CONSTRUCTION — GENERAL

11 JAN. 1980 — 31 AUGUST 1980

BIFSA

The shakedown's underway

The drive to breathe new life into the Building Industries Federation (Bifsa) is to be led by by its own vice-president, career builder Lou Davis. He will step down as MD of Ovenstone's Pretoria-based Ovbou Construction group and take over as Bifsa's chief executive on April 1.

The appointment, finalised a couple of months ago, has been one of the industry's best-kept secrets. It is a direct result of the findings of management consultants who were appointed at the instigation of current president Bob Stevenson to investigate the federation early last year. Superseded director Johan Grotius resigned in November.

Davis' arrival foreshadows a significant shift in direction for the organised building industry, starting with Bifsa's own membership. A priority is to polish up the image, discourage splinter groups and breakaways and to recapture the ear of government.

Starting in-house, Davis will have the tricky job of ending the growing friction between main and sub-contractors which has been growing steadily for several years. The major gripe from the subs is the length of time they have to wait for payment. As employees of the main contractor, they claim they should be settled on completion of the job and not have to wait until the main contractor gets his money out of the developer.

But there are a host of other issues to be tackled. Bifsa, tired of government "inertia," has launched an ambitious training programme with a R2m school at Springs. Now it's going further, and new centres are about to be built in Natal and the Cape. Current training budget, including temporary facilities in Port Elizabeth, is around R5m

The training job is a big one. Already the industry is chronically short of skilled — and some semi skilled — workers, and the Bifsa projection is that 8 500 artisans alone will have to be trained within 20 years.

New moves to share the skilled load more equitably among all population groups should help. Stevenson tells the *FM* that Bifsa and the trade unions are working on a plan to train "people". The plan will allow all workers to obtain progressively higher skills (and wages) on the job — without taking an apprenticeship.

Harnessing all racial skills is going to make the task a good deal easier and will give government the opportunity of showing its nonracial *bona fides* by repealing the Bantu Building Workers Act. More details of the plan are expected to be announced later.

But Davis emphasises that Bifsa's energies will inevitably be directed to the good of the membership. One of the more direct campaigns will thus be to improve loss control procedures in an industry which admits to having one of the lowest productivity rates in the country. Stevenson says the position is disastrous — as low as 30% industrywide.

Management training with accent on material usage and lower wastage factors has already begun and will be stepped up. Cost benefits will be passed on to customers. If productivity can be pushed up by even 50%, which shouldn't be difficult, Davis estimates that cost-to-consumers can be trimmed by 10% or more.

With such streamlined direction, there seems little reason why Bifsa can't come a lot closer to government on matters of national planning. Indeed, Davis says Bifsa has a right to be consulted on economic policy in building matters. It is, after all, the second biggest (to the mining industry) employer of labour in the country and has a vast reservoir of professional and management skills on which government can draw.

Instead, it has been largely ignored and is not even represented on the national housing committee. Hopefully, that's all going to change and there is even talk that the breakaway Electrical Contractors Association may decide to rejoin.

It's a big programme. But, with a new policy behind it, Bifsa believes it now has the skills to do the job.

Lou Davis . . . new man in the Bifsa hot seat

(2) The directors' report shall deal with every matter which is material for the preciation by the members of the company of the state of affairs, the business and the ofit or loss of the company or of the company and its subsidiaries, if any, and shall for at purpose be in accordance with and include at least the matters prescribed by Schedule in so far as these are applicable, and comply with any other requirements of this Act.

(3) Any director of a company who fails to take all reasonable steps to ensure compliance with the provisions of this section, shall be guilty of an offence.

uties as to Annual Financial Statements

o annual financial statements and other matters.—It shall company—

nual financial statements and group annual financial state- efore its annual general meeting;

bstituted by s. 21 (*a*) of Act No. 76 of 1974.]

that proper accounting records as required by this Act the company and that proper returns adequate for the dit have been received from branches not visited by him;

that the minute books and attendance registers in respect company and of directors and managers have been kept required by this Act;

iat a register of interests in contracts as required by section and that the entries therein are in accord with the minutes hgs;

isfy himself as to the existence of any securities of the

information and explanations which to the best of his ef are necessary for the purposes of carrying out his duties;

iat the company's annual financial statements are in agree- unting records and returns;

annual financial statements and satisfy himself that they quirements of this Act;

[Para. (*h*) substituted by s. 21 (*b*) of Act No. 76 of 1974.]

drought", said business had started to pick up since the beginning of the year.

"A fair number of the smaller firms have gone out of business since 1978, which was one of the leanest periods in a long time," he said.

"However, business is increasing and there have been quite a few small private jobs coming in.

R. H. Morris (ER) Pty, a building firm based in Cape Town, closed their East London branch a year ago after moving their branch here from Port Elizabeth due to a "slump in the building industry in Port Elizabeth and Uitenhage".

The commercial direc- tor of the holding com- pany in Johannesburg, Mr G. Kelly, said the closure of the East London branch had been "part of the rationalisation of the company". — DDR.

EAST LONDON — Building firms are back at work with mixed feelings over what lies ahead in the 1980s.

Although the value of building plans passed in 1979 by the city engineer's department is 50 per cent higher than for 1978, building contractors do not hold out much hope for a boom period.

The president of the Master Builders' Associa- tion in East London, Mr Graham Dodd, said there was "no boom at all" although there were in- dications that conditions were improving for builders.

"It would appear there is more work available than there was this time last year," he said, "although this could only be a temporary increase.

"Building costs are in- creasing by about one and a half per cent every month, and the price of timber has just gone up 16 per cent.

"If we do get a sharp in- crease in the amount of work, however, we could have a shortage of skilled labour, as the artisans tend to leave the area when there is no work," Mr Dodd said.

This opinion was shared by the president of the East London Chamber of Commerce, Mr Jack Snell, who said he was "not sure if all the artisans would be around" if there was to be a "building boom".

He said things were generally quiet for local builders at present, with most of the work being done on government con- tracts.

"Things seem a bit rosier than they were this time last year, and I have a feeling there will be quite a lot of government work in the new year."

Mr Snell also said the slight uplift could be seen as part of the General economic improvement which was taking place in South Africa.

A spokesman for LTA Construction here said there had only been a slight increase in building activity, after a definite slump last year.

An LTA spokesman in Port Elizabeth said the company "hadn't really seen much uplift" in East London, although they were "hopeful" about the future.

A private contractor, Mr J. J. van der Merwe, who describes himself as "one of the smaller builders who survived the

"What work there is, is government work," he said "At the moment we only have one contract in East London, although there are several under- takings in Mdantsane and Dimbaza."

Building boom not expected

No. 8)

Energy costs and the building industry

(32) N.M 26/1/80

MR BRIAN KING, the managing director of the Otis Elevator Company, takes a look at the construction industry in Natal from the point of view of his own company.

Since Otis Elevator Company began operations in South Africa in 1896, a significant part of its growth has been tied to the economic growth of Natal, with its diversified agricultural, industrial and commercially based economy.

Dependent upon the type of equipment required, Otis' Wadeville Transvaal factory supplies up to 90 percent elevator local content. The factory was commissioned in 1952 and is the biggest investment of its kind made by Otis in the whole of Africa.

Given the present reduced level of building activity throughout South Africa, the company has maintained a reasonable level of activity during the past year. Certain organisations have continued to put up new buildings and service business continues to expand as more and more units come into operation. Generally, there are indications that private sector developments are being considered again and, the heavy dependence on governmental and quasi-governmental business for the past two years may be moderated.

Constant emphasis on efficiency has enabled the company to cope with the persistent increases in costs which occur due to inflation

On the new business side, a recent survey on the building industry published by the University of Stellenbosch Bureau for Economic Research has confirmed that it is not yet clear whether the higher energy costs will result in demolishing or in refurbishing. Probably the latter will be the case The structural change, therefore, could be one where more additions and alterations and less erection of new buildings — measured in real terms — could occur.

Building owners are learning to appreciate the benefits to be gained from modernization of their elevator and escalator equipment.

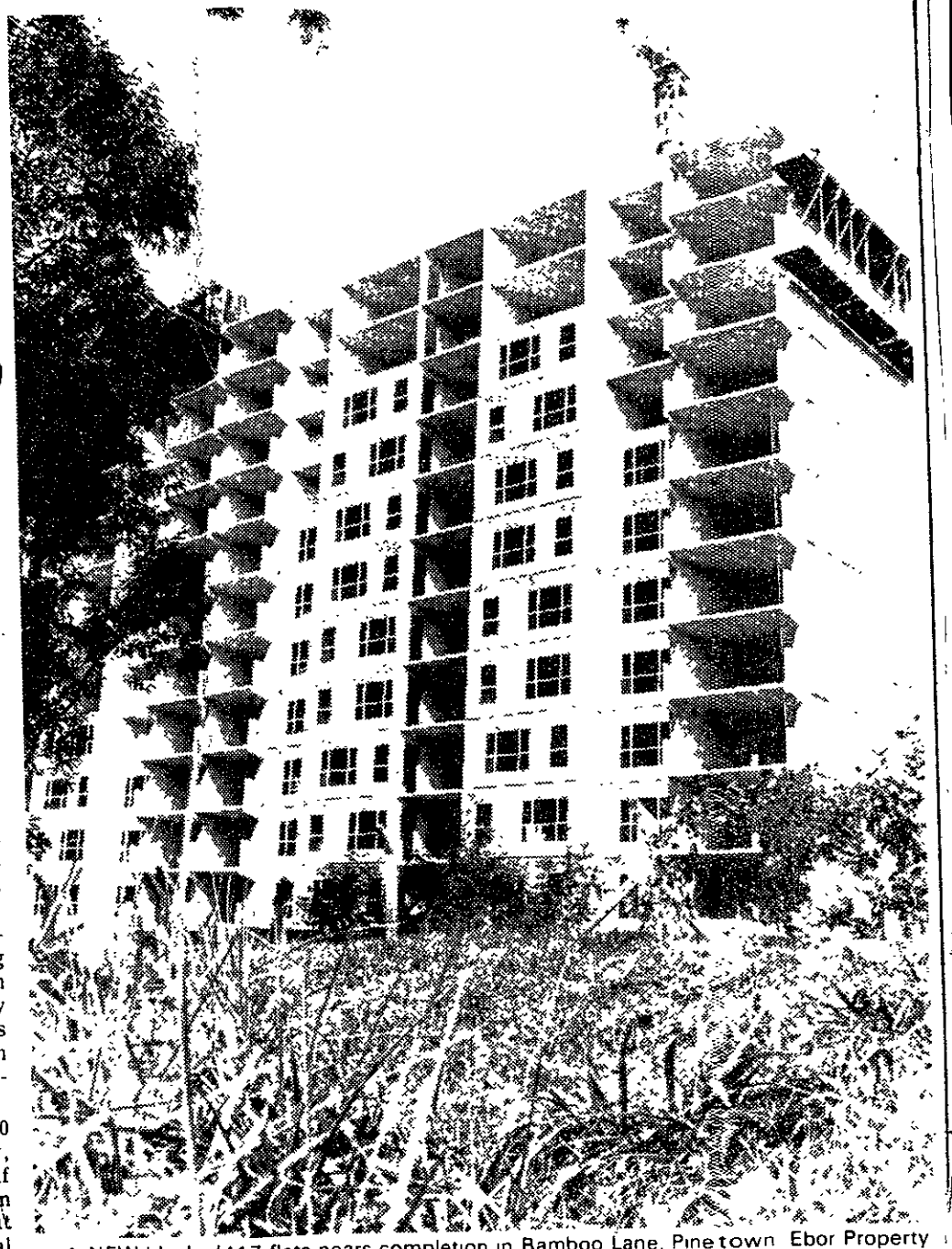
Owners of older buildings in competition with new and modern buildings find that it is imperative to update their elevator equipment and we are finding an increasing demand for this as most property owners begin to realise the new equipment can be incorporated in existing elevators.

Otis is one of the oldest and largest elevator and escalator manufacturer in the world, established 126 years ago and having installed approximately 500 000 units in over 130 countries and employing nearly 46 000 people world wide.

But there is more to Otis than Otis alone. The ultimate holding company of Otis, United Technologies Corporation, is a major leader in high technology products and services and numbers amongst its products, Pratt & Whitney aircraft engines, Essex Telephone Wire and Electrical Equipment, Sikorsky Helicopters.

Otis in South Africa enjoys the benefits resulting from this work and this in turn enables the company to maintain its position as one of the leaders in high speed vertical transportation

What of the next 10 years? Technologically, Otis has prepared itself with a new generation product. Commercially it will take probably several years for all the vacant office and apartment space to be taken up round the country and this fact is well known in Natal However, quality buildings will be taken up more rapidly and one would imagine that there will be increasing interest in modernisation over the whole 10 year period with more interest being shown in new developments once the vacant office overhang is gone.



A NEW block of 117 flats nears completion in Bamboo Lane, Pinetown Ebor Property Investments (Pty) Ltd and Ilco Homes (Pty) Ltd are involved in this development.

Coal earns more

DURING the next decade, the world energy crisis can only worsen and the West will become more reliant on coal, whilst in this country we can expect an increasing trend for industry to reconvert from oil to coal for much of their needs.

This is stated by Mr A. H. Taylor in his chairman's statement of Tavistock Collieries.

"In the long term, I am confident of the future for coal," Mr Taylor says.

Group coal sales for the year were 3 775 640 tons, a small increase of 48 685 tons (1,3 percent) compared with the previous year.

"This result must be considered satisfactory in present market conditions. The turnover from mining operations was R29 331 000 (R25 601 000), an increase over that earned in 1978 of R3 730 000 (14,6 percent).

"The improvement was to a large extent due to the benefit derived from the increased price of coal awarded by the price controller in February, 1979, the average realisation per ton sold improving from 687 cents to 777 cents," Mr Taylor says. — (Sapa).

HAYLETT FORMULA

Counting the cost

The fragile peace between Bifsa and Sapoa over contract price adjustment is shaky again. Witwatersrand master builders claim that Sapoa members are "persistently and evermore frequently" cheating on the Haylett formula by writing a 35% fixed element into tender documents instead of the agreed 15%.

The Wits MBA has handed the matter to Bifsa "with a request to investigate this abuse and, if necessary, to withdraw the (15%) concession forthwith."

But it's already in hand. The Building Industry Advisory Committee (BIAC) has appointed a special team to look at the issue again, and both parties will be represented.

Sapoa's Corne de Leeuw says there has been no instruction to members to disregard the 15% agreement although developers make no secret of their preference for 35%. Thus, they argue, will ensure that builders bear a greater share of the cost-escalation risk.

But the agreement is complicated and de Leeuw points out that there's no restriction on the parties writing in anything — including a 35% fixed element to Haylett — if the contract is negotiated.

The MBA says firmly, however, that it's happening in tender documents. Also, contrary to the agreement, architects on behalf of some employers are negotiating with several tenderers to see who's prepared to drop Haylett altogether.

"All of which," says the MBA, "points to the need to get the formula established in a form that meets, as nearly as possible, all parties' requirements."

Bifsa deputy president (and Director-elect) Lou Davis takes a similar line. He points out that the BIAC already has the matter in hand. He says Bifsa is "determined to regularise the position for the benefit of all."

Fine sentiment, difficult to put into practice. Bifsa has had to climb down in the past but, with activity on the increase, it's going to be in a better bargaining position this time.

Tax rebate answer to housing gloom

By VERA BELJAKOVA

HOUSING costs are likely to reach crisis level within the next five years, says Robin Ellis, head researcher of Property Marketing Services (PMS), unless the Government drops its stringent building policies and starts offering tax rebates on loans.

By the end of this year, prime residential property will have recovered from the recent national recession, and an average house could increase in cost by some 50%, predicts Mr Ellis.

Established houses will follow new house prices and building costs, according to a national trend calculated on building costs plus depreciation.

An average middle-management house in Johannesburg's Greenside, Cape Town's Rondebosch or Durban's Berea, sold for R33 000 in 1974.

In 1975 the same house cost R38 000 (or was under-priced by R1 500 according to the national trend).

In 1976 it cost R40 000 (or R1 000 more than the trend predicted).

After the Soweto riots the price fell to R30 500 and was over-sold by R9 500, according to the national trend.

After 1978 house prices rose. The same house cost R34 000, although it should have cost R41 000, based on the national trend.

In 1979 the average price was R42 000 as against the trend price of R48 000.

Both PMS and Eskel Jawitz, a leading Johannesburg estate agent, predict the same house will cost R60 000 by the end of the year. Yet both warn that it is madness to speculate on one's own home.

The housing market's fundamental influences will remain inflation and spiralling building costs.

If inflation's predicted spiral reaches 20% a year in the next decade, then the same Greenside/Rondebosch/Berea house will sell for R71 000 in 1981, R85 000 in 1982, R100 000 in 1983, R119 000 in 1984 and R141 000 in 1985.

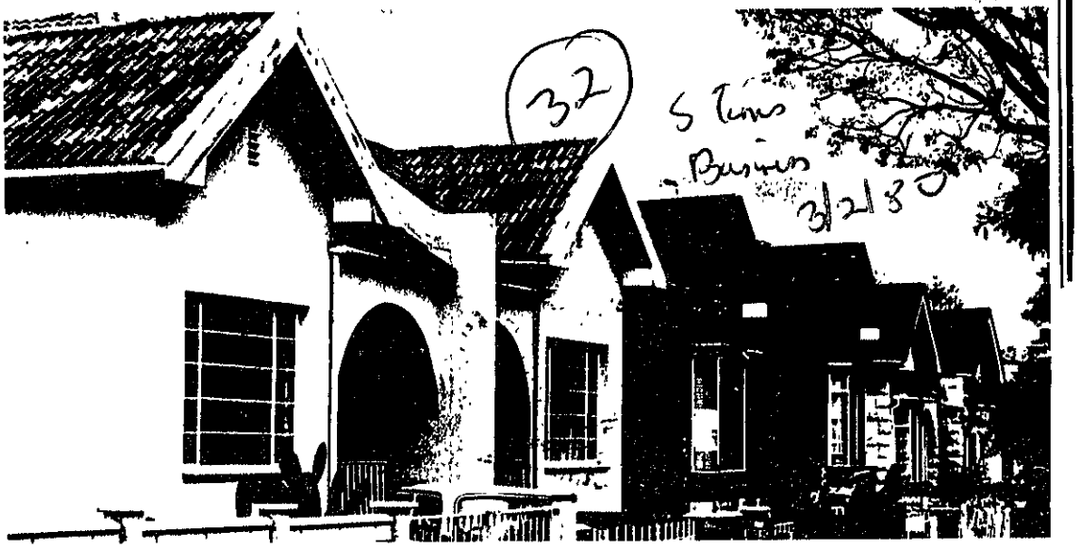
By 1990 the same house will cost R334 000.

The imponderables remain such political issues as labour, oil, Rhodesia, Afghanistan, availability of money, liquidity and migration.

Although the Government assumes that the population will increase annually by 2,5%, PMS is sceptical, believing it to be nearer to 1,7% if migration trends are taken into account.

With the upsurge in the housing market crisis-sized mistakes will be made — primarily through over-building.

Such practice generally leads to an over-supply of housing, which bankrupts builders and, as a direct result, houses have to be sold off below their true value.



Most of the houses which are to be built from now on will tend to be too expensive for average salaries — which, it is forecast will not keep pace with building costs.

Consequently homes will move out of the realm of the average family man — a dangerous situation, which could help breed white socialism.

Various solutions are being studied:

- The average home today standing on a 200 sq m plot, which could effectively be reduced to 130 sq m, thus reducing building costs by 33%.
- European-style "dense accommodation" could be introduced. A 4 000 sq m stand could accommodate eight to 1[illegible] houses.
- Building authorities could stop being so strict. Instead of insisting on brick walls, they could allow dry wall partitioning, as already used in Europe and the US.
- Building societies could show more tolerance. Instead of only allowing a loan geared at 25% of the buyer's salary for repayment, societies could well afford to lend more allowing a man to repay at a rate of up to 35% of his salary.
- House buyers should be allowed tax rebates on interest paid on loans. This will allow a man earning R1 000 a month to increase his bond from R25 000 to R31 000 by using the tax rebate as additional finance for bond repayment.
- The tax rebates could be focused especially on the type of housing most needed — small family units.
- Finally, if all else failed and house prices still outpaced average earnings, the Government might be tempted to step in and initiate its own housing programme.

This, too, is not recommended for it would suppress the free enterprise spirit and, again, encourage socialism.

R230m dockyard scheme go-ahead

Sowetan 4/2/80 (32)

Own Correspondent

PORT ELIZABETH — The go-ahead for Port Elizabeth's giant R230m dockyard scheme has been given by the European consortium behind the project.

Work on the yard in Algoa Bay will start before the end of the year if the site is approved and a financial package deal can be arranged.

This was said in Port Elizabeth by the managing director of Algoa Bay Dockyard Development Company, the Port Elizabeth promoters of the scheme, Mr Henry Combe and the chairman, Mr John Crouse.

They are confident that the site will be approved soon and that the capital will be forthcoming.

Mr Combe said the decision to go ahead was the culmination of studies over several years.

The size of the proposed ship repair yard has been scaled down and will no longer feature a drydock for ships of up to 500 000 tons. Instead, it is proposed to build a dry dock for ships of up to 350 000 tons and a smaller one for ships of up to 150 000 tons.

PROFIT

The reason is that the number of vessels in excess of 350 000 tons is only 4 percent of the very large ship market which will mean a cost saving of more than R26m.

New studies showed the yard could be built for just less than R200m and with additional working capital the total investment will come to about R230m. This will be made up of about R112m in direct investment and the balance from loans and export credits.

The promoters estimate the repair yard will be showing a profit within four years of being commissioned and that it will be paid for in 10 years.

The studies showed the dockyard would not have to rely exclusively on the oil tanker fleet.

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The South African Council of Sport (SACOS) has called on all sports bodies and schools affiliated to SACOS to support a call for re-employment of the workers and a boycott of the factory's products.

More than 400 students from the University of Cape Town held a meeting and called for a boycott of all Fattis and Monis products.

The Women for Peace movement has called on the factory to negotiate with the workers.

The Cape branch of Nafcoc - the National African Federated Chamber of Commerce - has issued a statement in support of the dismissed workers.

Fattis and Monis insist that there is "no dispute". However a director of the firm says he is worried about calls for a boycott of the factory's products by blacks because much of the factory's trade is with blacks. The management have kept production going by employing scab workers in the place of the striking workers. However production has slowed down.

Who are Fattis and Monis? Fattis and Monis is the factory which produces the following products: The following Record flours; Self-raising flour, Cake flour, Bread flour, Sifted flour, Unsiftes flour, Wheatie Treat flour; Philadelphia flour; Koeberg Mille pack - mealie meal; all products with the Fattis & Monis brand name. These include icecream cones, cake cups, wafers, macaroni, spagetti, large and small shells, pasta ribbons - broa d, narrow, plain and green, pain rings, dilatines. Fattis and Monis also pack their pasta products under the following brand names; Princess, Pot o' Gold, Pick 'n Pay no name brand, Ckeckers and Roma. Fattis & Monis also control a number of bakeries in the Cape Town area. These include the Good Hope Bakery in Elsies River, Wrench Town Bakery in Observatory and the Ultra Bakery in Somerset West.

Building boom spin-offs

5/2/80 SAW 32

By Frank Jeans

An indication of the benefits which will filter through to construction-orientated businesses in the wake of the expected surge in the buiding industry can be guaged from recent estimates by the Building Industries Federation.

According to the latest issue of SA Builder, official journal of Bifsa, only a 5 percent increase in building activity this year will require:

- 1 509 more artisans and almost 10 000 additional semi-skilled and unskilled workers;
- About R180m worth of cement;
- A R190m worth of timber;
- A brick flow valued at R220m: and
- Iron, steel and metal products (excluding electrical material and equipment) with a total value of R360m.

But the gloom which persists on the builders' horizon centres on labour and the cost spiral.

Building costs to the owner are expected to increase by a minimum of 15 percent during 1980, but hopefully says Bifsa, "the rate of increase in material prices should not accelerate and may even dip marginally."

Labour costs, however, are expected to rise sharply to 12 percent.

A 5 percent increase in the volume of building work this year means additional contracts worth an estimated R135m. Bifsa is hopeful that a further R300m stimulation in the form of low-cost housing which has been requested, may be approved.

"If there is prompt approval and this stimulation is, indeed, over and above the normal budget allocation for housing, a portion of this R300m may well be spent as early as this year," says Bifsa.

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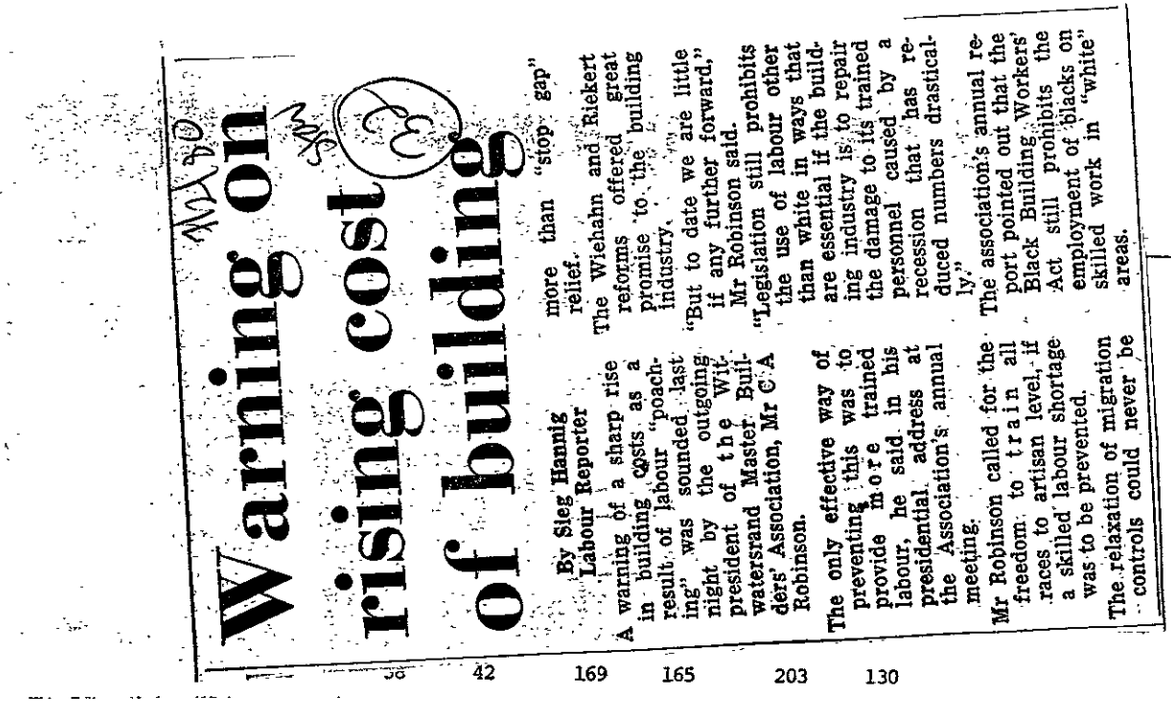
IX DISEASES OF THE DIGESTIVE SYSTEM

	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



Warning on rising cost of building

By Sieg Hannig
Labour Reporter

A warning of a sharp rise in building costs as a result of labour "poaching" was sounded last night by the outgoing president of the Witwatersrand Master Builders' Association, Mr C A Robinson.

The only effective way of preventing this trained labour, he said in his presidential address at the Association's annual meeting.

Mr Robinson called for the freedom to train all races to artisan level, if a skilled labour shortage was to be prevented.

The relaxation of migration controls could never be more than "stop gap" relief.

The Wiehahn and Riekert reforms offered great promise to the building industry.

"But to date we are little if any further forward," Mr Robinson said.

"Legislation still prohibits the use of labour other than white in ways that are essential if the building industry is to repair the damage to its trained personnel caused by a recession that has reduced numbers drastically."

The association's annual report pointed out that the Black Building Workers' Act still prohibits the employment of blacks on skilled work in "white" areas.

			42	169	165	203	130	

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

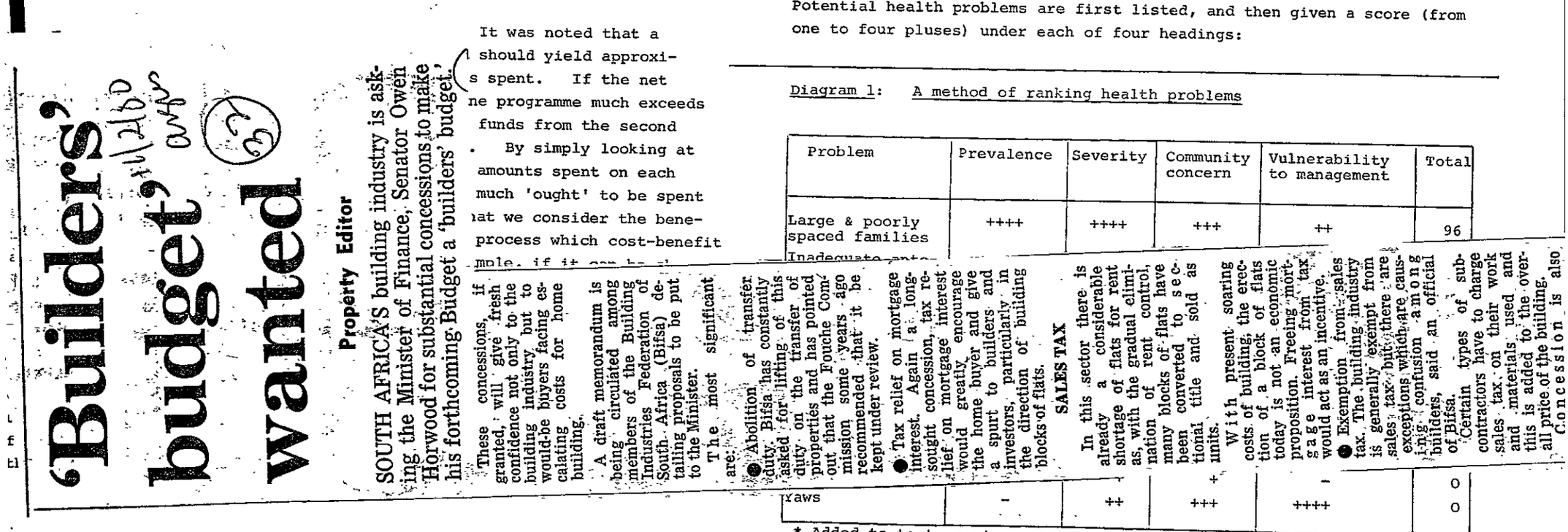
processes is essential; and the division will have to be more fine the more discriminating public decisions can be. [10]

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



'Builders' budget' wanted

Property Editor

SOUTH AFRICA'S building industry is asking the Minister of Finance, Senator Owen Horwood for substantial concessions to make his forthcoming Budget a 'builders' budget.'

These concessions, if granted, will give fresh confidence not only to the building industry but to would-be buyers facing escalating costs for home building.

A draft memorandum is being circulated among members of the Building Industries Federation of South Africa (Bifsa) detailing proposals to be put to the Minister.

The most significant are:

- Abolition of transfer duty. Bifsa has constantly asked for lifting of this duty on the transfer of properties and has pointed out that the Fouche Commission some years ago recommended that it be kept under review.
- Tax relief on mortgage interest. Again a long-sought concession, tax relief on mortgage interest would greatly encourage the home buyer and give a spurt to builders and investors, particularly in the direction of building blocks of flats.

SALES TAX

In this sector there is already a considerable shortage of flats for rent as, with the gradual elimination of rent control, many blocks of flats have been converted to sectional title and sold as units.

With present soaring costs of building, the erection of a block of flats today is not an economic proposition. Freeing mortgage interest from tax would act as an incentive.

- Exemption from sales tax. The building industry is generally exempt from sales tax but there are exceptions which are causing confusion among builders, said an official of Bifsa.

Certain types of subcontractors have to charge sales tax on their work and materials used and this is added to the overall price of the building.

Concession is also

It was noted that a should yield approxis spent. If the net ne programme much exceeds funds from the second . By simply looking at amounts spent on each much 'ought' to be spent hat we consider the beneprocess which cost-benefit mple, if it can be

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 analysis than this. Any further steps involve a way of systematically valuing the benefits of different programmes to render them comparable to one another.

2.4 An Informal Method for Setting Objectives

The following method for guiding the choice of priorities has been described by John Bryant. [12] It has been used by medical and nursing students in Thailand, and one of its advantages is that it can be used where no numerical data is available. It, therefore, lends itself to discussion, to draw on the experience of a group of people.

Potential health problems are first listed, and then given a score (from one to four pluses) under each of four headings:

Diagram 1: A method of ranking health problems

Problem	Prevalence	Severity	Community concern	Vulnerability to management	Total
Large & poorly spaced families	++++	++++	+++	++	96
Inadequate ante-					
	+				0
Laws	-	++	+++	++++	0

* Added to test scoring method

Property prices could 'double in four years'

ANY building constructed or standing today could double its market value in four years' time. This prediction comes from Mr Bob Stevenson, president of the Building Industries Federation (Bifsa).

He bases this forecast on the current rate of inflation in the building industry. "In 1980, building costs can be expected to rise by as much as 25%, and a similar rate of increase can be expected over the following three years," he says.

For that reason, now is a good time to build as a hedge against depreciating money values. "An even better plan is to rebuild or revamp existing structures. This applies particularly to small investors who own houses or are planning to buy in the near future."

All over the world, people are coming to accept the need to recycle rather than to discard — and building is no exception to the trend.

This factor is becoming increasingly important with investors because of current returns on capital invested in land and buildings.

For that reason, the organisers of this year's Interbou '80 conference and exhibition have chosen the theme: "Redevelopment, Remodelling and Recycling of Buildings and Townships". Interbou '80 will be held in Johannesburg from August 18-20.

"By a happy coincidence, the latest Interbou takes place in 1980 — the year in shich the building industry is showing signs of a positive boom for the first time since 1974," says Mr Stevenson. "Obviously, the building industry must take full advantage of the bullish climate prevailing now in the national economy."

Interbou was originally designed as the big showcase of the building industry. Consequently, Bifsa and its two partners in the Interbou project are determined to use it to attract as much public attention as possible.

The other sponsors of Interbou are the South African Institute of Building and Specialised Exhibitions. All three are determined to make it the most memorable since Interbou began.

A long list of local and overseas experts will deliver papers on the economic and social advantages of putting old buildings and property developments to new use.

The redevelopment component argues the case for the renewal and revamping of old down-at-heel suburbs, instead of radical and wasteful slum clearance. Remodelling is concerned with redesigning and restructuring existing buildings. This applies as much to commercial buildings as houses.

Recycling in building means the salvage of as many materials as possible when structures have to be demolished. Here the escalating price of building materials should prove a strong incentive.

The latest Interbou exhibition will reflect this year's theme by devoting space to showing the latest building products to the public. Many of these products are designed expressly for revamping and renewing existing buildings.

There was a challenge as well as obligation for architects in the 1980s to apply their imagination. They must dream up exciting ways of renewing old buildings by applying new and exciting materials.

TABLE II

	WHITE		ASIAN		COLOURED		BLACK	
	Male	Female	Male	Female	Male	Female	Male	Female
	115 1.2%	121 1.5%	28 2.5%	15 1.9%	120 3.9%	139 4.4%	49 2.1%	56 2.9%
	12 .2%	389 4.9%	115 10.1%	127 15.8%	190 6.1%	276 8.8%	273 11.4%	212 11.0%
	7 8%	3118 39.3%	537 47.3%	240 30.6%	845 27.1%	566 18.0%	148 6.2%	66 3.4%
	7 3%	2181 27.5%	273 24.1%	239 29.7%	939 30.2%	1278 40.7%	772 32.3%	749 39.0%
	287 42.4%	7926 100%	1135 100%	804 100%	3114 100%	3140 100%	2390 100%	1921 100%
	122 36.6%	12 6%	28 26.9%	13 12.5%	572 26.3%	84 3.9%	282 15.1%	76 4.1%
	1 8%	680 31.3%	2 1.9%	167 25.6%	18 2.8%	806 43.1%	89 27.5%	
	104 100%	2175 100%	652 100%	1868 100%	324 100%			

ed poisoning by motor vehicle exhaust gas" is a code used in South I.C.D. (8th revision). See Ref. 13.

	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	0,48	0,48
1-4	0,03	0,02	0,01	0,01	0,03	0,02	0,04	0,03
5-24	0,01	0,01	0,01	0,01	0,02	0,01	0,02	0,01
25-44	0,02	0,01	0,02	0,01	0,03	0,02	0,03	0,02
45-64	0,04	0,02	0,04	0,02	0,05	0,03	0,04	0,03
65+	0,08	0,04	0,08	0,04	0,08	0,05	0,06	0,04
ALL	0,02	0,01	0,02	0,01	0,03	0,02	0,02	0,02
NO.	1	1	1	1	1	1	1	1

Building industry faces 'skill crisis'

A WARNING that the South African building industry will soon face a serious shortage of skilled workers unless training opportunities are thrown open to all races comes from the president of the Master Builders and Allied Trades Association (Witwatersrand).

Mr C A Robinson said: "In South Africa there is much to be happy about. We are well endowed with the Earth's bounty of minerals, and generally the signs are good — but, dependent as we are on political stability in our region of the world, the Rhodesian and South West African situations are yet to be resolved in ways that give us comfort.

"This, coupled with the Russian adventures in Afghanistan, make any forecast of stability based more on wishful thinking than reasoned thought.

"Unfortunately, the recovery we see appearing on our economic horizon is finely balanced, and events could topple it back to recession or into boom conditions.

"Left to itself, South Africa is set to change increasingly towards a more honest free enterprise system, which accommodates all our peoples in the context of the system's true meaning.

"Hopeful signs are appearing as the Government tackles the problems related to manpower utilisation in the context of the new dispensations promised."

Mr Robinson added: "We should press for those changes that we know are necessary, yet carefully avoid creating situations that could delay or disrupt progress towards the result we seek.

"The Riekert and Wiehahn Commissions produced part reports that offered great promise to our industry. That the principles of change suggested were in the main accepted by the Government increased the sweetness of anticipation — but to date we are little if any further forward.

"Legislation still prohibits the use of labour other than white in ways that are essential if the building industry is to repair the damage to its trained personnel caused by a recession that has reduced numbers drastically.

"Some relief could flow from the relaxing of the immigration laws, which permit overseas artisans into South Africa, but this can never do much more than act as a stopgap.

"Unless we are soon allowed freedom to train all races to artisan level and to employ them in all areas where the industry operates, we will find the industry — only now moving out of recession — with too few skilled workers for the tasks to be performed.

"This inevitably will result in the poaching of labour at ever-increasing cost, and an acceleration of the rise in the general cost graph of the industry without any effective way of preventing it except with more trained labour.

"Therefore, I appeal to those who have the power to beneficially adjust matters, to do so without further delay, so that an essential ingredient — skilled labour — is not any longer denied our industry.

"Although it would be premature to pronounce that we are entering into boom conditions, signs indicate clearly that there is a definite improvement in the industry's order books.

"Some members are well supplied with work and have not experienced too great a hardship during the recession; others have been reasonably well provided with work, but, in the main, general membership has suffered greatly.

"It would appear that discernible improvement is more readily recorded by home building members, and in this sector the immediate future looks bright, although in my estimation the home buying public has not reached the point of reconciliation between what one desires and what one can reasonably afford.

"In sectors other than domestic, at least 50% of members see little improvement in their order books."

	W		A		C		B	
	M	F	M	F	M	F	M	F
0-1	0,13	0,11	0,12	0,15	0,14	0,10	0,08	0,08
1-4	0,15	0,11	0,12	0,15	0,14	0,10	0,08	0,08
5-24	0,11	0,11	0,12	0,15	0,14	0,10	0,08	0,08
25-44	0,12	0,11	0,12	0,15	0,14	0,10	0,08	0,08
45-64	0,15	0,11	0,12	0,15	0,14	0,10	0,08	0,08
65+	0,14	0,10	0,12	0,15	0,14	0,10	0,08	0,08
ALL	0,10	0,08	0,12	0,15	0,14	0,10	0,08	0,08
NO.	130	203	165	169	42	38	303	276

	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

	W		A		C		B	
	M	F	M	F	M	F	M	F
0-1	0,25	0,17	0,48	0,32	0,83	0,67	0,55	0,67
1-4	-	-	-	-	-	-	-	-
5-24	-	-	-	-	-	-	-	-
25-44	-	-	-	-	-	-	-	-
45-64	-	-	-	-	-	-	-	-
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

Distribution of aid leave granted

Paid leave (days	workers	Cumulative %
0 - 7		24,37
8 - 1		70,59
15 - 21		97,48
> 21		100,00

Of the st leave category, 16 (on two farms' l leave at all.

Farme timate number of days unpaid leave ext ; that unless there was urgent wo ally allowed workers several days off pay.

The Ur for the four areas taken together, anted no leave at all and averages w d 13,2 days unpaid. (6)

3. Wages

(a) Cash wages

The tab distribution of workers according t

MR BOTHA . . . asked to repeal Act.

Building job bar talks collapse

JOHANNESBURG — Crucial job reservation talks between unions and employers in the building industry have broken down, ostensibly over safeguards for Coloured apprentices.

Employers had been trying to secure union agreement to the use of black artisans in "white" areas.

This meant getting union approval to exemptions from the Black Building Workers' Act, which prohibits skilled work by blacks in "white" areas.

The Building Industries Federation of South Africa has now by-passed the unions and asked the Minister of Man-power Utilisation, Mr Fanie Botha, to repeal the Act.

The talks finally collapsed last week after the president of the federation, Mr Rob Stevenson, accused one of the trade union delegates of "being dishonest".

The unionist, Mr Richard Beech, general secretary of the Amalgamated Union of Building Trades' Workers, then withdrew from the talks.

He was later joined by Mr Gert Beetge, a veteran HNP member and general secretary of the Blanke Bouwerkers Vakbond.

Mr Beech said yesterday the talks had broken down after employers refused to give assurances that Coloured workers seeking to become apprentices would not be discriminated against. — DDC

Brick shortage hits building boom

Star 29/2/80 (32)

South Africa's latest building boom is being slowed down by a shortage of millions of bricks — the result of an unexpected upsurge in construction.

Heavy rain has also disrupted brick production.

One Transvaal brick plant alone has a backlog of 12-million bricks. Delays in deliveries run to between three and six months in some areas.

Manufacturers are saying that the fast approaching economic boom caught the industry unawares and all stocks have been grabbed up by a huge increase in orders.

"A stockpile of 150-million bricks, unsaleable in the first half of last year and worth more than R5-million has dwindled to nothing after a sudden building demand," said Mr Jack Haskins, executive director of the Brick Development Association of South Africa.

After the building slump of the last four years a boom lifted the construction industry out of its depression six months ago with a clamour of requests for private, duplex and townhousing schemes.

Mr Errol Rutherford, manager of Corobrick, manufacturers of more than half the country's bricks, said there had been a "tremendous resurgence" of development throughout the country.

struggling against poverty and exploitation, and those who saw it as an instrument of exclusion to benefit some, primarily white workers, at the expense of others, primarily black. In the Garment Workers' Union in the 1930s most of the factory workers were young Afrikaans-speaking girls recently come from the farms who were struggling hard to keep themselves and their families afloat. The Union, led by Solly Sachs fought strongly on their behalf and conditions improved greatly. In the war years, as the economy went on expanding, not only whites were drawn into the Witwatersrand

Star 24/2/83

Serious brick shortage delays building contracts

Brick shortages throughout the country are "murdering" building contractors — with one operator facing a backlog of 300 houses because of six-month delivery delays.

One of the largest contractors in the country is battling against delays of 500 000 face bricks for as long as four months. At 30 000 bricks for every house built, this means more than 160 houses are behind schedule.

Mr Mike Manning, managing director of a contractor specialising in large contracts for schools, recreation clubs and similar projects said the delays "are murdering us. We just cannot stick to time schedules because of the brick shortage."

He said that on new contracts they are facing delays of three months and upwards "before we can get a brick on the site."

He said his teams use about 100 000 bricks a week. At the moment his company is held back on contracts for a recreation club, a container terminal for the Railways, the Alberton high school, extensions to the Avril Elizabeth Home in Germiston and two schools in Benoni.

Mr Blair Ewing, director of a large building contractor company on the Reef, said the delays come principally with 'face or colour bricks.

"For every month's delay, and this can be up to six months, costs of building go up by two percent or R800 on a R40 000 house."

He said nationally 20 000 houses are planned for this year. "If it takes four to five months to build one house you can work out what the delays mean."

there were complaints to ers should stay. Those who n which meant, due to the s. Afrikaans churches and Blankewerkersbesemmingsbond ment cracked down hard on the rship of trade unions that ckers were but a fraction of the

Professor Jabavu who, like so where Gandhi was mobilising certain- institutions, the new Acts'. However he ere there are no blacklegs' did nained and with the publication, boycott as a weapon in the its use in South Africa was d that, despised as they were, ncil and the Transkei Bunga the Unity Movement and the

Cape teachers' associations were adamant that there was only one viable

policy regarding all such institutions: non-collaboration would at least, he argu ensure that people did not help maintain the political instruments of their own oppression.

There were many in the ANC, both on the left and the right, who thought they should give the institutions a try. But in 1946 the Native Representative Council, after 10 years of talking without government paying any attention, could finally bear it no more. Government refusal to allow the NRC, which happened to gather in Pretoria as the mine strike was beginning, to play any role in the matter was the last straw. Members of the NRC had, as Paul Mosaka put it, been playing with a 'toy telephone', and they would play no more. The council resolved to adjourn until further notice. Two months later they met again to hear Jan Hofmeyr, as Acting Prime Minister, accuse them of wanting to rush things too fast. Z.K. Matthews as chairman of the council's African caucus delivered the measured reply and the council resolved to adjourn sine die.

This move was widely supported and the ANC subsequently resolved that further elections for the council should be boycotted. Nor was the NRC the only target. In the mid-fifties the ANC attempted to resist the introduction of Bantu Education by boycotting all the schools. But the campaign was ill-prepared and received little support although it sowed the seeds for a much tougher and more successful campaign, led by school pupils themselves, twenty years later. A three month potato boycott organised during the same period to draw attention to the system of farm jails and the medieval labour conditions found on many farms in the potato growing area of the eastern Transvaal around Bethal made some impact but the farm jails were not abolished. It was not until later (see pp.) when the boycott weapon was aimed from overseas it began, particularly in the field of sport, to make a visible difference to government policy.

Building an R18m scheme to meet the building boom

PROPERTY REPORTER

SHORTAGES of certain building materials, as well as rising prices, are beginning to be more and more felt as the tempo of the general housing and construction boom accelerates.

A particular problem is bricks, where the shortage is some areas is acute.

There are, however, various expansion plans being prepared to increase brick-making capacity.

One of the key pace-setters is Corobrik of Tongaat Corogroup, which is quoted on the Johannesburg Stock Exchange, and is in the process of an R18-million investment programme.

Corobrik will this year produce an extra 220-million bricks — equal to 8 800 extra houses of standard size.

Mr Dick Kemp, chief executive of Corobrik, says that last year the company employed more design engineers and draughtsmen to build new works — and now the group wants more skilled men.

He says: "We need these people to complete our programme of production expansion.

"When the brick shortage suddenly developed on the Reef in the second half of 1979 Corobrik did a crash programme of re-opening the existing works or parts of works in moth balls and achieved an additional production of 113-million bricks a year."

Corobrik is now involved in its 1980 brick factory building programme which will add 107-million bricks a year.

The re-commissioning programme has helped employment in Bedfordview, Roodepoort, Springs, Witbank and Fortress.

This year, new works at Odendaalsrus and Henley together with a further increase of production at Klerksdorp will mean yet again more jobs available.

Mr Kemp says: "We prepared long in advance of this recovery (in the building industry) and are now moving fast to meet the market demands."

It is, of course, not just bricks and other materials that are in tight supply.

Labour remains a constant problem.

Mr R L Stevenson, the president of the Building Industries' Federation, says in the "SA Builder": "The upturn in building activity is here to stay and builders can expect an increasing volume of work to come their way.

"After four years of struggling and scrambling for jobs this can only be good news for everyone in the building industry.

"But few things in life are unmixed blessings and the rising boom in building is no exception.

"The bad news is the growing shortage of skilled labour at almost every level in the industry.

"In some areas skills are already in very short supply. So short, in fact, that industrial councils are receiving complaints that contractors are poaching and after examination the council representatives have had to remand not only fly-by-nights of the trade but members of the Master Builders' Association for enticement.

"This can only fuel the likes of inflation."

Mr Stevenson says: "This brings home most forcibly the need for organised building to get down seriously to train workers for industry at every level of skill.

"For years before the upturn began leading figures in Bifsa harped on the need to develop training facilities.

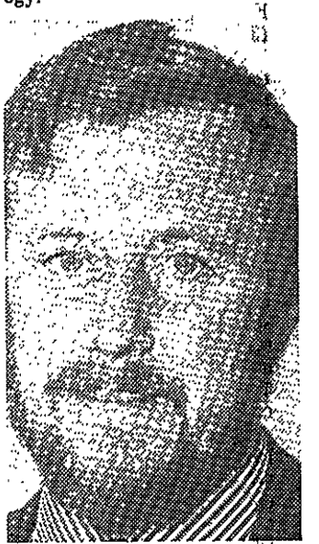
"In the days of low demand it sounded just like so much talk.

"But now that labour bottlenecks are showing up all over the place those warnings take on a new seriousness.

"Bifsa has not been sleeping and its training facilities are expanding in a most practical fashion.

"But it is not enough for organised building to carry the whole burden.

"Every builder has a duty to do something about the continued need for retraining and mid-career education to meet the needs of modern technology."



John Ely, a member of the Royal Institution of Chartered Surveyors and the Institute of Valuers, has been appointed a director of Wilf Isaacs (Pty) Ltd.

We halted SA recruiting bid say students

By SIMON WILLSON

STUDENTS in Swansea, Wales, say they have forced a South African company to abandon a recruitment drive at the University College of Swansea.

Last week about 50 students picketed a hall at the university where a representative of Murray Roberts Construction, the Johannesburg-based construction company, was interviewing undergraduates.

Mr Andrew Chandler, chairman of the Welsh arm of the British National Union of Students, said the recruitment literature distributed by Murray Roberts at the university "meant discrimination against black students".

He said the literature carried a proviso that all appointments were subject to South African immigration requirements, which was "discriminatory".

Mr Chandler said the Murray Roberts representative had abandoned his interview sessions at the university because of the pickets.

Last night Mr John Bramwell, managing director of Murray Roberts, confirmed the company's literature carried the proviso.

"It would be silly to try to import people if they didn't fit in with South Africa's immigration policies," he said.

"We're trying to employ graduate engineers from Britain because they are not readily available in this country. We have a representative in Britain for three weeks every year at this time and he visits universities to test applicants.

"I'm quite suprised that he went to Swansea; usually he confines himself to the London area."

He said Murray Roberts had been recruiting in this way for about 10 years.

Commenting on the demo, he said: "We have had this kind of problem in the past at British universities, but we take it in our stride. It's not going to affect our recruitment policy at all."

The Swansea students wrote to the British Government's Commission of Racial Equality and to Mr Donald Anderson, MP for Swansea, to protest at Murray Roberts' recruitment efforts at the university.

GRINAKER (32) FM 29/2/80

Better prices, margins

Although Grinaker is benefiting from the definite improvement in the construction industry, with more work available at better margins, the full impact will not filter through this year. Certainly, the group appears to have marked time in the first six months to December, with earnings up by a modest 3,2% to 51,3c (49,7c). But, as is becoming more fashionable these days, the interim dividend has been increased from 12c to 14c in order to reduce the disparity between interim and final.

At the pre-tax level, profit was 16,4% ahead at R4,8m. But thanks to a higher tax rate of 43,8% and the first payment of a preference dividend of R150 000, earnings at the attributable level were whittled down to a 4,7% increase. Finally,

Grinaker chairman Ola Grinaker . . . concrete results

there was a lesser contribution from associated companies at R23 000 (R54 000), which led to the eventual profit increase of 3,2%.

Nevertheless, earnings for the year are expected at be higher than last year's 123,7c out of which a total dividend of 36c was paid. As previously reported, profits from Grinaker Electronics were low in the first period, a seasonal trend which looks like being firmly established. So expect earnings to top 145c a share for the year. But, given higher capex of roughly R9,1m, do not look for any relaxation in dividend cover. This will probably remain at 3,4 times and allow for a total dividend of 43c. If correct, the prospective yield of 5,5% appears to discount a lot of concrete progress.

John White

BRICK & CLAY (B2) rm 29/2/80

Synergy prospects

Activities: *Holding company with subsidiaries in brickmaking, engineering and energy products. Lucem owns 30% of the equity.*
Chairman: *R G B Amm.*
Capital structure: *3,3m ordinaries of 50c, 68 000 6,0% cum pref shares of R2, 75 000 7,0% cum prefs of R2 and 74 800 8,5% cum prefs of R2. Market capitalisation: R7,9m.*
Financial: *Year to December 31 1979. Borrowings: long and medium-term, R5,8m; net short-term, R1,6m. Debt: equity ratio: 91,8%. Current ratio: 1,7. Net cash flow: R1,8m. Capital commitments: R848 000.*
Share market: *Price: 240c. (Pre-suspension). (1979-80: high, 250c; low, 93c; trading volume last quarter, 417 000 shares). Yields: 15,2% on earnings; 5,8% on dividend. Cover: 2,6. PE ratio: 6,6.*

	'76	'77	'78	'79
Return on cap %	17,1	14,3	13,6	17,2
Turnover (Rm)	19,0	17,5	21,5	25,4
Pre-tax profit (Rm) ..	1,9	1,3	1,3	1,9
Gross margin %	12,8	12,0	9,8	10,6
Earnings (c)	39,7	20,7	25,3	36,5
Dividends (c)	19,0	10,0	10,5	14,0
Net asset value (c) .	244	227	224	231

Brick & Clay's continued listing is still in the balance. If negotiations succeed, the group is likely to become a wholly-owned Lucem subsidiary. Last month the share was suspended, following Lucem's offer to acquire the entire issued capital.

Despite a R403 000 loss on the disposal of toy manufacturer Tri-Ang Pedigree, the balance sheet indicates that nav increased marginally to 231c after declining in the previous two years.

So any premium paid by Lucem above the pre-suspension price of 240c would have to be based mainly on earnings potential. Certainly, chairman Bruce Amm believes the group is now well placed to increase both earnings and dividends. He says "strong links with the mining industry and ... involvement in ... energy has placed the group in a strategically exciting position."

The directors go on to point out that the engineering division, which accounts for most of group profit, "entered 1980 with the highest order book in its history." This is largely due to stronger demand for construction plant after the surge in the building industry.

The foundries, particularly the steel foundry, had a good year with plant fully utilised. This year's capex programme includes expanding capacity in the more sophisticated product ranges. This should have the effect of raising margins. In addition, the electric vehicle division forecasts a rise in profitability.

However, the most exciting prospects are to be found in the brick-making division, which has yet to feel the full impact of the upturn in the building industry. The directors point out that this improvement has not occurred in the Cape as rapidly as elsewhere, and that both its Kohler and Clabric yards traded at a loss. The company also wrote off R100 000 against its investment in Clabrick.

The Bellville brickyard remains closed, but could be reopened at short notice should demand pick up sufficiently. In general, the group can now produce face bricks of suitable quality, which should enable it to compete more aggressively in the market place.

For obvious reasons, the demand for gas has been boosted considerably and wholly-owned Capegas has now embarked on the first large-scale expansion project in 30 years. This R500 000 expansion follows two long-term supply contracts and further expansions will be considered as demand grows for its coal-sourced gas as an alternative to oil-based fuel.

Flanked by Lucem's Flekser, Brick & Clay should be a winner. Besides the advantages of rationalisation and synergy, the company should benefit from the second stage of the upturn in the business cycle, probably this year, which should be accompanied by stronger growth in demand for capital goods.

Amm does not hazard a forecast, but it would appear that the group could beat last year's growth, when earnings increased 44,3% to 36,5c. This year, 55c a share is possible, from which a 21c dividend could be paid. At 240c, the prospective yield is 8,8% on this basis. For Lucem's offer to prove tempting to minorities, it would thus have to be at a higher level.

Peter Pittendrigh

Building industry faces big problems

THE upsurge in the building industry is bringing big problems with it, according to Mr Bob Stevenson, president of the Building Industries Federation, Bifsa.

He says the breakdown in talks between building trade unions and the Building Industries Federation (BIFSA) which aimed at gradually introducing black artisans into white areas, could prove a disaster for the whole building sector.

He says prospective home buyers could be particularly hit if the Black Building Workers Act remains on the statute book and the Minister refuses to grant exemptions for black apprentices to work in white areas.

Mr Stevenson believes the problem results from the best news for the building sector in five years.

"The building industry has really taken off," he explains. "We can now safely say we have finally pulled out of the deep recession of the '70s."

There is no boom yet but the big backlog of the slump years has built up accumulated demand, especially for houses. Earnings from gold and other exports should easily finance this demand.

"The only bottleneck in sight is skilled labour," adds Mr Stevenson, "and that's what six months of negotiations with the trade unions was all about."

To save a disastrous situation developing on the labour front BIFSA had no alternative but to ask for a repeal of the Black Building Workers Act and, in the interim, for exemptions from the Act, so that builders can indenture black apprentices in white areas in the numbers required.

"The public does not always realise how many artisans drifted out of industry during the recession. They found other employment with no intention of ever returning to building."

Attempts last year to replace them and find additional labour to cope with increasing work were "gravely disappointing". "During the whole of 1979 about 203 white apprentices entered the building trades throughout the entire Republic.

PROPERTY REPORTER

"We had hoped for at least 500 to meet demand. Coloured and Indian recruitment also fell far short of expectations, being about 236 and 34 respectively, instead of another 500.

"To meet our full requirements for 1980 the intake this year should be 1 600."

In the trough of the recession BIFSA already foresaw that a dramatic leap in the need for skilled manpower must follow any marked rise in building activity.

"We have established modern training centres in the four provinces for intensive training in all the building crafts," says Mr Stevenson. "The most spectacular is the R2-million institution which opened last August.

BIFSA has engaged trained staff to give the new kind of craft instruction devised by its training experts.

"All we lack are sufficient apprentices to come forward and undergo training. If the white and coloured communities can't supply enough recruits BIFSA will have to indenture blacks as soon as possible."

"BIFSA has gone out of its way to obtain the support of the National Trade Unions in this important matter," says Mr Stevenson. "In fact, it has been subjected to severe criticism from its own members for the inevitable delay in implementing the Wiehahn proposals."

When the Minister addressed businessmen in May last year on the implications of the Wiehahn report, BIFSA's representatives pointed out that builders could not benefit as long as the Black Building Workers Act of 1951 remained on the statute book. Professor Wiehahn reassured builders that repeal of this law would be recommended in the second and third report of the Commission "early in 1980".

BIFSA emphasised that the industry could not wait that long because the shortage of trained manpower required urgent action. The Minister appealed to BIFSA to win support of the National Trade Unions as the matter was most delicate and any change under the Wiehahn report must be done in a controlled and orderly manner to ensure that proper standards were maintained.

On August 2, 1979, BIFSA chiefs met trade union leaders, Mr Gert Beetge and Mr R Beech, and told them BIFSA felt committed to the Minister's policy of negotiation. At a meeting with the Minister on August 9, he stressed again the desirability of getting union support as the basis for consensus between employers and employees.

BIFSA accepted that every possible avenue for reaching consensus should be explored and continued its efforts to meet union leaders.

The upshot was the formation of a Joint Labour Study Committee representing employers and trade unions whose object was to investigate the restructuring of craft training so that trainees could progress upwards as their competency improved.

At a meeting of the Joint Labour Study Committee on October 4, 1979, both parties agreed that any investigation of the manpower needs of the building industry should be scientific and free from outside interference. Following this decision a letter was sent to the Minister on October 16, signed by the leaders of both unions and BIFSA, advising the Minister that a serious attempt was being made by both parties to find a solution to the labour requirements of building.

The Committee expected to make meaningful progress within six months. If not, the Minister would be asked to take whatever steps he deemed necessary.

Several meetings of the Joint Labour Study Committee followed the BIFSA meeting and it was sincerely believed both sides were moving towards acceptance of the plan for a trial group of 100 black apprentices to be exempted from the Black Building Workers Act.

"At a meeting on January 31, 1980, Mr Beetge dropped a bombshell," says Mr Stevenson. "He told the committee he had been instructed by his union to take no further part in the deliberations of the committee."

Nevertheless, Mr Beetge did ask BIFSA to delay its reply to the Minister, while he put its proposals again to his executive. "At the final meeting with union leaders on February 11, BIFSA members gained the impression that following the Congress of the Confederation of Labour held the previous week, Mr Beetge was under instructions to adopt an obstructive attitude," says Mr Stevenson.

Neither was prepared to discuss further the repeal of the Act, or any interim exemptions from the law to train black apprentices.

"In fact, both walked out of the meeting," adds Mr Stevenson.

ARGUS 10/3/80 (32)

Contract for N-project

THE CSIR and Ovenstone Construction (Ovcon) today signed a contract for the construction of the complex which will house South Africa's biggest cyclotron — a research machine that accelerates nuclear particles.

The contract for the building that will house the cyclotron at Faure was signed by Mr John Newman, director of Ovcon and Dr C van der Merwe Brink, president of the CSIR, at a city hotel.

The cyclotron will be assembled locally and will provide medical treatment which will include a sophisticated form of cancer therapy. It will be 15 times larger than South Africa's other accelerator in Pretoria and will be able to accelerate protons to a velocity that would enable them to travel round the earth in a fifth of a second.

Dr G Heymann, director of the National Accelerator Centre, a CSIR institute, said today walls of the main building would be 4,5 m thick. The cyclotron's first usable beam would be produced in 1984.

Patients would be treated on site when the complex was completed.

RAND DAILY MAIL, Wednesday, March 12, 1980

Higher costs in building are expected

(32) RDM 12/3/80

BUILDING cost price rises on the Reef have gone through the ceiling, according to a survey by Gallic Construction, the findings of which back up Bureau of Economic Research (BER) predictions that overall building cost rises will be 20% plus this year.

Most of the rises reported by Gallic came through in January. Traditionally, the first quarter of the building year is the time of steepest price rises. However, more increases can be anticipated.

Specific rises that filtered through were:

Concrete products — lintels, precast planks, ready-mix +—17%, timber 15%, steel windows and door frames +—20%, paint — last quarter of '79 25%, sub-contractors 12% - 15%, plumbing 15% - 20%, electrical work 15% - 20%.

Gallic puts the increases down to transport and fuel cost increases, the increase of work volume after the long recession and the release of pent up cost pressures.

PROPERTY REPORTER

There is a clear message in the emerging picture of heavy demand and rising prices, says Gallic.

Artisans and sub-contractors can now pick and choose their jobs, at the price they want. This may ease once (or if) the supply of labour picks up.

Not surprisingly, wage increases are a major factor in the overall price rise picture. Increases in productivity will lag behind the cost spiral and it will be quite some time before prices stabilise.

The accepted formula for calculating cost increases during the course of a contract may now have to supplemented with allowances for productivity drops, for disappearing suppliers' discounts and for premium rates to be paid to labour.

The situation is manifested in reduced competitiveness in the tender market and the shortage of raw material supplies is not helping matters.

FINANCE

argus 14/3/80

Seifsa cautious about strength of uptrend

BUSINESS is continuing to improve in the metal and engineering industries but the Steel and Engineering Industries Federation says it is cautious about the real strength of the upward trends.

Factors still causing concern are increasing inflationary pressures, shortages of skilled and semi-skilled labour and mounting wage costs.

"They constitute constraints which can impact on the competitive strength of the South African manufacturing sector and tend to negate any continuing gains in momentum," says the federation's director, Dr E P Drummond, in its monthly review of business conditions.

EXPORT LEVELS

Pointers towards improved business this year are seen in a sustaining of the satisfactory 1979 export levels of the basic iron and steel industries and a continuing upswing in domestic steel consumption.

A quickening tempo of import substitution could benefit the telecommunication and electronics sector and machinery production.

Expansion and modernisation programmes in the industry are also expected to result in a better export performance this year.

STRENGTHENING

The building industry supplies sector reports further strengthening in order intake and output levels in January.

Electric cable manufacture expects some stimulus from the Railways electrification extension programme and the Soweto electrification programme.

METHOD 'GROWS' DIAMONDS

Argus Bureau

NEW YORK. — A British government agency has obtained an American patent on a method of 'growing' synthetic diamonds.

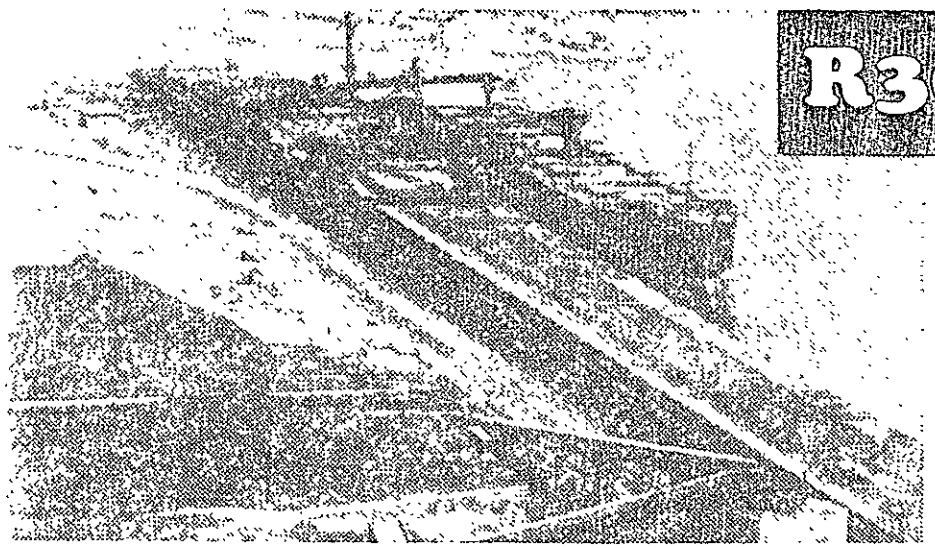
The patent has been awarded to the National Research Development Corporation, London.

In the process, a small diamond, either natural or synthetic, is bombarded with carbon ions to cause growth of a crystal.

The patent explains that the flux of carbon ions is of sufficient energy to penetrate the crystal and cause growth that is predominantly internal, rather than making deposits on the surface.

The method may be used for growing large diamonds for direct insertion into cutting edges of drills and lathe tools, it says.

R300m shot in arm for Natal



...nading coal at Richards Bay, an export line that is to get a massive boost

Tribune Reporter

TRANSPORT Minister Chris Heunis's good-and-bad news Railways Budget seems likely to provide a much-needed shot in the arm for Natal's lagging civil engineering industry.

