the expectation of life at birth, and (2) e_{45} - the expectation of life at 45 years of age. Characteristically women have a better expectation of life than men, and Fig. 6 indicates that this is so for both whites and 'coloureds'. In fact, so marked is this difference that at e_{45} 'coloured' females have a better expectation of life than white males. What is perhaps of some concern is that the gap between the expectation of life for males and females is widening. This trend is apparent in both the whites and the 'coloured' communities, although it is particularly marked in the latter for whom Male:Female deficit of 1,0 years in 1941 at e_o has become 6,9 years in 1970. For whites a deficit of 3,7 years in 1929 has increased to 7,0 years in 1970.

Both white and 'coloured' females have shown an increasing life expectancy at the age of 45, and although this has been small, it contrasts with the downward trend of both white and 'coloured' males.

Although it is apparent that the Expectation of Life at birth for the 'coloureds' has shown a marked improvement between 1941 and 1970, it is salutary to note that neither 'coloured' males nor females, at either e_o or e_{45}, have reached expectations of Life in 1970 which are as high as the whites were in 1929. What also gives some cause for concern is that although the expectation of Life cannot be expected to improve indefinitely, it would appear that the 'coloured' life expectancy is levelling off at a much lower age than has occurred in the white community.

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Rapport 25/11/79

RAPPORT 25/11/79

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Rupert voel dis soos die bond

Van Ons Politieke Redaksie

DIT voel vir hom asof hy vandag weer terug is in 1941 met die Reddingsdaadbond, toe klein sakemanne ook gehelp en op die been gebring is. Vandag is die uitdaging in 'n konstellasie van Suider-Afrikaanse state net groter. Daarom moet die waagmoed ook groter wees.

Só het dr. Anton Rupert, voorsitter van die Rembrandt-groep van maatskappye, gister gesê toe RAPPORT hom gevra het om uit te brei op sy gedagte van die stigting van 'n kleinsakekorporasie vir Suider-Afrika, wat hy Donderdag op die beraad tussen sakeleiers van die land en die Regering bepleit het.

R100 miljoen

Dr. Rupert sê die bevordering van die klein sakeman en private inisiatief is die beste voorsorg teen werkloosheid. In Japan verskaf vyf miljoen kleinsake-ondernemings werk aan 31 miljoen mense, wat neerkom op 80 persent van die werkers in die private sektor.

Om dié rede stel hy die stigting van 'n kleinsakekorporasie van Suider-Afrika voor. Hy meen dit behoort 'n kapitaal van R100 miljoen te hê, waarvan die private sektor R50 miljoen moet bydra.

Hy is bereid om die Rembrandt-groep die spreekwoordelike tiende, nl. R5 miljoen, te laat bydra.

Veelvolkig

Dr. Rupert meen R50 miljoen is nie baie geld nie. Dit is klein in vergelyking met Evkom, wat R11 miljard wil bestee, telekommunikasie wat tot R5 miljard wil bestee, en die vervangingswaarde van drie Sasols, wat so hoog as R6.776 miljard kan wees. Daarteenoor is die waarde van klein- en grootvee in die

ACKNOWLEDGEMENT

The writers wish to thank the Board of the Colonial Mutual Life Assurance Society for their generous financial assistance.

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* * * * * *

Ondanks die groot bedrae voorsien semi-staatsinstellings betreklik min werkgeleenthede. Omdat dit goed gaan met die geldsake van die land, behoort die staat die private arm te versterk om daardeur werkloosheid te verlig.

Hy stel voor dat die beheer oor die korporasie veelvolkig moet wees, omdat dit 'n veelvolkige konstellasie sal wees. Dit moet nie 'n geval wees van die weggee van geld nie, want deur dit te doen, koop 'n mens aanhanklikheid, wat gevaarlik is. Hy bepleit medebestaan en deelgenootskap, want die VSA se vrygewigheid het net vir hom probleme besorg.

Bepleit

Naas deelgenootskap is opleiding en nasorg van groot belang. Hy bedoel nie universitêre opleiding nie, maar die soort wat deur RAPPORT in samewerking met die Buro vir Kleinsake-ondernemings aangepak word.

„'n Behoefte bestaan aan 'n liggaam om 'n jong man met 'n goeie idee te help, ook geldelik.

„Deur aan so 'n man geld te leen, word hy gehelp om werk aan baie mense te verskaf. Ek bepleit so 'n liggaam," het dr. Rupert gesê.

(a) Neglect of preventive medicine by most practitioners and inadequate
budgetary provision for it. Savage also notes the excessive expenditure
on cure.

(b) Both also note the maldistribution of doctors and health services.
Kirsch describes this in geographical terms, and in terms of inappropriate
institutions. He notes the concentration of doctors throughout the world
in urban areas. Savage describes this as a concentration in South Africa
on the needs of the white and urban populations; but he also implicitly
recognises an international dimension when he notes the applicability to
South Africa of the 'Inverse Care Law' originally described by Hart, as
it appears in Britain; 'the availability of good medical care tends to
vary inversely with the need of the population served'.[5]

(c) Inappropriate institutions, particularly 'disease palaces' are
associated with this geographical bias and partly responsible for both
the urban- and disease-orientation of the services.

Savage discusses two further problems with health services:

(d) weakly developed ancillary services in vital areas: dental and
opthalmic services are not easily available to a large part of the popula-
tion; pharmacies are absent in African townships; health educators and
health visitors are few. Services for the mentally ill, handicapped and
elderly are also scarce, particularly for the black population.

(e) South African medicine is deeply permeated by the structure of
apartheid, with duplication of training facilities and services. Pay
differentials are aggravating to black staff, and Savage shows that it
would cost only R1,4 million p.a. to pay equally qualified doctors the same
salary, and R4,2 million p.a. to give equally qualified nurses the same pay.

Savage, however, differs considerably from Kirsch on the tractability of
these problems. He attributes the misallocation of resources in the
health sector to interests than to ideas, and points out that this mis-
allocation affects society as a whole and not merely the medical profession.
He criticises those who, like Illich, believe that one can change the
behaviour of individuals without altering the behaviour of the system,
and shows that the maldistribution of doctors is a mirror of the maldis-
tribution of resources in society. He sees the need for doctors to become
involved in 'combating the health-denying aspects of apartheid in order to
promote effective medicine'.

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HEPWORTHS' RUDICK HAS HOPES FOR NEXT YEAR

By BEN TEMKIN

COMPARISON of Hepworths with any other retailing organisation does not stand up. Hepworths is not a department store and the ills it has suffered are symptomatic of the problems which face any organisation which is predominantly in the semi-durable sector, clothing in particular.

In recessionary periods, people find that they need not replace their clothing as often as they do when things are booming. When economic recovery begins, the first things which people tend to buy are durables — appliances, furniture and cars. There is a pronounced lag before demand for semi-durables begins.

Some companies, Edgars for instance, were able to control their expansion and their overall activity to take account of the trend in semi-durable demand. Others, such as Hepworths overtraded on expansion plans which were set in motion when South Africa was still in a period of economic upswing.

As soon as the downturn set in, the first sector to be hit was, of course, semi-durables and the 1978 loss of R501 000 while a surprise to some, was hardly unexpected in the light of what had happened in the economy.

It is clear that the new man in control, Irwin Rudick, well known in the furniture industry, has taken the view that the economic upturn will endure and that the semi-durable sector will now thrive.

If this is so, then he only has to close and sell off some of the more unprofitable outlets and he could well find himself with something akin to a goldmine on his hands.

Which prompts the question of why the previous controlling shareholders did not see equally good prospects.

After all, they have been in the business much longer than Rudick.

The most serious problem for the Hepworths group, apart from declining demand, has been the servicing of its debt in a narrowing market.

This is expected to be solved through the sale of some of the group's properties. There's nothing magical in this solution — John Orrs are doing much the same.

For the rest, Rudick is looking for a positive cash-flow by the end of next February. That's not a prophecy on which he's likely to lose his shirt.

But what Rudick really has to look for is a continuing demand for the kind of retailing which Hepworths does. This implies an appeal to the black market.

On his furniture experience, Rudick could well successfully enter this sector, but this does not mean the shares warrant a buy at more than 200 cents.

Sun. Tribune 25/11/79

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DAILY DISPA

FCI director backs free market economy

EAST LONDON — South Africa's long-term economic prospects very much depend on the sort of policies the Government adopts, the executive director of the Federated Chamber of Industries, Dr J. C. van Zyl, said in an interview here yesterday.

He said if the economy was permitted to move towards a more market-orientated structure with less Government interference, but more Government inducements, the picture was relatively satisfactory, especially compared with the more slowly growing world economy.

But he warned: "The name of the game is nevertheless efficiency. Our growth potential depends on the ability of our economy to maintain its competitive edge.

"For this we need the discipline of the free market economy to distribute resources to best effect and to discipline the inefficient."

Turning to unemployment, he said that in South Africa as a whole, the economically active population was increasing at an annual rate exceeding 3,5 per cent.

That implied that more than 250 000 jobs had to be created every year, more than 70 per cent of which had to be for blacks.

"At the same time it is the unskilled nature of the bulk of these additional pairs of hands which make these people difficult to employ.

"The paradox that South Africa has to resolve is that, at one and the same time, it must increase the number of persons employed and the output of those in employment.

"In other words, the South African economy can no longer grow along the relatively inefficient path followed in the 1960s. In those years the country grew by using more resources rather than by using resources more efficiently.

"It has been shown, for instance, that in the 1950s, productivity increases accounted for less than 40 per cent of South Africa's growth.

"This compares with the contribution of productivity to growth in GDP in the countries of Western Europe of nearly 65 per cent.

"Although comparable figures are not available for later periods, productivity performance has been a characteristic of South Africa's economic progress in both the 60s and 70s.

"At the same time the National Productivity Institute has shown conclusively that productivity increases of 50 per cent and more are possible in industry.

"Part of the problem is the weakness of management, especially middle management, but a significant reason for poor productivity performance is the lack of training and a definite policy of manpower development.

"We have thus arrived at a situation where the economic growth in South Africa is being held back by a lack of the necessary skills.

"At the same time the need for higher growth is being made more critical by the rising number of unemployed and unemployable persons on the streets.

"Our task is to transform the political liability of idle hands into an economic asset."

Turning to the Border region, he said that if South Africa was a microcosm of the world then the Border area was a microcosm of Southern Africa.

He added that economic growth in the Border area in the last few years had been disappointing and insufficient to match the economic aspirations of people in the area.

"These aspirations are for more jobs and for greater prosperity."

"The Border area was also a prime example of a case for economic integration within a framework of political diversity.

"The steps which are being initiated to establish a zone of co-prosperity for this region may well become a pilot for a broader constellation of states to which so much attention is currently being given.

"It is seldom, however, that grand designs and fine words are themselves enough to resolve ingrained problems. We are dealing essentially with the problem of poverty.

"And recent studies have shown that the greatest ally of poverty is the unwillingness of people to secure their own advancement.

"There are no easy solutions to this problem because what is needed is a change in underlying attitude through contact, co-operation, education and consultation.

"In a word — development with people, not development for people."

Looking ahead at the 1980s, Dr Van Zyl also outlined three growth scenarios from the recently published Economic Development Programme compiled by the Office of the Economic Adviser to the Prime Minister.

All contain elements of the good news and bad news syndrome.

The first scenario, which projects the expected actual performance of the economy from 1977 to 1987, anticipates an average economic growth rate of only 3,6 per cent per annum in the GDP will be achieved; that the unemployment situation will deteriorate markedly and will rise from about 10,6 per cent in 1977 to no less than 21,9 per cent in 1987; and that the inflation rate will drop to about 6,6 per cent per annum.

The second scenario covering strategic policy adjustments to achieve a higher growth rate foresees that one policy adjustment could be to cut taxes both to private individuals and businesses; could see the GDP achieving an annual average rate of 4,5 per cent over the ten-year period; and could see the unemployment rate in 1987 declining from 21,9 per cent to 15 per cent, though that was still unacceptably high.

In the third scenario it was assumed that exports of merchandise and non-factor services (excluding gold) would increase over the 10-year period at a rate of 5,8 per cent, which was somewhat higher than the historical growth rate of 5,6 per cent per annum achieved during the period 1957 to 1977.

Dr Van Zyl addressed the annual meeting of the Border Chamber of Industries yesterday evening.

Presenting his annual report, the president of the chamber, Mr Max Phillips, hit out at the "tiresome reiteration of no confidence in the future of this region.

"The white enclave must and will remain as the economic generator for the region," he said.

"It is a good thing for both Ciskei and Transkei to have it there, although we should work harder on assisting in building up the agricultural and manufacturing capacities of our neighbours.

"What is good for them is good for us. You can be assured that as Ciskei and Transkei develop and prosper so also will we."

Mr Phillips also referred briefly to the controversial harbour issue, saying: "Ciskei and Transkei each want their own harbour which, to me, is unnecessary economic waste.

"The East London harbour can meet all needs, but the other participants rightfully ask for a piece of the action; a fair share of control.

"I believe that once a clear understanding is reached about the nature of modern-day port traffic, a satisfactory arrangement can be agreed on," he said.

— Business Editor

Hypermania grips PE

70

304

24/11/79

PORT ELIZABETH — Port Elizabeth's first hypermarket yesterday claimed a national record R500 000 opening day turnover, surpassing the previous record of R350 000.

A barrage of an estimated 50 000 shoppers surging through the 55 check-out points yesterday had Checkers' hypermarket staff of 625, working in three shifts, reeling.

The spending spree bordered on hysteria. One cashier collapsed at her till. Two women were admitted to hospital, one with a suspected heart attack and another with a head injury.

Within two hours of opening at 8 am, the hypermarket's doors were closed temporarily to control the crowd.

The general manager of the hypermarket, Mr Joe Fleming, said last night the staff, manning the store 24 hours a day, would have to be increased and the security force of 21 stepped up if the rush continued into the festive season. — DDC.

FM 30/11/79

PUBLISHING FOR BLACKS

Another newcomer

Increased black purchasing power has attracted another magazine publisher. In March, a new magazine for blacks, modelled along the lines of *Fair Lady*, will hit the newstands.

Ted Sceales, MD of Seal Publishing, publishers of the yet to-be-named magazine, tells the *FM* it will circulate in the PWV area — because "that is where black purchasing power lies."

He has a point. Black disposable income in this area between 1973-1978 rose by 184%. "Blacks have become major consumers," says Sceales, "while the tendency has been to spend 90% or so of advertising money in the printed media on white magazines and newspapers."

Black consumers make up 69% of the market for yellow margarine; 77% of toilet soap users; 63% of roll-on deodorant users; and 63% of instant coffee drinkers.

The editorial mix will be the responsibility of a predominantly black editorial advisory panel headed by a prominent editor of a family and women's magazine. (Sceales will not name her at the moment.) The magazine will include a fair amount of fashion, social and other items of particular interest to the black woman.

Nasionale News Distributors will distribute the magazine. The initial print order will be 30 000 and the cover price 30c. Just how it will fare in the already-crowded black magazine publishing market remains to be seen. It will have to compete with Perskor's *Thandi*, Nasionale Pers' *Bonanza*, and Drum Publications' *True Love*.

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FM 30/11/79

(30)

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RAM SALES

The Grootfontein Agricultural College's annual auction of Merino rams this year was the most successful ever.

All 30 rams on offer were snapped up for a total of R74 559 and, in the process, two new SA records were established.

A record price of R18 000 was paid by a syndicate from Swellendam for a three-year-old ram. The second highest price was R14 000. The average price per ram was R2 485 — another SA record.

Wool Board economist Fred van Niekerk attributes the high prices to the "exceptional" quality of the rams on offer.

Financial Mail November 30 1979

d ... as if it were a public company:
at the failure to comply with the provisions
lent cause or that on other grounds it is just
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gain.—(1) Any association—
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or social activity or communal or group

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ble remuneration to any officer or servant
of the association or to any member thereof in return for any services actually rendered to the association.

[Para. (a) amended by s. 4 of Act No. 59 of 1978.]

(b) Upon its winding-up, deregistration or dissolution the assets of the association remaining after the satisfaction of all its liabilities shall be given or transferred to some other association or institution or associations or institutions having objects similar to its main object, to be determined by the members of the association at or before the time of its dissolution or, failing such determination, by the Court.

(3) The provisions of sections 49 (1) (c) and 174 of this Act shall not apply to any such association.

(4) Existing associations incorporated under section 21 of the repealed Act shall be deemed to have been formed and incorporated under this section.

For full text see 85.

REPUBLIC OF SOUTH AFRICA

GOVERNMENT GAZETTE

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Vol. 173] PRETORIA, 30 NOVEMBER 1979 [No. 6760

GENERAL NOTICE

NOTICE 929 OF 1979

DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS

DRAFT AMENDMENT BILL, 1980

The following Draft Bill to amend the Copyright Act, 1978 (Act 98 of 1978) is hereby published for general information and comment.

Any comment should be forwarded to the Registrar of Copyright, Private Bag X400, Pretoria, 0001, before 4 January 1980.

BILL

To amend the Copyright Act, 1978, so as to provide that originality shall be a requirement for copyright in any work; to apply certain provisions applying to a work, also to a substantial part of such work; to further define a diffusion service for certain purposes; to further define the circumstances in which reproduction of a work shall be permitted; to determine ownership of copyright; and to effect certain textual alterations; and to provide for matters connected therewith.

Introduced by the Minister of Commerce and Consumer Affairs

Be it enacted by the State President, the Senate and the House of Assembly of the Republic of South Africa, as follows:

Amendment of section 1 of Act 98 of 1978

1. Section 1 of the Copyright Act, 1978 (hereinafter referred to as the principal Act), is hereby amended by the insertion after subsection (2) of the following subsection:

"(2A) *Any reference in this Act to the doing of any act in relation to any work shall, unless the context otherwise indicates, be construed as a reference also to the doing of any such act in relation to any substantial part of such work.*".

ALGEMENE KENNISGEWING

KENNISGEWING 929 VAN 1979

DEPARTEMENT VAN HANDEL EN VERBRUIKERSAKE

KONSEPWYSIGINGSWETSONTWERP OP OUTEURSREG, 1980

Die volgende Konsepwetsontwerp om die Wet op Outeursreg, 1978 (Wet 98 van 1978) te wysig word hierby ter algemene inligting en vir kommentaar gepubliseer.

Kommentaar moet voor 4 Januarie 1980 aan die Registrateur van Outeursreg, Privaatsak X400, Pretoria, 0001, gestuur word.

WETSONTWERP

Tot wysiging van die Wet op Outeursreg, 1978, ten einde te bepaal dat oorspronklikheid 'n vereiste vir outeursreg in iedere werk is; sekere bepalings wat op 'n werk van toepassing is, ook op 'n wesentlike deel van die werk van toepassing te maak; 'n verspreidingsdiens nader te omskryf vir sekere doeleindes; die omstandighede waaronder die reproduksie van 'n werk toelaatbaar is, nader te omskryf; eiendomsreg op outeursreg te bepaal; en sekere teksveranderings aan te bring; en om voorsiening te maak vir aangeleenthede wat daarmee in verband staan.

Ingedien deur die Minister van Handel en Verbruikersake

Daar word bepaal deur die Staatspresident, die Senaat en die Volksraad van die Republiek van Suid-Afrika, soos volg:

Wysiging van artikel 1 van Wet 98 van 1978

1. Artikel 1 van die Wet op Outeursreg, 1978 (hieronder die Hoofwet genoem), word hierby gewysig deur na subartikel (2) die volgende subartikel in te voeg:

"(2A) *'n Verwysing in hierdie Wet na die verrigting van 'n handeling met betrekking tot 'n werk word, tensy die samehang anders aandui, uitgelê as 'n verwysing ook na die verrigting van dié handeling met betrekking tot 'n wesentlike gedeelte van daardie werk.*".

S. Times 2/12/79 (30)

aymond Ackerman — a hard man to frighten

Pick 'n Pay heads for the platteland

:K 'n Pay's record ce 1974, when it es- ·lished a five-year re- 'd enabling it to take place in the Top 100 mpanies, is remark- e. The lowest growth e in any one year has in 26,6%, which is o enough to have it it in the Royals ev- year.

'e question generally asked iow long can this growth go before the group reaches ket saturation?

ut Raymond Ackerman, ·der, chairman and manag- director, does not give the ession that this is an im- iate danger.

r Ackerman sees three 1 generators of growth in 1980s:

xpansion from the cities to ge country towns like ·ksdorp, Newcastle, or pruit — "the heart of the kers and OK operations," e puts it.

Ve aim to give country peo- the same sort of service e established in the cities. ourse, this will bring new lems. Manufacturers, for nce, are not geared to sup- is in these areas as much iey are in the cities. But e confident it can be done."

● The extension of the superstore concept. Superstores are bigger than conventional supermarkets, but not as big as hypermarkets. Pick 'n Pay already has three of these — Kenilworth, George and Welkom, and plans to open about two a year in the next few years.

● Internal diversification of the product range. For example, wine. Already 16 stores have wine licences. Mr Ackerman admits to being a little worried about the coming rationalisation of the wine industry.

"In the past, we could rely on the support of the KWV in our licence applications, even though SFW and Oude Meester usually opposed us.

"Now that the three groups are working together, I hope this won't make it more difficult for us to get licences."

Other diversifications include bakeries — 14 stores will soon have full-line bakeries — clothing, basic lines only, no high fashion goods; and hardware.

Although clothing and hardware have only been developed over the past three or four years in the hypermarkets and superstores, they already contribute sales of about R75-million a year. Total sales this financial year are likely to be in the order of R550-million.

Being high-margin lines, development of clothing and hardware also enables the group to keep down food prices — still the staple commodity dealt in.

Mr Ackerman believes that competition in retailing in the 1980s will be ferocious. "It's already the toughest I've known in my 25 years in retailing. And remember, in OK and Checkers we're taking on competitors who're backed by big groups with tremendous financial resources. We're the only one that's completely independent. I don't mind this.

"In the long run, the people who'll still be in business at the end of the 1980s will be those who best give the consumer what he wants. And the policy decisions being taken right now will determine that."

In many other ways, Mr Ackerman plans to make his stores more acceptable to consumers' needs in the 1980s.

He sees, for instance, great opportunities in the meat market, with the development of primal and sub-primal cuts — the cutting up and packaging of meat in the controlled (producing) areas, rather than the transportation of the whole carcase to the urban areas before it is cut up.

Another development is the Cookiematic biscuit machine, which can actually make up to 30 types of biscuits on the shop floor. Pick 'n Pay has sole SA rights to this Australian invention, which is already installed in 14 stores.

Then, there will be electronic scanning — those strange patterns of lines on packages which are read electronically at the cash tills.

Introduction of this system will require close liaison with manufacturers, but will bring enormous cost savings through fewer till errors, less on-floor marking, and improved stock control.

There are nevertheless major problems to be overcome if these opportunities are to be grasped. One that Mr Ackerman sees clearly — and has already ~~received much~~ public-

● To Page 11

Raymond Ackerman ... ferocious competition in the 1980s

Pick 'n Pay is setting sights on platteland

● From Page 8

ity — is manufacturers' opposition to big chains' use of their buying power to negotiate keen prices.

"It's not just a threat to us, but to SA's entire food pricing structure. If the suppliers get their way, they'll push all prices up to the levels small stores charge. I cannot believe the Government will want to allow this."

Mr Ackerman quotes Milton Friedman's cynical definitions of the terminology used by suppliers: "To ...

L.C.B. Gower Principles of Mc ... ed Stevens and Sons 1969.

Palmer Company Law 21st ed

Pennington Company Law

J.T.R. Gibson SA Mercantile

Halsbury's Laws of England

5. COMMITTEE REPORTS

Report of Company Law Ame ... -26 HMSO Cmd 2657.

Report of Company Law Com ... 1747.

Report of the Commision c ... ny Law (Van Wyk de Vries)

6. MISCELLANEOUS

Memoranda, study paper ... ents provided by Van Hulsteyn, Duthie and Saner, and ... Both are firms of attorneys in Johannesburg.

petition means competition that is healthy; fair and open trading means price-fixing.

"That's the American experience, and if the manufacturers get their way the consumer will pay through the nose. And they're not just fighting with Pick 'n Pay: organisations like Metro Cash and Spar have given the small trader additional bargaining power.

Battle

"This battle has been waging for two years, and it's now coming to a head. It will be my main personal fight for the 1980s.

"It takes a lot of time, affecting me and my executives' productivity, but we can't back down on something we believe in as strongly as this. It's the greatest threat to the freedom of the market place I've ever seen."

Mr Ackerman also has reservations on the proposed new black-white 51-49 partnership proposals.

"We're going quietly on this, especially since Nafcoc turned down our 80-20 proposition — I don't think anybody will ever offer anything that favourable again.

"A ratio of 51-49 may be good for the consumer, but it could harm the black trader. I'd hate to have a roaring success in Soweto — in fact, I've already turned down a project there — and see lots of black traders going out of business.

"Anyway, I don't think it's fair to let white capital into black areas unless black capital is also allowed into white areas. I hope this will be allowed soon.

Venture

"We're going into Mitchell's Plain on a joint venture basis, but only after establishing that both the coloured consumers and traders would welcome us.

"And we'll be floating a separate company to do this, which will offer shares as widely as possible. We feel this is better than taking in the Coloured Development Corporation. Other than that, we're going cautiously until we see how things develop."

Ultimately, it all comes back to satisfying consumers' needs. "That's why I spend so much time just going around our stores.

Why," Mr Ackerman chuckles, "the other day I came across a woman who was storming out of one of our stores and said she'd never come back because she couldn't find boneless kippers.

"I got straight on the phone to our buyers, and sorted her problem out. That's old-fashioned retailing — and there's no substitute for it."

~~of the leading shares in each-~~

Sunday Express 2/12/79

30

Partnership: 'Black traders face the wall'

Business Reporter

THOUSANDS of Black traders face bankruptcy through the Government's decision to allow White partnership with Blacks in Black areas on a 49%-51% basis, says Metro Cash and Carry.

Accepting the Sunday Times award as the top growth company listed on the Johannesburg Stock Exchange, Metro chairman Lionel Katz said:

"Black businessmen need facilities. They don't need White partners."

He recalled that 10 years ago Metro recognised that the small trader was inadequately serviced. "We made it our philosophy to cater to his needs and make life easier for him. Today, we serve 48 000 customers, all of whom are traders of one class or another.

"As a community, these people have grown, and we have grown with them.

"Recently Dr Piet Koornhof, Minister of Co-operation and Development, announced that he would allow White partnership with Blacks, in Black areas, on a 49%-51% basis.

"I believe the decision is an error. From our considerable experience of the Black trader, we believe he does not require White partnershnip, but training and facilities.

"Understandably, we welcome the Government's decision to scrap the inhibiting regulations imposed on Black storekeepers.

"We now have a Black trader who may lease land for 99 years, may open a larger store, and a Government which says it wants him to develop.

"But what facilities does he have. Can he borrow money for development? Has the Government arranged to make capital available?

"Does the Government provide funds for trading loans through banks, or other sources? Does the Government provide commercial training facilities?

"At Metro we have had to take it upon ourselves — in our own enlightened self-interest — to put together a package that will enable the little man to overcome the many disadvantages he still suffers because of past decisions.

"As a result of our representations, the Urban Foundation is funding bonds for small traders. Two major banks are providing lease finance and working capital for Black traders.

"A consortium of insurance companies is providing full insurance facilities for Black traders.

"We are proud of what we have done and arranged, but believe the Government should have taken the lead in making these facilities available.

"By persisting with a partnership philosophy, the Government is putting the survival of the Black trading community in jeopardy.

"For every chain store that opens in a Black township, countless Black entrepreneurs will go out of business.

"Of the country's 12 000 Black traders, 6 000 are retailers in Black urban areas. Thousands, with the 49%-51% scheme, face being overwhelmed by White expertise.

"The same thousands, who have struggled for years to build a livelihood for themselves, will, far from being helped, end up bankrupt.

"Black businessmen need facilities, not White partners. Because I believe your intentions are good. I urge you to re-think your proposal."

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Argus 4/12/79

(36)

Call to change shopping hours

PRETORIA.—The present system of trading hours in the retail trade adversely affects productivity and prices, a national survey of the retail trade has found.

The National Productivity Institute survey found that if the present retailing hours were adjusted this would improve labour productivity and would generally reduce retailing costs.

It has suggested that stores could open at 9.30 am, close on Mondays and open all Saturday.

But the survey points out that trading hours are determined by legislation and stores are not able to adjust trading hours to optimise productivity.

"A major problem hampering productivity is the wide flutuation in customer traffic. Friday and Saturday trading accounts for 42 percent of the weekly revenue and 41 percent of weekly customer traffic.

'Mondays are often poor trading days and there is negligible activity before 9.30 am every weekday morning.

COSTS

'Adjusted, but not necessarily extended, trading hours would improve labour productivity because there would be less dependence on temporary staff during peak hours and would reduce retailing costs generally,' the survey found.

Welcoming the survey's findings, Mr Alec de Beer, the senior vice president of the Pretoria Chamber of Commerce, said flexible trading hours were vital to any attempt at staggered working hours.

SAVING FUEL

'Commerce has not been able to make a contribution to saving fuel because of the inflexibility of shopping hours. Is it necessary that traders open their stores at 8 am and close at 5 pm as they do now?

'It would be preferable if traders were allowed to choose their opening times within the framework of the present trading hours allowed by the provincial ordinance and so make a contribution to fuel saving and reducing traffic congestion.'

'Blackchain' to open in January

By PAULINE BUTHELEZI

THE Blackchain Supermarket in Diepkloof will be ready for operation in January 1980.

Mr S J J Lesolang, chairman of Blackchain Limited, made this announcement at a cocktail party, held on the premises yesterday.

He thanked the Urban Foundation for helping to bring together a consortium consisting of Nedbank, Barclays Bank, Standard Bank and Anglo American, who came to their rescue to the tune of R2-million for the building and equipment.

Mr Lesolang said he did not believe in the 51 — 49% black and white partnership that was being advocated in economic circles, but that whites should help the black man to come up as much as blacks helped whites to reach their present affluence.

30

Post 16/10/79

F.M 7/12/79

(30)

PORT ELIZABETH

Hypergrowth

Port Elizabeth was duly pitched into the hyper-store fray last week with the opening of Checkers' 19 000 m² operation in Newton Park (*Property* July 6). Next on stream will probably be Pick n Pay's new outlet further out of town and, by next Christmas, OK should be weighing in with a superstore of its own.

The OK operation will go up alongside the Checkers' Newton Park development and the longer-term plan is to integrate the whole scheme with connecting shopping mall, offices, higher-density housing, filling station and old age home.

Newton Park is a Greatermans brainchild and Checkers, not surprisingly, is the first in. It has taken 5.5 ha on which it has provided 1 500 parking bays — a reasonably generous ratio of one to 12,7 m² of gross floor space (Eastgate around 1:19).

OK confirms that it is also building and will come in with a 16 000 m² "superstore" which starts going up in January. It plans to have the doors open in time for Christmas next year.

But judging from the success of last Tuesday's opening, the Checkers hyper is already making its mark on the half-dozen supermarkets — three Checkers, two Pick n Pays and Grand Bazaar — already established in the surrounding areas. As it is only 3 km from the core, it can also be expected to have some effect on the CBD.

With Pick n Pay so much further out, the Checkers' hope is that competition from Raymond Ackerman isn't going to be too fierce. One theory is that the Pick n Pay hypermarket will tend to draw from residents closer by, with only marginal effects on Newton Park.

Nevertheless, the scene is set for a battle of the giants and PE consumers are looking longingly to a price war in their future. There could be some cost benefits, but they shouldn't set their hopes too high. The big three have grappled in the same areas before (for example, on the East Rand) with limited effects on mark-ups.

Price-cutting is one thing, throat-cutting is another.

F.M. 7/12/7

RETAILING (30)

Coming up roses

SA retailers are looking forward to on their merriest Christmases in years. (sumer spending in November/Decen is expected to rise at least 17% on t over compared to the same period year. In real, inflation-corrected te

this reflects 5% growth over last year, says the Johannesburg Chamber of Commerce.

JCC economist Ed Verburg suggests reasons for the improved outlook include tax cuts announced earlier this year; the repayment of the 1977 loan levy; recent wage and salary increases; a small reduction in black unemployment; the recovery in engineering and building industries; and an improvement in the political climate and outlook.

The expected trend over Christmas follows on a marked recovery of business confidence over the past few months. There was only a temporary setback following the substantial fuel price increase in June. At least 95% of trading and manufacturing firms included in a Standard Bank business opinion survey earlier this year said they were "optimistic or at

Johannesburg shoppers . . . jingling bells

least reasonably optimistic about prospects in their areas or centres." Clearly the optimism was justified.

The *FM*'s own overview is that cash registers will show record sales right across the board. Evidence for this projection abounds. Pick n Pay's Raymond Ackerman reports that the four-week accounting period ending on December 1, shows Hypers increased an average 24% on turnover compared to the same period last year (it varied from 18%-20% depending on individual stores). Supermarket turnover upped an average 18%. In real terms Hypers improved at least 12%, supers 7%-8%.

Although he says December is not a "great food month" he expects "Hyper turnover could be up 28%-30%, about 15% in real terms." Supermarket performance should duplicate November figures.

Checkers MD Rex Glanville expects an "absolutely outstanding festive season with very, very substantial increases. We look for at least 30% increased turnover, 12%-14% in real terms. We've bought merchandise in anticipation of these projections. We've never been so well prepared. We also expect a substantial spurt in growth for 1980." Big sales are on "stable merchandise." The take-off has not been in luxury goods. "People aren't eating that much caviar." Black spending is "better than it was but the major part of the increased spending is still from whites."

When it comes to luxury, the rich are hardly holding back, reports Thrupp's in affluent Rosebank, well sited to cater for Johannesburg's northern suburbs. "Turnover since July is up 24%-25% on average." MD Roger Keene says: "I can't honestly recall when ever we had that sort of increase in the 22 years I've been here." He expects December turnover to hike 25%-30%. "We're experiencing this fantastic upswing in all departments. There has been an awful lot of money saved which is now being pumped into buying."

Still on luxury, there's equal enthusiasm from jewellers. Ronnie Tanur, Tanur Jewellery MD, expects 30-40% up on last November/December. "There's a demand for everything from gold jewellery priced at R20-R30 right up to R5 500 watches."

November turnover "in rands is up over 40%. It was the second best month we've ever had." About the current trend "we're not happy. We're ecstatic."

A more restrained Syd Barnett, chairman and MD of Sterns Jewellers, says: "We expect a very good Christmas, more than 17% growth in real terms compared to last year."

Furniture stores are having a good time. Bradlows MD Gordon Baker expects a 20% plus turnover turnup in November/December. "A pent-up demand which dates back two years accounts for this. There is restored confidence and people are buying sound equipment and major appliances. They're going for the more expensive items."

Departmental stores expect to get their fair share of the bounty. John Orr's which is in the process of closing down five outlets is experiencing considerably boosted turnover on closing down sales says MD Glen Shanley.

Adrian Bellamy, Edgars MD is not absolutely convinced that at this stage the Christmas euphoria is justified. "A 5% growth in real terms is a fast clip to go at. Statistics show 6% inflation on clothing and footwear, we think it's probably 9%. Add to that inflation, which, to achieve 5% in real terms, means the clothing and footwear market is experiencing an increased demand of 14%-15%. I'm not altogether certain." Edgars, he says "is expecting a nice Christmas. Our sales increase is above budget."

7/12/79 (30)

Ntsiba . . . if finance problems could be sorted out, Clermont would be a showplace

F.M. 7/12/79

30

RUSS NTSIBA

Breaking ground

Controls on black home ownership makes life tough for a black estate agent. But Russ Ntsiba, of Clermont near Durban, who believes he is one of only two African estate agents in SA, is philosophical. He is a member of the Institute of Estate Agents of SA and, like all other agents, has the mandatory board fidelity fund certificate.

There's nothing to stop a black estate agent from arranging deals between white clients and Ntsiba claims to have negotiated several such sales. But when it comes to sales between blacks it's a different story.

Clermont is one of the few townships where freehold title exists but even so, institutions are either unable or unwilling to provide bond finance. Consequently, deals are usually for cash and it is not unusual for a 1 000 m² plot at Clermont to change hands for R4 000 cash with the buyer finding another R12 000 cash to pay for building.

Thus finance as well as a severely limited supply of property make things difficult for a black agent. Moreover, adds Ntsiba "we are second and third generation property owners at Clermont and many properties are in the hands of executors, trusts and so on and they arrange transfer without going through an agent."

Therefore Ntsiba has interested himself in development and claims that if finance and other problems could be sorted out "Clermont would be the showplace of the nation."

It is not altogether clear how Russ Ntsiba came to be an estate agent or how he learned the ropes.

His shopkeeper father was evidently a man of some substance and built "Mount Kilimanjaro", an office block at Clermont where his son trades today. "All his properties had names beginning with the letter K — Kilimanjaro, Kangelani, Kalamazoo."

Russ says he wanted to be a civil engineer but ended up doing a number of jobs, from working for the local health commission and being an assistant in the lab at Kariba to being paymaster at a textile firm. He claims to have been helped by an American realtor brought out by Sapoa and by some local estate agents.

Be that as it may, it enables him to run an office in the Durban CBD as well as at Clermont and places him on the ground floor of an occupation which can only develop as current restrictions on African ownership are phased out.

SCOTTS F.M. 7/12/7

Better fit (30)

The medicine has worked. Scotts' re
ery now rests more on external fa
such as consumer spending rather
any further internal pruning. Scotts
taken its medicine in one go. Over
past 18 months, it has written off
R2.2m, cut out loss-making opera
such as some of the Our World branc
and re-shuffled management from
board downwards.

The company suffered a net los
R3.7m in the year to end-February. In
first half of this year, however, profit
ity has been restored. Encouragingly,
return to profitability is based on man
ment's remedial action and not merely
weight of increased sales. For, sales
10.4% over the 1979 first half to R33.
while improved margins restored the
tom line figure to a R226 000 net p
from the 1979 first-half loss of R858 00

The figures in fact hide much of wha
now a strong recovery situation. Sc
Cash Stores chain lost over R900 000 in
six months under review. Though the p
tion continues to deteriorate, new ch
man Felix Fielding says: "The board
decided to reduce operations in this a
by the elimination of uneconomic st
from the beginning of 1980." So the sec
half, and certainly the full 1981 y
should benefit substantially from
weeding out of the last identified trou
spot.

The other trading operations are r
ning according to budget. The footw
factories, a worry for some time, "h
been very satisfactory," while Fiel
says good results have been obtained fr
the Western Cape retail operation and
wholesale clothing division. Uniewink
wrongly believed to have been on the p
of being sold early this year, is contrib
ing to profits.

Although 9.1c a share has been earn
in the first half, no dividend has b
declared nor is one likely for anot
year. Gearing is being reduced (a Mtu
tuba property-owning company has b
sold for R210 000) and any form of c
haemorrhage is being guarded against. The final instalment on the R363 000 prefs. due on August 31, has had to be postponed as interest on the 13.6% R3.2m subordinated debentures was in arrears. These will absorb over R860 000 in interest this year-end if profits enable the payment to be resumed.

Fielding is guarded on prospects for the next six months. The traditionally higher profits earned in the Christmas period will "reflect in the company's accounts for the full year." But margins are normally higher in the second half and turnover should be up to at least R70m. On this, with the Cash Stores programme under way, profit could gross R1.5m.

At 180c, the share price reflects the company's recovery. But I believe it does not fully discount the revitalised group's future earnings potential and a projected PE, on an optimistic forecast of 3.5, makes the share look cheap. The taint of the dividend cut and losses suffered will retard a re-rating, but the share could be on the way back to its heady 500c trading range. But this time round growth will be less giddy.

rural areas or cause of deaths' according to the Bantu Reference Bureau (Personal Communication). At least 50 000 deaths among Africans were not registered. These occur mainly in the rural areas. It is estimated that about 10% of the deaths in the main urban districts are not registered for Africans.

METHODS

The following indices were calculated:

1. Crude Mortality Rates.

RDM 7/12/77 (2) 30

Ban call for white traders in Soweto

Staff Reporter

THE FIGHT against the establishment of white-owned supermarkets in greater Soweto will continue on Sunday when the Soweto Chamber of Commerce and Industry (SCCI) holds its second meeting in a fortnight at the YWCA Centre in Dube Village.

At its first meeting, held last month, the SCCI decided to petition the Minister of Co-operation and Development, Dr Piet Koornhof, on the Government's decision to allow white partnership with blacks in black areas on a 49%-51% basis.

Sunday's meeting starts at 9.30am. Mr Veli Kraai, chairman of the SCCI, appealed to traders to attend.

"We have to be united in our opposition if we are to get anywhere," he said.

The Southern Transvaal region of the National African Federated Chamber of Commerce (Nafcoc) is also to report on its attitude on the issue at Sunday's meeting.

Nafcoc, headed by Mr Sam Motsuenyane, has for some time fought against the idea of introducing white supermarkets in urban black areas.

The fear among black traders, who do not have the capital to compete with whites, is that they will be ruined or used as "fronts" if whites are allowed into the townships.

population under the hypothetical conditions which would exist if a particular cause of death were eliminated. It gives an indication of the relative effect of that cause on the expectation of life.

The calculation of rates involves a knowledge of the base population age specific population. No official estimates of this are available for inter-censual years. For whites, Asians and 'coloureds, the 1970 population has been projected forward using the age specific survival rates from 1970 and taking into account the actual births and deaths in the 0-4 age group. Allowance was made for migration.

For Africans, a different procedure was adopted as a population figure for only part of the country was required. The 1970 age distribution[10] by magisterial district was used, the numbers being adjusted by the 1974 gross population estimates by economic region.[11]

DISCUSSION

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

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

Infant mortality rates are summarised in Fig. 3. Once again, difficulty is experienced in obtaining data for Africans. Birth statistics for Africans are not published by the central government. The various medical officers of health[9] have estimated the infant mortality rates for their urban areas. These show considerable variation. (See also ref.15). A mean figure and the range are given in Fig. 2. These de facto figures should be interpreted with caution as sick infants are often brought to the cities from rural areas. An indication of the situation in the rural areas is given by a sample survey carried out in Cape Town and Transkei among Xhosa-speaking Africans.[12] An increase in infant mortality was observed with decreasing urbanisation, the figure for the completely rural areas being of the same magnitude as those parts of the world devoid of medical services. Fig. 4 summarises the age specific mortality rates of

(a) Neglect of preventive medicine by most practitioners and inadequate budgetary provision for it. Savage also notes the excessive expenditure on cure.

(b) Both also note the maldistribution of doctors and health services. Kirsch describes this in geographical terms, and in terms of inappropriate institutions. He notes the concentration of doctors throughout the world in urban areas. Savage describes this as a concentration in South Africa on the needs of the white and urban populations; but he also ...

S Post 9/12/79 -

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NEW OUTLET FOR BLACK WRITERS

A BLACK publishing house — the first of its kind in the country — will soon be launched, SUNDAY POST was told this week.

It is the idea of two young men, Mr Fhazel Johennesse (above right) and Mr Chris Van Wyk (left) both published poets.

"For over four years," said Mr Johannesse, "we discussed establishing the publishing concern.

"We have a feeling that there is a dire need for such a concern in this country, particularly for black authors who find it very difficult to have their works accepted for publication," said Mr van Wyk.

The name of the publishing house is Sable Books — Sable stands for South African Black Literature. It will publish its first magazine in January.

The magazine will be called "Wietie" meaning talk or

... involved in 'combating the health-denying ... in order to promote effective medicine'.

Other contributors (e.g. Adler, Vol.2) would regard the nature of the economic system, rather than the legal structure of apartheid as the root cause of the 'Inverse Care Law', as it is apparent to some degree througho[ut] the third world and in most 'western' societies. Both Adler and Savage, although not denying the need for medical reforms, regard these as inseparable from changes in the wider social structure if they are to be effective.

In fact, only the provision of medical care is in dispute, rather than all measures which promote health, most of which, as we have seen, concern the entire structure of the economy and society. The arguments therefore apply only to the relatively narrow, but nevertheless highly charged field of medical care. It has conventionally been accepted by the majority of those who can afford it that some basic public provision should be made for the indigent. The rising cost of medical care, particularly in the United States and some European countries, has forced a reassessment of this position by health economists of all persuasions.

The free market position is argued by Rees (*27): If a good or service can be bought and sold between individuals, and all relevant costs and benefits are taken into account in the market transactions without spilling over to outsiders (excludability), and there are no economies of scale,[6] then individual preferences as expressed through their purchasing power can be met efficiently when the good is distributed through a free market so that neither can alter the price on their own, and no combination of buyers or sellers exists that can influence the price to their own advantage. In addition, there must be no information constraints on buyers and sellers. If these conditions are fulfilled, private provision will be efficient, although the possibility of efficient allocation may also exist under other conditions. The advantage of a private market are generally taken to be the minimal need for information transmission before an efficient distribution can be reached.

Wyk.

"We'll sell our books as cheaply as possible so as to reach a wide market," said Mr Johannesse. "Our books won't collect dust on the shelves of book shops".

Mr van Wyk said that there are many manuscripts lying buried in the townships. "We aim to uncover such and tap the great talent in these places," he said.

Commending the two men, Mr T W Khambule, lecturer at the University of the Witwatersrand said, "This is the right direction because blacks have never been able to publish what they choose, but have had to bend to other people's directives."

All writers, photographers and artists keen to have their material published should contact Sable at Flinders Street, Riverlea, postal code 2093.

RDM 10/12/79

We are neglected, say Soweto traders

RDM 10/12/79

(8) 30

By DIAGO SEGOLA

SOWETO traders said yesterday that they were neglected by the Soweto Council and resolved to send a delegation to deliver to the council a petition detailing their grievances.

At a meeting of the Soweto Chamber of Commerce and Industry they spoke strongly against white businesses moving into Soweto and decided to examine the feasibility of forming an umbrella company which would handle all businesses in the townships.

They decided to compile a register of all the companies in Soweto. These companies would be invited to the chamber's meeting at the end of the month.

Speaking on the Soweto Council, the chairman of the chamber, Mr Vela Kraai, said: "We are going to call upon the council to recognise us as the established body for traders in Soweto. We feel we are neglected by them. Whenever there is anything that has to do with business, we are never consulted."

He said several sites for supermarkets were granted to whites without the sites being advertised and the Soweto chamber being informed.

"This shows there is apartheid in the whole business. Whites are interviewed at some corner and we are completely left out.

They criticised the recent formation of a company — Soweto Bakery Pty — which has the chairman of the Soweto Council, Mr David Thebehali, as one of the directors. Two of the company's other directors are white.

the NTE plantation in Hilton. Each family is given two rondavels — a bedroom and a kitchen.

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Call for black trade power

Mr Veli Kraai . . . calls for companies.

THE most effective way for Soweto traders to counter competition from white business concerns in the area was by establishing black companies, a Soweto Chamber of Industries meeting was told yesterday.

Plans to unite Soweto traders were yesterday outlined when businessmen discussed the threat imposed by the collosal business complexes allegedly to be erected in the area by white-run chainstores.

By CHRIS MORE

The Government and the Greater Soweto Community Council came under severe criticism as the traders claimed their effects to establish themselves and build the area for themselves were deliberately being foiled by these authorities.

The Soweto Council was criticised for making plans for economic development of the area without consultation with the traders.

It was also slammed for denying black traders access to the chambers for consultation while white businessmen made frequent visits to the chambers and were always listened to by the council.

The traders unanimously agreed that their chance to equal and outdo white businessmen in Soweto was to establish companies.

The chairman of the Soweto Traders Association (STA), Mr Veli Kraai, was mandated to make a list of all existing companies in the area and present this at the association's next meeting.

This was the first step in the right direction of building Soweto into an effective black business area.

The companies established would:

- Contribute to the growth of Soweto.
- Create job opportunities for Sowetonians.
- Assist in creating a favourable image of the STA to the consumer.
- Best serve the interest of the shareholders.

One of the first projects the traders wish to embark upon is launching a cash-and-carry complex.

This would be done to cater for the needs of the consumer.

One trader said: "The reason why we lose most of our customers today is because we do not have places where they can buy commodities at low prices. This should come to boost our image with the consumer."

A delegation from the association is to approach the Soweto Council to negotiate for the recognition of the association. It will consist of the chairman, Mr Kraai and two other members.

The association had last month written to the council, but had as yet not received a reply. The delegation will do a follow-up on the issue.

Traders were also urged to support the African Bank. Mr Kraai said people invested in banks in the city, but when they needed loans, they went to the African Bank.

Shebeen owners are held

POST 11/12/79?

TWENTY-THREE shebeen owners were arrested and charged by the Liquor Squad in Soweto at the weekend.

In the swoop, police confiscated 360 litres of beer. Last week a total of 3 618 litres were confiscated and 21 shebeen owners were charged.

In another move at the weekend, police arrested a black man for bringing liquor into a prescribed area without permission. They confiscated 585 litres of beer and a vehicle. The man was charged and will appear in court soon, Brigadier Carel Coetzee, Soweto police spokesman said.

Brigadier Goetzee said also that the Vehicle Squad had recovered 30 stolen vehicles at the weekend. Four men have been arrested in different cases, he said.

Court told of knifing in EL chain store

30

11/12/79

DD

EAST LONDON — The manager of OK Bazaars and a saleslady told a magistrate in court here yesterday how they were attacked with a knife by a man who allegedly tried to steal sunglasses from the shop.

Mr Allan William Felmore and Miss Sharon Rudolph were giving evidence when Mr Michael Mgwatyu, 30, of Zone Three, Mdantsane, appeared on a charge of shoplifting, two counts of assault with intent to do grievous bodily harm and of being in possession of a knife.

Mr Mgwatyu pleaded not guilty to all the counts when he appeared before Mr N. R. Oosthuysen.

As a basis for his defence Mr Mgwatyu said he had gone to the shop to buy sunglasses. While he was inspecting them a man approached him and asked if he was buying.

They walked together to the paypoint but when he got there he only had R9 which was not enough to pay for the three pairs of sunglasses.

He asked the man to take one pair back and said he would pay for two pairs but the man said he was arresting him. Mr Mgwatyu said he was assaulted in the office and called a liar.

He was then left alone. He saw a knife and armed himself with it. He ran away waving the knife at the people in the shop.

At the door a woman blocked his path and he also wavd the knife at her. He was later caught in the street and returned to the shop.

Mr Felmore said while he was in the store on November 24 he saw Mr Mgwatyu remove sunglasses from a stand. As he walked towards Mr Mgwatyu he saw him walking away from the cash register.

Mr Mgwatyu was apprehended and brought back to the paypoint. Another employee, Mr Johnson, removed three pairs of sunglasses from Mr Mgwatyu's pocket. When he did not have sufficient money to pay, Mr Mgwatyu was taken to the security offices.

"I walked towards the nearest phone to call our security officer when Mr Johnson shouted to warn that Mr Mgwatyu had a knife.

"I turned and faced Mr Mgwatyu.. As I lifted my arm to ward off the blow I was stabbed between my fingers. I also sustained a violent blow on the nose.

"We grappled and he pushed me causing me fall with my mouth on the bottom rail of a stool resulting in two teeth being broken.

"As he ran I recovered sufficiently to follow him across the floor shouting that Mr Mgwatyu should be stopped. He bumped into people and disappeared through the Gladstone Street door," Mr Felmore said.

Miss Rudolph told the court she was working in the showroom and had just hung up some items when Mr Mgwatyu bumped into her.

She grabbed hold of his hand and he slashed her across the right cheek with a knife. Miss Rudolph said she had plastic surgery done to her face and the doctors had told her it would take another year before it was completed.

The hearing continues today. — DDR

Shebeens' earnest game

Downing a glass of beer is Mr Lucky Michaels (left), with friends at one of the shebeens in Soweto. This is the spirit of the festive season,

91 CONGENITAL A

	W M	W F	A M	A F
0-1	1,57	0,76	0,60	1,03
1-4	0,05	0,04	0,05	0,05
5-24	0,01	0,00	0,01	0,01
25-44	0,00	0,00	0,00	0,00
45-64	0,01	0,00	0,00	0,00
65+	0,02	0,01	0,00	0,00
ALL	0,04	0,02	0,03	0,04
NO.	87	43	9	14

XIV

UNITY MOVE TO ACHIEVE LEGAL STATUS

30

SHEBEENS throughout the country have always boasted of some colourful names — Falling Leaves, Back 'o the Moon, Fish Pond, Emzini, House of Lords, Baby Come Back, etcetera.

That was individual colour. Now it's the Soweto Tavern Association (the Oxford English Dictionary says a shebeen is an unlicensed house selling drink, and a tavern is a public house for supply of food and drink), the Vaal Blue Waters Shebeen Association, and the Mamelodi Shebeeners (sic) Association.

For the record, the Soweto Tavern Association is Johannesburg-based, the Vaal Blue Waters Shebeen Association is Vaal-based and the Mamelodi Shebeeners, Pretoria-based.

It is an earnest game — thousands of rands involved, and, according to opponents, costing hundreds of lives in crime emanating from the shebeens.

It all started when the Soweto shebeens felt they could no longer take the constant police raids and lose thousands of litres in liqour confiscated.

First they called for a boycott of West Rand Administration Board bottlestores. Wrab is the major legal dispenser of liquor in the townships. They sustained the boycott for weeks.

Solidarity. The board lost thousands of rands in income — a figure they will not disclose to this day. The shebeen owners stood together. It was a natural step to starting the Soweto Shebeen-Owners Association and others followed in the Vaal and Pretoria.

Then real management skills emerged. The Soweto Shebeen Owners changed the name to Soweto Tavern Association.

They did a little public relations job — a monthly newsletter. What better name than e'Spotini (long standing name for shebeens in the townships — at the spot)?

It will be a waste of money to pay the deposit that is necessary to register a newspaper in this country, they thought. Decision: change the name every alternate month and call the magazine On-the-Spot, then it is no longer a "newspaper."

The latest issue of eSpotini carries colour adverts from liquor and cold drink manufacturers. Bus business, man.

Deadly serious business. The Soweto Tavern Association has met top police, the National Liquor Board and their sights are now set on meeting the Minister of Justice.

They want to get respectable. They have given the assurance that their "spots" will cease to be dens of violence. They have solemnly declared that they will not sell liquor to minors.

They are now contributing to charity. On December 13, at the Club Pelican, Soweto, they have a charity show with some well-known artists to raise funds for poor children. Tickets sell at R10 a person.

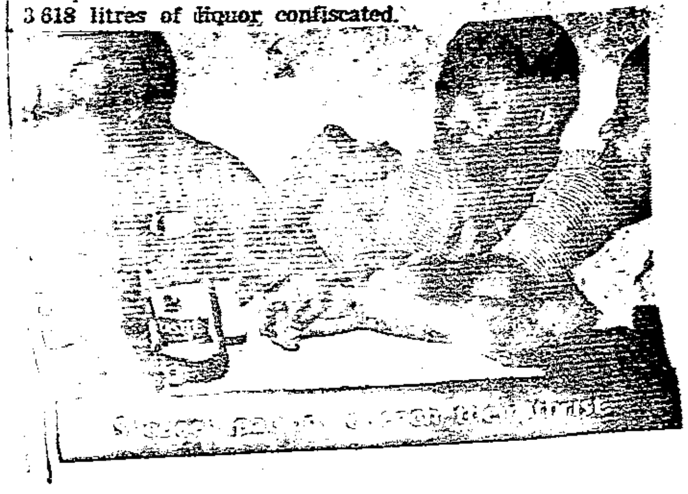
The Club Pelican is of course a shebeen. No difference between it and any licensed nightclub in the centre of Johannesburg. The best music. The best in liquor. The best in food. Except that proprietor, Mr Lucky Michaels, does not have a licence. He has been at the forefront of the movement to legalise shebeens. He is chairman of the Soweto Tavern Association.

This week the three associations merged. An invitation has been sent to shebeens on the West and East Rand to join in the "struggle" and help form a national body — the National Tavern Association.

Says Mr Michaels, who reminds one of pictures of the younger Sammy Davis Jnr: "First we want to unite shebeens on the Reef, Vaal and Pretoria. We want to cry out in one strong voice against police raids and plead for legal status.

"We are not fighting the law. We are fighting for normalisation, recognition and legal status."

But only this weekend, 23 shebeen owners in Soweto were arrested and 330 litres of beer confiscated, and the previous weekend saw 21 shebeen owners arrested, 3 818 litres of liquor confiscated.



Rise in car sales

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13/12/79

PORT ELIZABETH — The upward trend in sales of new motor cars and commercial vehicles, evident in the latter part of the year, continued in November, according to figures released here yesterday by Naamsa.

Motor car sales in November totalled 20 156, an increase of 7,98 per cent over October and 10,65 per cent higher than that recorded in November last year.

Commercial vehicle sales, at 10 122, were up 8,11 per cent over the previous month and 22,88 per cent up on the corresponding figure for November last year.

In both cases, the aggregate for the first 11 months has also surpassed the corresponding totals last year. In the case of motor car sales — now at 195 614 — it is up a healthy 4,51 per cent whereas in the case of commercial vehicles, the figure has improved only marginally, from 91 661 last year to 92 142 this year — only 0,52 per cent better.

Based on the figures for the first 11 months this year, motor car sales should reach 213 397 units and commercial vehicles sales should amount to 100 519,.

With motor car sales, Sigma retained its lead with 4 725 units, followed by Volkswagen with 3 900 and Ford 3 567.

Individually Volkswagen's Golf, with sales of 2 682 still leads. — SAPA.

F.M. 14/12/79

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TOWNSHIP BUSINESS

White elephants?

Government's decision to allow white partnerships with blacks, in black areas, on a 49/51 percentage basis, is causing alarm among township traders (*Current Affairs* November 23).

As a result, the newly-formed Soweto Chamber of Commerce and Industry (formerly the Soweto Traders' Association) held a meeting recently to discuss the "flooding of Soweto by white supermarkets."

Trader after trader told the meeting that when the partnerships come into operation, "our shops will become white elephants." Vela Kraai, the Chamber's chairman tells the *FM* that a number of the traders believe the Soweto community council is behind the partnerships. "We have written to the council telling it about our feelings," he says.

Velia Kirkpatrick, of Kirkpatrick and Associates (the council's public relations firm), says the partnerships are still being considered by the Soweto council. Nothing is definite. "And," she asserts, "the council has never received a letter from the traders."

Leading Soweto businessman Richard Maponya says it will be a mistake if black businessmen scoffed at the offer of white partnerships. "These partnerships will help us share in the economy of the country," he says. He also argues that by accepting the partnerships blacks will have the opportunity of putting up meaningful establishments in the townships, drawing sizeable black custom away from the CBDs.

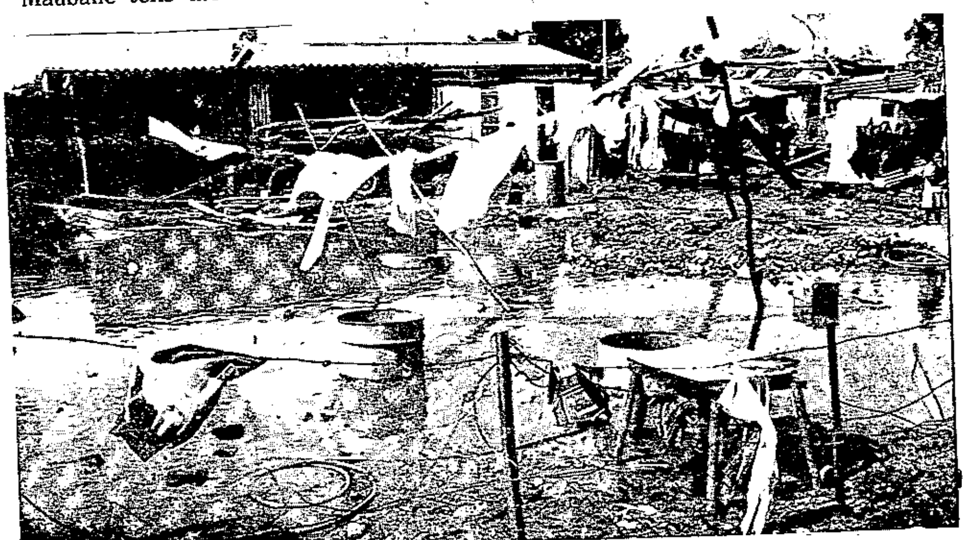
But Sponono Majola, MD of Blackchain, the black-owned and run supermarket group soon to open in Soweto, asks: "Where will blacks get the 51% shareholding in these partnerships?" Majola says he is right behind Lionel Katz, chairman of Metro Cash & Carry (the largest wholesale organisation in the country), who asks if government has made capital available to black businessmen.

The black/white partnerships will only benefit whites, according to Patrick Mbatha, the Soweto chamber secretary. He is emphatic that if white businessmen can pump money into black traders' hands, know-how and expertise should automatically follow — "otherwise, we reject the whole idea."

On the other hand, says Moses Maubane, executive director of the National African Chamber of Commerce (Nafcoc): "We are not saying we reject partnerships with whites. But we want selective partnerships." He points out that the whites who want to operate in the townships are essentially traders, and pleads that it would be better if they came in as manufacturers. "We lack exposure in that area. We must have a foothold there."

Maponya warns that black businessmen should stop thinking in terms of the small corner cafe or store, because "supermarkets are now dominating the scene." In fact, he reasons, white businessmen dominate because they have the money and expertise: "That is why we must take them along with us."

Maubane tells the *FM* that Nafcoc is working with "interested parties" on proposals that blacks be granted loans, and insurance facilities.



Acute housing shortage slows Indian migration

Soweto's coal merchants are up in arms

By LEN KALANE

SOWETO coal dealers are angry at white coal merchants who encroach on their area and do business in the townships.

And if nothing is done to stop the white merchants infiltrating in the townships, an ugly situation may erupt, coalyard owners warned at a meeting yesterday.

The meeting, held in Johannesburg, was between the Soweto Coal Dealers Association and the Highveld Coal Traders. The Highveld Coal Traders supply coalyards in the townships.

Soweto coal dealers called on the Highveld Coal Traders to discourage white merchants selling coal in the townships. They warned that they might take the matter into their hands if white merchants continued coming into Soweto.

"This is unfair to us. We are not allowed to load our trucks and sell coal in town," Mr David Mtshaulane, chairman of the Soweto Coal Dealers said.

Mr Mtshaulane said coal dealers in Soweto were now becoming angry and impatient over this "unfair competition" since they have for long been complaining to the authorities.

"If the Government cannot pull these people out of our area, we will then have to do it ourselves. These white merchants are crippling our business in the township," Mr Mtshaulane told the meeting.

Complaints by Soweto dealers follow coal distribution in the townships by McPhail Coal Merchants, which is white owned. Coal dealers say the white merchant has been selling in the townships since 1973.

BOYCOTTING

Coal dealers said in addition, they were boycotting the supply of coal called "new largo", which they say burns slowly and takes some hours to smoulder.

Another type dealers said they were boycotting is that from the Cornelius Bertha mine in the Free State which they say is of low quality.

They said this type of coal easily gets broken and turns into dust. It does not burn easily and it is sometimes mixed with stones.

The meeting was also told that the coal delays in cooking and heating thus making housewives angry whenever they get this type of coal.

CHECKERS BUYS STAKE IN COLOURED CHAIN

Argus 14/12/79 (30)

A CONSORTIUM of coloured businessmen, headed by Mr Peter Swartz, and the Checkers division of Greatermans, have bought the Coloured Development Corporation's 83 percent share in the supermarket chain Superama Limited.

The Superama chain consists of five supermarkets in Cape Town, one in Port Elizabeth and one in Uitenhage.

The consortium, to be known as the Peter Swartz Holdings, will hold 51 percent of the CDC's shares and Checkers the remaining 49 percent.

CHAIRMAN

The chairman and managing director of the chain will be Mr Peter Swartz and Checker's chairman, Mr Bob Harvey, will become vice-chairman.

Mr Swartz told The Argus today the purchase price was R321 000.

Mr Swartz said the move was an important breakthrough. It demonstrated the aim of the CDC to disinvest where possible and so allow the coloured people themselves to take over businesses initially established and developed by the CDC.

His consortium decided it was time it took an active interest in these businesses. It approached Checkers, because of its skills and expertise, to join it.

INVESTMENT

Checkers thought it was a good investment opportunity and it was decided that the best way to run them was as Checkers supermarkets.

Mr Swartz said he was excited about the new acquisition because it would bring a new type of supermarket to the coloured areas.

Checkers would handle the day-to-day running of the business but there would be a close working relationship between Checkers' director of operations in the Western Cape, Mr Chris Niehaus, and Mr Swartz, enabling all major decisions to be made by consensus.

It is understood that in addition to the CDC's majority holding in Superama, 180 coloured people held a minority holding in the company.

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Example 6

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Blacks spark take-off in furniture sales race

S. Times 16/12/79

By BILL CAIN

FURNITURE sales are soaring under the thrust of a massive injection of black spending power.

Every week more than R4,5-million is being laid out on new furniture by black families eager to improve their homes.

Without this rapidly-growing source of income, the estimated R1 100-million-a-year retail industry, and 900 manufacturers, would not be enjoying the curent boom conditions in the sector.

In the 12 months to June blacks spent R236-million on furniture, according to a comprehensive, independent study by a major Johannesburg stockbroking company.

The study notes: "Blacks now account for 21% of all expenditure on furniture."

An investigation of the country's 12 major furniture retailers reveals that the big chains intend cashing in on the accelerating shift in buying power.

The Cape-based Montays is

Stores gear up for township bonanza

30

expanding towards the Transvaal and World is adding seven new outlets this year to its 39-store chain.

An analysis of 10 listed major furniture companies shows that their shares have easily outperformed those in most other industrial sectors.

"Furniture would get a sig-

● To Back Page

Furniture sales are taking off

● From Page 1

nificant boost if its hire purchase repayment periods were extended, as with cars recently, from 36 to 42 months," says the report.

Statistics indicate that a relaxation of retail credit by Pretoria is overdue.

In the past year the rise in share prices for the 10 companies probed has ranged from 43% for Sam Steele to 193% for Amrel.

Other top performers are Tedelex, 144%; Afcol, 100%; and Bradlows, 83%.

Such confidence indicates a lot of pent-up buying power ready to burst free now that the economy is rolling and hire purchase on TV sets, scooped up around 1976-77, is virtually all paid off.

As for white spending on furniture, this has slipped from the peak of R953-million in 1976 to R831-million last year.

The researchers add, however, that since this year's depressed January-June figures, sales have recovered significantly.

In 1977 around 200 furniture manufacturers were forced to close. Another 30 went last year and so far this year there have been seven closures.

Now the tide has turned and the R170-million laid out by blacks in the 12 months to mid-1978 has jumped to mid-1979's R236-million.

Other listed companies covered in the report are Beares, Ellerines and Russell.

Barclays Bank's latest Business Brief shows the recovery in furniture manufacturing last year as exceptional when compared with sectors like banking, construction, engineering and stores.

In the 10 months to end-October, the JSE overall index of the stock exchange rose 45% while furniture shot ahead by 64%.

Only two of the 10 listed examples (Montays 28% and Sam Steele 43%) failed to top the JSE average.

Included among the companies examined is the giant OK Bazaars, with annual furniture sales of R167-million from 143 stores.

The dark horse remains unlisted Lewis. The British 100%-owned Great Universal Stores subsidiary sells mainly to whites nationwide through 280 stores. Its turnover is ranked second behind the OK at an estimated R140-million.

The report sounds a warning for retailers in the black sector, where more money should eventually mean more buying discrimination.

It notes: "Furniture aimed at this market is by no means cheap. It tends to be very heavy and, by white standards, outdated."

Obviously this will have to change.

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(2) (*a*) When the Master has so declined to accept t... nomination of any person or to appoint him as liquidator or the Minister has under section 371 (3) set aside the appointment of a liquidator, the Master shall convene meetings of creditors and members or contributories of the company concerned for the purpose of nominating another person for appointment as liquidator in the place of the person whose nomination as liquidator the Master has declined to accept or whom the Master has declined to appoint or whose appointment has been so set aside.

(*b*) In the notice convening the said meetings the Master shall state that he has declined to accept the nomination for appointment as liquidator of the person previously nominated or to appoint the person so nominated and the reasons therefor, subject to the proviso to subsection (1), or that the appointment of the person previously appointed as liquidator has been set aside by the Minister, as the case may be, and that the meetings are convened for the purpose of nominating another person for appointment as liquidator.

(*c*) The Master shall post a copy of such notice to every creditor whose claim against the company was previously proved and admitted.

(*d*) The meetings referred to in paragraph (*a*) shall be deemed to be continuations of the first meetings of creditors, members or contributories or of the meetings referred to in sections 350 and 364.

(3) If the Master again declines for any reason mentioned in subsection (1) to accept the nomination for appointment as liquidator by the meetings mentioned in subsection (2), or to appoint a person so nominated, he shall—

FRAUD SQUAD DETECTIVES INVESTIGATE XMAS CLUB

Post 14/12/79

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FRAUD SQUAD detectives in Johannesburg are investigating complaints made to them about goods and commissions allegedly owing to agents and customers of Carnival Christmas Club.

Hundreds of angry people, including elderly women and agents and customers from the Cape, Potchefstroom and many parts of the Reef spent most of last week "camped" outside the De Villiers Street offices of the Christmas club.

In Cape Town and Durban hundreds of people are demanding festive hampers that have been paid for in advance, but allegedly not delivered.

Last week Alabama Xmas Club in Cape Town, which is an association company of Carnival Xmas Club in Durban and Johannesburg, was placed in provisional liquidation. The urgent application was brought by Heneck Sacks and Company which claimed R2 622 from the club.

A Supreme Court Judge was told Alabama liabilities, at R165 000, exceeded assets by R565 000.

A spokesman for the fraud squad in Johannesburg said complaints had been made against Carnival Xmas Club and the case was being investigated.

"We are still taking affidavits from people," he said.

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Carnival club subscribers are saved

Post 11/12/79

3D

By PAULINE BUTHELEZI

THE American Savings Hamper Club has decided to come to the rescue of subscribers of the stricken Carnival Xmas Hamper Club, and redeem all stamp cards.

Mr Karl Molokomme, the managing director of American Savings Club told POST that his company has decided to honour stamps bought from the Carnival Club. He said people with stamp cards from Carnival would be welcome to present them at any branch of American.

"We would like everybody to have a pleasant Christmas that is why my company decided to help all those disappointed customers from Carnival. However, I would like to make it clear that our company has absolutely no connection with Carnival Xmas Hamper Club.

"I read an article in one of the Sunday papers that some people were advocating all types of rules and regulations to safeguard the public against Xmas Clubs.

"We would welcome any legislation to help sort out the bad guys from the good guys in the Xmas Club business," he added.

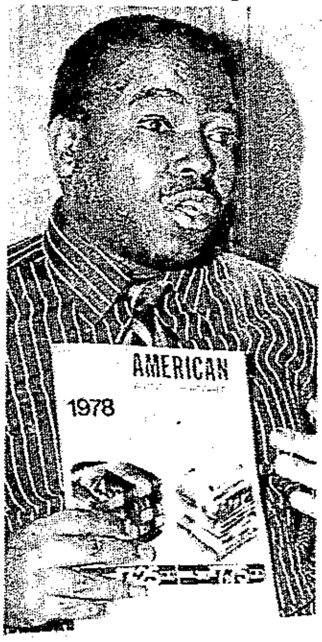
All branches of American Savings Hamper will be open until December 22 before they close for Christmas.

People in the Johannesburg area should call at American Savings at the corner of Jeppe and Fraser Streets.

A few weeks ago about 150 agents and customers of the Carnival Xmas Club staged a sit-in outside the company's De Villiers Street branch, and demanded thousands of rands in goods and commission allegedly owing to them.

The same angry scenes were reported in Durban and Cape Town.

The Club has been placed in provisional liquidation after an urgent application was brought before a Supreme Court judge.



Mr Karl Molokomme's company will honour stamps bought from the Carnival Club.

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CT 21/12/79

CDC sells (30) shares in Superama

THE Coloured Development Corporation has sold its shares in the supermarket chain, Superama, to a consortium of coloured business men, Peter Swartz Holdings, and to Checkers, a division of Greatermans SA, subject to certain formal conditions being fulfilled.

Peter Swartz Holdings, headed by Mr Peter Swartz, has acquired 51 percent and Checkers 49 percent of the shares held by CDC in Superama.

The sale of the group is in compliance with the corporation's policy of selling its subsidiaries to coloured groups once they have proved viable.

Mr Mike Pentz, general manager of the corporation, said he was happy that the stage had been reached when one of the corporation's major undertakings could be sold.

Shares in the company had been available for some years, but had been purchased mainly by smaller investors. Mr Swartz and the consortium's offer was evidence of a growing entrepreneurial spirit in the community.

Chairman and managing director of the new group will be Mr Peter Swartz, and Checkers' executive chairman, Mr Bob Harvey, will become vice-chairman. — Sapa

GLEN SHANLEY F.M. 21/12/79

Reaching the rich (30)

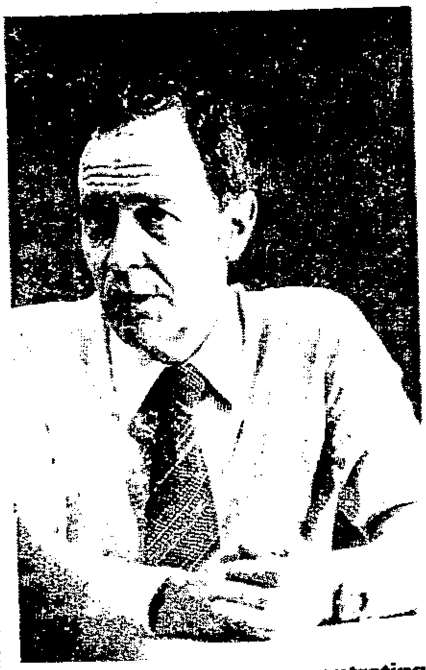
Leah . . . master of the art of saying nothing with charm. "If I'm too guarded, I confess it's my fault. But diplomatic language needs a bit of knowing"

"I'm here to make changes, and a new John Orrs will emerge next April when we have remerchandised and cleared out accumulated stocks," says Glen Shanley, 49. Appointed GM of the group's inland region during the takeover and divestment crises three months ago, he reports directly to chairman Dr Nic Labuschagne and is the man expected to steel the ageing, ailing family business for the challenge of the Eighties.

"There are two ways to fight the discounters and speciality stores," he says. "On their own ground or on ours. We will choose our own ground and we are going for the cream; for the affluent of all races and age groups. We will not stock goods carried by discounters, and will cater for the rich who buy on quality and prestige. To them price means absolutely nothing.

"Real incomes have been dropping, but not among the really wealthy. At present, no department store caters properly for them."

Shanley concedes that his group would be doomed if it relied exclusively on the privileged few, rich enough to do all their shopping at John Orrs. "But this does not



Shanley . . . we are concentrating on upper-income customers

mean that we will compromise on price or quality," he says. "We will have customers in the B and lower B income groups, but they will come to us for the one or two very special items they cannot get elsewhere."

He says that government's lifting of ceilings on import permits is of the "greatest significance" to his group, and will help John Orrs reverse its decision of a year ago to buy more from SA suppliers.

Shanley went to Michaelhouse in Natal, and then to Natal University, where he took a BA in history and psychology. In the 28 years since then, he has been with Greatermans, Jaggers, OK Bazaars and Woolfsons. He regards his career to date as a fitting preparation for the present assignment and is particularly pleased to be back in department stores, where he first started work.

Softly spoken Shanley pours his life into his job, and takes time off with golf and light reading.

This job will be his greatest test. For John Orrs, originally a department store in the old tradition, tried to keep with the times by trading down to a wider market. Shanley must redirect this path, but resist the inevitable pressure from within the organisation to revert to the old ways.

Another factor is the diminished share of the retail market held by the same number of department stores. "There is a gap to be filled, but it is not big enough for us all," he says. "May the best man win."

"We are concentrating on the areas where we can catch our upper-income customers," he says, "and we moved out of Durban CBD because it is about to become a sea of of discount houses with large non-white clientele." This reflects his view of the decision of Greatermans and Stuttafords to stay put in the area.

"Our central Johannesburg branch will be slightly different from the rest because it will cater for a rather higher proportion of wealthy blacks," he says. "The Sandton City branch will also be different because it will be pure Harrods. If ever there was a chance to reach the very rich, this is it."

Edgars being groomed for R1 000m sales

CT 22/12/79 (30)

Talking business
by
PAUL DOLD

EDGARS is heading for a new growth phase which will carry sales beyond the R1 000m mark in the eighties capitalizing on its outstanding store network.

This blue chip, which already has an enviable reputation as the leading retailer in its market segement, is being groomed for a impressive profit leap by its new chief executive Adrian Bellamy.

Corporate targets are priming Edgars for sales of R500m by 1983 and most of the expansion will be internally generated — flowing from the existing store base.

The group which took the iniative in opening a series of flagship stores in the main cities over the past few years and increasing trading area five-fold over the last decade is now admirably placed to share in the expected consumer boom as Government planners cut taxes and stimulate the private sector.

Edgars has always placed special emphasis on the merchandise function and Bellamy regards merchandise as the hub cap with other retail operations as the wheel spokes.

"When everything else breaksdown you are alright as long as the hub is intact."

But a totally new marketing concept is emerging from the group following a period when the traditionally style appeared to have become dated.

Bellamy is confident that with a short period the group will be known as the top marketing chain in the country equalling its reputation in the merchandising field.

After its blue chip track record which has seen sales virtually double over the past five years to R228,9m and trading profits rise from R15.4m to R26,1m, Edgars is about to enter its third phase of development — the creation of profit centres.

This new strategy aimed at generating increasing profits from the existing stores could be seen in the past year's performance when sales rose by 17.8 percent but net profits were up by nearly 29 percent.

In line with this policy costs should be well held, particularly as all adminstrative systems are being modernized and simplified in preparation for an even faster growing market share. Market share of the Edgars chain itself has risen from 6.9 percent to 11,2 percent since 1975 largely due to the flagships drawing young customers.

But the strongest growth factor within the group is the profit and sales trend set by the Jet Stores chain which have been brilliantly positioned selling clothing, footwear and household textiles.

This chain is fundamentally different from the rest of the group in that it operates on a cash basis. Last year sales spurted 23 percent and this looks like only the start of an impressive profit performance. The recent deal whereby Jet will be moving into several of the former John Orr's stores must boost sales and profits further. There are currently 12 stores in the chain — the fastest growing in the group — and the total will rise to 17 within the next few months.

The balance sheet is being strengthened. Last year total borrowings to shareholders' funds was 44.5 percent and a further improvement is likely this year. Dividend cover was increased last year to 2,3 times and this will probably level out around 2,5 allowing for ample dividend increases to shareholders against projected profit growth.

Looking ahead to the 1980 — 85 period it would not be surpising to see Edgars diversify but within retailing. Bellamy is tight lipped on group thinking but he is outspoken on recent tripartite agreements allowing white firms to operate in black homelands.

He says the tripartite system is very inadequate. Edgars would prefer to own its stores 100 percent and run them "it's way" without outside interference.

He would like to see 100 percent white businesses being allowed into Soweto and White areas similarly being opened up to black traders under the free enterprise system.

Increasing resources are being channelled into ensuring that Edgars stores are synomous with pleasant shopping. Bellamy believes the fashion prevalent in South African food retailing where huge stores with a minimum of fixtures and fittings are sited on the outskirts of town and price remains the dominant drawcard is outmoded.

Bellamy views price as not being the crucial factor as per capita incomes increase rapidly over the next two decades.

"I am not saying that price is unimportant but customers want comfortable stores."

He is also monitoring the potential for a retailing revolution through new computer technology allowing customers to view goods on television and then place orders from their homes. The system is ideally suited for everyday foods but not clothing to the same degree.

Although progress in the United States in this field has been slow it is clear that the retailing industry world-wide is heading for a new ball game.

F.M. 28/12/79

30

FARM EQUIPMENT

Back in the black

With good farming weather, the sales outlook for heavy duty farm equipment is improving dramatically. August/September/October sales of tractors, combine harvesters and balers show substantial hikes compared to the same period in 1978.

For the three-month period, combine harvester sales rose 127%, from 49 units to 111; balers improved sales 84% from 93 units to 171; and tractor sales are up 9%, from 3 176 to 3 470.

Although the three-month period reflects a healthy increase, calendar year sales in 1979 still lag behind 1978 because of a slump in the first half. Combines sold 480 units during 1978 at a value of R20.3m. Sales during 1979 are expected to be only 320 units, value R16m. Sales of balers during 1978 totalled 686 units value R3.7m, but in 1979 are expected to total 600 units, value R3.6m.

The improved outlook, says Malcomess marketing services manager Dr Kit le Clus, is due to several factors. The downturn in the second half of 1978 and the first half of 1979 was due to a large extent to tough credit restrictions applied by financial institutions following the hue and cry caused by a sharp rise in farmers' debts.

At the end of 1977 farmers' debts to the Land Bank had increased 37% from December 1973's R375m to R512m; debts to commercial banks had risen 50% to R560m; debts to co-ops 159% to R412m; and to financial institutions by 44% to R457m. In fact, says Le Clus "these rises were in line with farm trends. The figures were affected by the high rate of inflation, so were misleading."

Because of the restrictive policies applied, farmers' liquidity was adversely affected which in turn affected sales of heavy equipment. Coupled with this were low yields in summer crops because of severe drought conditions and prices of wheat held at unrealistically low levels. Production cost increases were estimated at 20%. On value, farmers output was down an estimated 34%-35%.

Things are improving. The wheat crop now being harvested is expected to be a bumper one. Moreover, wheat prices have risen 13%, so Le Clus predicts farmers will increase wheat income by 70%.

Current favourable climatic conditions augur well for maize, grain, sorghum, peanut and sunflower crops to be harvested in April/May/June/July.

Excellent spring and summer rains mean that 1980 maize crops for example could increase from this year's 7.5 Mt-8 Mt to a healthy 10 Mt. Prices are expected to rise some 20%-23%. The peanut "voorskot" is expected to hike at least 20%.

If all this comes about "farmers will be in the black again and we can expect normal buying patterns of heavy equipment," says Le Clus. He is confident sales of tractors, combines and balers will "pick up exceptionally well" in 1980.

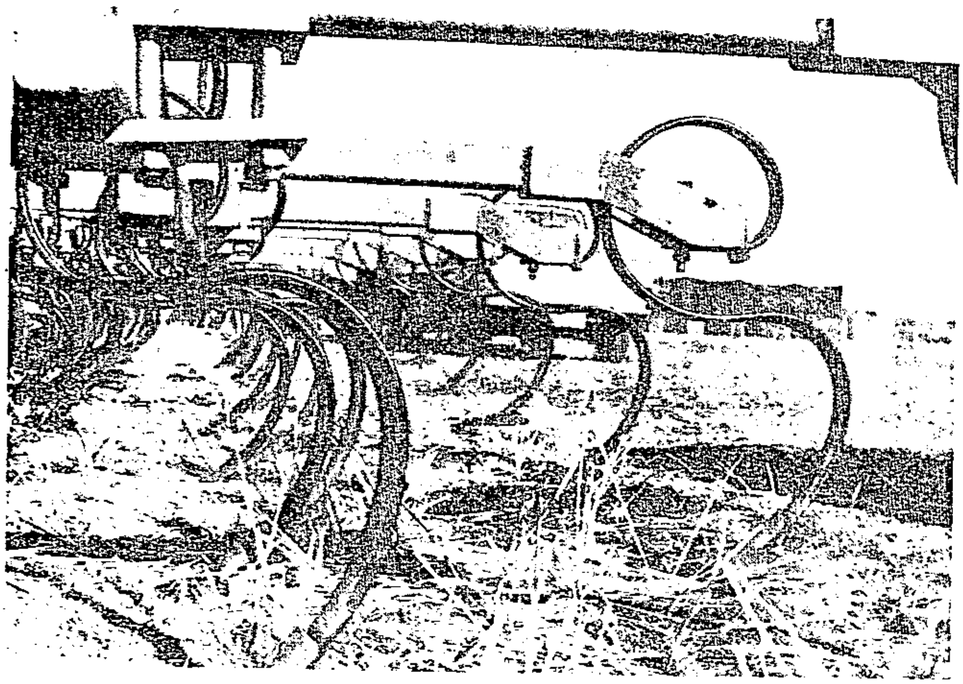
Tractor sales in 1980 are expected to reach 13 000, worth R188m; combines are expected to top sales of 500, worth R24m; balers should sell 700 units, worth R4.5m.