Close to R300-million will go this year to improving the vital rail link to Richards Bay for South Africa's foreign exchange-winning coal exports and for a new coal berth in the harbour itself.

Mr Heunis also announced major new rail works for Natal which will include sextupling the link between Durban and Umgeni, relocation of the Berea Road station and line improvements between Vooruitsig and Newcastle.

"It is most definitely a shot in the arm for the industry," commented Allan Sutton, regional secretary in Durban of the SA Federation of Civil Engineering Contractors.

"This type of infrastructure spending by the public sector is welcome."

Sutton said the industry in Natal had experienced a very quiet year in 1978/79 — due largely to the fact that few tenders were called for medium and smaller projects. Most projects were of a major nature and did not allow a good distribution of work among contractors.

The federation hoped the Government would reimburse contractors for the considerable losses suffered in completing contracts at costs underwritten before the massive fuel price increase last year.

Discussions about compensating contractors for such losses had taken place at Government level and were still under consideration.

"They have not closed the door on us yet," Sutton said.

In the Johannesburg federation, director Kees Lagaay saw the budget as benefitting the industry as a whole. He welcomed the fact that major works were once again emerging in the coastal areas, whereas recently much of the major works had been concentrated in the Transvaal.

This was a point underlined at meetings of the Prime Minister's Economic Advisory Council, Lagaay said.

BUILDING TRADE

Professional labour crunch

Fears of a professional manpower crunch in the building industry are finally being realised. While demand bumped along the bottom it wasn't serious. Now, with a boom around the corner, concern is rising.

But it's too late. The problem is not so much the loss of old hands through the lean times, but a shortage of new blood coming in. It's the old leads and lags problem again. Because student enrolment drops during recessions, there are insufficient graduates to service the booms.

Take quantity surveyors. The official estimate is that 150 new QSs are needed each year, yet the total enrolment of students for 1980 stands at only 90 — and about a third of those will drop out.

Pretoria University has facilities to turn out 50 QS grads a year. In 1979 there were 10; this year there are 20 new applications which will probably mean no more than 12 or 13 emerging from the pipeline in 1984.

It's very much the same with architects. Institute Director Martin Knoetze doesn't put a figure on the number of newcomers needed each year. But total registration has remained static at around 2 000 since 1976. The number of new students enrolling at the universities is very low, he says, and the shortage will be felt most keenly in about three years. Government's decision last year to reserve further categories of work for architects is going to increase the load. There's also talk of bigger jobs coming up.

The position at Wits tells the story — 11 architects, 12 quantity surveyors and 15 building scientists graduated last year. Now enrolled for final year are 22 architects, 18 quantity surveyors and 18 building scientists.

The economic turnabout has helped to bump up first year intake for architecture to 73, quantity surveying to 22 and building science to 21. But again many will fall by the wayside and, unless the building trade slides back into recession, numbers are going to be woefully inadequate.

All disciplines are actively wooing new prospects and official liberalisation of immigration policy could also help. But job demand from overseas professionals hasn't been forthcoming. Perhaps, says the QS Institute's Catrina Hambly, immigrants have been dissuaded by reported lack of opportunities.

Graduates of recognised universities are acceptable in South Africa, she says. All they have to do is sit a competence exam.

But if the lack of interest has been due to a general overseas view that there's no work here, somebody needs to put the record straight. The way things are going we're going to need all the help we can get.

EXAMINATION RESULTS IN FACULTY ARTS

FORMERS DIPLOMA IN SPEECH & DRAMA YEAR : 1 AS AT 29 02 80 PAGE 1

SURNAME	FIRST NAMES	COURSE	DESCRIPTION	SYMBOL	
ILES	EDWARD STEPHANUS	116120	DRAMA I	F	1356560
MATTHYS CHRISTUFFEL	MEGAN	116120	DRAMA I	F	1 1542490
NICOLA ANDREA		116120	DRAMA I	UP (50)	1 1567020
ANDRE GURTOO		116120	DRAMA I	UP (50)	1 1623430
					1548260

L NUMBER OF STUDENTS 5

REGISTRAR (ACADEMIC)

STU13-9 EXAMINATION RESULTS IN FACULTY ARTS AS AT 29 02 80 PAGE 1

13110 PERFORMERS DIPLOMA IN SPEECH & DRAMA YEAR : 1 13110

STUD NO	SURNAME	FIRST NAMES	COURSE	DESCRIPTION	SYMBOL			
135656C	BAITJES	EDUARD STEPHANUS	116120	DRAMA I	F		3	135656C
154249M	COMPION	MATTHYS CHRISTOFFEL	116120	DRAMA I	F		1	154249M
156762U	KRUSKAL	MEGAN	116120	DRAMA I	UP	(50)	1	156762U
162343K	MILITZ	NICOLA ANDREA	116120	DRAMA I	UP	(50)	1	162343K
154826P	SAMUELS	ANDRE CUPIDO	116120	DRAMA I	F		3	154826P

* TOTAL NUMBER OF STUDENTS 5

REGISTRAR (ACADEMIC)

Cement price increase expected in April

NM 20/3/80

Property Editor

CEMENT could be selling at R3,30 a pocket next month — if the Price Controller approves a 10 percent increase applied for by the manufacturers.

The increase, if approved, will further fuel inflation in the building industry, where it is currently running about 1,5 percent a month.

And once it is passed on to the builders it will add roughly R250 to the cost of building an average-sized house.

According to the Cement Producers' Association the increase is needed to cover their rising production costs and encourage further private sector investment in the industry.

Mr John Hodkinson, commercial manager of Durban Cement Ltd, said the last increase had been in April last year, when it also went up by 10 percent to R2,95 a pocket.

He added that it was almost certain the Price Controller would grant the increase.

The new price probably would be effective some time in April.

UCT

STU13-9 EXAMINATION RESULTS IN FACULTY ARTS AS AT 29 02 80 PAGE

13010 BACHELOR OF ARTS YEAR : 1

STUD NO	SURNAME	FIRST NAMES	COURSE	DESCRIPTION	SYMBOL			
1620048R	BURNE	SUZANNE ELIZABETH	106103	ECONOMICS IA	F	(43)		
158955C	CARO	SALLY-ANN	107101	ENGLISH I (PRE-1980)	F-	(40)	1	
			116120	DRAMA I	F-	(60)		
			114101	CULTURAL HISTORY OF W.E. I	F	(56)		
162195Z	CHAIT	CHERYL	102101	AFRIKAANS	UP	(50)		
153965D	CLARKE	PENELOPE JILL	103202	SOCIAL ANTHROPOLOGY I(PRE 1	UP	(60)		
157789K	COHEN	DAVID	104101	ARCHAEOLOGY I	P-	(62)		
			110101	HISTORY I	PF	(23)		
156503M	COLLIER	LINDSEY JEANNE	911101	MATHEMATICS I M102	UP	(69)		
			916103	ANIMAL BIOLOGY (HALF COURSE	UP	(54)		
1539990	COLLINS	BEVERLEY ROYNON	116120	DRAMA I	F			
153621E	COUCHER	ROBERT GEORGE RENESON	004101	PSYCHOLOGY I	UP	(56)		
138572X	COURTENAY	COLETTE	107101	ENGLISH I (PRE-1980)	SNX			
153796V	DAVIS	CASSANDRA ELAINE	107101	ENGLISH I (PRE-19	SNX			
140457N	DELAHUNTY	ANNA TERESE	906101	GEOGRAPHY I				
162364E	DOMAN	MICHAEL EDWARD	106102	ECONOMIC HISTORY				
1559310	DU PLESSIS	MARCIA ELIZABETH	107101	ENGLISH I (PRE-19				
158919N	DUNCAN	ANDREW SYMON	003101	SOCIOLOGY I				
			004101	PSYCHOLOGY I				
156415R	ERASMUS	ARNO JACQUES ERASMUS	601101	COMMERCIAL LAW A				
			910106	STATISTICS IC(HAL				
1623107	EVANS	GAVIN MARK READ	101103	AFR-LANG INTENSI				
161480X	FAFAK	GIULIETTA	107101	ENGLISH I (PRE-1				
153863T	FARQUHAR	GILLIAN DEBORAH	115101	FRENCH I				
152866J	FARRELL	MICHAEL BRUCE	004101	PSYCHOLOGY I	UP	(55)	1	
157359T	FINLAY	PAMELA JOAN	106104	ECONOMICS IB	UP	(52)	1	157359T
			115102	FRENCH INTENSIVE	UP	(58)		
			115103	ITALIAN INTENSIVE	UP	(54)		
159744K	FIORAVANTI	LUIGINA	214102	PHYSICS IB	UP	(58)	1	159744K

Koeberg loss for M&R

Financial Reporter

LOSSES sustained on work for the Koeberg Power Station held back profit growth by Murray & Roberts, the building group, for the six months to December last.

Net attributable profit was up, however, from R7 316 000 in the 1978 equivalent to R8 451 000.

An unchanged interim dividend of 8c has been declared. Earnings a share rose from 35c to 41c.

The directors say the results for the full year will show a satisfactory growth and they plan to increase the total dividend by about 15%.

Last year a 21,5c final was paid for a total of 29,5c, so a final of 26c for a total of 34c seems likely for the year to June 30.

The directors say: "The results for the interim period have been adversely affected by a loss sustained on the contract for the supply and erection of structural steel at the Koeberg nuclear power station.

They say further that, as anticipated in the annual report, the effective tax rate will be higher this year because of a rundown in investment allowances.

But they are confident that the overall results for the year will show a satisfactory growth.

UCT

CEMENT

Good and bad times

Domestic cement sales are better than they have been for four years thanks to high levels of activity in the building and construction industries.

The SA Cement Producers Association reports that domestic sales for 1979 are 4,5% up on those of the previous year.

While local sales improved (to slightly more than 6 Mt), total sales fell short of the 6,7 Mt sold in 1978. This was as a result of the loss of SA's principal export market, Iran. This decrease halved SA's exports and contributed to the overall decline in sales of 7,5%.

However, the industry is optimistic. Domestic sales picked up at a faster rate in the second half of the year with month-on-month increases far higher than the annual average. November sales were 9% higher than for the same month in 1978.

Cement producers expect these trends to continue with sales moving up at a monthly rate of 10%.

But sales are only part of the story. The biggest challenge lies in the area of profitability. The industry's gripe is that current profits are too low to attract the large funds necessary for modernisation (25% of kilns are 20 years and older) and expansion. But it's a difficult argument to sustain when they are, for all that, still investing. Expansion programmes totalling in excess of R100m have been embarked upon and the industry intends to spend R500m in the next 10 years.

The industry has roughly 8,5 Mt of installed capacity, and attempts an 85% utilisation rate to allow for seasonal fluctuations. With current sales of 6,7 Mt and demand rising sharply there is not much slack to be taken up.

Lead-in time, from inception to coming on stream, is three years, so if future demand is to be met, plans to expand must be made now.

The industry has until recently been allowed a 15% return on capital before interest and tax, but as a result of the severe depression in the building industry it was cut to 10%. Profits have, in practice, tended to be nearer to 8%, making cement processing financially hazardous.

Cement production is a capital intensive industry requiring a good return on investment to ensure steady growth. Plant capital and transport costs have soared.

Further cost increases lie ahead and producers expect profit margins to decrease. They are urging a price increase as they claim that the increase in rail tariffs will cut profits to the bone. Transport accounts for as much as 40% of total costs.

There is also the danger, as with so many price controlled industries, that producers are tempted to export. Cutting back on local supply would severely slow the building industry recovery.

SA manufacturers are almost all situated away from the coast and the rail tariff hike is likely to raise prices to a level that will effectively keep them out of most foreign markets.

However, SA producers do have an advantage over their European counterparts, since their kilns are coal- not oil-fired.

Bricks black market brings chaos to industry

STAR 24/3/80

(32) (193) (244) (245)

By John Murray

Increases of up to 130 percent over the controlled price of bricks are bringing chaos to the home-building industry, which has already been hit by delays of up to a year in brick deliveries.

Adding to the prospective homebuilder's problems is the increase in costs caused by the brick shortage — at least two percent for every month's delay.

Several building concerns have called on the Government's Competition Board to investigate the brick industry, which is dominated by one large concern, Corobrick.

The Government-controlled price on bricks is R50,50 a thousand stock bricks delivered, but profiteers are asking anything from R67 to R120 a thousand.

This situation has been brought about by a building boom which has left the smaller builder strug-

Brick black market

From page 1

nies were promptly shut down.

Mr Dick Kemp, chief executive of Tongaat said these comments were typical of those in times of trouble.

"The fact that there are 22 other companies in the same line as ourselves in the Transvaal alone, and that we have railed bricks from Natal to help the situation shows that they are not true."

Dr David Mouton, head of the Competition Board, said his board was aware "of a concentration in the brick industry", and that it acted on complaints or in some instances took the initiative to investigate possible monopolies.

"But we have no intention at this stage of looking into the brick industry. If anyone has complaints they can send them to us at PO Box X84, Pretoria."

STU13-9 EXAMINATION RESULTS IN FACULTY ARTS AS AT 29 02 80 PAGE 2

15016 B.A./LL.B. YEAR : 1 15016

STUD NO	SURNAME	FIRST NAMES	COURSE	DESCRIPTION
1539825	STRACHAN	ANDREW KENNETH	105104	LATIN I
1565290	VISSER	VIVIEN ELIZABETH	117101	POLITICAL SCIEN
1535477	WAINE	VINCENT CHARLES	004101	PSYCHOLOGY I
			102101	AFRIKAANS
			107101	ENGLISH I (PRE-
1568388	ZACHERL	SABINE RUTH	004101	PSYCHOLOGY I
			102101	AFRIKAANS
			107101	ENGLISH I (PRE-

SUN
080
4785.

Brick men probe black marketing

STAR 25/3/80 (32) 193

The brick industry is clamping down on merchants after charges of black-marketing in the industry.

Corobrick is investigating at least two instances, according to managing director Mr Errol Rutherford.

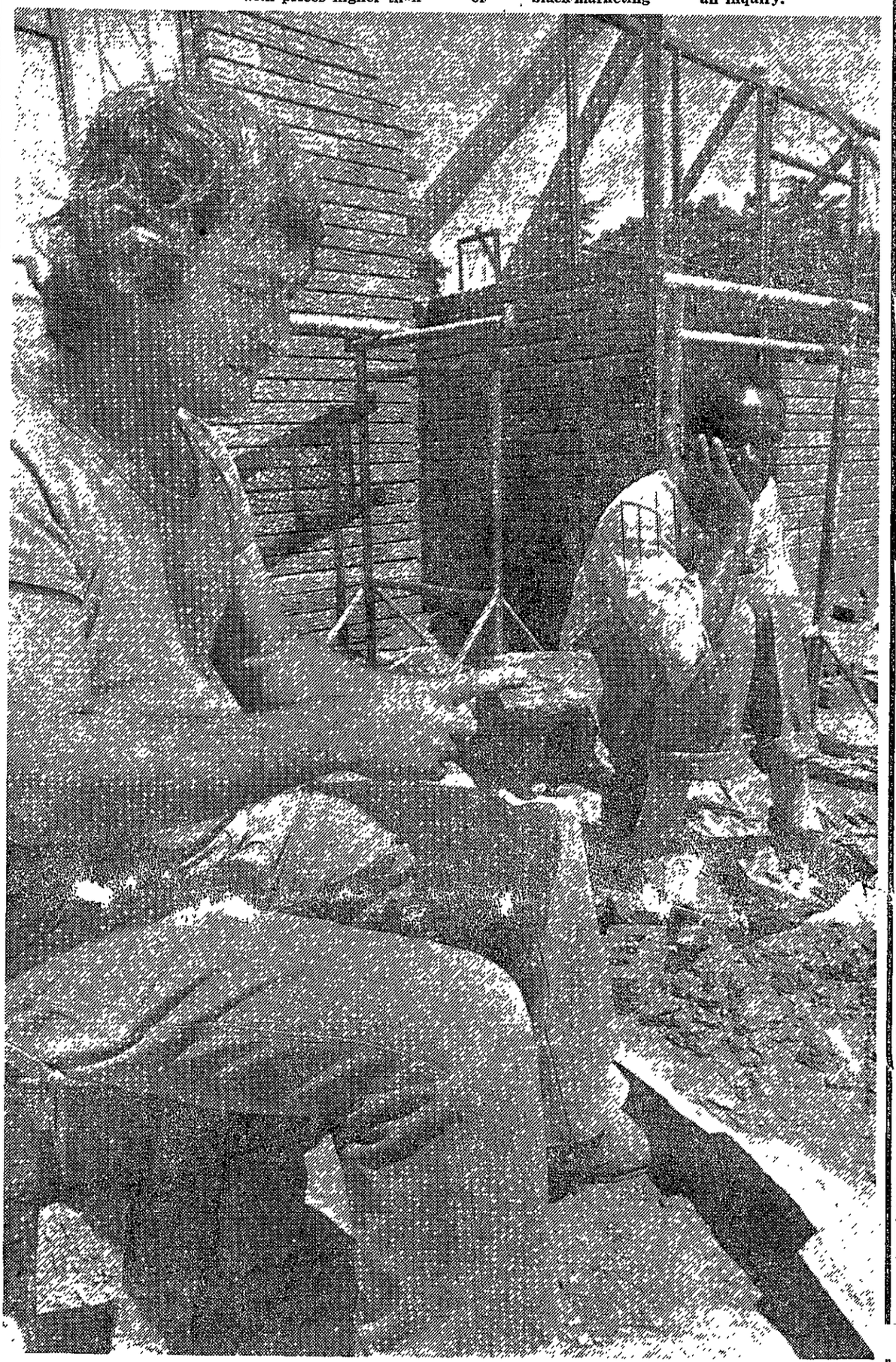
This comes on the heels of reports of chaos in the industry with prices higher than 130 percent of controlled prices.

Merchants have been charging up to R120 for a thousand stock bricks listed at only R50,50 a thousand.

"We are investigating all merchants dealing with us," said Mr Rutherford.

"And we have heard whispers of instances of black-marketing where we suspect our bricks are being used, though we have been unable to verify anything yet."

At the same time, brick merchants and building contractors have been accusing Corobrick of being an effective monopoly and have called on the Competition Board for an inquiry.



It's going to be a long wait. Builder Charlie Drotsky and labourer Wilson Ndwato are almost out of bricks.

STU13-9 EXAMINATION RESULTS IN FACULTY ARTS AS AT 29 02 80 PAGE 1

STU13-9 EXAMINATION RESULTS IN FACULTY ARTS AS AT 29 02 80 PAGE 1

12010 LOWER DIPLOMA IN LIBRARIANSHIP YEAR : 1 12010

STUD NO	SURNAME	FIRST NAMES	COURSE	DESCRIPTION	SYMBOL		
~~140980P~~	~~BUHRING-UHLE~~	~~URSEL~~	~~118101~~	~~CULTURAL HISTORY OF W.E. I UP~~	~~(50)~~	~~1~~	~~140980P~~
159075H	ELEERS	CHARLES PETER	118101	CULTURAL HISTORY OF W.E. I UP	(50)	3	159075H

* TOTAL NUMBER OF STUDENTS 2

DEAN REGISTRAR (ACADEMIC)

UCT

Building outlook bright

(32) CT. 28/3/80

PROSPECTS for the building industry are better than at any time during the past five years, according to the latest building survey by the Bureau for Economic Research at the University of Stellenbosch.

The bureau found the business mood of respondents to the survey in the summer quarter to have improved further, but it warns that cost constraints will tax management heavily in the months ahead.

The level of employment in the industry had risen sharply for both skilled and unskilled labour and building costs were rising at a rate of more than 20 percent a year in the first quarter of 1980.

The economic revival had reduced competition in tendering, said the BER.

"No doubt the greater amount of available work has made it easier for contractors to pass on cost increases to the clients."

Labour bottlenecks had increased in intensity and shortages in the supply of materials had become more severe.

BUILDING MATERIALS

Kicks about bricks

It is highly probable that Corobrik's application to the Price Controller for a brick price increase will be gazetted this week, and estimates put the average countrywide increase at between 10% and 12%, with a low of 8% and a high of 15%. (Increases are considered in the light of cost increases in geographical areas and are not across-the-board.)

This would put the increase in the same bracket as the 12,5% granted to cement suppliers who, ironically, seem to have escaped the ire of the building industry.

For the building industry, which has at last moved out of recession and is reporting a boom in activity, the non-availability of required volumes of bricks must be disconcerting. This has, however, to be seen in context. As building activity slumped, it follows that the demand for

bricks did as well.

Brickmakers were hard hit, stockpiles built up and plant was decommissioned. At the same time, margins were cut in an effort to offload bricks, and prices dropped well below maximums allowed by the price controller. Then came the upsurge in building activity and an increased demand for bricks. Brick producers increased prices to the allowable maximum, and in some cases bricks were shipped into areas where there were shortages. Railage costs were added to controlled prices, and sectors of the building industry bleated about profiteering.

That these charges are well within brickmakers' rights is beyond doubt. For instance, Corobrik, with a 60m brick stockpile in Durban is offering face bricks to Reef builders for R85/1 000 free on rail (compared to the present controlled price for bricks made and sold in the Witwatersrand area of R50,50 delivered). Durban price is R45/1 000, and railage costs to the Reef are R40/1 000.

Then there are the black market operators. Only one such alleged case has come to the notice of the Price Controller's office, which found the merchant offering bricks at R120/1 000 to be well within his rights. He was shipping bricks in from a Pietersburg field, and as such was not subject to price control, which only stipulates a maximum price for bricks manufactured and sold within a prescribed and gazetted area.

"This was an isolated instance, and by no means widespread," says Jack Haskins of the Brick Development Association.

The question of monopolistic practices? Corobrik, which produces 55% of the country's bricks and is the subject of the latest price application, has been accused of instituting a quota system favouring some contractors and demanding credit guarantees.

Says Tony Cadman, PR for Corobrik: "There's always been a quota system to ensure that contractors get their fair share of bricks. If a lot of small builders, who got out of the business when things were bad and are now coming back in because they can make a buck again, can't get bricks, well ..."

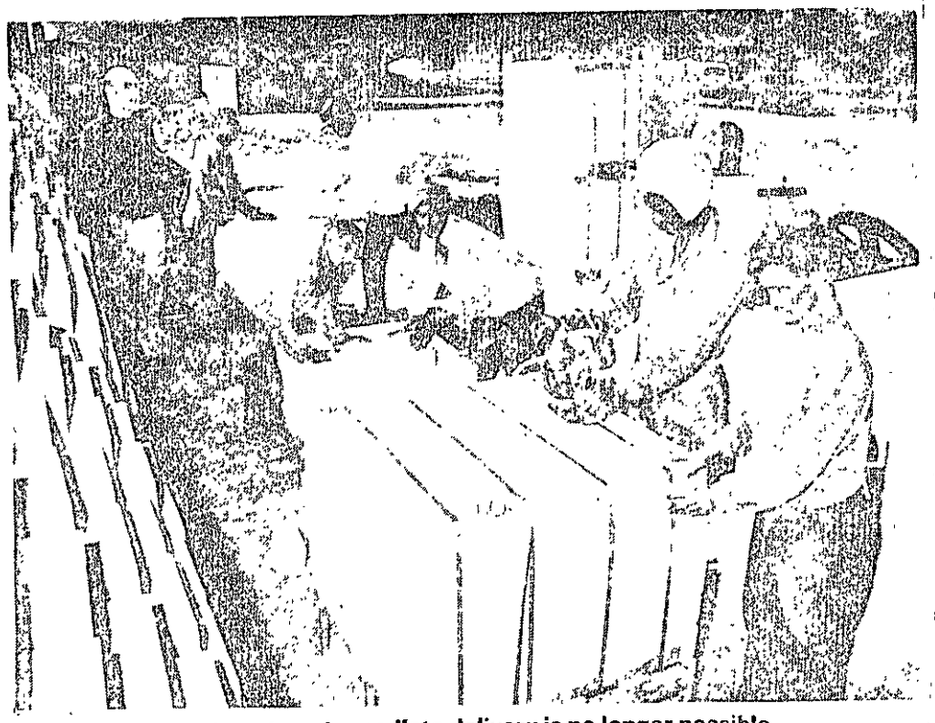
Basically, manufacturers are tending to look after the interests of builders and contractors who stuck to the job during thin times, and tend to place orders well in advance.

"The time when you could place an order for immediate delivery is passed," says the Building Industries Federation, which reports that none of its members are "really short."

Corobrik chief executive Dick Kemp confirms that the general position at present is that there is a shortage. "We went to the Master Builders Association with an appeal to place orders in good time. This gives us the time and opportunity to plan and recommission plant to meet demand."

Corobrik has, however, embarked on a short-term R18m recommissioning programme that will increase capacity to 1,6m bricks annually. This should go some of the way to alleviating the present shortage. But to expand, as well as meet rising manufacturing costs, has meant that manufacturers have had to approach the price controller for a new determination.

"For one, the price of furnace oil and coal, needed for firing kilns, has increased," says Kemp. Transport costs are also up, so is labour. And with another 300 "small but efficient brick manufacturers" spread throughout the country (supplying the other 45% of demand), it's a fair bet that price increase applications are going to be wide and not confined to Corobrik.



Brickyard . . . immediate delivery is no longer possible

V RESULTS IN FACULTY ARTS AS AT 29 02 80 PAGE 2

YEAR = 3 13030

FIRST NAMES	COURSE	DESCRIPTION	SYMBOL			
ADELE	116317	DRAMA III	2-	(63)	4	1331002
MOIRA MARIA	908307	GEOGRAPHY IIIB (HALF COURSE)P	F	(51)	4	1131166
CAROL TESSA	110301	HISTORY III	F	(45)	5	0961466
GRANT	906205	GEOGRAPHY IIB (HALF COURSE)ABS			4	0965606
GAIL ESTELLE	110301	HISTORY III	F	(43)	4	1032781
CHRISTOPHER HANS	102101	AFRIKAANS	ABS		5	1144634

STUDENTS 29

STU13-9 13030

STUD NO	
1331002	
1131166	
0961466	
0965606	
1032781	
1144634	

M & R/ANCHUSA

Building bricks

The building and construction sector has been showing a steady advance on a broad front since the third quarter of last year. Firmly in the vanguard are Murray & Roberts and its major shareholder, Anchusa.

M & R hiked attributable profits by 15,5% to R8,45m in the six months ended December 31, despite a loss incurred on the contract for the supply and erection of steel at Koeberg. Unfortunately, the interim dividend has been maintained at only 8c, covered five times, although the company indicates that it will increase total payout by about 15% for the whole year. This would give a final dividend of about 26c, compared with last year's 21,5c. The board says that cover for the total dividend will also be slightly higher than last year's 2,85 times. Currently, the share yields 5,5% at 535c and is almost spot on average for the sector. A 34c total for the year would yield 6,36%.

Tax allowances for new capital equipment will be reduced in this tax year, but the increase in pre-tax profit should be more than enough to cater for the increase in liability.

Earnings from associated companies are becoming increasingly important, with receipts rising from R2,7m in the six

M & R's Baker . . . reasonable growth ahead

months ended December 1978 to R3,3m in the last half. This highlights the statement in the annual report last year which noted that diversification had allowed the company to circumvent many of the difficulties of the industry and had, at that stage, contributed over 50% to profits.

M & R chairman Des Baker says that all the group's divisions are performing satisfactorily and the company should come through with a reasonable growth rate for the year. The group is still suffering under some one-off costs from its merger and from incidents such as the loss at Koeberg.

He adds that the recovery is, unfortunately, more localised than is generally realised, and the coastal regions are lagging behind as economic recovery is largely tied to the mines and their ancillary operations.

Baker is cautious about the current takeover of Cape-based ship repair company James Brown & Hamer by subsidiary Elgin Fireclay. James Brown was formerly a subsidiary of Anglovaal. The matter is still under negotiation, he says, and a final price has not yet been fixed. Elgin Engineering also works in the same area, but Baker refuses to be drawn on possible plans for joint operations.

Anchusa, which has a 33% holding in M & R, increased taxed income from R2,8m to R3,6m — a solid 28% hike — in the six months ended December 31. The investment company paid an interim dividend of 5c against 3c at the halfway stage last year. However, the board says that the disparity between the interim and final dividends is to be lessened from now on, and the rise in the interim payout does not necessarily reflect the expected rise at the end of the financial year. If current performance continues, the final dividend can be expected to approach 15c, which would give a prospective yield of 5,7%.

Scott Hamilton

Bifsa hoped for more relief for home-buyers

STAR 25/3/80

By Frank Jeans

While the Minister of Finance is applauded for his Budget initiative for growth through the private sector and the man in the street, there is inevitably the disappointment somewhere along the line.

And while the Building Industries Federation (Bifsa) in common with all other sectors of the economy is praiseworthy over Senator Horwood's expansionary measures, particularly with regard to low-cost housing, the federation had been hoping for even further tax concession for home-buyers.

Nevertheless, Bifsa welcomes the Minister's "stated intention" for the standing commission on taxation to "thoroughly investigate the entire question of tax incentives."

Says a Bifsa spokesman: "What we missed particularly (in the Budget speech) was no reference whatever to tax concessions to first-time home buyers, on property taxes, or a positive assurance that housing benefits would not be taxed, all of which were proposals submitted recently to the Minister by Bifsa."

The federation views with some trepidation the Minister's remarks on interest rates, and says: "Contractors and the public alike should heed the implied warning of the Minister that present rates are abnormally low.

"The implication is clear — build now."

The allocation of an additional R225m for the National Housing Fund, as well as the transfer of funds from building societies to the funds, all of which will help to alleviate the housing shortage among the lower income groups, come as a "shot in the arm" for the building industry.

Says Bifsa: "The whole housing situation must receive a shot in the arm from increased earnings for Government servants, civil servants and decisive across-the-board income tax reductions.

"This will put more money into the pockets of potential home buyers."

In the area of private housing, which represents about 30 percent of the industry's output, the federation welcomes the reduction of transfer duty which was "in line with a recent submission to the Minister."

Housing injection welcomed

South Africa's building societies are grateful for the role which has been handed to them from the Minister in the battle to ease the housing shortage among the lower income groups, writes Frank Jeans.

By injecting mortgage loan funds from the Department of Community Development into the societies — thus re-channelling money to the department for further loans — a spurt will be given to the provision of homes for the non-white groups.

Building society circles point out that this will give the movement the opportunity to play its part in alleviating the housing shortage, and that with the cash liquidity at present, this lending avenue which is being opened up will "not be a deterrent to any one sector seeking loans."

On the other hand, according to Mr H J Dodds, president of the Association of Building Societies, this move should be regarded rather as a "one-off" exercise than a continuing source of finance for the department.

"Building societies," says Mr Dodds, "are not likely to remain sufficiently flush with money in the long-term to make a repeat operation feasible."

Mr Dodds said the increased allocation of money to the National Housing Fund was greatly welcomed because of the "crying need for more housing for the lower income groups."

The president, however, referring to the fact that in all Budgets, there were items "that some would have wished were different," said the decision to reduce the permissible maximum investment in building society tax-free subscription shares from R150 000 to R50 000 was viewed "with some dismay."

Says Mr Dodds: "In the long-term, this could add significantly to the difficulty building societies face in attracting sufficient funds to meet the ever-growing demand for housing loans.

"Furthermore, the possible resulting drain of funds, which will have to be replaced by more expensive money, could exert an upward pressure on the mortgage rate."

Mr Dodds also pointed out that the present high level of liquidity in the movement was exceptional, and unlikely to continue indefinitely.

ANGLO-ALPHA

Geared profit growth

Activities: *Manufactures cement, lime, industrial minerals, stone aggregates and ready-mixed concrete mainly for the South African building and construction industry. Certain products are also exported. Non-related interests include a textile mill.*
Chairman: *H Byland; deputy chairman: B Herson, managing director: P Byland*
Capital structure: *30,1m ordinaries of 50c. Market capitalisation: R85,6m.*
Financial: *Year to December 31 1979. Borrowings: long- and medium-term, R37,9m, net short-term, R13,6m. Debt equity ratio 44,6%. Current ratio, 1,4. Group cash flow R29,1m. Capital commitments, R7,3m.*
Share market: *Price, 285c (1979, high, 285c, low, 128c; trading volume last quarter, 607 000 shares). Yields 21,2% on earnings, 6,1% on dividend. Cover: 3,5. PE ratio, 4,7.*

	'76*	'77*	'78	'79
Return on cap %	9,1	7,7	9 4	11,9
Turnover (Rm)	125 1	132,1	176,7	138 1
Gross profit (Rm)	17 6	17,1	32,7	31 3
Gross margin %	14 1	13,0	18,5	22,7
Earnings (c)	21,3	25,1	†42 4	60 4
Dividends (c)	11	13	†13,7	17 5
Net asset value (c)	260 4	307 5	449,2	537,3

* 12 months to June
† annualised

The improvement in Anglo-Alpha's earnings last year owed nothing to its main activity, the manufacture of cement. This was, in fact, the only division which reported lower earnings, although this was due mainly to a substantially higher tax bill as a result of investment allowances on plant commissioned during 1978 having been fully absorbed.

Based on the directors' break-down of net income after tax and a current cost adjustment to profits (the latter is not taken into account in the *FM* calculation of share earnings), the fall in the cement division's contribution from 80% in 1978 to only 41,9% indicates a 12,5% reduction in the attributable earnings of this division.

The most important single factor behind the overall improvement was the sale of certain loss-making interests, such as Reac Chemicals (Pty), which manufactured construction chemicals in a highly competitive market, and the return to profitability of Natal Cotton & Woollen.

This was closely followed by the improved results of the lime and industrialised minerals division, the attributable profits of which were up 69% after the inflation accounting adjustment, to give a slightly increased contribution to total group earnings of 39,4% (38,9%). The division benefited not only from improved demand for lime, but also from a more profitable sales mix whereby more high-revenue burnt-lime products and less low-revenue limestone products were sold.

Stone activities were still a negative contributor to results and according to the directors, selling prices need to rise substantially if the industry is to receive a return sufficient to encourage further investment. Results were, however, materially better than in 1978 as a result of organisational and management changes.

As to the current year, the group is budgeting for a 20% increase in turnover, which is more than double the improvement in 1979 over the annualised 1978 figure. Profits are likely to continue to reflect the benefits of increased capacity utilisation and will again probably rise faster than turnover, although the chairman warns against expecting a repeat of last year's 68,5% earnings growth rate after the inflation accounting adjustment (42% before this adjustment).

Cement is likely to contribute substantially more after the Price Controller's decision to increase the profit returns to manufacturers from the previous 10% (calculated before tax and interest payments on the historical depreciated cost of assets) to 15% over a two-year period, with an allowance for additional depreciation which companies charge on revalued assets. This decision has been taken in view of the industry's long-standing complaint that the previous returns made it difficult, if not impossible, for cement producers to provide for the replacement of assets and the expansion of capacity.

The chairman regards the higher return as still inadequate, especially as price increase applications are based on increased costs which have already been incurred and that the real return to the industry is therefore three to four percentage points below the permissible level.

Nevertheless, there is clearly going to be a significant increase in cement industry profits during 1980 and 1981, as the new pricing formula is gradually introduced while prospects are further enhanced by the much larger scale now envisaged for mass housing. This would require about 2 Mt of cement annually over and above the present level, and with the group's stone and ready-mixed concrete operations located in most of the areas where housing construction is likely to take place, profits should benefit.

Last year's increase in demand for lime products was based mainly on sales to the gold, uranium, metallurgical and chemical industries, and with activity in these sectors continuing at a high level there should be a further improvement in results.

On balance, it seems that the group will be able to increase dividends this year by at least the same rate as in 1979, which would give a distribution of between 22c and 23c and a prospective yield at the current market price of around 8%. However, much will depend on any decision to expand cement capacity – although the accounts show capital commitments at only R7,3m, the group has already revealed expansion plans in other sectors of its activities which will cost almost R41m. This is made up of R32m for Union Lime spread over the next two years, R5,6m for Hippo Industrial Minerals, R1,2m for upgrading plant at Ceramic Minerals, and R2m in respect of energy conversion from liquid fuels to other energy sources.

Any major expansion of cement manufacturing capacity, may, therefore cause the group to adopt an even more conservative dividend policy, resulting in a lower growth rate in distribution. *Des Kilalea*

DATES TO REMEMBER

Last day to register dividends:
Thursday April 3: Bakers 30c; Bracken 37c; Broadacres 4c; Carlton Paper 10c, Eriksen 7,5c, Hart 3c; Kinross 84c, Kohler 34c; Leshie 29c, New Central 10c, Protea Ass 8,5c; St Helena 305c, SWA Fish 36,03c, Tiger Oats 38c, Undev 7c; Unisel 40c, Winkelhaak 194c
Meetings:
Monday March 31: Fintec (Wadeville).
Tuesday April 1: Barclays; D&H
Wednesday April 2: BTR.
Thursday April 3: Carlton Paper; Theron (Cape Town)
All meetings are in Johannesburg unless otherwise stated.

Builders riding high

(32) RDM 28/3/80

By HAROLD FRIDJHON

HIGH optimism has filtered through the entire building industry — contractors, sub-contractors, merchants and manufacturers. As the latest building survey produced by the Stellenbosch University's Bureau for Economic Research laconically reports "the business mood of all respondents has shown a further improvement". And costs are expected to rise by 23% to 25%.

All the available indices appear to be tilted upwards — the value of plans passed, investment, employment, cement sales and work in architects' offices.

Factors which have contributed to the revival in the building industry are:

- High liquidity
- Net immigration
- Low-cost housing projects
- Abolition of rent control
- Increased personal incomes
- Greater investment in manufacturing industry, the mining sector and in the infrastructure.

The BER survey warns, however, that although the revival in the building industry is well established, it is too early to speak of boom conditions.

With exceptions in Port Elizabeth, East London and the Transvaal country districts, contractors and developers are experiencing better conditions than a year ago.

Says the survey: "There can be little doubt that the prospects for the building industry are more promising now than at any time during the past five years", but there are severe problem areas.

Cost constraints, such as a shortage of labour and materials which must lead to higher tender prices, will tax managements in the months ahead.

The BER building cost index rose by an average of 17,5% in 1979 compared with the previous year. In the fourth quarter alone the increase was no less than 22,7% higher than in the corresponding period of the previous yeasr.

Although it was not possible to get a meaningful pattern of costs during the first quarter of this year, from the inadequate sample available, the BER forecast is that for this year the increase in costs might well in the range of 23% to 25%.

Manufacturers of building materials are also showing an improvement in sentiment. Sales volumes and values are better and delivery periods have lengthened. Some 77% of the manufacturers polled report that they could maintain a higher level of production without increasing their buildings and plant. No large-scale increases in production capacity are foreseen.

Most manufacturers report that last year they were unable to pass on their increased costs in full to their customers. But they foresee better business conditions in this quarter than a year ago.

Building material merchants are also optimistic and expect that stocks in relation to expected demand will be too low. The ratio of cash to credit sales has increased.

Higher purchase prices (approximately 13% increase) led to higher selling prices (approximately 14% during the year), says the BER survey.

STUI3-9 EXAMINATION RESULTS IN FACULTY ARTS AS AT 29 02 80 PAGE 1

14149 H.A./HUGO YEAR : 4 14149

STUD NO SURNAME FIRST NAMES COURSE DESCRIPTION SYMBOL

1025314 ELOFF ROSEMARY KATHERINE 1021101 AFRIKAANS UP (50) 4 1025314

* TOTAL NUMBER OF STUDENTS 1

DEAN

REGISTRAR (ACADEMIC)

Coming up against a brick (price) wall

STAR (32) 29/3/80

Cement goes up by 16 percent and bricks by an average 13 percent on Tuesday.

The increases will contribute to the expected 30 percent overall increase in building costs this year, say cement brick manufacturers and builders.

The price of cement bricks go up by about R2 from R33, cement blocks by roughly the same and the cost of the common stock brick from R50,50 to R56,90 delivered, up to the most expensive air brick from R351,60 to R393,60 delivered.

Both increases will add a total four percent to the cost of an average house — R1 200 on a R30 000 home.

Mr Hennie van Zyl, our economist of the Building Industries Federation said: "We are not pleased with the increases."

He said the BIF opposed price control and wanted the system revised.

BIFSA

Davis moves in

Lou Davis, who took up office as the new Building Industries Federation (Bifsa) chief executive this week, is reticent about discussing his plans to make Bifsa a national, decision-making force.

Having recently relinquished his position as MD of Ovenstone's Ovbou Construction to take up the Bifsa appointment (*Property* January 11), Davis says it would not be very intelligent for him to comment. He says, however, in view of the changed economic circumstances and the current budget, his main interest will be the training of artisans, and the extension of training facilities.

It's likely that, even without the budget, much of Davis' time would have been occupied by the need for training since the industry is critically short of skilled workers.

Davis has already said he believes Bifsa — as the second biggest employer of labour in the country — should be consulted on economic policy in building matters.

If he can improve the Bifsa image, and discourage splintering membership, he could well be on his way to encouraging some government sympathy.

Even before he starts looking at in-house problems, such as the industry's disastrously low productivity rates, Davis has a full programme.

Lou Davis . . . in the hot seat

STU13-9 EXAMINATION RESULTS IN FACULTY ARTS AS AT 29 02 80 PAGE 1

13130 PERFORMERS DIPLOMA IN SPEECH & DRAMA YEAR : 3 13130

STUD NO SURNAME FIRST NAMES COURSE DESCRIPTION SYMBOL

1000601 HOLG HENRY CAMERON 11-317 DRAMA III A/B 5 1000601

* TOTAL NUMBER OF STUDENTS 1

REGISTRAR (ACADEMIC)

R150 000 centre will help the home builders

PORT ELIZABETH — Construction of a new R150 000 home development and advice centre in Kwazakele will be completed by November.

This was disclosed by the Urban Foundation project manager in the Eastern Cape, Mr Piero Oliver, during an interview.

It will be built on a site boarded by Stofile and Nkata Streets, near Wolfson Stadium, Kwazakele.

A section of the building will provide a home improvement and advice service and a selection of building materials will be on display.

He said there would be a large range of building materials on view, plans for house extensions and information on loans. Advice would be given on the 99-year-leasehold system and how to apply for it.

Builders would be given lectures on how to handle contracts.

Accommodation in the centre would be other community services such as family planning, and St John Ambulance.

Two small halls would be available for use by the community for activities such as teaching the gifted and talented, and film shows.

The centre would provide a library services on the technical aspects of building.

Also incorporated in the centre would be a business advice bureau, the design of which would be developed in consultation with local businessmen.

Mr Zukie Jemsana will be the centre's advice co-ordinator and his assistant would be appointed when the centre was completed, Mr Oliver said.

Angry union men to resist black artisans

MM 11/4/80

Mercury Correspondent

JOHANNESBURG—Angry members of registered unions in the building industry yesterday warned that a Government decision to allow blacks to do skilled building work in white areas would endanger peace in the industry.

They also said the decision 'blatantly broke a promise that blacks would not become artisans in white areas'.

Development

But in a further development yesterday it emerged that black workers would not become building artisans in the 'white' areas — at least for several years.

There are no plans as yet to take on blacks as apprentices.

The two registered unions in the industry still have the power to control change through the Industrial Council.

While he emphasised that union members were angry about the decision, Mr Richard Beech, general-secretary of the Amalgamated Union of Building Trades said yesterday: 'We still control access to the job.'

He added that the unions would 'work out ways to increase our control of the job. We have control, but we want to exercise it more effectively.'

The director of the Building Industries Federation, Mr Lew Davis, yesterday said employers would consult the unions before introducing changes.

'We realise we would be endangering industrial peace if we did not try to work out a formula with them. We are confident they will agree,' he said.

A joint statement from the AUBTW and Mr Gert Beetge's white Building Workers' Union yesterday expressed 'deep dismay' at the change.

'The trade unions are convinced that the only motive for the demand for blacks is cheap labour,' the statement said.

The president of the Building Industries Federation (Bifsa), Mr Bob Stevenson, said in Durban yesterday that the industry was very pleased the Government was to allow skilled black workers in urban areas.

Mr Stevenson said Bifsa had asked for, and had been granted, exemption from the Black Building Workers Act which, until now, had prohibited skilled building work by blacks outside the black areas.

Intention

The Bifsa president made it clear that it was not the intention of the building industry to squeeze out coloureds, Indians and whites.

Neither was there any question of exploitation of black building workers. They would be taken on at exactly the same rates of pay and under the same conditions as other workers.

Builders hail black curbs removal

STAR 10/4/80

By Sieg Hannig

The building industry was overjoyed today at the news that major restrictions on the use of black labour in "white" areas are being lifted in the face of trade union opposition.

"It's the greatest news for the building industry ever," said Mr Bob Stevenson, president of the Building Industries' Federation (Bifsa).

Mr Z L "Basie" Pretorius, director of the Master Builders' Association, said: "This is particularly welcomed by our association as we are the hardest hit of all areas."

The restrictions lifted are those under the Black Building Workers' Act.

Mr R Beech, general secretary of the 19 500-strong Amalgamated Union of Building Trade Workers, said the building industry was now no better — or worse — off than any other.

Restrictions under the machinery provided by the Apprenticeship Act had allowed only four blacks to become indentured in "white" areas so far, he pointed out.

But Mr Lou Davis, executive director of Bifsa, said: "We are now able to use our wealth of training facilities in extending the labour force we so critically need.

"Now the use of black labour in white areas depends solely on cordial negotiations between trade unions and employers.

"We are confident that the unions, within the limits of their philosophies and ideals, will assist us to the benefit of the whole building industry to broaden the availability of labour."

Mr Beech said many coloured youths would become building apprentices given the opportunity — but employers wanted blacks.

Mr Davis denied this.

"My industry will make a place for anybody."

He also promised "fair reward for adequate skills."

The lifting of restrictions is to be published in the Government Gazette tomorrow.

The Minister of Manpower Utilisation, Mr Fanie Botha, said the shortage of building artisans had become so acute that certain building projects were in jeopardy of being suspended or delayed.

This could have had a serious effect on the economy.

Mr Botha said the number of building apprentices had dropped from 1 597 in 1975 to 473 last year.

He had consulted the trade unions but these had refused to agree to overcome the shortage by training blacks.

If any worker feared unfair competition or improper labour practices, he could resort to the protection of the Industrial Conciliation Act.

BAKSTEENTEKORT NOG LANK HIER

RAPPORT 13/4/80 32

SOOS alle ekonomiese knelpunte, begin die markkragte van vraag en aanbod na bakstene in die Transvaal en die Vrystaat neig na 'n aanneemlike ewewig. Bouaannemers en baksteenvervaardigers begin vir 'n ingeboude tekort van bakstene beplan.

Die grootste klante van bakstene soos mynhuise, staatsdepartemente en groot boukontrakteurs besef nou deeglik hoe groot die vraag na bakstene is, en hulle verskaf inligting aan die vervaardigers oor hul toekomstige behoeftes.

Die baksteenvervaardigers doen alles in hul vermoë om produksie op elke moontlike wyse te verhoog. Groot bedrae geld word tans bewillig vir uitbreidings in die baksteenbedryf. Klante word verwittig van aflewerings tye, en huidige bouprojekte word versigtig in belangrikheid opgeweeg sodat hul bouaktiwiteite nie deur 'n stilstand in baksteenvoorsiening ontwrig word nie.

Ondanks die geleidelike ordening van die baksteenmark voorsien vervaardigers — na aanleiding van die inligting tot hul beskikking — dat die tekort aan bakstene tot begin 1981 sal voortduur.

Drie belangrike faktore sal egter die nypende tekort aan bakstene op die Hoëveld in die middel van die jaar laat afneem.

- Ten eerste sal die spekulatiewe bouaannemer binne die volgende paar maande uit die boubedryf gedryf word deur dié ontwrigtende toestande.
- Ten tweede sal die droeë wintermaande op die Hoëveld daarvoor sorg dat vervaardigers minder produksieverliese sal lei.
- Ten derde sal die verhoogde produksie — wat reeds sedert middel verlede jaar nagejaag word — etlike honderde miljoene meer bakstene op die mark bring.

Die baksteenbedryf sal egter voortaan deeglik op die hoogte gehou moet word van klante se behoeftes. Bouprojekte sal dan nie sonder meer aan die bouaannemers oorhandig word alvorens daar vasgestel is of die bakstene gelewer kan word nie.

Bouaannemers wat tans desperaat na bakstene soek, word twee alternatiewe deur die land se grootste baksteenvervaardiger, Corobrik, aangebied. Hulle kan òf die bakstene uit Durban bestel en self vir die spoorvrag betaal, òf 'n baksteen wat nie uit klei vervaardig word nie, aankoop, afhangende van die beskikbare voorraad.

Die onmin wat daar glo in die boubedryf bestaan omdat sekere groot klante glo voorkeur geniet, word deur vervaardigers ontken. Net strategiese bouprojekte en groot bouondernemings wat reeds geruime tyd aan die gang is, kry steeds hul voorraad.

Die sprake van 'n swartmark in die baksteenbedryf is ook deur die Vereniging van Bouhandelaars ondersoek. Daar is vasgestel dat so 'n swartmark nie bestaan nie.

Dit is onwettig om bakstene teen meer as die pryskontroleur se vasgestelde pryse te verkoop. Handelaars wat 'n ekstra fooi by die verkoopprys wil voeg, moet toestemming van die Pryskontroleur kry.

Die uitbreiding van vervaardigingsgeriewe in die baksteenbedryf sal binne enkele weke reeds 'n invloed op die mark hê. Die vernaamste vervaardiger in die Pretoria-distrik stel volgende week 'n hele nuwe aanleg in werking.

Die vraag na bakstene is in werklikheid nie so groot soos die bestellings op vervaardigers se boeke aantoon nie.

Die rede is dat bouaannemers by talle vervaardigers bestellings plaas vir dieselfde hoeveelheid bakstene. Wanneer een vervaardiger die bestelling uitvoer, word die bestellings by die ander gekanselleer.

—Franz Albrecht

Insurance: Pooling Risks

Because of risks of losses of wealth from physical damage (such as from fire or flood or theft), people often insure. They *share* losses by spreading them over the group that bears the losses in the form of sure, regular, small fees, called the insurance premium. These accumulated premiums are supposed to be large enough to pay sufferers of any insured, actual losses. In general, insurance trades each person's small chance of a large loss for the certainty of a small loss—the insurance premium.

Insurance also may induce people to change the probability of the contingent event. Each insured person is often required to take special precautions as a condition of getting insurance. Otherwise, precautionary incentives might be reduced with insurance; for without insurance, we will get the present value of that all that other

the insurance premiums an insurance company could get from voluntary insurees.

Risk Allocation by Ownership Allocation

Though many hazards are not formally insurable, other methods are used to escape the risks. You can't buy insurance against your oilwell going dry, or *not* finding gold on your land, or having other people's tastes and demands shift away from your services, or divorce, or dull children, or marital infidelity. You can't *buy insurance* against these risks, yet you can *insure* for some of these events. For example, the risk of an oilwell's unexpectedly drying up can be transferred to someone else. Just sell the well to him. You

Lecture 16
Information, uncertainty and futures markets.

Class I: BAI 12, Hayek F.A. "The Use of Knowledge in Society" AER 35 (1945), p.519-30

Lectures 17 & 18
Alternative property arrangements - a critique of the exchange economy

(i) Background reading
Hunt E.K. & Sherman H.J. : Economics: an Introduction to Traditional and Radical Views (3rd ed. Harper & Row 1978), Ch.4-6

(ii) Marxian economic theory
Hunt & Sherman ; Ch. 16
or Freedman R. (ed.): Marx on Economics (Pelican, 1961) parts II A & B
or Fine B.: Marx's 'Capital' (Macmillan, 1975), sections 3,4
or Roberts P.C. and Stephenson M.A.: Marx's Theory of Exchange Alienation and Crisis , (Hoover, 1973) Ch.2,3 & 5.

(iii) Comparative property rights
(a) basic reading:
Gill R.T.: Economi year, 1978) Chap.3.
or Grossman G.: Econ ntice-Hall 1967),
Chap.2,4,6,7
(b) more detailed read.
Vanek J.: Self-Mana 1975) Introduction.
Ellerman, D. Capit Self-Management, in
Vanek.
Wiles, P.J.D.: Econ Compared, (Blackwell,
1977), Chap.3.
Pryor, F.L.: Proper Organization in
Communist and Capi Indiana UP, 1973),
introduction.

Lecture 19
The market and income distr fairness and env·

Class I: HIR Chap.15 & 17
Class II: N&M 27,32
Johnson H.G.: The Distribution (Gray
Mi:

Lecture 20
The limits of liberty.

Class I: HIR Chap. 18
Class II: Buchanan J.M.: Th ty (Chicago, 1975)

Building trade, open

BLACKS and whites may now perform building work "of any nature" in any area in South Africa, according to a notice published in the Government Gazette yesterday.
In the notice, the Minister of Manpower Utilization, Mr Fanie Botha, said he had given his consent to all employers in the building industry in the Republic to:
● Employ blacks on skilled work, also in urban areas outside black areas, and employ whites other than as supervisors or instructors on buildings in black areas.
The notice grants exemption from Section 15 (1) of the Act to the effect that blacks may perform skilled work in urban areas outside "black" areas, with immediate effect.
In spite of the nature of the exemption, it has emerged that blacks will not become building artisans in "white" areas for some time.
The Director of the Building Industries Federation of South Africa (BIFSA), Mr Lew Davis, said earlier this week that employers would consult unions — which have strongly opposed the exemptions — before introducing changes.
Blacks would gradually learn more until they had full artisan skills, which could take from three to 10 years.

'Cartel fixing electrical goods prices'

STAR 14/4/80

By John Murray

A wholesalers' cartel has fixed the prices of electrical equipment used in new buildings and forced them up 25 to 30 percent this year, say people in the trade.

One distributor who refused to join the cartel said he had been told by one of its members not to quote any prices before telephoning because they were changing from day to day.

Another said the cartel was definitely fixing prices and he suspected it among other firms.

Mr James Baker, director of the Electrical Contractors Association, said his body had withdrawn from the cartel because it is against price fixing.

LISTED

"We encourage our members to deal with individual wholesalers and not just to accept listed prices."

One contractor said that circuit breakers were to go up on April 15 percent but they are already being sold at the increased prices. "They were R20,10 and they are now R23,30."

He said that in January 4 mm silicone-covered wire cost him R55 and three weeks later the same dealer was asking R83,50. Reasons given, he said, were that factories had put their prices up and the price of copper had gone up.

A month ago a P6 starter motor was R23 and it is now R27 with a R4,41 silver surcharge on top of that.

The contractor said that main items affected were cable, wire, switchboards, circuit breakers, starters and conduits.

He knew of a case where wholesalers refused to keep equipment provided by a manufacturer because the firm was not a member of the cartel.

LEGAL

Protected switch plugs inside circuit breakers were made legal at the beginning of the year, he said, and they immediately jumped in price from R6,80 to R11,30.

Another contractor said that despite the fact that plastic conduits had leapt from 26c to 36c a metre the finished article had increased in price by only eight to 10 percent.

"Much of the materials are by-products of petrol," he said, "so every time there is a rise in the fuel price PVC goes up."

Copper has risen from R1 300 a ton in 1979 to R1 859 now and PVC from R650 a ton to R1 300, he said.

New roads for Garden Route but it will remain a garden - at a price

Argus Bureau

PORT ELIZABETH. — Every effort is being made to prevent damage to the environment during the R100-million programme being undertaken to streamline the Garden Route.

This was evident during a comprehensive tour of the development areas on the new Garden Route this week, which was attended by Mr A B Eksteen, director-general of the Department of Transport.

The two-day tour organised by the Department of Transport was also attended by members of the National Transport Commission, senior officials of the National Roads Department, academics and representatives of construction and engineering companies.

Interviewed at the end of the tour, Mr Eksteen said the quality of work completed was excellent and impressive.

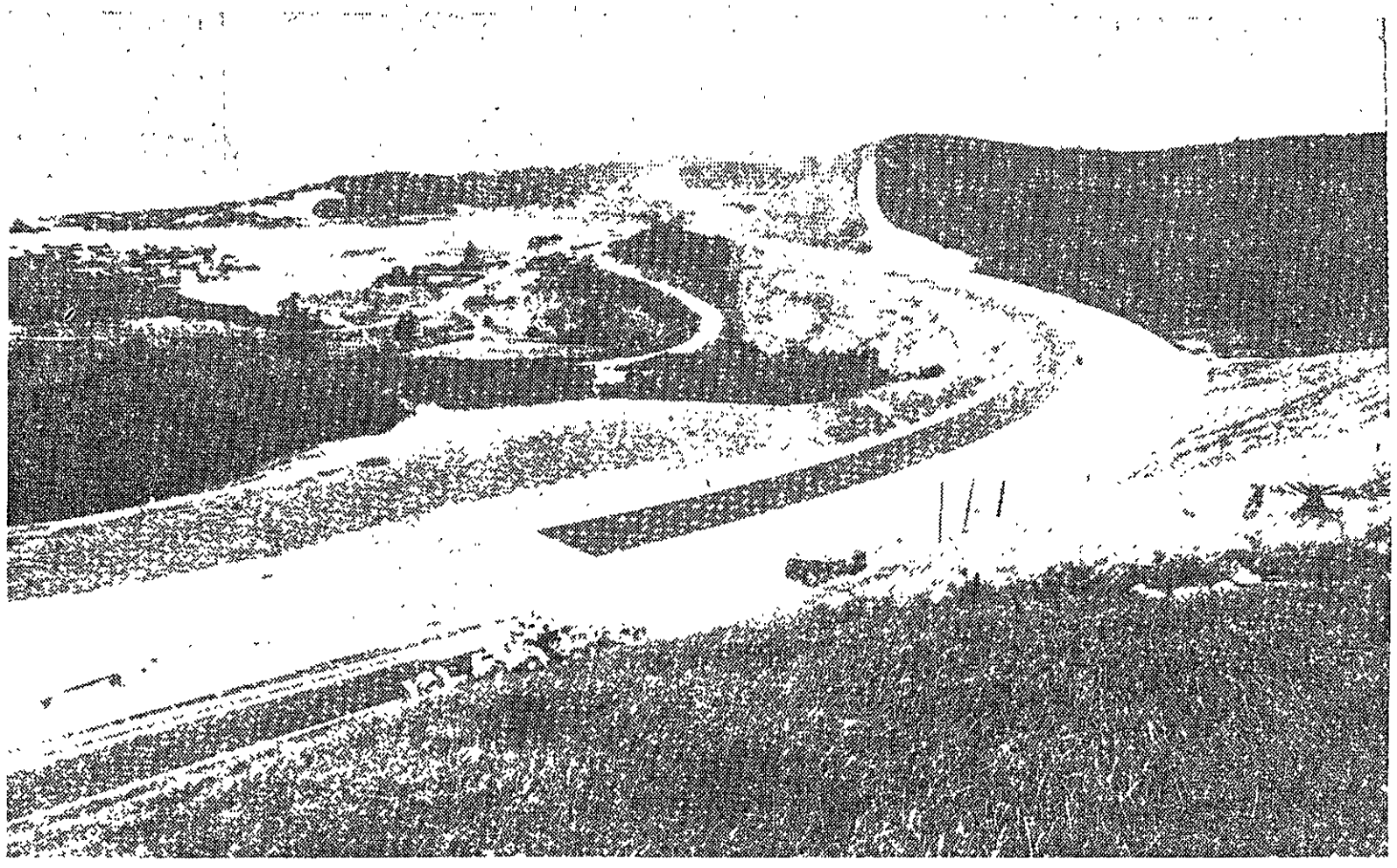
He was satisfied everything possible was being done to preserve the environment.

PRIORITY

'At Great Brak River alone, R680 000 is being spent to re-establish vegetation along the new road. This is almost half the cost of the new bridge over the river,' Mr Eksteen said.

'Protection of the environment is a great priority. The National Transport Commission is aware of conservation. . . but you can't satisfy everybody.'

He was expecting dissatisfaction at Wilderness where residents would have preferred an alternative route rather than widening the existing national road.



A STRETCH of double carriageway of the new Garden Route winding along the hillside at Great Brak River near Mossel Bay. Massive earthworks are in progress to blend the large cuts and fills with the natural environment.

'All interests of the people at Wilderness will be considered and we will do our best to meet them,' Mr Eksteen said.

He said however national interest would have to take preference over local interest. The Prime Minister, Mr P W Botha's assurance last year about the shelving of the remaining, and most controversial sections of the proposed new Garden Route would be honoured.

It implied an alternative inland route at Wilderness has been shelved because of concern for indigenous forests. However, now the picturesque road along the Kaaimans River, descending to Wilderness, would have to be widened to a three or four-lane road. That would inevitably bring some opposition.

Expropriated land in the area between George and the passes to the east of Knysna — Bloukrans and Grootrivier passes — would be kept in reserve while existing roads were improved. Later, after studies, and after future demands had been established, it could then be decided whether to go ahead with alternative roads.

The arch-bridge across the Bloukrans River will cost R1,5-million more than it would have if a more suitable site higher upstream had been used. The reason for using the present site, where the gorge is 30 metres wider, requiring a 420 metres span, was that large areas of indigenous forest would have had to be cleared for the access roads higher upstream.

In spite of the fact that access roads to the present site were cheaper, the bridge now costs 20 percent more.

Once the 42 months contract is completed, it will be the fourth highest concrete arch bridge in the world.

In spite of the high cost, new bridges are designed to blend in with the environment and to preserve the ecology. An example is the completed Maalgat River Bridge between Glentana and Herolds Bay, which cost R2 250 000.

Black township contracts set for a big push

By BILL CAIN

UPGRADING of black housing will be a boom industry of the Eighties.

Value of potential work looms as a nationwide bonanza for contractors willing to tackle run-down townships.

Figures for schemes already started are staggering as politicians and businessmen put financial slide rules over communities ripe for re-development.

Sprawling Sebekeng, Evaton and Katlehong seem next on the list for rejuvenation now that a start has been made on Soweto.

Big electrical contracts for Soweto reticulation work — worth around R40-million — will be awarded any time after tomorrow morning's final meeting between the black conurbation's councillors and Eco-plan consortium representatives overseeing the vast power supply scheme.

An imminent announcement on surprise changes in plans is virtually sure to mean a speed-up of Soweto's redevelopment.

Enthusiasm for a new deal in the townships is being helped along by political nods of agreement along with a realisation by black community leaders that finance can be found if they look hard enough.

Sharpeville's official plunge into modernisation tomorrow gives a conservative indication of what black housing's new era will cost.

Basic electicity, road and sewerage amenities for each of the 5 500 homes outside Vereeniging is estimated at R900.

With the economic boom now rolling, Sharpeville's upgrading must come, however, at a bargain price when compared with costs being calculated for Greater Soweto.

Postmaster General Louis Rive — preparing to oversee the project full-time — tells me electrification of the one-million population township abutting Johannesburg will be held at R188-million and possibly reduced.

At this price the cost of bringing power to 101 000 dwellings — in Soweto and neighbouring Meadowlands, Diepkloof and Dobsonville — averages R1 861 per house.

Eliminate the estimated 20% that already have electricity (though a lot of work is also likely to be needed on these) and the unit price rockets to R2 350. After that comes sewerage and roadwork.

Latest estimates show that the total electrification bill will be split between R35-million for house installation and R153-million for external reticulation involving such work as trenching, sub-stations and heavy cable laying.

Co-operation and Development Minister, Piet Koornhof, has already endorsed a long-term R705-million development plan for Greater Soweto to whet the enthusiasm of businessmen assessing black housing work.

Countrywide urban township dwellings total 525 000 with an estimated 19 000 additions annually.

Industrial electrical manager, Vernon Raath, says plans are already being made to move on to other black township modernisation work when his Sharpeville installation contract is completed.

"Everybody has Soweto in mind but there are big townships all around the country," he says.

"We are training 18 black conduit installers now and hope to have 40 by the time we move to the next scheme."

Mr Raath's estimate for electrical work at Sharpeville, giving each family four light fittings and two power points, works out at around R120 a dwelling with installation supplied in kit form.

Johannesburg-based Industrial Electrical, an LTA subsidiary, is wiring 4 000 units with local contractors sharing the other 1 500.

Bigger schemes — such as Greater Soweto — will probably be much more fragmented as politicians and planners push through modernisation as fast as possible.

HLH sizzler — profit soars by 80 percent

32

RDM Financial Editor 29/4/80.

HUNT Leuchars and Hepburn boosted taxed profit by 80% from R4 742 000 to R8 519 000 in the year ended February 29.

A final dividend of 19c has been declared, giving a total of 28c against 20,25c in the previous year.

Earnings a share rose from 41,3c to 69,6c which, with an increase in the issued shares, meant a hike of 68,5%.

HLH has interests in, primarily, timber production, construction engineering and the making and distributing of steel tubing and profiles.

Turnover jumped from R135-million to R202-million.

The managing director, Mr Chris Perry, says the building products division has been particularly profitable with good results also from timber and steel.

Mr Perry says business conditions are good, further profit growth is expected this year but not at the same pace as last year, and the group is confident about its managerial and staffing positions.

COMMENT. At 490c, HLH shares historically yield 14,2% on earnings and 5,7% on dividend.

The shares have risen by over 120% since the beginning of 1979 although the rise has been only just over 10% since the start of this year as the market has paused.

How much scope there is left in the shares in the short-term probably depends mostly on the general market trend.

If the market does move firmly higher, HLH has shown the kind of results to respond.

Sage sees Schachat boost

RDM 2/5/80

Financial Reporter

SAGE Holdings expects to benefit this year from the housing boom through its subsidiary Schachat.

The Sage annual report shows, surprisingly on the surface, that Schachat incurred a loss in 1979.

But it points out that that "construction profits are only taken on occupation of new homes, which generally occurs from six to nine months after a contract has been signed".

"Schachat's adverse results for the first half of the past year reflected the poor sales and low margins on trading in 1978.

"Although demand for new homes began to show a meaningful improvement from mid-year, results in the second six months of 1979 continued to be affected by poor sales in the early part of the year."