Major distributors are loath to reveal market share, but 1978 sales of tractors put Ford at the top with 22.5%; Massey Ferguson 21.5%; Vetsak 18%; John Deere 14%; Malcomess 6%; International Harvester 5%; Deutz 4%.

In combines Malcomess leads with 37%; Massey Ferguson 24%; John Deere 20%; Vetsak 10%; Deutz 8%; International Harvester 1%.

In balers Malcomess leads with 27%; Vetsak 22%; North 20%; Massey Ferguson 12%; John Deere 10%; International Harvester 6%; Deutz 2%. Independents make up the difference in all three categories.

The *FM* found little support for positive crop forecasts from grain market agents Kahn & Kahn. Says Alfred Kahn: "There's no way in which we can forecast the maize crop at this stage. It's only just been planted. Right now climatic conditions are extremely good but the critical months are January February. That's when you have to get rain. If all goes well there should be a tremendous crop. We couldn't say to what extent it would be a record crop, we don't even have the figures of the planting area yet."



Farm equipment . . . digging in for a good year

Argus 28/12/79 30

Car sales likely to go up in 1980

Motoring Editor

FORECASTING a good year for 1980 Mr J H van Huysteen, director of the Motor Industries' Federation, writes in Automobil the MIF journal, that the car market is likely to grow to 220 500 and the commercial market to 105 000, a rise of about five percent on 1979.

'If I am right this will mean the best year for sales since 1975,' he writes. 'The pointers I get this December are stronger and more positive than for some time....

'Also, and this is an overall consideration, I see the Prime Minister's campaign of growing rapport with private enterprise; the envisaged labour reforms; the streamlining and rationalising movements in Government and the determination to show GNP growth of four percent in 1980 . . . all pointing to better things throughout the country; and this must mean the motor industry gets its share.

'But I would close with a word of warning — it is in the times of boom or mini-boom that we notice our most acute problem of the future — the shortage of trained labour. Indeed now is probably our last chance of fixing that problem before it becomes too severe.'

Talk first, say black traders

RDM 31/12/79 (30)

By CAMUEL DIKOTLA

A SUGGESTION that there should be business partnerships between blacks and whites in black areas drew strong comment from members of the Southern Transvaal Chamber of Commerce during a meeting in Pretoria yesterday.

The meeting eventually agreed there was nothing wrong with partnership between blacks and whites, but reiterated its policy that they should first be consulted and that the terms should suit them.

The Prime Minister, Mr P W Botha, implied in a speech at a conference of businessmen in Johannesburg last month that blacks might enter into partnership with whites in black areas.

The president of the Lebowa Chamber of Commerce, Dr A M S Makunyane, said yesterday it was embarrassing that whites wanted to enter into partnership with blacks in black areas.

"We can run businesses without the help of whites. We totally reject their involvement in any of our projects," he said.

The chairman of the Soweto Traders' Association, Mr Vela Kraai, totally rejected the proposed black-white partnership. He described it as "unnecessary".

Mr Ramsy Ramushu, of Soweto, said it would be a good thing if blacks could be given a chance of entering into partnerships with other blacks until such time that whites were accommodated.

Mr Sy Kutumela, secretary for the SOUTACOC, underscored the policy of the National African Federated Chamber of Commerce that in any matters where the Government proposed anything, "the terms of the proposal or suggestion should suit us."

COMMERCE - GENERAL

10 JANUARY 1979 — 24 April 1979

FINANCE

SUPERMARKETS' SALES SOAR AT YEAR-END

Argus 10/1/79 (30)

Financial Editor

DECEMBER was a bumper month for the supermarket and discount chains. South Africans, it appears, had to count their pennies with the result that they did most of their shopping at stores such as Pick 'n Pay, Grand Bazaars, Checkers and Clicks, all of which report record turnovers.

Pick 'n Pay's turnover in December was 40 percent higher than last year, the company's finance director, Mr Chris Hurst, said today. And in the week immediately before Christmas it was running 50 percent ahead of last year.

However, he said the company had opened two hypermarkets and two supermarkets in 1978 which had helped to boost December turnover.

Grand Bazaars reports a 28 percent jump in December trading, which is above budget and was achieved by the same number of stores as a year ago.

Clicks, the non-food discount chain also had an excellent Christmas season.

Group turnover rose 27,5 percent in December, reports Mr H Goldin, chairman and managing director. This increase followed a 31,25 percent rise in sales in November and a 16,25 percent rise in October.

Clicks too opened a number of stores during the year.

Mr Goldin said Clicks had greatly benefited from the demand for lower-priced articles. Sales of electrical goods had been exceptionally large.

BUOYANT BUSINESS

The Checkers group in the Western Cape also enjoyed buoyant business.

Turnover in December was 19 percent higher than last year, with the Tokai Multi Market showing an even bigger rise, reports Checkers' general manager for the Western Cape, Mr Chris Niehaus.

He said sales had continued at an increased level since the start of the year, which was also encouraging.

F.H. 12-1-79

property

LIQUOR SUPERMARKETS

R7m's worth

30

Solly Kramer's, the liquor chain in the SA Breweries stable, plans to open around 20 new outlets over the next two years.

The stores will be financed to the tune of around R7m by the Mine Officials Pension Fund and the Mine Employees Pension Fund. Solly Kramer's will sign 15-year options to renew.

The stores, spread throughout SA's major centres and sited on main arterial roads mainly outside the CBDs, will be what Solly Kramer's calls liquor supermarkets — aimed at the car-borne shopper. (Booze is, after all, heavy to carry).

Some of the sites have already been bought; others still have to be acquired. Site size will be not less than 2 000 m², with selling areas of 500 m² to 800 m² and parking for 20 to 30 cars. Average cost per outlet (including land) will be around R250 000.

The pension funds will buy the sites and Solly Kramer's will look after the project management and buy the buildings on completion. Initial yield to the pension funds is undisclosed. Our guess is that it is a little over 10%.

The transaction was arranged by Peter Penny of Herbert Penny.

Solly Kramer's supermarket . . . more to come

F.M 12/11/79

RETAILING

Revamped ratios

Pick n Pay chief Raymond Ackerman has included a big Soweto supermarket among revamped plans to get into the African and coloured retail markets.

profile

Six months after the National African Federated Chambers of Commerce (Nafcoc) rejected joint venture overtures (*FM* July 14) he has come up with provisional new schemes for large and medium self-service stores outside white areas.

"We have a game plan but it is not quite yet settled," asserts Ackerman.

The new deal is a 51% black-49% Ackerman partnership for a single major Soweto project (instead of the original idea of a chain of smaller supermarkets), with medium-sized stores going up in other black areas later.

"We are also having serious negotiations about a Mitchells Plain development for coloureds in 1980. A store of about 4 000 m^2. We haven't signed anything yet but discussions are well ahead (51% coloured-49% Pick n Pay) in this important market," says Ackerman.

He adds: "These are the plans. They're not final but things are beginning to gel for our expansion."

Pick n Pay developments in white areas will remain 100% company owned.

Since July's Nafcoc rebuff on shared developments (20% black share in white areas and 20% Pick n Pay in black areas), Ackerman and his planners have been working on a co-operation formula more acceptable to African and coloured businessmen.

Ackerman admits his original proposals did not suit black businessmen. The latest ideas for joint ventures look like little more than juggling the ratios but, as he has the supermarket expertise and a fair amount of panache, the promised game plan could simply mean making his figures fit other's feelings.

RETAILING

FM 12/1/79 (30)

Christmas brings good cheer

With gst pinching consumer pockets, December started alarmingly quietly for most store groups. But trading was as hectic as usual the week before Christmas and not all had the "disappointing" December complained of by Woolworths. (See *Fox* p92).

Like Scotts before it, Woolworths found itself overstocked and had to mark down stocks heavily, eroding margins and profit growth, which in recent years has averaged 25% a year.

The experience of Scotts and Woolworths raises questions about the quality of inventories and therefore published profits in the other stores, especially clothing stores, where unsold stocks should be written off in the same season they are acquired.

An *FM* survey of the listed stores reveals that only Pick n Pay and Metro Cash had a boom Christmas — partly thanks to new stores — but all the rest experienced real sales and profit growth.

All the storekeepers concur with Woolworths that gst has taken an inordinate cut of consumers' disposable income.

Concern about fuel prices and supplies looms large in the forecasting of most shopkeepers. Rationing and higher fuel prices, they reckon, will hit consumer confidence and disposable incomes. Hypers could benefit if they induce housewives to shop just once a month.

On an average yield of 6,5% against the market's 7,8%, the stores sector still enjoys a premium rating, suggesting that investors still believe in a consumer-led revival. Demand for both big and small ticket items remains firm, if not strong.

While Metro Cash and Pick n Pay claim very large increases in sales, this has much to do with new store openings. None of the others admits to losing market share and descriptions of recent trading are remarkably similar. The inference seems to be that most stores are holding their own in a retail market that has grown about 10% in money terms. This makes recent store expansion look excessive.

OK, Greatermans and others, who might have been losing out to the hyper-efficient groups a few months ago, are fighting back with a vengeance. It is becoming increasingly difficult to beat retail sales growth by taking business from others. This could have the effect of bringing yields and ratings more into line with each other in future.

The *FM* spoke to the managing and financial directors of most listed store chains and gives its earnings and dividend forecasts in the table on p69.

OK managing director, Meyer Kahn, says hyper losses are slowly being stemmed but the full benefits of a turnaround will be felt only next financial year. The week before Christmas he describes as "phenomenal", and the month as a whole as "reasonable". The Day of the Covenant's falling on a Saturday was unfortunate. OK experienced "minimal real growth" but is on budget.

Pick n Pay reports December sales between 40% and 50% better, thanks partly to the opening of two new hypers and two large superstores, and the ambitious interim forecast of a "significantly more profitable second half" after a 34% first-half earnings gain is unaltered.

Metro Cash financial director, Carlos Dos Santos, says it was a "very good Christmas and our October forecast of earnings of not less than 182c still stands." This suggests a gain of at least 44%.

Greatermans' Lawrence Herber reports "all divisions substantially up on 1977" during December, even allowing for inflation. An earnings forecast is anyone's guess now that loss-making Rave has been shed and holders will have to wait until February, when the group reports for the half year to end-December, to get an inkling of the shape of things to come. But Rave will be included up to September, so the second half will give a better idea.

Scotts Stores' Des Scott says Christmas trade was "much better than last year and continues strong right into January." He forecasts a small pre-tax profit and a taxed loss of less than R1m by the year end. This compares with the interim loss of R858 000 and suggests breakeven since.

Scotts has fairly acute liquidity problems and is to close the Our World children's chain for lack of public support. This was launched only last year. Its closure will mean certain one-off costs against income but, as most of the investment was in stocks and these will be sold at above cost, there should be no capital write-offs in respect of Our World.

CNA's James Mackness says the week before Christmas was "good, very good" and December overall went "fairly well."

Edgars' Sydney Chatfield reports trading "appreciably up on 1977" and overall a "satisfactory" season.

Frasers' Donald Campbell reports an "acceptable increase" in sales and profits. Campbell is worried about the fuel situation. However, the gold mines look good, which will be to Fraser's ultimate advantage.

Truworths' Len Shawzin is "very happy" with December trading and is satisfied the inflation rate was beaten.

Garlicks' John Garlick reports the Eastern Cape quiet but other areas "not bad."

LOOKING INTO THE FUTURE

Company	Year end	Historic eps	Historic dps	*FM* forecast eps	*FM* forecast dps	Prospective yield
		(c)	(c)	(c)	(c)	(%)
CNA	Feb 28	32	20	40	21	11,0
Edgars	June 30	513	235	570	258	7,0
Frasers	Sept 30	54	18,5	60	20	6,0
Garlicks	June 30	43	23	50	24	11,4
Greatermans	June 30	15	20	no forecast		
Kimet	Feb 28	—	—	18	5,5	3,9
Metcash	Feb 28	126	66	182	73	5,0
OK	Mar 31	108	60	120	64	7,9
PnP	Feb 28	268	94	362	116	5,0
Scotts	Feb 28	78	18	nil	nil	—
Truworths	June 30	427	200	480	208	8,1
Woolworths	May 31	46	19	50	21	4,5

SMALL BUSINESSES

Whither Mom & Pops?

(30) PM 9\3\79

It's almost axiomatic — the big get bigger and the small tend to shrivel up. But is it inevitable? Certainly, in the past year the giant national retailers have grown apace — Pick n Pay turnover up 26,6% to R329,7m; Greatermans' went up 7,5% to top R600m; and Edgars' rose 14,4% to R194,4m in 1978.

But the small shopkeeper is suffering. In the latest *Bulletin of Statistics*, small traders' (individual and partners) insolvencies numbered 1 043 for the period January/August 1978.

The statistics become even more disturbing when the steep escalation in small trader insolvencies is noted. In 1974 they numbered 734; in 1975 899; in 1976 1 135; in 1977 1 557. The total for 1978 is hardly likely to be down.

And the future isn't rosy. Comments Les Cohen, director of Western Trust, an administrator of liquidations and insolvencies: "In my view the time of the smaller man is drawing to a close. The death knell has been sounded. Although there will always be a need for specialised, individual service businesses, it will be limited."

With 400 insolvencies on its books, Western Trust averages a new intake of 15 monthly. Roughly 50% are small companies with, on average, 75% small retailers.

Bail out the biggies

Colin Fisher, a Syfrets manager, reports that, though there's a certain "drying up" in the number of small retailers going insolvent, these will always outnumber the larger groups going in because "there's often no-one to bail out the small ones. Bigger groups are of more strategic importance, so greater efforts are made to save them."

Security Executor & Trust insolvency manager, Garth Foot, says the overall situation at present is "reasonably quiet. But 1978 small business insolvencies were the highest for many years — probably 30% up on the previous year. Insolvencies were spread across the board in general merchandise, clothing, motor companies, building and hardware."

Why is the small shopkeeper suffering? Certainly the generalisation — that he is being strangled by the big 'uns — applies increasingly. The muscle of supermarkets and (especially) hypermarkets is undeniable.

In a study analysing definite food store trends in SA's 27 000 food stores, carried out by an independent market research firm, the message is loud and clear.

The 725 major stores with annual turnovers in excess of R300 000

Lawrence Herber — some not surprised

Sun. Express Bus. 14/1/79 (30)

WHEN Lawrence Herber announced that he was leaving Greatermans at the end of January, he had in his one hand a cheque for R200 000, and in the other, an eight year restraint of trade contract.

When approached to confirm this Herber declined to comment. It is however reliably learnt that Herber was given R200 000 as compensation for stepping down as chief executive of Greatermans as well as the contract restraining him from trading as a retailer for eight years. (This is paltry when compared with the R600 000 his cousin Norman collected when he moved out, at the time of the Fedfoods takeover.)

The news of Herber's withdrawal surprised some. It did not surprise others. There were those around town who could not see the marriage between the Federale group headed by Isaac Kaye and the retailer, Herber, working out. Some believed that Herber was simply allowing the new management to get settled in and for the group to report that it had turned the corner before moving out.

In fact things didn't work out and the reason, it is speculated, that Herber left Greatermans is that he didn't see eye-to-eye with the new boys on significant matters of policy.

This leads one to wonder where Greatermans goes now. According to Kaye the group will be run by a committee which is a bit thin on retail experience. It will comprise Federale's Isaac Kaye; ex Senbanker, Harold Joffee; and two top Greatermans executives, personnel man Tim O'Meara and Checkers chief, Bob Harvey.

With both Lawrence and Norman Herber out of the business there are those who believe the top Greatermans' management lacks the retail experience the group needs.

To carry this thought further, there are those who believe Greatermans will try to buy the talent they need. The two ~~most likely~~ local contenders are Edgars' Adrian Bellamy and OK Bazaars' Meyer Kahn.

The former is out of the country. The latter, when asked what he'd do if approached to run Greatermans, replied succinctly: "I'd sit down, take two Libriums, two beers and turn them down."

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expensive to implement in the rural areas and
n of commercial development". The present
he TGLP may not be able to meet the requirements
mably a concern that the legislative and super-
the TGLP may not succeed. It in turn reflects
f implemented in full, would run severe political
n itself provide answers to the income distrib-
s in the countryside. The use of a company
to assets rather than mere rights to grazing
ntrol over capital in the countryside equally
olds and by the mechanism of the annual sale of
come to the poorest families. Needless to
ing households would receive returns fr the
y controlled by purchase through the running
The rental price would act as a local tax on
s.

ld flow from the company concept is that water
regarded, through customary practice or legis-
the local or national level, as common resources.
ded to areas where strictly commercial interests
ights with demarcated areas over a long period of
ate lands and no community ownership can be claimed
under the White Paper should be followed. In areas
y claim over the land equal shares over that land
l members of the community on a household basis.
purchase of annual rentals on that land would
h in that case would be for a period of 10,
eemed technically efficient. Provision for
greement for misuse of the land would be proper
and useful.

It can be argued that under this scheme government would not receive revenue. That can be remedied and indeed should be remedied. It should be possible at the time at which the company concept is introduced to tax individual share holders. The tax rate could be set according to a simple formula. The formula would reflect the amount of standard grazing land available per household in each community. In other words, communities who had more units of standard grazing land at their disposal per house-

Car sales up 23pc in '78

15/1/79 (30)

Mercury Correspondent

PORT ELIZABETH — New car sales of 17 559 last month helped to boost total sales for the year to 204 735 — just short of the predicted figure of 205 000 and nearly 23 percent better than sales for 1977.

Last year's top car seller was Volkswagen with 36 721 cars (17,94 percent of the market), followed by Ford with 35 978 (17,58 percent) and Sigma with 27,814 (13,59 percent), according to figures released by the National Association of Automobile Manufacturers of South Africa.

General Motors, with 17 920 new car sales (8,76 percent), was fifth after Datsun with 20 671 (10,1 percent), followed by Toyota with 16 267 (7,95 percent), Peugeot and Citroen with 13,172 (6,44 percent), Mercedes Benz with 9 292 (4,54 percent), Leyland with 8 162 (3,99 percent), Fiat with 7 292 (3,57 percent), BMW with 7 027 (3,44 percent), and Alfa Romeo with 4 328 (2,12 percent.)

Total sales of commercial vehicles last year were 98 959 units — 9,18 percent up on the 90 037 units sold in 1977.

Leading plants were Toyota with 21 834 (33,07 percent), Datsun with 18 571 (20,48 percent), Ford with 15 941 (16,11 percent) and GM with 11 584 (11,71 percent.)

On overall car and commercial vehicles sales Ford ended first for the ninth time in 10 years with 51 917 units.

Its managing director, Mr. Brian Pitt, predicted a total market for this year of about 315 000 units of which between 200 000 and 210 000 would be cars and the balance commercial vehicles.

New car sales of 17 559 last month were 12,81 percent better than the 15 566 units sold in December 1977, but 3,62 percent down on the 18 217 sold in November, last year.

significant because it does not mention the exercise and influence of local interests upon the process proposed. Yet it is the immediate governance of local interests that can most effectively ensure a happy mix of social justice and of commercial exploitation.

A similar reservation that I have with regard to the proposals is the stress placed on the educational programme required to ensure their successful implementation. There is always a role for an educational programme. There is a difference, however, between a programme separate from the working of the proposals themselves and an inbuilt education component. Reliance on the former means reliance on an extra to the ... added
uncertainties. The government of Botswana a ... wide-
spread discussions at the village and distric ... s
contained in the White Paper for the TGLP. ... ssion
group involving 60 000 people was organised f ... he
desire to consult is a measure of the openness ... rs are
conducted in Botswana. The results of the d ... h
following for they are likely to illustrate t ... ting
true consultation. Government, in this case ... s
prepared by consultants. This is not unlike ... Plan
prepared by a Planning Department. Alternate ... iminated
before consultation begins. At best the pres ... tation
may provide several ideas of how details in th ... ered.
It is u ... plic
are not ... no
cattle ... action
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express

An econ ... n of
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and whic ... ean
income p ... crop
producti ... Rural
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from hav ... tively
from farm ... ers,
beer brew ... s more

FM 12/1/79 30

CAR SALES

Not good enough

Encouraging though last year's motor industry sales climb-back was, it cannot disguise the fact that the industry has had virtually no growth for eight years. 1978 sales (205 000 cars, up 23% on 1977; 99 000 commercial vehicles, up 10%) were only a fraction better than 1970's 202 000 cars and 96 000 commercials.

With the economy still wallowing, white car ownership approaching saturation, political uncertainty abounding, and the new oil crisis unresolved, the outlook is less than bright. The most optimistic industry estimates are for growth of 5% this year, to about 215 000 cars and 105 000 commercials.

Though the fuel crisis will hit sales, Ford MD Brian Pitt believes this effect may be short-lived. He is hoping it will be countered by a continuation of the economic upswing and the impending start of Phase Five of the local content programme in 1980. This, perversely, may come about because of buying in the second half of the year in anticipation of the price rises which would accompany increased local content.

VW sales director Clive Warrillow hopes personal income tax will be lowered in the budget, pushing white consumer spending power up. He sees this as the key that would stimulate the economy in general, and the motor industry in particular. He says VW is also working with the University of Cape Town on the development of alternative fuels, and with the CSIR on electric cars. But he is pinning his hopes on lighter, streamlined bodies and smaller more economical engines being developed overseas.

BMW's Chris van Wyk says new models drinking less petrol will be introduced during the year. He also plans a scheme to get BMW owners to call on their garages for fuel economy checks. But he sees BMW's market as one where petrol price is not a major factor.

Everybody in the industry agrees SA will get oil — but at a price. Toyota's Colin Adcock says the fuel price and government's conservation plans will influence the market, as will the De Kock report when it eventually comes out. He forecasts an increase in car prices during the year of around 14%.

CAR SALES

	December	% of Market	1978 Jan-Dec	% of Market	1977 Jan-Dec	% of Market
VW	3 093	17,62	36 721	17,94	24 960	14,97
Sigma	2 953	16,82	27 814	13,58	18 549	11,12
Ford	2 438	13,88	35 976	17,57	27 739	16,63
GM	1 920	10,93	17 920	8,75	17 836	10,70
Datsun	1 603	9,13	20 671	10,10	19 298	11,57
Toyota/Renault	1 602	9,12	16 267	7,95	14 154	8,49
United Car	951	5,42	9 292	4,54	7 628	4,57
Peugeot/Citroën	814	4,64	13 172	6,43	12 075	7,24
Fiat	761	4,33	7 292	3,56	6 767	4,06
Leyland	579	3,30	8 162	3,99	7 490	4,49
BMW	490	2,79	7 027	3,43	6 218	3,73
Alfa-Romeo	350	1,99	4 328	2,11	3 918	2,35
Other	5	0,03	94	0,05	129	0,08
Volvo	—	—	—	—	5	—
December total	17 559 (12,80% up on 15 566 last year)					
Jan-Dec	204 736 (22,77% up on 166 766 last year)					
November	18 217 (December 3,61% down)					

COMMERCIALS

	December	% of Market,	1978 Jan-Dec	% of Market	1977 Jan-Dec	% of Market
Toyota	1 994	27,32	21 834	22,06	18 943	21,04
Datsun	1 494	20,47	18 571	18,76	18 807	20,89
GM	959	13,14	11 584	11,70	9 676	10,75
Ford	879	12,05	15 941	16,11	11 519	12,79
Sigma	647	8,87	11 000	11,12	10 212	11,34
VW	396	5,43	6 210	6,28	7 294	8,10
United Car	276	3,78	3 008	3,04	2 727	3,03
Leyland	202	2,77	4 253	4,30	5 376	5,97
Peugeot/Citroën	171	2,34	2 826	2,86	3 251	3,61
Fiat	159	2,18	*1 678	1,70	341	0,38
Man	55	0,75	500	0,51	282	0,31
Int Harvester	29	0,40	625	0,63	759	0,84
Fodens	9	0,12	112	0,11	155	0,17
Magirus-Deutz	7	0,10	198	0,20	137	0,15
Vetsak	7	0,10	173	0,17	—	—
Erf	5	0,07	132	0,13	163	0,18
Malcomess-Scania	4	0,05	121	0,12	104	0,12
Oshkosh	4	0,05	176	0,18	197	0,22
VSA	1	0,01	10	0,01	5	0,01
Others	—	—	7	0,01	65	0,07
Lawsons	—	—	—	—	18	0,02
Truckor	—	—	—	—	6	0,01
December total	7 298 (10,16% up on 6 625 last year)					
Jan-Dec	98 959 (9,91% up on 90 037 last year)					
November	8 237 (December 11,40% down)					

** Includes 10 Agritruck sales.*

Wooing Transkei shoppers

RDM 19/1/79 30

~~103~~

UMTATA. — A chain of supermarkets throughout the Transkei is planned by the Transkei Chamber of Commerce.

The move, aimed at bringing down prices and stopping Transkeians buying outside the country, was announced yesterday by the secretary of the chamber, Mr S A Vakalisa.

He said the chamber had decided to open a supermarket in Umtata and one in Butterworth, and to float small companies to open supermarkets in other Transkei towns.

Mr Vakalisa said a committee probing the feasibility of the project would report back at a special meeting on January 21.

It has become customary for consumers at weekends and on Transkei public holidays to go to neighbouring towns to buy from supermarkets there to escape high prices in Transkei, Mr Vakalisa said. — Sapa.

HYPERMARKETS

(30) FM 14/1/79

Mutual and OK's R25m deal

As predicted, the Old Mutual is to finance OK Bazaars' two new hyperamas at Menlyn in Pretoria and Roodepoort on the West Rand — to the tune of R25m. Mutual's property manager, Charles Baillie, tells the *FM* that Mutual has bought the Roodepoort site and part of the huge Menlyn site for R6m. OK will shell out another R5m for fixtures and fittings to the stores.

Both sites are well situated in areas where there are at present no other hypers. The Menlyn site is at the corner of Menlyn Drive and Atterbury Road near the eastern by-pass, the Roodepoort site at the junction of Golf Club Terrace and Hendrik Potgieter Road just off the Johannesburg western by-pass.

Both stores will have a gross area of around 23 000 m^2 which includes 2 500 m^2 for speciality shops. There will be parking for 2 000 cars. On completion, due "some time prior to April 1980," the OK will take 25-year leases on the stores. Terms of the leases are undisclosed except that both parties are "happy."

The stores are being designed and developed by the OK development and estates department under the management of director Gordon Hood in association with international hyper architects Peter Black & Partners.

OK's MD Meyer Kahn tells the *FM* that both stores will carry a full range of merchandise, 68 000 lines covering food, hardware, clothing, and furniture. As well as the speciality shops, there will be a play centre for children. Each store will employ around 750 people and Kahn predicts turnover for each store will be over R36m in the first full year of trading. No neighbouring OK stores will be closed down.

Housebrands put to the test

RDM 22/1/79

(30)

Carol Dalglish

PRICE-conscious housewives have increasingly been moving away from national brand leaders to cheaper housebrands, with housebrands making up between 8 to 70% of supermarket turnover in foods. Generally housebrands are of good value, but in the final analysis value is related to price and quality.

In recent months some supermarkets have been quick to make the most of this new trend, by vigorously promoting their housebrands and their quality ratings. But what is "quality" and how do supermarkets arrive at it?

Consumer Mail approached five major food chains and asked what specifications they used, what testing facilities they had to monitor quality control, and what percentage of turnover they made on their housebrands. These questions related to foods only.

There are three Government departments which control the food industry in South Africa. The SABS lays down the requirements for canned fish and meat; the Department of Agricultural Economics and Marketing controls canned vegetables and fruit; and the Department of Health controls dairy products. Four of the food chains said they used the SABS specifications.

A spokesman for Spar said they did not use the SABS specifications while Woolworths said the SABS specifications were used as a minimum requirement.

Consumer Mail found that two chains had invested in their own highly skilled laboratories. They were Woolworths and OK Bazaars, while three said they relied on independent laboratories. They were Spar, Checkers and Pick 'n Pay.

Here are the questions Consumer Mail put to the chains and their answers.

How do you arrive at your specifications and how do you test your housebrands?

- Woolworths — our marketing and technical teams work with suppliers to arrive at our own specifications for Princess products and regular tasting panels guarantee the consistent, finest taste possible. Our specifications conform to accepted international standards and the SABS specifications are used only as a minimum guide.
- OK Bazaars — specifications are derived from the SABS, the Department of Agricultural Technical Services, a code of practice, taste panels, and samples of the brand leaders. A spokesman said they do scientific tastings and they use taste panels to find out which product the consumers prefer.
- Checkers — we use specifications from the SABS, the Department of Health and the Department of Agricultural Economics and Marketing. The products are based on the quality and specifications of the national brand leader and sensory evaluations by trained taste panels.
- Spar said they tested their own product against the market leader, one other and a housebrand. "Our specifications are the same as the brand leaders. Where we can we use specifications for similar products from Britain or Germany."
- Pick 'n Pay — the specifications are a combination of SABS specifications and SGS's (Societe Generale de Surveillance). "We rely on their experience internationally and on an analysis based on the quality standard of the national brand leader."

Which laboratories do you use?

- Woolworths — we have our own laboratory which is fully equipped to handle chemical physical and microbiological tests and experimentation. After initial testing all products are regularly monitored for quality purity and conformity to specifications.
- OK Bazaars — we have our own laboratory and a small development kitchen.
- Checkers use Food Consulting Services, associate members of the Institute of Food Technologists in Illinois.
- Spar — we use McLachlan and Lazar and one other professional laboratory in Johannesburg.
- Pick 'n Pay — use Qualitest which is a subsidiary of the Societe Generale de Surveillance (SGS).

While one laboratory offered a quality symbol, Qualitest's big "Q" on certain Pick 'n Pay products, the others said: "You can only award a mark if you are constantly testing samples, if the specifications are publicly available, and if you have total control over the production line. When the SABS award their stamp they have the power to stop production if the goods don't maintain a certain standard or if you receive an independent award by recognised consumer organisations this counts for something but it shouldn't be given by a laboratory whom you pay to test your products." A spokesman for Qualitest said: "Our specifications are publicly available but we don't have the power to close down production but we can withdraw our mark."

How many housebrands do you have and what percentage of merchandising turnover do they constitute?

- Woolworths' Princess housebrand represents 70 % of Woolworths turnover (a large proportion of the balance includes fresh fruit and vegetables which are selected and packed to Woolworths' specifications but do not carry the Princess label).
- OK Bazaars' Pot o' Gold housebrand produces approximately 220 items and our turnover is in excess of 10 %.
- Checkers' Yellow Band Brand and Checkers' housebrand represent 3 % of merchandising and 15 % of the turnover. Checkers produce 120 housebrand items and 19 Yellow Band products.
- Spar has an 8 % merchandising turnover on 167 housebrand items.
- Pick 'n Pay's No Name Brand's 35 items account for approximately 10 % of the turnover.

With the exception of Woolworths, all said their housebrands were cheaper than brand leaders because of savings made on bulk buying, distribution, marketing, advertising and promotions.

However Woolworths said: "Princess housebrands, while not always cheaper than the national brands, consistently offer high quality and good value to our customers because we are able to exercise total control over the products."

RETAILING

pm 26/1/79

30

Hyped on hypers?

Hypers can top supermarket returns, insists OK group MD Meyer Kahn. Operational profits in relation to total assets should be "20%-plus on hypermarkets compared to conventional supermarkets." He admits OK's hyper performance in Germiston and Durban has not generated profits at all but expects future

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Hyperama (OK's word for them) developments to "contribute substantially" to OK group profits when the Pretoria and West Rand hypers come on stream in 1980.

"The bad news is we've had to learn the hard way," he groans. Germiston's hyper was "in loss until recently." (Kahn emphatically denies talk that it was losing R300 000 a month.) Durban's hyper sales figures have been consistently "below breakeven."

The big problems have been siting, size, and bad shopkeeping, says Kahn. Size determines the fixed cost content — rent, staffing, interest, stockholding, and security.

All the factors relate to "customer appeal and turnover. To sell at low margins," explains Kahn, "one needs a low cost structure. Impossible to achieve if the store is too large."

OK's first two hypers — Germiston with 40 000 m^2 and Durban at 32 500 m^2 — are among the world's biggest in trading area and regarded as too big to be viable for the areas they're sited in. The new stores, in which the Old Mutual is investing R25m in the purchase and construction, will be in the region of 23 000 m^2, ideal for the locations in Pretoria and the West Rand.

With more realistic sizing, the target of selling the full merchandise range at 10%-20% (depending on items) lower than non-hyper trader prices. can be achieved. Kahn won't disclose present hyper turnover but projects "turnover for each new hyper will exceed R36m" in the first full year of trading.

Shrinkage control

Other problems experienced by the first two hypers — "shrinkage control and stock-turn rate" are being sorted out. Stock losses from bad accounting, shop lifting, and staff frauds have been "unacceptably high" he admits. The OK performance has been "well in excess" of the 0,5% loss factor acceptable in hypers world wide. Trends, however, are now down, says Kahn. "Improved shopkeeping should reflect favourably in the financial year starting April 1979.

"The retail scene is very much overtraded — by as much as 10%-20% in square meterage," avers OK's chief. With the vast Eastgate shopping complex coming on stream in March, he expects Germiston's hyper to become "unbearably squeezed."

Despite the abrasively competitive retail situation, OK's expansion projects include a 14 000 m^2 store in Welkom launching April/May; a 12 000 m^2 shop in the East gate complex on stream at the end of March; and 9 000 m^2 in Kenilworth, Cape Town, launching August/September. Two other new supermarkets are in the pipeline for 1980.

Why contribute to the overtrading situation? Claims Kahn: "We're very under-exposed in the Bedfordview area; we're phasing out two stores in Welkom and replacing them with one giant store, and in Kenilworth there's no OK servicing the area."

He won't project turnover or profits

profile

Table II

Hypothetical Family Budget of Family in Poorest 5% Category with an Employment Guarantee Programme and a Company Grazing System

	Before		After	
	Income	Expenditure	Income	Expenditure
Farm Operations	21	5	100	25
Other Income	99	-	70	-
Transfers	40	-	10	-
EGS	-	-	250 (1)	-
Sale of Annual Rental on Grazing Rights	-	-	50 (2)	-
Home and Farm Improvement	-			
Tax on Grazing Rights	-			
Education	-			
Health	-			
Consumption	-			
Savings				

(1) Need P450 to reach poverty

employment programme above

Pick 'n Pay — Checkers in new battle

C 16/1/79 (3D)

By PAUL DOLD
Financial Editor

IN one of the most significant developments in the retail trade in recent years, Pick 'n Pay is moving into challenge Checkers in the country towns with a new chain of super stores and a head on clash between South Africa's two supermarket giants is looming.

In an exclusive interview yesterday chairman Mr Raymond Ackerman disclosed that the group is to back its expansion into the country with massive resources.

This could imply that the country areas will soon be seeing the fiercest price war for years as it is a struggle neither group can afford to loose. Pick 'n Pay must view the country areas as a vital step in its growth while Checkers at this time is clearly seeking to expand its share of the retail market and defend its strong country base.

It is no secret that historically there has been severe rivalry between the two chains but Pick 'n Pay's latest plans are a move to thrust deep into Checkers profit heartland.

Country towns

Checkers are acknowledged to have immense strength in the country towns and Pick 'n Pay believes these stores form the foundation of Checkers profits. Checkers is thus unlikely to take kindly to Pick 'n Pay's competitive thrust.

A mighty battle is likely to develop, particularly as Greatermans' new owners must regard the solid Checkers chain as having vast potential which is unlikely to be overlooked in corporate strategy.

Commenting on Pick 'n Pay's new strategy a Checkers spokesman in Johannesburg last night threw down the gauntlet:

"Checkers is aware of Pick 'n Pay's plans to move into smaller towns and welcomes this move"

Pick 'n Pay's foray will be through a new chain of super stores — far larger than normal supermarkets — selling areas of around 6 000sq m or 6 000 sq ft with a vastly different product mix including heavy emphasis on softs and hardware.

Thus the new chain may be similar in many respects to Checkers own multi market formula, the stores which are being opened in heavily populated residential areas to counter Pick 'n Pay's hypermarkets.

Western Cape

Ackerman plans eventually to have a chain of the super stores countrywide and plans are well advanced for the first openings in the Western Cape this year. A 60 000sq ft branch is scheduled for George in November, a Paarl store in November and a 56 000 sq ft supermarket at Welkom in May.

Further stores likely for next year include Rustenburg, Transvaal, Witbank, Klerksdorp and Nelspruit

The launching of the new chain is a logical development following the successful maturity of the supermarket and hypermarket divisions — there are 41 supermarkets and five hypers.

Pick n Pay's board has given the go-ahead for a second hypermarket to be opened in Cape Town and several sites in various parts of the Peninsula are under consideration. An announcement is expected before mid-year.

The recently opened Brackenfell hypermarket — the first in the Peninsula — is continuing to set new trading records and Christmas turnovers were higher than Boksburg's figures for the previous Christmas.

Non-white areas

As previously announced, the group has renewed its bid to open supermarkets in black and coloured areas following the Nafcoc decision not to float jointly owned companies with Pick 'n Pay. Ackerman says his group is now negotiating with black business men on an individual basis and is confident the first stores will be opened soon.

With new management at the OK Bazaars, new owners at Greatermans, Ackermans likely to make its presence felt in the market place under its new team, management changes at Grand Bazaars and Pick 'n Pay's latest challenge, the retail sector could prove to be particularly fascinating this year.

LIQUOR

530 FM 26.1.79

Durban war hots up

Durban's liquor price war is about to enter a new era of contention which can only benefit local tipplers. Game, the Beare group's cash and carry discount operation, entered the fray at the beginning of December with a medium size liquor store next to its Brickhill Road operation and already has plans to treble the trading area.

GM Gerry Beinart denies allegations by the Durban and District Hotel and Bottlestore Association that it is merely a loss leader device to attract people to the rest of the merchandise. "It's too early to predict what returns we will achieve but we hope for a return of between 6% and 8%. Certainly there may be loss leaders among individual items but we are in business to make a profit and we hope to sell about R2m worth of liquor a year."

Across the way, now in a feverish state of preparation for opening early in March, is Viva, housed in the old Hayne & Gibson press at Kingsmead Building which was bought by Jack Schaffer for over R500 000. Schaffer, one of the founders of Game, is recognised as a master merchandiser and is in partnership with another Game old boy in Barry Clements. Viva will have a ground-floor trading area of 2 000 m^2 and will occupy part of the first floor. The rest of the building will be let.

Schaffer, who is new to the liquor trade, is non-committal on the question of returns (said to be as low as 3% to 4% in some cases), but admits to being in the business as much for fun as money. His record suggests neither will be lacking. "With the situation existing between SAB and Intercontinental I've come in at a good time," he grins.

A third major contender, Montana Cellars, has recently expanded and lays claim to hyper status. And Tony Factor, who is planning to open a Downtown liquor outlet later this year, is holding fire until his Cape Town store is established.

Schaffer and Beinart believe the smaller retailers can still make a living providing they select their market and give the service required. Perhaps so, but it is noteworthy that many hoteliers have refused to exercise their offsales privileges. Nor does the threat of wine licences for grocers provide aught for their comfort.

ploying a total of 46 098 employees, of whom 8 039 (17,4%) were White, 4 891 (10,6%) were Asian and 'Coloured,' and 33 168 (72,0%) were African. The firms interviewed were chosen on the basis of their size, and indeed the sample of firms seen includes most of the better known names in the country. However, it is not possible to discover what proportion of the construction industry our sample consists of, except for the crude and unrevealing measure of the sample's share of the industry's total employment, so it cannot be considered a representative sample.

G. Municipalities and Local Authorities, Bantu Affairs Administration Boards and Provincial Hospital Services.

Questionnaires (see Appendix A) and covering letters were sent to 16 Municipalities and Local Authorities on the Witwatersrand and nine in the Durban region, two Bantu Affairs Administration Boards on the Witwatersrand and one in the Durban area, and one to each of the Provincial Hospital Services Departments of Natal and the Transvaal.

3. FINDINGS

A. General

It is easiest to look at each section of the survey separately.

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CURFIN/CURRIE

Motoring ahead

(30)
FM 2/2/79

Although Curfin's directors hope for "increased earnings for the year" the interim report does not give much away as to expected second-half performance.

The most important growth area appears to be freight and forwarding. Safcor weighed in with 68,9% (65,0%) of the group's R2,8m (R2,4m) gross profit in the six months to December 31 1978. This division's gross profit rose to R1,9m (R1,6m), probably owing to increased export activities, and emphasis on heavy transporation and warehousing. As a result, the minority share of the R2,3m (R1,9m) group pre-tax profit declined only 1% to R494 000 in spite of the increase in Curfin's equity stake in Safcor to 79% (51%) late last year.

Although Curfin owns 50% of Currie Motors, it prefers to equity account its contribution. Currie's [illegible]% higher contribution of R[illegible] 000 (R[illegible] 000) helped the 42.8% gain in group earnings to [illegible]c ([illegible]3c). The earnings rise was also aided by a lower interest bill of R460 000 (R525 000).

Curfin's wholly-owned motor subsidiary, Rex Evans, together with the financing and property divisions, managed only a 2.[illegible]% gross profit increase to R870 000 (R847 000). While the interim report gives no explanation for these relatively poor results, MD Ted Swirsky tells the FM: "Currie's improvement was due to the extremely successful launch of new Chevrolet products," adding that "Rex Evans is expected to improve in the second half."

Curfin is reticent on second-half expectations, pointing out that "trading conditions in the second half are difficult to predict." On the conservative side, it is still possible for an increased 5,5c (4,5c) interim which is expected only in July and, say, 18c second-half earnings out of which a 6c final is possible. This puts the share at 108c on a 10,6% prospective yield.

With the successful new product launch behind it, Currie may not be able to match first-half growth in the second period. Even so, the share at 340c is yielding an attractive 11,8% and could be on a prospective 13,3% which is good value.

Peter Fitzmaurice

321

TV ADVERTISING

Time gentlemen

7/2/79 (28)

There's a strengthening cry for increased air-time for commercials on TV. Demand is running amok. Consensus is that 10% of viewing time rather than the present 5% would satisfy demand. (The SABC last year requested Government to increase commercial air-time but was refused.)

The system, based on the way it is done overseas, sorts applications for advertising air-time into roughly 95 categories. A percentage of overall air-time is allocated to each group on a weighted basis. Each applicant is allocated a minimum of 12 30-second spots — to be divided equally between the Afrikaans and English channels. Total time can be converted into, for example, 16 20-second spots, 18 15-second or 6 60-seconds. (Unless fewer are requested.)

Remaining time is distributed among applicants in each group on the basis of market share achieved by the product in its product field in the most recent 12 months. And on total advertising expenditure on the product in all measured media for the most recent 12 months plus the total sum contracted for on TV.

Suggestions that advertisers should be awarded advertising time on a bidding system with the most time going to the highest bidder is rejected out of hand. Comments Jack Siebert, SABC Commercial Services director: "We want to give as wide a spread as possible. Everybody must have a fair chance or else you cut out half the potential advertisers."

What about upping the rates so that the big national advertisers can buy sufficient time? No way, says Siebert. "We're in a monopolistic situation and if we keep pushing up rates to an unrealistic level it would be a short-term situation. We want to get the advertising now and in five years time."

Siebert points out that, as it is, advertisers frequently "reassign budgets or over apply for TV time." Between 20% and 25% of allocated time is returned for redistribution "in a specific category unless it is full-house." (Advertisers having been allocated the full time applied for.)

The allocation system is satisfactory, say the advertising agencies. "A wonderful job given an impossible task," says Len van Zyl, Lindsay Smithers MD. Adds Charl Théron, MD of Van Zijl & Schultze: "The problem is in the fairness. By allowing everybody a minimum time, national advertisers of significance are penalised."

What's needed, stresses everyone (except possibly the viewer), is more time. ITV in the UK has 15% commercial air-time; the US and Japan 25%. The European average is 10%-15%.

Says Darryl Phillips, Grey-Phillips, Bunton, Mundel & Blake MD: "TV is a high frequency medium. Six 30-second spots in English and six in Afrikaans during a whole year won't solve your marketing problems."

"TV can't be used as a primary advertising medium because of the time shortage," says Van Zyl. "It's not the force it could be in a free market economy."

The dire predictions that the Press suffers because of TV advertising have not been realised, claim the agencies. Says Van Zyl: "Growth in advertising expenditure for the first 10 months of 1978 was R50m. TV took less than R40m of this."

But it depends on how you interpret the figures. Adindex January-December 1978 figures look pretty sick. Ad expenditure on radio totalled R34m, up only 2,8% on 1977; publications, R151m — up a paltry 1,6%; cinema, R4m — up 2,8%; outdoor, R11m — up 13,7%. Advertising time bought on TV cost R39m.

Financial Mail February 2 1979

Table 22. Number of African technicians and number of firms in Durban sample which would employ these technicians were they i) immediately available ii) available in 1981 assuming full economic recovery.

NATIONAL DIPLOMA FOR TECHNICIANS OR NATIONAL DIPLOMA IN :	Africans employed if: i) immediately available	ii) available in 1981 assuming full economic
Electrical Engineering (Heavy Current)		
Electrical Engineering (Light Current)		
Industrial Instrumentation		
TV and Electronics		
Mechanical Engineering		
Automotive Engineering		
Production Engineering		
Refrigeration & Air-conditioning		

C. Natal Employers' Association survey

The answer to the sole question asked in this postal survey of firms in Natal, 'Assuming full economic recovery and a return to boom conditions, how many Africans would you require qualified under A. or B. hereunder in the categories stated at the period stated?', is tabulated below. For each category of technician, both the number of technicians firms felt they required and the number of firms indicating they felt they required that kind of technician are given below.

Table 25. Number of technicians required by firms in Natal Employers' Association survey by category of technician, and number of firms requiring technicians in each category.

A. NATIONA TE	Number of Africans required 1980 Techni-cians	Firms
Electrical Engin	7	2
Electrical Engin	6	3
Industrial Instr	10	5
Mechanical Engin	40	6
Automotive Engin	9	6
Production Engin	20	2
Refrigeration & Engineering	4	2
Structural Engin	2	1
Construction Sup	1	1
Structural Draug	3	2
Mechanical Draug	8	5
Analytical Physi	1	1
Physical Metallu	1	1
Chemical Technic	28	9
Analytical Chemi	8	4
Chemical Plant O	18	6
Chemical Technol	2	1
Paint Science	5	2
Brewing Technolo	6	1
Microbiology	4	1
Food Technology	4	2

CARS FM 2/2/79 (30)

Motortown's boom

Motor car hire purchase and leasing business generated in Johannesburg's Motortown area is increasing and the finance houses are moving closer. Nedfin and Barclays Wesbank will open new branches in the area within weeks, both at the junction of Albert and Eloff Streets.

Nedfin GM Douglas Sutherland and Wesbank MD Chris Ball both agree that the idea is to get closer to existing clients — and both hope to carve a bigger slice of the Motortown cake.

Dealers in the area reckon the cake is growing in line with better industry sales volumes. Lindsay Sakers' Kobus Snyman says his paper on sales of new and used cars — some sold by Cargo Motors — is worth at least R1m a month. He estimates the area's total business at more than R6m a month, and growing.

McCarthy Motors puts out at least R400 000 worth of business from sales in Eloff Street alone says administrative director Graham Damp. Business from outlying branches channeled through head office adds to this. Ronnie Bass, of Ronnie Bass Sigma, says he generates another R300 000 a month, and that it is increasing. Like the other dealers, he spreads it around all the finance houses.

Clarke Datsun GM Vic Brown predicts market growth this year, and says Motortown is the obvious place for anybody in the Johannesburg area to buy a car. He reckons 70% of the car ranges available in SA are on show there at any one time — in showrooms that add up to the greatest concentration of motor showroom space in Africa.

30 SUNDAY TRIBUNE, FEBRUARY 4, 1979

COLIN CAMPBELL

Taking Stock

Great expectation for Greatermans

AMONG a very firm stores sector, Greatermans is standing out. There has been good activity in the shares, and the market seems to talk of little else.

It is very much a guessing game at present, but now that there have been management changes — with the former controlling Herber family bowing out, and the new team under Isaac Kaye (of SA Druggists fame) *moving in* — the *market* is expecting great things of Greatermans.

An indication of a new 'broom sweeping clean is the recent appointment of Steward Cohen as managing director of Ackermans. Mr Cohen is credited in the trade as being mainly responsible for beefing up the Cape-based Grand Bazaars, and if he is to turn his touch to Ackermans, there is hope that this family chain store group will no longer prove such a drain on group figures.

But the real nub of market speculation is when, rather than if, Clicks — the 50/50 operation owned with Jack Goldin — will be floated off.

Market talk is that a flotation of Clicks as a separate company is not far off. The investment community has demonstrated its appetite for new listings — the rush for Powertech, the over subscription for Kimet — and it has not gone unnoticed that though it did not have to, Clicks has over the years been producing its own figures.

As new companies need to furnish a five-year track record before the JSE committee will consider a stock listing, Click's profit announcements are not without significance.

Because Clicks is 50 percent owned by Greatermans, there should be some rights to ordinary Greatermans shareholders.

Flotations aside, Greatermans shareholders are looking for a better performance under the hand of Isaac Kaye.

The interim report for the six months ended December — and it was a good Christmas period for the stores — can't be that far off, and what the investment community is hoping for is not only good figures but also some positive indication of where and how the group is going.

The market is putting a lot of faith into Isaac Kaye — but even if only a small part of the success which he has brought to SA Druggists rubs off onto his Greatermans interests, then Greatermans shareholders should have every reason to be pleased.

SPRACHLABOR: DEUTSCH I

Die Deutschen: Gegenwart - Stunde 5

Abschnitt 1 - Die Länder der Bundesrepublik

Setzen Sie das Adjektiv ein:

Beispiel: Die Länder der Bundesrepublik haben Traditionen - verschieden
Lösung: Die Länder der Bundesrepublik haben verschiedene Traditionen.

1) In Schleswig-Holstein gibt es keinen Berg - hoch
Lösung:

2) Lübeck ist als Mittelpunkt wichtig - kulturell
Lösung:

3) Die Universität entwickelte sich aus einer Schule für Sprachen - afrikanisch
Lösung:

4) Hannover ist bekannt durch seine Städteplanung - modern
Lösung:

5) Erdöl wird in den Mooren im Nordwesten gebohrt - weit
Lösung:

6) Nordrhein-Westfalen ist die Zusammenfassung von zwei Provinzen - preussisch
Lösung:

7) Das Industriegebiet liegt in einer Mittelgebirgslandschaft - reizvoll
Lösung:

8) Hinter den Industriegegenden beginnen die einsamen Wälder - dichtbesiedelt
Lösung:

9) Ludwigshafen am Rhein ist das Zentrum der Industrie - chemisch
Lösung:

Pigs

Pigs are slaughtered once a year at R20 each less cost of feeding, R10. Therefore net value of pig is R10 p.a. or 83 cents per month.

Chickens

272 fowls were found to include 147 laying hens laying 104 eggs per day. Laying hens give 0,71 eggs per day at 3 cents each for 255 days per annum, equals R5,41 p.a. Less feed at R1,00 per annum net revenue from laying hens equals R4,41 p.a.

Fowls to eat are slaughtered at 6 months for R1,50 each, i.e. R3,00 p.a. Less feed at R1,00 p.a. net revenue from slaughtered fowls equals R2,00 p.a. Therefore income per chicken

$$= \frac{R\ 2 \times (272 - 147)}{272} + \frac{R\ 4{,}41 \times 147}{272}$$

$$= R(0{,}92 + 2{,}38) = R3{,}3 \text{ p.a.}$$

$$= 28 \text{ cents per month.}$$

Maize

Selling price of highest grade R52,30 per ton

= 5,16 per 200 lb. bag including price of bag.

Assume a 20% mark-up by stores in homelands

Therefore selling price of bag

= R6,20 per annum

= 0,52 cents per π

Makro to establish R7m Pretoria store

Sbr 6/2/79 30

The Makro wholesale cash and carry group is to establish a R7m store in Pretoria.

The store will open in September, and will be the company's fifth Makro. Mr Doug Catto, managing director, said the location was an indication of confidence in the city and surrounding areas as a stable growth area.

"We have two stores in Johannesburg and one each in Cape Town and Durban. Pretoria was the logical place to establish another one."

The initial investment of R7m would include a "warehouse" building on a 5 353 ha site, with free parking for 750 cars.

The group is owned by a Dutch company and Rennies Consolidated Holdings.

TRACTOR SALES

Ploughed under

It was a grim year for the tractor industry. Sales were down 17% from 14 504 units in 1977 to 12 001 for 1978. This year is likely to be even worse. Ford is still front runner with 22,5% of the market while its main model, the general purpose middle-range 6600, captured almost 12% of the total market with 1 426 sales (52% of total Ford volume).

Massey Ferguson, Vetsak and John Deere have all marked time on market share (see table) while Malcomess has sneaked ahead of International Harvester.

Major contributing factor to this downturn is lack of any real growth in the agricultural sector. The drought, inflated retail prices resulting from the 12,5% import surcharge burden, and fluctuations in exchange rates on the international market have all played their part.

TRACTOR SALES

	1978 Unit sales	% Market	1977 Unit sales	% Market
Ford	2 702	22,5	3 500	24,1
Massey-Ferguson	2 585	21,5	3 106	21,4
Vetsak	2 213	18,4	2 609	18,0
John Deere	1 676	14,0	2 055	14,2
Malcomess	715	6,0	805	5,5
International Harvester	622	5,2	837	5,8
Deutz	465	3,9	621	4,3
Others	1 023	8,5	971	6,7
Totals	12 001	100	14 504	100

Further slide

And things aren't all that rosy for 1979 either. The general consensus is that tractor suppliers will be lucky if sales reach 10 500 units, a further 15% slide.

Malcomess's marketing man, Tinie Krige, can't see farmers' liquidity improving and doesn't expect much out of the market. "If the industry makes 60% out of last year's 2 800 sales in the drought-stricken Western Transvaal, we'll be lucky. Natal sugar farmers have had quotas reduced so we can expect a drop there too."

Wally Rautenbach, tractor operations director at Ford, talks of "a badly depressed industry" when looking at 1978 performance and doesn't hold out much hope for 1979 either. Massey Ferguson is also "extremely despondent at the outlook."

Definitely a gloomy picture of an industry which in its 1975 boom year topped 19 000 in sales. At present levels, sales hardly justify local manufacture of diesel engines.

present on this occasion to support the continuation of the longstanding policy of Ohlsson's the preservation of our heritage.

Our Chairman, Mr. Jose Burman, thanked Mr. Seton and paid tribute to the four authors of the book, Mr. James Walton, was was also the editor, Mrs. Margaret Cairns, Dr. Rene Immelman and Mr. Michael Ryan. He mentioned particularly that the contributions made by Mr. Walton and Mrs. Cairns to the book had much exceeded the mere research work and the writing of their sections of the book and he said that we were indebted to Mr. Michael Ryan for organising actual work on the Mill.

Mr. Walton then thanked all those who had co-operated with him in producing the book.

Mr Burman presented special de luxe, signed copies of the book to Miss Myra East who gave the Mill to the Society, to Mr. Seton, representing Ohlsson's, to Mr. Dudley D'Ewes, representing the Cape Tercentenary Foundation, which donated the money for the brochures, and to Mr. Walton, who not only edited the book but made a financial donation for the preservation of the mill wheel.

ADVERTISING

Who gets what

30

FM 9/2/79

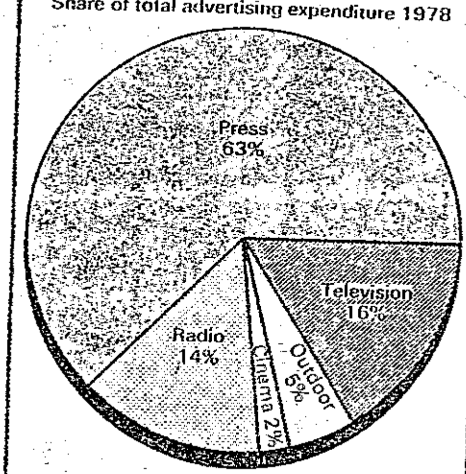
Advertising expenditure measured by Market Research Africa's Adinex shows 1978 spending rose by 22% compared to 1977, most of the increase coming from TV. (Spending in 1977 was only 7% up on 1976.) Of the extra R43,7m spent in 1978, R33,7m went to TV. This left a R10m increase for the other media — up only 5% on 1977.

In its first year of operation (see chart) TV grabbed 16% of the cake: the Press dropped from 76% to 63%; radio dropped from 17% to 14%. Cinema and outdoor advertising retained their share.

Dick Reed, media director at J Walter Thompson, (SA's biggest advertising agency with R24m in billings), expects TV revenue for 1979 will be roughly R51m, a 31% increase on 1978, "unless the SABC sees fit to increase the 5% viewing time allocated to commercials." Highly unlikely it seems (*FM* February 2).

CUTTING UP THE CAKE

Share of total advertising expenditure 1978



Source: Adindex

Analysing the advertising scenario, Reed points out spending in the dailies totalled R67m, 44% of total Press spending. "Dailies came out of the TV battle relatively well," he comments. The big reason for this is the strong growth in retail advertising. "It's generating fast turnover."

Advertising by chain stores increased by R6,7m, from R32,9m to R39,6m — 20% up. Chain store advertising in the Press rose 9% from R32,6m to R35,7m. "The Press had 90% of this advertising in 1978," says Reed. In 1977, it had 99% but during 1978 radio upped its share from 1% to 4% and TV grabbed 4%.

Conversely, weeklies fared badly on advertising expenditure, with 14,3% less than 1977. Spending fell from R25,8m to R22,1m. Reed sees this as predictable. "A lot of people advertised in the weeklies for impact before the days of TV commercials. Now TV is the national impact media."

But where there's been a "tremendous lift-off" is in trade magazines and the country Press. Trade magazine advertising rose from R11,9m to R14,2m, a 19% jump; country Press spending went up from R7,9m to R9,1m, up 16%. "Country Press advertising is highly regionalised," says Reed. "You can personalise at the point of sale." Trade magazines are specialised publications for a limited audience and the lure of TV doesn't apply.

Outdoor advertising's 13,7% increase to R11,3m was also predictable, it seems. "It complements TV advertising. It's high frequency and low cost — TV is low frequency and high cost. It makes impact even on the illiterates."

Reed expects the weeklies will fight back in 1979. "With their market area savaged like this they'll have to." Whatever happens in the media, it's unlikely TV will be adversely affected.

Sun. Express 11/3/79

(30)

Battling Scotts may have found a cash saviour

IT SEEMS as if the stricken Scotts Stores group may have found a saviour which will buy its Cashmart cash and carry operation.

For if, as has been suggested, Federale Voedsel does buy Cashmart, it would give Scotts a much needed cash injection of around R1-m and reduce its loan burden.

It could be the factor that will set Scotts back on its feet.

At its halfyear Scotts shocked the market by announcing a R858 000 loss after a R2,0-m taxed profit for the 1978 financial year.

In November, at the time of the interim, Scotts announced that it was going to make severe write-offs to reduce stock levels and analyse its various situations.

Since then it has become common knowledge that Scotts was being supported by a consortium of banks — support from the Bankorp group is thought to be in the vicinity of R5,5-m.

It seems that these borrowings are being reduced. One-third was paid back at the end of December and the remainder should be extinguished by the February year-end.

In the same way that it was an open secret that Scotts was being supported by the banks, it was known that Scotts was anxious to sell some of its assets, but, according to Scotts, "only at the right price."

Cashmart, Scotts' wholesale operation, is the most logical vehicle to be sold, being extraneous to the group's retail operations.

Fedfood's Gerhard Scholtmeijer confirms that the two groups have been talking but comments that it's a bit premature to say anything about it.

Fedfood already operates in the wholesale area in South Africa and territories but not on a cash and carry basis.

It seems Scotts is asking around R1,25-m for Cashmart, for which it paid R1,4-m in August 1977. Apparently Scotts will be happy with slightly less, for Cashmart itself has borrowings of around R250 000 and any reduction of borrowings will be welcome.

The other option open to Scotts is to sell its Our World baby chain to a likely bidder, instead of running it down.

The most probable purchaser would be the new KoCo chain but rumour has it that KoCo is not prepared to pay Scotts' asking price.

Des Scott himself says that it is not clear whether it is better for Scotts to sell Our World or to run it down. He concedes that it has eaten into profits but says that it is being put into better shape with some branches being closed down and stock levels lowered.

It is unlikely that Uniewinkels, which is performing profitably, will be sold off. Instead Scotts is pinning its hopes on the sale of Cashmart to Fedfoods and perhaps the sale of a property. A couple of deals like this could put the group well back on its feet.

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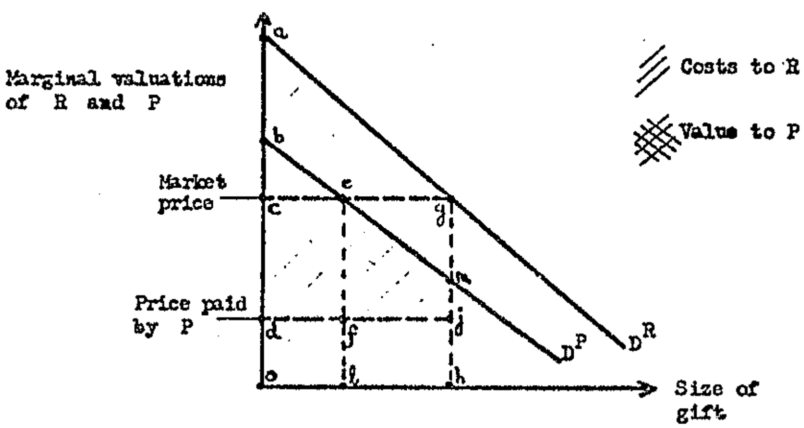

DIAGRAM 4: The value of a gift (Alchian & Allen, p 6-7 IEA, Cooper & Culyer, p 139-40 IEA)

There is an area acemg sacrificed by R but not received by P. It is made up of a surplus sacrifice in kind by R of acg (£20) and a cash loss by R of egm (£20). The Total £80 cost to R is represented by a £40 gain to P and a £40 residual amount. Does this residual indicate a 'waste' ?

An apparent paradox exists, for P would prefer a smaller, saleable gift, and in fact this would cost R less. But this does not necessarily mean that a waste occurs. The essence of giving is that it is based on the utility function of the giver. R may only get pleasure out of P's having better housing, and not out of his increased general consumption. "It is , therefore , important to note that if specific welfare is introduced, price divergences must exist if efficiency is to be achieved." (Johnson, p67 IEA) "Benevolent people are very apt to be one-sided, and not of the sweetest temper if others will not be good and happy in their way." (Sir Arthur Helps - quoted by Culyer, p41 IEA)

The residual is not waste, but a minimal estimate of the intrinsic value of the act of giving to the giver. The result of this analysis is that it is the giver who will determine the nature and size of the gift.

Yet this does not mean that all giving is efficient - where a municipal golf course charges less than the market price, the player may be worse off if the lower charge plus the costs of queuing exceed the value to him of the orrigional market green-fee rate. Another source of inefficiency is the rent-seeking behaviour of potential recipients of gifts. (Alchian & Allen, p 7-13 IEA)

Using this Alchian and Allen framework, determine the costs and benefits in the following case : Mr. F. Atcat drives a BMW paid for by his company, the S.A.Budgie. Had he not got the R21000 BMW, he would have driven a R7000 Ford, though he values the BMW at R10000. Mr. Atcat pays tax at a rate of 65%, while the firm pays 45%. (Students and staff to prepare a written answer to be handed in.)

(6) THE MOTIVES FOR GI

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(7) GIVING AND GROUPS

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Sun. Exp. 11/2/79

A department store account = status

(30)

By JEAN LE MAY

"I'M GROWN-UP enough to know what I want and how much I can afford to pay."

This remark by one of the 1 230 Blacks interviewed just about sums up the University of South Africa's latest research report "Urban Black Attitudes to Shops and Shopping" by A P van der Reis. The report is published today.

The survey was meant for planners of shopping centres and transport, as well as retailers and manufacturers.

But it is social and political comment, too, just as "Poppie Nongena" is and this is what the Poppie Nongenas of Johannesburg, Durban and Rustenburg — and their menfolk — told "interviewers carefully trained by psychologists" about shopping in these three towns early last year:

● Except in Durban, where most people buy perishables and household goods from hawkers, they prefer shopping in the city centre for most things. In all towns everyone buys tobacco and some liquor from shops nearest home.

● They have very clear ideas about high or low status stores. In Johannesburg and Durban, the department stores are highest; in Rustenburg, the highest stores are the self-service supermarkets. Stores owned by Indians or Blacks are low status anywhere.

● Self-service is preferred for household goods, department or shoe stores with assistant service for clothes and shoes. But Durban shop assistants generally were rated low.

● High prices mean good quality, with "imported, proper clothes from Europe or America being the best quality".

● The less educated use township stores more than the educated — although prices are often higher.

● People with high incomes spend more on furniture and household appliances — surprise? But "there is a marked relevance between educational level and income" — and educated people complained far more often about unhelpful assistants than uneducated people.

● Nearly everyone pays cash for household goods and food, and buys furniture and appliances on hire purchase or "six months".

● It is a sign of great status to have an account at a department store.

● Lack of time to shop is a real problem.

● Pickpocketing and robbery are rife.

● People with cars go to the hypermarkets or suburban shopping centres in White areas — another status symbol.

● The high price of goods was a cause of complaint in Johannesburg and Durban (what has Rustenburg got that we haven't?)

● Inadequate transport is the bane of Black shoppers — second only to unhelpful shop assistants.

These, not in the language of the trained psychologists but freely translated, were the complaints about the lack of transport:

There are no decent shopping centres in the townships, so you get up very early on Saturday and start queueing for a train or a bus or a taxi. Often you have to take a taxi because the bus routes don't go near the shops you like.

Everyone knows how expensive taxis are and how they crowd you in. Then you get late to town and have to chase time to get your shopping done. There is no time to compare prices or hunt for what you really want.

The carrier bags are weak and burst in the train or the street, so you lose what is in them, or the tsotsis get it.

And, once again, an imaginary Poppie Nongena on the "pickpocketing and robbery": We feel insecure because of the tsotsis. People are robbed in trains and buses and taxis. There are not enough police.

Rennies revives: Hong Kong hangs on

Sun. Times Business 11/2/79 (30)

By MARTIN CREAMER

RENNIES is not for sale. That's the news from John Heywood, the executive director of the giant Hong Kong-based British conglomerate, Jardine Matheson, which three years ago bought control of the R150-million-a-year hotel, shipping, liquor and travel business for R32-million.

Speaking to Business Times from Hong Kong, Mr Heywood was responding to a report that the Rembrandt group was negotiating to buy Rennies-controlled Holiday Inns and Rennies Liquor Holdings (RLH), and would operate in tandem with Federale Volksbeleggings (FVB) to take over other Rennies assets.

"Reports of negotiations come as a surprise to me and I would like to repeat that we have no intention of selling Rennies," Mr Heywood said.

"We are very happy with our investment and balance of interests and the reason why we are very keen to keep Rennies may become more apparent when its results are announced in the next few weeks."

This hint of good Rennies results has been confirmed by other market sources.

It has been speculated that Rennies, whose shares on the Johannesburg Stock Exchange have risen to 157c from a Christmas price of 125c, is soon to make good profit announcements.

It is felt that there may be a return to the 1975 after-tax profit peak of R7 094 000, which gave record earnings of 45c a share.

Earnings per share could well approach 40c for 1978 compared with the 21c of 1977.

During Rennies' troubled period last August — when some of its top officials were charged with contravening currency control regulations — Jardine Matheson received many offers for Rennies, Mr Heywood said.

"But we said at the time that the company was not for sale and that position persists today," he said.

Selling off the nation-wide hotel chain, Holiday Inns, and and Rennies liquor arm, RLH, he said, would merely pick the eyes out of a well balanced company.

Holiday Inns' pre-tax profit for the year to the end of December 1977 amounted to R6,4-million with RLH's contribution adding R1-million. Both sections represented more than half of Rennies' income.

And another good contributer to the group this year, the giant cash-and-carry wholesaler, Makro — in which Rennies holds a third stake — has had particularly good results, narrowly failing to meet the R100-million turnover mark and declaring its maiden dividend.

Both Mr Heywood and another Jardine Matheson representative on the Rennies board are scheduled to arrive in South Africa on February 18 for the Rennies board meeting on February 20, after which the 1978 results will be announced.

8. Employment in Chrome Mining

8.1 In 1976 9 000 workers
(8 960 to be exact), a
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8.2 The growth in employme
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8.3 The movement of output
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TABLE 16: EMPLOYMENT ON THE IRON ORE MINES 1946-1977

Year	White	Black	Asian	Coloured	African	Total
1946	315	2 282	..	..	..	2 597
1947	340	2 203	..	..	..	2 543
1948	350	2 305	..	..	..	2 655
1949	413	2 562	..	..	..	2 975
1950	422	2 494	..	..	..	2 916
1951	431	2 339	..	..	..	2 770
1952	462	2 469	..	..	..	2 931
1953	471	2 637	..	..	..	3 108
1954	446	2 268	..	..	..	2 714
1955	432	2 083	..	..	[illegible]	[illegible]
1956	441	2 184	..	..	[illegible]	[illegible]
1957	503	2 831	..	..	[illegible]	[illegible]
1958	567	2 962	..	..	[illegible]	[illegible]
1959	608	3 467	..	..	[illegible]	[illegible]
1960	654	3 837	..	..	[illegible]	[illegible]
1961	710	4 928	..	..	[illegible]	[illegible]
1962	788	5 812	..	..	[illegible]	[illegible]
1963	861	5 896	..	..	[illegible]	[illegible]
1964	943	6 105	..	..	[illegible]	[illegible]
1965	964	6 280	..	..	[illegible]	[illegible]
1966	1 013	6 188	..	..	[illegible]	[illegible]
1967	976	6 244	0	13	6 2[illegible]	[illegible]
1968	1 032	6 208	0	13	6 1[illegible]	[illegible]
1969	1 065	4 987	0	[illegible]	[illegible]	[illegible]
1970	1 012	5 141	0	[illegible]	[illegible]	[illegible]
1971	976	5 285	0	[illegible]	[illegible]	[illegible]
1972	982	4 139	0	[illegible]	[illegible]	[illegible]
1973	1 067	4 482	0	[illegible]	[illegible]	[illegible]
1974	1 268	5 949	1	[illegible]	[illegible]	[illegible]
1975	1 731	7 784	1	[illegible]	[illegible]	[illegible]
1976	2 168	7 166	1	[illegible]	[illegible]	[illegible]
1977		–		[illegible]	[illegible]	[illegible]

BMW, Toyota move closer

Sun Times Business 11/2/79

(30)

By MARTIN CREAMER

THE BMW-controlled Auto Bavaria outlets in Johannesburg this week accepted the Toyota-held Renault franchise in what could be a prelude to an expected production tie-up between BMW and Toyota.

A BMW spokesman said the Renault range did not conflict in any way with the BMW range and negotiations for other BMW dealers to accept the Renault franchise were taking place, fitting in with the current multi-franchise pattern in vehicle retailing.

Neither BMW nor Toyota would comment officially on reports that BMW South Africa may soon acquire an investment in the Toyota-controlled Motor Assemblies plant in the Prospecton industrial township near Durban.

BMW, which has an assemblies plant at Rosslyn near Pretoria, is known, however, to have been seeking production co-operation with Motor Assemblies, in which Toyota has an 85 per cent stake and the McCarthy Group the remaining 15 per cent.

Given BMW's new export drive — hampered by the civil disturbances in Iran, which was a major importer of South African-assembled BMWs — use of an assembly plant close to a port would be an advantage.

Representatives of BMW Germany are believed to have visited South Africa last month to discuss, among other things, the deal with Motor Assemblies.

Cape Times 13/2/79

(30)

Legal measures

IT MAY be possible to use legal measures to resist the building of a hypermarket in the Constantia Valley, Mr Roger Hulley, MPC for Constantia, said in a statement yesterday.

He said he came to this conclusion after studying the original 1969 approval by the Director of Local Government, which set out conditions governing the development of a shopping and community centre on the site.

Mr Hulley said steps were in motion to have senior counsel briefed in the hope "that this appalling hypermarket scheme can be nipped in the bud for the sake of the future of Constantia".

The original zoning was approved with a shopping centre for Cleghorn and Harris in mind, and not a hypermarket — a concept that was not considered at the time.

The zoning document, Mr Hulley said, made it clear that "a shopping and community centre" was envisaged.

When building plans for any development were considered, according to the conditions stated at the time, attention should be given to the height and the building lines of the development and particular account should be taken of the landscape quality of the area.

RDM Bus. 14/2/79

2

January motor sales augur well for 210 000

PORT ELIZABETH. — The motor industry was most encouraged by the 12,2% increase in car sales last month compared with January last year, said Mr Brian Pitt, president of the National Association of Automobile Manufacturers of South Africa, yesterday.

He said that although January was normally a slow month, the increase this year was well in line with industry forecasts that car sales in 1979 would be 210 000 to 215 000 units.

Although truck sales in recent months did not reflect the same buoyancy as car sales, they maintained a steady improvement. The increase of roughly 9% over sales in January 1978 showed that truck sales were also gathering momentum, and could exceed previous industry forecasts that 105 000 to 110 000 commercial vehicles would be sold this year.

Sales of new cars in January were 16 412 compared with 14 630 in January last year, and commercial vehicle sales rose from 6 760 to 7 361.

Sigma Motor Corporation was the January leader for new car sales (3 831) and also topped the list in the combined car and commercial vehicle classification with 4 948).

In the new car sales category for January, Sigma was followed by Volkswagen (3 212), Ford (2 332), Datsun (1 806), GM (1 625) and Toyota (1 325).

Volkswagen's Golf chalked up the highest individual sales of 1 906, followed by Sigma's Mazda 323 (1 771) and Ford's Cortina (1 235).

In the combined car and commercial category, Sigma was followed by Volkswagen (3 549), Datsun (3 442), Toyota (3 111) and Ford (3 108).

Toyota (1 786) led commercial vehicle sales and was followed by Datsun (1 636), Sigma (1 117) and GM (1 066).

The end of short-time working at Ford and General Motors, Port Elizabeth, is in sight and by next month plants should be working normal shifts.

Some Ford plants are already working a five-day week and to catch up on production losses caused by the strikes in Britain, the company may have to resort to overtime once supplies return to normal.

General Motors, which laid off about 150 workers and went on a four-day week about two weeks ago, is reviewing the situation daily.

The decision to lay off workers and work short-time stemmed from miscalaulations about the impact new models would have on the market, an underprojection of plant efficiency which led to overproduction and fears about this year's vehicle market because of the crisis in Iran.

A spokesman for the company said it was hoped to return to normal working time early next month.

Ford's managing director, Mr Brian Pitt, said the strikes in Britain caused a disruption to supplies which would extend through February. However, the situation was expected to return to normal next month.

Because it had not laid off staff, the company would be able to phase in full production smoothly by mid-March when it would be working a five-day week again, he said. — Sapa.

is not com... t I do think that the macro-... determining effect ... study ... imply that ... or peri-urban ... homes to the urban centres the ... until. But then it is ... dealing ... we ... home ... Close ... that we ... their ... either short-term ... as ... with the rural areas, ... to ... private ... their ties with ... other ... together ... with ... in area. In the first instance ... African legislation) ... comes to ... a far fixed period ... and as such ... from the urban ... population ... townships goes for extended ... resident ... inhabitants. His life ... situation with the majority such as ... generally sent home

of his actions directed towards his rural area and reinforce the norms associated with that generally reinforce this is that he will, by way of his first obtaining the job amongst members of his own ethnic group and possibly even his own kinsmen. What I mean by this is that he would have come to town looking for a job in a sector of industry about which he has heard from information channelled by associates or family that have either occupied or are occupying positions in that sector. This is probably true of most categories of potential workers coming to the urban areas and this leads us to the interesting point of ethnicity in relation to the work

CAR SALES

Best since 1975

30 FM 16/2/79

Despite supply interruptions caused by British stikes, last month was the best January for car sales since 1975. The 16 412 units sold was 12% better than January last year, while commercial vehicle sales rose by 9% to 7 361.

Those with long memories will recall that 1975 was the year in which sales of cars topped 229 000, almost equalling the record set in 1973.

But, hopeful though the signs are, it may be premature to predict another 1975. For one thing, seasonal trends have changed since then, according to Volkswagen MD Peter Searle. Previously, car buying built up to a peak in November and December, then slumped in January.

Now, says Searle, people often defer purchases until January so that the first registration of the vehicle will be shown in a later year, thus giving a fillip to resale value. "Fleet-buyers are particularly encouraged to do this," he says. So he is not yet ready to upgrade his market forecast of 210 000-215 000 cars this year.

Ford suffered particularly badly from the UK strikes (first the Ford strike, then the truck drivers' strike) and saw its market share cut to 14,2% in January, compared with 17,6% for the whole of 1978.

Now, however, components are beginning to flow again, and Ford is going back from a four-day working week to five. Its Neave (Escorts, Granadas and some commercials) and engine plants are back to normal, while the Struandale (Cortinas) and truck plants will be phased back to a five-day week in March.

Sigma, which now includes Leyland, Peugeot and Citroën sales in its figures, is the biggest manufacturer, with 23,3% of the market. Chairman Chris Griffith is among the most sanguine of the producers, predicting a market of 230 000 cars this year, with Sigma's share rising to 26%. But some motormen feel the improving economy could make commercials the star performers this year.

The combined vehicle market in January has Sigma first with 4 948 units, followed by Volkswagen (3 549), Datsun (3 442), Toyota (3 111), Ford (3 108) and GM (2 691).

CAR SALES

	1979 Jan	% of Market	1978 Jan	% of Market	1978 Jan-Dec	% of Market
Sigma	3 831	23,34	1 861	12,72	27 814	13,58
VW	3 212	19,57	2 433	16,63	36 721	17,94
Ford	2 332	14,21	2 647	18,09	35 976	17,57
Datsun	1 806	11,00	1 280	8,75	20 671	10,10
GM	1 625	9,90	1 031	7,05	17 920	8,75
Toyota/Renault	1 325	8,07	1 190	8,13	16 267	7,95
Fiat	693	4,22	616	4,21	7 292	3,56
BMW	651	3,97	520	3,55	7 027	3,43
UCDD	648	3,95	782	5,35	9 292	4,34
Alfa Romeo	283	1,72	346	2,37	4 328	2,11
Other	6	0,04	12	0,08	94	0,05
January total	16 412	(12,18% up on 14 630 last year)				
December	17 559	(January 6,53% down)				

LEADING COMMERCIALS

Toyota	1 786	24,26	1 538	22,74	21 834	22,06
Datsun	1 636	22,23	1 349	19,95	18 571	18,76
Sigma	1 117	15,17	1 072	15,86	11 000	11,12
GM	1 066	14,48	473	7,00	11 584	11,70
Ford	776	10,54	822	12,16	15 941	16,11
VW	337	4,58	600	8,88	6 210	6,28
UCDD	306	4,16	117	1,73	3 008	3,04
Fiat	171	2,32	38	0,56	1 678	1,70
Int Harv	61	0,83	41	0,61	625	0,63
MAN	51	0,69	22	0,33	500	0,51
Others	54	0,73	48	0,71	929	0,94
January total	7 361	(8,89% up on 6 760 last year)				
December	7 298	(January 0,86% up)				

Developers will go ahead with hypermarket despite opposition

Argus 16/2/79 (30)

By Tony Robinson
Municipal Reporter

EVEN if it was proved that the vast majority of people in Constantia were strongly opposed to the building of a hypermarket in the valley, Murray and Stewart would still go ahead with the building of the complex, the head of the group of companies, Mr D E Baker, said yesterday.

Mr D E Baker

He was speaking at a press conference attended by representatives of the Constantia Property Owners' Association, the Cape Town Chamber of Commerce, and Mr Roger Hulley, the MPC for the area.

Mr Baker also said the cost of compensating Murray and Stewart to stop the development would be between R2 m and R3 m and he challenged the public to meet this target if they wanted to save the area.

At the end of the press conference, at which sketch plans and colour slides of the R10 m development were presented, there was general agreement that the proposed building would be attractive, but it would still be a hypermarket.

The director of the Chamber of Commerce, Mr Brian McLeod, the chairman of the Property Owners Association, Mr Neil McCarthy, and Mr Hulley said they were still opposed to the development.

At the start of the conference Mr Baker said his conscience was troubling him because Mr Raymond Ackerman, head of Pick 'n Pay, had been "collecting all the flak" from the public. "We are equally responsible for this development," he said.

Mr Ackerman was away on business yesterday and was not present at the meeting.

Mr Storm Reilly, a former president of the Chamber of Commerce, pointed out that there had been disappointment over some developments in the past, like the Marina da Gama, and he wanted to know what assurance the public could have that the project would meet the standards indicated by the sketch plans.

Mr Baker said both he and Mr Ackerman gave their unconditional guarantee that they would meet the standards described. He also said there would be no extensions to the building and the plans showed the ultimate development.

Later in the press conference, a Pick 'n Pay director, Mr Hugh Herman, said it was not the policy of the company to extend late-night shopping to other nights of the week, and there was no intention to change this policy.

Mr Hulley pointed out that the planned hypermarket was three times the minimum size of a hypermarket in Britain and, according to the official British standards, parking would be required for a minimum of 2 000 cars, but the Constantia plans provided for only 1 250 parking spaces.

The architect and planner of the complex, Mr L Bentel, said consultants who had studied the other hypermarket developments in South Africa and were the leading experts, believed that 1 250 parking spaces would be sufficient to meet normal demand, including that on Saturday mornings.

There would be extra traffic, but the effect on the valley would be minimal.

Mr Bentel said the height of the building at the highest point would be about eight metres and he conceded to Mr Hulley that this would be about the height of a three-storey block of flats.

He also said there had been no consultation with the Cape Town City Council on the proposals although the council areas of Wynberg and Plumstead as well as the road system would be affected. There were, however, consultations before 1969 when the site was zoned commercial by the Divisional Council.

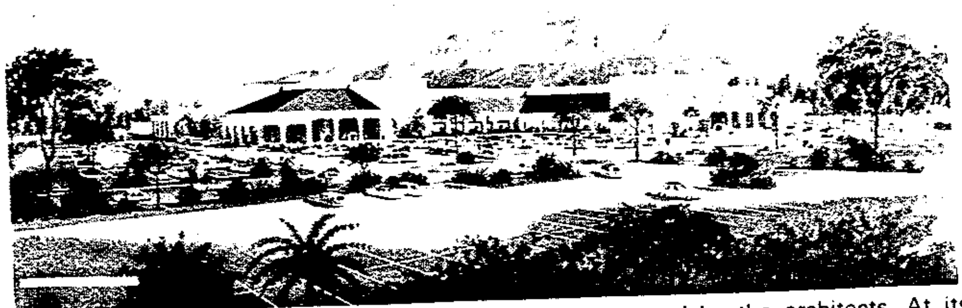
Mr Baker said the present scheme was the smallest of three considered for the site and one of these schemes had been "approved in concept" by the works committee of the Divisional Council.

The present scheme, Mr Baker said, would use only half the bulk permitted on the site in terms of the commercial zoning.

Mr Raymond Ackerman

Although the site had been rejected by the major supermarket chains in the past, Mr Baker said if Pick 'n Pay decided not to go ahead with the scheme, he could guarantee that there would soon be another development on the site.

After the press conference Mr Hulley said "a hypermarket decorated with Spanish plaster is still a hypermarket, and this one will suck thousands of people, trucks and cars into the heart and overwhelm the surrounding residential area. I am still opposed to the scheme."