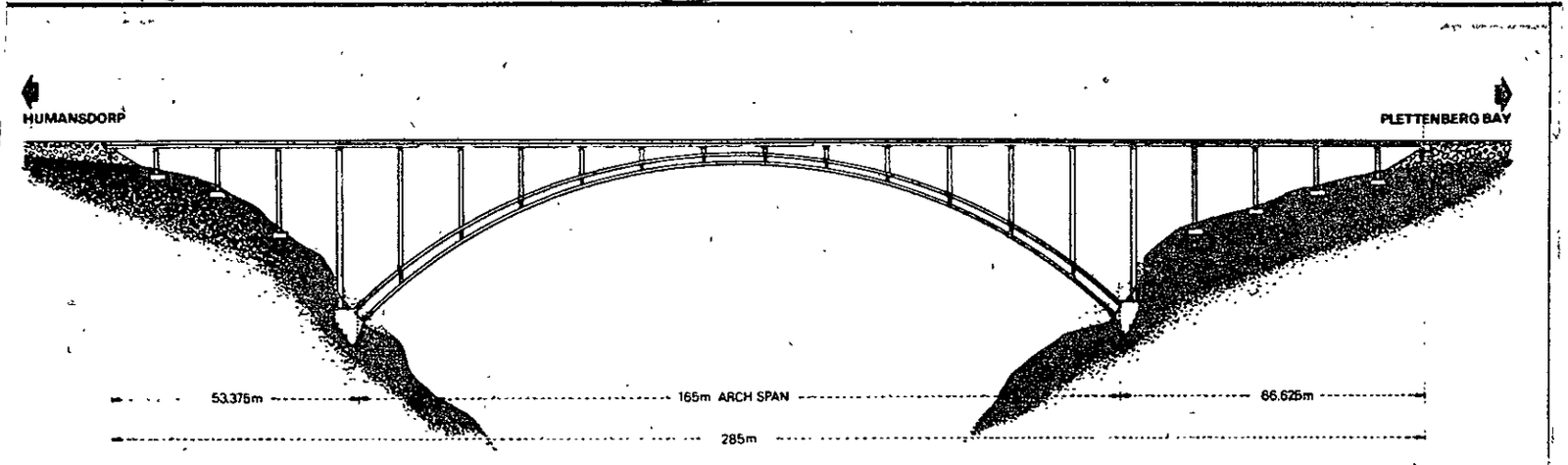
The report reveals that Schachat's home sales were approaching R30-million last year, as they did in 1976, after slipping below R20-million in 1977 and 1978.

So Sage can expect a solid profit contribution this year from Schachat.

However, the directors call attention that "serious shortages in labour and materials, notably bricks, have developed which will have an adverse impact on anticipated profitability".

Among other points in the report are:

- It is expected that the group may be subject to a higher overall incidence of taxation in 1980.
- The directors note that "the 1979 financial statements reflect significant growth in the group's total assets to R136-million at the yearend, a substantial improvement in its overall financial structure and satisfactory borrowing ratios which make it possible to pursue the further development of the entire group from a strong financial base".
- "If managed funds under the group's control are taken into account, the total net taxed income generated under the management of the group now exceeds R18-million a year."



The new 300-metre long Bobbejaans bridge, on the Garden Route, to be built by Murray and Roberts in association with Concor.

Garden Route bridge

CAPE TOWN — Murray and Roberts (Eastern Province) and Concor, bidding again in consortium, have been awarded the National Transport Commission's contract for the Bobbejaans bridge, the second of the major bridge contracts to be awarded recently on the Garden Route.

The consortium was also awarded the contract for the Bloukrans bridge, a 450-metre long arch structure 20 km away.

As far as the contractors know, this is the first time in Southern Africa that a single consortium or firm has been awarded two such large bridges to be constructed in roughly the same contract time.

The Bobbejaans bridge will be 300 metres long with an arch span of 189 metres rising 33 metres from the springing points.

The bridge will be 160 metres above the river with a maximum column length of 34 metres. The arch will be constructed by the cantilever and tie back method.

The official contract time is 36 months, but M and R (EP)/Concor have offered a time of 32 months for the job.

The National Transport Commission is at present inviting tenders for the third major bridge to be built on the Garden Route across the Groot River gorge. — DDC.

Aim is to keep the costs down . . .

MR BOB Stevenson, president of the Building Industries Federation (BIFSA), intends holding meetings with leaders of all the different industrial sectors with a view to bringing them together for a top-level meeting aimed at finding ways and means of raising productivity in South Africa.

"The problem of low productivity in every category of South African industry is probably the largest single headache of the national economy," he said in Johannesburg recently. "In fact, it is one of the chief causes of double-figure inflation in the Republic."

What Mr Stevenson envisages is a committee made up of representatives of BIFSA and all its allied employers' organisations which would hammer out positive and practical proposals.

"What South Africa needs right now is a national strategy to lift productivity in every sector. And we can't make a start of anything so urgent too soon."

It was no use leaving the problem of low productivity to the Government. Every industrialist had to play his part in finding a solution.

Sadly, no industry was more handicapped by low productivity than building. One reason being that it was such a labour intensive activity.

"During my 35 years in the construction industry, of which 20 have been in management, I have long recognised this problem. After I became a contractor in my own right with sole responsibility for making a profit or loss on every contract it became more and more important for me to find ways of raising the productivity of every worker on my team."

Economic experts had predicted that building costs would rise from 20-25% this year alone. That meant any house built now would cost twice as much in four years time.

"I am left with a nasty fear that building, especially for the average family contemplating a new home, could price itself beyond the reach of many clients, if not the majority."

To stay in business, builders had to keep down costs.

The only way to contain costs was to raise the output of everyone who worked in the industry.

"That is why I have made it the prime object of my presidential year to beat inflation by cutting the cost of building by raising the productivity of everybody in the industry."

One obvious method was to improve skills by training. Such training was aimed not only at artisans and operatives, but also at supervisors and managers up to the highest level.

"BIFSA is very fortunate in that it does not find itself in the awkward situation of having to start right from scratch. During the four-year recession BIFSA anticipated a need for better skilled, more productive labour force."

It planned and built training facilities for every level of labour before the economy moved into top gear, and had plans for more facilities in the future, as they became necessary.

8/05/80 ARGUS 41 32

NORTHWARDS!

WHILE the northern half of South Africa goes into a minor construction boom, the southern section is still lagging — this is the gist of most reports from local contractors.

The situation is serious, said Mr D E Baker, chairman of Murray and Roberts, in a recent interview. He foresees something like a five percent real growth rate a year for the Transvaal economy, against a two to three percent rate for the Western Cape.

The northern boom is, of course, directly related to the expansion of the gold, platinum and other mines, but there has been a spin-off in the form of large road contracts and numerous factory extensions. Furthermore, the property market has picked up on the Reef with a 35 percent increase in house prices over the last 14 months, so that there is now great scope for house spec-builders, for new shopping centres and the like.

Even the black housing market is likely to boom in the north — the Urban Foundation recently announced that they had R30-million available for house loans to blacks on the 99-year leasehold system.

The trend, therefore, at the moment is for contracting staff to head north. Clifford Harris, for example, traditionally a Cape-based firm, have gone so far as to sell out to Mitchell Cotts and are now said to have more work in the north than in their home territory.

At M & R staff have been moved north for some 18 months now and the situation has been further eased by allowing Cape companies in the group to take on contracts outside their traditional areas — for example, M & R (Eastern Province) are now on a bridge for Vaal Reefs across the nearby Vaal River, and Candac Construction are about to start work on a bridge near Harrismith in the Free State.

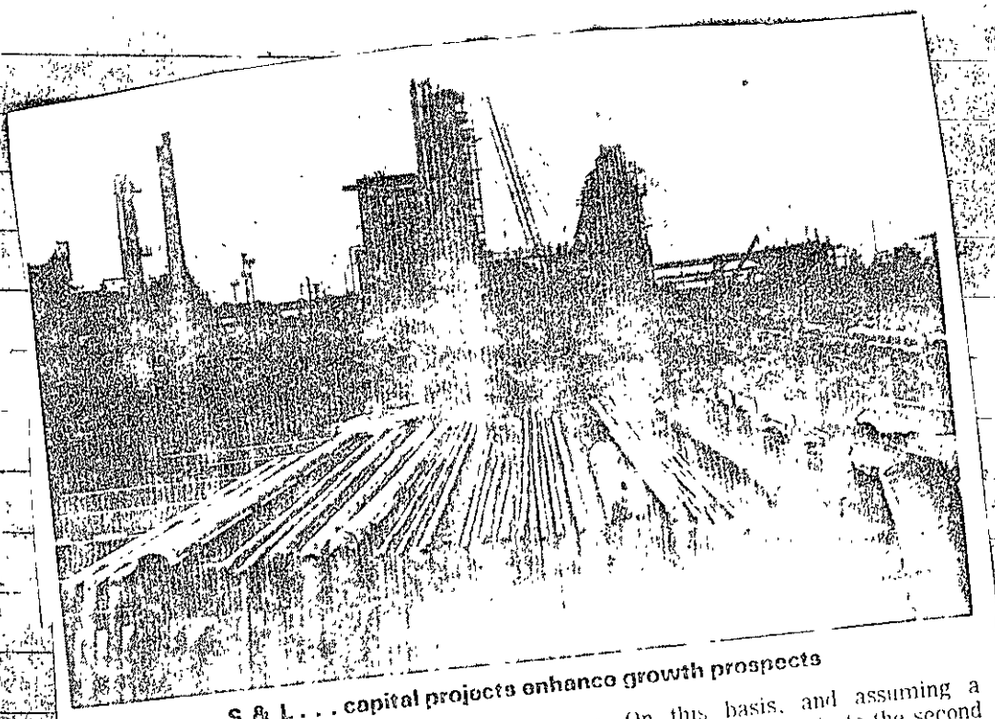
The situation in the Western Cape has led to considerable hardship not only for local artisans, many of whom are now lost to the industry, but also for Transkeian labourers who have regularly worked here on one-year contracts. Now that the intake to the Cape has been cut, there is great unemployment and poverty in Transkei itself — the territory cannot yet support its own people.

PRECAST units 21 metres long are placed to form the cone base of Cape Portland Cement's new double silo recently slid to its full height of 50 m at Milnerton. Murray and Roberts (Cape), formerly Candac Construction, is handling a contract valued at R2,5-million for a new distribution and packaging centre for CPC which will form the heart of the construction supply business in the Western Cape. Prior to this, M and R added some R4-million worth of extensions to the De Hoek complex which resulted in CPC being able to double its potential output at this plant to 100 000 tons a year.

that this is a good time for clients to build and start new industry in the Western Cape. Prices are still low and contract times very fast. And in spite of their reputation for absenteeism, the coloured population pick up trade skills and industrial techniques far quicker than the average labourer in the north.

"This is a good area, for such industries as electronics, textiles and the like," said one contractor. He pointed out, too, that the north was facing dire material shortages — up to six months delay on certain bricks and cost increases of up to 25 percent a year, whereas in Cape Town and Port Elizabeth there was still sufficient materials for all.

Nevertheless, the swing in construction to the north continues, if only because salaries there are now generally 25 percent higher than at the Cape. Northern companies are even said to be recruiting overseas. It looks as if it may be two years before the Cape really picks up again.



S & L . . . capital projects enhance growth prospects

STEWARTS & LLOYDS (S2) 16/4/80

Realistic growth

Though the economic recovery has generated a good run of company results over the past few weeks, one board which is probably breathing easier than most is that of Stewarts & Lloyds.

After a number of years of falling margins and rising costs which led to static dividends from 1975 to 1978, S & L now seems to be set on a firm upward path. Though turnover is only 22,6% up at R157,9m in the six months to end-March, pre-tax profit margin has risen from 5,3% to 5,9% and, with a slow rise in the tax bill, earnings grew by 48,8% to 24,4c. The group has at the same time announced a maiden interim dividend of 10c. The change in dividend policy, say the directors, is a result of the cash effect of introduction of the lifo method of stock evaluation which leads to a smoother accumulation of profits over the year.

Prospects for the rest of the year are favourable. Capital commitments at end-March were R21m — R3m down over the six months. Foundry modernisation will take up the bulk of the planned expenditure and, not included in the above figure, an extra R2m is to be spent on Baldwins Steel Services division in Durban in response to rising demand from the motor and white goods sectors. Steel tube manufacture still comprises some 36% of business, but there is overcapacity in this sector at present, the board says. Despite this, the additional capital works should nevertheless trigger considerable investment tax allowances.

The effects of lifo to some extent disguise the sharp upturn in performance in the first six months of the year. Pre-tax and pre-lifo earnings were, in fact, R12,3m, which is over 81% up on the comparable period. The directors believe that this comparison is meaningful because of the timing of the application of lifo. In addition, they say that the lifo method will from now on be applied to all manufacturing and trading stocks held by the group. Last year, lifo applied only to steel, which comprised about 58% of total stocks.

Despite lifo's smoothing effect on earnings, the directors still expect second half results to reflect a seasonal improvement. However, they do not make a direct statement on any change in dividend policy which will result from the payment of the maiden interim, so the final is difficult to forecast at this stage.

The share now stands at 400c after a slow climb which has not kept pace with the rest of the sector, perhaps because of the relatively heavy capex programme. There are indications that dividend cover could be increased in line with increased capex. On this basis, and assuming a fairly strong bias in activity to the second half of the year, a 15c final would give a prospective yield of 6,25%. This may be unattractive to investors with near-term objectives, but it should be no deterrent to those looking beyond the company's present capex programme.

Scott Hawker

— suppliers holding back for a better price — until the price was increased in April. However, since the nearly 15% price increase, bricks are not more readily available.

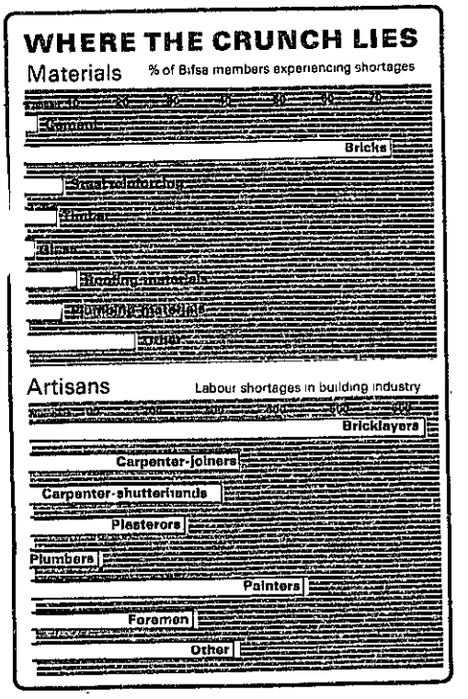
"It's just as well brick supplies are critical. If they weren t, the industry would be in even greater trouble. Everything is in short supply."

According to the wholesaler, delivery time on both cast iron baths and built-in stoves is 12-16 weeks; steel window and door frames, 8-12 weeks; roof tiles, 4-5 weeks, wall tiles, orders on certain product lines are no longer being taken; sanitary wear – standard fittings, four weeks, custom made fittings, 12-14 weeks.

"In some cases builders have to change their entire specifications to cope with supply shortages. It's a tremendous problem. People no longer mind what they pay as long as they can get supplies."

His views appear to be somewhat alarmist. The Building Industries Federation of SA, (Bifsa) tells the *FM*, that of 3 500 member building contractors surveyed, 74% indicated that only bricks were in short supply. Other building materials were more or less readily available even if there were temporary bottle neck shortages in for example, cast iron baths and built-in ovens.

Defy MD Richard Newby says delivery on baths and stoves is roughly six weeks. "We're reducing this every month. We're working at full capacity, double shifting



BUILDING MATERIALS FM 23/5/80 (32)

Demand flattens

Building contractors, plagued by critical shortages of materials when the boom started last year, are at last seeing light at the end of the tunnel. Except for bricks, delivery times on most products are shortening. Skilled labour, however, still remains a problem

One building supply wholesaler tells the *FM*. "Delivery time on brick orders is 52 weeks. We thought it was a false shortage

Savage . . . further brick production expansion in pipeline

production on appliances."

Defy recently allocated R5m to upgrade production efficiency which will lead to expanded production facilities as well. "We're making inroads on the backlog. Deliveries are improving rapidly. In a few months we'll be on normal delivery."

Newby ascribes delivery backlog to the sudden upsurge in demand during the last quarter of 1979. "It must have been up 40% compared to the previous year. In the first four months of 1980, demand is up 25% in real terms compared to 1979." He expects growth to level off. "Growth in 1980 is expected to be 15% to 20% in real terms."

Demand for plastic baths, says Plexicor MD Tony Webster, has risen 40% in the last three months. "We're able to cope. One year ago we offered a 24-hour delivery, now it's three to four days."

Wispeco Wire Industries MD Neville Frost says demand for window frames, door frames and sliding doors increased 20% since September. "Demand is flattening out now. We have experienced no problems with supplies. We've expanded capacity. From time to time there are dislocations of rollings of certain sheets but this is only temporary. We keep our fingers on the pulse and have maintained very good lead times."

Pretoria Portland Cement MD Guy Luyt also reports no problems in keeping up with deliveries. Cement demand is up 8%-10% over the last 10 months. "We still have surplus capacity." Production facilities are being expanded to produce 4 Mt a year. Luyt expects present demand to use 75%-80% of production capacity per annum.

The real problem remains brick supplies. Cedric Savage, MD Tongaat/Corobrick, says R15m has been allocated for short term expenditure to expand production capacity. Further big expansions are on the drawing board. Production has already increased 40% with increased production capacity over the past eight months expected to yield an additional 150m bricks a year.

What's causing the unprecedented demand for bricks, reckons Savage, is gold mining expansion, the black housing backlog and the upsurge in economic-type housing. Other contributing factors are the building of schools and the surge in domestic building.

However, there are "still brick factories in mothballs and about 50m bricks are still available in Natal which can be railed to various destinations where demand is high. Demand has not reached the stage where contractors are prepared to pay the extra costs."

PLANT HIRE

Cranes boom

More and more construction firms are hiring equipment rather than buying it — and the R200m-a-year plant hire industry is booming as a result.

The reasons are two-fold. During the recession many construction firms went into liquidation as they could not carry the costs of having idle capital tied up in machinery. More recently, the escalating cost of plant has made its acquisition prohibitive for most companies.

Brian Shekleton, manager of Rand Air, notes that because the plant hirer uses equipment more intensively than the construction companies, he becomes a "balancing factor" in the building and construction industries, releasing working capital for construction firms. "Instead of machinery being a fixed cost for the company, it now becomes a variable one," he adds. "The use of plant hire gives the contractor as much or as little plant as he requires, when and where he wants it, and at a known cost."

Prices lower

"The rising cost of plant — up 30% since the start of the year — has forced companies to specialise. For example, if a company is in the erection business, it is logical to buy cranes but hire other equipment," he adds.

Says Harold Johnson, MD of Johnson Crane Hire. "The plant hire industry has, to a large extent, swallowed the plant price increases, and the price of plant hire is 30% lower than it should be. Many of the construction firms were awarded contracts during the slump when our prices were lower . . . it's co-operation."

"The secret of ownership is utilisation," says Dave Reynolds, president of the Plant Hire Association. "For machinery to pay for itself it should be used for at least 75% of the year."

Similarly, David Henderson, MD of Greenham Plant Hire, notes that when a company hires plant, it estimates the exact number of hours it will be utilised.

This trend is not exclusive to SA says Les Smith, secretary of the Plant Hire Association. "In America and Europe approximately 60% of plant used is hired, while in this country the figure is as low as 25% . . . there is still a lot of room for expansion."

Says Shekleton "While I cannot predict the future of the economy, the future of the plant hire industry is good even if the actual plant holding doesn't increase."

CAPEX

Public purse bulges

FM 25/4/80 (32)

Private construction firms could do business worth nearly R3 000m with the public sector in the year ahead, according to Statistics Department estimates.

The public sector will be spending about R3 900m on new construction in the 1980-81 fiscal year, 73% of which will be spent in the private sector, roughly the same percentage as last year. About 14% of the total will be on housing and about 60% on other construction, which will largely be accounted for by capital projects for Sasol and Escom.

In fact, the public corporations as a whole will be spending almost as much as central government (which includes SAR & H and the Post Office), whose scheduled expenditure for projects ranging from housing to sewage systems will rise to slightly over R800m, an increase of about 20%. Public corporations are scheduled to spend R4 200m in 1980-81, about 50% more than in 1979-80. Civil engineering construction expenditure by these corporations will double in 1980 to over R700m.

The anticipated figure for new construction spending by the administration boards of black residential areas shows a jump of 85% to R219m, about half to be provided by central government. About R43m of this sum will be allocated to housing, an amount that is scheduled to double in 1981 before falling back in the following year.

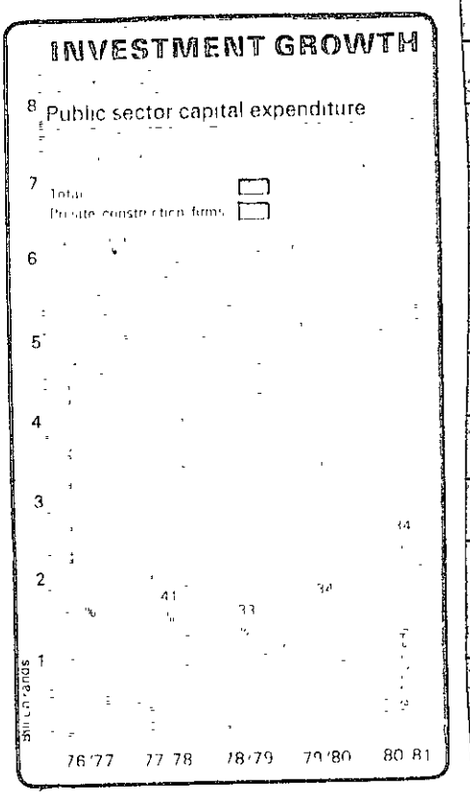
Local authority expenditure on coloured housing will rise only marginally in 1980-81 to R108m.

Expenditure on housing by homeland administrations will increase to nearly R8,5m from R5,2m in 1979, before dropping in 1981 to slightly more than R6m. Spending on homeland irrigation schemes will rise marginally in 1980 to R8m but will more than double the following year to about R20m. 1981 promises to be a landmark year for homeland consolidation in general, as total expenditure is anticipated to increase by nearly 70% to R100m.

Public sector capital expenditure as a whole is set to rise to nearly R8 400m, 34% more than actual expenditure in 1979, which at current inflation rates is a real increase of about 20%. Of this grand total, central government will be contributing less than a third, while the balance will be made up by the provinces, municipalities, homelands administrations, agricultural boards and public corporations.

One notable feature in the schedule is that spending by agricultural control boards will soar to R11m from only R2m in 1979. The primary cause of this is a big increase in non-residential building estimates to R7,4m.

The Department points out that its estimates are compiled from questionnaires completed by institutional heads, and reflect their personal opinions influenced by "government policy in regard to public expenditure" as visualised by them. The results of the survey are thus merely estimates. Inventory additions are not included, and future estimates are based on current prices.



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Construction group helps blacks in homelands

STAR 5/5/80 (32) (#5)

Frank Jeans

Property

One of the country's major construction groups, Murray and Roberts, which has multi-million rand contracts throughout the country, is also laying strong foundations for black self-determination in building.

And with the removal of restrictions in the Black Building Workers Act, M and R's homelands policy of full utilisation of black labour resources has been given added weight.

This is evident from the group's projects in Gazankulu, where a 15 000 sq m shopping centre has just been opened — a black-built R1m complex of 2½m bricks — a functional well designed project without the trimmings of an Eastgate.

And it is on that very point that black training techniques in the homeland areas rests. For these are the places where nobody needs an Eastgate and its wide diversity of trades to start with.

The fact that the shopping centre at Nkowakowa is an all-brick construction brings the basics in building to the Gazankulu worker.

Says Mr J J du P Scholtz, spokesman for the architects: 'This project, by objective, was a labour-intensive one as opposed to a highly mechanised undertaking.

"As we used a local labour force, the construction was a relatively simple one, thus removing the chance of errors in dimension which could have been serious as well as costly, if it had been a concrete structure."

There is little doubt that the entrepreneurs — both black and white — who are moving into places such as Gazankulu, are only too well aware that willing hands are better for economic well-being than bulldozers.

Certainly, with Murray and Roberts firmly entrenched in the homeland with other major projects carrying a total value of close to R5m, which has created job opportunities for about 1 000 black workers, the greater turn of money internally is also assured.

Nearby to the Nkowakowa centre, the company is building a R750 000 sorghum brewery, and in Giyani, the capital, a similar shopping centre is being built

Sewerage reservoir and abattoir projects at a total cost of R1.85m are also part of the Murray and Roberts involvement in Gazankulu.

The group is also building seven new homes for the Chief Minister of Gazankulu, Professor Hudson Ntsanwisi and Cabinet members at an overall cost of R730 000.

At the official opening of the Nkowakowa centre, Professor Ntsanwisi said: "We have had to start everything from scratch and to do our own grass root development.

"We have had to toil to achieve many of the things which are today the envy of neighbouring eyes who would now like to colonise and annex the fruit of our labour.

"It has only now dawned on the white public of South Africa that a further neglect of the homelands will impair their political and economic security and future.

"It is only now that the central Government has started to allocate more funds — however insufficient — to homeland development to encourage the private sector to participate in it."

Certainly, the private sector with groups such as M and R are doing much in participation to encourage not only capital investment, but in stimulating a country's most precious asset — a stable workforce.

At the official opening of Gazankulu's new shopping centre — Chief Minister Professor Hudson Ntsanwisi and Mr J E D Brawmell, managing director of Murray and Roberts.

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'Red tape is delaying housing for blacks'

STAR 14/5/80 32

Moves to get the R20 000-million housing scheme for blacks under way is being held up by Government red tape and inertia, according to the Building Industry's Federation of South Africa.

Bifsa believes the Minister of Co-operation and Development, Dr Koornhof, has been deliberately avoiding them on the issue.

President of Bifsa, Mr Bob Stevenson, said that after two direct snubs from Dr Koornhof they are attempting a back-door approach by asking for talks on the 99-year leasehold proposals and the problems of housing for migrant black labour.

"Each time only his secretary has come back to us, and now because the 99-year leasehold system is moving so slowly — thousands of homes should have gone up by now — we are hoping to get through the red tape in this way."

In November last year Dr Koornhof proposed the building of 4,1-million "better quality houses" by the end of the century, hailed at the time as tremendously ambitious and potentially creating 250 000 jobs.

"It appears there is a lot of inertia in bureaucratic circles concerning the idea. The Federation is experiencing particular difficulty with the 99-year leasehold scheme and in the Western Cape, a coloured area, with black contract labour," said BIFS director, Mr Lou Dius.

"Facilities for them are urgently needed and firms are reluctant to go ahead because there is doubt about how long the labour will stay.

"We feel that because of his vision, foresight and charisma if we can get through to the Minister himself we will get a lot further than we have with his officials.

"We are waiting for a reply from Dr Koornhof now and if he were to grant us an interview tomorrow we would drop everything and go."

Toncoro booms with building

RDM 21/5/80

By HOWARD PREECE
Financial Editor

BOOM-TIME in the building industry is reflected in soaring profits and dividends reported by Toncoro, South Africa's biggest brickmaker, for the year to March.

Taxed profit rose by 109% from R3 864 000 to R7 719 000 and the total dividend is up from 5c to 12c.

The results also show, in common with those of many other companies, the sharp gearing effect on profits of an upturn in business.

In line with the surge in building activity sales, were a record R117-million last year, 41% up on the R83-million in the previous year by Primrose Industrial and Coronation Brick combined.

The two merged to become Toncoro and previous figures have been adjusted to make last year's results comparable with 1978-79.

Earnings a share of Toncoro, on this comparable basis, rose from 17,2c to 35,9c.

Toncoro is part of the Tongaat group.

A statement accompanying the results says the big profit rise was "largely due to major increases in production and to sales of bricks stockpiled during the building recession".

It says that because of price controls, price rises have played a minor role in the profit recovery from earnings of 9,2c a share two years ago (again on a comparable basis).

Plants that had been mothballed in the building recession were revived and production rose from 1 200-million bricks in 1979 to 1 316-million last year.

Sales of bricks from stocks built up in Natal by Coronation helped to alleviate the pressure on demand in the Transvaal, where Primrose had not stockpiled to any meaningful extent.

Mr Dick Kemp, Toncoro's chief executive, says: "Although we are still trying to catch up with demand in most areas of the country, where stocks are now exhausted, we still have supplies available in Natal.

"Our development of exports will continue, but our main focus is on the continuing increase in demand from the domestic market, which offers good prospects for Toncoro's immediate future.

"Our drive for greater plant efficiencies, and our increased marketing effort, are already yielding excellent results and bode well for the future.

"We are continuing to expand our investment programme, particularly in factories and technology that will increase our output of face bricks.

"Our improved profits are helping to finance the investment plan, which absorbed R5 700 000 last year and for which the current estimated cost of new works being planned is R18-million."

COMMENT. The one certainty about the brick business is that supply never matches demand — there is either a large surplus or, as now, a scrambling shortfall.

That is probably inevitable in the cyclical nature of the building industry and can be seen in the adjusted calculated earnings of Toncoro over the past five years of 53,1c, 14,6c, 9,2c, 14,1c and 35,9c.

At a price of 270c the shares yield 13,3% on earnings and 4,4% on dividend although, given the uneven nature of the business, these figures are less meaningful than for more stable industries.

If the building boom keeps going Toncoro could be interesting, but it is bound to be speculative.

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A positive desire to rejoin Bifsa...

(32)

RDM 28/5/80.

IN ONE of the most positive conciliatory developments in South Africa organised building, the Electrical Contractors' Association has signalled that it is prepared to return to the Bifsa fold. This is the frist organisation achievement to be scored by Bifsa's new executive director, Mr Lou Davis.

Discussions have started between the Electrical Contractor's Association (South Africa) and the Electrical Contracting

PROPERTY REPORTER

and Allied Industries Association (Eastern Cape) and BIFSA with a view to resolving certain differences that have occured in the past. Representatives of all parties have expressed the intention of consolidating their activities within Bifsa subject to the final terms and conditions to be negotiated and ratified by their respective associations.

"This is not only a major break-through for organised building in the Republic," comments Mr Davis. "It is healthy and the most logical move in the circumstances.

"There never should have been a break in the first place. Bifsa always bitterly regretted it and I am sure the electrical contractors were not happy either with the situation."

The break between Bifsa and ECA goes back to 1978 when the whole building sector was in the trough of the worst depression in 40 years. Differences between the parent and Federation and the vigorous Electrical Contractors organisation had been building up for a number of years.

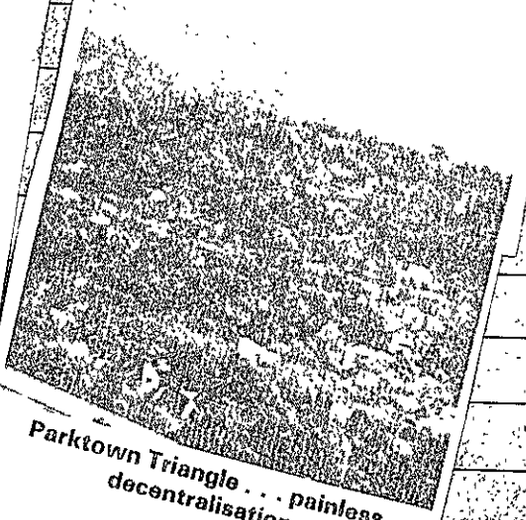
"Bifsa never really accepted that the door was finally closed," explains Mr Davis, "and kept up negotiations to find a new threshold for understanding between the two parties." The latest round of talks initiated and brought to a successfull conclusion by Mr Davis were really the culmination of a long-term stragety laid by Bifsa back in 1978.

"Reconciliation has been greatly assisted by Bifsa's changed philosophy over its status and intensions in the building industry as a whole," adds Mr Davis. "In future Bifsa will regard itself and operate as a national federation. It will be an umbrella for equal yet autonomous employer organisations representing various facets of the building industry; not an employers' organisation in its own right. Bifsa's earlier status as an employer's organisation was perhaps the biggest stumbling block in the way," says Mr Davis.

PARKTOWN FM 30/5/80 (32)

Another Braamfies?

Things are beginning to hum in the Parktown office belt. Over the last few months Anglo has announced plans for the new Hunt, Leuchars and Hepburn head office



Parktown Triangle . . . painless decentralisation

and a substantial spec development immediately to the north of it.

Now the spotlight has turned on the Parktown triangle (the wedge between Jan Smuts Avenue and Oxford Road) where developments worth additional millions are in the pipeline.

The Barlow group is involved in a lot of the activity. It plans to have a new head office for Pretoria Portland Cement (PPC) completed next year and is holding a further three sites for another office development later on.

The group has been interested in Parktown for some time. Subsidiary Rand Mines (RM) held options on three prime sites for months before deciding to buy Corner House in the CBD instead (*Property* October 19).

But that hasn't cooled the enthusiasm. Property manager Dick Pratt says Barlows decided to exercise RM's options and buy the sites. Subsequently it has bought three others which will be developed for another subsidiary later.

Barlows thus holds a useful block of stands along Sherborne Road (200 to 205) which will probably become the group's biggest complex outside Sandton.

Zoning, with a 0,3 bulk limit on offices, will mean low rise development in a garden setting, says Pratt, but details haven't been finalised. The PPC development, held by its own pension fund, could well rise to the maximum three floors.

Wits University has also been busy in Parktown. Already it owns most of Jubilee Road and now it has bought an historic old house (number 5) on the street for R160 000. Wits says the property will be used for the Graduate School of Business. No structural changes will be made to the exterior but there will be some renovation within.

So the list of commercial stand sales in Parktown over the past few months reads — Anglo American: two (R600 000 and R335 000), Barlows: six (just over R1m) and Wits University: one (R160 000).

Who says you need to move far out to decentralise?

UCT

GRINAKER FM 30/5/80

Bid coming (32)

Last Friday's suspension of Grinaker has produced a host of speculative suggestions as to what is happening. Nearly every other construction major, plus some of the mining finance houses, have been mooted as possible bidders. But most market opinion appears to back the view that General Mining/Union Corp might be the interested party.

What is certain is that whoever has built up a stake in Grinaker is being represented by Finansbank. Talk is that Finansbank obtained options and shares amounting to around 23% of the equity through the market and from non-family shareholders. One shareholder says Finansbank's option is based on a price around 850c, and that it could be settled in "cash or kind" — in other words there could be some, as yet unidentified, paper element in any takeover.

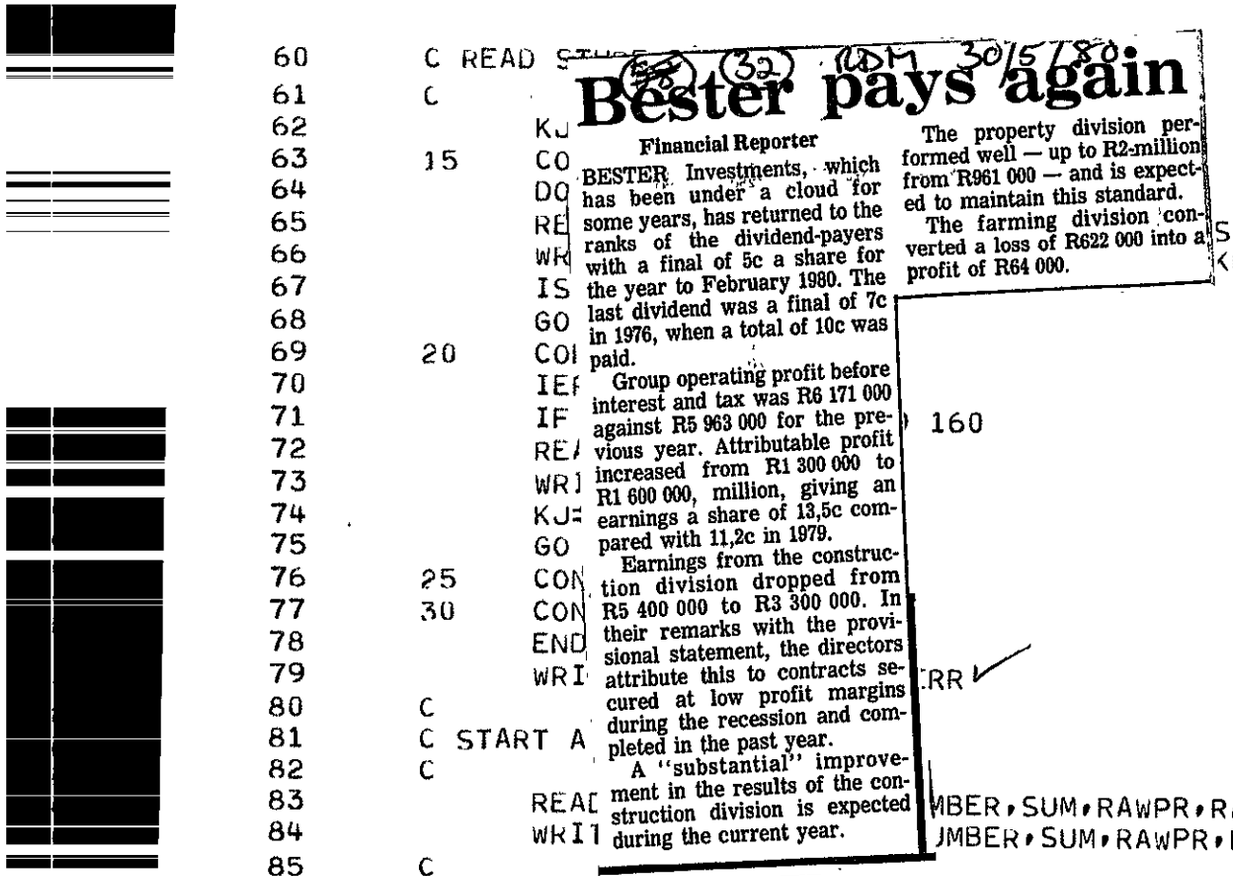
Apparently, on learning that another party was building up a stake, the Grinaker family, which controls 33% of the equity, also started an option or proxy quest. But by mid-week no conclusion had been reached.

Though Union Corp's Darling & Hodgson denies it is involved in any bid for Grinaker, market talk has linked Union Corp with a takeover. To absorb Grinaker, at 850c a share, would require cash or paper deal of some R42m, compared with a pre-suspension market capitalisation of R37m, of which the family's stake was some R12,2m.

If the Genmin/Union Corp group is the bidder and negotiations are successful, the most obvious place for Grinaker would be in D & H. And it would also give Genmin a strong entry into the electronic market through what used to be Racal Electronics, which Grinaker acquired for R11,7m from the UK parent in June 1978. At that time, Racal earned some R2m after tax annually, followed by about R3m last year.

Des Kilalea

Ola Grinaker . . . preparing for battle?



Bester pays again

Financial Reporter

BESTER Investments, which has been under a cloud for some years, has returned to the ranks of the dividend-payers with a final of 5c a share for the year to February 1980. The last dividend was a final of 7c in 1976, when a total of 10c was paid.

Group operating profit before interest and tax was R6 171 000 against R5 963 000 for the previous year. Attributable profit increased from R1 300 000 to R1 600 000, million, giving an earnings a share of 13,5c compared with 11,2c in 1979.

Earnings from the construction division dropped from R5 400 000 to R3 300 000. In their remarks with the provisional statement, the directors attribute this to contracts secured at low profit margins during the recession and completed in the past year.

A "substantial" improvement in the results of the construction division is expected during the current year.

The property division performed well — up to R2-million from R961 000 — and is expected to maintain this standard.

The farming division converted a loss of R622 000 into a profit of R64 000.

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            PRINT 230, DATE
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Genrec gallops

DM 31/5/80

(32)

Financial Reporter

TAXED profit of General Erection Holdings (Genrec) surged ahead in the second half of the year to February 1980, increasing from R1 800 000 at the halfway mark to R4 400 000 for the full year. With a final of 17,5c a share, dividends for the year have gone up from 20c to 25c.

The galloping second half does not necessarily indicate that business took off in the final six months. In the building and construction industry the completion time of contracts plays a large part in the calculation of annual profits and most contracting companies try to bring as much as they can into the final accounts.

The year's taxed profit was R4 400 000 against R3 800 000 in 1979. Earnings a share went from 84,06c to 94,58c on a slightly increased number of shares.

Spectacular Boumat up 124%

(32) RDM 3/6/80.

By HAROLD FRIDJHON

SPECTACULAR results have been produced by Boumat for the financial year to March 1980. Taxed profit has been more than doubled, rising from R2 110 000 to R4 717 000, with earnings a share up to 101,5c from 49,2c. The dividend has been increased from 23,5c to 25c.

Boumat's dividend policy is to pay annual dividends at the rate of 10% of shareholders' funds at the beginning of the year. As net assets an ordinary share at the end of the last financial year were 321c, against 249c the previous year, the dividends for the current year will total 32c.

This unusual dividend policy, which benefited shareholders during the lean years of 1976-1978, has been spelt out in the annual report and reiterated in last September's interim report. It has the merit of enabling the company to plough back profits and then give shareholders a certain return on the assets used.

Boumat's sales rose from R64 500 000 to just under R109-million, an increase of 69%. The new acquisitions Incledons (six months) and Target-Greatrex (full year) contributed 29% to sales and 35% to operating profit. In the interim report, the directors had forecast sales of R100-million.

At the halfway mark taxed profit was R1 800 000 which means that, including the Incledon contribution, profits in the second half rose to R2 700 000. On this basis next year's profits should go well over R5 500 000.

The group aims to earn an 8,5% margin of operating profit to sales. In the last year this target figure was exceeded. The operating profit of R9 700 000 was 8,9% of sales, compared with 7,3% the previous year.

With net asset value shown as 321c, this is the figure at which holders of the convertible preference shares may convert up to one-third of their holdings into ordinary shares in September 1980. The procedure is for the company to redeem the shares at par (R2 a share) and then apply the proceeds to buy Boumat ordinary shares at 321c each.

COMMENT: With building and construction moving into a strong growth phase, Boumat offers investors a share with potential, not only because it has a stake in an industry which appears to be trending upwards at least for several years ahead, but because its has a highly organised management which operates with intellectual precision.

At the present dividend rate the share, priced at 510c, is standing on a yield of 4,9%. But shareholders know today that next year the yield will be 6,2% on today's price. Pinning dividends to net asset value instead of to a ratio of earnings, while it might seem a little hard on shareholders when profits are soaring, not only gives stability and built-in growth but ensures that dividends are not cut in hard times. Unless a company sustains a loss, assets should increase each year and that means that the next year's dividends will also increase.

NEW ERA OF PROSPERITY FOR BUILDERS

Argus Correspondent

JOHANNESBURG. — The house-building industry has surged ahead in line with economic recovery, and for the first four months of the year the value of work in hand has increased by nearly 100 percent over the same period last year.

The builders went into the new decade confident that they are entering a new era of prosperity after years in the doldrums, and the latest figures from the Department of Statistics can only underline this enthusiasm.

For the four-month period the total value of building plans passed hit R661,1-m — a 72,6 percent increase over the R383,9-m for the same time in 1979.

But it is in the residential property market that the most significant boost in building activity emerges, a trend which will be welcomed by estate agents who are operating in a buoyant, but understocked homes market.

Plans for all forms of residential building — the figures represent about 90 percent of total building work in South Africa — have peaked at more than R352-m, compared with R183,9-m last time.

And here again, the figures indicate a stronger thrust coming from the flat block developers, who are now taking advantage of the opportunity of greater return on invested capital now that rentals move upwards.

For the first four months of this year, plans for new homes were valued at R286,6-m as against R160,2-m previously, and while much of the increase can be put down to building cost rises and inflation, it is a sizeable increase in home-building which must augur well for the rest of the year.

Indeed, 'residential' plans passed for the whole of last year totalled R677-m, which means that the comparable figure this year so far is more than double the annual 1979 amount — and there is still eight months of 1980 to go.

The same applies to the rest of the building sectors, and with the total reaching R661-m for the four months, there is undoubtedly a record ahead on the overall 1979 value of R1 325-m.

BUSINESSES

Another clear pointer to the improving scene in construction are in the figures relating to non-residential buildings.

With manufacturers and businessmen eager to meet the demands which the new wave of prosperity in the country must bring, expansion and extension are now obviously coming out of the planning stage.

Industrial and commercial premises are being built in greater numbers — with the figures showing a 56 percent rise over the first four months of 1979 (140,6-m compared with R90,2-m).

Grinaker lands a big supply deal

GRINAKER Construction has entered into a two-year supply agreement worth R2-million with Form-Scaff (Pty) Limited for the supply and manufacture of an exclusively developed range of formwork and support equipment.

The conclusion of the agreement, said to be the first of its kind in the building industry, means that Grinaker is effectively standardising on Form-Scaff equipment. The latter won the contract against open industry competition.

The range of products developed jointly between Form-Scaff's technical director, Mr Danny Jacobs, and Grinaker's Formwork committee, led by Mr T N van der Walt, is said to be a world beater in that it is modular in concept and freely interchangeable from building to civil engineering applications.

Unskilled labour can be used to handle the erection of the system, thereby minimising supervision, resulting in an extremely cost effective multi-purpose system.

Work on the portfolio of equipment to be supplied began in the latter half of 1979 and was completed at year end. Included in the supply agreement is wall shuttering, form hardware, form soldiers, slab shutterng equipment and Wedgelock support and scaffolding equipment.

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Bill widens Manpower Commission's powers

THE SENATE. — The Minister of Manpower Utilisation, Mr Fanie Botha, said yesterday he had planned to introduce legislation this year to consolidate the Industrial Conciliation Act, but as the Wiehahn Commission had not yet completed its task the Industrial Conciliation Amendment Bill had been introduced.

Introducing the Bill's Second Reading, he said it sought to remove the shortcomings of the amending legislation he had introduced last year with regard to industrial conciliation.

The main features of the Bill are:

- To give to the National Manpower Commission the same powers as other commissions, namely, to be able to subpoena witnesses, to inspect premises and documents and to have the right to call for papers;
- To make it possible for individual employees to apply to a conciliation board in the event of a dispute on an unfair labour practice;
- To prohibit employees and workers unions from introducing unfair labour practices, and
- To repeal the Black Building Workers Act, 1951.

Mr Botha said he was in a position to introduce the Bill as there was general trust among the work force of South Africa.

The Industrial Conciliation Court was a safeguard open to any man who felt that he was threatened by unfair labour practices.

The court acted as a watchdog against such malpractices.

He regarded the introduction of the court as one of the most important steps South Africa had taken in 50 years to improve labour relations.

Regarding the participation of blacks in the building industry, he said the valuation of buildings had increased by millions of Rand during the past year, but the number of people who had to erect those buildings had decreased.

South Africa therefore needed the black man in the Building industry.

The Bill was read a third time. — Sapa.

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HLH FM 6/6/80 (32)

Cash generation

Activities: *Industrial group with interests in timber, steel, engineering, building products and instrumentation. Directors hold 61% of the equity.*
Chairman: *A I M Hepburn; managing director: C B Perry.*
Capital structure: *12m ordinaries of R1. Market capitalisation: R54,0m.*
Financial: *Year to February 29 1980. Borrowings: long- and medium-term, R13,0m; net short-term, R19m. Debt: equity ratio: 52,7%. Current ratio: 1,5. Net cash flow. R8,4m. Capital commitments. R7,5m.*
Share market: *Price. 450c. (1979-80: high, 570c; low, 240c; trading volume last quarter, 268 000 shares) Yields 15,1% on earnings; 6,2% on dividend. Cover: 2,4. PE ratio: 6,6.*

	*'79	'80
Return on cap %	13,0	13,6
Turnover (Rm)	134,8	201,6
Pre-tax profit † (Rm)	7,3	11,1
Gross margin %	7,8	7,1
Earnings (c)	26 6	68,1
Dividends (c)	13,5	28
Net asset value (c)	418	457

* Includes company income for 8 months and HLH for 12 months
† Excludes no-cash items

After exceeding market expectations last year, Hunt Leuchars & Hepburn is looking for another "significant" earnings advance this year. And with plans to raise R10m to finance the expected increase in business, there need be little restraint on dividend growth in the year ahead

HLH derives the largest proportion of its income from timber, which last year contributed 47% (49%) of pre-tax profit. Mining timber supplies, combined with new developments in the field of mine supports and fire-resistant wood, recorded strong growth Emphasis on delivery efficiency, the recently-increased capacity for mine supports, and the positive outlook for mining makes the current year as promising as last. Results from the group's Jessievale sawmilling operation surpassed management's expectations, and new facilities commissioned last year should provide additional stimulus this year.

Though timber provides the backbone of current operations, the best profit improvements last year came from the steel and building products divisions. Turnover in the steel operation increased 68,7% to R19,1m (R10,7m), while its contribution to pre-tax profit rose to R4,9m (R2,2m) — a 119,5% hike. Building products turnover was 32,8% higher while their pre-tax profit contribution increased sharply to R808 000 (R143 000).

Steel operations benefited from the economic upturn and the move into new markets with the opening of further outlets. This year, the directors expect further growth, with new capacity in the tube division which doubled factory area. The building products operation, though still a relatively small contributor to group profit, looks set to fulfil a more important role in the year ahead due to increased operating and market effectiveness combined with an expansion of outlets and improved market conditions.

The engineering division was the only unprofitable operation last year, with a contract in Natal recording a loss. In total, the division reported a 78,1% turnover improvement last year and further growth is expected in 1980-81 With improved trading conditions, full provision made for the Natal loss and favourable margins, the outlook appears optimistic.

Other divisions, including instrumentation and the exports, are also slated to improve this year. Exports now account for some 10% of group turnover and new markets are being investigated

Though last year was successful, the group is still focusing management attention on returns on capital employed. Last year, the taxed return on capital employed rose to 14,9% (9,8%), MD Chris Perry told the *FM* recently. But this is still not regarded as satisfactory

Expansion capital of R10m is to be raised this year through a one-for-10 rights issue The funds will presumably be applied in part to reducing short-term borrowings which last year comprised 61% (42%) of the R33,1m (R26,6m) total. However there is no pressure for this as the annual cost of servicing this debt, plus the leasing bill, was covered a fairly comfortable 4,5 (3,1) times by gross profit. And total borrowings could be repaid out of less than three years group cash flow.

The share, at 450c, yields a relatively high historic 6,1%. Marketability is fairly limited, but the rights issue will alleviate this, and a dividend increase to about 35c is possible. With soundly based earnings the share is good value.

Des Kilalea

TURNOVER

	1979	1980
	Rm	
Timber	46,6	57,5
Steel	42,7	72,0
Engineering	10,7	19,1
Building products	21,2	28 2
Instrumentation	9,3	11,4
Other	4,2	13,4
Total turnover	134,8	201,6

PRE-TAX PROFIT

	1979	1980
	%	
Timber	49	47
Steel	31	42
Engineering	2	(7)
Building products	2	7
Instrumentation	13	8
Other	3	3
	100	100

GENERAL ERECTION FM 6/6/80 (32)

Earnings framework

Though Genrec's growth rate slowed in the year to end-February, this diversified engineering and construction group has entered the current year with fatter order books and improved earnings prospects. If there is one cloud on the horizon, it is the industry's worsening skills shortage.

Last year, taxed profit rose 16% to R4,4m (R3,8m). The major proportion of earnings accrued in the second half of the year from the completion of a number of large contracts. Of the various divisions, the construction arm fared best but workshops and equipment hire showed low returns. Consolidated earnings rose 12,5% from 84,1c to 94,6c. In all instances, growth rates were lower than in the previous year.

Considerably better results from all divisions are expected this year. A recent debenture issue raised R5[illegible] which is earmarked for increased working capital, expanding workshops and additional housing for employees. Full details will have to await the annual report, but order books are starting to bulge. Apart from its continuing involvement in the Sasol projects, the group has been awarded contracts by the Jwaneng diamond mine in Botswana, Escom, Iscor, SAR and a number of gold mines. An attempt is being made to overcome shortages of skilled staff by internal training and overseas recruitment.

In addition, the group is expanding its field of expertise. Last year it entered into two joint ventures, the first with US-based Fluor in the process plant engineering industry, and the second with British Steel subsidiary Piping Engineering Development, to market the design, supply and fabrication of complete piping systems for power and petroleum plants.

Despite lower earnings growth last year, the dividend total was increased to 25c (20c), confirming management's confidence in this year's performance. The policy is to steadily reduce dividend cover from its current 3,8 (4,2) to three times, which should mean higher payout for the next few years. At 470c, the share yields an historic 5,3% and is a worthwhile hold during the engineering sector's current upswing.

Fiona Halse

BOUMAT FM 6/6/80 (32)

Combined growth

The sharp upswing in the building industry, which coincided with a judicious takeover programme has left Boumat in the enviable position of comfortably exceeding chairman Irvine Brittan's earlier forecasts for the year to end-March.

Consolidation of former competitor Incledon for the last half of the year, and of Target-Greatex for the full period, resulted in a 29% sales increase. A further 40% organic rise is reported, lifting the year's turnover to R109m (R65m). At the operating level, the acquisitions boosted profit by 35% and a further 71% came from organic growth.

Given that the contribution of the two new subsidiaries amounted to around R18,7m in the year (with Incledon contributing for only six months), and with organic growth set to continue with the building upswing, sales of R140m should be achieved this year. As margins appear to be steadily improving — from 7,3% in the previous year, to 8,2% at the interim stage, and to 8,9% for the year — operating profits should approach R12,8m.

If the interest bill remains static, and no further prefs are issued to finance more acquisitions, earnings on this basis could approach 142c this year.

However, the group's dividend is not directly based on earnings, the policy being to distribute 10% of net asset value at the start of the financial year. Thus with nav of 321c at the end of fiscal 1980, a 32c total is forecast for the current year.

With retentions likely to be about 110c this year, the group's history of increasing dividends would seem to be protected against even a fairly sharp downturn in the building industry.

Even this substantial rate of growth could be bettered if, as seems likely, the group enters into another acquisition. Brittan will not be drawn on the likelihood of such a move nor on the possibilities for financing any new venture.

He does say, however, that the debt: capital ratio has improved since the previous year-end, when it stood at 55%. The group's short-term debt position has been reduced by conversion into medium-term commitments.

Since year's end, the group has acquired outstanding shareholdings in Kwikot (East Cape), which manufactures water heaters, as well as a controlling interest in City Metal Works, which makes kitchen fittings. Though neither will have a significant effect on net worth or earnings this year, they will obviously enhance existing areas of operation.

Competition in the industry is still tough, claims Brittan. Though operating profit margins have improved from 7,3% to 8,9%, he points out that this is mainly a result of improved productivity levels, which have cut the operating cost to sales ratio.

At its current 510c, the share yields an historic 4,9% and a prospective 6,3%. Though this is on the low side, a medium- to long-term hold could be justified on the record and on continuing steady dividend growth considerations.

Scott Hawker

FM 6/6/80 32

Boumat Limited

Directors I D Brittan (Chairman), S Borsook (Deputy Chairman) (British), D J Gevisser (Executive Deputy Chairman), A W Blekton, W Brittan, O C Buchel, Dr M D Marais, H Moskow, C B N Schreuder

Notice to shareholders
Preliminary profit announcement

Sales and profits

The excellent results for the year reflect substantial organic growth as well as handsome contributions from the two acquisitions made during the period. The group as it was constituted at the beginning of the year increased its sales by 40% and operating profit by 71%. The new acquisitions, Incledon (6 months trading) and Target-Greatrex (full year) added a further 29% to sales and 35% to operating profit.

Despite servicing the larger preference capital, equity earnings have increased at a higher rate than operating profit, mainly due to the relatively modest increase in interest costs. Earnings per share have more than doubled on the increased number of shares in issue.

Dividends

Your group's stated policy is to pay dividends at the rate of 10% on the net asset value per ordinary share at the beginning of the financial year. Accordingly, your board has today declared a final dividend of 16,0 cents (1979 – 15,5 cents) per ordinary share making the total for the year 25 cents.

The net asset value per ordinary share at 31 March 1980 was 321 cents and consequently we intend to pay dividends for the current financial year totalling 32 cents.

Convertible preference shares

The net asset value of R3,21 per ordinary share is the price at which holders of the convertible preference shares may convert up to one-third of their holdings into ordinary shares in September 1980.

As an example, if a holder of, say, 3 000 convertible preference shares wishes to exercise his full first conversion rights, he may do so in respect of up to one-third of his holding, i e 1 000 shares. These shares must be tendered to the company which will redeem them at the issue price of 200 cents each and apply the proceeds of R2 000 to subscribe for ordinary shares at R3,21 each. The holder will therefore receive 623 ordinary shares in exchange for his 1 000 convertible preference shares on exercising his first conversion right in September 1980.

The future

Prospects for the current financial year are good and will be outlined in the annual report due to be posted to shareholders towards the end of June.

I. D. Brittan
Chairman

2 June 1980

Audited group profit for the year ended 31 March 1980

	1980 R	1979 R	Change
Sales	**108 904 000**	64 545 000	+ 69%
Operating profit as a % of sales	**8,9%**	7,3%	
Operating profit	**9 669 000**	4 700 000	+ 106%
Interest paid	**1 394 000**	963 000	+ 45%
Profit before tax	**8 275 000**	3 737 000	+ 121%
Tax	**3 558 000**	1 627 000	+ 119%
Profit after tax	**4 717 000**	2 110 000	+ 124%
Outside shareholders' interests	**146 000**	34 000	+ 329%
	4 571 000	2 076 000	+ 120%
Preference dividends	**524 000**	226 000	+ 132%
Equity earnings	**4 047 000**	1 850 000	+ 119%
Earnings per ordinary share	**101,5 cents**	49,2 cents	+ 106%
Dividends per ordinary share	**25,0 cents**	23,5 cents	+ 6%
Net assets per ordinary share	**321,0 cents**	249,0 cents	+ 29%
Weighted average number of ordinary shares in issue	**3 987 500**	3 761 700	

Declaration of final ordinary and preference dividends

Notice is hereby given

1 that final ordinary dividend no 47 of 16 cents per share was declared on 2 June 1980 by the board of directors in respect of the financial year ended 31 March 1980, payable to shareholders registered at the close of business on 4 July 1980. The share transfer register and register of members will be closed from 5 July 1980 to 11 July 1980, both days inclusive, and dividend warrants will be despatched on or about 25 July 1980,

2 that preference dividend no 65 at the rate of 10% per annum was declared on 2 June 1980, by the board of directors in respect of the six months period ending 30 June 1980, payable to holders of the 10% redeemable preference shares registered at the close of business on 27 June 1980. The share transfer register and register of members will be closed from 28 June 1980 to 4 July 1980, both days inclusive, and dividend warrants will be despatched on or about 24 July 1980.

In terms of the Republic of South Africa Income Tax Act 1962, as amended, non-resident shareholders' tax of 15 per cent will be deducted from dividends payable to shareholders whose addresses are outside the Republic of South Africa.

Transfer secretaries
AFC Security Registrars Limited
4th Floor
80 Marshall Street
Johannesburg
2001

Registered office
11th Floor
Cape Towers
Maclaren Street
Johannesburg
2001

2 June 1980

AD60

Building boom a boost to paint manufacturers

By VERA BELJAKOVA

PLASCON, South Africa's largest paint manufacturer and a subsidiary of Barlow Rand, expects the present building boom to boost its projected turnover of at least R150-million for 1980.

The company holds about half of the local paint market. Its nearest competitor, Prolux, an AECI subsidiary, enjoys an estimated 30% share of the market.

The remaining 20% is held by Berger, Cedar-Radex and, among others, "a plethora of backyard paint manufacturers".

The Cape alone accounts for some further 15 smaller paintmakers.

Even by world standards, Plascon is a large company, producing 285 000 litres of paint a day.

Its Johannesburg factory is believed to rank ninth in the world. It is the only SA company with its own emulsion plant.

Some American paint companies are larger, but tend to be more specialised, serving only segments of the market.

"We are almost seen as a service industry," explains Neville Marks, Plascon's marketing director.

Not surprisingly, the company's 10 factories are major suppliers to most government departments, railways and harbours.

Latest innovations in process of being further developed in South Africa are water-based paints which, at the moment, are not cheaper than the petroleum-based varieties.

Water-based paints are cleaner to use as they do not have solvent-extraction problems. But the drawback for industry is the fact that they dry more slowly.

South Africa, however, is anxious to become independent of paints based on 50% oil-derived chemicals.

Major research is also being conducted into anti-corrosive paints. It is estimated that corrosion costs South Africa R500-million a year, or 4% of the GNP.

Some 30% of corroded metal can, however, be saved through specialised applications of paint.

Engineers are designing systems which can be preserved through such coatings, so that thinner steel sheeting and pipes can be used, thus saving resources.

Saudi Arabia has coated 12 km of pipeline with a 3 mm coat of powder paint manufactured under licence from Plascon, which is selling much of its expertise overseas.

The company's greatest headache is the paint industry's almost chronic shortage of skilled-labour and, especially, of paint chemists — whose qualifications are usually a science diploma and on the job training, unlike in Europe where guilds set stringent examinations.

"The labour shortage is so chronic we don't even see interviewees to discuss salaries," says Mr Marks.

Much of the problem evolves from the paint chemists' low status.

"The moment a man has a smattering of knowledge he wants to be a rep and drive around in a company car," he adds.

"Paint chemists need as much training as pharmacists, yet earn a tenth of the salary."

. . . but the industry strides ahead

SUN TRIB 8/6/80

DESPITE the brick and artisan shortage, the building industry is striding into the new decade full of confidence of renewed prosperity and sustained activity. It could scarcely have got better reassurance from the latest figures of the Department of Statistics.

The value of building plans in every sector surged. The most significant advance is in home-building. The January-April figures reveal that new homes are being built at 92,3 percent more than the rate for the corresponding period last year.

For the four-month period the total value of building plans passed hit R661,1 million — a 72,6 percent increase over the R383,9 million for the same time in 1979.

The most significant boost in building activity emerges in the residential property market. This trend will obviously be welcomed by estate agents who are operating in a buoyant but understocked market.

Plans for all forms of residential buildings — the figures represent about 90 percent of total building work in South Africa — have peaked at more than R352 million compared with R183,9 million last time.

And here again, the figures indicate a stronger thrust coming from the flat block developers, who are taking advantage of the opportunity of greater return on capital investment now that rentals are moving upwards.

For the first four months of this year plans for new homes were valued at R286 million as against R160,2 million previously. While much of the increase can be put down to building cost rises and inflation, it is a sizeable increase in home-building which must augur well for the rest of the year.

"Residential" plans passed for the whole of 1979 totalled R677 million, which means that the comparable figure for 1980 so far is more than double the annual 1979 amount — and there are still eight months of this year to go.

Draughtsmen shortage threat to growth plans

Sun Trib 8/6/80 (32)

By FRANK JEANS

UNLESS there is a marked pick-up in the number of draughtsmen and technicians in South Africa, the planned growth in the economy is unlikely to be realised, as the existing workforce will be unable to cope.

This is the message from a recent manpower study conducted by the South African Association of Consulting Engineers.

The association examined current and expected shortages of draughtsmen and technicians among its 210 registered companies.

Present staff of all races in the categories is 2 465. The assessed shortfall is 546, while the expected deficit by March 1983 is an additional 1 054.

In a call to employers and Government agencies to increase the amount of "in house" training and the financing of training, the association points out that the contribution its members are making.

About half of the draughtsmen and technicians in training are receiving financial assistance, while 44 percent of firms are contributing financially towards training.

BRICK SHORTAGE

. . . AND ARTISANS SORELY NEEDED

By COLIN VINEALL
Property Editor

AN in-depth statistical review of the building industry that has just been published puts the total shortage of artisans at a conservative 2 730 and shows that the shortage of bricks is critical.

The review is published in the SA Builder, official organ of the Building Industries Federation of South Africa.

The survey shows that bricklayers and painters are the people most sorely needed. Hennie van Zyl, the Bifsa economist, commented that of particular significance was the shortage of foremen, particularly in view of the foreman's key role on the building site and his pronounced influence on productivity.

Statistics show that the shortage of bricks affects 70 percent of building contracts sufficiently to cause problems. Van Zyl said that in view of the shortage's disruptive effec on building activity, it is bound to push costs up.

He writes: "It is significant that although bricks are being imported to the Transvaal from Natal, a graph showing the intensity of brick shortage per area showed that approximately 32 percent of building contractors in the Durban-Pinetown area are experiencing brick supply problems.

"The graph leads one to believe that the present brick shortage is indeed a national problem.

"It is feared that especially the smaller builder in the Transvaal and OFS will have to rely on bricks from Natal.'

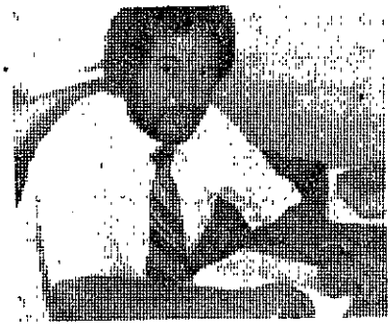
Because of normal SAR transport tariffs, this will have a cost-increasing effect.

"We have reason to believe that the brick industry is fully aware of the gravity of the problem and is taking emergency remedial action.

"A large manufacturer has indicated that they have virtually daily discussions with the major building companies in order to arrive at equitable allocations.

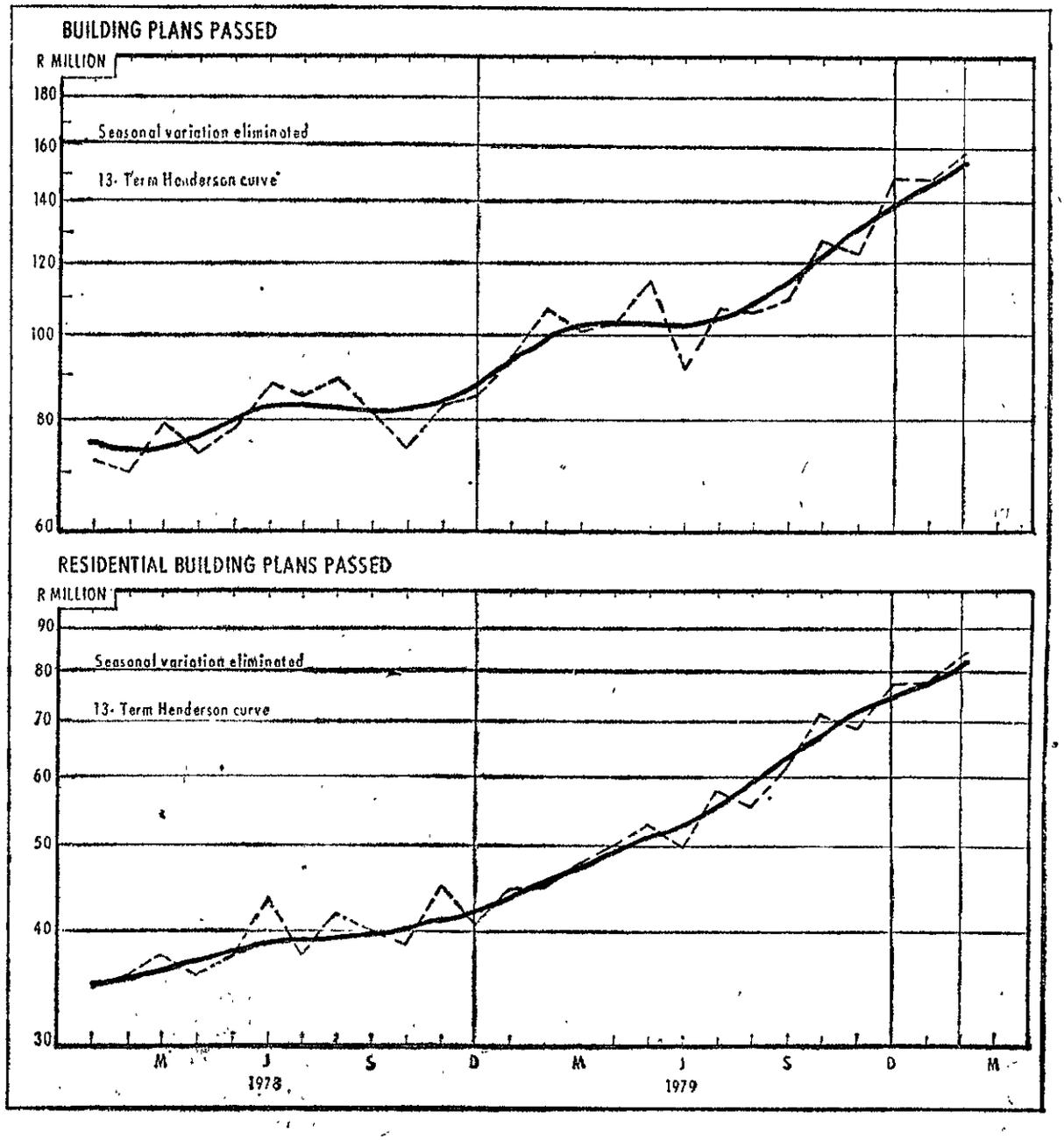
"It would be wrong to ascribe the present serious situation solely to the action of one or a few large manufacturers.