A perspective sketch of the proposed hypermarket prepared by the architects. At its highest point the building is the height of a three-storey block of flats.

GRESHAM

On the prowl

(30) FM 16/2/79

What is Gresham's *raison d'être* now that it has sold its holding in Greatermans, and where is it going?

It has four main operations, all wholly-owned, and a 42% stake in Playtex (the living bra people). The four are: Frankel & Seehoff, Jack Yudelman, Unovex, and Oceanic Distributors. The common factor is that all are distributors.

Yudelman is the biggest profit contributor. It is a major wholesaler and cash and carry operation, based in Matatiele, East Griqualand. It is doing well, and competing successfully, says chairman Norman Herber, with Metro Cash and W G Brown. Supplying Lesotho, Transkei and East Griqualand it is in a dominant position, and it would be difficult to set up similar operations there.

Further expansion

Gresham is planning to expand Frankel & Seehof, a general wholesale distributor. It has recently opened a branch in Durban and has two others, in Johannesburg and in Ficksburg. Although profitable, it is not doing as well as it should, partly because it carries too wide a product range, and has been adversely affected by economic conditions both here and in Botswana. Although turnover was up, pre-tax margins were squeezed, but Herber is confident that it will come right in the not too distant future.

Unovex distributes sewing accessories, and is very profitable. Oceanic Distributors, the newcomer to the list, is a baby-wear specialist. Purchased for R550 000, it was bought on a PE of about 5,4. Herber says it is doing well.

But of more immediate interest is how Herber intends to spend the R1,3m proceeds from the sale of Gresham's Greatermans shares to Griffon.

Herber is looking at a number of different operations, but nothing has been signed. He is playing it cool. "I will not be pushed. I am not out to be the whizz kid of the day, and I don't want any headaches."

Herber is looking for an operation in the distribution field, selling essential specialist products, in low-competition areas, in an unfashionable sector, "so we don't have to pay over the odds for it." The company must be viable in its own right, have established management and fit in with Gresham's present business.

In the interim results for the six months to end-December, earnings were static at 27c. But this cannot be directly compared with the previous year as this half-year's profit includes the results of Oceanic, but not a R78 000 dividend from Greatermans. Nevertheless, net income from trading was up 17,6% to R713 000 (R606 000) to bring pre tax profit up to R773 000 (R734 000). A higher tax rate of 39% (36%) and higher payout to Playtex minorities brought attributable earnings down to R449 000 (R452 000). But the dividend has been hiked 2c to 10c.

The balance sheet is almost totally ungeared, and Gresham has about R2,5m in cash, equivalent to about 148c per share. If this does nothing more than stay on deposit for the year it should earn about 13c a share at 9%, compared to Greatermans' dividend which was worth about 6c.

Since the Greatermans deal, Gresham has been re-rated to the current price of 225c, where the prospective yield is 9,8%. This looks fair value.

Gail Pemberton

Ackerman hits at Chambers

Financial Editor NM 17/2/79 (30)

THE CHAIRMAN of Pick 'n Pay Stores, Mr. Raymond Ackerman said in Durban yesterday that Chambers of Commerce and Handelsinstituuts were not supporting free enterprise in South Africa with all the power they had available.

Mr. Ackerman, who was addressing the Port Natal Rotary Club, asked whether these employer bodies wanted free enterprise or whether they were out to protect the vested interests of small traders.

Having just completed an overseas tour of Israel, Switzerland and the United Kingdom, Mr. Ackerman said he realised that South Africa had a lot to hold on to and keep.

"What do we want in this country? The consumer does not want government intrusion in business. He wants efficiency, quality and low prices.

Govt. action

"If hundreds of traders and their Chambers of Commerce complain that they are being hurt by competition, the Government will take action.

"But, the Chambers cannot talk with two voices. They cannot say that they believe in private enterprise and act to stop small traders getting hurt by competition."

Mr. Ackerman said that South African businessmen should "fight like mad" for private enterprise.

"Do not let it run away from you. We cannot afford inflation or unemployment in this coutnry. My company believes that the consumer should be given better prices, that people should be employed on merit and paid the rate for the job."

It was possible to do these things in South Africa. Businessmen had the power to change the whole picture and keep the peace at the work bench.

"We have an enormous responsibility. The country is poised for huge growth and we must create the right climate for this to take place.

"Yet, there are still manufacturers who are against discounters being sold branded goods."

Flexible

Mr. A. Rogoff, the president of the Durban Chamber of Commerce, who attended the meeting, said that Mr. Ackerman's remarks did not apply to his Chamber.

"The Durban Chamber is not against zoning or free enterprise or anything of that nature. We are most flexible and do not favour restrictions.

"I do not know what Mr. Ackerman was getting at."

There's scope at Tedelex

DIAGONAL STREET By DON WILKINSON

MY chartist friends tell me that Tedelex is a good buy for the *shorter, medium* and longer term.

They could be right, for the shares of Benny Slome's group, with its Ellerine offshoot, have been fairly consistently outperforming the market recently, and dealings have been free and easy.

Since the start of the year, Tedelex shares have risen by about 24 per cent, compared with the 22 per cent shown by the furniture and household sector in which it and Ellerine are listed.

It's a sector which has been doing very well recently by comparison with the RDM 100, which has improved by about 12,5 per cent over the same period.

I'm not a great believer in charts, though fortunes have been built and even survived on them, but I find it significant that at least one Johannesburg broker has brought out this week a circular which recommends Tedelex to his clients.

Tedelex and Ellerine, of course, are basically dependent on the consumer market — whether it be TV, furniture, or the products of white goods subsidiary Wespoint, or Carlton Lighting and the strong interest that Tedelex has in the sale of its various Japanese radio, TV and personal calculator products.

The broker's circular is not particularly optimistic where TV sales are concerned until late in 1980, when it is hoped that electrification coupled with a Black TV channel, will spark a revived demand for TV sets.

This could be the time when the already virtually saturated White market comes along with its own replacement demand.

That, of course, is a projection which no one can count on, but the two groups, Tedelex and Ellerine, can only benefit from any nudge that is given to consumer spending in the upcoming Budget.

Both are geared, financially and otherwise, to such a boost and, in addition Tedelex has the potential available from the highly controversial Empisa deal.

If that does not go through the group has a useful saleable asset in its electronic expertise — though one would hardly expect the doughty Benny Slome to be a seller.

For its year to end June, Tedelex is expected by the broker to pay a 15c dividend out of earnings of 51c.

Next year, earnings are estimated at 75c and the dividend at 25c, and for the year ended June 1981 — but not quite maintaining the three times covered payment — earnings are put at 85c and the dividend at 30c.

At 115c and a prospective 15c payment, Tedelex would yield as much as 13 per cent, a return far out of line with the sector, where the average return at the moment is about 7 per c

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ST

Hell for leather at Seardel

THE January issue of Trends, the economic monitoring publication produced by the Bureau of Economic Research at Stellenbosch University, has its own version of what is happening in the country's textile industry.

"The contradiction displayed by textiles, in other words a decline in volume of output associated with higher capacity utilisation, emanates", it says, "from withdrawal of production units from the industry mainly in pursuit of rationalisation".

Certainly most clothing and textile shares have been profitable buys for those who took their stakes a few months ago, as the indices show.

Equally, further rationalisations can be expected — as the recent suspensions of Elmar and Ninian & Lester suggest.

All of which observations bring me to the affairs of Seardel, which late last year effectively acquired the Charmfit business, an acquisition which has done wonders for the group's results for the half-year ended last December.

Seardel's earnings a share for the period have jumped to 34c a share, a rise of 125 per cent, thus putting them already well inside spitting distance of the previous year's 39,1c.

Charmfit's sales rose by a fifth to just under R10-million, producing pre-tax profits 13,8 per cent higher at R910 000, and thus reflecting the pressure on margins which all clothing manufacturers have been experiencing.

Much the same can be said, as far as pressure on margins is concerned, for the Desiree end of the business, where sales were 29 per cent higher, but the pre-tax profits rose by only eight per cent.

The really shiny member of the group over the six months, however, turns out to have been the Western Tanning subsidiary, which, after a 42 per cent rise in turnover, boosted its taxed profits by virtually 170 per cent.

It's a performance worth remembering, particularly in the context of rumblings in the trade that leather prices — notably for footwear — are about to rise.

Seardel's interim has been raised by a mere 1c to 4c, which, with last 8c final, puts them on a prospective dividend yield of just over 6,3 per cent.

The second half of the group's year, however, is the one which produces the lion's share of turnover and earnings, so it would not be surprising if the year's figure approached 70c and the dividend total a minimum 15c.

On that basis the shares offer a prospective 7,3 per cent, above average for the section.

They're worth more than a second look on this basis.

Adjusting for that average would put Tedelex shares at somewhere over 200c — a level which the chartists assure me is quite attainable.

Perhaps, but while Tedelex shares look good to me, it lurks in the back of my mind that the basic group has strong Japanese connections, and that the yen remains one of the world's strongest currencies.

It's a factor which could well make for a difficult life for any local company selling Japanese products — despite the fact that manufacturers there appear reasonably willing to adjust their selling prices accordingly.

social classes then assumes secondary
that "the contradictions that exist between social classes then assumes secondary
importance (if at all)" the writer fails to realise that he/she moves from stating
a basic feminist tenet to attack one particular feminist stance - radical feminism
(not to be confused with Marxist, Socialist, Liberal or Lesbian Feminism) which is
only one of the numerous positions held by U.C.T. women within the 'umbrella'
organization of the movement. This article is a misinformed attempt to stereotype
the U.C.T. Wom
its policies

Market: Council to decide later

Argus 20/2/74

(30)

THE Works Committee of the Cape Divisional Council postponed a decision when they considered plans for the proposed hypermarket at Constantia yesterday.

A council spokesman said after the meeting: 'The matter will come before the full council later this month but the committee reached no decision today.'

In addition to the hypermarket plans submitted on behalf of Murray and Stewart Ltd, the committee considered a letter from a firm of attorneys acting for Mr Roger Hulley, MPC for Constantia, and 'a number of interested landowners and residents.'

This letter said senior counsel had been consulted and had advised that in terms of the Township Ordinance of 1934 no hypermarket could be erected on the site.

'INVASION'

The letter said the attorneys' clients 'rightly consider that a hypermarket development in the area will constitute a monstrous invasion in an historic and beautiful area like Constantia and will be entirely inappropriate.'

It said that previous approvals for the site 'were given to an entirely different type of development and one that would have been suitable to the needs of the area.'

Pointing out that some very difficult questions of law are involved, the letter advised the council that 'the question of the status of the site from the town planning point of view and the other questions raised in this letter should be referred to your legal advisers before taking any precipitative action'.

In his report to the committee, the Divisional Council's Engineer, Mr M K Botha, said he thought the hypermarket proposals were 'in accordance with the site zoning and the requirements contained in a letter from the Director of Local Government dated February 13, 1969'.

CONGESTION

The report went on: 'Implementation of the scheme will create traffic congestion on the surrounding roads unless the carriageways of the Constantia Main Road and the Spaanschemat River Road are duplicated and lighted over the site frontages and traffic lights are installed at the Doordrift Road access'.

The report ended: 'Subject therefore to the submission of detailed plans and the implementation of the road improvements referred to the council may accept the proposals in principle and refer the matter to the Administrator.

'However, in view of certain legal issues raised in the attached letter (from Mr Hulley's attorneys), it is recommended that a legal opinion be obtained before taking this course of action'.

The Natal Mercury

Business Mercury

NM 22/2/79, (30)

Ellerines' sales growth 12 pc

JOHANNESBURG — The improved results of Ellerines Holdings reflected increased Black spending power and a new willingness to acquire durable goods such as furniture and appliances, said Mr. Eric Ellerine, chairman.

Unaudited net profits after tax for the six months to December 31 1978 rose to R4 290 000 from R3 852 000 and earnings per share to 62,2c from 55,8c.

Mr. Ellerine said that whereas sales growth for the six-month period showed an average increase of 12 percent (to R43,3m) the real momentum had shown up in the months from October to December.

"For the first time in five years we saw a really strong upturn in demand. This is a good sign for the country.

Better trend

"When our Black people are buying more furniture it shows a favourable trend in incomes and a better state of employment."

Another encouraging trend was the demand for higher quality furniture.

"We introduced Don Pedro furniture — our top range — at the beginning of 1978 and it already accounts for more than 20 percent of our monthly turnover."

Ellerines increased its number of shops from 136 to 156 during 1978. A further eight will be opened soon and negotiations are under way to acquire more. — (Sapa.)

12. GNP per capita in constant rand can be validly criticised as a measure of changes in standard of living because:

(1) It makes no allowance for changes in income distribution.
(2) It ignores inflation and deflation.
(3) It gives excessive weight to the value of leisure.
(4) There is double-counting in GNP.
(5) Transfer payments are excluded from GNP.

13. Given NNP, DI is arrived at by:

(1) Deducting personal savings.
(2) Deducting taxes and adding government transfer payments.
(3) Deducting taxes and adding government transfer payments and dividends.
(4) Deducting taxes and undistributed corporate profits, and adding transfer payments.
(5) Deducting taxes and adding all government spending.

14. It may be argued that the net national product is a better measure of the output of an economy than the gross national product because:

(1) Net national product figures are deflated to the price level of a base year.
(2) GNP includes all intermediate goods.
(3) Net national product figures include ... made by ... figures
(4) Net natic... stock at
(5) None of t...

15. The value of t... from GNP becau...

(1) Of the st...
(2) It does n... producti...
(3) It is a t...
(4) No money ... excluded.
(5) These services are not final services.

16. The relation between Gross Domestic Product (GDP) and GNP is:

(1) GNP is always greater than GDP.
(2) GDP is always greater than GNP.
(3) GNP = GDP + Exports.
(4) GDP = GNP – Imports.
(5) None of the above.

17. Generally the numerically smallest national income aggregate is:

(1) NNP.
(2) Personal income.
(3) NNP at factor cost.
(4) Gross domestic product.
(5) Disposable income.

18. Which of the following would be included in current GNP?

(1) The purch...
(2) The purch...
(3) Flour pur...
(4) The recei...
(5) All of the...

19. At the depth of...

(1) 7%
(2) 15%
(3) 50%

20. By Net Economic...

22. The sum of all stages' value-added in the production of some good:

(1) is less than final selling price of that good.
(2) is greater than final selling price of that good.
(3) is equal to final selling price of that good.
(4) bears no relationship to final selling price of that good.
(5) is not a meaningful concept at all.

1/3/79 DD (30)

13

Car prices may go up

PORT ELIZABETH — Car prices in South Africa will probably rise by between four and five per cent at the end of March or early in April.

This was disclosed here yesterday by Mr Peter Frost, Ford's car marketing plans manager. He was speaking at a function to introduce the company's "revitalised" range of Escorts.

The revamping of the range, he said, was achieved without increasing prices "for the time being."

"Obviously when other companies increase prices ... we will follow suite."

Mr Frost said the revamping move had taken into account the swing to smaller cars, following fuel price rises. — DDC.

The components ...

The U.C.T. pro...

(a) factual ...

(b) guidance

The question arises as to whether the programme can be handled effectively in 7 or 8 days, whether it can be improved and, if so, how.

At this point it is considered necessary to propose a premise on which the discussion in the rest of this paper will be based. The premise is that some form of pre-study preparation is valuable to students and ought to be undertaken by the University.

Proposed alternative pre-study programme

Bearing in mind that the two main components of the programmes are factual information and guidance, it is suggested that the programme be divided, as far as it is possible to do so, into two stages, the first of which has emphasis on providing factual information and the second on providing guidance.

Stage I:

It is contended that an effective programme cannot be handled in 7 ~~or 8~~ days and that a longer period is essential. What period therefore would be better?

It is proposed that this first stage of providing information should take place at a much earlier time of during the year preceding that in which the student is due to start his or her studies. The reasons for this are:

1. Many students delay the final decision about their course choice until the last possible moment simply because they do not have any idea of what they may want to do and because their attention is being taken up by matriculation studies;
2. An opportunity early in the year to gather factual information will give more time for such information to be discussed and considered;
3. Possible solutions to course worries may be found and this will prevent the inevitable build-up of tension and anxiety;
4. Transference of this part of the programme to another period will give more time for advice and guidance at the time of registration;
5. An early indication of the type of problem that is on the minds of prospective students will enable the University to take steps to eliminate the causes of such problems before the start of the academic year.

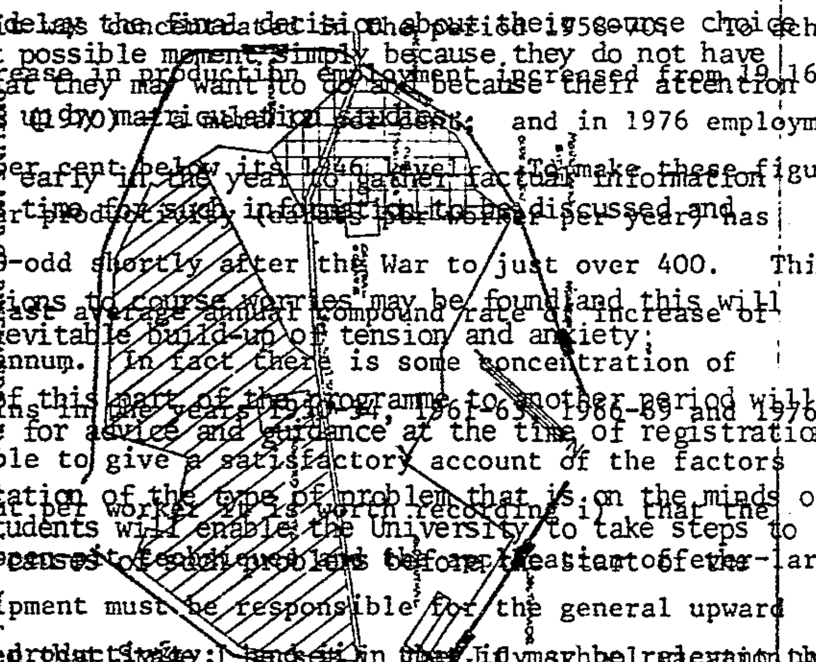
It is therefore proposed that Stage I be held in the July school vacation with a possible continuation programme in the September school vacation, that it be open to any prospective students who may wish to attend, that there be a fee payable to cover the costs of printed material, food and other expenses, that it be organized by an organizer appointed for this purpose who would also be the organizer of Stage 2.

2. Employment i...

2.1 In the ... ining has contributed between ... al for the mining sector ... 000 to 21 000 workers (dealing in annual averages). Despite its modest size we discuss it here partly because of its historical importance. (See Graph 2 p.15).

2.2 There do not appear to be any clear trends in employment except perhaps that in the period 1966 to 1974 employment was consistently above 20 000 workers (peaking at 21 488 in 1970) - whereas in the period 1946 to 1965 employment fluctuated below 20 000 workers (dropping to 15 156 in 1956). This pattern was destroyed in 1975 and 1976 when employment first fell below 20 000 and then fell sharply to 17 415. The decline has not been reversed by August 1977.

2.3 It is clear from the graphs of output and employment that output per worker has risen remarkably ... Output increased from about 1.3 million carats in 1946 to an historic peak ... carats a year since then). The increase was reasonably steady - ... 1950-70s. To achieve this tenfold increase in production employment increased from 19 164 (1946) to 21 ... (1970) and in 1976 employment was actually 9 per cent below its 1946 level. To make these figures comparable labour productivity (carats per worker per year) has risen from 60-70-odd shortly after the War to just over 400. This represents the fast average annual compound rate of increase of 6 per cent per annum. In fact there is some concentration of productivity gains in the years 1950-54, 1961-63, 1966-69 and 1976. Without being able to give a satisfactory account of the factors increasing output per worker it is worth recording i) that the ... larger earthmoving equipment must be responsible for the general upward ... Before the 1950-54 spurt the Jagersfontein and Premier mines were ... 1949 and 1950, and ... 1966-68 ... the development of the Finsch mine in 1966 (which now has a capacity of 2 million carats a year).



The Pinelands Garden City, Pinelands Press

19

13

TOURISM

AM 2/3/79 30

Viva Pick n Pay!

Argentine tourist Clara de Tolchinsky stuffs R5 into a taxi driver's palm and yells: "El Pick n Pay hipermercado." She is joined outside her five-star hotel by other wide-eyed Buenos Aires bargain-hunters determined to plunder darkest Africa's electrical and clothing resources.

More than 1 000 Argentinians land at Cape Town each week since a quirk in their volatile exchange rate now makes a buying spree in SA more attractive than their own expensive Atlantic holiday resorts.

"Rather than fork out two dollars for every Coke in Mar del Plata I decided to pay the difference and come to SA," says Dr Osvaldo Falcon.

He and his compatriots on the 22-day air tour for $1 750 intend spending about as much again on local booty they will ship home at comparatively giveaway prices.

"Clothes are a quarter the price that we pay and overall the quality is better," says Dona Clara from behind a pile of plastic bags.

While the women head for fashion racks the men concentrate on cameras (at only R400!) and radios running at about 66% cheaper than in Argentina.

"I thought Cape Town was two hotels and a beach hut. What a shock. The whole country is cheap, cheap, cheap," says chainstore owner Mauricio Tolchinsky.

Cheap, indeed, when a man in his position back home pays R16 000 for a family car and rents a holiday house at R1 600-plus a month.

Argentina's inflation rate last year was 179%, down 9% from 1977, and is still running high. The government has scrapped all currency restrictions, mainly to get the country going again whatever the cost, but has also unleashed hordes of free-spending citizens as far as California and the Far East. Europe is old hat, though ancient family ties tug many back there, while Africa (it is all just Africa to them) is still *misterioso* and *exotico*.

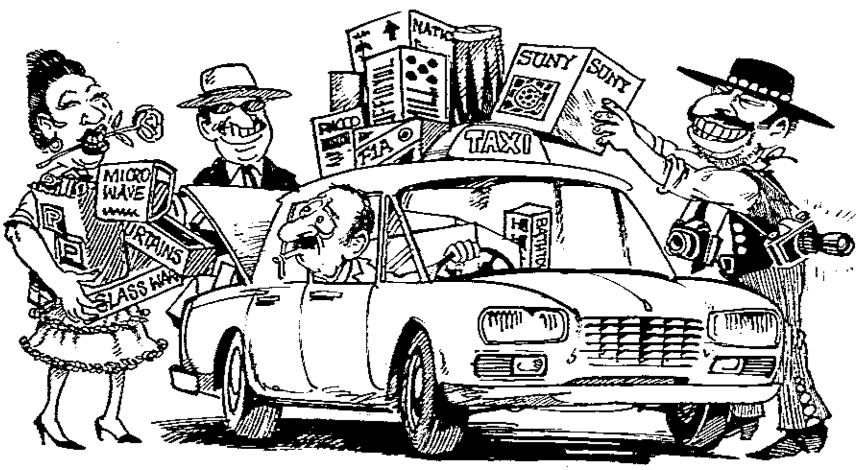
Exceptionally *misterioso* for 20-year-old medical student Marcelo Falcon who will take back memories of "boring Sundays and silent nights. Everybody just disappears." "Something to do with their religion," Dr Falcon tells his son. Neither could, however, work out why SA hotels admit any drunk but nobody in jeans.

High school teacher Henriette Vergaz went for the more *exotico* and discovered "an amiable country where the negroes are more friendly than the Hindus (Indians)."

She also sounded a word of warning for hoteliers hoping for continued Argentina trade. "We stay only at five-star hotels and, quite truly, they are not ready for us."

Tourist guides give pre-tour pep talks on apartheid but, after decades of military government and recurring martial law, the Argentinians are little interested in other people's politics while the shops are still open.

"It's crazy to send a black man and a white man through two different doors," says a bewildered Dr Falcon. Almost as crazy as a bullfight and no dead bulls. They all nod agreeingly and leave, still rustling large gift-wrapped plunder, to see *Ipi Tombi* from the best seats.



CARE

00 p.m.

Group No.			Paper No.	Chairman/Rapporteur
1				
2			48 39	
3				
4				
5				
6	F15	Ms. G. Westcott Mr. R. Scott	3 58	Ms. L. Clarke
7	F19	Dr. H. Oosthuizen Mr. H. Matthysen Dr. I. Kitai	33	Mr. H. Phillips Ms. D. Cooper
8	F20	Mr. P. Scheiner Mr. D. Rees	2 27	Ms. G. Westcott Mr. S. Piper
9	S20	Prof. H. Watts Prof. M. Whisson Prof. T. Holdstock	7 14 15	

More courses for Ciskei businessmen

2/3/79

30

EAST LONDON — The Ciskei Institute of Management is to expand its services in the homeland.

Following the introduction of four courses last year, this year it is planned to hold one course at least every month from this month until November.

Courses will be held at various venues, including King William's Town, Queenstown and Peddie and at other centres if there is a demand.

Courses are held over four nights and the first course of the year will be held at the Institute's offices in King William's Town from March 19 to 22.

Aimed at the managers of small businesses, it will cover what makes businesses succeed; how to be a better manager; how to control cash; and how to increase sales.

The lectures will be given by Mr Wessel van Leeuwen of the Graduate School of Business at the University of Stellenbosch.

Last year 58 students attended and completed courses in King William's Town and Mdantsane.

Mr J. Shaw, deputy director of the Institute, said this year courses will be presented at three levels — an introduction to small business management; small business management; and advanced small business management.

Because the courses led from one to the next students were required to start their studies at the introductory level.

Mr Shaw added: "Many students have said they find it difficult to apply the general principles learnt in the classroom to the particular circumstances at their own businesses.

"For that reason the Institute is to make available to students the benefits of a follow-up service whereby a member of the staff will call on the student at his business to assist him implement what he has learnt on the course.

"This facility will be available at no additional cost and will thus increase the benefits of attending courses".

The Institute now has an office in King William's Town at Room 232, Old Mutual Building; telephone 24053. — DDR

APPENDIX I

Statistical Practices and Explanations

Averages and Standard Deviations

"Average" is used to indicate the arithmetic mean. The standard deviation of the mean, when provided, is given in rounded brackets after each average: thus 41 (± 13) years mean the arithmetic mean is 41 and the standard deviation is 13 years. The standard deviation indicates the dispersion of values about the mean: 68% of the sample values lie within one standard deviation on either side of the mean when the distribution is normal. When the distribution is not normal at least 75% of the sample values lie within 2 standard deviations on either side of the mean.
(Reference, Roscoe, J.T., Fundamental Research Statistics (Holt, Rinehart & Winston, N.Y., 1969), p.51).

Contingency Tables

A Chi square (X^2) test was used ... the influence of the variables on ... confidence level of 0,01 impli... influence is significant. The ...
(1,0 - 0,01) x 1 ...
Thus a confidence level of 0,0 ... is significant.

Backward Stepwise Regression

Backward stepwise regression i... to end up with a final equatic... works as follows: significan... and the exclusion of variables... variables included in the mult... regression is performed each t... least significant. A variabl... but is found to have become si... other variables can be include... The procedure is terminated wh... multiple regression are signif... above the significance level o...

FM 2/3/79

(32)

HOMES ON WHEELS

Up from behind

GST spells good news for the R25m a year caravan business where the 4% duty is peanuts compared with the previous 33% sales duty burden.

For CI South Africa, local subsidiary of UK based Caravans International Limited, 1978 sales leaped 65% to a record R15,9m compared with 1977, and accounted for almost 50% of the group's worldwide profits.

Mike Collins, chief executive at CI Caravans (the caravan branch) estimates the present annual market to be in the region of 5 500 caravans. Apart from sales duty relief, he reckons the upturn was due to the advances CI made in lightmass manufacturing technology to follow the trend towards smaller cars.

"Caravaners are going for more space and less weight. We've reduced mass on this year's models by 15%-20%," says Collins. How will the petrol price shock affect sales? "It won't. Certainly it'll cost more to get to the campsite, but the saving on hotel bills will still be there."

Mobile homes

While CI won't give a breakdown on its sales figures, biggest earner in the group was probably the mobile home maker, CI Parkhomes, which, it is understood, landed some hefty contracts to supply housing at the Sasol II site. Says Parkhomes MD Martin Done: "We've supplied a lot of industrial units to mining giants and construction companies. Homesteaders only account for 5% of sales of mobile homes."

That mobile homes are booming at present is borne out by second-hand dealer Rudi Wiggett at Transvaal Caravans. "I can't get enough used homes to meet demand," he says. "One recent order of 150 for Sasol II was worth about R1,5m and there's plenty more in the offing."

Wiggett's used homes average R11 000 each including transport and siting, while CI Parkhomes, operating at full capacity of six units (floors) a day with order books filled until August, sells new units from R5 000 (four rooms, 20,5 m²) to R20 000 (three bedrooms, 100 m²).

Jurgens has noticed a slight upturn in sales. "We're doing as well as always and have been producing at full capacity for some time," says marketing manager Louis Steyn. Jurgens is putting a lot into aerodynamics research in its bid to keep pace with fuel saving needs. "We've always been light, and last year managed to reduce wind-resistance on some models by 18%." Steyn puts the value of the market for 5 000 units at about R23m. Local content at 90% by value is high.

CONFERENCE ON THE ECONOMICS OF HEALTH CARE IN SOUTHERN AFRICA

EDUCATION BLOCK U.C.T. SEPTEMBER 25 to 29

	MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY
8.30 – 10.30		PLENARY SESSION (3 papers)	PLENARY SESSION (small groups report back)	PLENARY SESSION (3 papers)	PLENARY SESSION (small groups report back)
10.30 – 11.00		TEA	TEA	TEA	TEA
11.00					
1.00					
2.00					
3.30					
4.00			LUNCHEON (RHODES FRUIT FARMS) for WINE PRESENTATION and BRAAI		List key issues
6.30 – 8.00	DRINKS AND BUFFET SUPPER	DRINKS AND DINNER			
8.00 – 10.00	OPENING PLENARY SESSION INTRODUCTION AND FILM	OPEN PLENARY SESSION Beattie Theatre (outside visitors)		FREE EVENING	

EDGARS

Beehive hums

(30) FM 2/3/79

The market has been bullish on Edgars for some time, but only the most optimistic analyst would have forecast last week's interim.

On only a small amount of additional selling space in a less than effervescent retail clothing market, the group pushed up sales 20% to R116,8m and pre-tax profits 44% to R12,7m in the six months to January 6. Pre-tax margins have improved from 9% to 10,8%. The tax rate rose from 39,7% to a fairly full 41,3%, while minorities also increased, but attributable profits were nevertheless 40% ahead at R7,2m. First-half earnings were 372c (264c) and the interim dividend 110c (95c).

The fact that the profit growth rate outstripped that of sales indicates that much of the improvement came from within. Chairman Sydney Press attributes it to "management cohesiveness" in Edgardale and a "splendid performance in the field." The trend towards credit buying, general cost saving and above all, the group's high gearing, must also have paid dividends. With interest, leasing and rentals comprising such a high overhead, profits were bound to outstrip sales.

Press is adamant that changes in stock valuation and write-down policy played no part in the better results. "We are applying the same disciplined aging policy now as last year and stocks are balanced and current," he says.

Sales growth was well ahead of national trends even though the only physical expansion was to certain country stores, so market penetration has improved. Press reports that all the flagships were ahead of budget and that even Sales House, which has been sluggish recently, improved substantially.

The upturn at Edgars started in the 1978 second half, so year-end profits will probably not be as far ahead in percentage terms. Nevertheless, the interim does forecast that "the high level of performance will be maintained during the second half." This suggests that, barring setbacks, another R11m pre-tax is not inconceivable and earnings of 650c, are within reach. Group policy is to increase dividend cover and the interim was raised only 16% against the 41% earnings rise, for cover of 3,4.

Provided there are no setbacks, I would expect the final to be raised in line with the interim to give a total of about 275c. This would put the share, at the current 4 400c, on a prospective yield of 6,2%, in line with the industrial average. On the record, it is still good value.

David Carte

TRUWORTHS

30 1/3/79

Corsetted margins

Truworths' interim results reflect the caution expressed in the annual report. On a 12% turnover improvement, pre-tax profits edged 1,9% ahead of the corresponding period last year to give earnings of 320,8c (305,9c).

Chairman Len Shawzin is reluctant to forecast profits for the second half, other than to say they should be satisfactory. He tells the *FM* that consumer spending is still "unpredictable" and the group would like to see more government stimulation. Markets remain highly competitive, and though Truworths sold more in volume terms, it was at the expense of profit margins. "Excess stocks were, however, sold, which allows the group to move into the second half able to restock in line with market fashions," he says.

Truworths' UK retail venture, Hamells, says Shawzin, is doing better this year. The rand weakness helped make Truworths' exports more competitive.

Trading floor areas have been increasing steadily, and four new stores are to be opened this year.

First half earnings, boosted by Christmas, are normally better than those of the second. Despite Shawzin's caution, it is a reasonably safe bet that earnings should at least match those of 1978's second half. On projected earnings of about 460c, a total payment of about 220c (200c) looks likely. At 2 900c for a prospective 7,6% yield the share is cheap relative to the rest of the stores sector.

For pyramid Bonmore, the 50% holding in Truworths should produce earnings for the year of 39c (36,1c) with a 19c total dividend possible. At 270c to yield a prospective 7% Bonmore is a bit more expensive than its subsidiary.

Des Kilalea

nical Education. The courses in Chemical Plant Operation and Chemical Technology (Plastics) are similar to the course for Chemical Technicians (or Analytical Chemistry or Chemical Technology), but the course in Paint Science requires a number of rather more specialised subjects.

Incidentally, the confusion in terminology mentioned above which our questionnaire reflected illustrates how little employers know about technicians' courses - not one of the 104 people who completed our questionnaire queried our separating 'Analytical Chemistry' from 'Chemical Technicians'.

The Department of Civil Engineering and Building could offer a course in Civil Engineering as its first choice. The courses in Construction Supervision, Building Surveying and Structural Draughtsmanship cover much of the same ground. The courses in Engineering Surveying and Civil Engineering Draughtsmanship are also similar, and the relative demand for the holders of certificates in Building Foremanship and Measurement Surveying is clear from their ranking on the table.

Of course, the number of courses offered and Departments (or Schools) established would depend on the estimated number of sufficiently qualified trainee technicians who would apply for the various courses, and not only on employers' de...

The demand for ...
stated. Accor...
expenditure for ...
R20-billion in ...
spent by the ch...

Likewise, the d...
ing (Light Curr...
may have been u...
relatively rapi...
in the rapidly ... industry.

Demand in the c... been understated considering that employers' ... duly influenced by the present slump, which has ... y hard.

guidelines

HYPERS

Petrol and planning

The OK is going ahead with two new hypermarkets in the Transvaal — one in Pretoria and one on the west Rand (*Property* January 19). Meanwhile, Pick n Pay is holding thumbs over a few zonings in the Transvaal.

Hyper zonings in the Transvaal have been effectively frozen for some time now. Last year Transvaal director of local government Eric Uys went overseas with his chief planner to take a look at hypers before any more new zonings were granted (*Property* August 8). They visited Germany, France, Switzerland, and the UK.

Uys's report to the Administrator was completed recently and Pick n Pay was confidently expecting a decision on its sites within weeks. Now that may not happen. The anti-hypermarket lobby has up to now consisted of environmentalists, retail operators in downtown high streets close by — and the institutions who lease properties to them.

Now, minister of economic affairs Chris Heunis has also joined the fray with his announcement that he too intends to look at hypers and their effect on petrol usage.

Heunis . . . taking yet another look

LIGHT COMMERCIALS

20

FM 2/3/79

Loading prices

The light commercial vehicle (LCV) market, worth R415m last year, could fall by 30% or more with the introduction of Phase V of the local content programme next January 1. That's what the motor industry estimates.

The main reason is likely to be the loss of the car substitute market. Of 54 000 bakkies sold last year, worth R212m, 29% were bought by private motorists, most of whom buy them instead of small cars because they are cheaper.

But next year, when LCV prices could go up anything between 8% and 20% as a result of increased local content requirements, this will no longer be true.

The other markets for pickups (see chart) may also decline slightly as marginal buyers go back where they belong — in the car or truck markets.

Final details of the local content requirements under Phase V have still to be gazetted, and a General Motors request has been channelled through Naamsa (the National Association of Automobile Manufacturers) to Economics Minister Chris Heunis to delay full implementation on LCVs for a year.

General Motors MD Lou Wilking says Heunis promised to consider the request, but the most he hopes for is some initial flexibility in the programme.

The industry, however, is proceeding on the safe assumption that the main recommendations in the Board of Trade and Industries report last year will be implemented. These are that LCVs with a gross vehicle mass of up to 2 450 kg and a wheelbase up to 2 950 mm will have to meet the 66% local content (by mass) requirement from January 1.

Those which fail to reach 66% pay a penalty (an additional 1% of excise duty for every percentage point of local content below 66%), while rebates of duty are to be given for achieving more than 66%. From 1982, the penalty rises to 1.5% per percentage point.

Since the report was published, some modifications have been made, the principle one being that minibuses and related panel vans will have a requirement of only 50% next year, and 66% by 1981.

Manufacturers are free to choose not to reach 66% and to pay the penalty, but the costs would be daunting enough to discourage them from going in much below 66%. Roughly, every 1% below will add R30 to the cost of a vehicle. Pretty well all models will be on target by early next year.

"We have committed ourselves to our investment, and our vehicles will meet the requirement early next year," says Datsun Nissan MD Peter Whitfield. "We would be extremely upset by any delay in the programme, which would prejudice us."

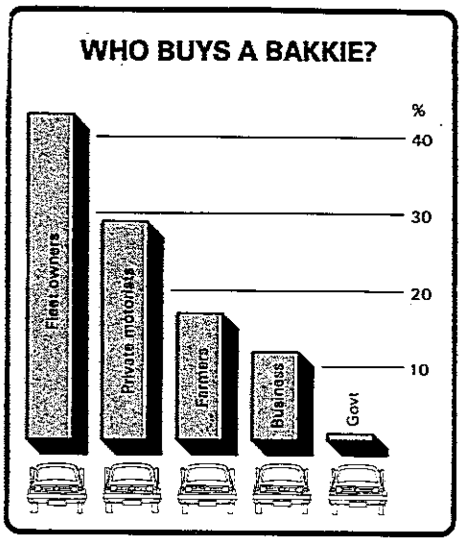
"We'll be there," says Sigma Motor Corporation chairman Chris Griffith. "We'll comfortably reach it," says Ford's financial controller, Gary Dettman. "I don't require any changes," says Toyota MD Colin Adcock.

There will be a cost premium, but it would be offset if currencies such as the yen and the deutschemark continue to strengthen against the rand.

Wilking, for example, says the cost of importing Isuzu components has doubled since 1975. If only half of those components had been made locally, the cost increase would have been nearer 60%.

The full cost of tooling up for local content on a LCV would be about the same as for a small car — around R7m. Some pickups are car-derived, which means much of the tooling is already installed. But most 1-tonners require the full tooling.

So Adcock predicts prices will rise at least 8% as a direct result of local content, and "it could be as high as 20%." And with this, sales of pickups in SA (representing 64% of light commercials, and 38% of all commercials) are likely to come down to levels more in line with market trends elsewhere in the world.



Minister is to oppose new hypermarket

CAPE TIMES 2/3/79

(30)

Municipal Reporter

THE Minister of Agriculture, Mr Hendrik Schoeman, has come out against the development of a hypermarket at the entrance to the historic Constantia Valley and has promised to take up the matter with the Administrator.

An application to build the hypermarket for Pick 'n Pay has been made to the Divisional Council of the Cape by Murray and Stewart Properties, and the Divisional Council, in the face of criticism from Constantia residents, is taking legal opinion on the issue.

It is expected that the development proposals will go to the Administrator, Dr L A P A Munnik, for a final decision.

Mr Schoeman, who is the minister responsible for the nearby Groot Constantia estate, told the Cape Times that he would intervene personally and approach Dr Munnik on the matter.

Mr Schoeman said he would ask Dr Munnik to take the nature of Groot Constantia into consideration before coming to a decision.

The Government is anxious to expand and improve the wine estate and to turn it into an even bigger cultural and tourist attraction than it is.

Mr Derick de Villiers, MP for Constantia, said: "It is inconceivable that a hypermarket, with all that it involves, will be forced through in the teeth of resolute opposition by the ratepayers.

"National as well as local interests are involved. The site is at the threshold of the Groot Constantia estate and other traditional homesteads and vineyards which are the cultural heritage of all South Africans."

'In conflict'

Mr De Villiers, who is the chief Opposition spokesman on energy and fuel conservation, pointed out that a hypermarket in that thinly-populated area would have to draw custom from a far wider radius.

"This means that it must be heavily served by motor transport, a concept which is in conflict with the era of acute petrol shortage which now lies ahead."

He said it should not be impossible to negotiate another solution which could include an improved neighbourhood shopping area and civic amenities.

The developers have emphasized that they are prepared to spend a great deal of extra money to ensure that the building and its surroundings are aesthetically acceptable in the area. They have also stated that they are confident the development will not cause environmental problems.

Frage: Was wurde im Bauhaus entwickelt ?
Antwort:

8) Im Sommer haben die Deutschen Freilich... bekanntesten Freilichtspiele sind die ...berammergau.

Frage: Was sind die bekanntesten Freilicht...
Antwort:

Abschnitt ... – Vereine in Deutschland

Setzen Sie sein oder werden ein:

Beispiel: Nach vielen Jahren Arbeit – Herr ...
Lösung: Nach vielen Jahren Arbeit wurde de...

1. Vereine – in allen Bereichen zu finden.
Lösung:

2) Verdiente Mitglieder – zu Ehrenmitgliedern ernannt.
Lösung:

3) Vereine – im Vereinsregister eingetragen.
Lösung:

4) Manche Vereine – heute Interessengruppen.
Lösung:

Chain stores' 'buying abuse' to be probed

Star 6/3/77

30

By Michael Chester, Financial Editor

The Board of Trade and Industries is poised to launch a formal investigation into the alleged abuse by major chain stores of their buying and bargaining powers over suppliers.