"It is rather due to a substantial under-estimation of the future demand for their product by the brick industry as a whole."



Hennie van Zyl, Bifsa economist

These graphs reflect the value of building plans passed in the private sector. They provide clear indication that building activity is increasing rapidly and will continue to do so for the next 18 months and most probably well beyond this period. The graphs also indicate that the increase is substantial and it is estimated that the year 1980 will witness a real increase of at least 10 percent in building activity. The graphs were compiled by the Department of Statistics.



PROPERTY MAIL

Building chief visits the Witwatersrand to see safety progress

PDM 11/6/80

PROPERTY REPORTER

DUE TO the poor quality of tradesmen in building today and the amount of supervision they require, foremen are neglecting loss control management on building sites, says Mr Bob Stevenson, president of the Building Industries Federation (Bifsa).

This is the latest problem to confront the building industry which lost so many good artisans during four years of slump and finds it increasingly difficult to attract new apprentices to the industry.

Mr Stevenson with a top team from Bifsa visited building sites on the Witwatersrand last week. These site visits marked an important change in the attitude of builders towards cutting losses and raising productivity in the building industry.

Mr Stevenson made a series of whistle-stops to the main centres in the Republic to measure progress with the systematic elimination of every kind of on-site loss and efforts to raise productivity in building.

"Today the average foreman has to keep an eye continually on his workmen, when he should be on the look out for potential accidents, fires, explosives, thefts, spoilt materials, damage to plants and injuries or damage to the public."

Rising pressures on staff supervision are coming at the wrong time. For the first time in the history of South African building the industry is making positive progress in its efforts to cut losses on site.

In 1979 at the end of four recession years safety-minded building foremen all over South Africa were cutting an average 5% of building costs by strict loss controls. This was the one big bonus to come out of the worst depression to hit the building industry in more than 40 years. In the highly competitive building market of the slump this figure often made the difference between profit and loss, survival or bankruptcy.

"Another pay off was that underwriters to the building industry have been able to drop accidents premiums accordingly," adds Mr Stevenson.

The main instruments for this dramatic improvement were building foremen. Squeezed into a dwindling market by four years of falling demand, building costs had to be slashed without lowering standards. With jobs at stake hundreds of foremen set about reducing building losses.

"In the past builders and artisans alike were too fatalistic and regarded accidents and other diasters as inevitable facts of life," explains Mr Stevenson, whose 3 200 federation members do 80% of building work in the Republic. It would be a tragedy if all this progress were cancelled out by the pressures laid on supervision by a shortage of good quality artisans.

Accompanying Mr Stevenson was Mr Eddie du Toit, Bifsa's safety manager, who acts as consultant on loss control and safety to the entire building industry, Nr Noel Fairhurst, Bifsa's public relations officer, and Mr Charles de Wet, general manager of Federated Insurances, the underwriters to the building industry.

Boumat may double div in three years

(32) RDM 17/6/80

By HAROLD FRIDJHON

IF Mr Irvine Brittan's forecasts are fulfilled in the financial year to March 1983, Boumat's earnings a share will jet from 101,5c a share in 1980 to 186,4c, dividends will more than doubled going from 25c a share to 52c, and net assets will be more than 50% higher at 651c a share — which means that dividends in 1984 will be 65c a share.

Mr Brittan has done this neck-sticking-out exercise for some years past and with varying success; his "failures" have never come from over-optimism but rather from his veering on the side of conservatism.

Thus, in 1978 he crystal-balled that 1980's earnings a share would be 56,5c and the dividend for the year would be 25c. He was right on the head with the dividend but way out on the earnings.

Of course with the Boumat's policy of paying out as a dividend 10% of shareholders' funds at the beginning of the year, he was not probing too far ahead on dividends, but when it came to earnings, acquisitions and the changed business mood bedevilled his efforts.

How accurate will he be in 1983 when he expects sales to rise from R109-million to R239-million, operating profit to leap from R9 669 000 to R22 112 000 and capital employed to double from R37-million to R74-million?

When doing his homework he has used the most reliable statistics within his reach.

For growth in the building industry he has made use of the calculations of the Stellenbosch Bureau for Economic Research (BER). From the BER long-term growth path forecast Mr Brittan has inferred that private sector growth will be 7,8% a year and public sector 2,78%.

In his estimates, he has assumed a growth of 7% plus inflation at 15% which means a growth in the market in rand terms of 23%. But, he says, Boumat should grow faster because of the inclusion of Incledon for a full year and the inclusion of City Metal Works and Tool Wholesale.

Cost efficiencies have improved over the past two years and although an effort will be made to reduce further the ratio of costs to sales, Mr Brittan has made his estimates on current cost and trading margins. He has also assumed full conversion of the convertible pref shares.

In essence, he expects sales during the next three years to show a compound growth rate of 30%, operating profit to compound at 32%, earnings at 22% and dividends to compound at 28%.

He expects to finance the growth out of retained profits and borrowings in equal proportions without exceeding the 50% debt to capital ratio which is his maximum target.

Low productivity hitting builders—Bifsa chief

STAR 24/6/80

By Frank Jeans

The South African building industry, striding ahead to days of prosperity, again is still handicapped by low productivity — bad news for an industry with plenty of tumbling blocks already on the way to the new profit era.

Indeed, says Mr Bob Stevenson, president of the Building Industries Federation (Bifsa), the industry probably has one of the lowest productivity figures across the whole spectrum of the South African industrial scene.

Hammering home the message to management to play an increasing role in this vital sector of building, Mr Stevenson says: "It is not only bad news for us, but it is also bad news for the customer, especially the average couple who want to build a home, and is at the same time increasingly alarmed at the cost of building.

"Economic experts predict that a house built today could double in price within the next four years — a mind-blowing forecast, and one which provokes the easy thought that the sheer cost of a house must price it beyond reach of the couple who so earnestly desire it."

KEY

The straight-talking Bifsa president, who has launched an on-site drive to get productivity and loss control into top gear in line with the industry's move forward, seized on a "golden" opportunity to get building management leaders to become more aware of their responsibility.

Presenting Bifsa's gold medal for building management achievement to student Mr Johannes van der Merwe in Pretoria last night, Mr Stevenson said 25-year-old Johannes' impressive record was the key to increased productivity in building.

During his final year as a graduate in a building management degree, Mr van der Merwe not only secured a top managerial post, but was made solely responsible for a building contract worth R4,5m.

"I can't imagine the top manager of any building company putting Mr van der Merwe in charge of a project worth that kind of money, unless he had made the right kind of impression, both as to character and ability as well as his qualifications.

"I believe," said Mr Stevenson, "that the highly-trained building manager, trained to the hilt in every relevant aspect of modern building, is the man best qualified to raise productivity of every man on site."

The Bifsa president said the manager of the future was not only going to have to be a great all-rounder, but something of a superman, if the industry was going to be able to provide every member of the public with the building he required at the price he could afford.

"Construction will have to have between 150 to 200 building graduates a year if the country is to have sufficient shelter and other types of buildings over the next two decades," said Mr Stevenson.

SA Perm warns on house prices

123
32
50
RDM
26/6/80.

By SIMON WILLSON

THE ALARMING rise in house prices had been aggravated by the abundance of home loan finance, Dr Frans Cronje, chairman of the SA Permanent Building Society, said yesterday.

He said at the Perm's annual meeting in Johannesburg he was concerned at the rate of increase in house prices, and at the steep rise in building costs which had averaged 2% a month.

The building societies had played a significant part in stimulating the construction sector of the economy and thereby providing many job opportunities.

"However, an unchecked rise in prices will result in home ownership becoming beyond the means of many South Africans," Dr Cronje said.

Building societies had helped the authorities throughout the year under review to improve the 99-year leasehold scheme so that it could provide home ownership for as many blacks as possible.

"I wish to record my thanks and appreciation to all who worked relentlessly on this project because I believe it is our national duty to bring about a better lifestyle for all our peoples."

Dr Cronje said that the Perm's assets, at R2 433-million, had doubled over the past five years. Total assets had increased by a record R452-million, which was 50,8% more than last year's growth figure of R286-million.

The Perm lent R835-million in the year under review — R2 700 000 a working day. Lending reached an all-time high of R5-million a working day in February and March.

Seconding the motion at the meeting, Professor D J Du Plessis, principal of the University of the Witwatersrand, said a great deal more needed to be done before the 99-year leasehold scheme became a proposition for the average black family.

"I am quite certain that blacks will not be totally satisfied until freehold home ownership becomes possible for them in urban areas. This, I believe, is going to be inevitable in the long run and the short step from the 99-year leasehold to freehold should be taken now.

"It will give potential home owners the additional incentive they require to make use of the scheme on a large scale, with the resultant benefits for all sections of the community."

R500m on LTA order book

(327) RDM 27/6/80.

By DAVID CARTE
Deputy Financial Editor

LTA, South Africa's second biggest construction group, has nearly R500-million of uncompleted work in hand and pushed up pre-tax profits 23% to nearly R14-million in the year to March.

The preliminary report released today shows group turnover up 19% to R470-million, pre-tax operating profit up 23% to R13 961 000 and taxed attributable profit up 20% to R7 834 000.

Before striking the attributable profit figure, goodwill of R1 281 000 (1979: R835 000) was written off profits. Earnings a share rose 13% to 61c (1979:54c) and the dividend was raised 14% to 24c (21c).

The value of uncompleted work rose R110-million, or 28%, to R496-million, of which more than R60-million was acquired in the last six months of the financial year.

Some of the contracts LTA has won include extensions to Jan Smuts Airport (R24 800 000), extensions to Escom's headquarters, Megawatt Park (R26 500 000); an unnamed military installation (R19-million), Consolidated Diamond Mines sorting building (R10-million), extensions to the Draken pump storage scheme (R10-million), Ermelo marshalling yards for the SAR (R9 500 000), Witbank Civic Centre (R9-million), South West African roads (R8 800 000), Cape Provincial Administration building, Cape Town (R8 400 000), Vondo Dam, Venda (R5-million) and Railways workshops (R6 400 000).

LTA has tendered for several other huge contracts, such as the Soweto electrification scheme and an Escom housing project, but these have not yet been awarded.

LTA's tax rate rose from 26,8% to 28,4% mainly because assessed losses were used up in the year. The financial director, Mr Colin Wood, says the tax rate is likely to continue rising.

In a market in which indus[redacted] dividends are

The construction labour force was cut by thousands during the recession and the number of students enrolled for civil engineering degrees at South African universities has dropped by 50% in the past five years.

As a result, construction companies are badly short of people. LTA is already importing engineers, but it takes time for them to acclimatise and become useful.

It would probably be safe to budget on growth similar to this in the year ahead. This suggests earnings next year of 70c a share and a dividend of 27,5c, putting LTA, at 385c on a historical yield of 6,2% and a prospective 7,1%.

Now that Murray & Roberts has diversified to such an extent, LTA is the No. 1 pure construction stock. Considering how much SA needs to build and how few are equipped to compete in the high technology end of the industry, LTA must be cheap on a long view.

Growing boom in building industry

(32)
RDM 27/6/80

Own Correspondent

CAPE TOWN. — Confidence in the booming building industry is continuing to improve, according to the University Of Stellenbosch Bureau for Economic Research, and the value of house plans passed in the first quarter of the year was up almost 80% on a year ago.

The bureau says in its latest building survey — compiled before the recent unrest turned violent — that "there can be no doubt that the country is entering a period of accelerating economic growth, but there can surely be little doubt that inflationary pressures pose a serious threat to the duration of the economic upswing".

Latest figures published by the Department of Statistics showed that the value of dwelling house plans passed in the period January to April rose from R160,2-million in 1979 to R286,6-million this year.

This is an increase of nearly 80%. When adjusted for inflation, however, the figure is about 45%.

With building costs expected to rise by an average of 21% this year, the bureau estimates private residential building will show and increase of 34% to R1 220-million, or an 11% rise after adjusting for inflation.

Business sentiment in the industry had risen to higher levels than during the 1973/74 economic boom, but acute shortages of bricks were being experienced in the Witwatersrand, Pretoria, Orange Free State, and Northern Cape regions.

Labour bottle-necks had also increased in intensity, and there was less keen competition in tendering.

Skills needed for building boom lift-off

(32) RDM 28/6/80

CAPE TOWN. — Expansion in a future booming construction industry would depend largely on the industry's ability to recruit skilled workers, the former MP for Parktown, Dr Zac de Beer, said in Cape Town yesterday.

Dr De Beer resigned his Progressive Federal Party-held seat earlier this year to take up a leading position in a construction company controlled by Anglo-American.

He said there was an immense housing shortage, as well as a need for various other construction projects.

"There is thus every reason why the industry should boom, and in fact the early signs of a boom are apparent now," Dr De Beer said.

"At the same time, our company and the rest of the industry are apprehensive about our ability to tackle the work that is coming our way."

The main bottleneck threatening to stifle rapid growth in the industry was a shortage of artisans, foremen and engineers, which he said would have to be filled "for the umpteenth" time by foreign recruitment which had many disadvantages.

It was expensive, it meant that managers were employed who did not know South African conditions — so that inefficiencies crept in — and a high proportion of the workers recruited overseas, would return to their home countries after a relatively short time.

"But worse than all these defects, is that our own unemployed masses will have to stand by with empty stomachs and observe these foreigners drawing high wages and salaries."

The cause of the labour shortage was in the educational system which had failed to produce the skills required by the South African economy. A brain drain to other countries had aggravated the situation.

Dr De Beer called for an equitable system of education for all population groups under a single administrative directive.

There was also a need to plan educational and training policies as part of the economic development, as well as State incentives to ensure that sufficient candidates were trained for the jobs estimated to be required, he said.

Political policies were inseparable from the economy. — Sapa.

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rated as one of the / .

Bifsa breaks off ECA talks

The national executive committee of the Building Industries Federation (Bifsa) has instructed its president, Mr R L Stevenson, to break off negotiations with the Electrical Contractors' Association because it has applied in certain regions.

Mr Lou Davis, executive director of Bifsa, said: "It is only with the profoundest regret that I have to announce that negotiations between Bifsa and the ECA will not continue."

This put paid to recent moves by the ECA to re-enter the Bifsa fold provided it met certain conditions on tendering.

"It is just these same conditions which have always proved a stumbling block between the two bodies," said Mr Davis. "That is why the ECA broke away from Bifsa in the first place back in 1978."

It is claimed that the ECA wants to maintain a privileged position on a national basis in contracting.

This would allow its members to get round traditional, competitive tendering procedures by being nominated as the specific contractor to execute work which could have been put to tender by builders.

For different reasons, Bifsa maintains, this could only weaken the ability of the responsible builder to ensure that work is completed on time and that quality standards are guaranteed in the interest of the public.

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Bricks open more jobs for workers

Own Correspondent

DURBAN. — The Red Hill brick kilns are to be reopened providing jobs for another 340 people and, from later this month, giving hard-pressed Durban builders another million bricks a week.

Mr J B Robertson, retiring chairman of the Tongaat Corogroup, announced this at the company's annual meeting.

Red Hill is the last of Toncoro's 38 brick works to go on stream shortly after the Maritzburg works started two weeks ago — three months ahead of schedule.

Mr C M L Savage, managing director of Toncoro, told me that the Red Hill works had a capacity of 70 million bricks a year and that the kilns were lit last week.

Toncoro has recovered with the building industry with employment rising by about 1 000 people over a year ago.

In other developments the R6m Odendaalsrus plant is expected to be on stream by the first quarter of 1981, the Henley pipe factory has been converted to brick production and construction at the Klerksdorp, which will provide 15 million more bricks a year, has started.

"The heavy demand for bricks has continued and our estimated profits for the first two months of this year are some eight percent higher than forecast," Mr Robertson said.

Surplus stocks in the Western Cape have been absorbed, due partly to a reduction in production by competitors. To help to meet demand Toncoro will spend R1m on expansion.

The expansion plans are to be funded by borrowings.

Outlining the situation on the rand he said that a recent survey showed that Toncoro controlled only 30 percent of the total production of bricks and blocks used for internal and external walling construction in the area.

"This percentage indicates that many of the criticisms levied against our being unable to supply bricks may be unfair," he added.

Mr Dick Kemp has taken over the chairmanship of the Toncoro brick group.

He succeeds Mr Jack Robertson, who has retired from the chairmanship on reaching 63, but stays on as a non-executive director.

top places.

Building booms despite critical brick shortage

STAR 9/7/80

32

By John Murray

South Africa is in the middle of a building boom.

Builders say the value of buildings put up in the first four months of the year is R50-million greater than in the comparable period last year — despite the "critical" brick shortage.

Plans passed in the same period had also risen by R50-million, said Mr Riley Schachat, head of a large Johannesburg building company.

Department of Statistics figures showed a total value for construction of R286,2-million against R240,2-million last year.

Mr Schachat said plans totalled R90,2-million last year and this year R140,6-million. The 1979 non-residential figure was R59,1-million and this year R50-million.

Plans for homes last year totalled 7 000 and this year 10 137. Those completed in 1979 totalled 4 988 and this year 5 635.

But one brick merchant, Mr Dave Eager, said that he could use 50 000 bricks a day. His allocation from Corobrick, the largest manufacturers in the country, had been cut to 10 000 a month.

Stock brick deliveries were delayed for 12 to 18 months. He had once seen a 1982 delivery date.

"And people are not querying price any more. You can charge virtually what you like."

Mr Lou Davis, executive director of the Building Industries Federation said: "Hundreds of millions of bricks are needed, and this cannot be achieved overnight. We are trying hard to catch up but there is nothing more we can do."

Serious brick shortage in Western Cape

Cape Times 16/7/80

(32)

THE Western Cape is facing a serious brick shortage, with some building companies waiting three to six months before receiving deliveries.

A spokesman for one building company said they received only 2 000 bricks after ordering 6 000.

The shortage has affected the building plans of smaller companies, and one has been forced to suspend housing construction and concentrate on repair work.

A City brick producer said housing construction might be affected, but there would be little effect on high-rise projects.

The field sales manager for a Stellenbosch brick company, Mr Bernard Vos, said bricks produced in the Western Cape were still being sent to other parts of the country, but only to fulfil existing orders. Large construction companies were not seriously affected.

Brick producers said the shortage would not affect prices.

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Everite builds 93% on the boom

BY DAVID CARTE

REFLECTING the boom in building materials, Everite has announced a 93% rise in earnings in the year to the end of June.

On a 26% sales improvement to R102-million, pre-tax profit soared 69% to R17 850 000. Thanks to assessed losses in previous years, the tax rate dropped from 50% to 43%, with the result that taxed attributable profit rose even more sharply — by 91% — to R10 025 000.

Earnings a share were 93% better at a record 61,1c (31,9c). The final dividend of 20,5c made the total dividend at 28c a 69% improvement on last year's 16,5c.

Mr J K Kennedy, financial director of Everite, told me that while there was scope for improvement in results in the medium term, this type of growth, which had been achieved off a low base, was unlikely to be achieved again soon.

He said demand for building materials had soared, but brick and labour shortages would probably mean that demand for building products would level out in months to come. He did not expect demand to keep up with the rate of increase in building plans passed, Everite's most crucial indicator.

Everite's main income sources are the manufacture and distribution of asbestos cement and plastic roofing, sheeting, pipes and other building products. Demand recently has come from the private and public sectors.

One of the reasons the tax rate is so high is that Everite uses replacement cost depreciation, which tends to reduce stated profits, particularly in the year under review, as assets were revalued.

The company intends to spend R6 500 000 to R7-million expanding its Klip River asbestos cement factory, but otherwise has no ambitious expansion plans. It still has unused capacity in certain areas, particularly the Western Cape.

While certain asbestos cement products are price controlled, many are not. Everite has experienced tough competition from cement and steel alternatives to some of its products.

The share gained 20c to 450c ahead of these results. On the new dividend it yields 6%, which is good relative value in a building market that can only continue to rise in the medium term.

AN OVI

Brick crisis hits building boom

CAPE TIMES 23/7/80

32

By GORDON KLING

THE BUILDING UPSWING in the Cape has mushroomed into an all-out boom, with critical shortages of key building materials, particularly bricks, threatening to send housing costs to alarming heights.

Cape brickmakers confirmed yesterday that they were no longer accepting new orders, while cement producers urged customers to refrain from ordering more than their immediate requirements.

Waiting periods for window and door-frames are now extending into several weeks, at a time when building costs are rising by more than 20 percent a year. Many varieties of tiles are unavailable.

The largest brick-manufacturer in the Western Cape, Corobrick — which has been exporting supplies to the Transvaal — said yesterday that it was accepting orders from established customers only, subject to a delay of four to six weeks.

Smaller brickfields are declining to take new orders.

Corobrick's general manager in the region, Mr Graham Bounds, confirmed Cape Times information that the group had tried to purchase the entire stocks of smaller producers.

Mr Bounds, who is also chairman of the Western Province Brick Manufacturers' Association, said that he had embarked on the move "several months ago when the gravity of the situation started to become clear". He had managed to obtain only one substantial order.

It had also been arranged several months ago for bricks to be railed to the Transvaal.

"I can only say that at the time we started exporting to the Transvaal, the brick shortage was only there, but since that time it has gone mad. We are only honouring our existing orders from the Transvaal, and I can assure you that there are very few orders left."

He said the balance between supply and demand in the Cape brick industry was complicated by a substantial winter drop in production which did not exist elsewhere in the Republic. Seasonal producers would begin to come on stream again early in September, but it was impossible to say when the market would revert to equilibrium.

"If demand keeps growing at the rate of the past few months, it will nullify the increased availability," said Mr Bounds.

The concern of irate builders, who place the blame for the shortage on poor planning by the brickmakers, is reflected in the latest building survey by the Bureau for Economic Research at the University of Stellenbosch, which indicated that building activity has surpassed the boom of the early seventies. The industry maintains that it could not have invested in additional capacity earlier.

"I believe the criticism to be unjust," said Mr Bounds. "Eighteen months ago we were sitting here with factories closed down and massive stockpiles of bricks that represented a major investment. I defy anybody to have planned for further investment then; it was just not possible."

His group was planning a [illegible] organized commerce and industry that overloaded railway routes could create supply problems within a few months

R1 million expansion at Koelenhof field near Stellenbosch, which would ta production from 25 million to million bricks a year, and ta its total in the Western Cape 230 million. The output of oth factories was being increas by the addition of new equ ment.

About 500 million bric worth some R54 a thousand factory, were demanded at moment in the Western Ca on an annual basis.

Mr Bounds believed that shortages could have been a viated through forward-pl ning by the public sector, a he appealed for estimates government requirements to made three to five years advance.

Rail supply problen

● Meanwhile, the South rican Cement Producers' As ciation has warned custom

Cement sales for the first half of the year are 17 percent ahead of the first half last year, although the industry still has surplus production capacity.

The industry maintained that it can cope with projected increases in demand over the short and medium term, but feared serious delays in deliveries from a tendency for customers to over-order.

And the Bureau for Economic Research forecast in its latest building survey that new private housing would leap by a staggering 34 percent this year, for a value of R1,2 billion.

Spending on shops, offices and factories would rise by percent to about R1 billion, would government expenditure on public non-residential buildings.

Brick crisis may put builders out of business

23/7/80 Argus (32)

Tygerberg Bureau

A CRITICAL shortage of bricks in the Western Cape may force dozens of builders out of business and put paid to the current building boom. In some cases a waiting list of up to 24 weeks for bricks is reported.

Stocks built up at brickfields in the Western Cape — not only those designed to tide builders over the winter months of non-production but also huge reserves built up in the past two or three lean years — have disappeared.

Mr Graham Bounds, general manager of the largest brick company in the Western Cape and chairman of the Western Province Brick Manufacturers' Association, said builders could expect delays of up to six months for facebricks.

'Our company is refusing orders from new customers. We naturally tend to give some preference to people who supported the brick industry during the lean years,' he said.

Everything was being done to catch up with demand and his company was manufacturing well in excess of normal production.

Many brick companies who would normally not start production until September have decided to risk wet winter weather in an effort to narrow the gap between supply and demand.

Mr J P Mace, spokesman for a Brackenfell brick company, said he would start production again in August.

'A few months ago we had a tremendous stockpile of bricks. It has disappeared,' he said. His company was refusing orders for the next six weeks.

Established builders are blaming the sudden shortage of bricks on the unpreparedness of brick manufacturing companies as well as a sudden increase in the number of builders.

'BANDWAGON'

Many builders who went under during the building recession 'have climbed back on the bandwagon,' Mr G de la Hunt, managing director of a Muldersvlei brick company, said.

Hardest hit in the new crisis will be the owner-builder, the person who scraped together enough money over the years to buy a plot, obtain a building society loan and now finds he is unable to buy bricks.

● **Builders turn to cement bricks — Page 5.**

23/7/80 Argus

Builders turn to cement bricks

(32)

Property Editor

THE clay brick shortage is forcing Western Cape builders to buy calsica brick, which is factory processed — but even then new customers will have to wait 3½ months for deliveries.

The unexpected housing boom has helped cause the present shortage in clay and face-bricks in the country. But the Western Cape is short because of export of these bricks to Transvaal and Free State.

'Builders cannot really blame the brick companies,' said Mr David Rabie, a leading home builder.

'In the bad times of a year ago the brick companies did not plan for increased production. In fact, as they were badly hit by the building recession, they cut prices while at the same time, because of the oil shortage, costs were rising.

'They had no incentive to expand, but like all of us the building boom has caught them — and us.'

EXPECTED

His firm had, however, expected a clay brick shortage and turned to calsica or cement bricks some time ago.

'Deliveries for these bricks are good and they are processed under rigid conditions,' he said.

Though builders are turning to calsica bricks, they still have problems with face-bricks. For instance, there is a 35-week delay for Blue Flum Rustic brick and Golden Harvest Rustic. The popular overburnt Run of Kiln is not obtainable.

According to Mr John Rabie, of builders Cohen and Rabie, his firm is experiencing no shortage of building bricks whatsoever.

'We are using calsica cement bricks and take delivery the same day we order,' he said.

Transvaal's brick backlog stays up

(32) (RMB) RDM 23/7/80.

By MARIKA SBOROS

THE brick shortage will continue in the Transvaal until next year, according to the public relations officer for Corobrik, based in Durban and the largest brick manufacturer in the country.

The chronic shortage, sparked by a vast building boom, has been aggravated by Corobrik's Natal factories having to refuse new orders from the Transvaal and Free State in order to meet increased demand in their own area.

But the managing director of Corobrik Transvaal, Mr Errol Rutherford, gave an assurance last night that present commitments would be met.

The Corobrik PRO, Mr Tony Cadman, said in Johannesburg yesterday: "We will only be able to catch up with the current 12-month delay in the Transvaal in 1981, when the new factories we are building start producing."

Corobrik had spent R18-million so far this year on three new plants.

"Until two weeks ago, factories in Natal were able to send bricks up to the Transvaal. This has now stopped, because the building boom in Natal has reached astronomical proportions.

"There are no longer spare supplies which can be sent up to the Transvaal," Mr Cadman said.

Corobrik has made a bid to counter the shortage by a massive increase in production in the Transvaal, through refiring factories closed during leaner times, and adjustments to existing factories.

Mr Cadman said that so far this year the Corobrik group had increased production by 220-million bricks countrywide. Output for the rest of the year would be more than 1 567-million bricks.

"Unfortunately this does not mean that we can alleviate the existing shortage, because the demand in this country has reached truly astonishing proportions.

"Expansion in the building industry in South Africa is colossal, and that is why there is a shortage of bricks and just about everything else in the building industry."

Mr Cadman said he was not aware of dealers overcharging for bricks because of the shortage.

"That is against the law. Bricks from the factory are strictly price-controlled. We can only sell at a strict, fixed price. We have not experienced instances of any of our customers overcharging consumers. We would be entitled to cut off their supplies if they did this."

At present, common bricks sell at R43 per 1 000, and face bricks are priced from R103 to R140 depending on the quality.

A spokesman for an Alberton company that sells bricks said yesterday the firm had sold its entire supply to a private dealer who was charging R85 per 1 000 for a combination of common and face bricks.

This price excluded transportation. The bricks had to be collected by the buyer.

"The price is not excessive," the spokesman said.

"The bricks are not coming directly from the factory."

The brick backlog hits builders

Staff Reporter

A CRIPPLING country-wide brick shortage is being experienced as a result of the building boom, and is forcing Witwatersrand consumers to order their bricks from merchants instead of factories.

In some cases merchant prices are almost double those of the factories, and even then, consumers can expect to wait up to six months for their orders to be filled.

In what has been described as the worst-ever brick shortage on the Witwatersrand, some merchants are refusing to take any new orders as they are pessimistic about being able to supply the goods.

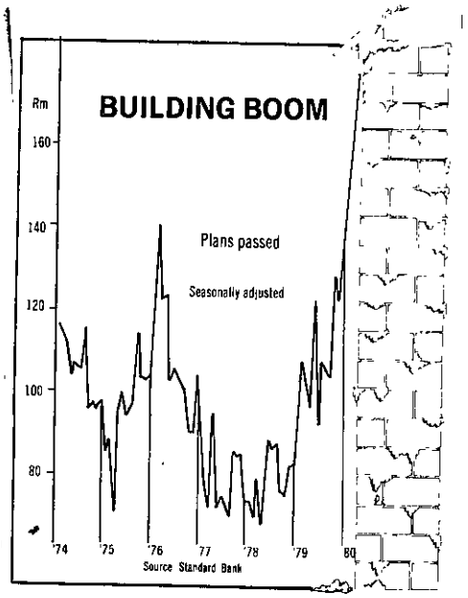
Statistics from the Association of Building Societies of South Africa show that in the first half of 1980 building loans have almost doubled.

Building societies' loans leapt from R38 700 000 in January to R71 700 000 in June.

The director of the association, Mr David Alston, said the amount of money being granted on new homes was severely stretching the capacity of the building industry to cope with increased demands.

Factory bricks are price-controlled: stock bricks sell at R43 per 1 000, and face bricks from R103 to R143, depending on the quality. Merchants' maximum price on stock bricks is R83 per 1 000, while face bricks have a top price of R143 per 1 000.

According to Mr Tony Cadman, public relations officer for Corobrik, one of the largest brick manufacturers in the country, the shortage will continue in the Transvaal until next year.



BUILDING SECTOR (32)

Cost-push planning

FM 1/8/80

Private sector building projects completed in the first six months of the year exceeded by 23% in money terms those completed in the corresponding period last year, according to Statistics Department figures, which claim to represent 90% of the South African industry.

Allowing for inflation, which has been particularly heavy in building costs, this indicates a real increase somewhat below this figure. Much of it was ascribed to housing. Non-residential buildings completed showed only a 4% rise, which is more than discounted by inflation.

But industrial involvement appears to be growing. In the first six months of 1980, the total value of building plans passed rocketed to a level 86% higher than it was in the comparable period last year. Residential building plans, at a June value of R579m, contributed most to the increase, but the rise in industrial sector building plans was barely short of the overall percentage increase.

Month-on-month comparisons reveal even more startling increases. The total of building plans passed in June 1980 was 140% higher than in June 1979 in value terms. A dramatic upsurge in new flat buildings is portended by a 332% value increase in plans passed over the year. But housing remains the largest absolute contributor. Plans passed in June this year amounted to nearly R473m, against R254m last year.

However, the extent to which the building industry has been hit by inflation is revealed by the fact that the number of housing plans passed increased 50% on a June-to-June basis, compared with a 100% increase in value terms. This would seem to indicate an annual rise in building costs of 50%. Apart from inflationary pressures in skilled and semi-skilled labour, a number of administered and other prices have risen in the period covered by the figures. These include transport and bricks.

Buildings actually completed between June 1979 and June 1980 show predictably smaller increases than plans passed. The exception is in construction of flats, which surged by over 400% during the year, reflecting the phasing out of rent control and booming optimism in the property market. But the base itself is small. At the end of June this year, the total value of flats completed was under R15m, compared to R43m for houses.

Completed housing figures contain inflationary revelations as well, although not as drastic as housing plan figures, since the costs involved are historical. The number of units completed rose 13% over the year, against a 32% increase in value terms, suggsting an annual building industy inflation figure of around 20%.

On this basis, the 42% value increase in industrial buildings completed works out to a real increase of about 20%, which appears to indicate a healthy level of private sector investment expenditure.

Subdued optimism at LTA

By DAVID CARTE
Deputy Financial Editor

THERE HAS been a "sharp improvement" in the construction industry and prospects for LTA are "good", says LTA chairman, Dr Zack de Beer, in his annual report.

But Dr De Beer qualifies his optimism, saying managerial efficiencies must be improved further and that the company will have to cope with a "severe shortage of skilled personnel".

Dr De Beer makes a strong plea for improved technical education for brown and black people and for mitigation of the excesses of the business cycle, which has devastated the construction industry in the past.

After pushing up turnover 19% to R473-million, pre-tax profit 21% to R13 717 000 and taxed attributable profit 17% to R8 985 000, LTA ended the year with a record order book of more than R500-million. Earnings grew 13% to 61c and the dividend 14% to 24c a share.

Of the work still to be completed at the yearend, R379-million was in respect of building, civil engineering, earthworks, roads and opencast mining and R81-million was in industrialised building and roofing systems, technical design and management, steel reinforcing, etc.

LTA's contracts, from the Koeberg nuclear power station to the Drakensberg pump storage scheme to, the Kriel and Duvha power stations to Sasol 2 and dozens of smaller projects, span the country.

The company picked up R100-million of contracts in the three months before the yearend.

The directors report that "improved price levels since the end of 1979 have raised profit expectations, but the full effects may become apparent in future years if the upswing continues, spreads to more areas and is sustained in the medium to longer term".

LTA says that while debt:equity has fallen from 81% to 30% over the past five years, return on shareholders' funds fell from 27% to a low of 17% in 1977 and 1978 and in the year under review recovered to 19%. The target is 20% and LTA intends to gear up to achieve this.

It intends to grow organically and by acquisition, but will confine its activities to the construction and engineering fields.

While LTA is so liquid it could repay its net borrowings with less than one year's net cash flow, it traditionally operates on small working capital and at the yearend had net current liabilities of R2 622 000.

With creditors at R80-million and debtors on R58-million, it would seem that the group is using cheap creditor finance, a common practice among retailers but rare in construction.

COMMENT: There is an undertone of caution to the report. When the chairman or the directors mention improved conditions and prospects, they also mention several ifs and buts.

They may be implying that super-normal profit growth, such as we have seen in Plate Glass and Everite, is not around the corner and that several low-margin, long-term contracts must still be completed. The tax rate is also expected to rise.

The construction industry has come through harrowing times and, although growth over the past five years has not been spectacular, it is to LTA's credit that it managed to maintain and improve earnings annually throughout the recession without diversifying out of its traditional areas of activity.

While, like any construction company, it enjoys some leeway in the declaration of profits on uncompleted contracts, the company must have built up substantial reserves before the recession to have been able keep the earnings curve pointing upwards.

Even if profits do improve radically in the near future, LTA will no doubt wish to build up those reserves again and straightforward conservative accounting could inhibit earnings growth for a year or two.

Profit growth in 1980 was disappointing alongside that of other more highly geared, capital-intensive companies in the engineering sector, particularly those whose contracts do not extend over years. But, given the nature of the business, this was to be expected.

LTA will probably not perform spectacularly, but it will probably perform solidly over the next three to five years. When a slowdown comes it will continue to deliver the earnings and the dividends.

At 385c the share yields 6,3%, which is reasonable relative to some of the more go-go but fickle and flighty bets on similar yields.

Black self-help housing gets builders' brickbat

THE Building Industries Federation of South Africa (Bifsa) says the urgent problem of providing housing for the black population should be left to the organised building industry.

An editorial in Bifsa's official journal, SA Builder, takes issue with the school of thought favouring do-it-yourself owner-builders being provided with minimally-serviced land and a supply of building materials.

It says the self-help concept for black housing is laudably "altruistic" — but charges that in practice the system "will degenerate into the erection of many dangerous, badly-constructed slum structures".

"The building industry should persuade any authorities bent on providing cheap housing by way of supplying all the components other than labour to see the dangers inherent in any misguided policy of this sort," the article says.

"Surely it would be better to ensure that any housing provided, at whatever economic level, should be constructed by skilled builders in accordance with fully acceptable aesthetic and technical standards."

Bifsa says South Africa should accept the economic principle of specialisation and division of labour.

"Why not let us build better and quicker with our expertise, and let those who think they can save money do so in other ways — not by trying to show us how to operate an industry in which we are confident we can do better than they."

It adds: "If the building industry as a body is approached, we have no doubt that we will rise to the occasion and produce what is required of us, at the same time creating employment for the masses.

"The embryo do-it-yourself builder can then be released to earn a meaningful wage which will help the economy, the individual and the country." — Sapa.

Spotlight on young builders

Future employment opportunities in building and construction will be the theme of a one-day conference to be held by the SA Institution of Civil Engineers in Pretoria next Friday.

The conference will be held at the CSIR conference centre and is part of the civil engineers' "Decade Ahead" programme.

It will be opened by the Minister of Manpower Utilisation, Mr Fanie Botha, and the keynote address will be delivered by Mr P Webb, director of the National Building Research Institute.

Other speakers will include:

- Professor Jan Lange, Dean of the School of Business Administration and Management, University of Bophuthatswana — "Creating employment in building and construction, against the background of the Wiehahn and Riekert reports";
- Mr Ernest Skosana — "Education — key to creative employment";
- Mr P A Green — — "Appropriate technology and labour-based construction in the Third World";
- Mr L Dison — "Contract documents and job creation."

Registration for the conference will be arranged by Mrs R Greenberg, Tel 838-1665.

Construction men strike at Secunda

By CHRIS MARAIS

SECUNDA

ABOUT 750 workers of CMGM, a civil construction firm, are on strike for more pay near the Sasol 2 and Sasol 3 sites in the Eastern Transvaal.

Violence erupted at their quarters on Sunday night, on the eve of the start of the strike, when police dispersed workers with teargas after they stoned four black security guards and damaged the hostel.

But CMGM spokesmen said the strike and the violence were apparently unconnected, and the area was quiet yesterday as the company prepared to make a pay offer when management meets worker representatives today.

The managing director, Mr Peter Clogg, said yesterday the firm was examining wage structures and had asked the workers to elect representatives to meet management for negotiations. "I just want to sort this out with as low-key an approach as possible," he added.

The strike is the second labour problem to hit Secunda in three weeks.

Two men were arrested when police were called in on Sunday night to control the situation at the workers' Driefontein quarters.

One of the security guards was injured in the stoning.

(B) One of the security guards was injured in the stoning.

At sunset yesterday the situation at Driefontein was quiet. Police were keeping the area under surveillance, but no incidents were reported.

A CMGM spokesman said it appeared to be "pure coincidence" that the strike followed the unrest.

About 750 workers did not turn up for work yesterday morning and had followed up with a demand for wage increases, Mr Russel Schultz, CMGM personnel director, said last night.

"Company officials negotiated with the workers' liaison committee and will announce their offer tomorrow," he said.

CMGM is contracted by Sasol for maintenance work and construction at the local effluent treatment plant.

A Sasol spokesman said the strike had not affected production at Sasol 2.

"This is an internal matter for CMGM to handle, and at this stage it has nothing to do with us."

The effluent treatment plant is Sasol's vital "non-pollution" factor.

Sasol may not release any effluent into rivers and streams in the district because it falls within the Vaal catchment area.

(C) The Sasol plants are deemed to be "zero effluent" operations and all water is recycled.

However, the present strike will not affect work at the effluent treatment plant.

CMGM is doing construction work on part of the plant that will serve Sasol 3. The running operation serving Sasol 2 is not affected.

Mr Clogg told Sapa most of the workers had been with the company for some time.

"They just seem to feel pay rates are a bit low and they would like some more money.

"I don't think anybody intended a fight. They are just saying they have the right to refuse to work and they want a better wage.

"I want to sort this out with an as low-key approach as possible."

Referring to the Sunday night attack on the security guards, he said he was "not particularly happy" that CMGM did not have its own security men at the Sasol site.

He said earlier that the striking workers had spent much of the day at their hostel and that he expected the problem to be "sorted out immediately".

● The two arrested men are expected to be charged with assault.

Strike ends, and 70 axed

By CHRIS MARAIS

MORE than 70 striking CMGM workers were dismissed and sent home from Secunda last night after the company had granted their 750-strong Sasol workforce an across-the-board increase of R4.80 a week.

The sacked workers — who were transported to their homes in KwaZulu in company buses — had earlier refused to accept the 12c-an-hour increase granted to all black CMGM workers at Secunda.

CMGM contract operations at Sasol virtually ground to a halt on Monday and yesterday morning before the pay wrangle was sorted out.

During the strike workers remained in their quarters at Driefontein, 20km from the massive Sasol complex.

In an apparently unrelated incident on Sunday night, four black security guards were stoned and assaulted at Driefontein.

Early yesterday, a few black CMGM workers were on site. They said they would not return to their quarters for fear of victimisation by the strikers.

At 10am a Rand Daily Mail team interviewed some of the workers at Driefontein. They said they were striking peacefully for a pay increase.

Some said they were asking for an 80c-an-hour increase, but it could not be confirmed that this was the general demand.

CMGM's managing director, Mr Peter Clogg, flew to Secunda yesterday to lead the negotiations.

At 11am a motorcade of CMGM management officials, including Mr Clogg, arrived at the compound.

Workers gathered at the gates to their living quarters where they were addressed. The Rand Daily Mail team was told to leave the compound area.

By 1pm more than 70 workers had packed their belongings and were preparing to leave for home, having refused management's offer.

By 1.30pm the rest of the workers were back on site.

CMGM workers and management talk through a fence at the strikers' quarters near the Sasol complex yesterday. Seventy workers were dismissed.

EDSON

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ERY CANDIDATE MUST enter in umn (1) the number of each question wered (in the order in which it has n answered); leave columns (2) and blank.

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Any dishonesty will render the candidate liable to disqualification and to possible exclusion from the University

OPENINGSREDE DEUR SY EDELE S P BOTHA, MINISTER VAN MANNEKRAG-BENUTTING BY GELEENTHEID VAN DIE KONFERENSIE OOR TOEKOMSTIGE WERKGELEENTHEDE IN DIE BOU- EN KONSTRUKSIEBEDRYF VAN DIE AFDELING: STRUKTUURSINGENIEURSWESE VAN DIE SUID-AFRIKAANSE INSTITUUT VAN SIVIELE INGENIEURS OP 7 AUGUSTUS 1980

(32)

EMBARGO: 7 AUGUSTUS/AUGUST 1980 OM/AT 10H00

7/8/80

Dit was vir my aangenaam om 'n uitnodiging te ontvang om hierdie konferensie toe te spreek en dit te kon aanvaar. Die doel van hierdie byeenkoms is om te besin oor die rol wat die bou- en konstruksiebedryf in die daarstelling van nuwe werksgeleentheid in Suid-Afrika in die toekoms mag speel.

Ek is ook baie in my skik dat 'n professionele liggaam soos die Suid-Afrikaanse Instituut van Siviele Ingenieurs die inisiatief geneem het om die reeks landswye konferensies en seminare te reël waartydens aspekte van belang vir die bedryf, besluitnemers en die publiek gedebateer kan word en ons vertrou dat nuwe idees inslag mag vind. Ek glo ook verder dat ek nie aan oordrywing skuldig sal wees as ek sê dat die breë tema van vandag se

konferensie...

/2

konferensie beslissend is en sentraal lê tot die voortgang van die ekonomiese en sosiale stabiliteit van ons land. Die onderwerp is sonder twyfel een van die mees belangrikstes wat in die Instituut se program 'Die dekade vorentoe', ingesluit is.

In 'n poging om 'n bydrae tot die algemene perspektief van hierdie konferensie te lewer, wil ek graag 'n aanduiding gee van die belangrikheid van die skepping van werksgeleentheid, van opleiding en van die verbetering van produktiwiteit. Ook wil ek kortliks die meganismes en prosedures bespreek wat deur die Owerheid geïnisieer is en word om die effektiewe en doelmatige gebruik van mannekrag te bevorder.

Die belangrikheid ...

tussen die jare 1980 en 1987 gehandhaaf kan word, werkloosheid nogtans in die orde van 12 persent van die werkerskorps sal wees of te wel ongeveer 1,3 miljoen mense. Hiervan sal ongeveer 1 miljoen Swartmense wees. Dit moet hier in gedagte gehou word dat in die Ekonomiese Ontwikkelingsprogram vir die periode 1978 tot 1987, 'n volgehoue groeikoers van 5 persent as een van "groei onder uiters gunstige omstandighede" beskryf word.

Ingeligte waarnemers het reeds die probleem van werkverskaffing vir ons snelgroeiende werkerskorps as die mees belangrikste ekonomiese probleem waarmee die land in die tagtigerjare te doen sal kry, geïdentifiseer. Dit is duidelik dat verreweg die meeste werksgeleentheid vir Swartes verskaf sal moet word. Dit volg dan dat ons ons allereers daarop sal moet toelê om die aspirasies van ons Swartmense wat werk soek en nog in die toekoms werk sal soek, te bevredig. Vanselfsprekend egter kan ons nie

bekostig ..

bekostig om die behoeftes van Blanke, Kleurling- en Asiër-werksoekers te ignoreer nie. Die probleem van die skepping van werksgeleentheid moet op 'n breë front aangepak word om onpartydige en regverdige behandeling van alle mense te verseker.

EDUCATION AND TRAINING

In considering the importance of education and training, I would like to make some comments and observations more specifically related to the current situation in the building and construction community.

The industry has recently emerged from a most severe recession and period of depressed activity. Thus, the upswing

in the ..

DIE BELANGRIKHEID VAN DIE SKEPPING VAN WERKSGELEENTHEID

Die feite rakende die bevolking en die verwagte groeikoers van die bevolking verskaf 'n betekenisvolle aanduiding vir die behoefte aan die skepping van werksgeleentheid en die gewensde koers waarteen dit moet plaasvind. Die omvang, groei en vlak van opleiding van die bevolking van enige land bepaal in groot mate die grootte, die groei en die prestasie van die werkerskorps.

Volgens die jongste raming van die Raad vir Geesteswetenskaplike Navorsing is die totale bevolking van Suid-Afrika geskat op 27,5 miljoen in 1980 en sal dit groei tot net oor die 40 miljoen in die jaar 2000. Hierdie raming sluit die onafhanklike nasionale state van Bophuthatswana, Transkei en Venda in. Die verwagte bevolkingsgroei is die hoogste vir die Swart bevolking.

As die implisiete bevolkingsgroeikoerse wel gehandhaaf word, sal die totale

die totale ekonomiese bedrywige bevolking van Suid-Afrika en die onafhanklike Swart state vanaf 9,4 miljoen in 1980 tot ongeveer 15 miljoen teen die einde van die eeu, toeneem. Die land se werkerskorps neem op die oomblik teen 'n gemiddelde van ongeveer 240 000 persone per jaar toe, waarvan die groot meerderheid (73 persent of 177 000 persone) Swartmense is. Tussen die jare 1990 en 2000 word dit verwag dat die werkerskorps met ongeveer 290 000 persone per jaar sal toeneem, waarvan 81 persent Swartmense sal wees.

Die onbetwisbare feit van 'n snelle langtermyntoename in die werkerskorps, gekoppel met die huidige onaanvaarbare hoë werkloosheidsyfer en werkskaarste, teken 'n duidelike prentjie van die dringende behoefte aan 'n toename in nuwe werksgeleentheid. Dit word beraam dat as 'n ekonomiese groeikoers van 5 persent per jaar

in the economy and the attention being paid to satisfy current and future needs for buildings, particularly low income housing, and other construction is surely welcome news. But where there is good news, there is often also bad news and, in so far as your industry is concerned, there could be problems arising from a shortage of different types of trained manpower. There is likely to be a shortage of, firstly, professionally qualified manpower such as engineers, architects, quantity surveyors and graduates in building; secondly of an increasingly important category of manpower - what I would call technician or technologist manpower, and thirdly of artisans directly engaged in building work.

Although all three categories are equally important I will deal only briefly with the first two categories and devote most of my remarks to the third group because it is here that most changes and a new approach will be required.

If the ..

/8

If the demand for professional manpower is to be met, we will need more recruits and I find it a matter for concern that during the last two years there has been a disturbing decrease in the number of first-year students in building oriented professions at South African Universities, presumably because of the recession. It is however difficult to understand why parents and particularly professional and industrial organizations and those who advise prospective students, do not realize and make it known to university entrants that in five or six years time, when these young men and women who enter university now will graduate, the whole building community will in all probability be in boom or near boom-times with exciting and well paid careers waiting for well-trained competent graduates.

Furthermore, ...

Furthermore, universities, professional associations and Government departments who all share responsibility for academic education and professional training, should find that the reports of the Straszacker Commission of Inquiry into university training in engineering and the more recent report of the Webb Commission of Inquiry into the training of architects provide most valuable guidelines for action.

As far as the education and training of technician and technologist manpower is concerned, let me say that I firstly believe that the building community will need and can effectively use far more of this type of person than has been the case in the past, and I would appeal to all concerned to encourage and assist employees to take such courses. Here the recent report of the Goode Committee of Inquiry into the training, use and status of engineering technicians in the Republic forms the basis for highly productive action.

I would ...

I would also like to say that in the case of professional, technical and site manpower there is a very real need for structured ongoing or continuing education and training. In an age when the building process is becoming increasingly complex and is moreover changing rapidly, it must be realized that the magic piece of paper which is awarded as a diploma or degree or other certificate rapidly becomes as obsolete as the training or education which it recognizes. More well-organized and properly structured short courses, ideally arranged jointly by an educational institution and the professional or industrial association concerned, are in my view therefore an essential component in achieving the objective of full and fulfilling employment. There is also, I believe, a need for good corres-

pondence type ...

pondence type courses in both technology and management for that considerable number of people in building who, by nature of their remoteness from urban areas, are unable to avail themselves of the opportunities offered by conventional educational institutions.

To continue now with the matter of manpower and employment on the building site, lets consider some relevant facts:

First, by Western World standards and by comparison with other major South African industries, the building and construction industry has traditionally been and is essentially labour intensive despite a comparatively rapid increase in the use of mechanized plant and equipment during the 1964-73 boom period.

Secondly, during that boom, cost and construction time advantages favoured the increased use of machines because, amongst other

reasons,

reasons, the demand for suitable labour exceeded supply. This led to a rapid increase in labour costs. Since then, of course, a large number of skilled tradesmen, semi-skilled operatives and unskilled labourers have been paid off or have left the industry voluntarily in search of more stable employment. Typically, as has been the case after previous recessionary periods, they will only come back into the industry, if they do so at all, at premium wages. It has in fact not taken much more than a comparatively minor resurgence in construction activity during the past six months or so for labour problems to re-emerge.

I believe ...

I believe that this paradox of a manpower shortage in a situation of comparatively widespread unemployment can be understood if one recognises that over and above the need for appropriate quantities of labour, there is a critical need for and potential on-going shortage of suitably trained, motivated and productive labour, i.e. the 'quality' component is absent from the supply and demand equation. I am also aware that despite certain developments - and here I am referring, for instance, to the fact that the Black Building Workers Act has been repealed -, the building and construction industry is experiencing difficulty in solving the skilled labour shortage and in creating employment opportunities for unskilled labour. As you are all well aware, matters relating to labour legislation and to legisaltion affecting the utilization of manpower have been the subject of two recent reports, namely those of the Wiehahn Commission and

the single ...

the single and final report of the Riekert Commission. As a direct result of recommendations contained in these reports and accepted by the Government, the National Manpower Commission has been brought into existence.

Since the quality of the manpower in your industry is mainly determined by the level of education and training of the work force, not only the number of people educated and trained but also the quality of such education and training is of cardinal importance.

In so far as education is concerned, statistics show that in 1970 a large part of the work force in the construction industry had limited educational qualifications. For instance, 46 per cent of the nearly 300 000 male Black workers and about 15 per cent

of the ...

of the 77 000 Coloured male workers had no educational qualifications, whilst 88 per cent of the Black workers had an educational qualification below the level of standard five or none at all. By contrast, 93 per cent of the White males in the construction industry had an educational qualification above the level of standard five.

Although the educational level of the Coloured and Black labour force is improving quite rapidly as a result of sharp increases in the number of lower and higher primary pupils, attention will have to be given to the improvement of the educational level of adults who are already employed, in an effort to facilitate their training and re-training.

With regard to training that is of direct relevance to the building and construction industry, much has been achieved but

a tremendous ...

a tremendous amount still remains to be done. In particular, the Building Industries Federation of South Africa must be commended for what it has done and is doing to support education and training. Apart from its highly progressive action in supporting both morally and financially the six schools of building science at South African Universities, and generously financing bursaries and study loans at these universities, it has set up several training centres. I also expressed this sentiment when I opened the R2,2 million BIFSA Training Centre at Springs last year. The importance attached to training by the industry is also evident from the fact that, in addition to the centre at Springs, three others are on the drawing board or in an advanced stage of planning. It is also significant to note that in respect of unskilled and semi-skilled labour,

BIFSA ...

BIFSA has instituted training courses at six in-service training centres and that training done by the building industry, in comparison with that of all other industries, represents 60 per cent of all training at the in-service centres. The magnitude of the BIFSA financial support for education and training in the building industry is brought into perspective when one realises that this Federation has invested R17 million in such activities since 1971 and that their budget for this purpose for 1980 is R3 million.

Similarly, the South African Federation of Civil Engineering Contractors must also be commended for its efforts. Its Construction Industry Training Board, established in 1971, has invested about R10 million in the training, to approved standards, of some 53 000 operatives and construction workers. At the level of higher education, SAFCEC assists in the on-going development

and provides ..

and provides generous financial support to the construction management training programmes run annually by several South African universities.

VERBETERING VAN PRODUKTIWITEIT

Opleiding is van primêre belang vir die verbetering van produktiwiteit en aangesien hoër produktiwiteit 'n belangrike bydrae lewer tot die afkoeling van die inflasiekoers en tot 'n toename in ekonomiese groei en tot werksgeleentheid aanleiding gee, regverdig produktiwiteit miskien meer aandag as wat dit in die verlede ontvang het.

Uit onlangse ..

Uit onlangse verklarings van meneer Stevenson, die President van BIFSA, en ander getuienis blyk dit dat die prestasies van die konstruksiebedryf met betrekking tot produksie per werker relatief tot verdienste per werker, swak vertoon in vergelyking met dié van die vervaardigingsbedryf. Bowendien, sedert 1970 het die opbrengs of produksie per werker in die konstruksiebedryf met byna 7 persent gedaal terwyl die verdienste per werker met ongeveer 250 persent toegeneem het.

'n Groot deel van die skuld vir hierdie ongunstige produktiwiteitsrekord van die konstruksiebedryf kan voor die deur van die oplewings- en afplattingsgolf ('boom' en 'bust' cycles) gelê word en daarom glo ek dat ons daadwerklik moet poog om metodes en middele te vind om groter stabiliteit in die bedryf in die hand te werk. Aan die naderkant egter, glo ek ook dat die konstruksiebedryf hom daaraan skuldig maak deur te aanvaar dat

die enigste ...

die enigste manier om produktiwiteit te verhoog, is om harder en langer ure te werk in stede daarvan om beter en meer doeltreffend te werk.

Die konstruksiebedryf maak van vier produksiefaktore gebruik, naamlik, mense, masjiene, geld en materiaal. Verbetering van produktiwiteit kan alleen verkry word as effektiewe en optimum gebruik van al hierdie produksiefaktore deur bestuur bewerkstellig en gehandhaaf word. As dit duidelik is dat die mens sekere tipe werk nie so effektief of so ekonomies as 'n masjien kan verrig nie dan moet masjiene vir hierdie taak gebruik word, selfs al mag dit op die kort termyn teen die nasionale doelwit van die skepping van meer werkgeleentheid indruis.

Wat dit ...

Wat dit aanbetref weet ek dat die georganiseerde boubedryf onlangs 'n motivering vir die herinstelling van die toelaag op die investering in masjinerie aan die Minister van Finansies voorgelê het. Die motivering vir die toelaag is hoofsaaklik daarop gebaseer dat 'n effektiewe en winsgewende boubedryf wat moderne masjinerie en toerusting gebruik die beste waarborg is vir toenemende werksgeleentheid in die bedryf en dit sal ook daartoe bydra dat koste binne die bedryf so laag moontlik gehou word. Hierdie voorlegging is na die Staande Komitee insake Belasting verwys en is tans nog onder oorweging.

Die landswye gebruik van meer arbeidsintensiewe metodes in die bouproses word tans, soos sommige van u bewus is, deur die Nasionale Bounavorsingsinstituut ondersoek. Die Instituut het alreeds bevind dat baie van die tegniese, logistiese en ekono-

miese ...

miese belemmeringe wat die gebruik van masjiene in die stede noodsaaklik maak nie op die platteland en in die ontwikkelende gebiede van ons land bestaan nie. Dit is daarom dat ons in hierdie streke metodies moet soek na benaderings wat meer in plaas van minder gebruik sal maak van arbeid in plattelandse bou- en konstruksieprogramme.

Ons moet egter baie goed raaksien dat terwyl tegniese oplossings wat tot groter arbeidsintensiteit in die bouproses vir die platteland relatief maklik is om te ontwikkel - of moet ek sê herontwikkel; want 'n klompie jare gelede het die bedryf nie oor al die moderne masjinerie en toerusting beskik nie - sal die sukses van arbeidsintensiewe metodes nie alleen van hierdie

tegniese ...

oplossings afhang nie, maar ook van die omvang en kwaliteit van beplanning, organisasie en administratiewe ondersteuning wat met die deurvoering van die tegniese oplossing verkry word. Ons het inderdaad konstruksietegnologie nodig wat aangepas is by die sosio-ekonomiese omstandighede van die mense vir wie, en die omgewing waarin dit gebruik gaan word, en ek vertrou dat die werk van die NBNI vir ons 'n leidraad in die regte rigting sal gee.

'n Aspek wat verband hou met produktiwiteit, opleiding en stabiliteit in die boubedryf en wat van kardinale belang geword het, is die handhawing van gesonde arbeidsbetrekkinge. U is ongetwyfeld bewus van die toenemende tekens van arbeidsonrus in baie nywerhede en behoort dus gewaarsku te wees om u eie arbeidshuis in orde te kry en in orde te hou. Dit vereis dat noulettende aandag geskenk sal moet word aan indiensnemings-, bevordering- en besoldigingspraktyke, dit wil sê aan personeel-

bestuur ...

bestuur in die algemeen. Hierbenewens, is dit ook noodsaaklik dat daar in die boubedryf vinnig aandag geskenk moet word aan opleiding in nywerheidsbetrekkinge. Kennis van die rol en plek van die vakbondwese, die proses van kollektiewe bedinging en van nywerheidwetgewing binne die raamwerk van 'n vrye ondernemingstelsel, is noodsaaklik vir die behoud en uitbouing van die stelsel.

I would like to conclude my address by stating that my Department and the National Manpower Commission is prepared to collaborate fully with the South African Institution of Civil Engineers in its endeavours to promote the importance of and develop mechanisms for creating job opportunities in building and construction. I believe, as I know you do, that the jobs

created ...

BESTER . (323) FM 8/8/80

Doubts remain

Activities: *Construction, property and farming group. The Bester brothers hold 75,4% of the equity*
Executive chairman: *T Bester*
Capital structure: *12m ordinaries of 50c. Market capitalisation R12,6m.*
Financial: *Year to February 29 1980. Borrowings long- and medium-term R11,5m; net short-term, R29,5m. Debt:equity ratio: 266%. Current ratio: 1,2. Net cash flow R2,6m. Capital commitments R1,8m.*
Share market: *105c (1979-80: high 112c, low 30c, trading volume last quarter 366 000 shares). Yields 11% on earnings; 4,8% on dividend. Cover 3,0. PE ratio: 7,1*

	'77	'78	'79	'80
Return on cap % ..	9,9	13,2	11 0	10.7
Turnover index*				
Property sales	55	42	71	122
Construction	202	211	245	262
Gross profit (Rm)	5.4	7.1	6.0	6.3
Interest and lease costs (Rm)	5,4	6,7	6,4	5,6
Earnings (c)	10,4	14,7	11,9	14,8
Dividends (c)	—	—	—	5
Net asset value (c)	108	116	123	130

*1974 100

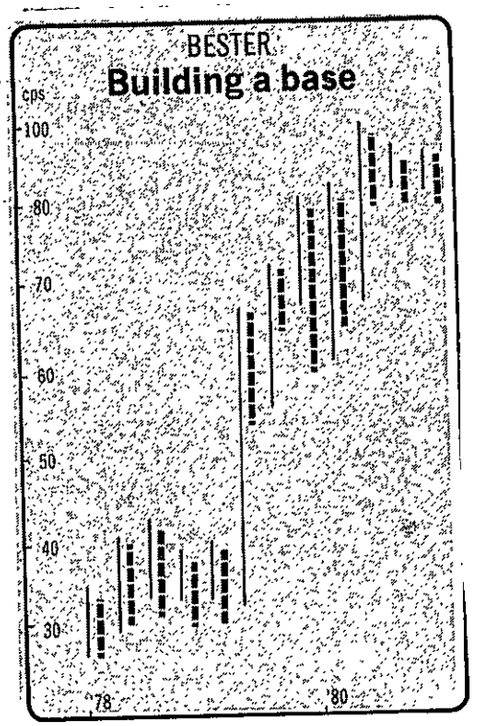
After a set of disappointing interim results, Bester performed better in the second half. The two most encouraging aspects of the year's results are the turnaround of the agricultural division and payment of the first dividend in four years. Overall performance for the year was middling, as some of the other divisions have yet to reflect the current economic upswing. Large interests in both construction and property must, however, ensure that the earnings picture improves further this year.

Group income before interest and tax rose by only 3,4% to R6,2m (R5,9m). Percentage contributions from the four divisions varied considerably over the period. Construction's fall from 90% at R5,4m to 54% at R3,3m is attributed, by executive chairman Theunis Bester, to "contracts obtained at low profit margins during the recessionary period and completed during the past year."

If costs continue to rise at the industry's current rate, this year's profit growth may turn out to be less substantial than expected, although most contracts contain escalation clauses.

The property division, involved mainly in township and sectional title developments, emerged as a much more significant contributor, with its R2m constituting 34% (16%) of the total.

But uncertainty surrounds the marketability of certain of the township properties, valued in the annual report at R24,4m, and has led the auditors to qualify the accounts.



Bester, nonetheless, predicts a "modest improvement in its results for this year."

After losing R622 000 in 1979, and R246 000 in the first six months of 1980, the ranching operation has moved into the black with a R64 000 contribution. This is still too small a base to insure against a possible downturn this year because of the divison's major dependence on favourable agricultural conditions, but the group plans to withdraw from this sector gradually because of its low returns.

Although group profit was higher than the previous year, at R1,6m (R1,4m), an interest and leasing bill of R5,6m (R6,4m) cut heavily into the improved turnover achieved. With debt:equity at 266%, these kind of interest charges could continue to dilute any benefits which the group may reap from the economic upswing.

Medium-term policy may be to reduce debt with retained earnings — cover of 2,7 times on the 5c dividend indicates that shareholders are certainly not to be paid out enough to compensate them for their three-year drought. At 105c, the share yields an historic 2,6%, which could indicate that the market sees the 5c payout as a token and is expecting substantially more this year.

Fiona Haise

LTA

(32) FM 8/8/80

Record orders

Activities: *Anglo American-controlled building, civil engineering and construction group.*
Chairman: *Dr Z J de Beer; managing director: M T Ridley.*
Capital structure: *12,9m ordinaries of R1; 31 178 10% cum red prefs of R1. Market capitalisation: R51,6m.*
Financial: *Year to March 31 1980. Borrowings: long- and medium-term, R6,4m; net short-term, R5,2m. Debt: equity ratio: 29,2%. Current ratio: 0,97. Group cash flow: R19,4m Capital commitments: R4,4m.*
Share market: Price: 400c (1979-80: *high, 410c; low, 195c; trading volume last quarter, 199 000 shares)* Yields: 14,1% on earnings; 6,0% on dividend. Cover: 2,3. PE ratio: 7,1.

	'77	'78	'79	'80
Return on cap % ...	18,4	18,6	27,9	25,9
Turnover (Rm)	282	336	396	473
Gross profit (Rm) ..	9,2	11,5	13,1	15,0
Gross margin % ..	3,3	3,4	3,3	3,2
Earnings (c)	39,2	42,7	56,9	56,2
Dividends (c)	18,5	19,0	21,0	24,0
Net asset value (c) .	246	270	303	337
Work in progress (Rm)	271	301	395	500

Though the upswing in the building industry only filtered through to LTA during the final quarter of the year, improved market conditions this year, plus a steadily expanding operating base, should add momentum to earnings.

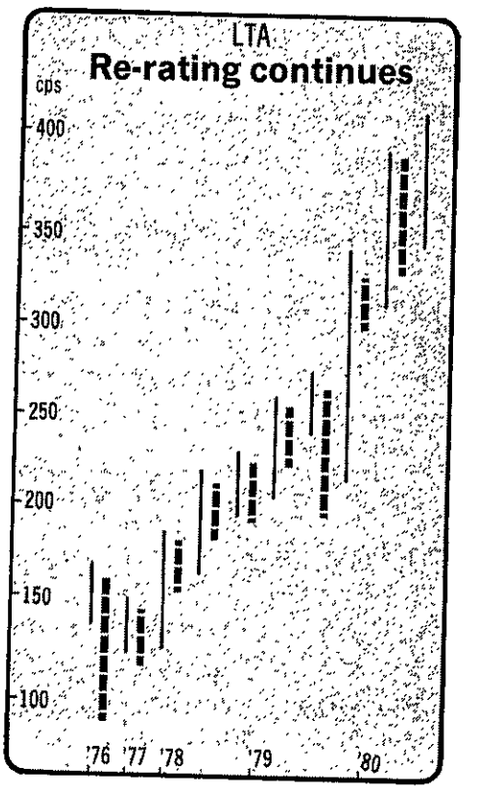
Higher contract margins since the end of 1979 have raised the profit expectations from uncompleted work on hand, the directors say. But the full effects of the better conditions will only become apparent over the next few years if the upswing continues and spreads. However, with a record R500m in work on hand at mid-year and some margins already reported to be considerably better, the short-term must also hold some attractions.

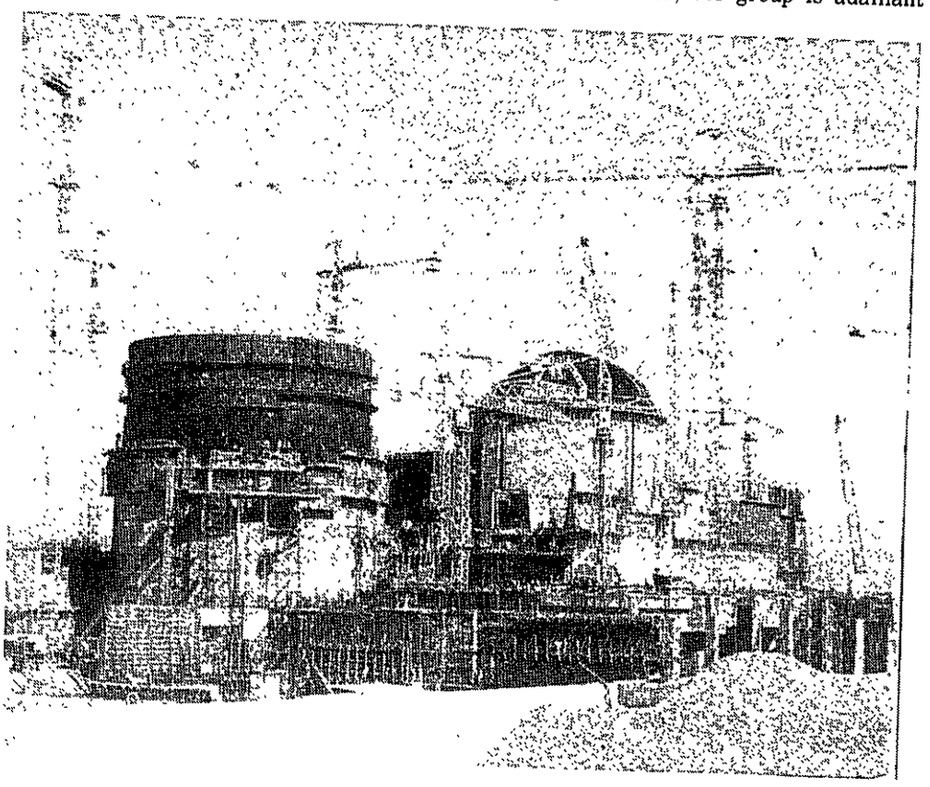
The emphasis of the group's activities has continued the shift of the last couple of years. Some 76% of pre-tax profits of R13,7m (R11,4m) is now earned by building, civil engineering and roads and earthworks, compared with 58% in fiscal 1979. A drop in the proportional contribution from industrialised building, roofing systems, mechanical and electrical engineering, from 36% to 18%, backs up the directors' claim that while civil work is accelerating, the lightweight industrialised sector remains quiet.

Civil work is generally written at somewhat higher margins than building projects, but tends to demand more capital backing. However, the group is adamant that there is no pressing need to expand the capital base, and it seems satisfied with the comparatively low 30% debt: equity ratio (29,2%). However, total borrowings are up some 50% from R9,9m to R14,8m, largely as a result of increased short-term loans. The group is also fortunate in having R1,2m in interest-free loans on its books, while the interest/leasing bill is comfortably covered 5,1 times by gross profits.

The directors believe that gearing should not exceed 100% so the group is obviously operating at a particularly conservative level. But they warn that the position could change over the next few years as the group seeks to expand its operations through acquisition in related fields

One area which the group seems intent on breaking into, according to MD Michael Ridley, is the high-technology electronic engineering field. The expansion would presumably take place through recent acquisition J C Groenewalds Construction, which is already involved in the manufacture of control boards incorporating electrical and electronic instrumentation. As *Fox* reported last week, there are a number of suitable companies in the market, but Ridley insists that LTA is still





in the early stages of planning its expansion.

The group has been fairly active on the takeover trail over the past year and has made purchases in mining exploration, roofing and power tools. The directors, however, believe that the effect of these takeovers will be minimal for the current year.

International contracts help to keep the tax rate down to 28% (27%) as they are seldom negotiated without considerable tax relief.

Cash flow is particularly important in the construction business and LTA is well placed with a group cash flow of R19,4m over the past year compared with R16,4m in fiscal 1979. With the directors estimating that the difference between calculated and actual cost of contracts not brought to account amounts to around R10,5m (R11,2m) after a provision for tax, the overall cash position could look much better by year-end.

The share has been re-rated by the market over the past year. A year ago the dividend yield at a share price of 195c was a hefty 10,8%. Now, after a steady climb in the price since that time to the current 400c level, the historic yield is a more moderate 6,0%.

While earnings were flat last year, the actual cash inflow from dividends of subsidiaries rose sharply, and it was probably this which prompted the group to increase dividends from 21c to 24c. This trend should continue this year, giving LTA the opportunity to add another couple of cents to the payout and still to increase cover to fund growth. On this basis, the share is good value.

Scott Hawker

Minister attacks builders

32
Express
10/8/82

MINISTER of Manpower Utilisation, Fanie Botha, this week hit out at the building and construction industry and warned it to get its house in order in view of the increasing labour unrest in many industries.

Speaking in Pretoria at the conference on future employment opportunities in building and construction — organised by the SA Institution of Civil Engineers — Botha said that it was essential to pay immediate attention to wages, promotion, employee relations and training in industrial relations.

A knowledge of the role and position of trade unions, the process of collective bargaining and of industrial legislation within the free enterprise system was vital, he said.

At the moment, the country's labour force was increasing at the rate of about 240 000 a year, of which the majority (73%) were Black. Between 1990 and 2000 it was expected that the work force would increase by 290 000 people of which 81% would be Black.

"It is estimated that even if an economic growth rate of 5% can be maintained between 1980 and 1987, unemployment will still be around 12% of the workforce. Of the unemployed, one million will be Black," he said.

DD 11/8/80 (32)

Building plans up

EAST LONDON — The upswing in the building industry in East London was reflected in the 68 building plans passed by the city engineer's department here last month at a total value of R1 268 650.

The 444 plans passed so far this year at a total estimated cost of R6 673 400 show a marked rise from the 347 passed during the same period last year at an estimated cost of R4 845 950.

Plans passed last month included those for a block of 12 flats in Rosyth Road (R300 000), six flats in Brighton Road (R135 000), shop extensions in Old Transkei Road (R200 000) and a warehouse in Voortrekker Road (R55 000).

Plans for 11 houses were passed, and for nine swimming pools. The remainder of the plans passed were mostly for home and factory alterations. — DDR.

UNIVERSITY OF CAPE TOWN
ANSWER BOOK

EVERY CANDIDATE MUST enter in column (1) the number of each question answered (in the order in which it has been answered); leave columns (2) and (3) blank.

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Exami-ners'

Building boom tops R250-million

STAR 11/5/80 (32)

The value of building work now under way in Johannesburg alone has soared past R250-million as the property boom goes on.

By Michael Chester, Financial Editor

The City Engineer, Mr E J Hall, reported today that by the end of last month no less than R252-million worth of construction jobs were being tackled — almost 37 percent up on a year ago.

Compared with July last year, the price tag on brand-new building projects had rocketed from under R6-million to over R13-million.

National surveys carried out by the Department of Statistics in Pretoria show that the building boom is speading everywhere.

For South Africa as a whole, the overall value put on building plans given formal approval swept to R868-million in the first five months of the year.

The pace of planning has accelerated to nearly double the speed recorded in 1979.

Cash earmarked for spending on new houses in the private sector was up from R206-million to R377-million. The figure became R458-million when new blocks of flats were added.

Plans in the pipeline for new shops, offices and factories shot from R116-million to R187-million.

The boom has already created serious shortages of bricks — accompanied by steep price increases — as private families and building companies scramble for supplies.

With the present high liquidity there was as yet no shortage of funds, but the shortage of bricks has pushed building costs almost 10 percent higher. This was because of the cost of transportation from other centres, such as Natal, where bricks were more readily available.

The shortage of skilled artisans posed another problem. At the moment, Bifsa could find immediate employment for 3 000 artisans, the spokesman said.

Shortages

The shortages are worsened as more and more home-owners, using the cash from tax cuts and tapping credit facilities from the banks, launch their own private home-improvement schemes.

Causing equal or even more concern is the price spiral on almost all building materials.

The Bureau for Economic Research at Stellenbosch University estimates that building costs over 1980 as a whole will show rises of a phenomenal 21 percent — far worse than the consumer price index.

The Building Industries Federation of South Africa reports that in Sandton the value of building plans passed in the last 12 months has swollen four fold — from R31-million to R129-million.

It adds that in Pretoria the building programme for the next 12 months has been valued at about R176-million against R[illegible]

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4. Do not write in the left hand margin.

Any dishonesty will render the candidate liable to disqualification and to possible exclusion from the University

Made in South Africa TRIO-RAND/S.P.C.T. PSL/UPD 100 000 1978 PD UCT AM7a Vervaardig in Suid-Afrika

50 000 houses wait for bricks

By Jaap Boekkooi

South Africa is short of 1 500-million bricks with no relief in sight until April next year. Stocks are being railed from Zimbabwe and bricks may be imported from as far as Britain and Germany.

The backlog, blamed on poor economic forecasting by part of the industry, means that about 50 000 urgently needed houses cannot be built.

The Price Controller has investigated cases of alleged black marketeering in which scarce bricks were sold at double the controlled merchants' price of R70,50 a thousand.

But it is understood that, so far, no charges have been laid. Merchants usually defend their high prices because of heavy transport and loading costs from country towns as far as Pietersburg and King William's Town.

The brick shortage on the Reef has received another blow through the decision of Corobrick, the giant combine that controls 51 percent of the market, to stop railing bricks from Durban. The reason is that Natal also has a shortage.

Going flat out to catch up on demand for bricks

KEEPING the industry turning over, Israel Shongwe is one of several thousand workers involved in helping to ease the brick shortage crisis

WORKERS clearing out a kiln for the next batch of bricks

BRICK moulding ...

Beating the bottleneck in industry's building boom

reason was the strong attraction of the area for institutional investors.

"The nature and location of the property must be excellent and the Gale Street area meets these requirements," he said.

"Short-term leases are not a drawback as there is a strong demand from potential tenants and the owner can look to growth in rental income in a fairly short period."

Abdu Properties was bought for R630 000 and shows an initial yield of 10,6 percent with escalations running at six percent annually. The 3 410 square metre site is rail-served and carries 6 000 square metres of buildings.

Abdu is one of a number of deals in the area recently negotiated by Berman, who tells of a remarkable couple of days in which several transactions were completed.

R500m shock for contractors

17/8/80 SUN TIM (B.1) (32)

By ANDREW McNULTY

MORE than R182-million worth of construction contract performance guarantees could be at risk countrywide following a Rand Supreme Court ruling placing Commercial Guarantees Limited (CGL) under provisional judicial management.

Since its inception some years ago, CGL has provided guarantees of performance for contracts totalling more than R1 000-million, representing some 2 000 contracts in the hands of some 600 contractors.

Outstanding

According to documents before the court, CGL has total assets of some R2-million and current creditors of about R1,7-million.

The company currently has guarantees outstanding where the original contract value was above R564-million.

Unless immediate and urgent steps are taken to preserve about 500 performance guarantees, some 2 000 building contracts will have to be re-guaranteed.

In this event, most of the contractors will face the termination of their contracts, resulting, in many instances, in insolvencies and the number of CGL's creditors increasing enormously, Mr Justice Moll was told.

The application was brought by Karine Frances Murton, who owns 250 shares in CGL. She said CGL was unable to repay R30 000 it owes her.

CGL has contingent liabilities for performance guarantees of about R18-million. It holds security from the contractors to cover this amount.

Traditional sources of contract guarantees are registered banks and building societies.

CGL's guarantees differ from the normal guarantee as the company binds itself with the contractor for completion of the contract in all its original terms, conditions and prices.

If the builder is in default or has his contract cancelled, the company automatically becomes the contractor in substitution.

The Registrar of Insurance Companies had accepted that CGL should be given the opportunity to obtain a short-term insurance licence — on condition it divest itself of its construction activities.

It had now been realised, the court was told, that the divestment was almost impossible because cash received from contracts as they neared completion came mainly from subcontractors, although the same structure and overheads remained until completion of the contracts.

At least 30 of CGL's creditors have initiated actions against CGL.

Attached

Assets have been attached and should further equipment be removed, building operations would come to a standstill and a major asset, the retention monies, would be forfeited, the court was told.

CGL has until September 30 to show why a final order for judicial management should not be granted.

M & R selected as Soweto pioneers

Although its value is only in the region of R1,3-million, Murray & Roberts' latest Soweto contract must be the most socially rewarding in its order book.

Getting in at a great beginning, Mr and R associate, African Development and Construction Company has just been signed up to build six electrical substations as part of the electrification of Soweto.

M and R has also just been contracted to build 15 more schools in Soweto, using the Ribco system of industrialised building which has been used successfully for schools throughout the Transvaal.

Within the last three months the group has negotiated contracts to the value of R155-million, which is a clear indication of the increasing tempo of building industry activity.

Certainly, the M and R spectacular has been the contract to build the three major bridges on the Garden Route in association with Concor, the ace development being the R10 million Bloukrans bridge, which has been described as "the bridge of the decade," and claimed to be the largest concrete arch bridge in Africa.

The Carlton Centre could quite comfortably fit into the gorge it spans.

Another big one for M and R has been the Royal Swazi sugar estate at Simunye which has been created out of bushland in only 36 months.

The 24-million contract includes the preparation of 9 000 ha of land and housing for a community of 15 000.

Serious labour unrest will 'not re-occur'

Industrial Reporter

THE head of one of South Africa's biggest construction groups believes labour unrest here will not re-occur with the seriousness or frequency expected by overseas commentators over the next five years.

The executive chairman of the Murray and Roberts group, Mr Des Baker, stressed in an interview in its house magazine that there were no new basic problems in the field of industrial relations and nothing that could not be adapted to.

It was possible the company had paid agitators in its employ, "but there is quite a strong reaction among the more conservative elements to these people."

The country had so far had relatively little labour discontent, but it could learn from countries such as the United States, Australia and Britain which had experienced more trouble.

Asked if he believed black wages in the group's industries were high enough to provide a reasonable way of life, Mr Baker said there was still room for improvement. On the other hand it had been found that lower paid employees could not be prevented from taking off far more time from work than they could afford. In such a situation more pay would mean more absenteeism.

The company was considering a policy of apprenticing blacks in increasing numbers since recent changes in legislation.

This took courage because problems did arise where white and black apprentices were being trained together.

Soweto contract goes to AD & CC

One of the largest contracts signed in the second round of tenders for the Electrification of Greater Soweto project was with African Development & Construction Company — the first black company to have successfully won a contract on open tender for this project so far.

AD & CC, one of the largest contractors active in Soweto and other black areas, will carry out all of the building work for the main receiving station at Soweto and for the substations at Diepkloof, Mofolo, Zla, Mapetla and Moroka.

The contract, signed with the community councils of Soweto, Diepmeadow and Dobsonville, includes foundationing and all building work including the associated domestic electrical and plumbing installations — in all, valued at R1,4 m.

CONSTRUCTION

Best is yet to be

(32) FM 22/8/80

The sharp take-off in building activity this year has not been mirrored by an equal jump for the construction industry. Companies in this sector, which hit the bottom of the recession in 1978, haven't returned to pre-recession figures.

Most in the industry concede they aren't yet expecting to climb back to the unrealistic highs (in real terms) the industry reached before 1976.

Turnover, according to the SA Federation of Civil Engineering Contractors, which was about R1 200m in 1979 — R900m having been contributed by the public sector — was about R400m during the first quarter of this year. While these figures have been inflated by rising construction costs, turnover growth in real terms, since 1978, is about 12,5%-15% — which is certainly satisfactory, even though calculated on a low base.

Major contracts awarded during the past year have included a total of R72m for the completion of the freeway from Johannesburg to Vanderbijlpark, a R25m contract for work at Jan Smuts Airport, including a new runway, R22m for a canal for the Rand Water Board and three bridges on the Garden Route with a total contract price of R25m.

There has been a strong geographical bias in the work and, generally speaking, there have not been enough of the smaller R1m and R2m contracts, which keep the smaller contractors in business.

Last year government's actual expenditure fell 10,4% short of budget, and Kees Lagaay, director of the SA Federation of Civil Engineering Contractors, says the Federation has doubts whether the projections for this year will be realised.

The budget for public sector expenditure on civil engineering construction work in 1980 is R1 135m — 32% above the actual expenditure of 1979. Of the R1 065m forecast for 1979 only R860m was actually spent. Although 7,5% higher than expenditure the previous year the industry considered the figure disappointing as it had expected an increase in infrastructure spending. There was, however, a recovery in the road building sector — which was higher than the 1979 projection.

According to industry figures, most public corporations paid out less to civil engineering contractors during 1979 than they had the previous year.

Even if business activity should lose momentum late next year, the construction industry looks forward to real growth

of between 5% and 7% a year for the next three years at least, Lagaay says.

But he warns that if government spending again falls 10% below budget and costs rise a possible 20%, in real terms the industry faces another year of declining demand.

The construction industry has up to this point escaped the inflationary bottlenecks that are being experienced by the building industry, because of the critical skills shortage and inability to get stocks of its vital materials. But the distribution of materials supplies could become a problem.

Cement production has jumped 24% in the past seven months, particularly in the northern areas. But, although production capacity is not yet being fully utilised, distribution problems could well create a temporary shortage. When the Cement Producers' Association (CPA) could not meet demand with the available railway trucks, it took the expensive decision to use road transport. That was revoked last week and it will be another week or two before the effects are felt.

George Taylor, executive director of the CPA, says production could rise from 6 070 000 in 1979 to 7 Mt, this year. Although utilisation of the factories is at only 80% of capacity in the northern areas, and about 70% in the Western Cape, two new factories have been commissioned — at De Hoek and Lichtenburg. The first is expected to be complete by year end, the other by the end of 1981 or beginning of 1982.

Industry views differ widely on just how serious the skilled labour shortage is in the construction industry. Murray and Roberts lists labour shortages through the full personnel spectrum as the major handicap. Overseas recruiting of professional and semi-professional people by many companies is not solving the problem.

One of the labour problems which does exist stems from the development of the industry without any form of trade unions or industrial council, Lagaay says.

Rising construction costs are a major concern — particularly in view of the long term contracts which are signed. Although cost escalation clauses are built in, few withstand the type of rises experienced recently — between 15% and 20% in 1979 and an expected 20% in 1980. Some contractors believe the official figures understate the rate of inflation — the indices show an 18% increase in the cost of construction materials over the year, including a 14% rise in cement and 17% for reinforcing steel. Wage rates rose by about 11% on average.

So, with the government firmly committed to keeping the lid on public sector spending, the industry can expect a period of steady rather than spectacular growth.

CONSTRUCTION SHARES

Building and construction companies are finding favour with portfolio managers looking for 'defensive' stock — shares that are likely to have above-average profit increases at a time when the consumer boom may have topped out.

Taken over a year, the construction sector has already outperformed the industrial market. In mid-August 1979 the JSE All Actuaries industrial index was 341,6; by mid-August this year the index had risen 82% to 622,2. The building and construction index, however, rose 95% to 435,8 over the same period.

Tender prices are now reflecting the reduction of the intense competition. Margins are still low because of the peculiarity of profit-taking in long-term contracting; popular accounting convention is to take into each accounting period the estimated profit based on the proportion of the contract completed during the accounting period. Losses, however, are written off in full in the year in which it becomes apparent that the contract will not be profitable.

So the majority of contractors have reported, and will report, results this year which do not yet reflect improved profitability.

It is, thus, in the next two years that the most efficient contractors could go so far as doubling margins — and the leverage on profits from that will be significant.

Immediate prospects for the leading groups in the construction sector are:

Murray and Roberts — Almost half of its profits are from non-construction interests such as helicopter and security services, marine salvage, industrial manufacture, ship repairs, engineering and food and catering equipment manufacture and distribution. The benefits of this diversification were apparent when the group announced earnings of 41c a share (35c) for the six months to December 31 1979.

This small increase in profits was arrived at after absorbing a large loss (industry sources guess as high as R5m) suffered on the high-specification Koeberg nuclear power project. Results for the year to June 30 will absorb the full anticipated loss, but the directors forecast a dividend payment of at least 34c a share, which suggests earnings of 99c (84c). It is in 1981 that analysts foresee sharp improvement, and a forecast dividend of 55c puts the share on an attractive prospective yield of nearly 10%.

Darling and Hodgson — 58% of the R10,1m trading profit in 1979 was derived from contracting, the rest came from the group's manufacturing, servicing and engineering operations. The 38% increase in earnings in the six months to June 30 was attributed mainly to improvements having been made in the manufacturing and servicing division.

Benefits of the bigger contracting order book at higher margins should start impacting in the second half and earnings forecasts of 75c a share look attainable. This would allow a payout of 30c a share (23c) to put the share on a prospective yield of 5,1%. The recent abortive bid to acquire Grinaker halted at a 25% stake with which D & H must feel uneasy, and a swap for some other compatible operation is a possibility.

LTA — This group is 76% owned by the Anglo American group. Hence its diversification has been limited. Its total reliance on construction for earnings, increases the risk rating of the group.

For the next three years at least, however, the group appears well placed to take advantage of the business upturn and, with a current order book of over R500m and improving margins, earnings could rise to 90c and 130c in the 1981 and 1982 March 31 years respectively. This type of potential growth makes the prospective yield of 9,5% extremely attractive.

Grinaker — A family controlled group that this year warded off a takeover bid from competitor D & H. Rather than enter into a battle with the very management so crucial to the company, the predator withdrew.

This is a soundly established contracting group, diversified into the high growth technological industry via the acquisition of Racal Electronics, now re-named Grinel. The full potential of this diversification was seen in the June 30, 1979 results: the contribution to group profits from the industrial division rose from R247 000 to R2,4m as a result of the Racal acquisition.

First-half results were disappointing with earnings up only 3,3% to 51,3c a share. A more profitable second half is expected and results now due for the year to June 30 could reach the forecast 150c with a 41c dividend. The current price of 850c is thus on a prospective yield of 4,8% which suggests the market would be disappointed if these results are not, at the least, achieved.

Ian Muil

Brick men ask the State ask State planners to help

The brick industry has asked the Government to help prevent a recurrence of the present brick shortage by extending its financial planning for State building programmes from one year to three.

This was said in Johannesburg yesterday by Mr Dick Kemp, chief executive of Tongaat, which controls production of half the stock bricks and three-quarters of face bricks in South Africa.

Mr Kemp said extended financial planning by the State would help the brick industry in its own economic and production planning.

The present shortage, which he forecasts would be eased by April next year, was partly caused by State building programmes, such as on black and coloured housing, schools, hospitals and Defence.

Three new brick factories would be erected to increase production, he said. The first, at Odendaalsrus, would open in April, and two in the Transvaal would start production some months later.

Other reasons for the present shortage which, Mr Kemp claimed, could not have been foreseen, were the boom resulting from rocketing mineral values, economic optimism, emigration of ex-Rhodesians and State building activities which took about one-third of brick production.

A concrete block factory on the Rand, capable of producing three million blocks a month, would be reopened in November as well, he announced.

STAR 23/8/80

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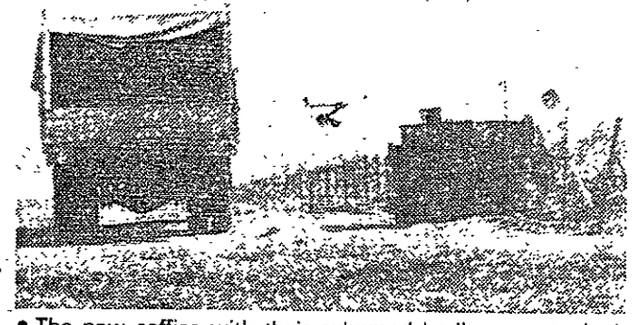
MASS GRAVES AWAIT FOLK WHO HAD TO MAKE WAY FOR A SPREADING SECUNDA

Hundreds mourn again as 1 500 Black graves dug up



• The new coffins with their exhumed bodies are stacked shoulder-high awaiting the undertaker's truck.

THE exhumed skeletons of 1 500 Blacks buried in individual plots in a cemetery near Secunda have found their final resting place: in coffins small enough for children, packed into a communal grave to make room for extensions to the town.

The graves, from Driefontein cemetery near Sasol II and III, were exhumed this week and moved to Sasol's "model township" — Langverwacht.

The graveyard was first established in November, 1965, adjacent to Driefontein township which has been made a hostel for some of Sasol's Black construction workers. The former residents of the township have been moved to new homes at Langverwacht.

Secunda is the town serving the coal-oil plants Sasol II and III.

Mrs Helen Suzman, Progressive Reform Party MP, said this week that the exhumation of the graves "showed an incredible lack of sensitivity — not to mention a lack of respect for the dead and a lack of understanding of the importance of the issue to the [illegible]t.

• Diggers at work among the remains — the skeletons of adults were packed into coffins small enough for children.

Report CHRISTINA PRETORIUS Pictures GREG ENGLISH

"It seems to me that some investigation into the matter is warranted — one simply can't exhume bodies and then indiscriminately rebury the remains in a communal grave," said Mrs Suzman.

When we arrived at Driefontein cemetery on Thursday afternoon a grisly, sad sight awaited us — a gang of workers employed by Saffas, a Witbank firm of undertakers, had already begun the exhumation of the remains of the 965 children and 467 adults buried there.

The remains were being shovelled into small coffins which then had a grave lot number stamped onto them.

The coffins were piled one upon another before being loaded on the back of a truck for transportation to Langverwacht.

Overseeing the operation was Mr Francois Fouche of Saffas who refused to allow the Sunday Express close to the cemetery.

Mr Fouche was adamant that we leave the area immediately and refused to allow us to photograph the scene.

"You've got to go away — I'll land in trouble if you don't — and you Press people aren't allowed to take photographs either," he said.

Mr Fouche told us we were to get written permission to visit the cemetery from Mr J Nelson, manager of Langverwacht township.

• This cared-for grave of Mrs Grace Sithebe, with its expensive stone, was later dug up with the rest.

When we visited Mr Nelson's office he was out on lunch so we paid a visit to the cemetery at Langverwacht where we found an excavator digging a communal grave 50m long

The man operating the machine said he had been told to dig three more graves of a similar size.

While at Langverwacht we spoke to a number of people whose dead were being exhumed. All seemed sad about the disturbance of the graves.

"Have they no more respect for the dead?" said one woman. "I have two babies buried in that cemetery — that's where I buried them and that's where I pray for them.

"I don't want them to be dug up and put in the ground at another place."

A man told me that the people of Langverwacht township had been told to submit their relative's grave lot numbers to Mr Nelson to make sure that the remains were properly numbered when they were moved.

"However, lots of people have lost the receipts they were given when they buried their dead, but they all know and they all go there to pray," he said.

According to the notice of exhumation circulated in Langverwacht, the unclaimed remains will be put in a communal grave at Standerton.

Finally we spoke to Mr Nelson, who told the Sunday Express he was unable to give us permission to visit Driefontein cemetery.

"You'll have to get Mr Thys Jonker (chief director of the Highveld Administration Board) to give you permission."

Mr Nelson allowed me to phone Mr Jonker from his office, but the chief director was unavailable.

I then phoned Mr Clarence Cuyter, chief PRO for Sasol, who had told me the previous day that we were welcome to visit the cemetery.

Mr Cuyter said we were not allowed to visit the graveyard and, in fact, the only people allowed to do so were the undertakers, police and health authorities.

"The remains could carry disease and are a health hazard," he said.

According to Mr Cuyter the cemetery is being cleared following an agreement made be-istration Board in Maren last year.

A Highveld Board official confirmed the agreement this week and said relatives had been consulted. Some agreed with this — others claim they were not consulted.

"The land is to be used for the extension of Secunda," said Mr Cuyter.

We went back to Driefontein cemetery where the workers were beginning to load the coffins on a large truck, which we followed to Langverwacht cemetery.

On arrival Mr Nelson stopped the truck and threatened to fine the Sunday Express for being in the township without a permit.

Again both he and Mr Fouche refused to allow us to photograph the scene where the workers were sliding the coffins off the back of the truck and into the huge grave.

Then we paid a last visit to Driefontein cemetery where all that remained of half of the once-pretty cemetery was an expanse of ploughed up ground strewn with broken flowerpots, bottles and luncheon left-overs from the Saffas workers.

• The excavator prepares a mass grave.

24/8/80 SUN Tim (B,T)

Firms prepare for union wrangles

32

By JOHN SPIRA

COMMERCE and industry is bracing for an era of increasing black trade union militancy, aggravated by union leadership power struggles, lack of experience among union members and political agitation.

This is the grim picture painted by the respondents to a special labour survey of the labour market by Personnel & Executive Placements (PEP) which covered both South African and international companies with local operations employing more than 230 000 workers.

Moreover, says the survey, management has little or no idea how to handle the developing situation and, while it fears politicisation through government intervention in what should be economic issues, it sees such intervention as "inevitable."

On a brighter note, there is some hope that trade unionism will be orderly and disciplined If so, real benefits could emerge in terms of labour peace and the use of the negotiating process.

The survey, the fourth of its kind, concludes that black trade unionism is still not a major force.

Indeed, a large degree of apathy appears to exist, except in the heavy industrial sectors such as steel, textiles and engineering.

This is, however, seen as a temporary phenomenon and rapid growth of trade unions, coupled with increased militancy, is expected to take hold before such unions reach a more mature phase.

Principal reason for this will be the emergence of inexperienced black union leaders.

The power struggles within their own unions and within the greater body of the black union movement, together with their inexperience and the high expectations of union members, "guarantees" a more radical approach, most managements in the survey believe.

The degree of radicalism will depend largely on how the current wave of unrest is handled.

Decisive handling is called for. Respondents in the survey are unable to spell out what such action should be but agree that it would be politicised if allowed to simmer on.

Another disturbing aspect of the survey is the lack of a coherent plan of action among management, although it is generally felt that if union issues remain on the economic front it will be possible to handle them.

An optimistic note is that most respondents (77%) are prepared to talk to black trade unions, in spite of the fact that about 80% of the respondents perceive the recent labour unrest as being at least partly politically inspired, with economic factors playing a secondary role.

Most respondents feel that racially integrated unions are desirable, although this is not expected in the short term.

The lack of experience of the black union members will present no constraint to their growth, according to 70% of respondents. Indeed, a minority believe this lack of experience will actually enhance black union growth.

The current docility of white trade unions could change if members feel that their bargaining positions are being eroded or being openly challenged by the growing power of organised black labour.

BRICK CRISIS

Shortage hits quality as well as quantity

By Jaap Boekkooi

Gerrymandering with scarce bricks has led to various forms of jerry-building wherever bricks are used.

As bricks have become harder to get, their quality, and that of their substitutes, has started to falter.

Builders complain of grossly chipped and broken bricks they get from new open kilns started by farmers and small businessmen.

In Roodepoort, builders have complained that new, half-baked bricks dissolve into mud when placed in water. Such bricks, if improperly plastered, could cause the collapse of a house after a few storms.

Other builders say some of the "hastily made bricks can be crushed by hand."

When builders cannot get enough clay bricks they often use readily available concrete bricks on inside walls where they remain hidden under tiles or plaster.

Now that municipalities generally approve them, concrete blocks have become popular for new inner walls, house extensions and garden enclosures.

"But," says one builder, "although I like them and need little extra effort in building with them, you can cause such a block to collapse if you knock a nail into a wall made from blocks."

'Artificial prop' and rackets in brick famine

By Jaap Boekkooi

The brick famine, which, on the Rand alone, will stop the building of the equivalent of 60 000 houses this year, is likely to collapse in 1981 as a result of present over-ordering.

Investigations by The Star indicate that the brick shortage is now being artificially propped up by such factors as:

- A country-wide "paper-demand" for bricks by builders who have duplicated orders with different companies and plan to cancel all but one.
- Present low building society mortgage rates which are expected to rise before the end of the year.
- Black-market racketeering by which bricks are sold at double their controlled prices.

PAPER DEMAND

- Changing building styles which turn away from extra-scarce and pricey face bricks in favour of stock bricks, concrete bricks and blocks.

The Price Controller, Mr E G de Beer, confirmed there "is a paper demand in the brick industry which is now higher than the real demand because of overordering," but said his department, after investigating complaints of high prices on bricks, had found no evidence that the brick shortage was a manipulated one.

And Mr Dick Kemp, chief executive of Tongaat, holding company of the country's biggest brick makers, Corobrik, said the present shortage was difficult to quantify because of overordering. "Orders are certainly inflated," he said.

This is illustrated by the fact that dealers who are told officially, on a Corobrik order form, that the delivery delay on face bricks is 18 months, are later informed the bricks are available immediately, because of cancelled orders.

It is the same with the more easily available stock bricks. Officially the waiting list for such bricks is seven to 12 months, but builders will tell you they can get them within three months.

BACKLOG

If Corobrik's estimates that the brick famine is getting worse are true, and that delivery delays may average 12 months soon, then the national backlog is likely to grow to 3 000-million bricks.

This means that almost 100 000 houses cannot be built until the shortage is over.

The greatest dearth is in face bricks, used from 16 percent to 40 percent of all bricks in house building. A builder planning a face brick house and ordering the bricks now can start building only in February 1982 when the bricks are expected. Some face bricks, such as white rock faces, have a shorter delivery period of nine months.

Papering over the price controls

Price control on bricks, long a pillar of government economic policy, has become a dead letter during the present brick crisis.

Delivered brick prices vary between R83 and R230 a thousand and the slogan seems to be: "Anything the market can bear."

Highest demand is for paving bricks of which there is such a shortage that Corobrik can give no assurance that they'll be delivered before 1985.

The Price Controller, Mr E G de Beer, says his department has investigated allegations of racketeering in the brick trade. But no charges had been laid because dealers could defend high prices on production of invoices for rail or road transport, and various loading charges.

This is the crunch: since bricks are mostly unidentifiable nobody can prove, in the last analysis, what charges apply to what bricks.

One Transvaal kiln has found a way to increase its prices by changing its brick collection point at the kiln to a "sales office," and so including merchants' profit margins in the deal.

A builder who needs bricks in a hurry, and is asked to pay R200 a thousand because the dealer alleges they have been railed from King William's Town, Pietersburg, or Stellenbosch, is not likely to lay a complaint with the Price Controller.

No conspiracy, but . . . say the builders

There is a considerable body of public opinion which thinks that the national brick shortage is an artificial one propped up by a near-monopoly in the brick industry trying to force higher controlled prices.

This view is not shared by the brick industry's closest associates, such as the builders and merchants of building materials.

A DISASTER

"The brick situation is a national disaster," says Lou Davis, executive director of the Building Industries Fereration, "but there is no conspiracy in it as far as I know. There also is no evidence that the brickmakers themselves are over-charging builders."

Bifsa and the Brick Development Corporation have jointly asked the Government to intervene in the situation by granting concessions on rail transport of bricks. But so far their representations have been unsuccessful.

An economist long associated with the industry warned of the coming shortage two years ago but was ignored.

Today he said: "But there is nothing deliberate about the shortage. I rather believe that the industry was genuinely caught with its pants down."

Main reasons for the present shortage were, he said, that a large part of the industry had no proper economic forecasting methods, no spare capacity, and believed that the coming building boom would be no more than a minor upswing.

Another factor was that the Department of Health began, for a while, clamping down on open-air kilns near towns and cities as coal was alleged to cause air pollution.

But the suspicion that there is more to the shortage than meets the eye remains: One building merchant who had his brick allocation cut by 80 percent put it this way: "All other sectors of the building materials industry have coped. There is no shortage of roof tiles, guttering, glass, timber, steel doors and windows, etc. Why only bricks?"

This year the brick industry will turn out more than 3 000-million bricks, but about 4 500 to 5 000-million are needed to carry out all the work on 1980's drawing boards, including large infrastructure projects like Sasol 3.

The brick industry is countering that it does everything to meet the shortage, taking old kilns out of mothballs and even having converted one pipe factory to make bricks.

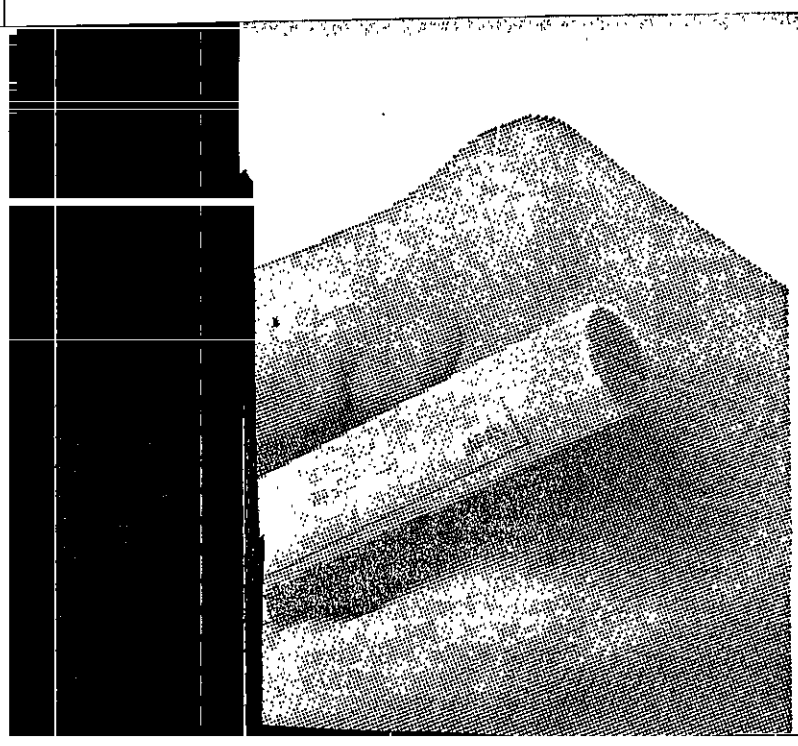
Says Mr Dick Kemp, chief executive of Tongaat, holding company of Corobrik which controls 75 percent of all facebrick production, says project staff has been trebled and that next year brick production on the Rand — which takes two-thirds of all bricks made in the country — will rise by seven percent.

IMPORTED

Millions of facebrick are being imported from Zimbabwe despite their price of R175 to R180 a thousand and Corobrick is close to deciding on brick imports from Britain which will work out at close to R200 a thousand.

Another reason for the shortage is the new popularity of clay brick in untreated interior walls and on driveways.

"The ordering has increased from an average two months' delay a year ago to an average between seven and 14 months now," says Mr Errol Rutherford, managing director of Corobrik on the Rand.



12 000 countrymen in Britain, and visited others who had become patients in psychiatric hospitals.

She made the semi-fictional film as a warning to Colombians eager to learn English — a passport, perhaps, to a job with a prestige American company for ambitious secretaries — and likely to be customers for agencies specialising in obtaining permits for jobs in England.

The agencies often demand crippling interest rate repayments for air tickets and fees for finding jobs. Many Colombian girls come on permits arranged by a shadowy operator in Bogota known as the "Captain."

They follow

Welfare workers in Lon-

GRINAKER (32)

Rerating needed

FM 29/8/80

A 73% share price appreciation in 12 months does not sound sluggish. But relative to the industrial market, and more particularly the building sector, Grinaker has under-performed by a fairly wide margin. The *RDM* 100 industrial index has gained 79% over the same period, while the building sector index is up 88%.

One would normally have expected a company such as this to be in the forefront of any advance, but the market was probably turned off by the slow 5% earnings advance of fiscal 1979 and the even worse performance in the six months to end-December when attributable profits were up only 3,3%.

However, with earnings up 81% in the second half of the year to end-June and prospects of a further improvement in distribution in fiscal-1981, there is scope for a continuation of the share price advance. A level of over 1 000c, compared with the present 850c, does not seem unlikely provided market conditions remain as they are.

The annual report is expected to show a complete recovery in the construction division. This was hit in 1979 by contract losses and provisions against future expected losses, with the result that attributable profits were down 28%, equivalent to about 30c a share. By way of contrast, there were no contract losses last year.

The electronics division also performed well and management is working on ways to improve its work flow so as to achieve a more constant profit contribution during the course of the year. At present, virtually all profits are earned in the second half, as is the case in the construction division.

A lower tax rate of 35% (44%) as a result of capex and training allowances was a material factor in the 49% earnings improvement from 121c to 180c, as can be seen from the fact that taxed profits were up 47% compared with the 27% gain in the pre-tax figure. Results were also enhanced by a proportionately lower minorities charge.

The group has changed its policy as regards equity accounting and now includes all associates in which the equity participation is between 20% and 50%. Previously, only the attributable earnings of companies where 50% of the shares were held were brought to account. Total attributable earnings on the new basis amounted to 201c (132c), from which dividends of 48c (36c) are being paid.

Chairman Ola Grinaker believes the value of available work in the construction division is likely to rise 25% this year.

And with further development of the electronics sector it looks as if the group will be in a position to maintain last year's rate of dividend growth. On this basis the 1981 distribution could be as much as 64c, to yield a prospective 7,5% at the present market price.

Brian Thompson

Chart 1

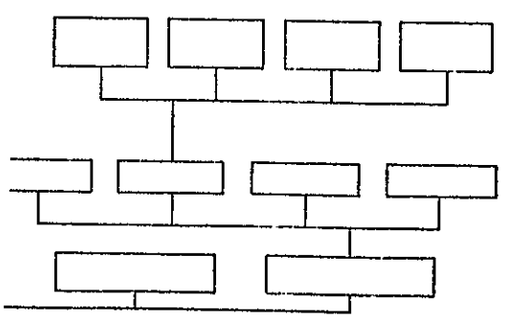
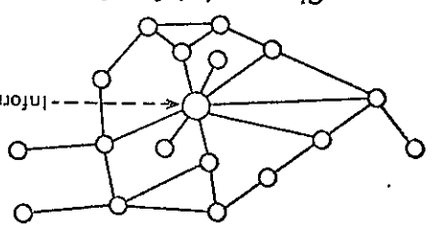


Chart 2 An informal structure



Bricks—at a price

THE brick shortage in the Western Cape has produced its entrepreneurs who are offering bricks well above the usual price.

Mr Mike Orpen of Hudcor, one of the larger building companies in the Cape last week expressed the concern of builder about the growing brick shortage. He needed two million bricks but only had one million.

"Since the article appeared in Property Argus I have been deluged with calls from people offering me bricks at premium prices. From Potchefstroom one caller offered bricks at 100 percent premium on the average price of R65 a 1 000. Transport was extra.

"Another caller, from Carnarvon, offered me 2000 bricks at 50 percent above normal price while yet another offered to import bricks from Britain for me at a price of some R200 a 1 000.

"I was again offered 5 000 bricks locally at 60 percent markup."

Chairman Desmond Baker

M&R all set to hit the takeover trail again

By ANDREW McNULTY

MURRAY & Roberts (M & R), the construction-based conglomerate, can be expected to take further big steps along the takeover trail in coming months.

The base of the R704-million-a-year group will continue to broaden, so much so that it could increasingly be asked whether M & R should become known as a holding company with a strong contracting bent.

Inroads have already been made into consumer markets via food and catering. This trend will clearly continue.

Most favoured areas by the group on current thinking are electronics and consumer-oriented companies.

Also, the pace of diversification — more than 50% of total earnings are now derived from non-construction activities — will probably quicken as the integration between north and south operations becomes fully digested.

This became clear after an interview this week with the chairman, Desmond Baker.

"The general trend will be a diminishing contribution to profits from construction," he says.

Teams in Johannesburg and Cape Town work continually on evaluating potential acquisitions.

A large number of potential acquisitions were investigated during last year, resulting in the spending of R6-million.

Spending the previous year on acquisitions was R29-million.

The two biggest sources of acquisitions have been foreign-owned companies looking towards divestment, and family operations who see boom conditions as a good time to sell.

Numerical criteria, which Mr Baker prefers to keep confidential, have been developed, but special attention is paid to return on assets, gearing and other liabilities at the time of purchase, plus activities of the company.

He says there could well be further acquisitions totally unrelated to M & R's field of expertise, provided that they have a strong management team capable of fitting well into the group's decentralised structure.

How aggressive would M & R be in cases of reluctant suitors?

"I don't think we've ever acquired any company which doesn't want to be acquired.

"With our philosophy of looking for management in the companies, it would be crazy to buy a group of people who don't want to be bought or controlled. We would just have an unhappy relationship."

In the short-term, however, strongest growth is likely to be in construction as the sector harnesses the boom.

There will be no shortage of cash.

M & R's latest annual report says: "The group, despite the increase in borrowings, from 38% of equity on July 1, 1978 to 53% on June 30, 1979, still has appreciable unutilised facilities.

"This is necessary to fund the increase in working capital which would be required for a recovery in the construction industry in the Republic and for further diversifications and for our international activities."

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CONSTRUCTION - General

1-9-80 - 31-12-80

Escom gag on chimney probe

Staff Reporter

THE cause of the partial collapse of a 278m chimney at the Matla power station near Kriel, in the Eastern Transvaal, is still a mystery — and Escom has asked the contracting companies not to release details of their investigation.

"It's very much a mystery", a spokesman for the chimney's builders, Futurus Construction, said yesterday. "At this stage there's no indication what the problem was. This type of accident is very unusual."

A man died and at least eight were injured when one of the chimney's three flues cracked and tumbled hundreds of metres last Wednesday.

The spokesman said engineers were still trying to find ways of entering the chimney safely in order to inspect its insides. As a "routine measure" an independent firm of consulting engineers has also been called in to check the chimney's design.

"The real problem", said a spokesman for the design contractors, Ove Arup & Partners, "is that there is no obvious reason for the accident.

"The design isn't in doubt, and several outside experts have been called in to conduct tests. All one can say is that we don't know the cause yet."

Meanwhile, Escom officials are said to have asked the project's contractors at a meeting last week not to release details of the probe into the accident.

Yesterday, however, two contractors said Escom should "clear the air" and keep the public informed of efforts to find the cause.

"I believe Escom should call a Press conference and explain the problems and procedures involved," said one. "At the moment people are in the dark, and they should explain clearly by bringing in experts, and with pictures and diagrams.

"I know we'd be happy to go along."

Another contractor said: "Although Escom is the client and the ball is in their court, it may be a good idea to clear the air and tell people what is going on."

Mr Boet Uys, Escom's public relations officer, would only say: "The investigation is still in progress. When we have something to say we'll do so in a statement to Sapa."

ECA hits back at claim by Bifsa chief

3/9/80 Sthe 32

By Frank Jeans

The Electrical Contractors' Association has hit back at recent suggestions that it seeks to "maintain a privileged position in contracting."

And it has directed its main attack at Mr Lou Davis, director of the Building Industries Federation, who, according to ECA, had referred to a dispute between the two bodies, as well as a "breakdown of negotiations between them."

Pointing out that Bifsa, as presently structured, does not cater for the interests of all ECA members, Mr V A H McDonald, the association's president, denied that it sought privileges on a national basis in contracting.

CONTRACTING

And referring to the alleged breakdown in negotiations, Mr McDonald said: "ECA was completely unaware that discussions with Bifsa had been broken off.

"It was thus, with some surprise, that we learnt through the Press that this was the case."

On the question of contracting, Mr McDonald maintained that while nominated sub-contract is a compromise, reluctantly accepted by ECA, between the direct form of contract and the non-nominated form, it was nevertheless agreed to as being more in the public interest than the situation advocated by Bifsa.

ADVANTAGE

"The nominated sub-contract allows the owner or the latter's professional consultant to use his discretion, after advertising for tenders in the appointment of a sub-contractor.

"This is preferable to the situation favoured by Bifsa where the principal contractor has an unfettered discretion."

Mr McDonald said a further advantage of the nominated form of sub-contract was that it was a safeguard for the public by ensuring that correct tendering procedures were followed and "price-hawking" was prevented.

"The system advocated by Bifsa does not have these safeguards," he said.

"It is apparent that Bifsa's objection to ECA is, to quote a newspaper report, 'that it would be unwise for organised building to inject any affiliated body into the structure that by its attitudes could break down the harmony which existed among members.'

"If it was that harmonious ECA would still be there," said Mr McDonald.

His association, he said, found it strange that Mr Davis found it necessary to single out ECA in his criticism, but did not mention other nominated sub-contractors.

Builders aim to boost productivity

By Frank Jeans

How are South Africa's home builders going to survive if house prices in about four years are double what they are now, and well beyond the reach of the average family?

It's the vital question as the construction industry gears up in line with the prosperity boom. To stay in business, builders will have to keep costs down by way of raising the output in the country's most labour-intensive sector.

And set to thrash home this point is the Building Industries Federation, through the initiative of its president, Mr Bob Stevenson, who has called a summit of 45 industrial bodies to find a strategy for higher productivity.

The big get-together — no fewer than 30 delegates from all sectors of labour, construction and private interests have already responded — will be at the Landdrost Hotel in Johannesburg on September 11.

Productivity in South Africa went up less than one percent a year between 1972 and 1978 compared with 2,3 percent in West Germany, 3 percent in Japan and 5 percent in Taiwan.

Bifsa productivity campaign

4/9/82 Pom (32)

Property Editor

A HOUSE built now could cost twice as much in four years' time unless productivity in the building industry is improved, says the Building Industries Federation (South Africa).

The federation, pointing out that the building industry is affected more than most by low productivity because it is labour intensive, quotes recent estimates that building costs could jump from 20% to 25% this year alone.

"At that rate the price of a new home could soon rise beyond the reach of the average family," says Mr Bob Stevenson, president of Bifsa.

"To stay in business builders must keep down costs and the only way is by raising the output of everyone who works in the construction industry."

However, Mr Stevenson says, "low productivity is a problem in every category of South African industry".

Productivity in South Africa rose less than 1% a year between 1972 and 1978 — against 2,3% in West Germany, 3% in Japan and 5% in Taiwan.

Bifsa has invited all the economic sectors conerned with raising productivity in the construction industry to attend a "summit discussion" on September 11 in Johannesburg.

The meeting is "in line with recent talks on the same subject between the National Productivity Institute, AECI, Iscor, Anglo American and the Manpower Commission," Mr Stevenson says.

"Like them it is expected to lead to the appointment of an action committee that would hammer out positive and practical proposals for a permanent strategy."

Thirty delegates have agreed to attend the summit at the Landdrost Hotel.

Organisations represented will be the SA Property Owners Association, the Department of Community Development, the SA Cement Producers Association, the National Manpower Commission, the Association of SA Quantity Surveyors, the SAR & H, the Building Workers Union, the Amalgamated Union of Building Trade Workers of SA, the National Productivity Institute, the United Municipal Executive of SA, the SA Association of Consulting Engineers, the Brick Development Association of SA and the SA Federated Chamber of Industries.

Re: Term 3: Here it is suggested that a discount factor equal to (or slightly higher than) the interest rate on a comparable loan should be used for this term. This stream is riskier than the stream in Term 2 because the lessee requires to have a taxable income to get the cash flow.

Re: Term 4: The riskiness of this flow is likely to be equal to that of Term 3 thus the same discount factor is suggested. To facilitate a fair comparison with leasing the most rapid method of depreciation allowed by the Receiver of Revenue should be used. Furthermore depreciation in this context includes the investment and initial allowances.

Re: Term 5: The riskiness of this flow is likely to be equal to that of Term 3 thus the same discount factor is suggested. This stream is the tax shield arising f[illegible] the interest on an e[illegible]

The general a[illegible] roblem in MAN. 530 which fol[illegible]

Artisan, brick shortage hits East London

EAST LONDON — The nation-wide building boom has resulted in a serious shortage of bricks here which is threatening to push up building costs.

There is also a shortage of artisans, especially carpenters, joiners and painters, following a move by many of these tradesmen to the Reef during the recent slack period in East London.

The waiting list for bricks from the fields in King William's Town and Grahamstown is now over nine months.

The secretary of the East London Master Builders' Association, Mr Jock Allison, said the situation had gradually worsened during recent months.

"Transvaal's boom started last year and bricks from the Grahamstown and Border areas were snapped up by them. Now that East London's building boom has started, we find that there are not enough bricks to meet the demand," Mr Allison said.

While the shortage of face bricks was critical, the common bricks were also more and more difficult to obtain.

Bricks were being imported from Zimbabwe and England to the Transvaal. "These imported bricks are surely much more expensive and could push building costs up," Mr Allison said.

"Local brickfields can just not cope with the demand. The big problem is they do not allow builders to stockpile. They only deliver a certain amount to try and satisfy everybody's needs. This will result in it taking longer to complete a building."

He said one possible solution to the problem might be for the architects to specify a minimum number of face bricks. "They could concentrate on using more cement or concrete bricks." — DDR

7/9/80 SUNTRIB (PROP)

Bricks available — but you'll pay

(32)

By COLIN VINEALL
Property Editor

BUILDERS in South Africa, badly hit by the current brick shortage, are to be offered 100 million bricks from Britain at double the cost of local bricks.

This was disclosed this week by Dick Kemp, executive chairman of the Toncoro Group, which controls Corobrik, makers of 51,3 percent of the nation's various forms of bricks.

The British brick industry is currently stockpiling bricks and a study has shown that they could be imported at a maximum rate of 20 million a month.

It is expected the demand for the bricks will come mainly from the Free State and Transvaal where the shortage is most critical. This in turn will release more locally made bricks for the Natal market.

The bricks would be able to be imported in shiploads of between four and six million at a time and it would take some eight to nine weeks from order to delivery.

Kemp stressed that the measure was a temporary one until factories being built in various parts of the country came on stream an[illegible]

Dick Kemp, chairman of the Toncoro Group, Cedric Savage, managing director, Don Dewar, export manager, Lesley Young marketing secretary and Sue Young, export secretary study a sample brick from Britain

Corobrik will bring in the bricks if requested in a deal that could cost around R30 million.

The costs of the top grade golden-buff facebricks will be twice as much as South Africa's own products.

On rail at the Johannesburg siding they will cost R310 a 1 000 and on road truck at the docks in Durban or the Cape the cost will be R300 a 1 000.

The importation of bricks could add R2 400 to the cost of an average R40 000 house.

shows that it is worthwhile for a builder to import the bricks and pay the double cost rather than face delays.

An average house uses 35 000 bricks. If local bricks are used the cost would be, for face and common, about R2 585 or six percent of the total cost of building.

The imported bricks would add another R2 400 to the cost but, Corobrik points out, this is equal to the cost facing a builder who has to wait three months for South African

two percent a month.

The British bricks — if the total amount available is taken up — would be enough to build about 3 000 houses.

With the anticipated delays before any orders could be fulfilled, it could be after the builders' holiday over the Christmas and New Year before the first British brick house goes up in Blikkiesfontein . . .

The British bricks are smaller than ours but this should provide no difficulty [illegible]

● This week, Kemp, Cedric Savage, the company's managing director and other executives met the Durban Master Builders Association to discuss the brick crisis and what was being done about it.

In a lively meeting, chaired by Durban MBA president Peter Thomas, questions were asked about builders stock-piling bricks privately and the condition of some bricks, particularly in the Pietermaritzburg area, which a questioner said were crumbling.

Bifsa chief blames control for cost spiral

By Frank Jeans

Sagging productivity and inflation are the twin evils which threaten to hold back the building boom.

And one of the big headaches for the industry today was the "astronomical" increases in building costs for which price control was largely to blame, said Mr Bob Stevenson, president of the Building Industries Federation today.

He urged the Government to "go the whole hog" in promoting free market enterprise.

And laying the responsibility of raising productivity at the door of ancillary industries Mr Stevenson, opened a "brain storming" summit on the productivity slump in Johannesburg today.

Mr Stevenson singled out both public and private sectors for criticism. He said inefficiency on their part had a "rippling" effect right across the board."

He criticised the railways for methods which resulted in labour wastage because of the double handling of goods.

"I believe there is plenty of room for jacking up the system in the efficient dispatch of goods on the national carrier," he said.

Turning to property development, Mr Stevenson said a problem here was the "bad briefs" given to planners and professional consultants.

"The building industry is often faced with the traumatic experience of having essential labour "marking time" while awaiting information and documentation to accommodate construction work which could have been envisaged with better application at the commissioning stage.

"Present problems arise from the fact that nearly every contract put out in the private sector today is initiated with sketch drawings, without detailed investigation and precious little planning discipline."

And taking a swipe at the architect and his "aesthetic whim", which resulted in designs often having to be custom made, the Bifsa president said this attitude brought about "a whole heap of costs because productivity goes down the drain."

"Perhaps one of the most frustrating controls applied to the building industry and the cause of low productivity, because of their varied application, is the diversity of building by-laws," he said.

National building law on the way

By Frank Jeans

An encouraging pointer for the building industry was given today by a spokesman of the South African Bureau of Standards who said a new set of building by-laws was on the way which would no longer "bog down" productivity in the industry.

At a "brainstorming" summit on productivity started by the Building Industry Federation in Johannesburg today, Mr I van Zyl said there were at present 300 sets of building by-laws applied by South Africa's local authorities.

A new national charter on building by-laws would be gazetted by the end of this month.

When it became law early next year every local authority would be compelled to use one national set of regulations, Mr van Zyl said.

See Page 20

CONSTRUCTION PICKS UP IN W CAPE

12/9/80 ARGUS 32

ECONOMY watchers will be pleased by a report today from Mr B S Pryce, chairman of Murray and Roberts (South) that the upswing in business activity in the Western Cape has at last reached the construction industry.

He says there are several pointers to new growth in the construction industry in this area.

In the past nine months the number of people employed in the industry has risen by 15 percent.

For the first time in five years the value of new construction works planned has outstripped by a considerable margin the value of buildings completed.

STATE SPENDING

Government spending on new construction works in the Western Cape had recently shown a marked upswing, he says.

And on top of this there is a number of large schemes, either successfully launched or about to be launched, which will bring anciliary development with them.

Among these are the nuclear power station at Koeberg, the diesel engine plant at Atlantis, extensions to Groote Schuur Hospital, the new trunk road from Paarl to Somerset West, and hotel construction works.

He says it is also encouraging that the office surplus in Cape Town is being reduced.

There now appears to be a fair chance that a metal processing plant will be erected at Saldanha, and this would give a significant boost to the Western Cape.

But Mr Pryce warns that there is a danger that 'obstructive thinking' will discourage industry from settling in this area.

There is a natural desire among people in the area to preserve the incomparably beautiful environment.

But areas such as the Cape Flats were no tourist paradise and were ideally suited to industry.

Capetonians cannot afford to let the area stagnate as unemployment will be a severe problem in the future.

Mr B S Pryce

Tweefn raises dividend

FINAL dividend from **Tweefontein Collieries** is being raised to 163c, a jump of 157 percent on the 63c final paid a year ago.

After the 87c interim, this takes the year's payout to 259c, which is 110 percent up on the 1979 total of 135c.

Other Lonrho companies reporting today include **Coronation Syndicate**, with a 50 percent rise to 60c (40c) for the final.

Paying same-again finals are **Duiker** with 18c and **Witbank Consolidated** with 32c.

M and S. Spitz Footwear's dividend is being raised 20 percent to 12c from the 10c level for the previous two years.

Taxed profit of R812 000 was up 27 percent for the year to June and earnings were 26,4c on the increased capital against 22,9c on the old.

● Interim payout from **Burlington Industries** is up 30 percent to 7,5c (5c) after a 32 percent rise in earnings to R78 000 for the clothing group.

Factories are working to full capacity and prospects for the second half of the year are favourable, say the directors.

Turnover increased by 30 percent in the first half.

Tom Hood

Contracts bonanza

Financial Reporter

THE booming economy is producing a bonanza in contracts for firms in the construction and electrical sectors.

GEC Power Products has received a R3 200 000contract from the Government for the design, supply and installation of electrical equipment for 11 25kV a/c traction substations on the coal line between Ermelo and Richards Bay.

The municipalities of Soweto, Diepmeadow, and Dobsonville have awarded Brown Bouverie a R7-million contract for the supply of six main substations for the Greater Soweto electrification project.

And a R3,5-millon contract has gone to Murray and Roberts to build new headquarters for Anglo Alpha cement.

M & R's profit boosted to 24%

Financial Reporter

MURRAY and Roberts, the construction group, boosted net attributable taxed profit by 24% to R21 628 000 from R17 428 000 in the year ended June 30.

A final dividend of 26c (21,5c) has been declared after the unchanged 8c interim to give a total of 34c (29,5c).

Earnings a share rose from 84c to 104c to widen the dividend cover from 2,9 to 3,1.

Trading profit rose from R26 449 000 to R34 717 000.

Mr D E Baker, M & R's executive chairman, says that as reported at the interim "the results for the period have been adversely affected by a substantial loss sustained on the contract for the supply and erection of structural steel at the Koeberg Nuclear Power Station.

"In keeping with our normal policy, provision has been made for losses through to completion of the contract."

He says the trading profit includes a surplus of R1 021 000 (1979: R763 000) arising from the realisation of listed investments and a surplus of R2 452 000 (R226 000) arising from the realisation of fixed assets, mainly properties.

Building in Jo'burg has doubled within year

(32) STMR 18/9/80

Building work in Johannesburg has more than doubled this year compared with 1979 — an increase in building-plan values which have been called "unprecedented."

Figures from the city's Building Survey Department show that during the first seven months of 1980 plans were passed for new buildings to a value of slightly under R133-million.

INCREASE

The corresponding figure for 1979 was R60-million, which brings the increase to 122 percent over last year's.

Mr Eddie Magid, member of the City Council's Management Committee, said today the rise was "unprecedented in my 22 years in local government.

"It is a growth beyond anything we anticipated but, with new staff in the building survey office, we are geared to handle it and are churning out approved plans."

A spokesman in the Department of Building Survey, part of the City Engineer's Department, said about the boom: "It is unbelievable what happens here. There are queues of people waiting to get their building plans back. There is a rush all the time and we've had to take on extra workers."

So far this year the number of building plans passed — which range from the smallest garden wall to skyscrapers — have risen by more than 1 000, from 3 932 to 4 941.

The figures show that about one-ninth of all building in South Africa takes place within Johannesburg.

INTENSE

Of all South Africa's cities the building boom is the most intense in Johannesburg, says the Bureau for Economic Research at the University of Stellenbosch.

The rise has taken place despite the severe shortage of bricks which is holding up realisation of many plans and the present inflation rate in the building industry of about 21 percent.

M & R FM 19/9/80 (32)

Profit fall-out

Had it not been for the industrial division of Murray & Roberts, the country's largest construction group, there would have been no growth in profits for the year ended June 30 1980. Internally generated growth resulted in a disappointing 10% increase to 88c a share. This excludes profits of R1m on the sale of investments and R2,5m on the sale of property. Both have been stripped out as they do not reflect management efficiency, but rather the state of equity and property markets.

Executive chairman Des Baker tells me that because of provisions against the full anticipated losses on the Koeberg structural steel contract, the construction division contributed less to group profit and nothing to the profit increase.

M & R's interim figures warned of the loss at Koeberg and the directors said then that total dividends would not be increased by more than 15%. The declaration of a 26c final (21,5c), in fact, gives a 15,25% increase. Cover on the declared profit is thus 3,1 times. But on the *FM*'s adjusted recurring profit, cover is only 2,6 times.

Baker says the board has decided not to reveal the extent of the Koeberg loss but he is confident that the estimate made for last year's write-off will be adequate. The contract has some months to run before completion although the group is involved in other aspects of the Koeberg project.

The company has also been hard hit by higher taxation. On trading profit of R34,7m (R26,4m), 31,8% tax has been paid. This compares with 29,7% in 1979 and tax thus increased 40%. The reason for this, Baker says, is the withdrawal of machinery and capital investment allowances for construction companies. Representations are now being made to government to have this "discriminatory" withdrawal re-instated, Baker says.

Looking to 1981 Baker is confident that the construction division will make a strong contribution to profit increases and the group's target of deriving 45% to 50% of profits from construction should be restored. Koeberg caused this to slip last year though Baker will not say by how much. In 1979 construction contributed 49% of group profits.

As can be expected, the order book is full. But what is most significant, Baker says, is the improved quality of contracts. Quite simply, this means margins have improved.

The Koeberg loss serves to underline the value of M & R's diversification into a wide spread of industrial manufacturing and specialist services. This long-term strategy will continue and a number of potential acquisitions are under scrutiny. Standards are high, however, as seen in the eleventh hour decision earlier this year to drop takeover talks with Tollgate. An over-riding factor, many still believe, was M & R's dislike of the tremendous racial friction bus companies appear to generate.

Though it can be expected that there will be a strong recovery in construction profits in 1981, overall profit growth will probably be in the 40% ball-park. Company policy is to steadily raise dividend cover but also provide real dividend growth. Earnings of 130c would allow a 1981 dividend of 41c for a 21% increase. With the current share price at 575c, the historic yield is 5,9% and the prospective yield 7,1%. The market, therefore does not yet appear to have fully discounted the value of strong earnings growth in the construction sector which should continue after the consumer sector has flattened out.

Ian Muil

M & R's Baker . . . looking to better margins

21/9/80 SUN TRIB (PROP)

(32)

BUILDING BOOM . . . COSTS GLOOM

WITH the current building boom, there has been a great deal of discussion about costs and how the average cost of building is going up by as much as two percent a month.

That is the official figure from the Bureau of Economic Research at Stellenbosch.

Ask builders about it and they will agree, pointing out that almost every item that goes into putting up a house costs them more as a raw material. Even labour has to be paid more — a just but important factor.

What goes into a house?

Bricks, when you can get 'em, are price-controlled.

So is cement. Then there is glass, wood, tiles, plaster, electrical fittings, gas in some areas, plumbing, sewerage systems and all the trims that make a house worthy to be called a home.

Builders will be quick to point out the cost of these items when-justifying the increased price of a house.

But there is one item that is rather skipped — and that is the profit the builder takes himself.

Quite understandably, builders are not boastful about how much they might make out of building and then selling a spec house to a family man. And, equally understandable, building companies are anxious to make a reasonable profit on their skills following the financial drought through whcih many firms, especially the smaller ones, have battled.

But it is an important cost factor that must not be overlooked and increased profit margins must be adding to that two-percent a month spiral.

Nobody begrudges a building company its profit. According to rumour, though not to evidence, this is a country that supports free enterprise and capitalism, and the builder is entitled to a decent return on that capital as any other entrepreneur.

Let us hope for the industry's sake that they do not become greedy...

★ ★ ★

STILL on the subject of our builders, much was said last week on the subject of building and productivity.

All will support the energetic Bob Stevenson, president of the Building Industries Federation, in his efforts to improve productivity as a means of keeping the costs we have been discussing at bay.

Bifsa deserves credit for its efforts to put productivity into perspective and to recognise where it must begin — correct training for apprentices.

For example, more than R2 million was spent on putting the training centre at Mariannhill into operation.