Mr Chris Heunis, Minister of Economic Affairs, who has made plain his personal concern about supermarket bullying of suppliers into price concessions and special deals in bulk orders, is expected to announce the terms of reference of the inquiry soon.

The storm clouds are already gathering over the feud. The wide divisions inside business over the controversy have been underlined in a newsletter released by Johannesburg Chamber of Commerce and circulated among all member companies.

For the moment, the chamber has reached no decision on the stance it will take. Its dilemma is made understandable by the evidence of sharp conflict between council members at a recent meeting to discuss the issue.

The newsletter spells out the chasm in council opinion. Arguments laid out from one side trying to block the Board of Trade probe:

- There is no case for an investigation. It is going to mean a waste of time and a lot of unpleasant in-fighting. An inquiry should rather be made into the monopolies in the supply pipe-lines.
- To negotiate with manufacturers to win so-called "confidential discounts" does not mean a squeeze on prices to below cost or the exercise of awesome powers. It means hard bargaining — tough but clean.
- Government intervention will protect the inefficient.
- The more discount the chain stores can get from the manufacturers, the more they can pass on to the consumer.

However, an equal number of arguments have been put forward in favour of an investigation. Among them:

- If the chain stores club together and fix prices by collusive agreements, prices will go up and small traders will be squeezed.
- The chain stores are forcing the profit margins of the manufacturers too low.
- Small manufacturers find they are unable to match the discounts given by large manufacturers — and so the edge of competition is blunted.
- Orderliness in trade cannot be brought about voluntarily and must be achieved by legislation. The result should be a reduction in cost structures.
- Fair trading rules are essential. The Stock Exchange rules stand as an example.
- Legislation already enforced in the United States and Australia does not inhibit free trade but rather inhibits power business.

The investigation is clearly going to stir a hornet's nest.

C Times 6/3/79 55 30

Fuel: Munnik's views on smaller cars

By PADDY ATTWELL

THE Provincial Administration was investigating the whole question of fuel conservation by its departments, the Administrator, Dr L A P A Munnik, said yesterday.

Among the problems being looked into was the question of the official Mercedes Benz 350s being used by MECs and himself, Dr Munnik said.

Dr Munnik was asked to comment on fuel conservation measures by the administration following reports that cabinet ministers were to switch to smaller cars for official business.

The emphasis was on fuel conservation, but the administration had to consider the capital outlay if smaller cars had to be bought, he said.

Only three official cars for the Administrator and MECs had been bought in the past 13 years, the first two of which had lasted about seven years. Cars currently in use were expected to last about the same length of time.

MECs and the Administrator had to drive long distances into the province and it would not be possible for him to drive these distances in a small car. He would also not be able to drive these distances himself.

The administration had employed five drivers for the Administrator and MECs, he said. The drivers would "look ridiculous" driving a small car. If smaller cars were bought, five people would be "out of a job".

However, experts were working on the question, and they might find that smaller cars were necessary for MECs and himself. At present, two Mercedes Benz 350s had been allocated to him, one of which was already seven years old. His wife also used one of the cars because she had to attend many official functions.

The administration's four MECs were allocated one car each. The cars consumed about 11,8 l/100km (24 mpg).

Dr Munnik said that the administration was to cut down on travelling on official business.

A spokesman for the Roads Department said fuel conservation measures were still being considered, but added that local authorities had already been encouraged to cut out four-way stops and stop streets to avoid delaying traffic flow unnecessarily. They were being urged to introduce traffic signals in their place.

Meanwhile, the Cape Town City Council has set up study teams in each department to investigate possible fuel saving measures, according to the Town Clerk, Mr H G Heugh.

The council would consider smaller cars for the mayor, but it also had to consider the cost of replacement. The mayor had two Chryslers, with petrol consumptions of about 17,7 to 15,7 l/100km (16 to 18 mpg), for use on official business, and a Cadillac for use on State occasions.

The Cadillac was taken for a run about every two weeks to keep it in trim, but generally it was kept "in mothballs", Mr Heugh said.

A general instruction, which applied to the mayor's office as well, had gone out to all departments to rationalize travelling, he said.

CONSUMER MAIL

Inquiry into bargaining power of retail chains

RDM 8/3/79

VITA PALESTRANT

THE BARGAINING and purchasing power of retail chain stores, which is to be the subject of an investigation by the Board of Trade and Industries, is likely to have wide implications in the business sector.

The Minister of Economic Affairs, Mr Chris Heunis, who is expected to announce the terms of reference of the inquiry soon, has in the past expressed his concern over the power supermarket chains yield over their suppliers.

It seems that their alleged abuse is to do with their ability to "squeeze" special deals and concessions out of their suppliers.

And small retailers who do not have the same muscle as the large chains are finding it hard to compete. It is said that suppliers, who cannot afford to turn down the demands of the large retail chains, are compensating their losses by loading their prices to smaller retail outlets.

There have been sharp differences of opinion within the business community.

This emerged in a debate at the Johannesburg Chamber of Commerce last month.

One school of thought maintained that the free enterprise system should be free of Government interference while another held that there should be some form of Government control to ensure fair trading.

The differences were outlined in this week's JCC newsletter. Here are some of the points that were made at the debate. Those against the Board of Trade investigation made the following points:

- Obtaining so-called "confidential discounts" from manufacturers does not mean to squeeze them below cost. It does not mean exercising awesome powers, it does not mean to be dishonest. It means hard, tough negotiation and bargaining. It's tough but it's clean.
- An investigation should rather be carried out into the monopolies in the supply trade.
- The competitive nature of chain stores was the best guarantee of the free enterprise system. The more the chains can negotiate from the manufacturers, the more they can pass on to the consumer.
- There is no case for an inquiry, provided a self-regulatory system is abided by in the distributive trade. At the same time we must have the interest of the consumer at heart.
- Government intervention will protect the inefficient.

Arguments in favour of the investigation were:

- We are faced with the situation where the chains are forcing manufacturers' margins down.
- Small manufacturers have found that they are unable to compete with the discounts given by large manufacturers. This reduces competition.
- Orderliness in the trade cannot be brought about voluntarily. It must be done by legislation.
- There must be fair trading rules. The stock exchange is an example of this but it does not necessarily mean Government intervention.
- There is free trade in the USA and Australia but they have their fair trade legisla tion. Such legislation does not inhibit free trade, it inhibits power business.

GREATERMANS

Taxman helps

FM 7/5/79

Greatermans enjoyed a 12% fall in its tax rate to 35% in the six months to December, and this helped to turn a 25% slump in pre-tax profits at R3,1m into a gentle 8% decline in profits attributable to shareholders at R1,6m. Trading profits from continuing operations fell by 37% to R1,3m. On an additional 90 500 issue of shares, bringing the total to 5,5m, earnings fell from 19,9c to 15,5c, but the interim dividend was held at 5c.

Capex commitments, slightly higher than last year, total R3,6m. It is anticipated that this expenditure will be met out of cash flow. The new chairman, Isaac Kaye, is emphatic that no more hiving-off of group companies will take place in the near future.

Retail trading proved disappointing during the first six months, although Christmas saw sales return to a more normal level. Action to strengthen management in the weaker divisions is being taken, and a streamlining and reinforcement of operations in all divisions will continue during the second half.

The significant reduction in taxation was due to increased wear-and-tear rates claimed by some group companies, to match the actual wastage of assets, and by certain subsidiaries enjoying tax concessions from past losses, while having now returned to profitability. The tax burden has been unduly severe in the past few years because the disallowance of tax concessions on Rave's losses.

As yet, no real indication of an improvement in Greatermans' fortunes are apparent since Fedchem acquired control and the Herbers faded from the scene. For two years running, shareholders have enjoyed higher distributions than earnings, and a repeat performance this year is too much to expect. On the current yield of 5,6%, the share is not attractive. Although the charts say it is still well entrenched in a long-term bull trend, the force behind the recent gain to 395c has now eased off, and the share is currently drifting.

Jean Moon

MOTOR DEALERS -(30)

Divergent tracks FM 11/5/79

Although the two motor dealers reporting this week, Eriksen and Alderson & Flitton, show divergent results, although the latter's disappointing performance looks exceptional. On balance, the profit improvements seen in the trade since the pre-gst sales spurt seems to be continuing.

As forecast in December, **Eriksen's** trading continued at more profitable levels. A 7,5c final was paid for the 17 months to December 31, to give a 15c total, compared with 5c for the previous year.

At end-July, Eriksen reported pre-tax profits of R1,3m and a profit margin of 2,3%. Five months later, at end-December, pre-tax profits were R2.1m and the margin 2,5%, despite disruption of supplies late in the year because of UK strikes. Strike problems continued into the first two months of this year, but normal supplies are now available and the directors expect maintained trading levels in the current financial year to December.

At 160c, the share yields a historic 6,6% on the annualised dividend.

Alderson & Flitton reported lower profits in the six months to December 31 because of "unsatisfactory trading margins" on an "improvement in vehicle sales volumes (which) fell short of expectations," says finance director Peter Cooper. This, and the need for further top management changes, mean that the hoped for improvement in profitability might only appear in the fourth quarter.

Pre-tax profits slipped 23,8% to R80 000 (R105 000), and, with tax absorbing 81,3% (71,4%) net profits were halved at R15 000 for earnings of 0,3c (0,6c). Earnings last year totalled 3,9c but no dividend was paid. *Des Kilalea*

Star BUSINESS

CBD and suburbs vie for shoppers

STAR 9/3/79 (30)

By Frank Jeans

With the opening of the vast Eastgate shopping complex at Settler's Park this month, new battle lines will be drawn in the current fight for the consumer between Johannesburg's city centre and the suburbs.

When the Grand National centre opened in November last year, the CBD got a boost in confidence, but with the opening of the Eastgate giant there is bound to be a new flashpoint in the big trading war.

Property group, Dunlop Heywood in its latest shopping review says: "The two shopping centres pinpoint the struggle between the CBD and the suburban centres. But the launching of these two complexes is the end of the current phase of development on the Reef.

"This will allow new retail trends to develop and for natural population expansion to catch up."

Since 1970, no fewer than 475 000 sq m of new shopping space has opened in the city's outskirts — representing 58 percent of the total retail space in the central area of the city.

Dunlop Heywood notes that downtown shop vacancies, including Hillbrow and Braamfontein as well as in Grand National is 27 900 sq m, an increase of 15,8 percent.

Significantly, the CBD vacancy has increased by only 6 percent, which indicates a net take-up of space in the hardcore city centre.

Hillbrow continues to be a weak area, with empty space rising by 69 percent since October to more than 2 000 sq m.

Braamfontein's vacancy rate is down by 9.4 percent.

The coming of Eastgate also appears to have had an effect on shop lets in other suburbs, with vacancies rising by 59 percent, and there are, according to Dunlop Heywood, signs of weakness appearing in Rosebank because of competition from other areas.

The retail mix in the CBD, says the company is changing, with current trends aimed at restaurants, bakeries and bottle stores.

Rentals too, in the CBD are improving.

Safto seminar to discuss export skills

Safto is to hold a seminar on the recommendations of the De Kock commission and how they will affect South African exporters in practice.

The seminar to be held at a Rosebank Hotel on March 20 will discuss two elements to exporting which will demand new skills from the exporter.

Speakers will include Dr Martin van den Berg, managing director Interbank Discount House, Mr A Connor from the economics department of Barclays International Division and Mr G Christy also from the International division of Barclays Bank.

Car sales increase

PORT ELIZABETH — New car sales in February this year, at 16 284, increased by 1 061 compared to February 1978, according to figures released here yesterday by Naamsa.

In the first two months of this year sales of new cars totalled 32 696, compared to 29 853 for January/February last year.

Commercial vehicle sales, however, dropped in February to 7 612 (8 207 February last year) and the figures for the first two months show a marginal increase — from 14 967 to 14 973.

Sigma recorded the highest sales figures for the month (3 727) and they were followed by Volkswagen (3 414), Ford (2 365), Datsun (1 691), GM (1 601) and Toyota (1 222).

The three leading individual sales were notched up by Volkswagen's Golf (2 021), Sigma's Mazda 323 (1 944) and Ford's Cortina (1 112).

In the commercial vehicle field, Datsun led with sales of 1 637, followed by Toyota (1 517), Sigma (1 185), Ford (1 163) and GM (1 121).

Sigma leads in new car sales for February

30

13/3/79
C.T

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In the commercial vehicle field, Datsun led with sales of 1 637, followed by Toyota (1 517), Sigma (1 185), Ford (1 163) and GM (1 121).

Sigma, with 4 912, also topped the combined car and commercial vehicle sales figures. They were followed by Volkswagen (3 769), Ford (3 528) and Datsun (3 328).

Passenger vehicle sales in February this year were seven percent higher than in February last year, Mr Wilfred Joss, national chairman of Nada, said in a statement here. He was commenting on figures released by Naamsa.

He said that an analysis show that there was a swing towards the smaller car with better fuel consumption and he added that the market could fall short of industry predictions of a R215 000 market.

February car sales higher

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DD

13/3/79

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CAR SALES

FM 16/3/79

30

Buoyant February

There's still life in consumer spending, to judge from February's car sales figures from the National Association of Automobile Manufacturers, Naamsa.

Passenger car sales, at 16 284, were 7% better than in February last year and almost equal to the figure for January, a month artificially inflated by seasonal buying patterns.

There was a marked strengthening of the swing (evident for some years now) to smaller cars. The combined total for seven leading small cars, for example, accounted for 38% of February sales, compared with 36% in January.

But the area that suffered was the middle range of cars, for both Mercedes-Benz and BMW increased their market share.

Commercial vehicle sales, however, dropped more than 7% compared with February last year, and for the two months of the year so far were only fractionally better than 1978.

FEBRUARY CAR SALES

	1979 Feb	% of market	1979 Jan	% of market	1978 Feb	% of market
Sigma	3 727	22,88	3 831	23,34	3 515	23,09
VW	3 414	20,98	3 212	19,57	2 699	17,73
Ford	2 365	14,52	2 332	14,22	2 875	18,89
Datsun	1 691	10,38	1 806	11,00	1 525	10,02
GM	1 601	9,83	1 625	9,90	1 014	6,66
Toyota/Renault	1 222	7,50	1 325	8,07	1 332	8,75
UCDD (Mercedes-Benz)	700	4,30	648	3,95	707	4,64
BMW	686	4,21	651	3,97	511	3,36
Fiat	540	3,32	693	4,22	682	4,48
Alfa Romeo	330	2,03	283	1,72	355	2,33
Other	8	0,05	6	0,04	8	0,05
February total	16 284	(6,97% up on 15 223 last year)				
January	16 412	(February 0,78% down)				

LEADING COMMERCIALS

	1979 Feb	% of Market	1979 Jan	% of Market	1978 Feb	% of Market
Datsun	1 637	21,52	1 636	22,24	1 554	18,93
Toyota	1 517	19,93	1 786	24,26	1 792	21,83
Sigma	1 185	15,57	1 117	15,17	1 656	20,18
Ford	1 163	15,28	776	10,54	1 180	14,38
GM	1 121	14,73	1 066	14,48	1 116	13,60
VW	355	4,66	337	4,58	570	6,95
UCDD (Mercedes-Benz)	303	3,98	306	4,16	167	2,03
Fiat	155	2,03	171	2,32	32	0,39
Man	51	0,66	51	0,69	46	0,56
Int Harv	42	0,55	61	0,83	53	0,65
Others	83	1,09	54	0,73	41	0,50
February Total	7 612	(7,25% down on 8 207 last year)				
January	7 361	(February 3,41% up)				

Positions in the car sales table were unchanged from January, but in commercials Datsun pushed ahead of Toyota, while Ford edged back ahead of General Motors for fourth place. Sigma held on to third spot.

MOTOR INDUSTRY

75% South African

Some Datsun cars (the Y series) will be approaching 75% local content next year as a direct result of the local requirements for light commercial vehicles. Only 66% is required under Phase V rules.

The reason, explains MD Peter Whitfield, is that up to now Datsun has taken the body panel route to 66% for the Y series. With the introduction of local content for LCVs, it is investing R14m on, among other things, manufacture of two new engines — the 1200cc and 1400cc Y Series motors.

These will go into both cars and the smaller LCVs, while the L Series engines will be used for bigger cars and LCVs. This is a neat bit of rationalisation which gives each engine type a production run longer than that of all but one vehicle on the SA market last year.

"We expect to make 40 000 engines — 20 000 of each type — next year," says Whitfield. "There is still a cost premium of 15% on our new motor (adding 4%-5% to the LCV cost) but less on the L Series motor."

The rest of the local content does carry a premium Whitfield says, because high transport costs make it economic to produce bulky pressed parts in SA.

This sort of rationalisation is only possible in a single-source company such as Datsun because the motors are compatible with vehicles right across the product range.

By going to 75%, the cars become eligible for rebates of excise duty which under the new local content rules will give them a price advantage of 1%-2% after discounting the cost premium.

Whitfield estimates that the industry will be investing close to R50m in tooling up for local content on LCVs. But in lifting the local content from R300-R400 per vehicle at present to R1 000-R1 200, the programme will create nearly an extra R50m a year in local components business.

The prospect of higher prices for LCVs (Whitfield reckons the smaller vehicles will go up by about 5%, and bigger ones up to 10% next year) is likely to boost sales towards the end of this year. The reviving construction industry should also provide a stimulus but, says Whitfield, "much depends on the Budget."

Commercials have become an increasingly strong side of Datsun's business in recent years. They account for about half of Datsun's R200m a year turnover. Datsun's penetration of the commercial market rose from 10,43% in 1974 to 20,89% in 1977, but fell back to 18,77% last year. Penetration of the car market reached a peak of 13,06% in 1976, and since then has been declining. Last year it was 10,10%.

Whitfield attributes the slide to competitive activity — new models launched by rival motormakers — but says car sales have been climbing since September.

"We expect to improve this year by about one percentage point," he says. Two new car models and three LCV variants have been put on the market.

Despite the loss of market share, Whitfield says Datsun has made profits consistently for the last nine years, with an average return on capital employed of 9-10% before finance charges. But, he argues, a reasonable return would be closer to 20%, particularly in view of the effective devaluation of the rand against the yen.

At current local content levels, about 50% by value of a car is imported, but in the last 3,5 years the value of the yen has appreciated against the rand by nearly 90%. All manufacturers importing from Japan and Germany have faced this problem, but there is one big advantage: the cost premium on local content is substantially reduced.

W&A/BRADLOWS

Into the white market

In its second "strategic" acquisition this week, W&A has bought joint control of Bradlows Stores from the Bradlow family for 270c cash per share.

This is a 42% premium on the pre-suspension price of 190c and equivalent to 7,9 times historical earnings. An equivalent offer is to be made to minorities. Great Universal Stores (GUS) which holds about 30% of the Bradlows equity, has indicated that it will not accept, says W&A chairman Mannie Simchowitz, who would like to continue the listing.

While the earnings multiple looks generous, Bradlows earnings of 34,1c last year were 46% down on the 1976 peak of 63,5c and the recent interim revealed a R694 000 pre-tax turnaround. Bradlows forecast "considerably higher" earnings and a 17,5c (1978: 12,5c) dividend for the year. This puts the offer on a 6,5% prospective dividend yield — about in line with the market.

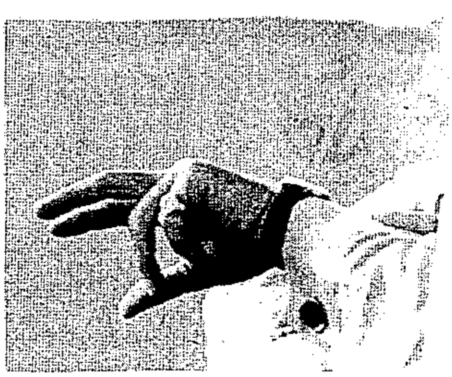
Control will be exercised through a new pyramid, Bradlows Investments (Pty), owned slightly more than 50% by W&A and the rest by the Bradlow family. Mannie Bradlow will continue running the operation.

Bradlows gives W&A an entrée to the white furniture market. Its 48%-held World Furnishers is already big in the black market. While the companies are complementary strategically, they will be run completely separately. Bradlows' turnover last year was R21m but peaked in 1976 at nearly R24m. World last year turned over R17m. W&A received 19% of its earnings from retailing last year. While Simchowitz says the Bradlows acquisition will not materially affect earnings or net asset value, the proportion of retailing-sourced profits will rise.

The controlling stake has already cost W&A R1,2m cash. If all minorities other than GUS accept it will have to lay out another R770 000.

The acquisition might reverse the trend towards greater liquidity in W&A. Last balance sheet, total net borrowings were R11,5m and the debt:equity ratio 62%. Since then R1m in prefs have been redeemed. Interim pre-tax profits were 6% ahead at R2,9m (R2,7m) and attributable profits rose 17% to R1,2m. I forecast year-end earnings of 55c and a dividend of 22c. This puts the counter on an 8,7% prospective yield at the current price.

David Carte



Amic's Griffitl

SA Drug — empire builders

(30)

Sun, Times Business 18/3/79

THE END of this month will see the end of a 19-month financial "year" for South African Druggists, but it will be some weeks yet before the group will be able to provide figures for its operations over the period.

That's hardly surprising, in view of the wheeling and dealing in which SAD has indulged over the past few months.

These exercises have cost millions and have vastly increased the equity, and possibly also the group's debt-equity ratio, in view of the R10-million 11,4 per cent debenture issue of last October.

Before that, and since, the group, which is now firmly in the Federale stable, has been building itself into a widely based conglomerate, so wide, indeed, that a case could be made out for a change in its Diagonal Street listing from "pharmaceutical and medical" to "industrial holding".

The comment looks justified. At one time an ailing business, SAD has been refurbishing its stock market image by a series of deals, sometimes for cash, sometimes for shares, which has brought it deeper into pharmaceuticals and pharmacies, and the linked interest of the surgical, medical, electro-medical and X-ray fields.

The equipment is expensive, but also highly profitable to those prepared to provide the finance for leasing, particularly when the organisation concerned also has medical aid payments facilities.

At the same time, however, Druggists has been moving out into apparently unrelated fields, via its involvement with the Etkinds-Bermeister deal, where it holds 50 per cent of the new holding company for that combined operation along with a similar stake by the giant US 3M group.

The new company, Etkinds Management Services, is expected to turn over around R15-million a year and have about a fifth of the "photo-sound" market.

What all the acquisitions and changes of direction mean for Druggists remains to be seen.

About the only firm figure which has come from the rapidly expanding group is a forecast of minimum earnings for its 12 months ended next March — in other words more than a year away — of 32c a share.

At around their current 188c, that would put the shares on an earnings yield basis of some 17 per cent, somewhat higher than the current sectoral average shown by the JSE-Actuaries index for the pharmaceutical sector.

Attractive enough, perhaps, but the real point, where potential investors are concerned, is the dividend likely to be paid.

Main shareholders Federale Volksbeleggings are believed to be highly interested in their own dividend income, which would suggest that cover for any payment in the financial year about to begin will not be more generous than around 2,1 to 2,2 times on the increased equity.

On such a basis, a minimum payment of 15c a share seems on the cards.

That would raise the prospective return to an acceptable 8 per cent or so at the current share price, a yield which might appeal to the institutions who can afford to sweat it out, but hardly one which will encourage small investor interest in the shares unless they too are prepared to wait for their reward.

30

SUNDAY TIMES, Business Times, March 18, 1979

SA Drugs injects life into chemists


Brian O'Donnell with a new computerised ordering terminal in hand.

By MARTIN CREAMER

THE fast-growing quoted pharmaceutical conglomerate, SA Druggists, has tied up a quarter of South Africa's 2 000 retail pharmacies in a series of low-key franchise agreements which have given ailing corner chemist shops new muscle in their battle to compete with cut-price supermarket chains.

In the past six years SA Druggists has invested about R6-million in its franchise programme which now involves more than 500 pharmacies throughout the country.

Guidelines for modernisation of chemist shops bogged down in outmoded marketing and layout practices have formed an important part of the company's strategy to uplift the small independent pharmacy businesses — and in so doing strengthen its own wholesale operation.

SA Druggists has "sold" its programme on the basis that if it failed to promote growth for the pharmacists, it would foot the bill for the cost of modernisation — something it has not had to do to date.

But in return, the big pharmaceutical wholesaler secures pledges from pharmacies to buy exclusively from the company.

Two-edged growth benefits have resulted.

Growth in SA Druggists' wholesale business has been at rate of 15 to 20 per cent a year since the franchise scheme was introduced in 1973 and an almost carbon-copy growth performance has been achieved by the retail franchisees.

The scheme was masterminded by managing director Brian O'Donnell, who saw the need for it six years ago and went about developing the idea without a fanfare of publicity.

Today it is seen as the biggest single ingredient of the company's wholesaling success.

The modernisation programme reached a peak this year when the company introduced an automated inventory management system known as AIM.

This computerised system has taken the small corner chemist into the space age, enabling him to order merchandise at the rate of 300 items a minute.

"The average order takes something like 15 to 30 seconds to transmit," Mr O'Donnell tells me.

When the franchisee signs up for the AIM programme, he is provided with a portable comppter link unit no larger than a desk calculator.

To order stocks the product code is keyed in and an order placed for the quantity required.

A system has also been devised to tell the pharmacist when he should replenish diminishing merchandise.

About 130 of SA Druggists' 500 franchisees are now on the computerised network, which is going to be expanded to major South African centres and later to Windhoek.

Success of the scheme is measured by the fact that since entering the franchise agreement, some pharmacists who were turning over their stock three times a year, now have stock turns of up to seven a year.

Mr O'Donnell worked on three basic premises: SA Druggists' wholesale business could only grow if retail pharacists showed growth. And retailers could only show growth if they sold at prices acceptable to the consumer and modernised their shops to attract custom.

Locked in competition with cooperative wholesalers as well as those controlled by the giant Premier Milling group, including Propan and Pretoria Wholesale Druggists, and Adcock Ingrams, controlled by the powerful Tiger Oats group, Mr O'Donnell is not satisfied with SA Druggists' share of the market.

But he is intent on expanding Druggists' interests, using a sophisticated network of independent pharmacies as his primary marketing tool.

Constantia complex: Council told it has veto

19/3/79

Staff Reporter

THE Divisional Council of the Cape has been told it has the power to reject plans to build a hypermarket in Constantia and that it would not have to pay any compensation to the developers.

Proposals to build a hypermarket on a site opposite the Alphen Farm Stall are due to come before the Works Committee of the council at its meeting today.

Mr Roger Hulley, MPC for Constantia, has given the council and the Provincial Administration copies of a legal opinion of the development rights for the site which he and other property owners in the area commissioned.

Yesterday Mr Hulley told the Cape Times that an interesting discovery made during the preparation of the opinion was that the original zoning of the site may not have been advertised in the prescribed way. If this were confirmed it would be "fatally defective" to the zoning of the site.

The legal opinion says a hypermarket has never at any stage been planned for Constantia by any competent planning authority. Mr Hulley said the conclusion was that "the Divisional Council has the power to reject the hypermarket proposal on this and other grounds without any compensation being payable to the developer".

He appealed to the Divisional Council to reject the proposed development. In a statement released to the Cape Times, Mr Hulley pointed out that "on February 27, 1976, the Divisional Council made a commitment to the people of Constantia when it resolved that 'a hypermarket in the popular sense is not contemplated' in relation to another application to develop the site".

The spirit and letter of Constantia's revised town planning scheme which had as its main goal a commitment "to preserve the character of Constantia" did not provide for hypermarket development.

Mr Hulley said the quality department store originally proposed for the site by Cleghorns was totally different from the hypermarket proposal now before the Divisional Council.

The Divisional Council has commissioned its own legal opinion and it is likely that both opinions will be placed before the Works Committee at today's meeting.

If the committee approves the proposals, the matter will go to the full Divisional Council, probably at the end of the month, and then the Administrator for a final decision.

Meanwhile, the housewives of Constantia have come out strongly against the development. In a brief campaign last weekend Mrs Heather Anderson, who lives near the affected site, collected more than 1 200 signatures to a petition in which shoppers pledged to boycott the hypermarket and any other shops in the complex.

She told the Cape Times the signatures had been collected at two points on a Saturday morning and people had signed the forms enthusiastically. In some cases women had fetched their husbands to sign the petition. The refusal rate was only 2,5 percent.

Recovery in retail sales not convincing

(30)

STAR 20/3/79

By Anne Colley

Latest official estimates point to a recovery in retail sales by the end of this month, after February's slide. But the flatness of this key indicator's trend since the start of 1979 leaves little to cheer about unless stimulation is provided in the coming Budget.

Although both the volume and value of sales rose in March against those of February, sales have been flagging since the record Christmas turnover.

The Department of Statistics estimates that R911,6m worth of goods will be sold in March — an improvement on the R820,2m of February but still below the R930,6m of January.

Although March's sales should be an improvement on the R872m of the same month last year, that difference is more than accounted for by inflation. In real terms, volumes have in fact dropped — not only against the previous year but against the sales of January this year.

The motor trade's turnover figures also released this week, indicate that this sector of the economy is no exception to the general trend. Motor sales in February dropped against those of January by R17m (seasonal fluctuations eliminated).

These trends point yet again to the need for a stimulatory Budget at the end of the month — a Budget that will put more money into breadwinners' pockets — if a consumer led recovery is to materialise.

Mr Pieter Viljoen, economist at AHI, believes that the Minister of Finance will either announce a reduction in the loan levy or in income tax rates on March 28. "It's more likely to be a cut in income tax as the psychological impact of this is greater. It gets the man in the street to spend more rather than save more."

Mr Viljoen also foresees the announcement of a rise in public sector salaries on Budget day, which could trigger off a lot more increases in the rest of the economy.

WHOLESALERS

But until action is taken, the flagging trend in retail sales is likely to continue say industry sources. And this trend is currently being reflected in the wholesale and manufacturing statistics.

Wholesalers netted some R1 566m in January compared with December's R1 622m and November's even higher R1 791m. Manufacturing statistics show a slowing down in production since November — even when seasonal variations are eliminated to smooth out the closure of most factories over Christmas.

Mr Monty Widman has been appointed executive director of the GEC SA group. Mr Widman is managing director of GEC Engineering at Kew, Johannesburg.

Mr Eric Speyers has been appointed an assistant general manager of the Southern Life Association with effect from March 1. He will be responsible for the group pensions division of the Southern.

ARGUS 21/3/77

(3C)

New supermarket hits small shops

SPECIALITY shops in the old part of Howard Centre, Pinelands, are suffering from a fall off in passing trade since Pick 'n Pay opened a supermarket in the new wing and Murray and Stewart Properties bought the complex.

At least four shops are vacant in the old part and some small retailers there say they may be forced to close down as well.

The two-fold problem has hit the small shopkeepers in slightly different ways, but with similar results, an Argus survey, prompted by complaints, has found.

Murray and Stewart bought Howard Centre from Garden Cities and built a new wing which houses Pick 'n Pay and other small shops.

Pick 'n Pay acquired the meat selling licence from Pinelands Butchery which is now closed. And Checkers, which used to run a small supermarket in the centre, closed soon after Pick 'n Pay opened.

With these two food shops closed and their former customers now shopping at Pick 'n Pay, passing trade is centred round the shops close to the thoroughfares between the supermarket and parking areas, merchants said.

Shops in the two arcades in the old part seem to be suffering most as neither gives direct access to the supermarket from the parking areas.

RENTALS

The closures are also blamed on stiff rental increases imposed by the new landlords. In some cases, they have been trebled.

And unless they are reduced, more shops will have to close, shopkeepers predict. None of the retailers spoken to was prepared to be identified.

A Murray and Stewart spokesman said the company was 'perfectly happy' with the situation at Howard Centre and that no tenant had left because of the new wing.

VALID

More than half of the existing leases had already been renewed and a number were under negotiation. The remainder were still valid.

The spokesman added that the butchery had been relet and that Checkers did not exercise their option to renew their lease.

Blacks prefer 'Western' shopping'

By GORDON KLING

SOUTH AFRICA'S retail stores can do much to improve their business with black consumers, who are the key to growth in many markets, according to the Bureau for Market Research.

The Bureau found in a recent survey that although some urban blacks favoured township stores, there was little doubt the majority were increasingly preferring the large departmental stores and the "Western" way of shopping. This included spacious, air-conditioned stores featuring arrangement of clothing, for example, by size, and a large selection of guaranteed quality articles with fixed, clearly marked prices.

Blacks preferred to shop near their homes, but this did not displace other factors, and in the search for better value educated blacks were seeking the wide selection available in the city centres. The provision of credit facilities was important in the case of more expensive articles, particularly amongst the high income groups.

Personal service

Most urban blacks prefered self-service in food and household goods departments, but personal service was desired where quality considerations and technical advice played a part in the selection process.

"The considerable redistribution of income from whites to blacks in the past five years has given rise to a situation where real growth in many consumer markets depends very largely on black purchasing power," says the report. "Undertakings that wish to share in the prosperity of the country will have to divert part of this phenominal growth in black power to their own advantage."

Chain stores and the small traders' problems

30 DD 2/3/79

EAST LONDON — With the spread of hypermarkets and chain stores the small businessman had to accept the fact he could not carry on business as he had done in the past.

His profitability would definitely be affected if he did not react positively to changes in the pattern of trading, the president of Assocom, Mr R. J. Wood, said when he opened a regional Assocom congress in King William's Town yesterday.

Dealing at length with what he called "the problems which have arisen for the small trader with the spread of hypermarkets and chain stores", Mr Wood said one of the basic cornerstones of the chamber of commerce movement was a belief in the efficiency of the free enterprise system, a system of economic endeavour which brought the greatest benefits for all the people of every race in South Africa.

It was vital and essential at all times to nurture and foster free enterprise.

A realistic reaction to changes in the pattern of trading was bound to have a beneficial effect on the small businessman's results.

Historically South Africa had developed as a nation of independent businessmen — no retailers of consequence had started with overseas connections.

"Almost all our chain stores and departmental store groups had humble beginnings — as OK Bazaars and Pick 'n Pay for example".

Today there were more "one-man" businesses than ever before. From 1952 to 1971 their numbers had increased by 73 per cent and the volume of sales by small businesses as a whole increased from 1971 to 1977 by 185 per cent although their share of the market had dropped.

"We are living in an era of increasing earning-power in our black, Coloured and Asian communities and this will only increase. They will provide untold opportunities for the small businessman in the future".

He listed the weaknesses of the small trader as weak management, under-capitalisation, lack of able executives, lack of statistical information, and living in the past, and the strengths as personal service; freedom to experiment and innovate; a close relationship between management and staff; and familiarity with the local scene.

Dealing with the weaknesses, Mr Wood said the main problem the small entrepreneur faced was not a financial one, but a lack of managerial ability.

"Able management is a wider concept than merely working harder and for longer hours — and many small businessmen have to learn this!

"Studies indicate that a number of small businessmen would be better advised to invest their money in a financial institution and sell their labour on the open market since the return they earn on their capital is so low".

There were various institutions which could assist the small businessman to improve his management techniques, particularly the Small Business Advisory Bureau which Assocom and the Handelsinstituut had been instrumental in establishing.

The problems the small businessman experienced with capital were twofold.

"Firstly, through ignorance, he often underestimates his capital requirements. He overlooks the fact that he needs ever-increasing working capital in inflationary times.

"Growth also brings its problems if he does not retain sufficient profits to provide fuel for his development.

"Secondly, and this is a very real problem, at certain times he can face difficulties in getting sufficient finance on reasonable terms.

"One appreciates this problem, but obviously our financial institutions have to weigh up risk when lending their money and small businesses are generally a greater risk.

"Small businessmen do have a very real problem in attracting capable staff, but they have an advantage in that employees can be trained in all facets of the business, which is often difficult, if not impossible, in larger trading units.

"Lack of facts and figures on which to base decisions is also a problem, but I think the small businessman is himself also at fault in his reluctance to complete census forms.

"Possibly one of his greatest weaknesses is his reluctance to make changes — his conservative attitude — and this is his greatest danger. To survive and prosper he must experiment and innovate.

"He must concentrate on his strengths — the personal service he can offer; the good and close staff relations he can engender.

"The whole pattern of any commercial system is enlivened and enriched by the small trader whose enthusiasm, independence and competitiveness provide the needed entry point for new entrepreneurial talent.

"It can also serve as an effective counter-weight against monopolistic trends. The spirit of the small businessman is needed now more than ever".

Mr Wood said the small trader should be reluctant to go to the Government when the going got tough — "for that is the name of the game!" He should adapt to changes.

"We live in a rapidly changing world. By the year 2000 South Africa is going to be vastly different from now. The small businessman has a very real contribution to make to the South Africa of the future.

"He should plan to survive and prosper in an environment which will be very different from now.

"In this difficult period, Assocom and, indeed, every chamber of commerce, large and small, has an important role to play", Mr Wood said.

— Business Editor

Checkers — main tenant in centre

Deputy
Financial Editor

CHECKERS' decision to become the main tenant in the R3 million Pinetown shopping centre planned for St. John's Avenue is one of several developments in the Greatermans group.

The closure of the Durban North Checkers store has been put off. Originally it was planned to close the store at the end of February but yesterday, Mr. D. Mitchell, regional marketing manager of Checkers, would give no date for the closure.

Meanwhile, if the Hill Street, Pinetown premises of Checkers are vacated, the group will have a building at its disposal. It is possible that Ackermans could move in.

Yesterday, Mr. Jos Heller, marketing executive for the 35-store Ackermans chain said they were looking at new sites in Natal but this did not mean they had made a final choice.

Mr. Stewart Cohen

Rapid growth

Rapid growth is expected from Ackermans, which has top appointments. It has announced a R1,5 million plan to double its trading space in its Cape Town store.

Mr. Heller said their strategy would be to have a main store and several satellites in each centre. They would be consolidating the operation, which could mean closures of some small branches and expansion of other branches.

Ackermans' new managing director is Mr. Stewart Cohen, formerly general manager of Grand Bazaars. Mr. Heller was also at Grand Bazaars.

Mr. Laurie Chiappini, former marketing manager for Durban Clothing and Pastel-Puma's clothing division, will be marketing executive for ladies' and children's wear.

Mrs. Jenny Smuts, who was a senior dress buyer for Foshini, becomes senior ladies' wear buyer. She trained at Jaeger in London.

Mr. Dennis Shaw joins Ackermans from Woolworths and will handle the portfolio of underwear, corsetry and children's underwear.

Mr. Shaw has 15 years' experience in textile manufacturing and retailing. As a qualified textile technologist he will advise the company on merchandise and fabric specifications.

Ackermans are to adopt a new logo and a "totally new approach to marketing and advertising" from their Easter promotion. They are expecting to reach a broader market.

They plan to change the merchandising mix but this will take one or two seasons to implement fully. One of the targets is to market under a house brand label with controlled quality standards at low-profit margins.

They also plan to open "certain new large stores," a development which is in the planning stage, and to strengthen the organisational structure.

Clicks listing

30
24/3/79
CT

Talking business

by

PAUL DOLD

IN two months Cape Town's Clicks Stores will be listed on the JSE boards in what promises to be a highly successful debut. The share issue will be small, attractively pitched and the shares tightly held. Few investors outside of the immediate retailing community know much of the group and how it operates.

Clicks main attraction is that it is a well managed business in a basic growing market which has been unaffected by the recession of the past three years. Dividend growth over the past five years has been excellent and it will be policy to pay out some 45 percent of profits in dividends.

Future growth is likely to be rapid. By the end of this year the chain will have 31 stores but there is bound to be a great deal of expansion over the next five years. The Transvaal, which chairman Mr Harry Goldin describes as a" hungry market" is earmarked as the main growth sphere.

Some 20 new stores are to be opened in this region over the next five years which should put the total branch figure nationwide to at least 50.

Thus investors will have the advantage of taking a stake in a group which should expand fairly quickly from a reasonably small base much in the same way as Pick 'n Pay mushroomed from a few stores into a large chain.

Already Clicks has decentralized in a sense with a Transvaal general manager and two regional managers, but full decentralization is not planned as yet — Goldin feels the group is still relatively small.

Goldin who went into retailing on his return to South Africa after serving in the Army in World War II has a flair for merchandising. Competitors acknowledge Clicks is a very good operation. But Goldin firmly believes that luck is a large element in any business success .

In those early days he opened a grocery shop in Claremont with his wife Ethel working by his side to become one of the first discounters. Cape Town was startled by Goldin's price cutting — the price of tea was slashed and tea sales soared. Turnover for the month was about equal to that of the previous year.

Then by sheer coincidence tea rationing was introduced and Goldin due to his high sales received a large quota and was able to barter this in turn for butter and other scarce commodities.

The next step was to open a cash self-service store — one of the first early supermarkets in the Cape. This was the birth of Pick 'n Pay, later to be sold to Raymond Ackerman who expanded the small base. And then came Clicks.

Enjoys work

Goldin who still works a 12 hour day clocking in at 7,30am says:

" Some people go jogging for pleasure I enjoy working..."

Foundation of the group are the Goldin systems. They are simple and work which reflect his philosophy. This is a major reason for the group's growth.

Another is the range of merchandize which like the systems is clearly defined and limited, enabling Clicks to undercut most prices.

The merchandise mix is 56 percent toiletries and cosmetics and the remainder gifts and household requirements — a sector of the business which is growing fast. Sites for stores have traditionally been chosen in high traffic areas such as the centre city but Clicks has also moved into shopping centres suchs as Kenilworth with success. Now a major drawcard, the group is constantly being offered space by developers.

In essence, the stores are relatively small but with a phenomenally high stock turn. Two larger stores of 18 000 sq ft (1 800sq m) have been opened one in Pretoria and the other at Kempton Park. Both trading patterns are excellent, but these larger stores tend to be the exception rather than the rule.

Training

A great deal of effort is being put into management training. Immediately below Goldin are June Kritzinger and Brian Jones two highly experienced executives. Kritzinger one of the few women to have made it to the top in Cape Town heads marketing and development and Jones, finance. Perks for managerial staff include company cars and a share in the profits which can amount to 2½ months salary.

The toiletries market is growing fast at an annual rate of 15 percent and Clicks is taking an ever larger share. Clicks profits over the years have shown teady growth.

The formula for the group's success has been set and with profits likely to reach R3m by June, Goldin feels the group has barely scratched the surface. This should be a share worth watching.