The subject of productivity was taken up at a brainstorming session in Johannesburg last week. The Railways were criticised but hit back by saying, through G.C.B. Irving, the assistant general manager, that the building industry should communicate more closely with the Railways on transportation needs.

Colin Vineall's Bits and Pieces

Ian Watt has been promoted from assistant regional property manager of Old Mutual Properties, Natal, to assistant divisional management status.

But what's to do about productivity on site? Should builders swing to the British system whereby work waits until all materials are gathered on site and then begins? Would this pose a security risk in a country which seems to accept that bricks by the roadside are fair game for anyone?

Are we training the right people? The industry is certainly going out to woo the young into the business but the young are certainly going to demand more security of tenure for their jobs.

Should young women be given the opportunity to serve apprenticeships? Let nobody doubt their physical ability as they do far more strenuous work in other countries.

Only this week, in fact, an American scientist forecast that women would overtake men in many sports events involving stamina such as marathon running and swimming. What's a brick or two or even a load of cement to a sex that can handle that!

I can imagine many male builders crimson with apoplexy at the thought of female apprentices, but they should ponder these points:

- Women arrive at work with clearer heads as they drink less alcohol (well, most of them).
- Women are unlikely to get involved in fights on site.
- Women are more likely to do overtime more willingly than men.

But woe betide any builder who agrees with women on site because he can pay them less wages. Those days should be over by now.

★ ★ ★

I WAS sorry to hear that David Alston, dignified director of the Association of Building Societies, is to become executive director of the Insurance Brokers' Association — but only from the point of view that he has been a good friend to the Press in his present capacity.

Alston has two great assets: He is usually available and doesn't dodge questions.

Should women have a chance to train for the building trade?

Corobrik's Brian Waberski and Peter Kidger watch bricks being loaded at the No. 5 Works

The big bricks brouhaha

21/9/80 Sun Tri (POP) 22

THE great brick debate continues. And the summary of the week is that some private builders are still complaining about the delays; Corobrik executives maintain they are doing their best and the company has announced emergency plans to boost brick production.

This week, too, news broke of all-night queues at the Redhill brickworks so contractors could be in line for a quota of 1 000 bricks a truck.

After unpleasant scenes among the truckmen, Corobrik announced on Friday it would introduce a new allocation system, and increase supply to individuals from 20 000 bricks a day to 40 000.

On the builders' side, one company's general manager, Ron Rutter, of S.A. Home Contracts, Durban, said he was now considering cancelling all alteration contracts and will continue only with renovations, painting and decorating because of the brick shortage.

He accused Corobrik of having a monopoly and "messing it up," and alleged delays were increasing.

By Tuesday, Sept 16, the delivery date had stretched to December 8.

But Brian Waberski, managing director of Corobrik for the Natal region, announced more steps this week to help beat the delays.

For a start, oil-firing is being added to coal-firing at the No 5 works at the Avoca complex. This will boost production by another seven million bricks a year.

Rutter: "They've messed it up"

Anglo-Alpha first-half earnings over double

By DAVID CARTE
Deputy Financial Editor

SOARING cement, lime and crushed stone sales and profits and a virtually static interest bill caused first half, inflation-adjusted earnings of Anglo-Alpha, to more than double on a poor first half of 1979.

This was despite a jump from 29% to 34% in the tax rate of the country's second biggest cement and lime producer, yesterday's interim report reveals.

Operating income in the first six months rose 56% to R19 593 000 on a 34% improvement in turnover, which was R85 192 000.

Interest charges were only 2% higher at R3 308 000, with the result that pre-tax profits were 73% better at R16 919 000. The higher tax rate meant taxed attributable profit was 60% ahead at R11 131 000.

Anglo-Alpha has adopted the current cost method of inflation accounting.

Its current cost adjustment in the first half rose 19% to R4 512 000. This was less than proportionately to pre-inflation earnings, with the result that inflation-adjusted earnings were 110% better at R6 619 000.

Earnings per share adjusted for inflation were 22c (1979:10,5c), also 110% better. Historical cost earnings were 60% ahead at 37c (23,1c).

The interim dividend rose 53% to 11,5c (7,5c), which means cover on current cost was 1,9 and on historical cost 3,2 — sharply up from last year's figures of 1,4 and 3,1.

Anglo-Alpha expects second half profits to better these but, with last year's second half so much better than the first, warns that earnings will not be 110% ahead at the year end.

The cement division is described as the major contributor to the improvement thanks to "a strong upsurge in the building and construction sector".

Managing director, Mr Peter Byland, says returns in cement still do not warrant investment in soon-to-be-needed additional capacity.

The lime division's performance is described as "satisfactory, considering it operated under capacity restraints".

New plant being commissioned would increase capacity by 27% and further capacity is to be added in 1981 and 1982.

The stone division had a good first half, thanks to sales of crushed stone for gold extraction to SA Land and Exploration, which contributed R1 700 000 or 10% to pre-tax profit.

Anglo-Alpha says it is "extremely difficult" to ascertain the gold content of the dumps which form its stone reserves but this additional income is expected to continue to flow "for the next few years".

The amount will depend on gold content and price.

The group has stepped up capital commitments from R34 109 000 at the year end to R44 040 000. None of this is earmarked for additional cement capacity. The bulk will be spent in the more lucrative lime division.

COMMENT: The historical yield at the current 450c is a paper thin 3,9%. This gives an idea of the high expectations the market has had of Anglo-Alpha.

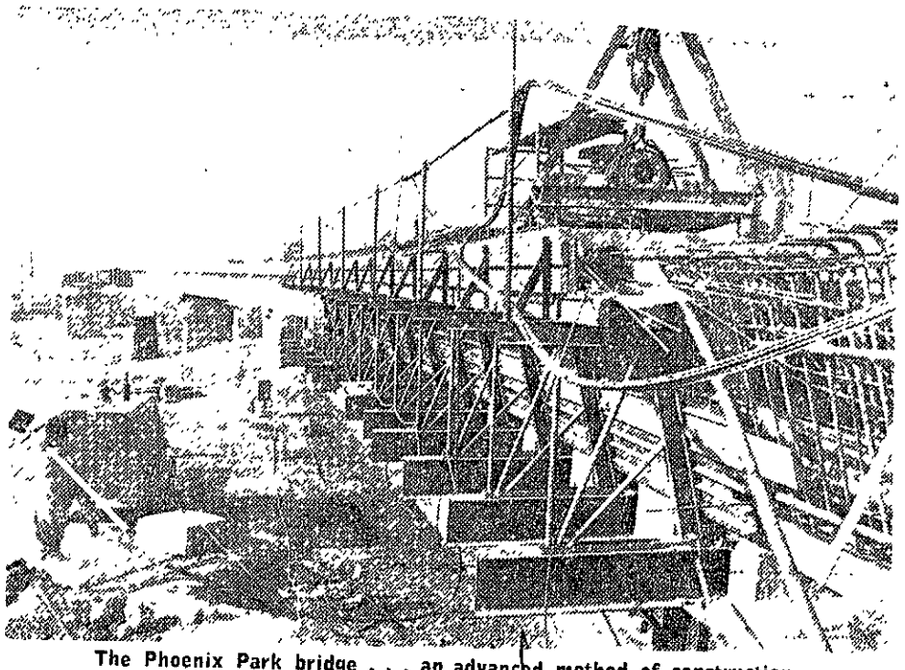
Earnings will not be 100% ahead at the year end but if Anglo-Alpha only equals the 22c made in the first half, inflation-adjusted earnings of 44c will be 31% better.

This must be the most conservative scenario. The interim dividend might give a better clue to what is likely. It would suggest that 50% earnings and dividend growth for the full year is within reach.

That suggests inflation-adjusted earnings of 50c and assuming constant 1,9 cover, a total payout of 26,3c. This gives a more solid prospective yield of 5,8%.

CONSTRUCTION

Edited by Frank Jeans



The Phoenix Park bridge . . . an advanced method of construction.

Building surge is particularly strong on the Reef

STAR 23/9/80 (32)

The building industry is advancing on a broad front, and the tempo of growth is particularly significant in Johannesburg and on the Reef, where new starts for August this year showed a surge of more than 100 percent in value compared with the same month in 1979.

According to the latest figures from the City Engineer's Department, work to the value of R29,9m was begun in the eighth month compared with R9,9m previously, and while the figures included the cost of the Liberty Life building being erected in Braamfontein, they are a very healthy indicator of the growing strength of the industry.

Building completions for the area also took a leap ahead — R5,2m as against R3,2m for August last year.

It's a strong demand situation which Mr Basie Pretorius, director of the Witwatersrand Master Builders Association, believes will continue for at least another two years.

There are two clouds, however, on the builders' horizon — the continuing brick shortage and what is even more important, the sluggishness in the labour front, particularly at artisan level.

Says Mr Pretorius: "We have no alternative but to make training at company level a priority for the industry."

As for the brick shortage, Mr Pretorius believes it won't be alleviated until the middle of next year.

The brick scarcity has also brought renewed activity to the add-on and home renovation market.

Delay in new home-building has probably led in many cases, to people making do with what they have, and making small additions with what materials are available.

Met Homes Cape Town purchase

Metropolitan Homes Trust Life — the expanding assurance company now ranked No 7 on net premium income — has acquired the 11-storey Van Der Stel building in Burg Street, Cape Town for R350 000.

This addition to the Met Homes property gives them a headquarters on an entire block bounded by Waal, Burg, Church and Long Streets.

Grinaker steps up its activities

Grinaker Construction is spreading its activities with its contract book hitting the R40m mark for projects in the Transvaal, Natal and the Cape.

And one novel contract in which the group is involved is the building of the Phoenix rail bridge to serve Sanlam's industrial township, Phoenix near Durban — a R4m-plus order and which has involved a sophisticated construction system and said to be new to South Africa.

The 217m long bridge is being built by what is termed the "incremental launching technique," so as to minimise traffic disruption.

The bridge is constructed in segments which are launched forward to clear the static casting area. The system depends upon powerful hydraulic jacks which have to shift the mass of the bridge, totalling 2 500 tons, forward over special sliding bearings.

The Phoenix Park bridge is claimed to be the first curved structure attempted in this country.

Another big one for Grinaker in Natal will be the building of the Umhlatuzana Viaduct on the Western Freeway between Durban and Maritzburg at a cost of R7,8m, and here again the launching system will be used.

The viaduct will be one of the largest road bridges to be built in South Africa by this method, and will draw much interest from the engineering world.

In the Cape, Grinaker has a R5m contract at Mitchell's Plain, and in Johannesburg its showpiece contract is the new Ellis Park Stadium, which will have a seating capacity of 68 000.

To join Unisa

Dr T L Webb, who retires as director of the National Building Research Institute at the end of this month, will join the School of Business Leadership of Unisa as a professor extraordinarius from October 1.

Dr Webb will take part in a new course on building project management which the SBL will be offering from July 1, 1981.

The new course has been developed in close co-operation with the building and construction industries and important institutions such as Bifsa.

Halfway stage

CMGM Civil Engineering (Transvaal South), a Group Five company, has reached the halfway stage of its R1,6m contract for the construction of a refrigeration plant for Vaal Reefs Exploration Company.

The contract, which covers the building of an air intake tower, an air cooling tower, and pumphouse and compressor building, is scheduled to end soon.

CMGM (Transvaal North) and another Group Five associate, Normac Building Systems are also involved in R5m extensions to JCI's Matthey Rustenburg Refinery.

The bulldozer in the sky

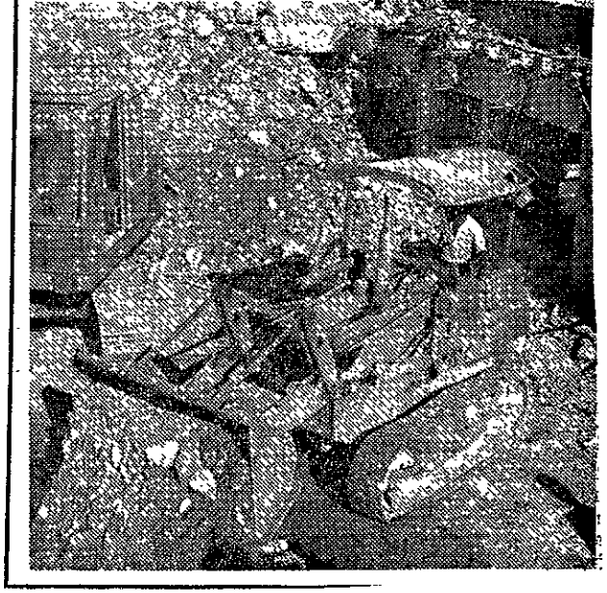
It's the sky-high bulldozer! And it has done a fine job of destruction of the building which is giving way to Cape Town's new R33m Southern Sun hotel.

The Komatsu D31S dozer shovel was lifted to the eighth floor of the former Allied Building Society building by crane, and from there, along with the demolishers, smashed its way down to ground level.

"As the demolishers broke down a floor, the D31S picked up the rubble and dropped it down the lift shaft," says Mr Robert Douglas of Sima Power Corporation, distributor of Komatsu and Hitachi earth-moving equipment.

"The bulldozer has helped to speed up demolition work."

The contractor for the 32-storey hotel bounded by St George's, Strand and Burg and Castle Streets and which is due for completion in 1983, is expected to be announced soon.



Longest railways pipe operation in SA

What is believed to be the longest pipe-jacking operation ever carried out in South Africa has just been completed by Ground Engineering and Piling, the geo-technical arm of the ITA group.

The pipe is 170 m long and 2m in diameter.

It has been jacked under a freeway, roads and rail tracks without any disruption to traffic.

It is for a service duct for the railways on the East Rand.

Pipe-jacking is a method of installing specially designed concrete pipes to specified gradients using large hydraulic jacks.

Excavation is carried out by hand from within a purpose-built shield and the pipes are then jacked into the controlled void.

Pipe-jacking is becoming an increasingly favoured technique for providing services and service ducts in built-up areas where it is necessary to avoid traffic disruption.

This contract was worth R165.000 to Ground Engineering and Piling.

Hydraulics is more and more being used in the field of construction, and with the current surge in building contracts, the hydraulics market is certain to feel the benefits.

Oil hydraulics was introduced to South African industry in the early fifties. Today, the market is valued at an estimated R70m a year.

. . . but could it be too much of a good thing?

The current rush of building work as reflected in the figures from the City Engineer's Department is no doubt encouraging to the industry generally.

And it is a trend which underlines increasing confidence in South Africa's political future, or the developers would not be moving in.

Only signs of greater stability will attract investment in immovable property.

On the other hand, the building surge can also be seen as an over-reaction which is not the best for the industry at this time.

While welcoming the renewed activity, Mr Lou Davis, executive director of the Building Industries Federation believes this rush into new property investment is not good for the industry and could have the effect of creating an overheated and highly and non-competitive market aggravated by the shortage of materials.

"Because of the present available resources of manpower and materials, I appeal to the investors of the private sector to talk with the building industry — discussions which could only help to avert the danger of an unstable market," says Mr Davis.

Name change

Downing and Attwood, the 60-year-old Port Elizabeth-based timber and builders merchants, with branches throughout the country's coast region, has changed its name to D and A Timbers.

R7m contracts

CMGM Glybeton en Montasiebou, a Group Five company has recently been awarded contracts valued at more than R7m.

CMGM is a major builder of silos, and four of the latest projects cover silo complexes.

Frank Wright . . . "skills must be usefully employed."

Call to upgrade builder

The upgrading of the builder's status from the construction site to the board room is of vital importance in the era ahead, and if this is achieved, along with reliable supply of materials, the industry could expect no less than an estimated 20 percent increase in productivity.

Mr Rundle Stocks, a past president of the South African Institute of Building and one of its founders, believes that following four years of recession, the industry suffered from a stigma resulting in a drift away of a strong workforce.

"It is now the responsibility of everyone concerned in the future of the construction industry to make 'building' a good word again," says Mr Stocks.

"We haven't filled the gap at the lower levels of the industry," he says, "and it is an urgent necessity to bring in the black and coloured people more and more into building, and educate them now."

Underlining this view is the president of the institute, Mr Frank Wright. "For every university graduate, there should be five or six graduates from technical colleges.

"The skills of the professionally qualified building manager must be usefully employed to maximise proficiency in the industry in terms of planning and cost control."

24/9/80 Argus

Building suppliers to expand

MAJOR developments are planned by two companies supplying the building industry.

Cullinan Holdings is to increase its building brick capacity by 30 percent to meet heavy demand. Output almost doubled last year, says the chairman, Mr Neil Cullinan.

Earnings of 120c (95c) and dividends of 34c (27c) are forecast for the current year.

Masonite is to boost the capacity of its hardboard factory by at least 50 percent after the complete sale of total production in the year to June.

The expansion is being financed by the company's strong cash position, say the directors.

Exports earned more than R2,25-million in foreign exchange to bring pre-tax profits to R4,9-million.

● **Gypsum Industries** is paying a final dividend of 45c, up 80 percent on last year's 25c, taking the total to 75c (40c). Taxed profit jumped to R2,4-million from R1,1-million.

● Lower margins arising from non-recurring concessions granted to regain lost market share pushed down pre-tax profit of clothing manufacturer **Veka** from R238 000 to R109 000 in the six months to June.

Preference dividends for the period, with all arrear preference payments, will be paid on October 31.

● **Micor Holdings** has sufficient under-utilised gearing capacity to enable the group to fund development this year, the chair-

We've

Surley Uys and his pringbok teammate An-
nan Province crew.
aged to select the tour-

STAR 25/7/80 (32)

Higher building costs to come

STELLENBOSCH — In view of labour shortages, sharply rising wages and bottle-necks in the supply of certain materials in the building industry, building costs were expected to rise at a high rate in the months ahead, according to a Bureau for Economic Research building survey released here today.

In its report on business conditions in the building industry in the winter quarter and prospects for the autumn quarter, the BER said it was not foreseen that the rate of increase would drop much below the current 23 percent a year.

The current upswing in the business cycle, which started in the beginning of 1978, had lasted for about 33 months and it was expected that the economy would grow at a vigorous pace until at least the third quarter of 1981. Although the building industry had lagged behind the general economic revival, there was no doubt that boom conditions currently prevailed.

The survey said it was evident that a severe bottle-neck currently prevailed in the supply of bricks and the position could be alleviated to some extent by the recommissioning of mothballed brickfields and the commissioning of new ones.

It was not expected, however, that the current critical supply position would improve dramatically until at least the second quarter of 1981.

Turning to the labour aspect of the industry, the survey showed that employment in all areas surveyed exhibited an uptrend, but it should be kept in mind that the industry had suffered a massive loss of skilled and unskilled labour during the recent severe recession.

This partly explained the acute shortages of particularly skilled labour now being experienced by contractors and subcontractors.

With a higher workload in the offing, labour rates would rise fast in future and labour piracy would again rear its head, the report comments.

The dire shortage of skilled labour could, to an extent be alleviated by immigration of artisans and by training of blacks, and a number of black artisans had recently been registered in terms of the new labour dispensation embarked upon after the acceptance of the Rieckert and Wiehahn reports.

As far as building plans were concerned, the survey said the value of plans passed and buildings completed showed a significant rise during the first six months of 1980 compared to the corresponding period a year ago.

The 86 percent increase in the value of dwelling house plans passed was particularly encouraging for future building demand.

In the case of plans passed for flat buildings, the increase was 174 percent at current prices and 122 percent at constant prices. It could be expected that many flats would be built for sale under sectional title instead of for renting, as current rental levels had not yet reached the stage where new flat building for renting was an economically viable proposition.

A significant rise had occurred in the value of non-residential building plans passed — 84 percent at current prices and 49 percent when the effects of inflation had been eliminated. This could be viewed as a precursor to a new investment cycle which was in the offing, the report said.

GRINAKER FM 26/9/80
High-rise profits (32)

Activities: *Construction and civil engineering group with industrial products and electronics divisions. The directors hold 21,6% (23,1%).*
Chairman: *O W Grinaker.*
Capital structure: *4,9m ordinaries of 50c; 3m 10% cum red prefs of 10c. Market capitalisation: R49m.*
Financial: *Year to June 30 1980. Borrowings: long- and medium-term, R3,3m. Net cash: R6,1m. Debt:equity ratio: 25,6%. Current ratio: 2,3. Net cash flow: R8,5m. Capital commitments: R7,3m.*
Share market: *Price: 1 000c (1979-80: high, 910c; low, 405c; trading volume last quarter, 38 846 shares). Yields: 15,6% on earnings; 4,8% on dividend. Cover 3,3. PE ratio: 6,4.*

	'77	'78	'79	'80
Return on cap % ...	28	32	31	29
Turnover Index*	216	232	307	370
Gross profit (Rm) ...	7,0	9,9	11,7	14,6
Earnings (c)	76	104	106	156
Dividends (c)	29	33	36	48
Net asset value (c) .	401	476	520	670

* 1973 = 100.

Only unforeseen catastrophe can now stop Grinaker from beating, in the current decade, the 30% compound earnings growth rate achieved in the Seventies.

Though the *FM*'s table shows earnings of 156c, the group's stated figure of 180,1c is also justified. The difference arises from the treatment of two abnormal income items, being the recoupment of depreciation on the sale of plant and equipment and a surplus on currency exchange. The depreciation recovery is not non-recurring, says chairman Ola Grinaker, as "every year items of plant are sold and, mainly due to our high maintenance standard and conservative depreciation policy, the last seven years have produced a steady increasing surplus per annum from R205 000 in 1974 to R1,1m this year."

Following the *FM*'s analysis of the group this time last year Grinaker's company secretary defended the inclusion of depreciation write-backs in trading profit, saying that "our earthmoving plant assets are more in the nature of current assets in that these are hard-working items of plant that need to be replaced every three to four years and items are therefore sold every year."

And although inclusion of the depreciation recoupment does not alter the earnings trend, it does more accurately reflect the true dividend cover.

With the plant profit, the group achieved a 50,4% increase in attributable profit to R8,9m. This increase was fairly spread between the construction division, 50% up, and industrial companies which increased profits 45%. Construction now contributes 62% of profits, and though this could increase in the short-term as a result of the current upturn in construction activity, it is likely that the average over the next 10 years will settle at 50/50 as contributions from the high-growth electronics division improve.

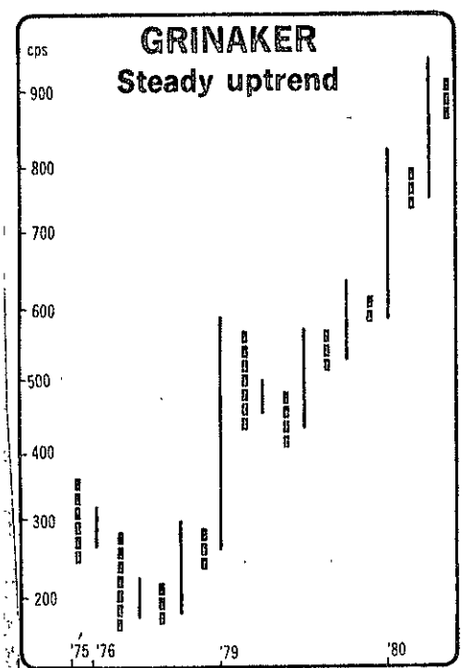
Good as the profit increase is, Grinaker says the benefits of the economic upswing are only now filtering through to the group's areas of operation and the effect on 1980 profits was "not significant." The outlook now is for improved margins and volume in construction, and increased sales in the electronics division. The accounts do not show the capital employed in this division but I understand return on capital is not yet on target. Management changes have been made, product development breakthroughs promise new markets and an expanding existing market (mostly defence and the mines) could combine this year to bring return on capital up to expectations.

After a reduction in the tax rate from 43,9% to 35,2%, distributable earnings fully justify the 33% increase in dividends to 48c. On the group's own earnings figure, cover is 3,8 times and Grinaker suggests this may be increased slightly to ensure sufficient ploughback for capital replacement and working capital. It does seem ultra-cautious, however, as financial policy could relax the tight control over debt:equity which is low. With a 30% return on capital and money available at about 10% it would make sense to borrow more and leave dividend cover at its present level.

The balance sheet is sound with a high level of liquidity and a strong cash flow. Working capital requirements will increase this year as debtors and contracts in progress are rising fast. Grinaker's management efficiency is well-rated, however, and the group is in a good position to fund both expansion and possibly further acquisitions on the electronics side.

Despite the success of the Grinaker family's rejection of the recent Darling & Hodgson merger-cum-acquisition bid, the group remains susceptible to takeover. At this stage of the construction cycle the PE of 6,4 means Grinaker, a sound defensive stock, is under-priced.

Ian Muil



BUSINESS

Building plans value up by 91% on 1979

By Colin Campbell, Deputy Financial Editor

The value of building plans passed and the value of building completed continues to soar. Latest figures from the Department of Statistics show that in the period January-August, 1980, the value of building plans passed totalled R1 602,3m — up by 91 percent on the same period in 1979.

And the value of buildings completed rose by 31 percent to R683,7m.

The survey covers the private sector, 22 principal municipalities, surrounding areas and 79 other urban areas, and represents approximately 90 pecent of the total for South Africa.

The latest figures underscore the increased pace of development in the building industry in recent months as the economy has shot ahead and the increased activity which those connected with property/building have reported.

The value of building plans passed for the first eight months of this year at R1 602,3m already exceeds by a comfortable margin the value of building plans passed in all of 1979. In that year, the value was R1 325,8m.

EXCEEDED

The eight-month tally of building completed at R683,7m compares with R822,1m in all of 1979, but the figure for the month of August alone at R110m suggests that last year's total will easily be exceeded.

The figures do contain the element of inflation, but even so they remain impressive.

Of the R1 602,3m, the lion's share is accounted for by residential buildings (R861,3m) followed by additions and alterations (R396,6m) and non-residential buildings (R344,5m).

The publicity given to the general shortage of bricks has played a part in swelling the figures so dramatically, and as brick shortages continue to dog the market it must be expected that the next set of figures will show further increases.

TWO CLOUDS

Last month The Star reported that the building surge was particularly strong in Johannesburg and on the Reef. And it was industry expectations that the pace would continue for "at least another two years." Two clouds were, however, on the horizon: the continuing brick shortage and the sluggishness on the labour front, especially at artisan level.

A boom that is causing concern

(32) NM 7/10/80

Graham Fiford
Property Editor

NOWHERE has the dramatic turnabout in the country's economic fortunes been more apparent than in the rapid growth of the building sector with 1980 probably going down in history as one of the most exciting years.

It was the year that saw the beginnings of a miraculous recovery from the recession-plagued Seventies.

The year in which the Black Building Workers Act was repealed and the first indentured black building artisans took their place alongside artisans of other race groups at the industry's training schools and the year in which the first real steps were taken on a national level to counter the disappointingly low productivity of the workforce.

But inflation is a major concern to the industry and recently led the president of the Building Industries Federation, Mr Bob Stevenson, to chastise the government for allowing price control and cartels among building material manufacturers.

'This is the reason why inflation in the building industry is currently running at 23 percent while inflation in the rest of the economy is only 14 percent,' he charged.

Manpower

Some sources within the building industry see the manpower situation deteriorating further as the industry gains momentum in the months ahead — in spite of intensive training programmes.

'We are reaching the stage where we don't have enough skilled men to satisfy the demand and we might have to consider some form of selective immigration — not only in the lower skills but also in middle management and the technical fields allied to the building industry,' said Mr Pieter Rautenbach, the director of the Durban Master Builders Association.

Just how long the current building boom will last has been subject to much debate among the inner circles of the industry. Views differ markedly — from another 12 months to at least a few years.

Changing gear

North Coast contractor and current president of the Durban MBA, Mr PeterThomas, says: 'I think we're changing gear all the time. We went into first gear at the beginning of the year, we're now into second gear and possibly going into third gear. 'Provided there are no major problems, particularly of a political nature, the gold price remains relatively stable and the Government goes ahead with its guarded spending on the infrastructure, I am very optimistic for the long term future.'

'We are living in exciting times,' says MBA director Mr Rautenbach. 'Certain changes will of necessity have to be made in the field of industrial relations in the building industry which must be seen against the background of the accelerated pace for change that the Government is setting in all other spheres.'

Recession

The building industry first started showing signs of improvement towards the latter half of last year when the tempo of building activity began to steadily increase, countrywide, after six years of protracted recession.

First to feel the effects of the upturn was the Reef followed by the Cape with Natal and the O F S last to feel the upswing.

Ironically, eight months later the pace of building activity remains roughly the same in each province as reflected by the statistics of the volume of cement sales from the Cement Producers Association.

The reasons why the industry took so long to climb out of the trough are many and varied but the buoyant gold price, the improved political climate both on a national and international level, a stabilisation in the previously dramatic oil price hikes and the improved economic situations of the country's major trading partners were all factors contributing to a more healthy and robust internal economy.

Spin-off

In Natal this economic optimism manifested itself in a number of major projects, both in the private and public sector, which were to have a direct spin-off for the building industry.

Holiday Inns announced that they were going ahead with a new R6m casino and hotel complex just south of Port Edward in the Transkei, Anglo Alpha embarked on plans for a new R8m lime works at Umzimkulu, holiday resort development boomed on the South Coast, and at Umhlanga and Ballitoville and there were moves by industrialists to provide a new paper plant and ethanol plant on the North Coast.

In the public sector the Government announced that it was going ahead with the new La Mercy airport — initial estimated contract value of the main concourse buildings R40m — site work started on the new Westville prison contract valued at over R80 million, the South African Railways pressed ahead with infrastructural spending valued at several million rand, and the National Housing Fund allocated more finance for black housing in the Province.

Meanwhile the local authorities went ahead with their massive school, housing, hospital and road building projects.

All this activity, coming so soon after years of relative inactivity throughout the recession, has created its own special problems for the building industry.

In spite of the industry's efforts to train more people to meet the growing manpower shortage, labour is still in short supply.

Bricks

Bottlenecks in the supply of building materials are beginning to show themselves for the first time in many years — bricks are currently in chronically short supply throughout the country and the delay on the delivery of face bricks in Natal has now stretched to three months.

Brick producers are now even considering importing bricks to ease the supply situation which is expected to improve once several new brick plants are opened in the Transvaal and the Free State next year.

Whether you take the long term or the short term view, the next 12 months are going to be significant ones for the building industry in South Africa.

THERE was a four percent increase in the number of factories in Natal up to June 1979 and their number now stands at 5 369. But the number of workers increased only fractionally in the same period to 366 149 - up 309.

The figures, supplied by the Department of Manpower Utilisation, show that employment of black women slumped in the same period while that of men and white women rose. More men were taken on to reduce the overall increase to a few hundred.

There was a 9 percent employment fall for Coloured women, 11 percent for Indian women and a 16 percent fall for African women.

Unemployment figures in Durban for July 1980 compared with July 1979 indicate an overall lower level. There were 4 707 unemployed and 5 289 registered with the department this year compared with 6 584 registrations and 5 910 unemployed a year before.

Each of the sectors has been surveyed by the department.

Engineering: There has been a notable improvement generally and most employers have a full, work-load. The marine division is extremely busy and the position for the rest of the year appears to be very favourable. There were 90 artisans unemployed (no change on July 1979) and 311 operators out of work (290 in 1979).

Building: the position in the last year has improved considerably and most employers are working to capacity. There are 417 artisans unemployed (531 previously) and 160 operators out of work (159).

Textiles: there has been a big improvement and while new factories have not been opened existing facilities are now being used to a maximum. There are 36 (69) registered as unemployed.

Clothing: is very busy at present and there is still a great demand for machinists. The number of employers increased by about 40 in the past year and since job reservation ended there has been a marked increase in blacks joining the industry. There were 187 (276) unemployed in July 1980.

Motor: since last year both the retail and wholesale secors have recovered from the fuel crisis and have shown an appreciable growth compared with last year. In fact each sector of the motor vehicle market has shown more stability and even an upswing in sales. There were 75 (74) unemployed.

Footwear: the position has continued to improve and most factories are working to full capacity. There is still a demand for trained workers in various capacities. There were 264 (131) unemployed.

NM 7/10/80

32

Upswing is not 'artificial'

(32) NM 7/10/80

THE RESURGENCE of the construction industry in Natal is now an established fact. All except the most inefficient companies or those specialising in seldom-used products and types of construction have in the last twelve months or so experienced a considerable increase in turnover.

Murray and Roberts (Natal) is no exception. Indeed, being more diversified than most other Natal contractors and operating in KwaZulu and Swaziland as well, they have been even better able than most to cash in on the current upswing.

During the recession they were careful not to cut mark-ups to hopelessly dangerous levels and strong enough (as member of the M and R group) to keep on many of their staff at a time when they did not have full employment for them.

The result is that today turnover has risen dramatically. A further fairly spectacular upswing is predicted for the financial year ending June 1981. The company is today the largest in Natal and with its projected growth should maintain that position.

Commenting recently on this favourable state of affairs, Mr I G Colepeper, Managing Director of Murray and Roberts (Natal) said that it was significant that some 60 percent of the work on hand at the moment was negotiated, mostly with clients for whom Murray and Roberts (Natal) had worked before. This, he said, was the 'pay-off' for doing a good job first-time around as reputation counts a great deal in the construciton industry.

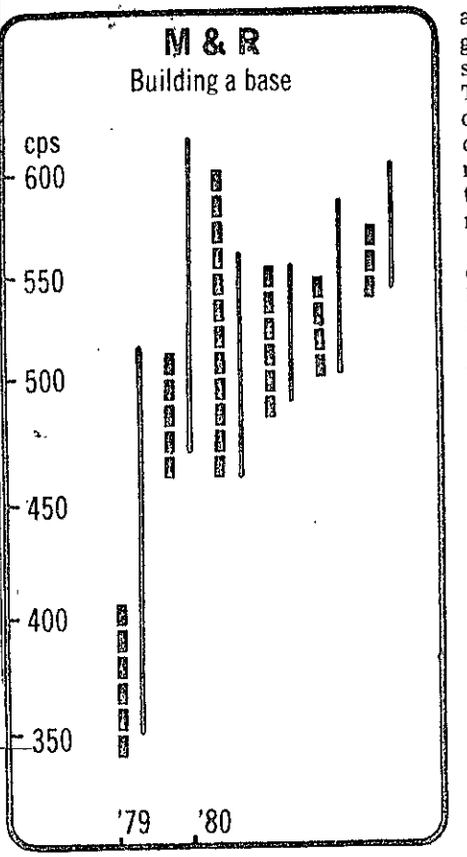
It was also significant, he said, that only some 30 percent of the work was government or provincial — the upswing was, therefore, by no means 'artificial' but was a genuine reflection of the state of the economy. Indeed, government spending on construction was at the moment fairly restrained — aimed at keeping a resonable level of employment where possible, but also at discouraging inflation.

skilled and semi-skilled labourers.

Here, again he felt that Murray and Roberts (Natal) would be better off than most as they had continued training throughout the recession.

Some 85 percent of the work-force now had primary or secondary skills — 3 500 men had been put through the Company's training school in the last five years and an almost equally large number had received on-site training. It was often said that the Natal economy lagged some nine to twelve months behind that of the Reef, but although that had been the case it was now catching up very fast and was now 'riding a similar graph'.

Large projects on which definite work for Natal contractors could be expected, he said, were the Richards Bay harbour and ore-loading extensions, the second railway line from Vryheid to Richards Bay, and the new aluminium smelter in the area. There would also be considerably more mass housing work and very considerable development in the KwaZulu homeland. In addition he was confident about the whole future of Natal and was prepared to predict that the province's economy would match if not exceed that of the rest of the Republic.



M & R FM 10/10/80

Set for growth (32)

Activities: *Holding company with subsidiaries and associates operating in construction, engineering, project management, manufacturing, service and food in SA and overseas. Anchusa holds 33,1% and the directors 5,6% (5,8%).*

Executive chairman: *D E Baker; deputy executive chairman: J E D Bramwell.*

Capital structure: *20,7m ordinaries of 50c; 320 000 6,7% cum red prefs of R1 Market capitalisation: R118m.*

Financial: *Year to June 30 1980. Borrowings: long- and medium-term, R36,3m; net short-term, R8,4m. Debt: equity ratio: 43,7%. Current ratio: 1,1. Net cash flow: R22,9m. Capital commitments: R21,3m.*

Share market: *Price: 570c. (1979-80: high, 600c; low, 325c; trading volume last quarter, 452 000 shares). Yields: 15,6% on earnings; 6% on dividend. Cover: 2,6. PE ratio: 6,4.*

	'77	'78	'79	'80
Return on cap %	24,6	20,3	20,7	25,6
Turnover (Rm)	522	588	704	818
Pre-tax profit (Rm) .	25,5	22,8	26,4	34,2
Gross margin %	4,9	4,6	4,7	5,2
Earnings (c)	63,7	67,5	82,4	89c
Dividends (c)	23,5	25,5	29,5	34
Net asset value (c)	357	402	445	498

Earnings growth, on the *FM*'s calculation, which strips out non-trading items, is a meagre 8%. If, as is logical, the capital profit on the sale of listed investments is also excluded, growth comes down to 7,1%. The blame for this virtual no-growth situation falls squarely on the construction division which suffered a loss, "very serious by SA standards," on the structural steel contract for the Koeberg nuclear power station.

The most pertinent view of this loss, however, comes from chairman Des Baker who says: "The group's ability to absorb such a loss and still show improved earnings and dividend as well as equity growth says a good deal for its resilience, stability and profit earning ability."

Despite the loss, return on capital is now back at the level achieved in 1976, before construction and building started diving. And gross margin, at 5,2%, is not only at its highest level in five years but is also exceptionally good by international construction company standards.

Spreading the group's earnings base through acquisitions of manufacturing and non-construction companies remains an aggressive pursuit of management.

In 1980 R3,8m (R0,7m) goodwill was written off against reserves. Had LTA's accounting policy of writing off goodwill against income been adopted, M & R's earnings trend would have suffered even more. The policy of writing off against reserves is consistent and reasonable, however. The immediate effect is to reduce shareholders' equity and, in the case of 1980, maintain the debt:equity ratio at a higher level than would have been the case given the R9,8m net decrease in borrowings.

The group now faces a period of above-average activity in construction, good growth in manufacturing and, obviously, some viable acquisitions have been found. To help finance all this, an unsecured debenture issue is being considered. At current interest rates, and assuming maintained margins and return on capital, the loan will have no diluting effect on returns to ordinary shareholders.

Baker says the 37% contribution to earnings by construction is abnormally low and expects this to recover to 45% over the medium term. My feeling is that the Koeberg write-down has been severe, but sufficient, and that the recovery in margins on work taken on over the past eight months points to a construction profit recovery in the near- rather than medium-term.

What will work towards keeping the construction share of total profits down, however, is strong growth in the industrial and property divisions. These increased their contributions to 38% (27%) and 10% (1%) last year. The industrial division is divided into Maric, which supplies the mining and heavy engineering industries; Elgin, whose activities encompass refractories, glass and engineering; and Manchusar which proposes to add CI Industries (caravans and mobile homes) to its food interests. Last week's acquisition by Maric of Saftronics is compatible with the purchase in the past few months of Stone Platt Electrical and suggests that M & R is building a base in the electronics industry.

Though the company recently looked at Grinaker without taking any action, the activities and assets of this family company must still interest the planners at Douglas Roberts Centre.

M & R's Baker . . . looking for acquisitions

Long haul before building peaks

(32)

By REG RUMNEY
Property Editor

BUILDING activity will reach the high levels of the early 70s in the next year or two, according to Mr R L Stevenson, president of the Building Industries Federation (SA).

He was speaking yesterday at the NDMF's Business Outlook Conference on The Building Industry up to 1981 (and Beyond?).

But he said much ground had still to be covered before building activity reached these high levels.

The lower turning point of the business cycle was probably reached in 1978, he said, and during this year investment in buildings reflected a 13% decrease in real terms over the previous year.

"During 1979 investment in building (in real terms) increased by 4% whereas an increase of 8% is expected for 1980.

"The industry growth rates for 1981, 1982, 1983, 1984, and 1985 should be approximately 5%, 4%, 5%, 6% and 5% respectively."

Based on employment figures, the present level of building activity was still about 20% to 30% below the level attained in the early 1970s. This was despite building activity having been on the increase for the past two years.

"It is estimated that since the lower turning point was reached during 1978, building activity has to date increased by anything to the order of 30% to 40%."

This was also borne out by the volume increase in the sale of commodities like bricks, cement and timber.

"Although things are happening, much ground is still to be covered before the activity levels of the earlier part of that decade will be reached. I am, however, confident that these levels will be reached within the next year or two and, further, that this high level of building activity will be maintained virtually throughout the 80s."

This "optimistic point of view" was based among other things on the growth rate for the building industry being, during the whole of the 70s, abnormally low.

It was well short of the 4,2% historic annual growth rate for 1946 to 1978.

The share of the building industry in the total economy had dwindled from about 7,5% to 5,6%.

The industry would have to perform at an increased rate to "do justice to the law of averages".

"Stated differently, in order to establish and sustain a healthy infrastructure level which will, in turn, ensure sound long-term economic growth, the building industry's output will have to increase substantially over the next few years."

Mr Stevenson identified inflation and building costs as one of the "environmental" developments which were bound to affect the building industry.

The rise in building costs over the next few years would outstrip the inflation rate. The factors pointing to this were that most building materials were still price controlled, interest rates were expected to harden over the next year or two, and profit margins and labour costs were rising.

The rise in building costs would result in:

- A continued trend towards smaller, more compact, houses as well as smaller stands. This would increase demand for effective township and services planning.
- Increased activity in the building additions and alterations market.
- Improved use of existing commercial and industrial buildings, especially because of increasing energy cost, those within the central business districts.
- A trend towards renting instead of buying.
- Greater use of time-saving, maintenance-free and modular materials and systems; and
- More emphasis on professional management and the use of quantative management systems.

Mr Stevenson listed the other environmental developments as:

- The emergence of a militant black labour force.
- The emaciation of free market forces.
- The economic upswing.
- A new political dispensation.
- The energy crunch.
- Tax.
- Prediction and forecasting.
- Management development and training.

These developments, he stressed, were not listed in terms of importance or current activity.

They should be looked on as "a form of blue-sky" planning — "being aware of the problem and preparing to meet the oncoming event".

PRICE CONTROL ON CEMENT, BRICKS MAY GO

ARGUS (32) 17/10/80

Argus Bureau

PRETORIA. — The Government is investigating the possible abolition of price control on cement, bricks, fertiliser, coal and other commodities.

The Competition Board has been instructed to investigate whether price control on these items should be abolished and the public is invited by a notice in today's Government Gazette to submit written representations to the board.

Dr Dawie de Villiers, Minister of Industries, Commerce and Tourism, announced that the board would investigate the possible abolition of price control on seven items.

RIVER SAND

These are burnt clay bricks, sand, including river sand and pit sand, cement, including slag cement, crushed stone and stone-crusher sand, fertiliser, coal and anthracite.

Dr de Villiers said the working group on price control had found that specific conditions existed in the production and marketing of other commodities which required further investigation.

People who wish to make submissions should do so to the Director, Competition Board, Private Bag X84, Pretoria 0001.

COSTS THREATEN BUILDING UPTURN, PLANNER WARNS

18/10/80 ARGUS

(32)

Business Argus Correspondent

PRETORIA. — A senior Government planner has warned that the current upswing in the construction industry will not continue indefinitely.

Dr David Mullins, an economist in the economic planning branch of the office of the Prime Minister, says the major reason is the high rate at which prices are increasing in general and in the construction sector in particular.

Referring to the entire construction industry, from house and flat-building to civil engineering, Dr Mullins said today that demand for construction services would decline in volume terms because of rising prices.

While construction fees rose at a far higher rate than the general inflation rate, people's budgets remained the same.

The Government, for example, provided the greatest demand for civil engineering services. But if civil engineering fees continued to escalate at a higher rate than other prices, the Government's demand for this sector's services would decline in volume.

This would happen because the amount of money which the Government had available to spend on such services remained the same.

The use of price adjustment formulae in the construction industry, though not a primary cause of inflation, helped to sustain the inflationary process.

Adjusted

In terms of these formulae, the industry adjusted its prices to cover cost increases.

Dr Mullins was elaborating on a talk which he gave last night at a meeting of the Pretoria branch of the Institution of Civil Engineers.

Mr C J Bettison, president of the SA Federation of Civil Engineering Contractors, told the meeting civil engineering found itself the victim rather than the cause of inflation.

He foresaw that labour would be a major contributor to increasing costs in the industry. The statutory minimum wage in the Transvaal had been increased by 22 percent this year already 'And we are only just seeing the beginning'.

There was also the problem of declining productivity. The financial demands being made were not in any way compensated by improvement in productivity.

Plant and equipment costs were likely to follow the inflationary spiral of the industry's major foreign supplier countries.

Prices of price controlled materials were rocketing.

About two-thirds of the materials used in civil engineering were price-controlled. and increases allowed by the Price Controller often seemed to exceed the overall domestic inflation rate.

Mr Bettison also warned of the need for better and longer-term planning by the authorities.

Stop-go

He said the State traditionally provided about 80 percent of the demand for civil engineering services. 'Yet for years we have been the victims of stop-go policies, with dramatic cyclical changes'.

- 7 -

If this system were removed, there would be greater pressure on manufacturers of materials used in the industry not to increase prices.

Manufacturers knew that if they put up their prices the industry would not complain too much because it could cover its costs in terms of this indexing system.

in mind when they designed a structure the educational level and skills of the men who had to build it. There was far too much unnecessary sophistication.

Costs soared when standards required were beyond the normal capacity of the man doing the work, he said.

In the process of export promotion there are basically t

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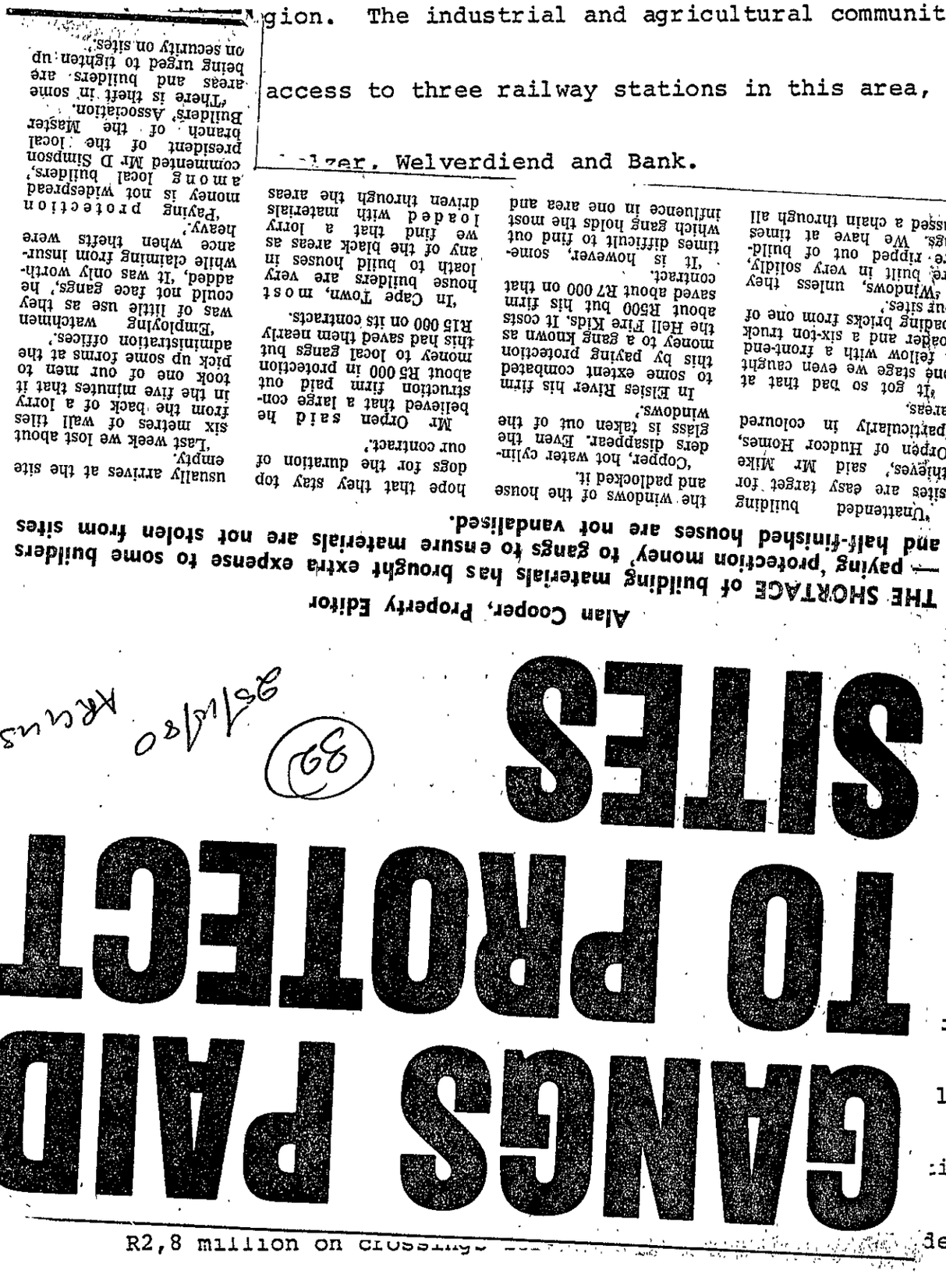
The proximity of the main line of railway between Johannesburg and Cape Town is a further incentive for growth

gion. The industrial and agricultural community

access to three railway stations in this area,

zer, Welverdiend and Bank.



GANGS PAID TO PROTECT SITES

Alan Cooper, Property Editor

THE SHORTAGE of building materials has brought extra expense to some builders — paying 'protection money' to gangs to ensure materials are not stolen from sites and half-finished houses are not vandalised.

'Unattended building sites are easy target for thieves,' said Mr Mike Orpen of Hudcor Homes, 'particularly in coloured areas.

'It got so bad that at one stage we even caught a fellow with a front-end loader and a six-ton truck loading bricks from one of our sites.'

'Windows, unless they are built in very solidly, are ripped out of buildings. We have at times passed a chain through all the windows of the house and padlocked it.

'Copper, hot water cylinders disappear. Even the glass is taken out of the windows.'

In Elsies River his firm to some extent combated this by paying protection money to a gang known as the Hell Fire Kids. It costs about R500 but his firm saved about R7 000 on that contract.

'It is however, sometimes difficult to find out which gang holds the most influence in one area and hope that they stay top dogs for the duration of our contract.'

Mr Orpen said he believed that a large construction firm paid out about R5 000 in protection money to local gangs but this had saved them nearly R15 000 on its contracts.

'In Cape Town, most house builders are very loath to build houses in any of the black areas as we find that a lorry loaded with materials driven through the areas usually arrives at the site empty.

'Last week we lost about six metres of wall tiles from the back of a lorry in the five minutes that it took one of our men to pick up some forms at the administration offices.'

'Employing watchmen was of little use as they could not face gangs,' he added. 'It was only worthwhile claiming from insurance when thefts were heavy.'

'Paying protection money is not widespread among local builders,' commented Mr D Simpson president of the local branch of the Master Builders' Association.

'There is theft in some areas and builders are being urged to tighten up on security on sites.'

R2,8 million on cross... ...de in

the Fund.

After negotiations /...

Business Mercury

'Finance job training' plea

28/10/82

(32)

Property Editor

AN APPEAL for the Government to do more to assist the building industry in financing job training was made yesterday by Mr Bob Stevenson, outgoing President of Bifsa.

Speaking at the building industry's annual congress, Mr Stevenson urged the Government to drop its subsidy in the form of tax relief for the cost of apprentice training in favour of a more nationally-concentrated concession policy.

'With greater financial support we believe that the Government could give impetus to its ideals for the Manpower 2000 drive by subsidising the central Bifsa training fund rather than giving dissipated tax relief to individual builders.'

He said the building industry needed to train an average of 2500 artisans each year until the end of the decade. It had already spent R17 million on training since 1971 and was planning to spend an additional R50 million over the next five years.

In spite of repeated requests for Government assistance, all this had been financed by loan capital generated from within the private sector.

Objectives

One of the industry's training objectives, he said, was to get back to a situation where tradesmen were capable of personal 'job pride.'

'Unfortunately, we are faced with a situation where the industry has lost its charisma. For some reason or other it is no longer fashionable to work as an honest well paid tradesman. For the average youth today white collars and glitters are the attractions that count.'

Equally important, he said, was the need to improve productivity within the industry and in this he was convinced that the industry had to support of its employees.

'If we are to beat inflation each and every man, whether on the building site, in the workshop or making bricks are steel pipes, has to give just a little more of his effort without asking for more pay and perks.'

Materials

Another problem facing the industry was the rising cost of building materials, coupled with price control on the vast majority of building components.

The industry had made representations to the Government in this regard and he was pleased to note that the Competitions Board had now been requested to investigate whether price control was desireable on bricks, cement, sand and stone.

City builders pay gangs

CAPE TIMES 28/10/80

Staff Reporter

TACTICS reminiscent of Chicago in the days of Al Capone are emerging in the Cape building industry now plagued by one of the worst shortages of key materials in decades.

The tactic is protection and it is being played by the traditional heavies — gangsters.

Mr Mike Orpen, managing director of Hudcor Homes, claims to know of one major construction group which recently paid R5 000 in protection money to Cape Flats gangs; and he understands that the contract saved the group about R15 000.

His own firm had entered into a protection contract with a gang known as the Hell Fire Kids. The cost was about R500 and Mr Orpen maintains that the firm saved about R7 000.

He said that it was difficult to find out which gang held the most influence in a given area. And there was always the risk that the gang would not be able to remain top dog for the duration of the contract.

Thieves working with a front-end loader and a six-ton truck were recently caught loading bricks from a Hudcor site. Cases of glass being taken out of windows have been reported. Copper, hot-water cylinders and window frames also disappear.

BUSINESS

Bifsa chief's warning on building bonanza

STAR 28/10/80 32

Frank Jeans
Property

DURBAN — If only half of the four million houses which will have to be built by the year 2000 to meet black population demand are of Western style, the building industry faces a R2 000m a year operation — about fifty per cent of the present total capacity for building work.

And if South Africa's builders are rubbing hands with glee at the prospects of this massive construction bonanza, they have been left in no doubt about the persistent problem areas which threaten the industry, not least of which is the inflation spurt which future housing programmes must eventually cause.

In his presidential address at the 75th annual congress of the Building Industries Federation which opened in Durban yesterday, Mr Bob Stevenson spelt out the dark clouds on the otherwise blue horizon for the builders who are now enjoying an estimated 30 to 40 percent more work than over the past two years.

With such a tremendous multimillion r and a year responsibility in the housing sector, is it any wonder that demand inflation will be rampant unless the government, public, professions and builders put their shoulders to the wheel and combat inflation and inertia, said Mr Stevenson.

On the question of labour, the Bifsa chief pledged his federation to the "voice of organised labour" — but emphasised that organised labour meant that which was properly constituted, and registered workers unions, "irrespective of race, colour or creed," said Mr Stevenson.

"The industry is still in a state of shock after the severe recession and is generally ill-equipped to manage the present upturn in th building sector.

"Not only will the artisan drainage create severe problems, but many firms are financially not geared to take part fully in the expected strong revival in building activity."

The Bifsa president reiterated the industry's pleas for government action on building programme planning.

"It is a source of constant amazement and dismay that government will not only forecast building programmes for longer than a year, but in fact will not commit funds to ensure the continued confidence within such an important sector of the economy."

Mr Stevenson appealed to Mr Danie Steyn, Deputy Minister of Finance, who was present, to take note of the builders' planning problem and asked the government to work towards a three-year commitment on a moving average basis.

"In that way," said Mr Stevenson, "we can plan, train and invest on a logical business basis to the benefit of the workers and entrepeneurs of this country."

Builders urged: Erect more homes

DURBAN. — Alternative ways of meeting the enormous housing need in South Africa, such as self-building and other self-help schemes, must be explored intensively, the Deputy Minister of Finance, Dr Danie Steyn, said in Durban.

In his opening address at the annual national congress of the Building Industries Federation of South Africa (Bifsa), Mr Steyn said only a portion of the apparent housing need could be met through State-assisted programmes.

"Estimates of the future demand for housing in South Africa are truly staggering. One semi-official estimate puts it at some 170 000 dwelling units per year for urban blacks alone up to the year 2 000," Mr Steyn said.

Seen within the perspective of the special effort in Government-assisted housing programmes for which funds were made available in 1977, it was clear that after the State had done what could be realistically expected of it in the conventional away, large numbers of people would still be inadequately housed.

To encourage the return of private initiative in the building industry, the Government would continue with its policy aimed at the final removal of rent control.

"If it is possible again for private investors in accommodation to obtain a realistic return on their investment, it should encourage new investment in such accommodation," he said.

"This would inevitably entail a rise in flat rent in many instances, but it is a necessary price which will have to be paid."

He also said steps were necessary to divert into lower-cost housing some of the resources in the boom in private building activity, which were going to an excessive extent into the more expensive types of housing.

"One way to do this is to step up the implementation of policies to enable building societies to invest in housing in the black towns and cities."

Plans were also far advanced for building societies to take over some of the outstanding investments of the national housing fund in black housing. — Sapa.

Pupils win case

POST 28/10/80

By NORMAN NGALE

NINE Tlokwe High School final matric students yesterday had the suspension imposed on them by their school set aside by the Pretoria Supreme Court.

Mr Justice P G van der Walt granted an order permitting the students all of Ikageng, Potchefstroom, to attend classes and all ordinary school activities including the writing of examinations.

The successful appeal for the court interdict was heard only two days before matriculants sit for their final examinations tomorrow.

The students are: Ezekiel Mafolo (former vice-chief prefect of the school), Japhta Luka, Maniel Masitenyane, McPherson Moeketsi, Mohlomi, Dudwetsang Petrus Modise, Michael Lebogang Nyokong and three youths.

The urgent application was brought against Tlokwe High School principal, the school committee and the circuit inspector of the Department of Education and Training for South Western Transvaal.

Mr Justice van der Walt declared the decision of school authorities to suspend and expel the pupils to be null and void.

According to affidavits heard in the court, the students were hauled in to the principal's office on July 27 where they were told by chairman of the school committee, a Mr Makam, that they were suspended.

On this date, the school was reopened after its closure earlier following class boycott. Mr Mafolo told the court in his affidavit that Mr Makam had said he got a directive from the regional director of the area to suspend them. Mr Noorbhai, for the appellants, argued that the school committee had no authority, according to Education and Training Department's regulation to suspend the pupils.

Builder, Mr Geheza Mngomezulu.

Builder, Mr Jotham Sogo, secretary of the Associated Builders.

Building contractors angry at UF

POST 29/10/80 (32) (3)

THE Urban Foundation's home improvement scheme has cost black building contractors hundreds of rand and left frayed tempers.

Story: Joe Thloloe
Pics: Bongani Mnguni

Plumber, Mr Daniel Dubazana.

The builders believe that the Foundation still owes them, while the Foundation blames it on the ighorance of the building contractors.

Some builders told POST that the Foundation owed them money for work done as far back as May last year.

The Project Controller of the Foundation's Construction Management Services, Mr Abe Letoaba, concedes that the first few contracts last year "went sour" but he says it is because the builders could not estimate the amount of material they were going to use and they could not make quotations.

A plumber, Mr Daniel Dubazana, had told us that last May he had done work at a house in Soweto and was expecting to get R570 for the job.

He said the electrician who had been with him on the project was also not paid and was threatening to pull the wires out.

Mr Letoaba explains it: "The building contractor, Mr Geheza Mngomezulu, quoted R3 800 for the whole job. From this he was going to pay for the material to be used and he was going to pay his sub-contractors.

"He later told us to pay the merchant who supplied him with the material.

"At the end, we paid the merchant R2 028,33; and Mr Mngomezulu got R1 204."

... POST: But if Mr Mngomezulu was going to pay the plumber R570 out of this money, and still pay the electrician, the quote was unrealistic. Why did the Foundation not advise him that the quote was too low?

Letoaba: We were just starting. I believe this was our sixth job. And we learnt that our builders cannot tender.

"But since then we have introduced new procedures and we are constantly reassessing them. Nothing like this is likely to happen now.

"We ask the builder to get to the merchant and get a quote of the material, he has to get quotes from his subcontractors. The quotes are now more realistic.

"But besides that we are starting a programme to develop black contractors and the black building industry."

We asked the Urban Foundation about a house where a contractor quoted R500 and they paid the sub-contractor R200 after they found him working and asked him how much he wanted for the job.

"The contractor had not given us the quote. A sub-contractor started working on the job and at the end of the week demanded money from us.

"When we told him we could pay him he said he was independent of the contractor on the job. He in fact came to us after some days and said he had been out of town. We then paid the sub-contractor the R200 he demanded.''

Mr Letoaba also explained that the builders did not understand how the five percent retention worked.

"At the end of each contract, we retain five percent of the contract fee and we pay it to the builder after three or six months when the owner is satisfied with his building.

"What is happening now is that the builders will not go and do repairs when the owner complains, but at the end of the period they demand the retention fee. The money cannot be released until the owner is completely satisfied and signs a document that we should pay the amount.

"Now our builders insist: retention fee first and we do repairs later."

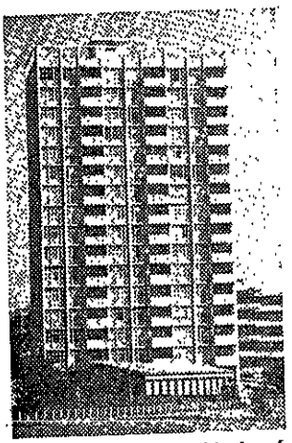
Mr Letoaba says unless black builders understand the subtleties of contracts, they will not benefit from the current building boom.

ESSOP HOUSING DEBACLE ENDS

8/11/80 Argus

(32)

Alan Cooper — Property Editor



BOLAND Park, a block of 93 two- and three-bedroomed flats situated in Durban Road, Bellville, has been sold to a syndicate of private investors for R1 138-000 by SRE Real Estate.

THE ESSOP HOUSING debacle is over — with good news for some and bad news for other creditors. The first payment — of 10c in the rand — was made this week to creditors in the insolvent estate of Ahmed Essop, but there is nothing to meet claims by unsecured creditors to the building company, Essop Developments (Pty) Ltd.

As managing director of Essop Development Ahmed Essop built up a flourishing house construction company with a turnover rising to well over R4-m in 1977. Dealing mainly with the coloured market, he attracted hundreds of would-be housebuyers who paid deposits and hopefully waited for their homes to be built. Many were but the company began to get into financial difficulties last year and Mr Essop applied to have Essop Development placed under judicial management.

Major creditors included Plate Glass (R21 000), Barclays Bank (R30 000) and Sam Newmans (R35 000) and Waud and Blackman (R43 000).

Total liabilities exceeded R240 000 and practically all its assets were encumbered, says Mr Solomon Gutman, the judicial manager of The Board of Executors Trustees (Pty) Ltd.

However, under careful control, the company completed 52 houses for which deposits had been paid, thereby saving extensive claims for damages.

Hardship which would have been caused to the purchasers was alleviated he said. However, not all could be built. Once the houses were complete it was decided by the creditors not to embark on any new contracts and the company was liquidated.

'In view of the fact that the assets were encumbered, the company's creditors who held no security for their claims cannot expect to receive any dividend and should write off any amount outstanding as irrecoverable,' said Mr Gutman. However, some creditors were also creditors in the insolvent estate of Ahmed Essop and would benefit through receiving a dividend of 10c in the rand.

An amount of R60 000 was recovered in July 1979 from the London bank account of Essop who left South Africa shortly after his estate was sequestrated in June last year due to the prompt action by Mr Neville Rubinstein the trustee also of The Board of Executors Trustee (Pty) Ltd.

Acting on a tip-off, Mr Rubinstein telexed London lawyers to seek an urgent application from the High Court of Justice Queens Bench Division to freeze Essop's bank account in London.

The funds were frozen in the nick of time — at about 3[?] pm on Friday before the following Monday when Essop called at the bank to withdraw the money.

Filling in the cracks in the building industry

THE boom-bust syndrome bedevils the building industry. When times are good for builders they are very, very good, but when they are bad they are horrid. How the Building Industries Federation of South Africa (Bifsa) intends dealing with this, and other problems, including horrendously rising costs, came up at the federation's recent congress. Property Editor REG RUMNEY reports.

JOHN BARROW
. . . cautious

"DON'T go into building, whatever you do. Things are booming now, but in six months' time demand will fall off and we'll all be in it up to our necks again."

The builder who delivered this Cassandra-like pronouncement at a cocktail party in the colonial heat of Durban's City Hall during the Bifsa congress at the end of last month was doing reasonably well and for the moment expected to continue doing so.

But he wasn't going overboard about the boom. Not after he and others in the trade had had their fingers charred when the last slump shook the foundations of their former confidence.

The trouble was, he explained, that the ups and downs of building activity were always more exaggerated than those of the economy in general.

Result? Builders geared to the hilt were invariably caught out when the rollercoaster down appeared around the corner.

At the moment Bifsa's business is undoubtedly booming — especially in comparison with hard times — but has a way to go yet, it seems.

Mr John Barrow, Bifsa's new president, who came to office at the congress, is cautious about talk of a building boom.

"Any so-called boom affects different firms in different ways. I don't think we all benefit as builders in exactly the same way.

"For example, at the moment on the Witwatersrand, the area which is particularly busy is housebuilding, including townhouses.

"You can't compare it with the boom we had six or seven years ago when Johannesburg had 30 to 40 cranes up.

"There the boom was for big property developers. Now it is not the same firms who are involved as were involved then.

"The same applies to the other areas of the country."

Other areas of the country did not all see the upswing at the same time.

"It seems to start in Johannesburg and Pretoria and then filter down to the coast. East London is still very quiet."

According to Mr R L Stevenson, the previous president, "it is estimated that since the lower turning point was reached during 1978, building activity has to date increased by anything of the order of 30% to 40%. This range is also borne out by the volume-increase in the sale of such commodities as bricks, cement and timber."

The federation's last annual report notes that the growth potential of the industry for the next 10 years averages 4,7% a year, according to the latest economic development programme released by the Office of the Prime Minister.

But also in the report is a table suggesting that the building industry's share in the economy has actually decreased during the last 15 years.

Mr Stevenson also said in his opening speech at the last congress that "based on latest employment figures, the present level of building activity is still *approximately 10% to 20% below the level attained during the early part of the decade*, notwithstanding the fact that building activity has been on the increase for the past two years."

At the same time, building costs are rising. One estimate quoted by Bifsa is that inflation in the building industry is rising at 22% a year.

While this may be on the high side, it is an indication of the steepness of the rise.

Mr Barrow agrees that this is a major problem facing the industry and the federation.

He points out that during the last boom builders overcame the labour shortage problem by recruiting immigrants from Angola and Mozambique, as well as the UK and Europe, but when the slump hit, these people were forced toleave the industry.

Likewise, local labourers vanished from the scene, fleeing into other fields of activity like commerce or agriculture.