RETAILING

(30) FM 22/12/78

Back to the Bible

Economics Minister Chris Heunis has good reason for soft-pedalling on his probe into retail practices. Suppliers and big retail chains are holding talks to sort out at least some of their antagonisms without resorting to government interference in the business of buying and selling. This could obviate the need for a formal investigation by the Board of Trade & Industries.

The Minister's low profile, since announcing the investigation in October 1977 of alleged abuses of buying power by some national retailers, is understandable as the problem of what makes a fair deal goes right back to Jacob diddling Esau with a mess of potage.

The only common ground between suppliers and retailers is the fear of legislation constraining free enterprise negotiations.

But relations between sellers and buyers seem to be improving, though the gap is still wide enough for Heunis to drive through on a delivery wagon. Disclosures about the confidentials system (discounts for volume — *FM* October 27) subsequently raised other retailing methods, which suppliers consider somewhere between unethical pressure and blatant blackmail. Among them are:

- Credit periods of up to 60 days insisted on by some big chains. They turnover stock worth millions of rands in a few days then bank the cash and keep the suppliers waiting. Heunis can expect pressure to cut repayment time down to as little as one week;
- Suppliers would also like everything declared on invoices. This will, they hope, put paid to the confidentials system whereby retailers collect extra revenue from cheques paid *to* them by sellers.

Supermarketeers say these payments are made voluntarily as an extra discount for moving large volumes or, more bluntly, that there is nothing unethical in squeezing the last cent and more out of suppliers who want access to supermarket and hypermarket shelf space at almost any price.

Suppliers however, realising that to lose the favour of even one giant would badly hurt if not ruin them, still see confidentials as no more than coercion to keep their goods on the shelves. They don't enjoy writing out separate cheques for confidentials payments and point out that some other nationwide chains will not deal in them;

T D notice

- Suppliers also fear a TD — temporarily discontinued — notice which, though uncommon, means their goods disappear from supermarket shelves. This could ruin brand image and customer loyalty built up over a long time so dancing to any supermarket tune is better than a TD;
- The use of merchandisers in supermarkets also irks suppliers who each have to keep several of their own men in the store doing jobs they feel should be done by supermarket staff.

Suppliers have only themselves to blame for this situation, which began several years ago when some manufacturers sent merchandisers to keep shelves filled with their own products and generally push sales. Now every major supplier has to keep men on his payroll to work in somebody else's store. If they do not, a rival's man is soon replenishing the empty shelf space — and pushing his brand.

Heunis will, to be fair, also have to look at some selling practices. Manufacturers' cartels and many unwritten agreements would surface if he digs deep enough. Suppliers say they need united fronts to match supermarket bargaining muscle. A cartel is, however, still a price ring.

The Minister should also try to discover whether suppliers load the price of goods to independent retailers so that they can afford bigger discounts for the superchains. The unofficial talks are expected to continue another two or three weeks with Minister Heunis likely to make an official move late next month.

Bill to make wine buying easier

STAR 27/3/79

(1) 3 Vitiated
(2) 30
(3) 169

Political Staff

CAPE TOWN — Wine can in future be more freely on sale in shops as a result of amendments to the Liquor Act which have been published.

The Liquor Amendment Bill drops a previous restriction on the sale of wine in shops in areas where the wine sales in the previous 12 months amounted to more than 30 percent of the total liquor sales.

This is likely to benefit especially shops in the Western Cape where wine sales are high.

The legislation provides not only for the freer allocation of grocers' wine licences but also allows holders of other liquor licences to open wine counters in shops which do not belong to them.

A special condition of a grocer's wine licence is that the licensee must at all times:

- Hold a general dealer's licence to deal in groceries and foodstuffs.
- Hold a liquor licence and carry on business in the district in which he carries on his business under his grocers wine licence.

Plaza site decision will be out soon

①30
②202

NM Mercury Reporter 28/3/79

THE choice of a site for Durban's Oriental Plaza was expected to be made soon, Mr. J. N. Reddy, executive chairman of the South African Indian Council, said yesterday.

Mr. Reddy told the SAIC in Durban yesterday that the Secretary for Community Development, Mr. E. Fouche, was expected in Durban on April 2 to look at the sites suggested for the plaza. "We expect the decision soon after Mr. Fouche's visit."

He said the Minister of Indian Affairs, Mr. Marais Steyn, told the SAIC at a recent meeting in Cape Town that the Government had undertaken to finance the project.

Mr. A. Rajbansi pointed out that the site was of great importance because it must not only serve as a tourist attraction but also suit traders, many of whom have been displaced as a result of the Group Areas Act.

Dr. M. E. Sultan said the LAC and representatives of stallholders from the former Victoria Street Market had given their support for the site recommended by the SAIC.

Members of the public and Press were cleared from the meeting when it went into private session to discuss Indian education problems.

It was learned problems at the Rylands Indian school in the Cape and the Woolhope Indian high school in Port Elizabeth were one of the main issues.

Earlier the council made a plea to the Government not to go ahead with any legislation concerning the new constitution and appointed a five-man committee to investigate the Government plan and to suggest amendments and changes.

FRANÇAIS I

Cours de Langue

Faites accorder les participes passés placés entre parenthèses.

1. La petite fille que j'ai (vu) pleurer, (perdu) dans la foule, cherchait ses parents. Je ne sais si elle les a (retrouvé).
2. Si vos amis avaient (voulu) venir, nous les aurions (reçu) avec plaisir et nous aurions (pu) facilement les loger.
3. Les matelots, (rassemblé) sur le quai, ont (embarqué) et nous les avons (vu) partir.
4. Les reproches (mérité) que lui a (valu) sa conduite l'ont tout de même profondément (touché).
5. Des compliments, il en a (reçu) de nombreux, certainement plus qu'il en a (mérité).
6. Il avait déjà (... barque quand elle a (commencé) à s'enfoncer.
7. J'aime les spect ... lage m'ont beaucoup (plu).
8. Des versions, j ...
9. Trente mille fr ... il y a quarante-cinq a ...
10. Les arguments q ... t (pesé) sur sa décision.

Même exercice.

1. Je voulais des ...
2. La tempête fai ... canot de sauvetage et ... araît-il, (sauvé) quatr ...
3. Les croisades ... (prévu) ni même (soupçon ...
4. Je leur ai (t ... it (livré), ce soir, l'ar ...
5. Soyez indulge ... il en a (eu).
6. Vos tantes, ... u) prendre l'autobus et ... pas encore (arrivé).
7. Je n'oublier ... ons (vécu) pendant l'Oc ... subi), les dangers que ... nous avons heureusemen ...
8. Comment, vo ... connu) et vous ne leur ave ...

../2

R. 78.55

HIRE PURCHASE

Riskier business

FM 30/3/79

A request from the Motor Industries Federation that minimum hp deposits on motor cars and light delivery vehicles (LDVs) be lowered, is meeting with stiff opposition from the Association of General Banks and Finance Houses. But says MIF President, Theo Swart, "in the light of government's desire to stimulate certain sectors of the economy, particularly the motor industry, we are confident our recommendation will be accepted."

The present minimum deposit is 25% for a car and 33,3% for an LDV with the balance repayable over 36 months and 30 months respectively. The *FM* understands that MIF is proposing a reduction of about 5% in these minimum deposits.

Among the main objections raised by the association to lower minimum deposits is that, for the present, the deposit bears "some relationship to the finance charge amount." A lower deposit, however, would mean that total finance charges could exceed the deposit by some 40%. In other words, even once the deposit has been paid, the amount still owing (including the effective interest charge of between 16% and 21%) substantially exceeds the original cash price of the car.

Other major objections are:

- The consumer will have a much lower personal stake in the vehicle which will mean an increase in his personal indebtedness and thus a substantial increase in his monthly instalments (add this to rising running costs!)
- The lowering of the bank's equity in the vehicle, while repossession losses per unit could rise.
- Lower minimum deposit requirements will also attract the higher risk type of client, thereby increasing the number of repossessions.

Bankers feel the move could backfire by forcing them to be conservative in their lending, thus defeating the object of selling more vehicles. Swart, however, objects to the banks' contention that they will be left with too small a share of the equity. Resale values, according to his calculations, should adequately cover the banks over the first two years. Moreover, he adds, no bank is forced to do a deal at the minimum deposit — "it is up to each individual bank to decide." The banks disagree — they maintain that as in the past, the minimum becomes the norm.

Cars easier to buy on hp

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30/3/79

PORT ELIZABETH — Reduced deposits for buying motor vehicles on hire purchase will apply from today, but the deposit on motor cycles will double.

The secretary of Eastern Cape and Border region of the Motor Industries Federation, Mr W. Hayward, said notices setting out the new deposits would be published in today's Government Gazette.

He said the deposit on passenger vehicles would be reduced from 25 per cent to 20 per cent and on commercial vehicles from a third to 30 per cent.

Repayments periods would stay unchanged at 36 months for cars and 30 months for commercials. The conditions of sale applying to cars would also apply to motor cycles, but the deposits would be increased from 10 per cent to 20 per cent.

The new rates would come into effect immediately, he said.

The move to reduce motor vehicle deposits was welcomed by manufacturers and retailers, who said it would provide a further boost for sales following the tax reductions announced in the Budget.

The vice-chairman of the local branch of the National Automobile Dealers Association, Mr Con Robertson, said it would stimulate the sales of both new and second hand vehicles. Instalments would be higher because of the lower deposits, but the tax concessions would enable buyers to afford it. — DDC

CLASSICAL ASSOCIAT

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354 (30)

FM 30/3/79

NEW DEALS

New eras, new roads

An action committee comprising Assocom, the FCI, the Handelsinstituut, and other high-powered business/finance groups is to be established to follow up the catalogue of good intentions mooted at a symposium on African economic development in Cape Town this week.

The meeting was attended by representatives of top SA quoted companies and a fair sprinkling of foreign multinationals too. Chairman was Plural Relations Minister Piet Koornhof, who overwhelmed the businessmen and the homeland leaders present with his eagerness to right old wrongs and his positive responses to even the most highly critical assessments of government policy.

Typically, Koornhof committed himself to a rash of reforms:

o "We must breach the gap between the haves and the have-nots; we must work for the ideal expressed by Chief Minister Lennox Sebe — a meal a day for all our people;

o "Let us declare war on red tape — I thought there was a lot of red tape in my previous department (National Education), but this department is even worse;

o "We have entered a new era — we have taken a new road to a good and happy life for all our people."

Rembrandt's Anton Rupert asked Koornhof whether government policy on black development would now allow full partnership on equal terms between black and white entrepreneurs. Koornhof nodded emphatically.

But it soon emerged that one of the possible keys to black development is also the most intractable ideological obstacle: ie the principle of private ownership of property. Freehold is anathema to government policy in the common area, and individual ownership is anathema to traditionalist policies of land tenure in the bantustans.

Said Old Mutual's Jan van der Horst: "People will only do things for themselves if they acquire meaningful title and when, by acquiring title, they have become a middle class — they will save, they will bank, they will have property, they will create jobs."

Koornhof . . . new deal for rural blacks?

The Corporation for Economic Development's Jan Adendorff said that due to "completely irresponsible" rapid population growth for blacks, about 217 000 entered the labour market last year, while projections indicated that 230 000 blacks would be looking for jobs next year, rising to 360 000 at the end of the century. This meant that 1 500 new jobs would have to be created every working day for the next 22 years at an estimated cost of R1,8 billion a year.

Rupert advocated, *inter alia*:

o A clear policy lead from government to attract investment to the "black states." "In 1959 Dr Verwoerd wanted to close me down because I planned a joint venture with black partners; in 1969 we moved to the so-called agency basis; by 1974 this had evolved to a kind of three-cornered venture (government agency, white investor, black partner); today Minister Koornhof seems ready to allow full partnership;"

o The removal of profit inhibitors — "without profits there can be no investment, no jobs;"

o Scrapping traditionalist concepts of land tenure. If 99-year leasehold rights in the common area were not matched by similar incentives in the black states there would be a stampede to the cities.

I J Hetherington, chief executive of Norton Abrasives, said he sensed an industrial revolution of private black manufacturers. All that was needed to spark the revolution was the removal of regulatory red tape.

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FM 30/3/79

RENNIES

A question of gearing

Conglomerate with interests in shipping, transport, hotels, security services, tourism, liquor, manufacturing and wholesaling. Jardine Matheson of Hong Kong holds 52% of the equity.

Chairman *and chief executive: C W Fiddian-Green; vice chairman and deputy chief executive: E Steyn.*

Capital structure: *22,3m ordinaries of 50c; 800 000 5½% cum red prefs and 219 000 5% 2nd cum red prefs of R1.*

Market capitalisation: *R32,3m.*

Financial: *Year to December 31 1978. Borrowings: long and medium term: R30,3m; net short term, R64,9m. Debt:equity ratio: 85%. Current ratio: 1,3. Net cash flow: R9,1m. Capital commitments: R5,3m.*

Share market: *Price: 145c (1978-79: high, 165c; low, 75c; trading volume last quarter, 1,2m shares). Yields: 22,5% on earnings; 10,3% on dividend. Cover: 2,2. PE ratio: 4,4.*

	'75	*'76	'77	'78
Return on cap %	28.7	19,3	17,5	21,7
Turnover (Rm)	100.4	129.7	150,0	161,8
Gross profit (Rm)	15,8	15.9	15,0	17,7
Gross margin %	15,8	12,3	10,0	10,9
Earnings (c)	50.2	30,6	22,3	32,6
Dividends (c)	20	20	10	15
Net asset value (c)	138	174	172	184

**18 months annualised*

Rennies Holiday Inns . . . no leasebacks

For the group, if not for certain senior executives, last year appears to have been a big improvement on 1977.

Gross profits rose 17% to R17,7m on a 7% improvement in turnover and, thanks to reduced losses in the manufacturing and other subsidiaries, a lower tax rate, and relatively stagnant interest and leasing costs, attributable profits rose 46% to R7,3m.

Profits before and after tax were an all-time record, although earnings per share of 32,6c were still short of the 50,2c earned in 1975 pre-Jardine Matheson.

Rennies' gearing has been the subject of increasing concern in recent years. Disappointing profits, non-trading losses, which have totalled R6,7m in the past four and a half years, excessive dividends and heavy capex caused the debt:equity ratio to rise in leaps and bounds to 112% in 1977 and interest cover to fall alarmingly. Now the trend seems to have been arrested. Total net borrowings last year were reduced by 17% to R35,2m (R42,2m) while the debt:equity ratio came down to 85%. While vehicle and equipment leases rose from R8,6m to R10,1m, if they are added to debt, the debt:equity ratio fell to 108% (132%). So management's stated objectives for the year were attained. Premises leases are not disclosed but the proposed leaseback of Holiday Inns never materialised so these presumably did not rise unduly.

Chairman Charles Fiddian-Green says the present debt and leasing situation is "satisfactory" and already "substantially within" the debt level required by the Reserve Bank by 1980 in terms of the agreement with Jardine Matheson.

The improved financial situation was thanks largely to a healthier cash flow, which rose 16% to R9,1m (R7,8m) before non-trading losses. These declined to R605 000 (R1,5m) with a realised currency profit of R562 000. Total net borrowings are still equivalent to 3,9 (5,4) years' cash flow before extraordinary items, and the interest and leasing bill is covered a slim 2,6 (2,3) times by pre-lease gross profits.

Turning to the divisional breakdown of profits, shipping, security, travel and transport profits gained 23% pre-tax to R6,8m, while Holiday Inns, now the top contributor, gained 8% to R6,8m. Together these contributed 88% of pre-tax profits (see table). Because of the minority share in subsidiaries of Holiday Inns, the shipping and transport downswing is a most important contributor after tax. The manufacturing companies showed a R1m turnaround, which, being tax free, was particularly beneficial to earnings. Liquor and wholesaling profits also improved slightly.

In shipping, security, travel, transport and Holiday Inns the economic upturn is expected to outweigh the worsening fuel situation and increased profits are forecast. This may turn out to be optimistic if Southern Suns' BophuthaTswana casino cuts into Holiday Inns' Swaziland and Lesotho operations and if further fuel price hikes or curbs are introduced. Liquor, wholesaling and manufacturing profits are also expected to improve.

The burning questions about Rennies today are: will Jardine Matheson sell its 53% stake and/or will Holiday Inns or the liquor division be sold to Remgro, SAB or any other bidder? Fiddian-Green says a categorical "no" to all three possibilities.

Priced at 145c, yielding 10,3%, Rennies is fairly attractive on yield grounds and considering that profits in this capital intensive operation are highly geared to an upturn, and that the heavy capex of the past four years is at last starting to bear fruit.

David Cart

INCOME SOURCES

	1977 Turnover	Pre-tax profit	1978 Turnover	Pre-tax profit
	R000			
Shipping	51 622	5 544	55 619	6 805
Holiday Inns	38 393	6 338	44 518	6 828
Manufacturing	21 554	(274)	20 466	728
Liquor	25 940	1 022	28 616	1 140
Wholesaling	12 514	477	12 578	356
	150 023	13 107	161 797	15 857

RAPPORT 1/4/79

BLINK JAAR VIR PICK 'N PAY

(30)

DIE omset van Pick 'n Pay het in die jaar wat op 28 Februarie geëindig het, met R140 miljoen gestyg teenoor die vorige jaar. 'n Dividend van 120c (10c meer as die oorspronklike aankoopprys van die aandeel in 1968) is in die jaarverslag aangekondig.

Mnr. Raymond Ackerman, voorsitter van Pick 'n Pay, sê dat die verhoging van R140 miljoen in die maatskappy se omset verteenwoordig die totale omset in 1975, toe Pick 'n Pay 38 supermarkte en nie 'n enkele hipermark besit het nie.

Die voorbelaste wins van die groep beloop R14 055 000 vergeleke by R9 940 000 verlede jaar. Die wins ná belasting is R9 114 000 teenoor die R6 531 000 vir die jaar wat op 28 Februarie 1978 geëindig het.

Mnr. Ackerman sê in sy voorsittersrede dat die wins van die groep se hipermarkte verteenwoordig meer as die groep se totale wins in 1976. „Dit is 'n duidelike bewys dat ons beleid ten opsigte van hipermarkte heeltemaal geregverdig was."

In die boekjaar wat voorlê is Pick 'n Pay voornemens om vyf nuwe hipermarkte te open, en ook sy supermarkte tot die platteland uit te brei. Die eerste groot winkel buite 'n stedelike gebied wat deur Pick 'n Pay geopen sal word, is dié op Welkom vanjaar in Mei.

Die oogmerk van hierdie planne, sê mnr. Ackerman, is om die voordeel van goedkoper massabemarking aan die koper op die platteland te bied.

Mnr. Ackerman het die Begroting van sen. Owen Horwood verwelkom. Hy sou graag wou gesien het dat die algemene verkoopbelasting op vyf basiese items opgehef word. Hy het


RAYMOND ACKERMAN

die subsidie op brood verwelkom, maar sy vrees uitgespreek oor die „donker wolk in die vorm van moontlike belasting van byvoordele en 'n belasting op kapitaalwins.

①30
②82

SUNDAY TRIBUNE, APRIL 1, 1979

Officials to look at roads and oriental bazaar site

STATION'S FUTURE HINGES ON AIR TRI

Tribune Reporter

A HELICOPTER ride over Durban tomorrow could bring the old railway station building crashing to the ground.

Buzzing over the city at the invitation of Durban Corporation will be two officials from the Department of Community Development taking a bird's eye view to establish a site for an oriental bazaar.

The focus of attention for department secretary Mr Louis Fouche is to be the station and the Albert Street area, both tipped as locations for an oriental shopping precinct.

Mr Fouche said yesterday they would also be inspecting the road system for a through road to the beachfront.

Unless the Government is prepared to foot the bill — estimated at R1 million — for diverting the Commercial Road throughway around the station it will have to come down, says Durban Town Clerk Mr Gordon Haygarth.

"It was always envisaged that the new road system through the business sector of the town would mean the loss of the railway station," said Mr Haygarth this week. "The Holford Report of 1968 did not include the retention of the building and the council is not willing to contribute either to the diversion of the road or to the upkeep of the station building itself. Any proposals to keep it must include the payment of all these costs. Who is going to do that?"

The latest proposals to use the station sheds as the site of the oriental chairman of the ... ment Committee. Mr Joe Ash, do not include saving the building.

Problem

The National Monuments Council has been looking into the saving of the station for more than three years but has yet to come up with a suggestion on what to use the building for.

"This is one of the thorniest problems we have right now," said the chairman of the monuments council, Professor Johannes Oberholster. "We simply don't know what to do with it."

The station's value has been put at around R1 million, which includes renovations.

The Natal Architectural Heritage Committee wants the station kept as a railway station.

"We are hoping that the railways will seriously consider retaining Durban station as a commuter line from Greyville and Berea Road stations, both of which are unacceptably far away from the city centre and beachfront," said Mr John Frost, chairman of the committee.

Mr Haygarth said: "There must be an economic use for the station if the Government is to support its retention. And if the road system goes through it will be isolated between two freeways, and who would want it then?"

A group of Durban businessmen are to tell the City Engineer they want the station demolished.

Indian traders gain new ground

STAR 2/4/79

(1) 30 (2) 84

The Group Areas Act moves in circles in this small Western Transvaal town. Because of the Act Asian traders have been moved out of the town's white area — to be moved again into another white area.

And if the two moves seem to defeat the entire object of apartheid and group areas, Schweizer Reneke's town clerk, Mr W J van Zyl, does not agree.

Schweizer Reneke

"We are moving our Asian traders into a white area under the provisions of Article 19 of the Group Areas Act itself," Mr van Zyl says.

"This article allows Indians to trade in white areas under proclamation."

The local state committee which makes recommendations on group area problems has recommended that the establishment of an Indian shopping centre in Extension 9, the present Asian residential area, be abandoned.

Instead the new Indian shopping centre, said the committee appointed by the Minister of Community Development, Mr Marais Steyn, should be in a white area between the old town's Cordell Street and the industrial sites.

Shops will then be on work and home routes for most of the town's 10 000 people (3 000 whites, 6 000 blacks; the rest coloured and Asians) and a well established shopping area could be the result.

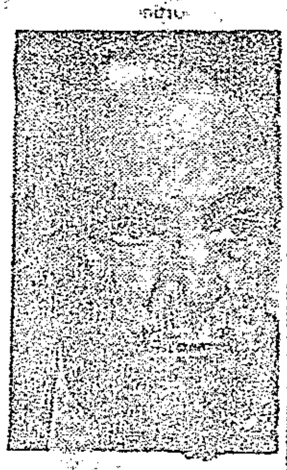
"We expect to start building the new Indian centre this year, and finish it within two years," Mr van Zyl said.

"I think everybody is happier this way for we have always had excellent co-operation from our Indian people. We have 180 of them, 14 Indian shops and three Indian doctors," said Mr van Zyl.

Where Islamic worshippers used to meet in a house in the old town, they can now use a newly built mosque in their own segregated township.

Together with the new development for Indians Mr van Zyl says the Town Council also has plans for a subeconomic housing park for whites earning less than R200 a month. Such houses will cost under R9 000 each and be subsidised by the National Housing Commission.

Some 15 new houses are built in Schweizer Reneke every year and new stands sell for R1 250 each.



MR STEYN

1.

Why did hunter-gatherer 'San' societies apparently mount a more successful resistance to the white advance than hunter-herder 'Khoi' societies?

The political and social systems of 'San' societies and those of 'Khoi' societies were very different, because the economic basis upon which those systems were built was fundamentally different in each case. Although Khoi, like San, practiced hunting and gathering, they also possessed cattle and sheep, which provided them with a regular food supply: milk products. This essential difference necessitated the formation of a political and social system geared to regulate the maintenance of the livestock. It is my contention that this structuring rendered Khoi societies particularly susceptible to the disintegrating effect of the white advance. With regard to San societies, it can be argued that their political and social systems facilitated the mounting of a comparatively more successful resistance to the white advance. Their traditional hunting techniques could be adapted to resist the advance of the white man in the form of guerilla raiding activity. This replaced the food supply of wild game and veldkos of which the San had been deprived by the encroaching whites, and also, for a time, slowed down the white advance. Despite the frequently brutal retaliation of the Boers, the continuation of raiding throughout the eighteenth century in the Cape (and until about 1872 in Natal) is evidence of the ability to resist conferred by San political and social systems.

2.

Let us look briefly at the ways in which the possession of livestock determined the nature of Khoi societies. The secure supply of milk products enabled Khoi to live together in groups of several hundred. The production of milk required the existence of a political authority to regulate access to grazing and water, and the general tending of the livestock ... enforce d... possession ... exhibited ... this resp... stability ... flocks a... the GUR... livestock ... some ar... rights a... the Inte... spring, ... mainten... of a larg... ly occupied.

Pick 'n Pay still riding the crest

STAR 2/4/79

30

By Colin Campbell

Pick 'n Pay has plans for two if not three new hypermarkets next year, chairman Raymond Ackerman says in announcing record results. Group turnover for the year ended February rose a handsome 41,6 percent to R466,8m, while net earnings were 38,4 percent higher.

The total dividend has been raised from 86c to 120c a share, covered 3,1 times by net earnings of 371c a share.

The 120c payment is, for the first time, more than the issue price of Pick 'n Pay shares way back in 1968 when they were originally offered at 110c.

The net profit of the hypermarkets for the year under review represents more than the whole company's profit in 1976 "which vindicates our hypermarket policy," Mr Ackerman says.

One pleasing feature of last year was the improvement in shortage and shrinkage figures (shoplifting).

Balance sheet figures have also improved: current ratio is now 0,9; stock turns have improved from 10,4 to 11,3, and stock holdings are up only 17 percent on a 42 percent turnover increase.

Management is pleased that turnover and profit increase is virtually matched, especially considering the costs of two massive hypermarket openings and other developments.

At 2 550c the shares yield 4,5 percent. Given the green light from the Budget, and the excellent results, the shares should go better still.

Elphick puts forward the idea of an ecological cycle in Khoi society to explain a constant movement of people and livestock in and out of the society. (1) While in the downswing of the cycle dispossessed Khoi were forced to subsist solely on hunting and gathering, it was possible for them to re-enter the society in the upswing. Through clientship, Khoi in reduced circumstances were able once again to build up their own herds and resume their place in society. Loss of

Foschini surges on with 25% increases

RDM 2/4/79
30
Financial Reporter

FOSCHINI'S group's year-end earnings and total payout have both been lifted by 25%, keeping Foschini's growth record intact. Earnings for the year to December 1978 are 660c a share against 528c in 1977 and the declaration of a 215c final dividend (176c) brings the total to to 270c (216c).

Turnover was marginally short of R100-million, up 11,2% on 1977's sales and taxed attributable profit amounted to R6 403 000 against R5 122 000 in 1977.

The dividend remains conservatively covered 2,4 times.

There has been little change in the number of stores. However, the group continues to invest in additional trading space by increasing the trading area of shops or relocating to better and enlarged premises.

The chairman, Mr Stanley Lewis, says in his annual report: "In anticipation of material stimulatory plans which the fiscal authorities may introduce, the group has planned an extensive development programme, as well as a new distribution centre and regional head office in the Transvaal, which will see the group into the 21st century."

He says that "over the past 20 years retailing has developed from a relatively simple and direct function into a comprehensive and scientific profession".

The profit history is a remarkable record of progress and stability, pre-tax profits rising every year without exception from R96 000 for the 1959 financial year to R11 059 000 for the year to December 1978.

Mr Lewis takes an optimistic view on the economic scene in Southern Africa over the next 20 years or so, saying that the changes taking place "have set the scene for acceleration in income expectations and improvement in the quality of life for an increasing proportion of the population, with a consequent benefit to society as a whole".

"The continued growth in number and spending power of the developing middle-class community will have a substantial impact on the retail sector, which being an essential ingredient in a modern, capitalistic society, has a dynamic role to play in the economy."

Lefic, the pyramid company whose main investment is its 50% holding in Foschini, reflects the improved situation of the subsidiary.

Lefic's after-tax profit for the year to December 1978 was R1 303 000 (1977: R1 043 000), but if the retained earnings of Foschini are taken in to account, then its profit would be R3 195 000 (1977: R2 557 000), equal to earnings of 67c (1977: 54c).

Lefic is also paying a higher final dividend and its total dividend distribution for the year of 27c is 25% up on the previous year's 21,6c.

The investment in Foschini stands in Lefic's accounts at a book value of R8 506 000, but at the end of 1978 the market value was more than double at R17 704 000. This market figure reflects the improved state of the company and investment confidence as a whole, being well above the R9 992 000 which was the market value of the investment at the end of 1977.

FINANCE

PICK 'N PAY SALES HIT R467-M

30

ARGUS 2/4/79

SALES by Pick 'n Pay's supermarkets and hypermarkets rocketed R137-million or almost 42 percent to R467-million last year, giving profits a 41 percent boost to R15-million ~~before tax.~~

For shareholders, it means almost R1-million extra payout, with R2,8-million coming their way in dividends.

A final dividend of 86c makes 120c for the year, which is 40 percent up on a year ago. The final also equals last year's total.

Profit after tax is 39,6 percent higher at R9,1-million.

The R137-million rise in sales was helped by the opening of two more hypermarkets and two more supermarkets.

This year, five new supermarkets are planned and three others will be expanded as part of a R100-million development plan.

The results represent about 3,2 percent net profit to sales before tax, said the chairman, Mr Raymond Ackerman, today.

This equalled 1,95 percent after tax which showed the low-margin, high-volume nature of the supermarket business.

Another seven hypermarkets are planned for the next four years, making 12 in all.

This is part of a R100-million expansion which also involves opening large supermarkets in country towns in direct competition with Checkers and OK Bazaars.

Mr Ackerman said Pick 'n Pay was reconsidering its strategy of getting into black and coloured areas with partners.

It was also reappraising plans toenter the cash-and-carry wholesale market and experiments in bulk pack sales would start at Brackenfell at the end of the month.

He conceded that the growth in hypermarket sales hit the company's supermarkets as well as competitors'. Hypers were also drawing clothing and hardware business from departmental stores.

CT 3/4/79 (30)

Pick 'n Pay's growth potential

By PAUL DOLD
Financial Editor

Pick 'n Pay's superlative 41 percent profit spurt with a 39,5 percent rise in the dividends shows the group is still firmly on the growth track with no hint of management growing stale. The group has confounded some analysts who believed growth would slow.

The performance over the past year is nothing short of startling given the much bigger base and the inherent difficulty of increasing profits by these large percentages year after year.

Clearly, the impressive foods non-foods mix of 60:40 was the major underlying factor in the sharp rise in earnings and trading in the newly opened hypermarkets with their high proportion of hards and softs must have been phenomenal.

Pick 'n Pay claims that the hypers are pulling business away from the department stores. The R140m sales rise last year certainly shows some other retailers' sales must be declining.

Given the much improved consumer trading climate after the Budget the group should find it relatively easy to achieve another large profit rise this year. After the past year's 120c total dividend — the 86c final was as large as the previous year's entire payout — the share is on an historic 4,6 percent yield and this could move down to around four percent as the share price rises.

But, equally, the yield is growing slim and it is difficult indeed to envisage this unmatched growth rate being maintained forever from the existing supermarket — hypermarket base. But this should not be a problem in the next year or two at least.

Country stores

At a press conference yesterday the chairman, Mr Raymond Ackerman, outlined the group's prospects for this year. A sharp change in emphasis is taking place in Pick 'n Pay's expansion policy with a swing towards a new chain of super stores in the country areas after the hectic hypermarket development of the past 18 months. The first of the large country stores open at Welkom on May 17.

"Previously this has been the heartland of the Checkers chain and we are going to open a whole chain of large superstores with massive food markets, textiles and hardware in the main large country towns. This will bring the benefit of low prices mass marketing to the country consumer, often neglected in favour of the metropolitan consumer."

The hypermarket development programme will continue however, and another seven are to be opened over the next three two four years giving a total of 12.

The huge R140m rise in turnover to R467m reflects the heavy impact of Ackerman's brilliant hypermarket concept.

He is candid that the group is unlikely to achieve this sort of sales rise again. Opening four hypermarkets in one year is nothing short of an international record and it is a fact that South Africa is way ahead of the United States in hyper development.

Constantia

Two to three hypers will open next year, one in Port Elizabeth a second in Johannesburg's southern suburbs and another is planned at Constantia, Cape.

"We have a 70 percent chance of opening the Constantia hypermarket, Ackerman added.

Another two hypers are scheduled in 1981 and 1982 — the Vaal Triangle, Pretoria, W Rand and Transvaal.

He disclosed that an overseas group may soon enter the South African retailing market and there was a possibility of a link with Pick 'n Pay. A group of European and United States business men are to visit South Africa soon which could lead to substantial new investment.

Referring to a threatened Government investigation into alleged pressurization of suppliers by the big retail chains, he warned South Africans to be on their guard against creeping socialism.

Pressure

Asked whether Pick 'n Pay does pressure suppliers for low prices he replied :

"Frankly if we did not do it we would deserve to be tarred and feathered It is our duty as the custodians of consumer interests to do so. But we do not blackmail suppliers."

So, clearly, it is a case of long and hard negotiating but no blackmail and all supplier discounts are passed to the consumer.

Pick 'n Pay's return on sales was only 3,22 percent pre-tax and only 1,83 percent after tax as against the 10 to 20 percent of some suppliers.

"Our return on capital is high but you cannot compare a supermarket group with a manufacturer," he added.

The group was watching closely to see the outcome of the probe into supplier — retailer practices and if free enterprise was restricted this could lead to a slackening of Pick 'n Pay's R100m investment programme from 1979 to 1981. It would also influence the attitude of potential foreign investors.

Free economy

"South Africa has a very free economy compared with many countries overseas. Let's keep it as free as it can be".

The group is still investigating ways of launching its black chain. There are several options open and a decision should be made this year.

As a first step the group is to open a supermarket of 35 000 to 40 000 sq ft gross selling area (3 000sq m) at Mitchell's Plain in a venture with coloured business men. Pick 'n Pay will have a 49 percent stake.

Pick 'n Pay's new cash-and-carry scheme starts soon at the Brackenfell hypermarket where a bulk pack section is being opened. This scheme is an experiment and if successful will be extended to the rest of the group. Pick 'n Pay is not opening a chain of cash-and-carry outlets however.

Turning to overseas trends in retailing he said that only 10 percent of retailing in the United States is now taking place in central business districts. This compared with 30 percent 10 years ago and 50 percent 20 years ago. The swing is firmly to shopping in the suburbs where most of the consumers live.

2.

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water, and the general tendency of the
societies had chiefs and councils to
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dividuals, Khoi societies
ulation of wealth. In
ded to maintain the
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nomads. For example,
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spring, as they had
some arrangement with the Peninsular Khoi to the grazing rights at this time. The Peninsulars would then withdraw to the interior. Some pasture was only suitable for grazing in spring, and this also contributed to the nomadic habits. The maintenance of livestock then necessitated the availability of a large expanse of territory, not all of which was permanently occupied.

Elphick puts forward the idea of an ecological cycle in Khoi society to explain a constant movement of people and livestock in and out of the society.(1) While in the downswing of the cycle dispossessed Khoi were forced to subsist solely on hunting and gathering, it was possible for them to re-enter the society in the upswing. Through clientship, Khoi in reduced circumstances were able once again to build up their own herds and resume their place in society. Loss of

Ackerman and Pick 'n Pay answer their critics

RDM 3/4/79 (30)

By HAMISH FRASER

SOME commentators, this one included, questioned six months ago whether Pick 'n Pay, on the evidence of its interim results, could justify a then historic yield of less than 4%.

Pick 'n Pay's chairman, Mr Raymond Ackerman, did not respond happily to our scepticism and has answered us in the most compelling way possible. Profits and dividends are up significantly.

Pick 'n Pay has raised its dividend by nearly 40% from 86c to 120c in the year to February 28 on earnings which rose at a similar rate from 268c a share to 371c a share.

Attributable profits increased from R6 179 000 to R8 553 000 on pre-tax trading profits which went up by 41% from R9 940 000 to R14 055 000. Gross pre-tax profits, including a dividend from unlisted investments, rose from R10 647 000 to R15 030 000.

The share price has risen since the interim results by about 400c to 2 600c where it yields 4,6%.

The earnings multiple is about seven, which for a company which is consistently able to grow in all economic climates, does not look expensive now that there is the promise of more consumer spending in the pipeline.

I have discarded the cautionary stance that I took at the halfway stage — when I suggested that there were signs of competitive erosion in Pick 'n Pay's bottom line — because it is now clear to me that the new business strains following the openings of new Hypermarkets were responsible for the apparent erosion of margins.

The measure of Pick 'n Pay's growth is illustrated by Mr Ackerman's observation that the R140-million growth in turnover represents the entire turnover of the 1975 year when the group had 38 supermarkets and no hypermarkets.

The turnover increase percentage equals the profit increase which is "very pleasing, particularly as the year included two massive hypermarket openings plus the two hypermarkets opened towards the end of the prevous year which had not yey got into gear."

Pick 'n Pay's pre-tax profits are 3,2% of sales which is about the same ratio of the previous year. This represents 1,9% after tax.

Mr Ackerman reports that stock turns have improved from 10,4 11,3 and stock holding is up only 17% on a 42% increase in turnover. He adds that there has been a welcome improvement in shortage and shrinkage figures — a crucial factor in improved profits.

The group's main policy objective this year is the opening of large country stores, the first of which is scheduled fro Welkom next month. Five new supermarkets will also be opened and three existing supermarkets will be expanded.

No new hypermarkets are planned for this this year, which will be one of consolidation, but two or three are planned for next year.

Mr Ackerman says Pick 'n Pay is negotiating with major suppliers to cut back deliveries with a view to improving efficiency and saving fuel.

"The aim, as well as saving fuel for the country, is to obviate the suppliers raising prices and giving fuel costs as the reason. This is a crucial consumer measure," Mr Ackerman says.

Mr Ackerman is "thrilled" with the Budget, which he thinks will do much to expand commerce.

SOUTHERN AFRICA LABOUR AND DEVELOPMENT RESEARCH UNIT
RESEARCH DIVISION,
SCHOOL OF ECONOMICS,
BEATTIE BUILDING,
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Half-loaf of bread back

BECAUSE of public demand, the half-loaf of bread will be back in the shops on Friday.

The big commercial bakeries, which stopped making the small loaves in the middle of February to save fuel, have decided to start doing so again to avoid hardship to pensioners and poor people.

The disappearance of the half-loaf caused an outcry, particularly from pensioners living alone who said a full-sized loaf went stale before they had finished it.

Many complained that cafe-owners were refusing to sell halves of full-sized loaves for fear of prosecution if the loaves were not cut precisely in half and were discovered to be underweight.

In a statement issued today, Mr C A Boyes, secretary of the Cape Master Bakers' Association, said: 'The association accepts that the reason for ceasing production of the half-loaf — which was done to effect fuel savings — cannot be measured against the plight the poor and less privileged members of our community have to suffer, and any inco[illegible]ence caused to ther[illegible]ugh the measure is [illegible]d.'

Mr Boyes [illegible] that half-loaves, sold at a maximum retail price of 12½c for white and 8c for brown, are not subject to sales tax unless they are included with other goods.

He said some cafe-owners had objected to selling halves of whole loaves because they could not charge sales tax on them.

'They will not be able to charge sales tax on the half-loaf either,' he pointed out.

'Customers must be on the watch for any attempt to do so.'

WHOLESALERS FM 6/4/79 (38)

Bouncing back

Wholesale sales reached almost R20 billion last year. In volume terms, however, sales sagged below 1977 levels and net profits dropped from nearly R756 million in 1977 to R743 million last year. Gerte Frank, of general merchandise wholesalers Greenstein & Rosen, says "last year was the worst we have ever had."

More selective credit policies and competition from the large cash and carry outlets badly dented growth in turnover. A small "cash only" wholesaler, who caters for the African market, says that sales have reached "rock bottom."

Hanns Saenger, MD of Gresham Industries, avers that in the case of textiles "1978 showed growth in the country areas, but not the cities." Sweidan & King's Harry Sweidan agrees that because of his firm's "thrust into the country districts," it managed to increase turnover. Competition from hypermarkets and discount houses has forced wholesale salesmen to concentrate on the platteland.

Some of the cash and carry organisations bucked last year's slump. Makro reports a 35% hike in sales. And Carlos dos Santos, executive director of Metro Cash & Carry, claims that sales last year were "very good," mainly in grocery lines, which are not luxuries.

Wholesalers are far from unanimous on prospects for this year. Joseph Glass, of clothing and textile merchants J Glass, reckons sales will deteriorate.

Others, however, say there are already signs of an upswing. According to Mike Trauberman, sales promotions manager of Makro, food always moves well, but non-food sales are also bouncing up. Makro expects sales this year to climb from R96m to R110m, excluding sales by a new store in Pretoria.

Sweidan believes his firm may achieve a 10% to 15% growth in volume in 1979. The major growth area will be house brands, which are bought from manufacturers at keen prices, and thus usually resold at lower prices than general brands. But Sweidan does not foresee spectacular growth in luxury goods.

Wholesalers are not planning a major build-up in stocks. Rex Parsons, MD of African Indent Merchants, reckons "it is difficult to build up stocks because of capital. We usually carry stocks to cover three months and will not break away from this." Greenstein & Rosen, on the other hand, is carrying exceptionally high inventories, because, says Frank, "we believe that inflation is here to stay." According to Sweidan, "if anything, we will build up stocks, but this depends on how things go this year."

Interestingly, some specialist wholesalers report an increasing demand for their services from manufacturers, Says Saenger: "The product mix of wholesalers is changing. They are tending to specialise and offer improved service. Some manufacturers, in haberdashery and babywear, for instance, are thus beginning to use wholesalers again."