Now, Mr Barrow says, the industry finds itself in the same position as at the start of the previous boom, having to train labour once again.

This, he reminds, is "very expensive", and inevitably some of this expense will be passed on to the consumer.

The other component of costs, building materials, is also affected by the inability to plan ahead because of see-saw swings in activity.

Manufacturers too are chary of stepping up investment too much because of the fall-off in demand the last time round that led to closures of factories and stockpiling.

Bifsa has pointed this out to the Government.

It has urged the Government to change the voting of funds for Government building projects on an annual basis.

To quote Mr Stevenson again: "Regarding public sector building, it should be evident that economic planning and forecasting of less than three years is of little or no use to us.

"The lead time on any substantial structure can be from one to five years. We need hardly remind you that it takes years to establish brick and cement factories, it takes three years to train a craftsman and it takes time to design and plan."

What are Bifsa's plans this year?

Mr Barrow says the important tasks centre around labour — both in training and industrial relations.

The building industry, he says, quoting the annual report, will need something like 2 500 additional artisans a year up until the end of the century.

Bifsa has spent R17-million since 1971, and according to Mr Barrow, will spend another R50-million on training over the next five years.

And it also plans to tackle the issue of productivity in the building industry — according to the federation hovering around 10% — this year.

On industrial relations, Mr Barrow points to the six-man sub-committee he is chairing on future labour structure and related matters like training in the light of the repeal of the Building Workers Act.

"The crux of it is how we are going to handle the black skilled and semi-skilled worker."

So far the committee had formulated the following principles:

- A uniform system of training, grading and testing labour throughout the country;
- No fragmentation of the trades;
- The industry still requires formal training through apprenticeship;
- Provision to be made for the training up to artisan level of people not eligible for apprenticeship;
- No discrimination based on colour.

Mr Barrow says "the hard work is still to come in applying these principles".

They still have to be finalised with the trade unions.

Bifsa is itself undergoing a restructuring, in the interests of uniformity.

The federation is to de-register as an employers' organisation and Regional Master Builders' Associations are to extend their areas to cover the whole of South Africa. So the smaller MBAs will be swallowed, sooner or later, by the larger ones.

Also in the interests of uniformity Bifsa is moving towards a national policy on labour.

"The industrial councils in each province have acted independently though Bifsa has had a watching brief over them.

"The hope is that by agreeing on a national policy we'll bring all industrial councils more or less into line, though they will still act independently."

The federation has over 1980 paid a lot of attention to loss control, another area where cost-savings can be affected.

There are other problems — like the much-criticised contract price adjustments and the federation's still unresolved quarrel with the Electrical Contractors' Association — which have been overshadowed by the flurry of building activity.

But the federation has at least a strategy which might make builders breathe easier.

And, one hopes, keep building costs from becoming ruinous to the home-builder.

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Klaas van der Poel

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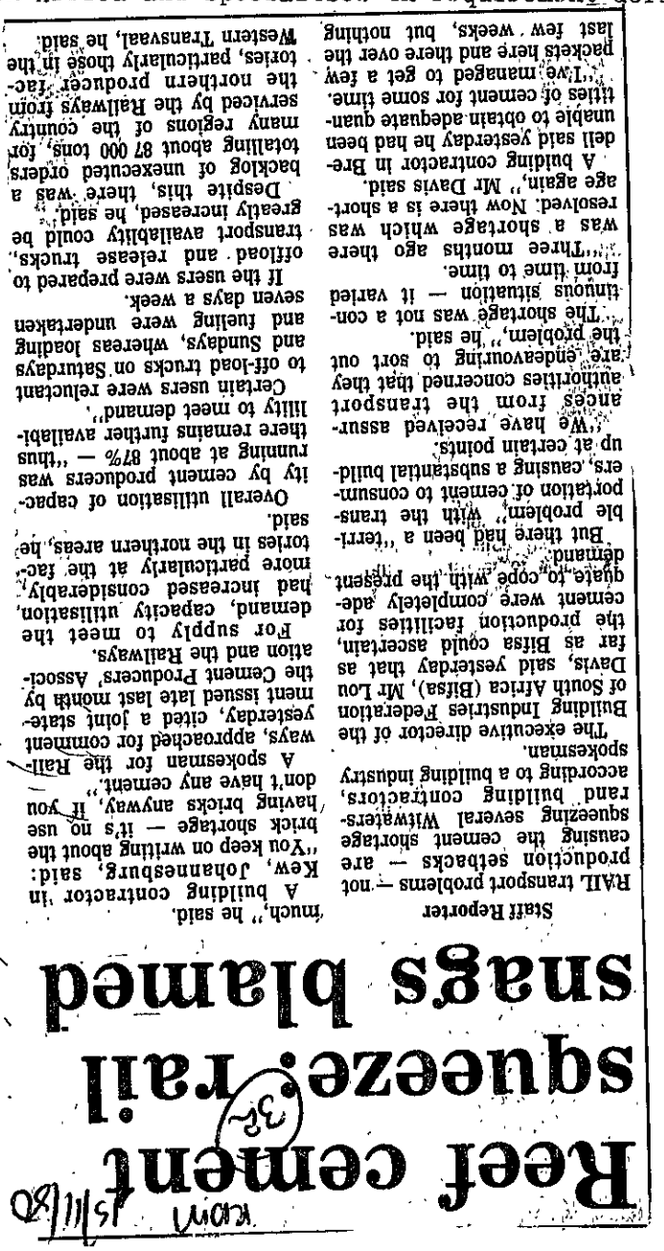
CURRICULUM VITAE

Klaas van der Poel

Has a degree in Operations Research from Tilburg, Holland. He has been with Shell International for 10 years and worked for that company as an international consultant in several countries around the world. His experience includes the design and development of systems for financial management, manufacturing control and production optimisation.

He has taught courses in Management Information Systems and Operations Research at the Business Schools of the Universities of Cape Town and Stellenbosch.

He is recognised as a member of the consultants group of the Computer Society of South Africa and specialises in requirement definition and design of ind



Reef cement squeeze: rail snags blamed

Staff Reporter

RAIL transport problems — not production setbacks — are causing the cement shortage squeezing several Witwatersrand building contractors, according to a building industry spokesman.

The executive director of the Building Industries Federation of South Africa (Bifsa), Mr Lou Davis, said yesterday that as far as Bifsa could ascertain, the production facilities for cement were completely adequate to cope with the present demand.

But there had been a "terrible problem" with the transportation of cement to consumers, causing a substantial build-up at certain points.

"We have received assurances from the transport authorities concerned that they are endeavouring to sort out the problem," he said.

The shortage was not a continuous situation — it varied from time to time.

"Three months ago there was a shortage which was resolved. Now there is a shortage again," Mr Davis said.

A building contractor in Bredell said yesterday he had been unable to obtain adequate quantities of cement for some time.

"I've managed to get a few packets here and there over the last few weeks, but nothing much," he said.

A building contractor in Klerksdorp, Johannesburg, said: "You keep on writing about the brick shortage — it's no use having bricks anyway, if you don't have any cement."

A spokesman for the Railways, approached for comment yesterday, cited a joint statement issued late last month by the Cement Producers' Association and the Railways.

For supply to meet the demand, capacity utilisation had increased considerably, more particularly at the factories in the northern areas, he said.

Overall utilisation of capacity by cement producers was running at about 87% — "thus there remains further availability to meet demand".

Certain users were reluctant to off-load trucks on Saturdays and Sundays, whereas loading and fuelling were undertaken seven days a week.

If the users were prepared to offload and release trucks, transport availability could be greatly increased, he said.

Despite this, there was a backlog of unexecuted orders totalling about 87 000 tons, for many regions of the country serviced by the Railways from the northern producer factories, particularly those in the Western Transvaal, he said.

KDM 15/11/80

Building plans in 1980 soared as boom accelerated

STAR 17/11/80 (32)

Pretoria Bureau

Building plans passed during the first nine months of this year in urban areas nearly doubled in value as the building boom accelerated.

The Department of Statistics reports that plans valued at R1 842-m were passed in urban areas from January to September compared to R950,5-m during the same time last year.

This represents a major increase despite the rise in building costs which has been estimated at 23 percent by the Bureau for Economic Research at Stellenbosch.

During the same period, the value of buildings completed increased from R598-m last year to R779-m this year.

The number of houses and flats planned in urban areas also increased dramatically.

During the same period this year 25 778 houses were planned compared to 17 496 during the same time last year while 655 blocks of flats were planned compared to 285.

REEF

The Reef showed a larger growth rate than the rest of the country with the value of building plans increasing from R333-m to R722-m during the first nine months of this year.

The number of houses planned on the Reef increased from 5 128 to 7 666 during this period while the number of blocks of flats planned more than doubled from 85 to 194.

Pretoria had a slower rate of growth with total building plans for the period increasing from R111-m to R197-m.

C.T. 19/8

Labour scarcity worries Seifsa

JOHANNESBURG. — In the third quarter of the year, reports to Seifsa indicated a further strengthening of the general confidence now engendered in the metal and engineering industries.

The Steel and Engineering Industries Federation of South Africa (Seifsa) says in its September newsletter that the continuing high rate of private consumption spending "is providing further stimulus to Seifsa's consumer-related sectors and the automotive component manufacturers, the electrical appliance industry and the building industry supplies sector all report improved order intake and production levels in September.

Plus factors were also seen in the increasing activity in the large and heterogenuous general engineering sector, which continued to benefit from the current expansionary phase in the overall economy and from the increasing consumption of goods and services in the mining sector.

Despite the worldwide drop in steel consumption and its effects on South Africa's steel exports, steel mills' output for the first nine months of 1980 increased by three percent on the corresponding period a year ago.

However, Seifsa says concern continues to be expressed by the Seifsa group over the worsening shortages of professional, technical, skilled and semi-skilled labour. This was now imposing some restraint on production performance and tending to lengthen delivery periods. — Sapa

DRIVE ON MANPOWER CRISIS

Building industry's R50-m for training

Sun Times Bus. 23/11/80 (32) (~~77~~) (~~125~~)

THREE major new training centres are to be opened at main centres by the Building Industries Federation of South Africa (Bifsa) as part of a far-reaching new R50-million drive to solve the manpower crisis facing this vital industry.

The money will be spent during the next five years in a programme which by 1985 will treble 1980's apprenticeship intake to 1 800 and double the year's non-artisans in training to 5 000.

The sum is nearly 200% more than the R17-million spent by the industry on training since 1971.

In addition to a R2,2-million centre at Springs opened this year, work starts in 1981 on new permanent centres in Durban, Port Elizabeth and Cape Town, to cost more than R10-million.

The centres — which are to have no colour bar — will provide capacity to train at least 50 000 skilled people before the year 2000.

About R28-million will be spent on practical training to 1985.

This was revealed to Business Times by Lou Davis, executive director of Bifsa.

The budget is based on minimum requirements and could be increased.

The project is part of a programme aimed at putting the industry on its feet and ready to meet a staggering housing shortage after a recession that caused thousands of builders to leave the industry.

Other areas of critical concern are:

● Productivity: A "disaster area" but capable of a rapid fourfold improvement with training and an improved industrial-relations climate.

By Andrew McNulty

● Capital investment: At least R50-million must be spent now by the industry just to replenish existing plant that needs replacement.

However, Mr Davis says, spending is unlikely to to be near this rate for reasons including uncertainty about profitability and the Government's resistance to requests for a reintroduction of the capital-investment allowance in the construction industry.

"Average year-on-year real growth in the building industry from 1971 to 1979 was zero. This is partly a result of vicious bargaining.

"But the industry is now ill equipped to meet the demands put on it by growth of demand and population."

● Industrial relations: Despite the repeal of the Building Workers Act, there remain patches of disagreement with trade unions.

"We are endeavouring to get as many apprentices into building as possible. We must have the support of the unions to do this.

"What is crucial is that talk of rate for the job is now anathema to us. Today we talk of rate for the skill."

The skills shortage is the top priority. About 3 500 to 4 000 skilled workers must be trained annually to meet the industry's forecast 5% average growth rate to the end of the decade.

Bifsa has calculated that the R3 000-million building industry must achieve average growth of 8% if it is to solve the country's massive housing shortage.

The current shortfall is 300 000 housing units for all races — before allowing for population growth.

Mr Davis says only 473 artisans were in training last year although this improved to 600 in 1980.

"We have taken a completely pragmatic view of our needs and believe this budget will be adequate.

"But this is totally financed by the industry. In view of the depth of the problem additional financial assistance should be forthcoming from the Government," Mr Davis says.

Bifsa employs a training staff of 70 to 80, which could be increased dramatically in the next three years.

Clearly, one of the biggest challenges will be to attract enough apprentices to fill the schools.

Innovations will rev up major Soweto upgrade

(32) (345) Sun. Times Bus. 23/11/80 (127)

By Andrew McNulty

INNOVATIONS in the areas of manpower and technology are being introduced by IECO, an LTA group company, in the R180-million Soweto electrification project.

IECO, a member of LTA's Mitec division, is handling 90% of the Soweto house-wiring contract.

Although the contractors are aiming to create as many jobs as possible for Soweto residents, shortages of skills and tight deadlines in a project believed to be the biggest of its kind in the world have made innovative methods essential, says Vernon Raath, general manager of IECO.

The company has trained and registered the first group of electrical-systems installers, who will use wiring-installation kits in what is described as a production-line system.

The first 23 installers, all black, received their licences this month to work in a new job category below the level of qualified electrician.

More than 2 000 homes have been wired by IECO using the system in its Sharpeville electrification contract, which began in February this year.

The company plans to be wiring 300 homes a week, using a field staff of 180, by Christmas.

By the middle of next year this could rise to 500 homes a week with a staff of 380.

Among equipment specially designed is a "swivel dome-lid", which allows lights to hang vertically from inclined ceilings pitched from 13 to 20 degrees.

"Contractors elsewhere in the country are placing orders for the device and we expect an international market to develop," says managing director Tony Orbach.

Also, a shortage of applicants for labouring jobs has led to development of a device used for laying cables in trenches.

Rise in EL plan values

DD 26/11/80

(32)

EAST LONDON — Building plans to the value of R1 668 300 were passed by the East London City Engineer's department last month.

This is a substantial drop on the value of plans passed in September, which totalled R3 659 200.

The September total was boosted considerably by the R2 433 000 contract for renovations and extensions being carried out by the Provincial Administration to the Port Rex High School in Chamberlain Road.

But even without Port Rex, the value of plans passed in September still showed a 25 per cent increase on the 1980 monthly average up to August.

The 1980 January — October total of R13 168 600 shows a jump of about 42 per cent over the corresponding 1979 figure of R9 218 600.

The biggest project on the October schedule amounts to R750 000 for a warehouse, boiler house and sulzer room to be constructed at Beehive Industries (Pty) Limited, Phillip Frame Road.

Plans for a rumpus room and sun room to be built for SATV (Pty) Limited were also passed in October. The cost is in the region of

Business Mercury

Bricks still in short supply

Finance Reporter

BRICKS are still in short supply in most parts of the country, in spite of efforts by the country's largest supplier, Corobrik, to reduce frustrating waiting times which have stretched even further over the last month.

While Toncoro yesterday quoted a mere two-month delay for face bricks in Natal — three months shorter than the next most fortunate province — the backlog for common bricks here has reached around 10 months from the seven predicted during November.

In the hard-hit Transvaal, with a 12-month waiting list for both face and common bricks, Sapa reports that Toncoro's planned new cement brick factory at Sasolburg will come on stream in July.

Durban

The factory, producing similar products to those made at the Corocrete factory in Durban, will cost R1,8m and total annual output will be about 24m cement bricks to serve the critical areas of the West Rand, Soweto, the gold mines and Sasol.

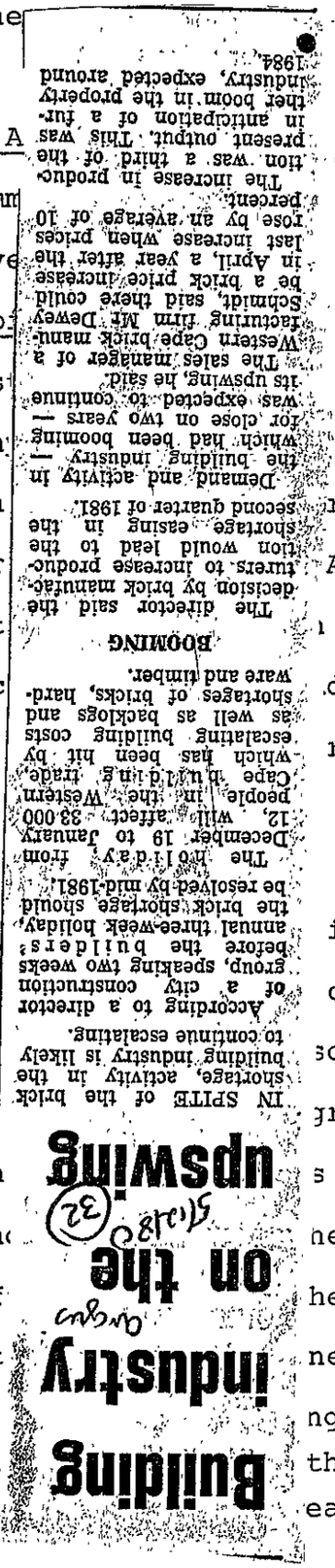
Yet in spite of this and other measures such as importing British and Zimbabwean bricks — the first million English bricks are due in Durban in about two weeks' time — re-opening and expanding plants, the supply position remains largely unchanged.

b) Harris and Todaro assume in their model that anyone who wants to work for an agricultural income can do so. The discussion of agricultural employment above suggests that this is not the case in South Africa and that some homeland unemployment consists of displaced farmers and agricultural workers not yet reabsorbed into othe

THE RIEKERT REPORT A STRIBUTION OF UNEMPLOYMENT

The important recomm kert Commission, and one to which legislative been given, has to do with the transferab (1)(a),(b) and (c) rights. As the system has s as not been a general right to live in an but only (initially) in the prescribed area ranted. With the passing of the Black Affair Act of 1971, this was extended to a right t any other prescribed area within the jurisdic dministration Board (of which there are 22; reas fall under one or other of these).

This has the effect ible that the growth of the labour force with s called 'qualified' workers) exceeds the growth some economically slow-growing prescribed growth of employment exceeds the growth in s in other, rapidly growing, areas. There is n ne two growth rates into alignment. The ef he creation of a 'dammed up' (Riekert Report nemployed labour force in backward areas (peo ng to leave these and so lose their qualification the necessity of importing contract workers in eas. The object of the



FINANCE

M&R chief forecasts bigger profit rise

MURRAY AND ROBERTS, the construction giant, expects a further substantial increase in profits in the present financial year, the chairman, Mr D E Baker, said in an interview today.

While he would not put a figure on the expected increase, he said it should be greater than the 24 percent rise reported last year.

Construction should show better results this year.

Although there was not that much more activity, there had been an increase in profitability.

But though the economy was in an upturn contracting was going through a dangerous period.

Costs were escalating faster than the consumer price index, mainly as a result of suppliers and sub-contractors increasing their prices to recover the margins lost during the recent slump in building.

In addition the industry was now confronted with an appreciable increase in salaries and wages. It was likely that the shortage of skilled people could lead to a drop in productivity.

The key to solving this was to train more black people. But while progress was being made in giving the black man manual skills, his ability to enter management was being handicapped by his lack of education, especially in technical subjects.

MR D E BAKER, chairman of Murray and Roberts.

WOEFULLY LOW ..

The standard of technical training for blacks was woefully low and it was necessary to improve the calibre of teaching.

Although construction activity was picking up in other parts of the country, it still remained quiet in the Western Cape, reflecting the area's limited growth.

This imposed a hardship on young coloured people who could not move north to search for work in the same way that young whites did.

OPPORTUNITIES

Mr Baker said more industry and more employment opportunities were needed in this area.

However, he was critical of the slow pace of proposals to stimulate the establishment of industry between Cape Town and Atlantis.

It would be socially more desirable to promote industrial development in the area between Cape Town and Mitchell's Plain.

There was normally far more than one wage earner in a coloured family. Therefore moving families to Atlantis meant that many people had to commute to Cape Town.

This commuting could be avoided if new jobs were created closer to where these people were living.

GOOD YEAR

The group's interests outside of direct contracting were having a good year. The companies serving the construction industry, especially those in the Transvaal, were doing well.

The engineering companies were well occupied, as were those connected with the mining industry.

The merger of Roberts Construction and Murray and Stewart into one organisation had almost been completed. Murray and Roberts was extremely close to being one company.

Moreover, it was not just an enlarged M and S or Roberts Construction but a different organisation.

Derek Tommey

REGION TYPES, 1960-1980

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Source: Slmkl

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Boom set to continue

STAR 9/12/80

Own Correspondent

The building boom in Pretoria is set to continue in 1981 with the addition of a new 300-room hotel and an office tower costing R25-million.

New buildings worth R126-million will get under way in the first few months of next year, while further projects valued at R60-million should be started before the end of 1981.

Not included in this list are various flat schemes under construction and the new R100-million sport and trade centre in Verwoerdburg, which is still being planned.

The new hotel, which will be Pretoria's biggest, will be built by the Holiday Inns group. It will cost in excess of R10-million,

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Homes to
pc more,

32 10/12/80

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Property Editor

BUILDERS in the Durban area must wait a year for the delivery of common bricks ordered from Corobrik in North Coast Road, and indications from Johannesburg are that building costs next year will rocket by 20 percent.

A spokesman for Corobrik confirmed yesterday that orders placed today would be consigned only in November 1981.

But the delay on all types of face bricks has been reduced from three months to eight weeks because of reduced demand.

One irate builder, who was told yesterday that he would have to wait a year for delivery of an order for 6 000 common bricks, fumed: 'This will be the death knell of the small builder. They can't afford to stockpile bricks on the off chance of getting a contract.'

Mr Peter Kidger, sales director of Corobrik, said the demand for common bricks had been aggravated by the upsurge in residential development.

In September last year delivery delay on common bricks was three months but since then contractors had placed orders six months in advance.

'We don't know how many of these orders are real or how much builders are overestimating their demand in order to insulate themselves against delays,' said Mr Kidger.

'Although our effective delivery date for commons is a year away, where we have a genuine case of a small builder needing a small number of bricks in a hurry, we should be able to give him his bricks earlier — provided he comes in and discusses his problem with us.'

Corobrik's four common brick plants will be working throughout the Christmas holidays in an attempt to maintain production at 230 million a year.

The company has already recommissioned a formerly redundant plant at its Briardene works, which has added 14 million bricks a year to its total production, and has announced that it will be importing a limited range of face bricks.

Increases

Our Johannesburg correspondent reports that sharp increases in the price of materials and attempts by contractors to recoup losses suffered during the recession would drive up building costs by 20 percent next year.

A spokesman for the Building Industries Federation of South Africa said yesterday that costs would continue to climb at the same rate over the next three years

By 1984, he said, the cost of building a house would be more than double today's prices.

This meant that a three-bedroomed house built this year for R30 000 would cost R62 000 in four years' time if the current rate of increases were maintained.

The same house would have cost R25 000 last year and R18 500 in 1976.

'But people should not despair when they read these figures,' the spokesman said:

'Although the 20 percent increase is in excess of the current inflation rate we have proved, in studies spanning 70 years, that in the long term, building cost increased tend to equal the inflation rate.'

Escalating material costs, for example in bricks, cement and steel, and shortages of skilled labour, had contributed to the spiral.

W Cape cities' building plans reflect boom

Staff Reporters

A DRAMATIC UPSWING in activity in the building industry in the Western Cape, which two years ago was in a state of recession, is reflected in figures provided yesterday by the Cape Town City Council and the northern muncipalities.

In the Cape Town municipal area the value of building works for which plans have been approved by the city engineer's department has increased from R62 million in 1978 to a figure expected to exceed R150 m by the end of this year.

The value of works for which plans have been approved this year is almost double last year's figure of R81 m — and the 1980 figure does not include plans for the R30 m international hotel on which work has already begun for the Southern Sun group on a central-city site.

All-time monthly record

The City Engineer, Mr J G Brand, said yesterday: "Even allowing for inflation and escalating building costs, the latest figures represent a very healthy improvement in the level of activity."

The all-time monthly record for the value of building works approved has been broken in several successive months this year, and the figure for October — R24 888 895 — was more than four times greater than the October 1979 figure — R5 357 710.

Even if R20 m is deducted from the 1980 total to allow for the steep rise in building costs since last year, the current figure remains a formidable one. Up to the end of November, a total of 8 839 plans for individual projects had been approved, as against the 6 715 plans approved last year and the 5 832 passed in 1978.

These are the figures for building plans passed by the northern municipalities:

BELLVILLE: The total value of building works for which plans were passed up to the end of November was R35 713 157. This includes 465 private homes valued at R19 075 060.

Last year the total value of projects for which plans were passed at Bellville was R20 633 837.

DURBANVILLE: Up to the end of November a total of 864 plans had been passed, with a total value of R13,3 m.

PAROW: Plans for building works valued at R18 461 173 were passed up to the end of November. Because of the rapid expansion of Parow's industrial area and the clamour for houses in the new suburb Welgelegen, this figure is expected to reach R20 m by the end of the year.

Last year the total value of works for which plans were passed was R11 019 442 — almost 50 percent less than the 1980 figure.

GOODWOOD: The total value of plans passed so far this year is R13 883 436. The total number of houses was 388. During 1979 the total value of works for which plans were passed was R8 115 744.

KUIL'S RIVER: So far this year building plans for projects valued at R7 111 915 have been passed. This compares with the 1979 figure of 2 409 329. While 80 of the plans passed last year were for private homes, plans for 202 homes have been passed so far this year, as well as plans for flats, factories and swimming pools.

BRACKENFELL: Plans for 64 dwellings valued at R6 788 472. had been approved by the end of November. This compares with a total of 24 plans passed in 1979, with a total value of R1 182 110.

'All getting bricks'

Durban builders still getting adequate supplies, says Master Builders' Association

Property Editor

DURBAN builders are still receiving adequate supplies of common bricks — in spite of the long delivery delays which are now reported to be roughly 11 months.

A spokesman for the Master Builders' Association said yesterday all builders, including the smaller home builders, who had placed their orders for bricks at Corobrik in advance were receiving brick deliveries to their sites timeously.

'The brick companies haven't cut off supplies to the small home builder, they've just placed them on a waiting list.'

Mr Bob Stevenson, of Stevenson Construction, who requires 550 000 bricks between January and June for the OK Bazaars home improvement centre contract in West Street, said he was getting regular weekly brick deliveries without any problem.

Mr Brian Waberski, managing director of Corobrik, said there appeared to be a big brick shortage, but it was technically only a shortage on paper because builders had suddenly taken to ordering bricks in advance.

'In the good old days a builder could order his bricks today and expect delivery tomorrow. All that has changed with the rapid increase in demand and now he is being forced to plan his deliveries nine months ahead.'

Mr Waberski said the problem arose when a new spec builder or a private home owner who wasn't aware of the situation placed an order for bricks and was told he had to go to the end of the waiting list.

'But we never turn people away and if he's got a genuine problem and comes in and discusses it with us, we should be able to make him an earlier allocation.'

He added that the brick shortage should be relieved next year when additional plants were brought on stream to increase output.

Common bricks from Pietermaritzburg, where the delay is only two months, would also be available shortly at an extra handling charge of R2 a thousand.

In addition the company was giving serious attention to using concrete bricks from the Corocrete works to augment further shortfalls in brick production.

Bricks from Europe — at a price

(32) Prop. Argus · 13/12/80

THERE was a time when railing facebricks from Cape Town to Johannesburg was considered extravagant. Such is the shortage now that facebricks are being imported from half-way across the globe to meet the demands of desperate 'would-be' house owners — at 140 percent more than local price.

Last week advertisements appeared in Transvaal newspapers offering facebricks imported from Europe for R265 a thousand. According to the businessman behind the venture, Mr Roelf Vorster, the response was overwhelming.

Mr Vorster says that he is able to supply his bricks within six weeks after receipt of an order. That's much better than the delay of more than a year that Transvaal builders are experiencing for the home-baked product — which is why they are prepared to pay so much in excess of the going price of R95 a thousand.

Mr Vorster says he can supply facebricks to Cape Town builders at a lower price than the Transvaal — R230 per thousand — which works out at an extra R4 000 on an average sized home.

The saving grace ...

Buy now!

32 Times 14/12/80

BUY or build now — save later. That's the advice of property and building experts for prospective South African homeowners.

Spiralling inflation and a major brick shortage mean that today's R30 000 suburban house will cost R62 000 in 1984 if the present economic trend continues.

Already the rush to buy houses and flats is so frantic that property experts predict a speculative inflationary cycle which will force prices of new houses even higher than the anticipated 20 percent a year predicted this week by the Building Industries Federation.

Soaring

The demand and soaring prices also mean a change of lifestyle for the average middle-class family who will have to do away with second bathrooms, spare rooms and garages so they can afford the repayments on new homes.

South Africa's building industry is so hard-pressed to meet the demand for accommodation that it is already importing two-million bricks at premium prices from Britain.

And, since September, a further two-million a month from Zimbabwe at R160 a 1 000, which is R40 a 1 000 more than the local product.

So great is the demand for

By GEOFFREY ALLEN

Our spacious houses will soon be history

housing that the national value of approved flat building plans has risen by R140-million since last year to a record R240-million this year.

Experts say that the high cost of building will force middle-class South Africans to live in more densely populated areas either away from city centres or in central flat jungles.

They say that transport costs will have to be absorbed by the homeowner and that for the next decade there is no possibility of sophisticated public transport being available in any of the country's major cities.

This week some authorities in the construction and finance industries said that the Bifsa prediction of a 20 percent increase next year was conservative.

They said that the increase could be far greater but in the next three years it would probably stabilise at 20 percent.

"Builders can virtually ask any price they like," Mr John Stottard of the Allied Building Society said.

"There is no realism in the housing market. It's an 'Alice in Wonderland' affair."

Mr Hennie van Zyl, economic adviser to Bifsa, said building cost increases had been very erratic in the past varying from two percent in 1977 to 18 percent in 1979.

He said, "Our prediction for the 1980s is a steady 20 percent a year rise until 1984, that is five percent higher than the overall inflation rate.

"In boom times demand forces building costs to increase faster than the general inflation but they fall back in a slump because builders then have to absorb some of the costs by cutting their profits."

Mr Van Zyl said that during the slump of the 1970s the cost of most building materials had continued to rise because of Government price controls.

"In bad times the suppliers argued that they had low turnovers and diminishing profits so that they forced the prices up.

Lowering

"We believe that overall costs will continue to rise until price control is done away with," he said.

He said that Bifsa did not believe that salaries could increase to keep pace with the rocketing building costs and that there would be a significant lowering of home standards together with improved use of space and more economic designs.

Professor John Sadie, head of the Bureau for Economic Research (BER) at Stellenbosch University, said that his bureau's statistics showed that a 20 percent increase was conservative for 1981 when the price hike could be much bigger.

Next week the bureau will release its projections of the building costs for next year.

Prof Sadie said, "We are not as optimistic about the projected increases as Bifsa.

"We are in a horrible situation, faced with inflation caused by both cost increases and by demand when people are ready to pay almost any figure for something they want."

According to the BER the determining factor for what type of housing the individual can afford is the monthly repayment figure matched against his total monthly income.

Mr Don Kennedy, executive director of the Property Developers' Association, said: "People are always partly submerged in financial problems but they never actually drown.

"The chief difficulty for the industry at present is the length of time it takes to get bureaucratic approval for building plans."

There can be several years delay from the time a development is conceived until work begins and because of the recession of the early 1970s there is a vast shortage of housing for both blacks and whites.

"The difference for young couples starting life together today compared with those of 20 years ago is that they tend to have lived alone in rented accommodation first.

"And they have also acquired peripheral possessions such as a car, hifi set, and furniture and probably have a combined income of around R1 500 a month so they are fairly well off by comparison with couples of the past."

He said that couples would move fairly far out of a city centres to get cheaper ground prices.

"The Government and various city councils are doing in-depth studies of possible public transport systems but no matter what solution they come up with it is not going to relieve the situation that exists now," Mr Kennedy said.

Recruiting

Mr S Pretorius, director of the Master Builders' Association, said builders operating costs were increasing by one and a half percent a month.

"We are doing everything to keep costs down but we need to increase the productivity of the labour force.

"The industry will have to step up training programmes.

"At present we are examining the possibility of recruiting large numbers of skilled workers from Britain, but in the long term we need better training for all races in South Africa.

"Labour is the area in which we can make the most significant cost reductions. There is nothing we can do about the rising cost of materials.

"Those materials which are under price control have risen more than the ones on the free market."

Slump fears send demand sky-high

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THE National Building Research Institute of the CSIR is conducting an involved programme into the cost of housing but it appears there are no miracle cures — just the application of much common sense.

This became clear during a long discussion at the NBRI headquarters in Pretoria with the newly appointed director Jacob van Straaten, the head of the methods and applied economics division, Dr Trevor Miners, and the head of the building services division Robin Crabtree.

These three men are vitally concerned in ways and means of keeping costs down. And there are ways, although as Miners puts it, it doesn't mean it will be passed on to the end buyer.

"It is prices that count in the middle income field and not costs," he said "The only man interested in costs is the builder and that's only while he is busy with the job The rest is entirely what the market will stand

"On the actual building side there are 16 tasks that we are looking at. Twelve of them are within my division, one is being done by the architectural division on the cost of design and there are a number of projects on electrical, plumbing and vices plus materials an be done wit

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quite substantial savings in township layout planning if it is done with the services much more in mind at an early stage That is where the main areas of savings lie.

"To give an example, our sub-committees have been given an exercise in which they were given a township in the Cape and undertook to replan it. Subsequent costing estimates indicated that savings on the services were in the order of 50 percent.

"They rationalised the services far better, reduced road reserve widths and by reducing those widths, increased the number of stands available

Horror

"We are seeking the situation where a pure vn planner doesn't aw a layout for a wnship, which is rush- l through the ownships' board, and hen the services ngineers throw up their hands in horror and ask if the implications of the layout are understood. This is what has happened in the past.

"What we are proposing is some professional certification immediately following the planning stage that in fact the layout has been done to satisfy the principles and objectives of those rational norms as far as the services are concerned — then we would be getting somewhere.

"There are also other aspects of rationalisation — silly things you wouldn't think of. For instance, a planner decides to put duplexes around the edges of a valley which means that all the major services, the large pipelines have to go to the edges. If he put them in the middle where the main pick ups are, he would immediately reduce the magnitude of the services.

"There is a whole new concept about stormwater drainage," he said. "In the past the maxim has been to get rid of it as quickly as possible into the nearest stream and let somebody else downstream have the problem.

"We are now looking at attenuating the flow in a two-tier system. The stormwater design attempts to use parks, playgrounds, parking areas and the streets themselves as rentention areas where the stormwater can be retained and let off slowly instead of causing floods after a major storm"

Director Van Straaten brought up the question of co-ordination of services: So often one finds that streets are made then someone comes along and digs them up.

To this, Crabtree pointed out that lack of co-ordination in the past, both of design and construction had wasted money

"Mitchell's Plan is a fine example of co-ordinated design and construction," he said

On the financial side of housing, Miners said.

"The Fouche Commission (into housing) has asked that we go for modest housing. But to ask people to keep their sights down is having for the moon, especially in times of high inflation when prices are rising all the time"

He said that as inflation continues the bond which might have seemd high at first became easier to pay off for a person with a steady job and some promotion.

"Around the world there are these kind of problems One has got the whole question of subsidies and in Britain there are tax deductions on the interest on mortgage bonds.

"But one must remember that where there is a subsidy, where one is taking something from one part of the economy to give to another, somebody is going to be a winner and somebody a loser."

Crabtree pointed out that the building industry is cyclical in nature and this brought about labour problems Some people can weather a storm, others leave and are lost for ever.

People who were walking the streets three or four years ago are now inflating prices fantastically because they are demanding high salaries.

"If one loses X percent of skilled and semi-skilled manpower in the last down cycle, the next upsurge requires more men than one had before so one has a double loss. And when the upsurge comes, productivity goes down because the worker is less dispensable"

Serious

Van Straaten said of the housing shortage "It is now seriously affecting an organisation like the CSIR. People now ask about the availability of accommodation in Pretoria and at what cost, which was never a consideration before."

I asked him about new materials: "There are no secret materials." he said. "What is happening is that because of the scarcity and high cost of bricks, there is a tendency to build more with cement products."

He said few of the new products, such as glass reinforced cement, really competed economically with the traditional brick construction

"But we are always looking at possibilities of improving the performance of the concrete block kind of construction."

Miners said: "In the field of middle income housing, people like the flexibility that brick gives them. They like to have an individual house and the industry has built up to that tempo. But if you go into high density you will have larger schemes and then we can start to use, for instance, reinforced concrete slabs for the first floor... and panels for the walls in some instances."

Crabtree said that some innovative wiring systems had been pushed along but contractors are still wary of anything new and took the attitude of "better the devil we know."

"With these innovative wiring systems, legislation still demands that a qualified electrician has to install it. But if the labour dispensation changes and one had "conduit installers', who do not have to be trained electricians, firms could go for them."

The NBRI does have a great deal on the go and is grateful for the support it receives from the Department of Community Development But as Van Straaten put it: "There are so many factors over which we researchers have no control whatsoever..."

With the costs of building likely to increase by 2(

T'S JUST A MA

What is being done to try to keep the cost of materials and building in check? Property Editor COLIN VINEALL reports.

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With the costs of building likely to increase by 20 percent next year,

SUNDAY TRIBUNE, DECEMBER 14, 1980

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IT'S JUST A MATTER OF COMMON SENSE

TREVOR MINERS

ROBIN CRABTREE

JACOB VAN STRAATEN

What is being done to try to keep the cost of materials and building in check? Property Editor COLIN VINEALL reports.

THE National Building Research Institute of the CSIR is conducting an involved programme into the cost of housing but it appears there are no miracle cures — just the application of much common sense.

This became clear during a long discussion at the NBRI headquarters in Pretoria with the newly appointed director Jacob van Straaten, the head of the methods and applied economics division, Dr Trevor Miners, and the head of the building services division Robin Crabtree.

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"On the actual building side there are 16 tasks that we are looking at. Twelve of them are within my division, one is being done by the architectural division on the cost of design and there are a number of projects on electrical, plumbing and other services plus another on materials and what can be done with them.

"I think we have come to the conclusion that in the middle income field it is extremely difficult to pass cost saving into the market.

"I see some hope for the future in the kind of high density houses — duplexes and larger schemes of 80, 90 or 100 at a time. There, if there is correct design, one can have repetition and try to save some money."

Services

Crabtree emphasised that savings can be made right at the start of a township development by taking care over the placing of services.

"Our main thrust in this investigation for the Department of Community Development (which is financing the research) has been to see how we can reduce the unit cost of serviced land and the services costs.

"The four main services are water supply, sewerage, electricity distribution, and roads/stormwater drainage which are usually coupled together.

"We set up four sub-committees with representation from all parts of the country on each of the services.

"There are two main areas where cost savings can be effected First, steamlining the actual process of township establishment. The long delays that developers have complained about in the past two or three years because of all the rigmarole and red tape could be cut by cutting down the time scale. It is like a man building a house — if he can build it tomorrow it is going to cost him less than if he is going to build it in six months' time.

"Second, it is quite obvious that there are quite substantial savings in township layout planning if it is done with the services much more in mind at an early stage. That is where the main areas of savings lie.

"To give an example, our sub-committees have been given an exercise in which they were given a township in the Cape and undertook to replan it. Subsequent costing estimates indicated that savings on the services were in the order of 50 percent.

"They rationalised the services far better, reduced road reserve widths and by reducing those widths, increased the number of stands available.

Horror

"We are seeking the situation where a pure town planner doesn't draw a layout for a township, which is rushed through the townships' board, and then the services engineers throw up their hands in horror and ask if the implications of the layout are understood. This is what has happened in the past.

"What we are proposing is some professional certification immediately following the planning stage, that in fact the layout has been done to satisfy the principles and objectives of those rational norms as far as the services are concerned — then we would be getting somewhere.

"There are also other aspects of rationalisation — silly things you wouldn't think of. For instance, a planner decides to put duplexes around the edges of a valley which means that all the major services, the large pipelines have to go to the edges. If he put them in the middle where the main pick ups are, he would immediately reduce the magnitude of the services.

"There is a whole new concept about stormwater drainage," he said. "In the past the maxim has been to get rid of it is quickly as possible into the nearest stream and let somebody else downstream have the problem.

"We are now looking at attenuating the flow in a two-tier system. The stormwater design attempts to use parks, playgrounds, parking areas and the streets themselves as rentention areas where the stormwater can be retained and let off slowly instead of causing floods after a major storm."

Director Van Straaten brought up the question of co-ordination of services: So often one finds that streets are made then someone comes along and digs them up.

To this, Crabtree pointed out that lack of co-ordination in the past, both of design and construction had wasted money.

"Mitchell's Plain is a fine example of co-ordinated design and construction," he said.

On the financial side of housing, Miners said:

"The Fouche Commission (into housing) has asked that we go for modest housing. But to ask people to keep their sights down is baying for the moon, especially in times of high inflation when prices are rising all the time."

He said that as inflation continues the bond which might have seemd high at first became easier to pay off for a person with a steady job and some promotion.

"Around the world there are these kind of problems. One has got the whole question of subsidies and in Britain there are tax deductions on the interest on mortgage bonds.

"But one must remember that where there is a subsidy, where one is taking something from one part of the economy to give to another, somebody is going to be a winner and somebody a loser."

Crabtree pointed out that the building industry is cyclical in nature and this brought about labour problems. Some people can weather a storm; others leave and are lost for ever.

People who were walking the streets three or four years ago are now inflating prices fantastically because they are demanding high salaries.

"If one loses X percent of skilled and semi-skilled manpower in the last down cycle, the next upsurge requires more men than one had before so one has a double loss. And when the upsurge comes, productivity goes down because the worker is less dispensable."

Serious

Van Straaten said of the housing shortage: "It is now seriously affecting an organisation like the CSIR. People now ask about the availability of accommodation in Pretoria and at what cost, which was never a consideration before."

I asked him about new materials: "There are no secret materials," he said. "What is happening is that because of the scarcity and high cost of bricks, there is a tendency to build more with cement products."

He said few of the new products, such as glass reinforced cement, really competed economically with the traditional brick construction.

"But we are always looking at possibilities of improving the performance of the concrete block kind of construction."

Miners said: "In the field of middle income housing, people like the flexibility that brick gives them. They like to have an individual house and the industry has built up to that tempo. But if you go into high density you will have larger schemes and then we can start to use, for instance, reinforced concrete slabs for the first floor... and panels for the walls in some instances."

Crabtree said that some innovative wiring systems had been pushed along but contractors are still wary of anything new and took the attitude of "better the devil we know."

"With these innovative wiring systems, legislation still demands that a qualified electrician has to install it. But if the labour dispensation changes and one had "conduit installers', who do not have to be trained electricians, firms could go for them."

The NBRI does have a great deal on the go and is grateful for the support it receives from the Department of Community Development. But as Van Straaten put it: "There are so many factors over which we researchers have no control whatsoever..."

CORRESPONDENCE OF U.C.T. COURSES TO PROFESSIONAL EXAMINATIONS

PROFESSIONAL SUBJECTS

Actuarial Science I should, broadly, correspond to Faculty of Actuaries Part 4 and Institute of Actuaries Part A3. Actuarial Science II should broadly correspond to Faculty of Actuaries Part 4 and Institute of Actuaries Part A6. Compound Interest and Annuities Certain would cover Faculty of Actuaries Part 3 and Institute of Actuaries Part A2.

OTHER SUBJECTS

Applied Business Statistics I covers [illegible] of Actuaries Part 2 and Institute of Act[illegible] Applied Business Statistics II covers[illegible] Institute of Actuaries Part A5. Princ[illegible] and Business Finance 1, together with Ecq[illegible] should largely cover the requirements of Fa[illegible], Part 6 and Institute of Actuaries, Part A4 [illegible]

Murray and Roberts full of confidence for 1981

By Frank Jeans

Murray and Roberts is poised for another good year in 1981, and is looking for an improvement on its 24 percent increase in after-tax profits for the last financial year.

Predicting "a good 1981," Mr D E Baker, executive chairman of the group, said M & R had had severe problems on the construction side, most notable of which was the big loss on the structural steel contract at the Koeberg nuclear power station, and on certain contracts taken on during the more difficult period.

"Looking back, however, I believe this period had had advantages for M & R," says Mr Baker in the latest issue of the Group's journal, Robust.

"Contractors must keep a realistic approach to the assessment of costs and a clear understanding of the impact of escalation and the danger of over-extending on human resources," says the M & R chief.

He expected, too, to see the Government "implement an economic policy that should result in a growth of 6 percent or thereabouts in real terms during the coming year."

Certainly, that was the kind of target the industry had to hit, if the unemployment level was to be kept down to an acceptable figure.

Murray and Roberts' diversification policy had added greatly to the strength of the group, and although it was difficult to predict which investigations now in the pipeline would bear fruit, Mr Baker was hopeful of making "more than one large acquisition in the new year."

MR D E BAKER

Societies look at other ways of building

Property Reporter

THE Association of Building Societies has indicated interest in an increasing number of industrialised building methods, subject to a certificate of approval by the Agrément Board.

According to the association's latest quarterly newsletter, the building methods are being submitted because of the shortage of clay bricks.

The newsletter says that loan applications on concrete masonry buildings are favourably considered by most societies subject to compliance with certain standards as specified by the SABS.

Deposits with building societies leaped to a massive R304,7 million during the three months July to September this year — a 320,3 percent increase over the R72,5 million for the same perod last year.

And it is a surge which can only be gratifying to building society leaders now that they have raised their fixed deposit interest rate in a bid to become more competitive in the battle for investments.

Reporting on the investment increase, the newsletter says the money came mainly from institutions, while the introduction of 36-60 month deposits at nine percent became more attractive as a result of the cut in personal and marginal tax rates.

There was an 86,7 percent rise in the amount the movement laid out in loans from July to September — R1 489 million compared with R797,9 million.

But the association hands out a warning on the likelihood of a scarcity in bonds.

"Taking into account that capital bond repayments amounted to R531 million, societies had to obtain at least R792 million from the market.

"This means the societies experienced a negative flow of funds of some R18 million as they were able to attract no more than R774 million.

"Should this trend continue, it will result in lending restraints and loans will not be so freely available."

Statistics outline the building boom

RDM 31/12/86 (32)

PRETORIA. — The revival of the building industry in South Africa is reflected in figures published in Pretoria by the Department of Statistics.

The value of building plans approved in a survey covering about 90% of the country was R2 418 million in the first 11 months of this year — up by nearly R1 200-million on the corresponding period last year.

At the same time, the value of buildings completed in the first 11 months of this year was R995-million, about R234-million more than the year before.

Plans for residential buildings worth R1 304-million were passed by the end of November this year (R622-million in the corresponding months last year) while non-residential buildings worth R527-million (R246-million) were planned.

Among buildings completed during the 11 months, R557-million was spent on residential buildings this year (R376-million last year) and R203-million on non-residential buildings (R182-million). — Sapa.

Building plans in 'dramatic upswing'

argus 32 31/12/80

Consumer Reporter

THERE was a 'dramatic upswing' in the number of building plans submitted to the Cape Town City Council for approval during 1980.

In his review of the year, the City Engineer, Mr J G Brand, said: 'The value of works approved increased from R81-million in 1979 to more than R150-million in 1980 — an increase which, even allowing for inflation and escalating building costs, represents a healthy improvement in the level of activity.'

The capital and operating expenditure of Mr Brand's own department exceeded R200-million in 1980, compared with R171-million in the previous year.

MAINTENANCE

'Maintenance operations and the provision of engineering services for the population, which now total 945 000 in the municipal area, required the expenditure of R85-million,' Mr Brand said.

'Expenditure on capital works (slightly less than 60 percent of it being works funded from the National Housing Fund) was R115-million.'

Mr Brand said that, while the economic boom brought more work for his department, his staff was depleted because some were tempted away by the higher salaries offered by private enterprise.

In spite of this, Mitchell's Plain 'underwent spectacular growth' during the year, because of the opening of the railway, more help from the Government for home-buyers, and the opening of the town centre.

HOUSES

'From a situation of 10 760 houses sold at the beginning of the year, a cumulative total of 17 200 had been sold by the end of the year,' Mr Brand added.

'Thus a community of more than 88 000 is living at the Plain, with a full range of civic and commercial activities within reach.'

Mr Brand said that the first substanital portion of the Kromboom Parkway, between Black River Parkway and the Kenilworth Centre will be opened during the coming year.

'A start will be made early in the New Year on the construction of Vanguard Expressway between Klipfontein Road and Lansdowne Road.

'A number of other road schemes will improve the accessibility of other parts of the city.

TOWNSHIPS

'Improvement schemes, providing substantial extra accommodation, have commenced in several townships on the Cape Flats.'

Among other projects that Mr Brand mentions his department is playing a key role in is the construction of the Southern Sun hotel on the old Electricity House site.

'Subject to the successful conclusion of negotia-

Allow to boil for about 5 minutes or until a rich caramel colour. Serve immediately over scoops of vanilla ice-cream Enough for 6.

CONSTRUCTION - GENERAL

7/1/81

11/12/81

Bifsa's R50-m bid to avert labour crisis

By Kevin Murray

The Building Industries Federation of South Africa is to spend R50-million over the next five years in a bid to avert a critical shortage of labour.

This shortage of labour — if unchecked — could cause building costs to rise by more than 20 percent a year and house prices to double within four years.

The federation says a five-year training scheme it has launched could be improved if the Government injected a further R20-million to provide buildings and capital works for the project.

"Government money could be spent on setting up training facilities and we could spend R10-million a year on the actual training work," the federation's executive director, Mr Lou Davis, said today.

"But even with this money we are going to be far short of our requirements. We will be turning out about 2 500 skilled artisans a year but, in five years, we will need at least 3 000 a year and about 5 000 a year by the end of the century.

"This in the face of an existing labour shortage."

Mr Davis was reacting to reports that there would be more than 30 000 new jobs open to work seekers this year in the wake of an investment spending spree to expand and modernise South African steel mills and factories.

The Steel and Engineering Industries Federation yesterday revealed its plans to create more than 160 000 jobs over the next five years.

Mr Davis said the R50-million to be invested in training would allow the building industry merely to keep pace with demand for labour over the next few years. Thereafter the shortfall would grow at an alarming rate if nothing were done about it.

"There are many jobs available. Our biggest problem is that people are not keen to start in the industry because it has a poor image," he said.

FINE ART & ARCHITECTURE

Cape Provincial Institute of Architects' Prize
For the best student in :-

Sixth Year

P F Dunckley

Helen Gardner Travel Prize
For a student who has satisfactorily completed 1st, 2nd and 3rd major courses.

P A Rappoport

Molly Gohl Memorial Prize
For the best woman student in third year.

Miss C Tredgold

David Haddon Prize
For the best student of Architecture (or Quantity Surveying) in the subject of Professional Practice.

D H Pryce Lewis

General J B M Hertzog Prize
For the best final year student.

S A Read

Osbourn Prize
For the best work in fourth year.

D H Pryce Lewis

John Perry Prize
For the best work in third year.

R A van Rosenveld.

Municipal building at R50-m mark

Property Editor

Building work valued at close to R50-million will be carried out by Johannesburg municipal departments this year — a healthy looking barometer for the builders as they return from the Christmas break.

Taking a big slice of the city's construction allocation is the housing department, which will spend R14-million on homes for whites and coloured communities.

Estimated expenditure on white housing has risen marginally from R4,1-million in 1979-80 to R4,2-million. There will be almost R2-million more for Coloured people's homes.

This is in line with Government policy to step up its building programme for Coloured and Indian education.

The Minister of Internal Affairs, Mr Chris Heunis, has announced that the allocation of R28-million for Coloured people's school buildings will be raised to about R55-million, while the amount for Indian schools goes up from R22-million to about R35-million.

More than R9-million will be spent on depots in Johannesburg, while R7,2-million will be injected into the new sewage works project at Goudkoppies, south of the city.

Another major project, the new electricity workshops at Reuven, will cost R4-million.

Roads and works are other areas of expense, with R3,6-million allocated, while stormwater and drainage work will take R2,3-million.

New libraries, fire department construction and other sectors of the municipality will be allocated the remaining money.

The latest building statistics figures from the City Engineer's Department must also come as a tonic for the builders, particularly because the close-down month, December, showed a big rise in the value of work in hand — R313,5-million compared with R189,9-million for the same month in 1979.

Housing starts, too, are at a steady level in the municipal area, with 63 homes being built in December, as against 57 during the twelfth month in 1979.

ATI/GRINAKER

Strange moves

Strange is perhaps the only way to describe the actions of Grinaker Holdings (GH) chairman Ola Grinaker during the past six months or so. When Darling & Hodgson, which at the time owned about 14% of GH's shares and had options on a further 9%-odd, approached the company with merger proposals in the middle of last year, the response from Grinaker was that he wished to be independent.

John Hodgson, who is an old friend of Grinaker and chairman of D & H, realising that there was little point in making a contested bid, then wrote to Grinaker saying that if D & H decided not to retain its stake in GH it would sell the shares so as to cause the least inconvenience to Grinaker or his family.

That appears to have given Grinaker a feeling of security about his company which previously had been wide open to a less gentlemanly bid than that proposed by Hodgson. Whether Grinaker started negotiating with ATI before December will probably never be known. But when in early-December Hodgson told Grinaker that D & H had no intention of retaining its stake in GH, within a day Grinaker had stumped up R6m-odd for the shares.

Which was when events became pretty curious.

In its annual report for the year to June 30 1980, Globe Engineering, which is an indirectly-held subsidiary of ATI, did not reveal that it held any shares in GH. Between July 1 and Diagonal Street's pre-Christmas closure, 383 300 GH shares changed hands through the JSE. But on December 27 ATI was able to announce that Globe had acquired 730 100 GH shares — equivalent to 14,79% of the company's equity — at an average price of 1 088c a share.

The closeness of the December 27 Globe stake and the shares sold by D & H may be coincidental, but it does appear to be stretching coincidence rather far. So the question obviously arises as to whether Ola Grinaker could have been acting on Globe's behalf when he bought the D & H shareholding. If so, there seems to be a *prima facie* case for saying that if ATI's subsequent proposals are agreed, then a change in control of GH will have taken place and that ATI has an obligation to make a comparable bid to minorities.

Ola Grinaker clearly has control of 19,5% of the GH shares himself and through his family. The letter from Hodgson more or less gave him a free rein with another 14% and, possibly, options over a further 9% if he wanted them. Not enough for a 50%-plus controlling shareholding, but effective control nonetheless.

But as ATI claims that no change of control has taken place and that it does not, therefore, need to make an offer for minority shares, the best thing would be for ATI to reveal where Globe bought its stake in GH.

As for the merger of Claude Neon, National Bolts and Grinaker — I can see little commercial logic from the point of view of GH. The proposal is that GH issue 1,44m new shares in itself for ATI's 64,42% holding in National Bolts and 51,15% in Claude.

These, added to the 730 100 held by

Ola Grinaker . . . less independence?

Globe, a further 55 000-odd bought by ATI in the market immediately after Christmas and 962 500 controlled by Ola Grinaker and his family total just over 50% of the enlarged GH. They are all to be put into a new holding company in which ATI will have an effective 70% stake. GH will thus become a subsidiary of ATI.

It is a very strange development particularly as Ola Grinaker was so strong on maintaining independence so recently.

One broker, believes that the merger will lessen the quality of GH's earnings — he believes that while GH's management is pretty good in the construction field it will find it next to impossible to obtain any synergy between its present operations and the industrial activities of Claude and Nat Bolts. He adds, however, that the arrangement has all the signs of being a rushed job. ATI, he claims, has negotiated by far the best side of the bargain. Its cash cost to acquire control of one of the country's better construction groups was R7,9m and, in the process, it has not been obliged to relinquish control of Claude or Nat Bolts.

He argues further that GH alone is likely to outperform Nat Bolts and Claude over the next few years and that, therefore, the GH minorities will see earnings grow more slowly if the deal is agreed.

I tend to go along with that argument. I also believe that though ATI has probably stuck to the letter of the JSE regulations on acquisition of control, the whole question is in something of a grey area and that a more equitable approach would have been to make a bid or standby offer for the GH minorities.

Presumably the shares held by Globe and those controlled by Ola Grinaker will be voted in favour of the proposals to merge with Claude and Nat Bolts. But there is still time for the minorities to prevent the deal if enough of them vote against it. Since Christmas, turnover has been high in GH shares so, apparently, many shareholders, who were happy to be in the exciting GH have voted with their feet.

Jim Jones

BUILDING INDUSTRY

Growing pains (32) FM 9/1/81

The building industry is looking forward to a real growth rate of about 8% this year, despite critical shortages of skilled labour and some building materials.

In the first 10 months of last year building plans passed for the private sector were up a dramatic 101% on the corresponding period in 1979, according to the Department of Statistics. Buildings completed by the private sector over the same period were up 40% (both figures are calculated on monetary value).

Using the Stellenbosch Bureau for Economic Research's (BER) building cost deflator, real growth for 1980 is expected to be about 5% compared with 3,4% during 1979.

Although most of the building activity for the past year has been for residential units in the PWV complex, Natal is experiencing a definite upturn and the Cape is following suit. The eastern Cape, particularly Port Elizabeth, which for a long time lagged behind the industry in the current boom, is now quite vibrant, according to the Building Industries Federation of SA (Bifsa).

The breakdown of figures for building plans passed in the first 10 months shows a 107% increase in monetary value of plans passed for residential buildings. There was a 48% increase in the number of plans for dwelling houses passed, and a 90% increase in monetary value. The number of plans passed for flats was up 134% with an enormous 216% increase in monetary value.

However, the vast majority of plans for flats are not for rental blocks but for units which will be sold under sectional title.

Figures quoted in the Reserve Bank quarterly review indicate a 100,5% increase in mortgage loans granted by building societies for residential building from January to September 1980, compared with the same period in 1979.

The vast differences in monetary value highlight the problems which the building industry is facing with constantly rising costs. The BER estimates a rise of about 26% in building costs during 1980. The increase was 17,6% in 1979 and predictions are that 1981 will again show building cost increases of about 26%.

Bifsa executive director Lou Davis says the predicted 8% real increase in growth must be seen as a "pretty phenomenal achievement."

Davis says although there are still shortages of certain materials (bricks and some plumbing materials), another critical problem remains the urgent need for skilled artisans.

Davis says the industry requires 1 500 new entrants into the trades a year for the four coming years to cope with a real growth of 5%. Thereafter the need would be for 2 800 men a year for the following four years and 5 000 men a year by the end of the century.

Toncoro's Kemp . . . shortage still acute

During 1980 the intake was only 473. So far this year 1 000 applications have been received but, although this figure must be seen as progress, it is not yet high enough, he says. With the projection of an 8% increase in growth for the year, the industry will fall even further behind in its recruitment programme, he adds.

Davis says current training schemes are taking cognisance not only of the need to train more men, but also of making those men more productive. Last year Davis spearheaded a drive to offset flagging productivity in the building industry. Ongoing recruitment is taking place overseas, says Davis, but it is a complicated procedure.

Dick Kemp, chairman of Toncoro, the company which controls about 51% of the brick manufacturing industry, says the shortage of bricks is still very acute. He claims, however, that the company will be on top of the situation by mid-1981.

Since the building industry upturn, production capacity has been increased substantially, he says. In the last nine months alone capacity for the making of 200m bricks (about 14%-15% of previous capacity) has been provided and further brick factories are soon to be constructed.

Kemp says the shortage of bricks has brought about a far more efficient ordering system. And although the company's order books are now full, a good percentage of the orders are advance notification of bricks that will be needed in the future. Kemp says most of the major builders and government and quasi-government departments, which are big consumers of bricks, have co-operated on this issue. "It still is a fact that if an individual suddenly wanted to order bricks he could wait from three to 12 months," he says.

Kemp says the situation is tight all round but biggest demand is on the Reef and in the Welkom area. Toncoro has been importing bricks from Zimbabwe for some time. The order is now up to 2m bricks, most of which will be distributed in the Transvaal. The company is also importing bricks from Britain, and will take delivery of the first shipment of one million bricks next week.

Prices for the bricks are about R100/1 000 for the SA product, R250/1 000 for Zimbabwe bricks and about R350/1 000 for British ones. Although the prices are high, Kemp believes that with the rises of about 2% a month in building costs, many builders are prepared to pay the higher costs to avoid delays. Local bricks, he says, haven't gone up in price and are unlikely to in the next couple of months.

Despite the constraints provided by the shortages of manpower and materials — which according to all commentators are likely to get worse before they get better — a mood of optimism prevails. Although some property economists have suggested that the rising costs would hinder growth, few in the industry agree with this.

Brick-makers clear their name

RDM 10/1/87 (32)

By SIMON WILLSON
Industrial Reporter

AS the first consignment of imported bricks landed at Durban this week to help alleviate the year-long brick shortage, South Africa's largest brick producer claimed success in a campaign to deflect public criticism of its marketing methods.

Late last year Tongaat Corogroup, which controls 51% of South Africa's brick supply, feared that the 2-million imported face-bricks, shipped from England at high cost on a trial basis until next month, would arrive just as criticism of domestic producers for the shortage reached a crescendo.

So Toncoro embarked on an advertising campaign to deflect the criticism, not only from itself but from the whole industry.

The campaign tried to explain the reasons for the shortage, and to dispel some of the rumours of alleged sharp practice by producers.

Mr Keith Nurcombe, Toncoro's group marketing manager and the man behind the advertising campaign, says the public image of South Africa's brick producers has been restored to a large extent by the media exposure.

"We were advertising basically to say we had nothing to sell. But our research showed a widespread lack of understanding by the public about the brick shortage, and we thought it had to be brought out into the open," Mr Nurcombe says.

"We ran the campaign in the popular Press, and not in the trade journals, because the bitterness people felt at not being able to get bricks was mainly among the general public."

One of the advertisements carried a searching question-and-answer session which indicated the type of accusations which the public had been levelling at brick producers.

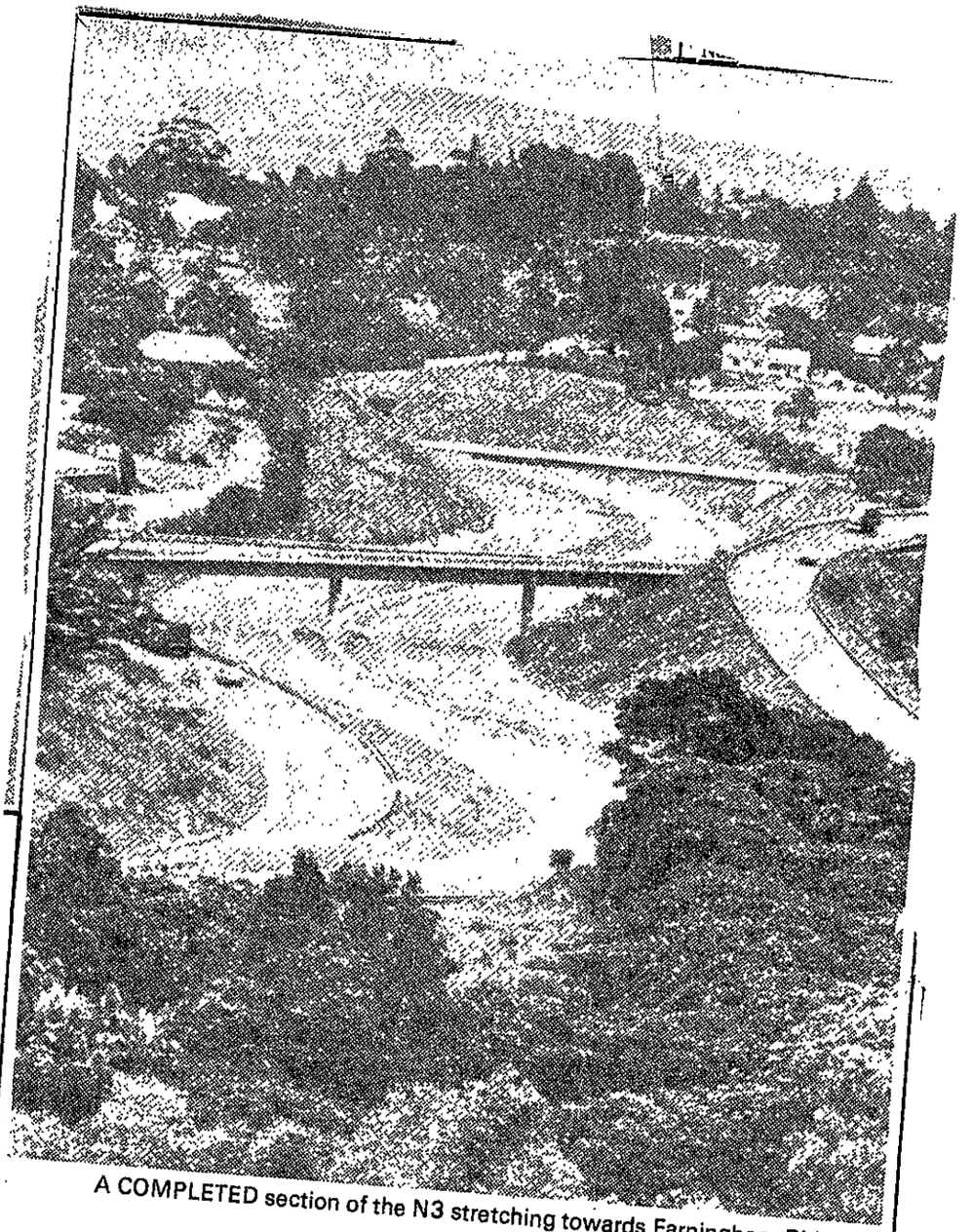
"Are the brick companies hoarding bricks to cause a false shortage and thereby force up the price?" demanded one of the questions.

"Is it true that the large builders have ways of getting bricks while the smaller builders have none?" said another.

Mr Nurcombe says: "We had to make clear that the brick industry is price-controlled, and that we were not hoarding but in fact selling our production up to 12 months ahead.

"Reaction to the campaign from our factories has been favourable. Apparently people have now stopped coming to the factories and blaming them for the shortage.

"It was a necessary clarification to make on behalf of the whole brick manufacturing industry."



A COMPLETED section of the N3 stretching towards Farningham Ridge.

NM 12/1/81 (32)

Highway link to be ready in 1985

Mercury Reporter

CONSTRUCTION of the N3 highway from Paradise Valley to Shongweni, which will cost about R50 million, is still underway.

Work began in March 1979 and the road should be opened to traffic in 1985, the chief engineer for the Department of Transport in Pietermaritzburg, Mr Malcolm Gunthorpe, said yesterday.

From Shongweni the N3 will link up with the national road to Pietermaritzburg which means motorists will by-pass Field's Hill.

'The route will be slightly shorter than the existing national road and this, coupled with the absence of Field's Hill and sharp curves, will mean motorists will reach Pietermaritzburg sooner,' Mr Gunthorpe said.