MOTOCYCLES

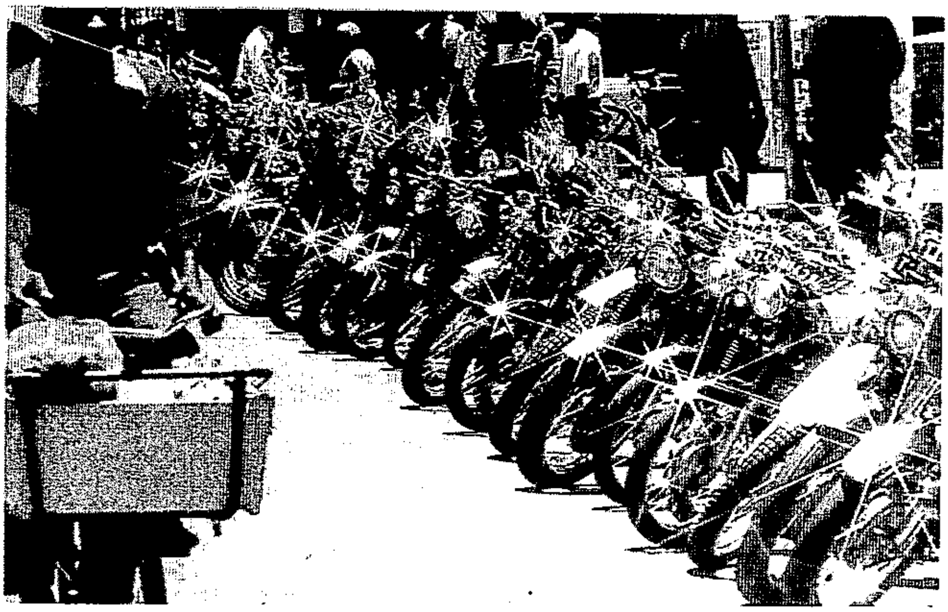
FM 6/4/79 (30)

Drop in the ocean

The R32m-a-year motorcycle business is not exactly jumping with joy at the dropping of the 5% excise tax on machines of up to 200cc capacity.

Of the 15 953 units sold in 1978 (down 16% on 1977), 55% were in this category, but dealers reckon the majority of these sales were in the 50cc class to schoolboys, with slightly bigger bikes for commercial (delivery) use.

Bert Akres, Suzuki marketing director, reckons the cut will just about cover price increases from Japan. But: "We'd have liked to see the excise cut on machines up to 400cc — that's the bracket where most potential users, at present commuting in cars, would be."



Market revving up . . . but could go faster

Charlie Young, Yamaha importer, agrees that if significant fuel savings are to be made, by encouraging people to use bikes for commuting, the price of bigger machines will have to drop.

Present duties on bikes over 200cc add up to 39% (20% customs, 15% excise, and 4% gst), and the strengthening of the yen last year didn't do the local industry any good. Price increases are still being fed through the pipeline from the factories, although nearly all dealers report impressive sales since the petrol price crunch.

Rising sales

Honda and Vespa dealer Harry Ditchfield says there are no second-hand bikes to be had because of a run on stocks by "first-timers taking a hesitant step towards biking as a means of cutting commuting costs." He also reports that sales of Vespa scooters will soon be topping 175 units a month compared to 30 last year.

Lester Miller, of McCarthy Industrial (Kawasaki and BMW franchise), has also noted increased sales and reckons that, if the pattern holds, sales could be up 20% on last year. "Big bike sales have surprised me," he says.

All the signs are there. Sales are up since fuel prices rose but, by dropping the duty on small bikes, government has only gone part of the way.

If any meaningful attempt is to be made to cut the amount of gas guzzled by commuters, it would do well to look at the bigger bikes.

PICK N PAY FM 6/4/79 (36)

Hypermarkets pay

Given the fact that Pick n Pay opened two hypermarkets during the year, an increase in turnover was expected, but some erosion of trading margins was forecast by many commentators.

As it turned out, trading accelerated during the second six months and turnover for the year to February 28 rose by a very solid 42% to R466,8m. And with trading margins virtually unchanged at

Pick n Pay's customers . . . bringing home the bacon

3%, the effect on the bottom line was reflected in a 38% increase in earnings of 371c and the dividend increased by nearly 40% to 120c (86c) covered an unchanged 3,1 times.

At the same time, efficient management led to stocks rising by only 17%, giving a creditable improvement in the stockturn from 10,4 to 11,3. There was also a further decline in shrinkage — which is important when margins are this slim.

Pick n Pay's hypermarkets are proving very profitable, generating last year alone more profit than that earned by the group in 1976. Last year, hypers evidently chipped in some R5m. But in doing so there was an element of robbing Peter to pay Paul in that some of the supermarkets lost volume.

The Boksburg hypermarket, for example, is reputedly one of the most profitable operations in the world, generating some R5 780/m² in its first full year of operation. By its third year, it achieved a trading margin of 3,8%.

In the current year, group turnover should improve further through the opening of several large country stores, notably in Welkom, and five new supermarkets. No new hypermarkets are to come on stream this year, although several are planned for 1980.

Assuming even better margins following the Budget stimulus to consumer spending, higher contributions from the Durban and Norwood hypermarkets, which were opened in March and June respectively last year, Pick n Pay should be in for a bumper year. In fact, some expect these two hypermarkets to reach breakeven point after only three months of operation, compared with the four months taken by the Brackenfield and Bloemfontein stores.

As such, earnings could be at least 470c and the dividend at least 150c. With this scenario, the share is on a prospective yield of 5,6% and is worth holding for the long term, even allowing for a possible slowing down in growth after 1980 when opportunities to open more stores decrease and increasing competition is expected from Checkers and the OK.

John White

TOYOTA FM 13/4/79 27 30

Rough road ahead

Activities: *Holds the franchise for the importation, assembly, manufacture and distribution of Toyota, Hino, Renault and American Motor vehicles in SA through various subsidiaries. Effectively controlled by Wesco.*

Chairman: *Dr A J J Wessels; managing director: C S Adcock.*

Capital structure: *4,1m ordinaries of 16,67c. Market capitalisation: R7,5m.*

Financial: *Year to December 31 1978. Borrowings: long and medium term, R1,3m; net short term, R57,2m*. Debt:equity ratio: 109,8%*. Current ratio: 1,14. Group cash flow: R9,4m. Capital commitments: R7,0m.*

**Including bills payable.*

Share market: *Price: 185c. (1978-79: high, 235c; low, 105c; trading volume last quarter, 46 000 shares.) Yields: 40,7% on earnings; 10,8% on dividend. Cover: 3,8. PE ratio: 2,5.*

The excellent improvement in Toyota's earnings in the year ended December stemmed from a 15% rise in the number of vehicles sold (38 000) and an easing of previously tight margins. However, compared to an 18% improvement in sales for the industry as a whole to 304 000 units, Toyota lost market share. This arose through particularly heavy competition which depressed sales of Renault passenger cars. Elsewhere, Toyota improved its market share of passenger vehicles and light commercials. In the total commercial vehicle market, Toyota was the leader, recording the sale of 21 800 units, 3 300 more than its nearest competitor.

	'75	'76	'77	'78
Return on cap %	12,0	6,9	6,1	9,1
Turnover (Rm)	163,5	153	152,4	194,8
Units sold (000)	45	40	33	38
Market penetration %	12,4	13,4	12,9	12,5
Gross profit (Rm)	12,7	7,8	5,5	10,4
Gross margin %	7,8	5,1	3,6	5,3
Earnings (c)	149,1	55,4	24,8	75,3
Dividends (c)	37,5	25,0	6,25	20
Net asset value (c)	1 107	1 133	1 152	1 201

Profits for the current year are expected to be under severe pressure mainly due to the high cost of boosting local content in light commercial vehicles to 66%. Toyota also has to contend with the inflationary effects of a strong Japanese yen and the intense and growing competition in the motor industry. However, it anticipates maintained profitability in subsequent years.

On the positive side, small car makers, such as Toyota, are likely to benefit from the oil crisis as it will accelerate the swing towards cars with greater fuel economy.

Last year's successes included entry into the municipal bus market, the addition to the Cressida range of a station wagon and a six-cylinder car, the acceptance by government departments of the two litre Hi-Ace panel van, and the success of the new range of Toyota DA heavy trucks.

While local content regulations limited the production of the Corolla to 1 200 cm³ engines during 1978, these limitations will be overcome by May, allowing the production of the already successful Corolla 1 600 cm³ to continue.

To avoid currency risk and rising interest rates, a R6,5m multi-currency loan was repaid during the year. Utilisation of borrowing facilities at the year-end was 68%.

Currently, group facilities are considered sufficient and are unlikely to require capex. But, tooling to meet future requirements of local content and the localisation of light commercials, as required by the local content Phase 5 programme, substantial expenditure will be required. This will be written off during the lifetime of the relevant models and form part of the total costing of new products.

Problems in complying with Phase 5 requirements and the costs involved, which could result in consumers resistance, makes analysis of Toyota's share price difficult. It cannot, for example, be assumed that its current yield of 10,8% will be maintained.

Technically, the share has been attempting to consolidate a newly acquired bull trend, but even the 40c price leap three weeks ago has done little to improve the outlook. This price hike sparked off an overactive, technical buy-signal and, as was expected, the price has since eased slightly. However, this is a share worth watching for short-term movements.

Jean Moon

(30)

CAR SALES

Bonanza!

FM 13/4/79

Car sales bounded up to make last month the best March on record, clear evidence that there is a strong groundswell of growing consumer confidence. Sales of more than 20 000 units were 32% higher than in March last year, and for the first three months of the year they are up 17% to nearly 53 000.

Commercials, by comparison, look bedraggled, up only 5.5% in March and 2% for the first quarter.

Motormakers are at a loss to explain the scale of the increase, but Datsun MD Peter Whitfield offers this view: in the

MARCH CAR SALES

	1979 Mar	% of market	1979 Feb	% of market	1978 Mar	% of market
Sigma	4 612	22,90	3 727	22,88	3 603	23,63
VW	4 445	22,07	3 414	20,98	2 662	17,46
Ford	2 808	13,94	2 365	14,52	2 929	19,21
Datsun	2 371	11,77	1 691	10,38	1 479	9,70
GM	1 890	9,38	1 601	9,83	1 200	7,87
Toyota/Renault	1 522	7,57	1 222	7,50	1 097	7,20
UCDD (Mercedes-Benz)	779	3,87	700	4,30	870	5,71
BMW	760	3,77	686	4,21	440	2,89
Fiat	593	2,94	540	3,32	589	3,86
Alfa Romeo	354	1,76	330	2,03	371	2,43
Other	7	0,03	8	0,05	6	0,04
March total	20 141	(32,11% up on 15 246 last year).				
February	16 284	(March 23,69% up).				

LEADING COMMERCIALS

	1979 Mar	% of market	1979 Feb	% of market	1978 Mar	% of market
Datsun	2 187	23,96	1 637	21,52	1 695	19,58
Toyota	2 050	22,47	1 517	19,93	1 756	20,37
Sigma	1 373	15,04	1 185	15,57	1 652	19,07
GM	1 354	14,84	1 121	14,73	1 195	13,80
Ford	1 148	12,58	1 163	15,28	1 373	15,86
VW	345	3,78	355	4,66	575	6,64
UCDD (Mercedes Benz)	284	3,11	303	3,98	208	2,40
Fiat	193	2,11	155	2,03	44	0,50
MAN	56	0,61	51	0,66	41	0,47
Int Harv	42	0,46	42	0,55	53	0,61
Others	95	1,04	83	1,09	61	0,70
March total	9 127	(5,48% up on 8 653 last year)				
February	7 612	(March 19,09% up)				

period December-February buyers held back because of fuel uncertainties which have now been clarified with the Sasol expansion decision and the avoidance of petrol rationing; the mood of the country about economic conditions has brightened markedly; rising fuel costs have encouraged buying of smaller cars; and March was a long trading month.

"The market really got going in March," agrees Volkswagen MD Peter Searle, whose Golf recorded its eighth straight month as the country's top-selling car.

"There was a dramatic swing to smaller cars, which accounted for nearly half of the market, against about 30% before." Searle is now predicting a car market for the year of 220 000-230 000 units.

Sun Express 15/4/79 (30)

Scotts gallop down loan burden

THIS week's news that the Scott brothers, Robin and Des, were selling their stable of racehorses put the wind up both shareholders and creditors of Scotts Stores.

The latter became nervous that matters had deteriorated at the shoe group.

However, on Thursday, managing director Des Scott said that the group's results for the year to February 28, which are due in 10 days, should show a loss no worse than the R858 000 registered at the half year.

He said: "We have been busy stripping down Scotts. We sold the Pietermaritzburg property and after bond repayments realised R450 000. Then we stripped Selected Gifts and sold the shell, an exercise which brought in about R200 000.

"The sale of Cashmart realised about R1.5-m and the baby chain, Our World, which we are running down — some stores we will continue to operate, some we have already closed — should save us between R600 000 and R700 000."

Scott is confident that there will be a big improvement in the group's figures for the year, and that the report will show that the comany has all but cleared its loan burden.

The Scott Bros are naturally reluctant to sell their horses but as Des Scott sees it he has little option. Originally Standard Bank lent the brothers money for extentions to the farm using their 2-m Scotts shares as collateral.

When the price of Scotts dropped, the bank asked for more collateral and the brothers ended up with a deed of hypothecation over the farm, and a notarial bond over the horses.

Scott anticipates that the sale of the horses should raise R1.5-m. sufficient to relieve the pressure on the brothers' personal position which naturally has nothing to do with the company.

Greatermans boss prefers action to words

YOU may not believe it, but this week I ensnared a man who has been giving me the runaround.

In fact, he sacrificially offered himself up for the slaughter.

No, I did not have to puff and pant alongside Isaac Kaye, the power behind Greatermans, on a lengthy walk during our interview, as he had threatened.

Instead we had a genteel discussion in the coolth of his Rosebank office.

The subject? What he's been up to since August, when he took over the Greatermans reins.

I found Kaye pleasant, and if he errs too much on the side of conservatism for a journalist's taste, I couldn't fault the fact that he prefers actions to words.

And, although he has not been communicative about his activities in recent months, I have been assured that it's not because nothing has been going on, but because it has.

Kaye tells that he and his sidekick, ex-Senbank merchant banker Harold Joffe, have decentralised the Greatermans operation.

They have decided that the various companies in the group — Ackermans, Checkers, Greatermans and Prudential Shipping — have to stand on their own feet.

Kaye says: "We wanted to do this first and then to tell our shareholders what we had done rather than what we planned to do.

Yours unfaithfully, Penelope

being hived off to the public in the near future.

On future public listings Kaye wants to see the divisions all make a contribution to group profit before looking at anything else.

As far as the Clicks issue is concerned, it seems unlikely that the public is going to be invited to participate directly in the offer.

It is more likely that Greatermans is going to reward its own shareholders ahead of the man-in-the-street.

The department stores have themselves been decentralised into units and "some problem areas have been isolated."

Kaye is happy that the team under Richard Lyne is working well and believes that with new direction, Greatermans will again come into its own.

One of Joffe's responsibilities, Prudential Shippers, is now "under firm control".

In Joffe's words, "The company is not going to trade in the lower end of the market.

"We are looking at a lower risk and a lower return."

Kaye believes that his first responsibility lies with his shareholders.

He is determined that the return on Greatermans' shares will improve in the near future.

"By July we should see the position more clearly but good results will only start coming through in the middle of 1980."

Asked to rate his stock, Kaye agreed that one can best describe Greatermans as a "recovery stock".

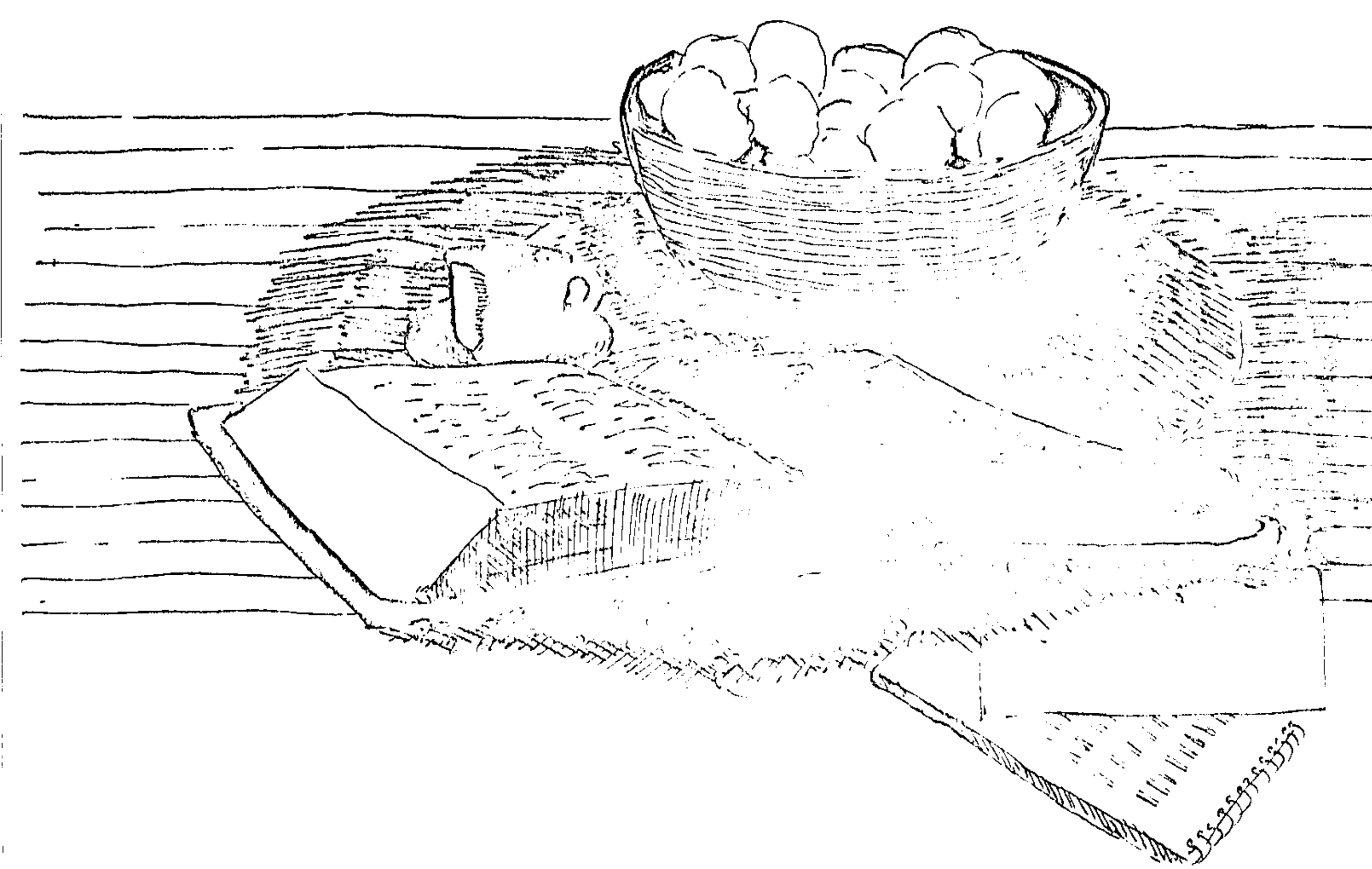
And with his confidence and dedication perhaps investors might like to consider Greatermans soon, if for no other reason but that "softly, softly catchee monkee".

● Isaac Kaye . . . working behind the scenes ma

at is a very busy time.
"So the changes that have taken place have happened in the past three months and that really isn't very ong."
What did Kaye find at Greatermans when he took ver?
"A good business which d been affected by some d investment decisions. so, morale was low be-use the group was not ng all that well."
low exactly has this qui-y-spoken man set about tifying the situation?
le has tightened up ad-nistrative controls oughout the group and oduced some new peo-

aye is particularly ified by the Ackermans its, where a young man ed Stewart Cohen is onstrating his feel for l.
believe that relatively ing, this chain has the est potential in the , appealing to the e 70% of the consum-blic," said Kaye.
ckers is going great Kaye comments, and ways been on budget. oes not see Checkers

APRIL '79



ERIKSEN

FM 20/4/79 (30)

Sparkling performance

Activities: *Distributors of new passenger and commercial vehicles, tractors, used vehicles, parts and accessories. Manufacturers of specialised mining and earthmoving equipment. Directors hold 62,5% of equity.*

Chairman and managing director: *E R Eriksen.*

Capital structure: *1,2m ordinaries of 50c each; 100 000 6% prefs of R2 each. Market capitalisation: R1,9m.*

Financial: *17 months to December 31 1978. Borrowings: long and medium term, R5,1m; net short term, R5,4m. Debt:equity ratio: 109,9%. Current ratio: 1,3. Net cash flow: R906 000. Capital commitments: R230 000.*

Share market: *Price: 157c (1978-79: high, 170c; low, 85c; trading volume last quarter, 11 000 shares). Yields (annualised): 49,6% on earnings; 6,7% on dividend. Cover: 7,4. PE ratio: 2,0.*

	'75	'76	'77	'78
Return on cap (annualised)	10,0	9,3	11,3	14,3
Turnover (Rm)	33,4	44,0	43,7	82,6
Pre-tax profit (Rm)	0,7	0,5	0,5	2,1
Gross margin %	4,8	4,3	4,7	5,0
Earnings (c)	37,8	19,1	32,6	110,4
Dividends (c)	10	5	5	15
Net asset value (c)	603	667	691	773

Interrupted supplies as a result of UK strikes caused a shortage of vehicles towards the end of 1978, but did not mar Eriksens' strong performance in the 17 months to end-December. Annualised earnings for the period were 139% higher at 77,9% a share and the dividend more than doubled to an annualised figure of 10,1c a share.

The board optimistically forecasts that trading results for the current year will continue at a similar level in the absence of unforeseen circumstances. Chairman Ernst Eriksen explains that the near doubling of retained income to R1,4m stems from a cautious attitude taken in view of anticipated cost increases this year.

He describes the new Ford range as a truly European Common Market car, with components supplied from all over Europe. In addition, the supply of parts from the UK has now been normalised. Overall, then, the group should be less vulnerable to overseas sourced vehicles and spares.

In order to reduce short-term borrowings, the group has successfully negotiated additional long-term finance since the year-end. But in supporting the 35% increase in turnover, the value of stocks has risen R3,8m to R8,3m while sundry debtors and debit balances are nearly R1m higher at R4,7m.

A 50% increase in the company's contribution to its staff pension fund, which will be matched by employee contributions, has been introduced in order to combat the eroding effects of inflation on pensions benefits. Also, R143 000 has been granted by the company for widow's pensions.

The 6,7% yield alone might not attract long-term investors in this lightly traded share, but its progress since 1976, when earnings slumped to 19,1c a share, reflects sound management. In addition, the dividend is covered 7,4 times and the share is on a discount of 78,6% to nav. In the short term technical factors indicate that the share price could weaken, although its bull trend should remain intact.

Jean Moon

PROMOTIONS

Perking up

FM 2/11/79 (30)

In an effort to reverse losses in its 11-store operation, Greatermans' department store vice president Richard Lyne has devised a three-pronged attack. Agressive marketing; improved merchandise buying, "keenly geared to a new image;" and credit promotion.

In-house advertising has switched to an outside agency. The primary brief, explains Lyne, is improved effectiveness: "Pushing the fact that Greatermans carries the widest merchandise range under one roof in SA."

In the past, merchandise problems related mainly to over-stocking, says Lyne, "which restrained buyers from following through on hunches. Now we're backing our buyers' hunches."

Backing merchandise with in-store promotions and strong advertising has already resulted in a sales increase of 20% in women's apparel.

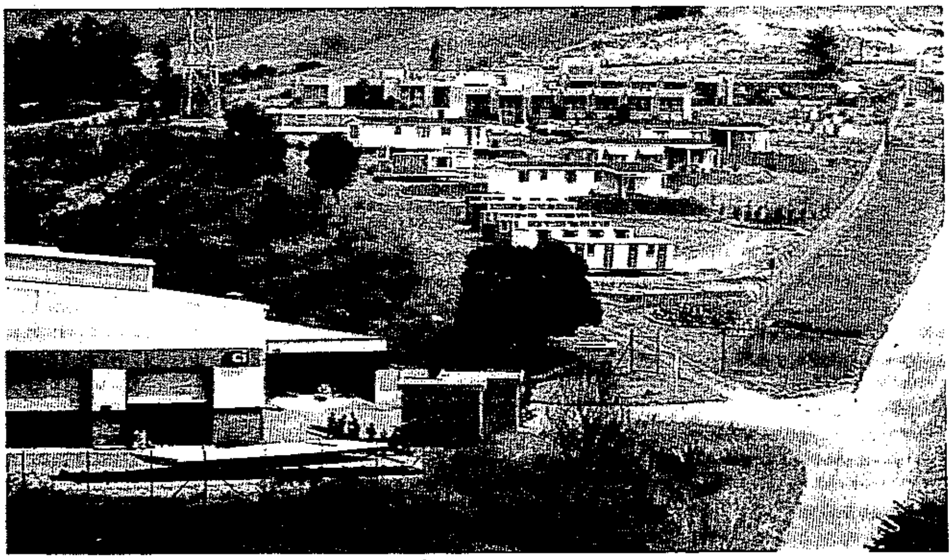
Lyne expects that the five customer credit schemes currently being heavily promoted will achieve "an additional R3m-R4m turnover next year."

(30) FM 20/4/79

CI INDUSTRIES

Broader horizons

For Caravans International (UK), CI Industries was its first overseas investment. CI is also highly successful and is the first to apply for a listing on a foreign bourse. It is offering 1,3m shares to the public at 145c and is to place preferentially 185 000 shares with dealers, directors and certain employees at the same price.



Caravans' mobile homes . . . accommodating growth

Given the popularity of its marques, which include household names like Sprite, Gypsy, Sport and Caravette, and a pitching price which yields 10,3%, the offer should be well received.

Two of the primary objectives of the listing are to raise borrowing capacity and to reduce the UK parent's shareholding to a level more consistent with its other international investments. In doing so, CI (UK) will dilute its stake from 80% to 51% and Senbank, which currently holds 16%, will furnish sufficient of its stock to ensure a 33% participation by the public. In the end Senbank will end up with about 12%. The remaining 4% is held by an outside shareholder.

The forecast for the year to August 31 1979 points to a taxed profit of R1,5m and earnings of 34c on the 4,5m shares that will be in issue following the flotation.

Out of this, a 15c dividend is promised, although subscribers will not be entitled to the 7,5c interim recently declared but only to the 7,5c final.

CI's profit record is not without blemishes. Taxed profit slipped in 1976 to R1,1m and slumped to only R63 000 in 1977. While the reasons are straight forward enough, they do serve to highlight the cyclical nature of CI's markets. The decline in 1977, for instance, is laid at the door of an increase in sales duty from 20% to 33%, and to a temporary diversion of consumer durable expenditure to TV, both of which came during a recessionary period.

But, with the abolition of the 33% sales tax and introduction of 4% gst, demand perked up sufficiently to generate a taxed profit of R1,2m last year. In the current year, the order book has been swelled by an unusually large order of 450 mobile residential units for Sasol 3. Delivery is expected to extend between now and November and the profit forecast includes a proportional share of the profits expected from this contract. As for the following year, the group is confident that large orders will continue to be received.

Of a more permanent nature is the beneficial impact expected from the Natal Provincial Administration's recent concession to allow 20% of the space in parks under its jurisdiction to be used for permanently sited — and more expensive — caravans. According to CI, there are indications that other provinces could follow suit.

CI's activities include industrial units aimed at providing field accommodation for construction and strategic personnel. In fact, this side of the business is currently generating 50% of group profit and is expected to grow considerably. It is also considered to be less cyclical than caravans, which were the mainstay of operations back in 1976 and 1977.

Interestingly, in order to provide for continuity of local management, CI's prospectus refreshingly discloses the restraint of trade undertakings entered into with four top executives. These allow for immediate cash payments ranging from R46 000 to R29 000 in return for their staying out of the mobile home business for five years from the date of listing or one year after termination of employment, whichever is the later.

GOLD — US ADMITS DEFEAT

At long last the US Treasury has realised that there is no point in selling the farm to pay the mortgage. After announcing last November that it was doubling its monthly gold sales to 1,5m oz (equivalent to 80% of SA's production) starting December, the king's nakedness has been exposed.

Few gold bulls reckoned that the US could maintain the pace, and Wednesday night's announcement that future monthly sales would be cut to 750 000 oz has vindicated them. It was patently clear with the Treasury auctions heavily oversubscribed even at the higher offering figure, that the US could not hope to satisfy demand, especially with Central Banks underpinning their currencies with the ultimate store of wealth.

The US announcement came too late for London's Wednesday afternoon fix of \$233,20 after a \$234,50 morning fix. But in post-fix trading, bullion moved sharply ahead to \$238 with a strong head of steam developing.

At the time of writing it was unclear how future Treasury sales at the lower level would be split between high- and low-grade metal. But an immediate reaction from London was that it did not really matter as the Treasury will not be selling anything within a couple of months.

What does it mean for bullion? My guess is that a sharp rise to around \$250 should be possible within the next few weeks. And longer-term, there is little now in the way of bullion ploughing its way steadily through the \$300 barrier before year-end. *Jim Jones*

GROOT WINKELS GESELS OOR GEDRAGSKODE

RAPPORT 22/4/79

(30)

Deur DAAN DE KOCK

DIE land se groot kettinggroepe is besig om onder mekaar 'n soort gedragskode te probeer uitwerk en daarmee enige optrede deur die Raad vir Handel en Nywerheid te verhinder oor die sogenaamde „confidentials" en „onregverdige magsvorming".

Terselfdertyd word verneem dat die Minister van Ekonomiese Sake, mnr. Chris Heunis, ingestem het om die ondersoek uit te stel om te sien met watter voorstelle vorendag gekom word.

Die voorsitter van die Vereniging van Voedselvervaardigers, dr. Lawrence McCrystal, het bevestig dat 'n vergadering reeds plaasgevind het, maar het gesê dit is in hierdie stadium nog te vroeg om enige kommentaar te lewer. Hy het gesê 'n soortgelyke vergadering sal binnekort weer gehou word om te kyk of die probleme uitgestryk kan word sonder dat daar 'n amptelike ondersoek hoef plaas te vind.

Een van die belangrikste beskuldigings teen die kettingwinkels, behalwe die bedinging van pryse wat die winsgrense van die verskaffer tot op die been sny, is dat hulle ook nog aandring op 'n vertroulike tedring op 'n vertroulike terugbetaling later wat as 'n „confidential" bekend is en op omset bereken word.

Daar word ook beweer dat sommige verskaffers nie baie maklik na vore sal kom om die praktyk te beveg nie, uit vrees dat hulle goedere moontlik van die rakke van sekere kettinggroepe verwyder sal word.

Dit wil ook voorkom asof sekere van die kettingwinkels nie baie beïndruk is deur die daarstelling van 'n „gedragskode" nie. Hulle is van mening dat dit die funksie van die kettingwinkels is om die laagsmoontlike prys vir die verbruiker te beding.

'n Woordvoerder van een van die kettingwinkels het gesê hulle gaan beslis nie sover gaan om goedere van sekere verskaffers van die rakke te verwyder as die verskaffer nie oor 'n sekere prys ooreen wil kom nie.

Indien daar nie ooreengekom kan word vir 'n oplossing vir die probleem nie sal dit nog geruime tyd neem voordat 'n amptelike ondersoek voltooi sal wees. Daar moet eers deur die Minister amptelik opdrag aan die Raad van Handel en Nywerheid gegee word voordat met so 'n ondersoek begin kan word. Vanweë die geweldige grootte van die kettingwinkels sal dit uit die aard van die saak 'n geruime tyd duur voordat so 'n ondersoek voltooi sal wes.

Ackerman hits at clothing manufacturers

Sun. Times Bus. 22/4/79 (30) ~~19~~

Raymond Ackerman . . . "many won't supply me."

By VERA BELJAKOVA

'Price-fixing tactics are breaking the law'

PICK 'n Pay's Raymond Ackerman has accused clothing manufacturers of breaking the law by running a clothing price-fixing ring.

Reacting to protests this week that clothing prices had been kept low because of "free competition, uncluttered by Government interference", he said many had refused to supply his company.

His accusation brought into the open a behind-the-scenes row Pick 'n Pay is having with manufacturers over supply of branded goods because it is "a price cutter".

Replying to an attack by National Clothing Federation president Simon Jocum, who claimed Mr Ackerman's allegations of collusion among clothing manufacturers were "completely unwarranted", he said:

"All we ask is that they follow the laws of the land. Refusing to supply us with branded goods on the grounds that we cut prices is contrary to the Resale Price Maintenance Act.

"To claim there is no collusion among clothing manufacturers is totally untrue. Many, many suppliers have refused to supply us with a wide range of lines. They are by no means whiter than white."

Mr Jocum's statement, calls Mr Ackerman's allegations "unfounded . . . considering there are over 800 clothing factories in fierce competition with each other in South Africa."

As a result, he says, clothing prices have risen less than any other important commodity over the last five years and are probably the lowest in the Western world.

"We believe prices have been kept low because of free competition, uncluttered by Government interference. The eroding profit margins (of clothing manufacturers) can be explained by the fact that the industry has always operated in a buyer's market.

In a vice

"We have been caught in a vice between the buying power of the large organisations on the one hand and the limited number of suppliers we can go to in the textile industry on the other hand."

Mr Jocum apparently took exception to a passing reference Mr Ackerman — an ardent campaigner for free trade — made about the clothing industry when addressing the Cape Town Press Club a fortnight ago on the the undesirability of Government interference in business.

In an uncharacteristic endeavour to avoid public controversy, Mr Ackerman responded to Mr Jocum's criticism by letter, but agreed to comment specifically in public when he learned on Thursday that Mr Jocum had circulated his statement to newspapers.

ARGUS 24/4/79

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Call for equal trading rights for all races

Argus Correspondent

JOHANNESBURG. — A leading academic has called for equal trading and labour rights for all races — the development, 'acceptance and integration of members of all population groups on all levels in our economy.'

Commerce and industry should take the leading role because it would sacrifice most if the political situation ended up in chaos, warned Professor H P Muller, director of the Graduate School of Business of Stellenbosch University.

Speaking to the Johannesburg Chamber of Commerce, he called for all races to be given 'a fair opportunity to prove themselves as supervisors, members of the middle management team and ultimately respected members of our boards.'

The professor said the critical role of the Government in this context included:

- Providing a legal system to support the implementation of a free an enterprise system as possible.
- Allowing in-company development of all races, making discrimination illegal, if necessary, and thus to 'force all employers to pay the rate for the job and to close the wage gap in the shortest possible time.'
- Developing schools for the training of technicians everywhere in industry and supporting management education on a co-ordinated basis.

But he emphasised that business could act faster than the Government.

Huge task

A strong economy could not be built where the 'have nots' outnumbered the 'haves' by five to one.

It was a frightening and gigantic responsibility to provide 200 000 jobs annually for the next 20 years and to nearly double the number of blacks in industry alone by 1990.

This required a well-planned effort to rapidly develop people for more responsible positions — not window dressing.

'Not dirty'

'Giving people a share in the economy does not mean a dirty little shop in a ghetto or a poor little country town with all sorts of restrictions,' Professor Muller said.

The majority of people supporting the private enterprise system did not own a single share in the business they worked for.

'They support a system because they can earn themselves a decent income and a higher standard of living and education.'

With predictions that the white population would be outnumbered by six to one at the turn of the century, 'there can be no doubt about our interdependence politically and economically as a nation of nations,' Professor Muller said.

(30) N.M 27/4/79

R4,6m take-over by Metro Cash & Carry

Mercury Correspondent

JOHANNESBURG — The country's largest wholesaler, specialising in domestic hardware, is being taken over by Metro Cash and Carry Holdings — which is already the largest wholesale group in the country.

Agreement in principle has been reached for Metcash to buy with effect from 1 March 1979 Johannesburg Hardware Wholesalers (Pty.) Limited, which operates a cash and carry wholesale business in Johannesburg, and its sister company, Bingo Wholesalers (Pty.) Limited.

The price is R4 625 000, to be settled through the issue of 300 000 new Metcash shares and the payment of R125 000 in cash.

Earnings

Based on unaudited figures from the two companies, the deal would have raised Metcash's earnings by 5 cents to 187 cents a share had it been effective in the year ended February 1979.

The two domestic hardware wholesalers are owned by the Gordon family, and make up today's form of the wholesaling business that was formerly listed on the Johannesburg Stock Exchange as E. S. and B. Gordon.

The Gordon business was placed under judicial management in 1972. The Gordon family purchased various of the operating companies in 1973 and 1974, then re-structured and developed the business.

It is this business, making pre-tax profits of R1,3-million in the year ended February 1979 against E. S. and B. Gordon's R440 000 in 1968 and R884 000 in 1969, that is being bought by Metcash.

At present the wholesaling of domestic hardware does not make up a significant part of Metcash's business, but it is an activity that the company plans to develop over the coming years.

A platform

The Johannesburg wholesalers and Bingo businesses will form the platform from which this activity will be developed.

Accordingly, Metcash is retaining the services of the senior executives of the two companies. The deal is subject to various conditions, including the approval of Metcash shareholders.

The Gordon family has informed Metcash that it has made arrangements to place 270 000 of the Metcash shares with third parties at their issue price of R15 a share.

DATES TO REMEMBER

Last day to register for dividends:
Friday May 4: Altech 28c; Cor Synd 14c; Duiker 18c; Ergo 25c; Frencorp 9c; FS Geduld 185c; Iclef 6c; Lydenburg Plat 5c; Pres Brand 115c; Pres Steyn 65c; Rho Corp 1c; Rustenburg Plat 5c; SA Eagle 25c; Sanland 2,37c; Tweefontein 63c; Welkom 42,5c; Western Holds 270c; Witbank Cons 32c.

Meetings:
Monday April 30: Mooi River Tex (Mooi River); Natal Coal.
Tuesday May 1: Ensign (Cape Town); Fedmis; Sappi; Stanbic.
Wednesday May 2: Elsburg; Rennies; Western Areas.
Thursday May 3: Defy (Bedfordview).
Friday May 4: Dubin (Natal); Gen Tire; Unidev.

All meetings are in Johannesburg unless otherwise stated.

DIROYAL FM 27/4/79 (30)

Highly geared

Activities: *Holding company with subsidiaries engaged in motor retailing, factoring of trade debtors, ship supply services, and furniture retailing. The group also holds a portfolio of listed and unlisted shares.*

Chairman: *A D P Overstone.*

Capital structure: *11,4m ordinaries of 50c. Market capitalisation: R4,9m.*

Financial: *Year to December 31 1978. Borrowings: long and medium term, R4,7m; net short term, R3,7m. Debt:equity ratio: 132,2%. Current ratio: 2,0. Group cash flow: R1,4m. Capital commitments: R474 000.*

Share market: *Price: 43c (1978-79: high, 45c; low, 18c; trading volume last quarter, 163 000 shares). Yields: 24% on earnings; 9,3% on dividend. Cover: 2,6. PE ratio: 4,2.*

Much of Diroyal's success in 1978 stemmed from the good reception of new models in its Audi, Volkswagen, and Ford franchises, a better market climate, and reduced overheads.

Continuing its policy of monitoring returns on total assets, Diroyal is to expand existing businesses and curtail or eliminate those generating less than adequate returns. To this end, the group sold its interest in Automotive Equipment Centre Cape for a net amount of R500 000.

	'75	'76	'77	'78
Return on cap %	12.4	18.1	15.3	19.0
Turnover (Rm)	32.9	36.0	43.4	55.5
Pre-tax profit (Rm)	1.0	1.0	1.1	1.7
Gross margin %	3.7	2.8	5.8	5.8
Earnings (c)	5.8	5.8	6.4	10.2
Dividends (c)	3	3	3	4
Net asset value (c)	49	50.5	55.4	61.9

In addition, joint MD Harold Sender said that the decision to discontinue financing hire purchase contracts emanating from group motor sales was necessary to realise additional cash for developing other opportunities. An amount of R2,8m was realised from the disposal of debtors (without recourse).

The disposal of the entire holding of 35 000 De Beers further tends to emphasise the move from equities towards investment in trading subsidiaries. Sender also said that the company will restrict its listed equity portfolio to shares in companies with interests in Diroyal, like Ovenstone, Kaap-Kunene, and Suiderland which collectively own 50.6% of Diroyal.

Following the acquisition during the year of Central Boating at a cost of R71 000, a dividend of R15 000 has been received from this source. While buoyant trading conditions in the ship supply division in Cape Town were experienced during 1978, trading conditions in Durban, mainly confined to shipping movements in the harbour, were static.

Increased demand for financial services resulted in the factoring division posting substantial growth. To cope with the additional volume, new computer equipment was installed. This should also upgrade services offered to its factoring clients. The division's improved profitability is expected to be maintained this year.

No dividend was received from Diroyal's 50% interest in Moveco SA, despite substantially increased turnover and profits in this motor component division. Funds were retained in order to further develop the company's activities.

From a chartist's point of view, the share is in a steady bull trend, which indicates that it should keep pace with the rest of the industrial market. On fundamental considerations, Diroyal's good dividend yield makes it a sound, long-term proposition. Gearing, however, remains high, with interest consuming 48% of gross profit.

Jean Moon

(30) 1979

Pick 'n Pay expects better year — Ackerman

THIS year promises to be a better one for retailing than has been experienced for some time, says Mr Raymond Ackerman, chairman of Pick 'n Pay, in his annual report to shareholders.

He says the Budget and the general feeling of increased confidence should provide the impetus for a much-needed stimulus to consumer spending.

In the year to February Pick 'n Pay increased its turnover by 41,6 percent to R466-million while its taxed profit rose 39,5 percent to R9,1-million.

SALES TAX

The introduction of sales tax last July depressed consumer spending. But there are signs that the new tax is now being absorbed and that traditional patterns are reappearing.

Two more hypermarkets were opened during 1978/79 bringing the number to five and all made substantial contributions to profits.

Three new supermarkets were opened during the year.

No hypermarkets will be opened in the current year though two more will start trading in 1980-81.

CONSTANTIA

Referring to the proposed hypermarket at Constantia, Mr Ackerman said the company is waiting for a final decision by the Divisional Council and the Administrator which should be known within the next three months.

Substantial opposition has been raised to the development but the objectors appear to have lost sight of the fact that the property is zoned for business purposes to an extent of twice the size of the building contemplated.

Supermarkets are to be opened at Welkom, George, Rustenburg and Paarl.