Construction of the Paradise Valley-Mariannhill section will be completed by March next year while work on the Mariannhill-Shongweni section will start this year.

The construction of the N3 has meant several changes and disruptions to traffic and many overhead bridges will have to be built, including one over the Umhlatuzana River near McIntosh Falls, Hillcrest.

Building plans up R3m

DD 13/1/81

EAST LONDON — Building plans passed by the city engineer's department here in 1980 were worth R3,23 million more than plans passed in 1979.

And the 1979 figures were about R5 million more than the previous year — an indication of the rising demand for buildings and extensions.

The value of plans passed last December is lower than the corresponding figure for 1979 when plans valued at R4 315 450 were passed. The figure for last December was R4 010 000.

The biggest slice from this figure comes from South African Television Manufacturing Company, of Wilsonia, who have applied for building extensions costing R2,4 million.

The total figure for 1980 is R18 759 500 — giving a monthly average of R1,56 million, compared with the R1 293 612 monthly average for 1979. — DDR

Building plans up

DD 5/1/81

32

EAST LONDON — Beacon Bay enjoyed a phenomenal rise in the estimated cost of building plans submitted last year in comparison with figures for 1979.

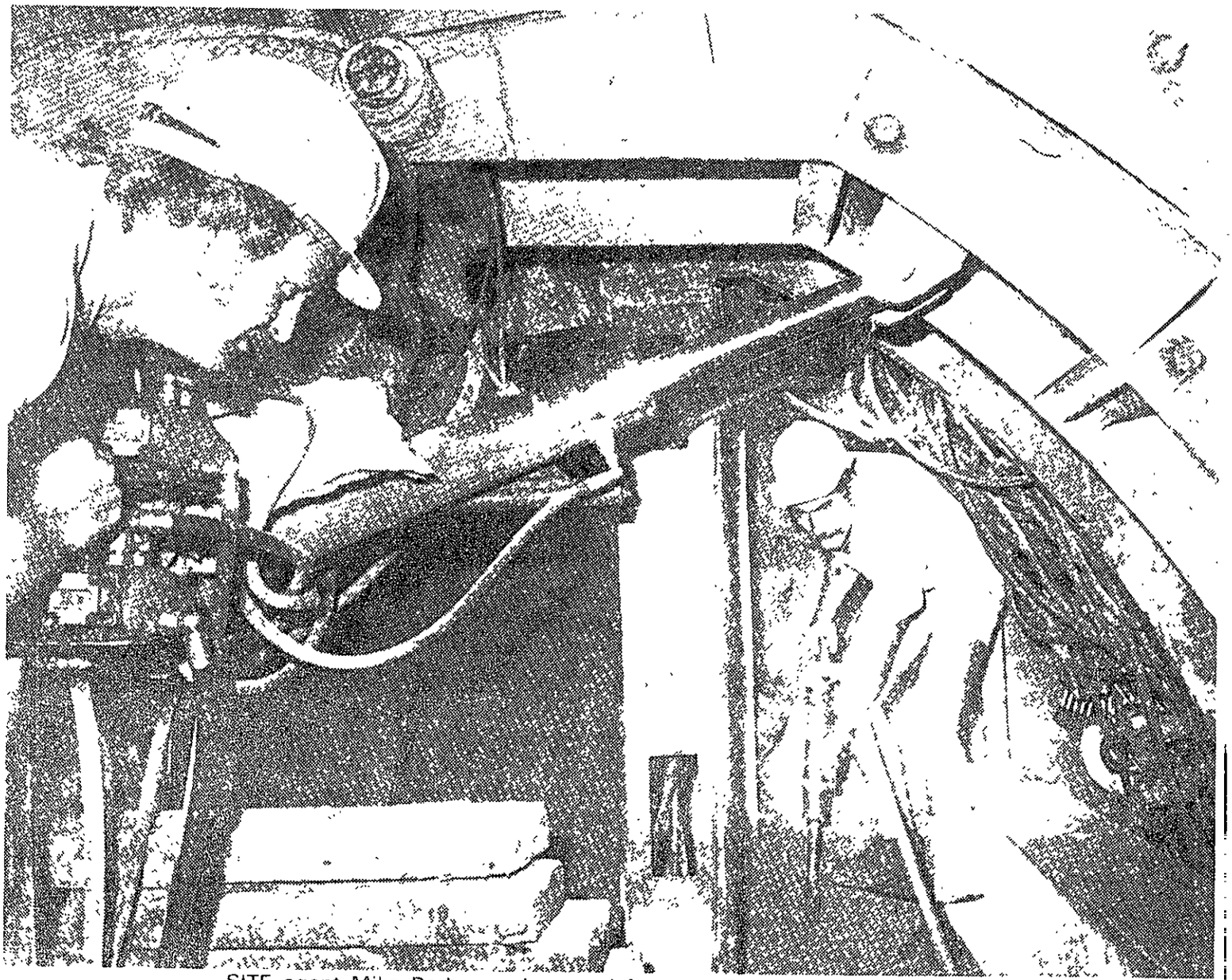
Plans totalling R4 913 628 were passed last year against R1,3 million for 1979.

December, 1980 also showed a big improvement on previous years with the total being R675 746.

The total for Gonubie also topped the million mark in 1980 when plans estimated at R1 333 135 were approved. In 1979 the total figure was R754 180.

The estimated cost of plans approved in December, 1980 was R44 650. — DDR

'Molemen'



SITE agent Mike Barber and general foreman Tony Reis at the work face

Durban's silent tunnellers keep grinding away into Berea Ridge

M 9/1/84 (32)

(Mercury Reporter)

DURBAN'S 'silent tunnellers' have completed 70 percent of the country's largest shield-driven tunnel underneath the Berea Ridge.

The face of the enormous 4,27 m diameter tunnel is being dug with hand tools to keep the noise level to a minimum as the tunnel runs underneath a residential area. In places it runs as close as 15 m to some houses, and because of this blasting is banned

The tunnel, designed to carry three large water pipes to the city centre, runs underneath Berea Ridge at a depth of up to 60 m, and will be 880 m long after completion.

It will run into two smaller tunnels each carrying a single water pipe. These have been completed and are ready to be connected.

The tunnel is being bored by use of a Greathead shield which was manufactured in Johannesburg It derived its basic design from shields developed by James Greathead, a South African born in Grahamstown in 1844 who helped pioneer London's Underground almost a century ago. The shield is a huge blade that is forced into the end of the tunnel by 20 hydraulic jacks which can exert a force of 1 200 tons.

The lining of the tunnel is made of concrete plates bolted together.

Initially progress on the tunnel was slow as the shield was driven through variable ground consisting of clay, sand and rock Recently conditions have become more uniform with a full face in sand. As a result the tunnel has been progressing by as much as 8 m a day.

The site agent, Mr Mike Barber, is delighted with the progress· 'We are expecting the main tunnel to be completed by the beginning of March. After that we have to fit the pipes into it. The whole project should be finished by the end of the year.'

Building costs hit new heights

RDM 16/1/87 (32)

By REG RUMNEY
Property Editor

BUILDING costs have hit "unprecedented heights", according to Stellenbosch University's Bureau for Economic Research (BER).

In its latest report the BER says the private housing sector will experience problems this year because of — among other factors — the continuing surge in building costs.

As measured in the BER's building cost index, the rate of increase in the fourth quarter of 1980 — compared to the fourth quarter of 1979 — was a disturbing 30%.

This figure, although based on only seven projects available for analysis, is described by the BER as "worrying" and, while tentative, confirms an underlying trend.

And the rate of increase in the third quarter of 1980, compared to the third quarter of 1979, was 24,9%.

The BER attributes the high rate of increase to:

- Increased prices of materials and labour costs. The BER says labour and materials costs have always accelerated during an upswing and it is likely they will do so this year;
- Brick shortages;
- Skilled labour shortages. With greater activity expected in 1981 than 1980, the BER cannot see this being resolved and it could worsen;
- A sharp decline in competition in tendering;
- A drop in labour productivity due to greater job security and bottlenecks in the supply of materials;
- An attempt by contractors to recoup losses on past contracts and to improve their margins to finance new plant. The BER does not see building costs being depressed here either.

The BER adds that building costs rise "more rapidly and to a higher level" during a long expansionary phase such as South Africa is experiencing than during a shorter growth phase.

● See Page 13

The 33c brick

Made to measure

NM 16/1/81

... the first 1m arrive in Durban

(33)

A grim forecast from the experts

Mercury Correspondent

CAPE TOWN—Building costs are expected to increase by at least 30 percent this year, says the Bureau for Economic Research at the University of Stellenbosch.

The bureau said in its latest building survey, compiled by Mr G J J Snyman and released yesterday, that building costs had never declined during a period of increasing building activity, but rose more rapidly towards the end of a growth phase — particularly a long growth phase as had been experienced in South Africa.

Since the level of building activity this year was expected to be higher than last, it followed that building costs would continue to increase very sharply.

The bureau's cost index showed a 30 percent annual rate of increase in the final quarter of 1980.

To forecast a drop in the price of houses would accordingly be unrealistic, but it appeared that they would rise at a slower pace this year than last.

Noting that a 2 percent rise in bond interest rates would translate into a 14 percent increase in monthly instalments on a R30 000 bond over 20 years, the bureau believed this could lead to real hardship and even forced selling for people who had overreached themselves. The total impact of this, however, was likely to be marginal.

Reasons for the soaring rate of building costs included a shortage of skilled labour and declining labour productivity due to greater job security and bottlenecks in the supply of materials.

Competition in tendering would decline further and instances had already occurred where no tenders had been received for medium-sized projects.

Contractors would endeavour to safeguard themselves against hidden cost increases from declining productivity and material shortages by raising their tender prices and it was also reasonable to expect them to improve profit margins while the going was good.

There was evidence to suggest that building costs rose quicker and to a higher level during a long expansionary phase than during the shorter growth periods.

Mercury Reporter

THE first 1 000 000, specially-made British face bricks arrived in Durban yesterday to be railed to the Transvaal and the Free State.

More than a thousand plastic wrapped pallets each containing 970 bricks were offloaded at Durban harbour and placed on 64 railway trucks.

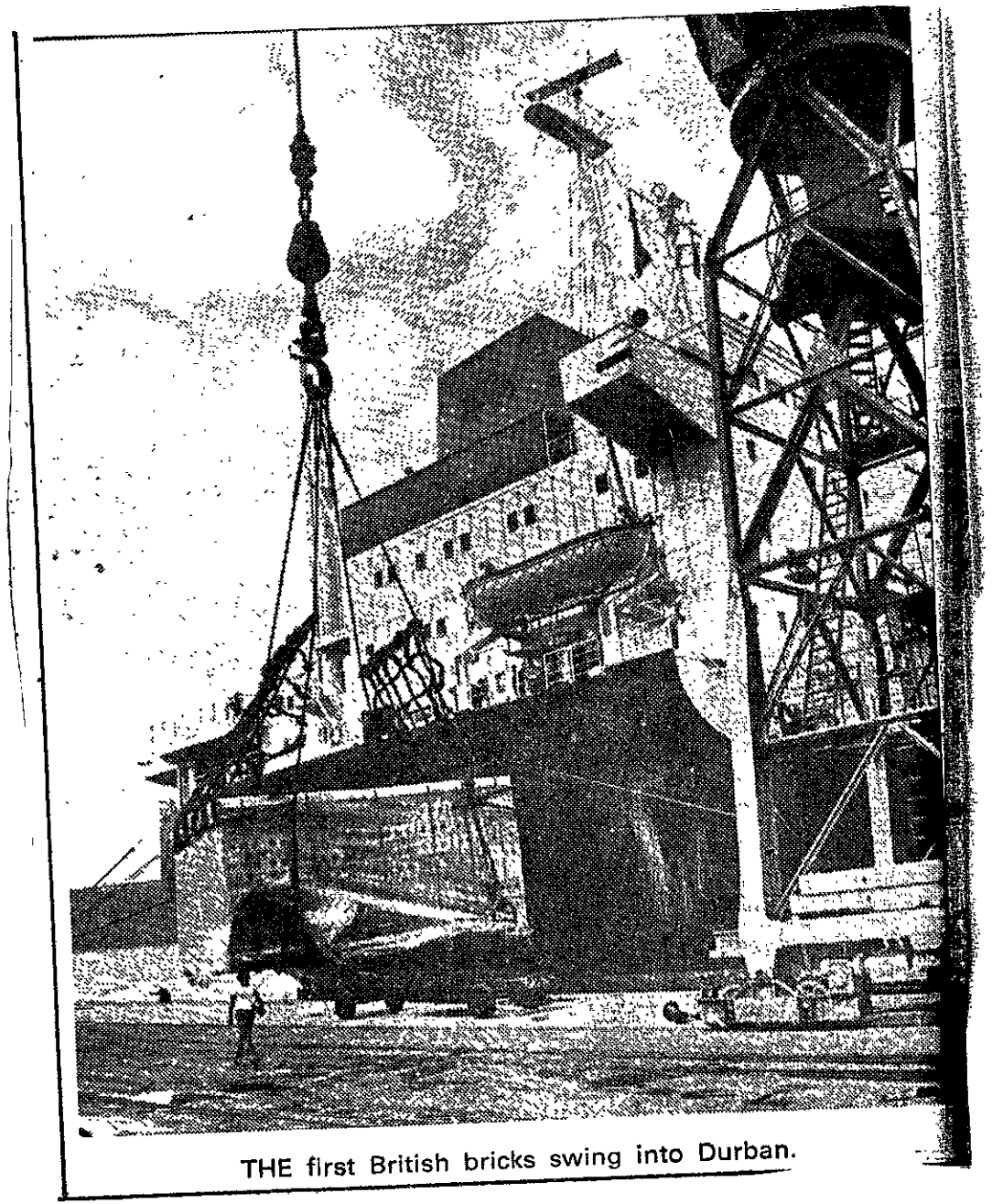
The bricks are expected to start arriving at their destinations by the end of this month.

The bricks were made to the larger South African size and will be selling at or about R330 a thousand, compared with R125 a thousand for local face bricks.

Mr Keith Nurcombe, the marketing manager for Tongaat Corogroup, who are importing the bricks, told The Natal Mercury that they have sold a favourable percentage of the bricks already.

'These bricks are for the small builder and the individual home builder who have been unable to plan their building far enough ahead to fit in with the planned deliveries from Corobrick,' he said.

MR Keith Nurcom e marketing manager of Tonc h two British bricks.



THE first British bricks swing into Durban.

R20m housing

RDM 16/7/81 (32)

ESCOM has awarded two contracts totalling R20-million to LTA Building (Transvaal) for housing at Standerton, where the R1 500-million coal-fired Tutuka power station will be established.

LTA Building (Tvl), the Pretoria-based company in LTA Construction, will build 408 houses — 138 in Stanfield Hill for Escom personnel and 270 in Standerton Extension 3 for Amcoal employees — says the managing director, Mr Melvin Verster.

This is one of the largest housing operations undertaken in the Transvaal, and 18 500 000 stock bricks and about 1-million face bricks will be used. LTA will have a work force of 350 at the peak of the operation.

Work is to start within weeks and will be completed in 25 months.

The first 20 houses will be ready before the end of July after which two houses a day will be completed. — Sapa.

Nightmares for the dream-home builders

RDM 16/1/81

By REG RUMNEY
Property Editor

ALL will not be well in the private housing market in 1981, says Stellenbosch University's Bureau for Economic Research.

However, the BER predicts increased building activity in 1981 and a bright outlook for the non-residential sector.

Business confidence, too, is still high and has not yet peaked, and the economy has entered the "mature phase of the upswing" where the investment cycle has taken over from private consumption as the major growth-inducing force in the overall economy.

The BER identifies higher mortgage rates, a possible reduction in the number of mortgage bonds granted by the building societies, and sharply rising building costs as problem areas in the private housing sector.

Demand for private housing will continue to increase in 1981 and after, spurred by higher demand from all population groups, especially blacks, immigration and continued urbanisation.

Demand will also come from people dislodged from properties which have come out of rent control.

This potential demand will be counteracted by rising costs and interest rates and the possibilty of the societies not being able to cater for demand for loans.

The societies' ability to cope with demand for funds has been affected by the reduction in the last Budget of the tax-free subscription shares concession and an expected outflow of institutional funds.

Increased money inflows from higher interest and redemption payments because of an increase in the mortgage rate will be partly counteracted by higher outflows due to higher deposit rates, the BER says.

But it is likely "on past performance" that the Government will come to the aid of the societies and the potential homeowner to avoid having to involve itself in private housing in contradiction of its declared policy — "to reduce the proportionate share of government in the overall economy by stimulating the private sector".

The BER says: "Should house prices be forced down by way of prohibitive interest rates and by drastically curbing the flwo of funds to societies the resultant disruption of the housing market will have undesired repercussions on the economy generally. Such a policy cannot therefore be foreseen."

Building costs, which do not decline during building activity, will continue to surge.

It is now "in many in-

trend in building plans passed presages an increase in building activity.

"This rise in activity will be sustained mainly by the long-term nature of non-residential building construction and by new public sector investment in residential buildings."

The BER says there was a 60% rise in the value, at constant prices, of non-residential building plans passed in the nine months to last September compared with the corresponding period in 1979.

Much of this activity is in the pipeline, it says, and will only be completed this year.

The BER says the severe bottleneck in both face-brick and stock-brick supplies has worsened lately.

The shortage will be alleviated by the recommissioning of mothballed brickfields and the commissioning of new ones, but the BER does not expect the "critical" shortage will improve sooner than the second quarter of 1981 at best.

While bottlenecks caused by the brick shortage are an inhibiting and cost-raising factor, the BER points out that "no manufacturer could have foreseen the dramatic rise in the demand for building materials which has occurred since the third quarter of 1979 to date".

The brick shortage enhances the competitive position of substitute materials, like cement blocks, concrete masonry and industrialised panels.

Supplies of other building materials, cement, roofing and plumbing materials, though they can still be regarded as satisfactory, but shortages are bound to occur.

The labour shortage also worsened in the fourth quarter of last year, says the BER.

"The shortage can, in the short term, only be alleviated by the return to the industry of artisans who became redundant during the severe recession, or by increased immigration of skilled building workers."

"Proposal to convert C.I.
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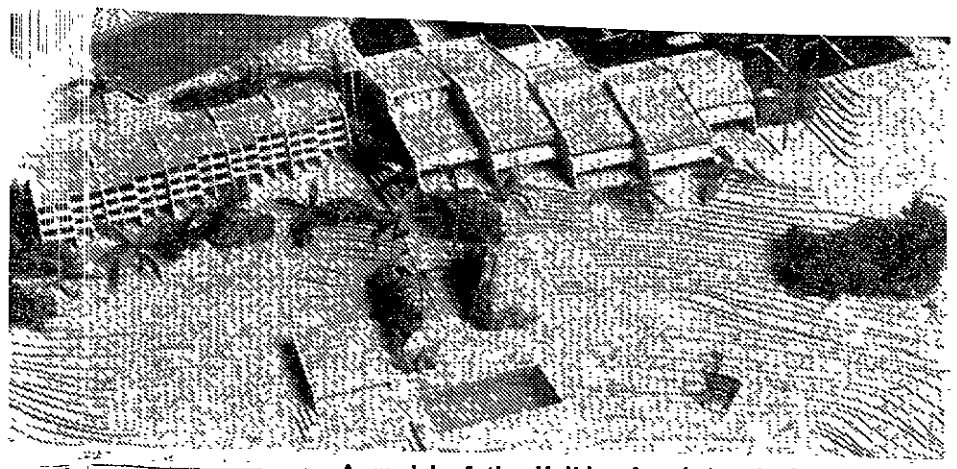
The proposal will therefore b
23 January 1981, on which d
Exchange ("the JSE") will be

Mainly, however, Fedmech is driving on beyond the "little red tractor" image of Masferg and, while the Canadian-parent group is a well-known name in the tractor business, it is growing strong in the giant machines sector of construction.

The firm is also getting a lot of muscle through its links with Horst-Dieter Esch's conglomerate, IBH, the new power in the European heavy-equipment market.

Fedmech recently laun-



A model of the Holiday Inn being built at Mzamba Beach in Transkei. Additions are on the way.

Extra floor for Inns casino

Transkei's playground spectacular, the Wild Coast Holiday Inn and Casino at Mzamba Beach, is being upgraded — a move which will bring an additional R14-million worth of work to contractors in the area.

Mr Nigel Matthews, managing director of Holiday Inns, says the value of the first phase of the Inn is now moving up to R20-million, with the decision to build an extra floor to provide 200 rooms instead of the planned 150.

Another feature of the complex will be a day visitors' pavilion which will have a wealth of entertainment to attract visitors from Durban — a two-hour drive away.

An international-standard golf course is being planned by the American, Bobby Trent Jones.

Murray & Roberts Natal and Transkei contracting companies are working on the first phase of the Holiday Inns contract which was originally estimated at R6,6-million.

The big job is on schedule and the Inn is due to be completed by October.

Sigma Power takes No 1 spot in excavator league

Clear indication of the degree of confidence in the construction industry this year and beyond can be seen by the buoyancy of the heavy-equipment business.

Whether it's the digger, the bulldozer or the dumptruck they're getting bigger and better by the day, with the major companies poised with multi-million rand investments to supply the machines for the projects.

Sigma Power Corporation, for instance, one of the leaders in the capital-equipment industry, which has nearly one-third of the market and boosted sales by nearly half in 1980, is spending about R2-million on only three super units which will soon be operating.

Sigma was in third spot in the excavator league in 1977 but is now in top position, the firm has made a breakthrough with a "big digger" from Hitachi, Japan, which is electric-hydraulically operated.

At R515 000, plus accessories the excavator, now on its way, has considerable cost-saving as its main feature. It is estimated that, as a fuel-saver, the Hitachi giant's running costs will be three-fifths cheaper than a diesel-operated unit.

Sigma also underlines its confidence in the future of construction with the import of what are claimed to be the biggest bulldozers — two Komatsu 68-tonners — at a cost of more than R1-million.

These big machines demand a fail-safe back-up service. If a R500 000 unit is out of action onsite, the cost to the contractor is about R100 an hour.

Sigma Power has therefore established an on-line real-time computer network throughout its country-wide branches, through which spares and parts are pinpointed at the press of a button.

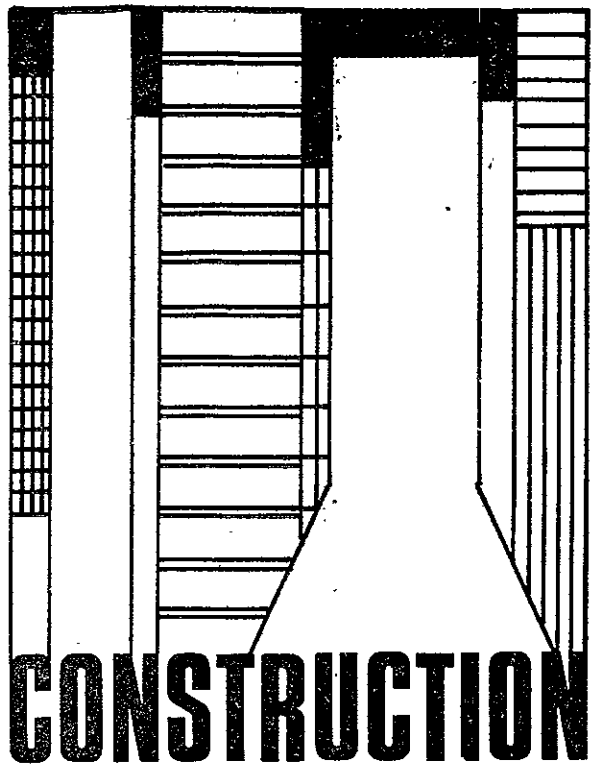
If the breakdown is in Johannesburg and the part is in Cape Town — an air-delivery link-up is all part of the service.

There is local content in heavy-equipment manufacture but the cores of the big units are all imported, which makes it essential to have a continuing two-way contact with suppliers.

Mr Dirk Green, director of Sigma's equipment division, says: "It is essential for local distributors of earthmoving equipment from abroad to have watertight, long-term agreements with suppliers.

"This is particularly important on availability of parts. Holdups onsite cost contractors a lot of money."

Dirk Green of Sigma Power — dwarfed by the tracks of the Komatsu bulldozer.



Written by Frank Jeans

Fedmech digs into heavy equipment

Making big strides into the heavy-equipment market is Fedmech, mechanical and machine branch of the Federale Volksbelegging group.

Fedmech was born a year ago when Fedvolks acquired Massey Ferguson, SA, which retained a 24,9 percent shareholding.

This has provided Fedmech with a two-way advantage to penetrate the construction scene — capital for expansion — from an SA-controlled group, and Masferg's long-established international experience in machinery development.

ched products from IBH — the Duomat, Pingon and Zettelmeyer units. Two are already known in this country but the Zettelmeyer articulated hydrostatic-drive wheeled loader is new to the market.

Horst-Dieter Esch founded IBH in 1975 with the object of meeting the competition from the Japanese and the Americans in the capital-equipment business. IBH now employs 13 000 people and has a projected sales volume this year of about R1 000-million.

All signals go on dual track for Railways

Reef and Northern Natal construction groups are on the track of multimillion-rand contracts as South African Railways launches a network project to speed up freight traffic to the coast.

An indication of the build-up in the areas and the spinoff for contractors can be seen from SAR's capital expenditure for the current financial year — R55-million for the Reef compared with R28-million the year before and almost a fourfold increase in the Northern Natal region — R45-million as against the previous R12,5-million.

The R100-million bill might appear meagre compared with the Railways other massive projects, such as the upgrading of the Richards Bay coal line, the Bapsfontein marshalling yard and the Hex River Valley tunnel job, but there will be a lot of builders sharing the S A R pie on the local scene.

About 3 000 men will be involved on these new works and on the main Johannesburg - Natal line which is to be double-tracked to meet the growing demands of trade and containerisation.

Contracts worth about R18-million are spread along the 2000-km project — from Glenroy, south of Johannesburg to Volksrust on the Natal border—with W J Leith, siding construction and maintenance, Pretoria Aardwerke Kontrakteurs, Marcon Tunnelling and Peter Faber responsible for tracklaying, earthworks, tunnelling and infrastructure.

From Volksrust the double line will snake down to Newcastle and Ladysmith over the so-called "mountain route", bringing with it contracts worth about R42-million. Savage and Lovemore, Imprefed, Basil Read and Marcon Tunnelling will have a big share of the construction.

The line is due for completion in 1982-83, thus assuring contractors of a steadily employed workforce.

Another key project is the Railway R22-million scheme to connect the suburban line from George Goch to Kazerne-Booysens, construction which will bring to a halt the "reverse" train shuttle for Soweto trains at Johannesburg.

The "Soweto ring" will be able to handle 20 extra trains through Johannesburg at peak periods and with a new passenger halt and staging yard complementary to the project, local contractors head for a purple patch.

Another big construction job under the SAR umbrella is at Jan Smuts Airport. LTA Construction is undertaking the main R24-million extension contract and L and F Metter is at work on the new SAA hangar which will house six giant aircraft at one time.

The value of the hangar, workshops, warehouse facilities and apron runway work to L and F Metter is about R25-million. The primary structure is complete.

Mr Martin Kendall, director of construction of the company said: "We are involved in an entire working complex and, although I may be prejudiced, I believe we have built the most beautiful hangar in the world.

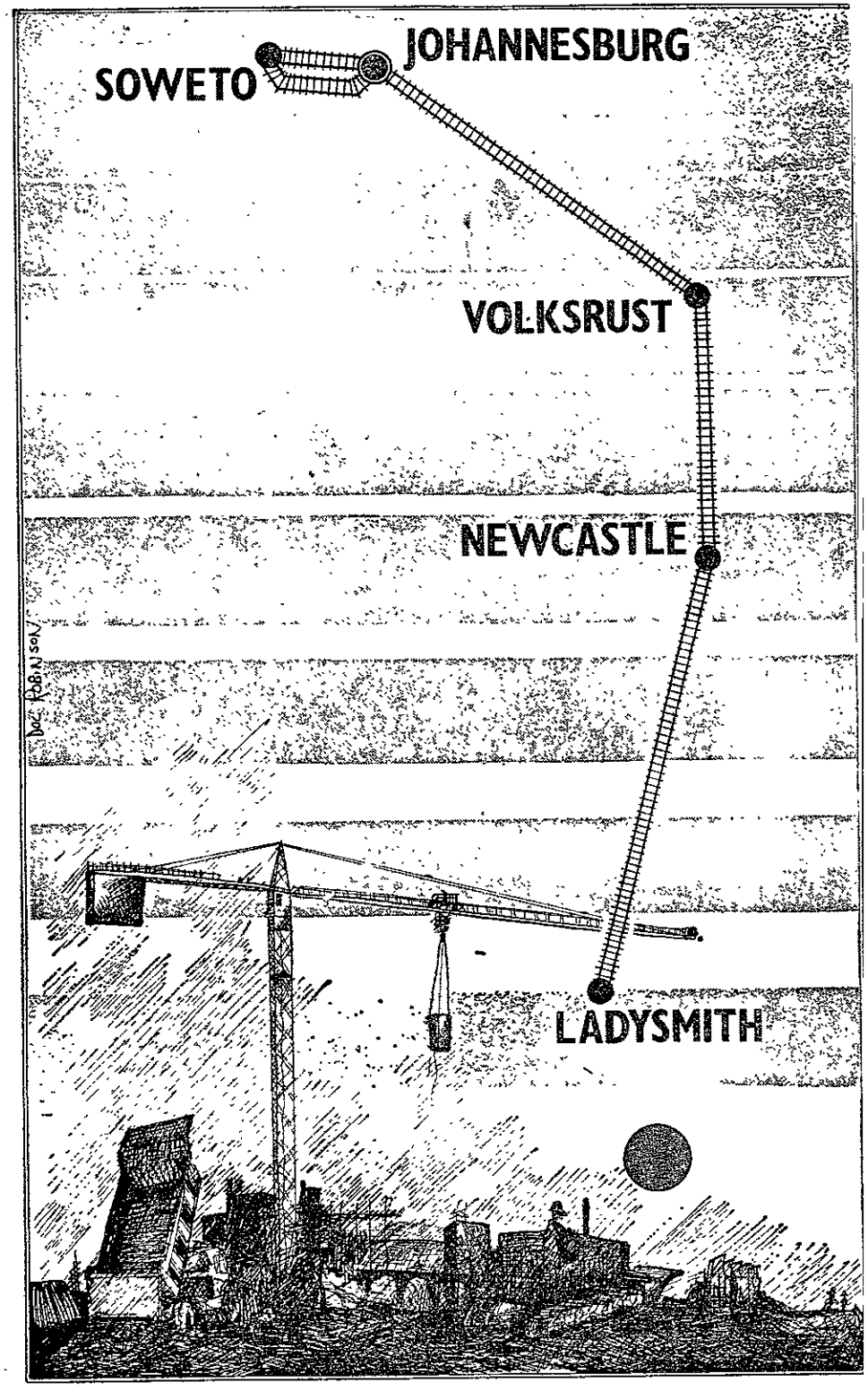
"The South African Railways administration is to be congratulated for having conceived this hangar system."

Big lift for Futurus

Futurus Engineering of Kempton Park pulled off a timesaver when it lifted a 480-ton concrete roof on to a high silo at Alusaf's Richards Bay storage-and-handling depot.

A new method of roof erection cut three months off construction time.

Futurus has contracts on hand of more than R[illegible]-million.



ARCHITECTURE

Cape Provincial Institute of Architects' Prize
For the best student in :-

Sixth Year

P F Dunckley

Helen Gardner Travel Prize
For a student who has satisfactorily completed 1st, 2nd and 3rd major courses.

P A Rappoport

Molly Gohl Memorial Prize
For the best woman student in third year.

Miss C Tredgold

David Haddon Prize
For the best student of Architecture (or Quantity Surveying) in the subject of Professional Practice.

D H Pryce Lewis

General J B M Hertzog Prize
For the best final year student.

S A Read

Osbourn Prize
For the best work in fourth year.

1980 cement sales surge

Property Editor

THE past year marked a dramatic upsurge in sales for the cement industry with domestic sales reaching 7 367 000 tons, the SA Cement Producers Association reports.

This is an increase of 21% over 1979.

In the fourth quarter of 1980 sales were 1 856 800 tons, 26% more than the same period in 1979.

Regional growth rate increases for 1980 were as follows:

	+ %
Transvaal	30
Natal	20
Free State	7
Cape Province	7
South West Africa	50

The growth rate for the Pretoria, Witwatersrand, Vaal Triangle area was 40%.

Increasing demand from the building and construction industries is likely to continue during 1981 and higher sales than 1980 are expected, says the association.

At this high level of demand, transportation, particularly by rail, becomes critical to the regular supply of cement to all end users.

The industry has appealed to all customers, particularly merchant distributors, to plan orders well in advance and to maintain suitable cement stock levels to avoid any interruption of supplies to their customers in turn.

Production utilisation was 85% compared with 71% in the previous year. Current expansion programmes by producer companies include:

● The newly completed kiln unit at De Hoek Factory in the Western Cape, which will ensure enough supplies for the area for 1981 and some years after;

● The kiln unit under construction at Lichtenburg in the Western Transvaal, due for completion at the end of the year.

Also, Natal Portland Cement has announced the construction of a completely new factory at a cost of R100-million.

It will be situated near Port Shepstone and will cater for Durban's cement demand when it comes on stream in 1983.

FINE ART & ARCHITECTURE

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R A van Rosenveld.

RDM 23/1/81

32

Lenasia South housing

BY REG RUMNEY
Property Editor

NBS Homes, the property arm of Natal Building Society, will build 350 houses in the new Indian township of Lenasia South, 6 km from Lenasia, for the middle-income group.

The infrastructure is being provided by the Department of Community Development.

NBS Homes intends developing 350 of the 1 020 available stands on a privately owned farm of 120 ha in the area, according to Mr Gerald Mullins, the managing director of NBS Homes.

The rest of the stands will be marketed

"Sale of stands will start before August this year when work will begin on roads and services. NBS Homes will start building the houses in January next year, and from April intends completing 30 each month."

Thieves strike in the night as builders battle

S. Tribune 25/1/81 (32)

By INGRID STEWART

THE shortage of building materials is hitting Durban builders hard in more ways than one. They are battling to get supplies and when they do, they have to wage war against thieves who come in the night to steal them.

Theft from their sites has always been a problem — "an occupational hazard". But now building materials are in short supply, they feel the problem is getting worse — particularly in new townships.

There is nothing they can do about it. The police are not interested unless they catch the offender red-handed; they cannot insure against this type of theft because the premiums would be too high and they cannot afford to employ nightwatchmen.

"It's quite disgusting," said Vernon Constable of the New Zealand Construction company.

"Just recently I had built an outbuilding up to window height and had already placed the window in the frame. The next day the window was gone, ripped out of the wall. As for bricks, you have really got to look after them."

Recently he had a successful conviction against a person who stole wooden scaffolding from one of his sites.

The man had used the scaffolding for firewood and was given a suspended sentence which, Constable hopes, will act as a deterrent.

Employing nightwatchmen would be the answer, he says, but registering them with the Port Natal Administration Board is impossible. The board demands that a nightwatchman has "suitable accommodation" and this is not possible on a building site. Security guards, says Constable, cost R24 a night and most builders cannot afford this.

"Insurance companies won't look at you until your building has a roof on it. If you obtained special insurance for theft before then, the premiums would be exorbitant."

Constable said that bath chains were stolen for watch straps and the to off. At one site in Pinet barrows to trees.

A house in New Ger the night before the ne to John Morey of Gougl doors, towel rails and e walls.

His company spent guards to look after the Christmas period which anticipating the shortage

Morey believes that

against shortage

of taps were being screwed
vn he has to chain his wheel-

any was completely stripped
owners moved in, according
Cooper. Thieves carted off
n levered wall units off the

nore than R600 on security
r supply of bricks over the
hey had ordered in advance

some spec builders who are now short of bricks are moving around from site to site taking bricks belonging to other contractors.

"Unless you catch the guy red-handed, there is no way you can prove that the bricks he has taken belong to you. If you do insure, the premiums are so high that you have to add this on to the cost of the house. So in the end it is the public that suffers," he said.

He said it was very easy to find out who the culprits were. He had driven around areas where speculative building was going on and seen varnished windows, obviously taken from another site, going into new buildings. One bathroom he saw had a green bath, a yellow washbasin and a pink toilet.

ARCHITECTURE
(Continued)

Mrs. Thornton White Pr	
For the best work in first year.	
Miss M F J Sandilands	
S A Brick Association	
For the student who ho best use of bricks in design work.	
J G Kirkman	
R Stubbs Award	
For the best project structure and design.	
M R I Ness	

BUILDING

National Development	
for the Building Ind	
Book Prizes	
For the best student year of study of the course.	
	First Year

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For the best work third year.

S. Express 25/1/81

Corobrik's first foreign bricks are shipped in

THE first million face bricks imported by Corobrik from England to feed the superheated building boom arrived in Durban harbour last week.

The extraordinary cargo of 1 000 plastic-wrapped, steel-strapped, palleted packs of bricks filled 64 SAR double-bogie trucks for delivery to Corobrik's sidings at Springs, Bloemfontein and Pretoria.

Dick Kemp, chairman of Toncoro, which owns Corobrik, said: "This first delivery is a tremendously important test because we are trying to help home builder. The second delivery of another million bricks is due at Durban in the first week in February.

"If enough people let us know their needs, we hope to continue importing two-million bricks each month until needs are met. However, I must make it clear that is not a profit-seeking venture for Corobrik. We are doing it as a service to our customers.

"The cost of importing these bricks makes them more expensive than our own parallel top quality bricks, but it is absolutely true that it is better for people to build now than wait for the alarming rise in building costs which are still going up at 24% each year."

FINANCE

Buildings planned double to R2,6-billion

(32) ARGUS 5/2/81

THE building industry has a busy future ahead of it. Figures issued by the Department of Statistics show that plans for private sector buildings estimated to cost R2 666-million were approved in 1980.

This is double the 1979 figure of R1 325,8-million and almost treble the 1978 figure of R958,6-million.

However, there is a good deal of inflation in the 1980 increase. This is evident from the steep increase in the past three years in the cost of building a house.

Local authorities approved plans for 35 018 houses last year, up 49.6 percent on the 1979 figure. But the estimated cost of these houses soared to R1 115,7-million, or almost double the 1979 figure of R573,4-million.

AVERAGE COST

On these figures the average cost of a house last year, excluding land, was R31 860. This compares with R24 560 in 1979 and R20 684 in 1978.

These figures indicate that building costs rose 18,8 percent in 1979 and almost 30 percent last year to bring the increase in two years to more than 50 percent.

But it seems that the upsurge in building costs is nowhere near ending.

The average cost of houses for which plans were approved in December reached R34 660, up 35.3 percent on the year-earlier figure of R25 600.

FLATS TREBLED

The value of flats planned almost trebled last year to R295,7-million from R103,8-million in 1979 and was nearly six times the 1978 figure of R53,6-million.

Non-residential buildings worth R596,8-million received approval in 1980, compared with buildings worth R266,2-million in 1979 and R209,3-million in 1978.

Additions and alterations planned rose to R658,1-million last year from R382,3-million in 1979 and R283,6-million in 1978.

CAPE DECAL COMPANY TAKEN OVER

CAPE-BASED National Screenprint (Pty), which claims to be the country's largest manufacturer of decals, has been taken over by Johnson Matthey (Pty).

The acquisition involves 100 percent of the shares. The purchase price is not disclosed.

Johnson Matthey, which is a partner with Rustenburg Platinum in refining platinum, nickel and copper, has also world-wide interests in printing and allied industries.

It owns the American Meyercord company, the world's largest integrated decal manufacturers with operations in 16 countries.

UNDER LICENCE

Screenprint was formed 44 years ago and has been manufacturing decals under licence from Meyercord.

The modern factory in Epping has air and humidity control which are vital for colour registration and material control during processing. More than 100 people are employed over the country.

Mr D O Norris will continue as managing director and National Screenprint will operate under the existing management, the companies say.

Mr J Darbyshire, managing director of Johnson Matthey (Pty), becomes chairman while Mr W F Emmerton, managing director of Matthey Printed Products and chairman of Meyercord, will become a director.

The group consists of National Screenprint, the holding company and National Lithoprint (Pty) and Meyercord Transfers SA (Pty), both wholly owned.

MR D O NORRIS, managing director of National Screenprint.

in the lesions of progressive massive fibrosis.(143) Although the terms silico-tuberculosis and tuberculo-silicosis were coined to apply to this condition, complicated silicosis is considered to be a more acceptable term today.(144) In this context it is important to destroy the popular concept that pulmonary tuberculosis is the terminal feature of silicosis.(145) Respiratory failure (and its sequelae) is the most common result of complicated silicosis as the whole pulmonary arterial system is often extensively destroyed.(146) The association of tuberculosis with silicosis nevertheless still remains a controversial question, and as R.A. Steele suggests, it remains 'too frequent to be coincidental'.(147) Also a person who has had tuberculosis or has been exposed to the tubercule bacillus is at risk of a flare-up of his old tuberculosis when he is exposed to silica dust for any length of time.(147a)

In the early part of the 20th century chronic bronchitis (today clinically defined as chronic cough with expectoration) for three months over a period of two years, and emphysema (which is pathologically defined as an 'abnormal increase' in the size of the air sacs caused either by the destruction or dilation of their walls) were regarded as complications of silicosis.(148) (See Tables IV and V.) By 1937, however, the two diseases were regarded as integral features of silicosis.(149) The position is much more complicated today and considerable controversy exists as to whether these diseases, which are not integral to silicosis, constitute a specific occupational disease - chronic obstructive airways disease - related to irritant dust and gas exposure, and other epidemiological factors such as atmospheric pollution and tobacco smoking.(150) The obstructive syndrome is characterised by narrowing of the lung airways thus limiting expiration, and can be diagnosed by vital capacity tests.(151)

Pathologically the size of the hollow respiratory airways- the trachea, large bronchi and smaller bronchioles - may decrease because of swelling of the glands or walls, the accumulation of mucus or contraction of smooth muscle, the latter particularly in response to certain toxic dusts.(151a)

Vital capacity is obtained by asking the patient to breathe in maximally and to expire slowly and completely. The tidal volume so obtained is the sum of the inspired and expired volumes. Forced vital capacity is obtained by asking the patient to inhale

maximally and then to exhale as rapidly and strongly as possible, such exhaled measurements then being recorded. Both the vital capacity and the forced expiratory volume indicate the ventilatory capacity or sufficiency of the individual. Pulmonary obstruction will be indicated by a low value for the forced expiratory volume expressed as a percentage of the vital capacity.(152) In the first two decades of the 20th century silicosis was diagnosed by measuring chest expansion, but confusion existed, and still exists, as to the exact role played by emphysema in the course of the disease.(153) While an obstructive form of emphysema can be present in silicosis, emphysema will only be seriously disabling if the obstructive syndrome is present and is obstruction in the larger respirary air passa clinical symptoms of this obstructive airways wheezing and breathlessness.(154a)

Irritants such as dust, exacerbated by atmo and tobacco smoking, cause the bronchi and narrowed, and there is damage to the elastic inhalation the increased pressure of air cau bronchioles to dilate. Air entry is allowe great difficulty in expelling air. This in dilation and destruction of the tinier order bronchioles, air ducts and air sacs. W is difficulty in breathing, is present, as i the expiratory bronchial collapse is inter must literally 'squeeze' the air from their patient exerts pressure on the chest in an through the flattened air passages, but me flatten even more, and the degeneration in to extend even further.(156)

Recent epidemiological studies, conducted ov have significantly advanced our understanding of the dangers of dust inhalation. These have shown for the first time that long term dust exposure can contribute to the development of chronic bronchitis, although less so than tobacco smoking; but this in itself will not necessarily predispose the individual to silicosis.(157) But there is also disagreement as to the relationship between occupational dust exposure and chronic bronchitis. I. Webster is unconvinced of the connection on the South African gold mines, while G. Leathart suggests keeping an open mind on the question.(158)

R47-m contract (32)

Candac Construction, the Murray and Roberts Cape-based civil engineering company which specialises in marine and harbour work, has won a R47,7-million contract from South African Railways for the building of a new wharf at the Richards Bay coal terminal.

The new wharf will increase the exportation capability at the terminal to 44-million tons a year.

Candac teams up with HAH (Hollandsche Aanemings Maatskappij) with whom they have worked on South African coasts for 20 years, and Dredging International.

Building activity up by 60%

By Frank Jeans

Building activity in the Johannesburg area soared by more than 60 percent last month, compared with January 1980 — a heartening indicator for the builders as they enter a year of high expectations.

And what was an even greater tonic for them is the fact that in the break-up month of December, there was new work pouring in to the value of about R10-million.

According to the latest figures from the City Engineer's Department, the value of work in the course of construction in January was R323,7-million, compared with R198-million for the same month in 1980.

There was work to the value of R313,5-million on the contract books in December last year, then followed that R10-million take-off in January.

The residential market, too, is particularly strong, with 80 new houses begun during the first month — a big jump over the 53 starts for January, 1980.

Crane-hire firm sold

S Times 15/2/81

By Tony Hudson

GREENHAMS Crane Hire, one of South Africa's biggest crane-hire companies, is to be bought by Johnson Crane Hire for R4-million after fierce competition from other crane and construction companies.

Johnson managing director Harold Johnson told Business Times this week that the company was by far the largest crane-hire company in the country and now had capital equipment to the tune of more than R30-million and was aiming at a turnover of R12-million to R15-million for the current year of operations. Turnover last year was about R8,5-million.

He says that, once the rough edges of the operation have been ironed out over the next 12 to 18 months, serious consideration will be given to seeking a JSE listing.

The deal with Greenhams' UK parent, Taylor Woodrow, was signed late on Wednesday, but will not be completed until permission has been obtained from the British Treasury, regarded as a formality.

Mr Johnson says that Greenhams' South African operation was one of the few profitable Greenhams divisions in the world.

However, the UK parent was suffering because of the recession and it had been decided to put the company on the market to help cash flow.

Mr Johnson says he believes that politics also played a part and he understood that pressure had been put on the parent by Nigeria. He said that, despite the profitability of the local company, no mention was made of South Africa in the parent's annual report, which disclosed a group turnover of nearly R1 400-million.

The company now has more than 200 cranes of all shapes, sorts and sizes in its stable and hopes to take a 70% share of the local crane-hire market.

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B F McCleland

Professor George Menzies Prize

Awarded on results of final examinations to the best male student in Land Surveying or Civil Engineering.

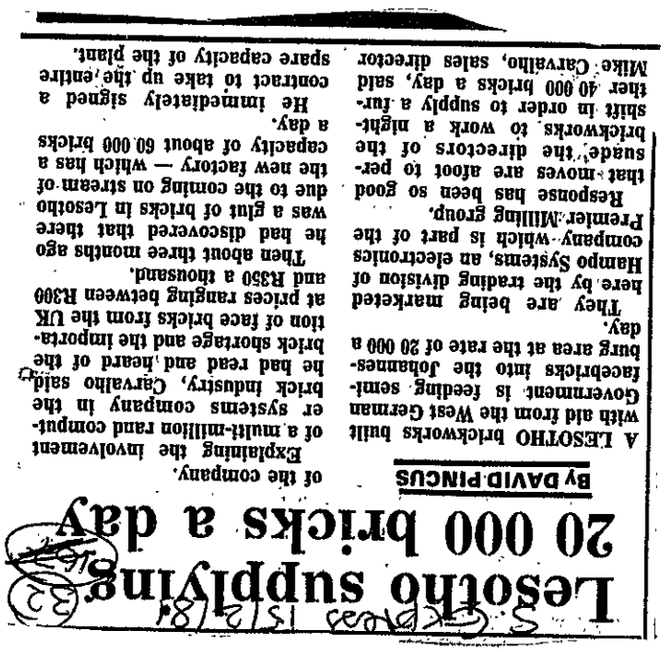
J H Rens

Sammy Sacks Memorial Prize

Awarded to the student with the best classwork in Engineering Drawing.

L Menegaldo

CHEMICAL



Lesotho supplying 20 000 bricks a day

By DAVID PINCUS

A LESOTHO brickworks built with aid from the West German Government is feeding semi-facebricks into the Johannesburg area at the rate of 20 000 a day.

They are being marketed here by the trading division of Hampo Systems, an electronics company which is part of the Premier Milling group.

Response has been so good that moves are afoot to persuade the directors of the brickworks to work a night-shift in order to supply a further 40 000 bricks a day, said Mike Carvalho, sales director of the company.

Explaining the involvement of a multi-million rand computer systems company in the brick industry, Carvalho said he had read and heard of the brick shortage and the importation of face bricks from the UK at prices ranging between R300 and R350 a thousand.

Then about three months ago he had discovered that there was a glut of bricks in Lesotho due to the coming on stream of the new factory — which has a capacity of about 60 000 bricks a day.

He immediately signed a contract to take up the entire spare capacity of the plant.

Inflation problems a big hazard

The problems of inflation are particularly hazardous to the construction industry with its inevitable risks and imponderables — a fact which is borne out by delay of a R40-million housing project in the Durban area.

The recent signing of a contract between Ilco Homes, a Murray & Roberts associate, and Durban Corporation means that 4 542 more homes for Indians and coloured people will come on to the market over the next two years.

Because of the prickly problem of escalation as a safeguard against inflation and spiralling costs, however, there was a delay in launching the project of about five months.

So uncertain is the inflationary trend that it says much for Ilco to have given a figure of R3-million in escalation for the period of the contract. It could well go beyond that amount which, in that case, would mean a loss for the company.

Mr D E Baker . . . a rare disagreement.

COMPLEXITIES

However, that when dealing with the complexities of a mass-housing project, particularly in terms of inflation, there is no place for thinly worded contractual agreement. Indeed, it was a misunderstanding between Ilco and the Durban City Council, not the amount, but when the R3-million was to be paid, caused the headaches.

There might well be a lesson for contractors in the Ilco project.

To undertake a mass-housing programme requires steady and assured material-and-plant supply and, for a project such as that now taking place in Durban's Phoenix and Newlands areas, a R10-million bill for materials is estimated.

Ready cash, therefore, at the start of the project is crucial to the control of building stock.

The Ilco-Durban deadlock has now been resolved with both parties agreeing to the decision of the courts on whether the R3-million is to be paid now, or on a pro rata basis.

Mr D E Baker, chairman of Murray & Roberts, which has a half stake in Ilco Homes, and who attended the signing of the big contract, said: "Disagreements such as this are unique to South Africa but are unfortunately becoming increasingly prevalent in most parts of the Western world.

"Contracts have become larger and have increased in complexity, in logistics, technology and financing. These problems are compounded by the fact that contracts have to be executed over appreciable periods of time involving large sums of money with construction costs currently escalating at a rate of more than 20 percent a year."

The Ilco Homes hitch, however, is insignificant when compared with achievements being made in the mass housing field.

From Mitchells Plain in the Cape to Ennerdale in the Transvaal homes are mushrooming.

Mr Jos Demmers, managing director of Ilco Homes says: "I have travelled abroad regularly and have yet to see so wholehearted an onslaught on the housing problem anywhere else, including those Middle Eastern countries which have far greater funds available and whose housing problems are far more serious than our own."

Big job for Hudaco

Hubert Davies Construction, the contracting operation of the Blue Circle group, has begun work on a R9-million contract for the building of 400 km of overhead transmission lines for the Electricity Supply Commission of Malawi.

However, statistics from the Department of Statistics and, in particular, the recent commission provide some useful

unexpected, no entrepreneur will undertake a venture as the expected payoff of the action would be zero. If profits are predictable, then opportunities for profit are open to every- one, ruling out, by

The existence of p of the economic anal power of the market to price signals and "The omission of the economics was, perhaps what subconscious need which Walras so elegan into a perfectly steri tions in the antiseptic

An understanding of tion of the "creative for transmitting impuls

Profits can thus both the promise of profits while the result of a s can exceed average cost

Profits are therefore and efficiency; they al out affecting supply. however, their actual ma the profits earned are g forth and keep the entre would be "excessive" and accordingly.

(3.2) The Rate of Profi

It is not easy to measu most firms are highly diversified. Stock Exchange reports and published data do not indicate the profits attributable to the drug divisions of the firms. In addition the large number of foreign-owned firms preclude the use of local published data.

(3.3.1) Profits and risk

The industry has emphasised the risk inherent in the drug business. In order to develop one marketable drug, between

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Building values double

The value of building plans approved in South Africa last year was about double the previous year's figure, and the value of buildings completed increased substantially, according to figures released by the Department of Statistics.

Building plans passed rose in value from R1 325,8-million in 1979 to R2 666,4-million last year. Buildings completed went up in value from R822,1-million to R1 087,5-million.

The figures cover the main municipalities and surrounding areas as well as other urban areas.

The value of residential buildings planned rose from R677,3-million in 1979 to R1 411,5-million last year. — Sapa.

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Sammy Sacks Memorial Prize

Awarded to the student with the best classwork in Engineering Drawing.

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G L Cragg

Building plans double in a year

THE value of building plans approved in South Africa last year was about double the previous year's figure.

According to the Department of Statistics, building plans passed rose in value from R1 325 800 000 in 1979 to R2 666 400 000 last year.

Buildings completed went up in value from R822 100 000 to R1 087 500 000.

The value of residential buildings rose from R677 300 000 in 1979 to R1 411 500 000 last year.

Residential buildings completed went up in value from R414 300 000 to R619 300 000.

Plans passed for non-residential buildings stood at R266 200 000 in 1979 and climbed to R596 800 000 last year, while non-residential buildings completed advanced in value from R189 400 000 to R215 300 000.

The value of additions and alterations planned in 1980 was R658 1000 000, which was R275 800 000 higher than in 1970. — Sapa.

THE BOOM AND LABOUR RELATIONS

S. Tribune 22/2/81 (32)

By Frank Jeans

AS the building boom continues, and with one of the country's major concerns, LTA Construction having an order book brimming over at an expected R400 million in turnover, the signals are "all go" for the industry.

But the question also arises: With such a massive workload, could LTA ever overstretch itself.

The group, even now, may be selective in contract distribution, but one might well ask: Could its capability ever reach a stage where clients would be turned away?

The fact is, however, that LTA could still handle a lot of civil engineering, and roadworks contracts plus building work in most areas.

While the division might be selective in the building sector in the booming Johannesburg area, subsidiary operations elsewhere in the country still have considerable capacity.

That's the plus sign both for LTA and the industry as a whole, but on the other side of the boom there's a tricky path taking shape, and LTA Construction chairman, Peter Jacobsen, spells it out clearly.

One of the most critical areas the industry is moving into is labour relations.

Says Jacobsen: "ePople will have to realise that we are entering an entirely new ball game.

"The initiative of the Government in creating a new charter for the trade unions and eliminating job reservation is only to be welcomed, but it will not be an overnight remedy to our problems."

The broadened base of the unions will give strength to the arm of the members who will be demanding more, all of which can only add fuel to the costs rocket.

"It will take three or four years for it all to make sense, but for the moment we must face the fact that we will probably have to pay more money without getting more production," says Jacobsen.

The LTA Construction chief, however, has no fears about the era of change, but insists that now is the time for a strengthening of the employer — employee — union links.

Talking sense to black unions will be the base for progress and stability in the future. Here one agreement for the whole construction industry would make good sense.

It is for this reason that training at all levels in the industry arm-in-arm with the new labour and union freedom is vital.

But training, Jacobsen believes, is not the preserve of the "big boys". everybody in the industry should be doing more," he says.

And with 17 500 employees on the payroll, including 11 937 blacks, and with his division committed to a R1 million outlay on training this year, Jacobsen knows what he is talking about in the most conservative of industries and which is apprehensive about change.

Certainly, it's the boom time, and despite a few hiccups along the way, the demands upon the industry in the future can only ensure a continuance of the prosperity. Only a stable workforce and an ironing out of the problems remain to be done.

As Jacobsen puts it: "It will be a hell of an interesting industry 10 years from now."

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Check in sight for soaring cost of building

RDM (32) 27/2/81

By REG RUMNEY
Property Editor

THE high rate of building cost increases is unlikely to continue — although a downturn will probably not be for at least six months, according to Mr Derek Stuart Findlay, manager, property investments, of Old Mutual.

He spoke yesterday at a South African Property Owners Association (Sapoa) seminar in Johannesburg on property development and investment in the 1980s.

Mr Stuart-Findlay said that building costs, having risen by 24% a year, soared to 30% a year in the last quarter of 1980.

But these rises were related to tender prices and not to underlying increases in materials and labour costs.

"The sharp rise in interest rates is going to mean more competition in the tender market, and these hight rates of building cost increases are unlikely to continue for too long, although a downturn will probably not occur for at least six months."

He also forecast that life offices and pension funds would be the major providers of property development finance in the 80s, with many of the traditional sources of finance possibly playing a reduced role. He said:

- The building societies would have to compete more strongly than before for investment funds and would probably concentrate on residential instead of commercial loans.
- The banks should continue to disinvest in property assets acquired from property companies which went into liquidation during the recession.
- Township developers, builders and private syndicates would, because of the new interest-rate levels, find it more difficult to produce viable schemes.
- The Government would probably concentrate on black housing and education.

The larger assurers would act as developers themselves, and the smaller funds would invest in package deals put together by construction groups.

If life offices' and pension funds' total assets continued to grow at the rate they had during the late 70s, assets would have quadrupled by 1989.

This would give a cash flow for investment of R60 000-million. Of this, about R9 000-million would be available for investment in property during the 10-year period.

But he warned investors not to rush ahead with unresearched developments, pointing out that many poorly timed schemes had come to grief in the 70s.

He also pointed out the difficulties in gearing developments in times of high interest rates.

He said the construction of decentralised shopping centres in the 70s was overdone, and he did not foresee the same pace of shopping centre development in the white suburbs. The central city areas would remain major centres for comparative goods, with the buying power of blacks, coloureds and Indians increasing.

Mr Stuart-Findlay said the funds at the disposal of the life offices and pension funds were policyholders' life savings, and erosion by inflation could only be prevented if the income from these funds was tied to some inflation-adjusted index, like market rentals or shop turnovers.

Foreseeing a strong demand for office space, he said that if Johannesburg followed the experience of the United States, its population of 850 000 whites would follow a continuing decentralisation trend "for a number of years, but with a strong underlying demand for space in the CBD".

Flat tenants should by now be aware that they had inherited the legacy of many years of distortion in the residential letting market in South Africa. Segregated living areas, rent control and easy bond finance had been, in part, behind this.

The sudden drying up of building society finance and the sharp mortgage rate rises would have a marked effect on house prices, and higher mortgage rates would continue for some time.

Whenever residential development was undertaken by the private sector, it would probably be limited to the middle to upper end of the market, and most schemes would be sold as individual units.

By providing space for this section of the market, the private sector would help to alleviate shortages as tenants moved from older flats and houses to new units.

Because of the small amount of speculative industrial construction, rents for quality space would follow building cost increases in the 80s, and should go up about 20% over the coming year.

Inflation should stay on current levels for at least another year before starting to fall slowly in line with international trends, Mr Stuart-Findlay said, particularly in the second half of the decade.

Mr Alan Wilson, of Richard Ellis, London, guest speaker at the seminar, suggested that institutions would have to take the risk in property development.

BUILDING WORK

Argus 28/2/81 (32)

R54-M STARTS IN CITY SOON

by DEREK TOMMEY, Financial Editor

THE slump in new building activity in central Cape Town is almost at an end.

Work is expected to start soon on the new R30-million-plus Southern Sun hotel complex in Strand Street, and on a further R24-million worth of new construction soon after.

This was announced today by Mr G R Knudsen, chief executive, construction, of Murray and Roberts South, which will be the contractor for all these buildings.

Mr Knudsen said the company had been nominated by Southern Sun to build the hotel after 'competitive negotiations' against another major contractor.

27 months

A formal contract was expected to be signed within the next few weeks, after which major construction work would begin.

The contract price of the 32-storey hotel would be between R30-million and R35-million, depending on the design decided on. Construction was expected to take 27 months.

Mr G R Knudsen

In addition, three new major city developments, estimated to cost about R5-million, R9-million and R10-million each, were in the pipeline.

These would be the first projects of this sort to have been started in Cape Town for a number of years.

Confidence

While this reflected renewed confidence in the city's future it also reflected the new relationship that was developing between property owners and contractors.

Inflation and high interest rates had greatly increased the cost of construction and the probability that costs would be even higher in the months and years ahead was deterring new investment.

But the larger contractors had learnt that by working much more closely with owners and by both being a little less traditional, costs could be better controlled. As a result new investment in building projects could be made worthwhile.

Other new construction work on which the company was engaged in the Cape Town area included a R4-million factory at Retreat for Chamberlains, and a R12-million reservoir at Blackheath.

The shortage of skilled building workers was creating a major problem for contractors in Cape Town. Artisans were being attracted to the Transvaal, where a qualified bricklayer could earn R1 000 to R1 200 a month.

To help overcome this shortage, Murray and Roberts planned to train about 100 semi-skilled bricklayers in a crash course lasting about six months.

These men would not be skilled enough to undertake face brick or intricate work, but would be able to do ordinary brick-laying.

The company's aim was not to enlarge the size of its work force, now numbering about 10 000 but to improve its quality by training and developing the present staff, Mr Knudsen said.

M & R gets U.S. contract

By VERA BELJAKOVA

A MULTI-million rand contract has been awarded by a US mining house to to a division of Murray & Roberts, primarily because of South Africa's expertise in deep-mining technology.

Engineering Management Services, M&R's project management and design division, has been contracted for the preliminary engineering work of the Homestake Mining Corporation's Nose Rock Gold Mine in South Dakota.

The work will include a new shaft from the surface and a sub-vertical shaft extending to a depth of 4 000m. Most of the work will be carried out in South Africa by 30 engineers.

Bifsa earmarks R50-m for training

By Frank Jeans

The tremendous task facing the building industry in training to match the big programmes ahead are clearly underlined by the latest figures from the Building Industries' Federation (Bifsa).

These show the industry will have to train 200 managers, 600 technicians, 4 000 skilled artisans, 12 000 operatives and about 16 000 labourers.

It is for this reason that Bifsa is setting its sights high by allocating R50-million for training programmes for all races over the next five years.

Helping to get the message through a sustained marketing campaign, Bifsa has published a well-projected brochure on education and training.

Bifsa makes the point that one problem of the past was that many semi-skilled people in the industry performed activities for which they had never been properly trained, nor did they have the opportunity to fully learn.

"This has been rectified and it is now possible to attend modules of two-week duration at one of six in-service training centres of the four Bifsa training centres," says the brochure.

Darling and Hodgson buys Fowler for R9,5m

Own Correspondent

JOHANNESBURG. — Darling and Hodgson, one of the three biggest construction groups in South Africa, has bought Fowler Holdings, another construction major, for effectively R9 500 000.

D & H is paying R6 500 000 in cash and issuing 500 000 new shares for 100% of Fowler.

The vendors are Metkor and Mr A Combrink. Metkor will take the cash and Mr Combrink the shares. These are underwritten at R6 a share by D & H which makes the shares worth R3m.

Mr Combrink put his own company, Combrink Construction, into Fowler less than 18 months ago to turn around ailing Fowler for Metkor. He will stay on as managing director of Fowler and will join the board of D & H.

Mr Combrink, one of the country's leading experts on commercial buildings, was with Murray and Roberts for 21 years before starting his own company. With him comes a "trim, athletic team" of top people from Combrink and Fowler.

D & H estimates that the new acquisition will add 10c to earnings in the current year. Last year D & H earned 89c.

Mr John Hodgson, chairman of D & H, said Mr Combrink had done "an incredibly good clean-up job" on Fowler, which had no borrowings and would add R3m to group equity. This left the company still liquid and "in a strong position to follow further acquisition opportunities".

The R6 500 000 cash payout will not have strained liquidity, as D & H realized roughly this amount when it sold is stake of between 20% and 25% of Grinaker to the Grinaker family in December.

Mr Hodgson said Fowler and Combrink would continue to exist in their own rights as the sixth division of D & H. R H Morris and Fowler would continue to tender for road contracts but not in competition with each other or Savage and Lovemore, D & H's main road building subsidiary.

The acquisition would strengthen D & H's representation in commercial building and in mass housing. Combrink was important in commercial buildings in the Transvaal and R H Morris, another Fowler subsidiary and the oldest construction firm in the country, was strong in roads and, through Model-Morris, mass housing in the Cape.

Another major benefit of the acquisition is that Fowler has assessed tax losses of several million rand. This means improvement here will be tax-free.

COMMENT: Many think of D & H as No 3 in construction, when, by market capitalization, it is already No 1. On Tuesday D & H was valued by the market at R117m, M & R at R111m, Grinaker at R44m, LTA at R43m and Group 5 at R9m. D & H has treated its holders well.

Most commentators were looking for earnings of about 120c before this acquisition, which pushes up estimates to about 130c. So Fowler, on the face of it, does not mean much in percentage terms.

But published estimates are generally conservative and in future years there will be rationalization benefits and tax savings. It looks like a super deal.

i) Number of rooms.

The number of rooms in a house is related to its total area, but more important, it serves as a measure of privacy.

TABLE 23

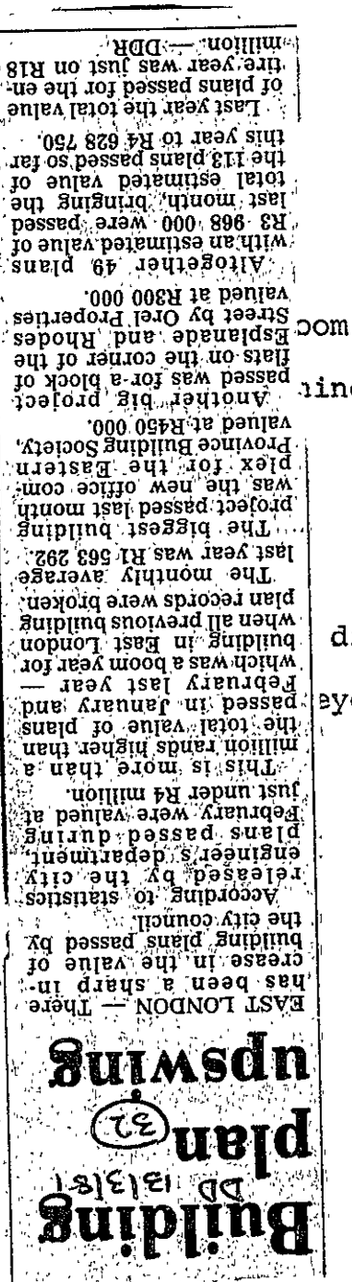
Distribution of houses according to number of rooms, average number of people living in each type of house.

Number of rooms	Number of Houses	Average number of people in house: during week	at weekends and during school holidays
1		3,4	3,4
2		4,4	5,0
3		5,4	5,7
4		5,8	6,2
> 4		6,3	6,3

The 15 [illegible] oom only include the worker-built shack [illegible] ine people lived at weekends and during [illegible]

ii) Area.

The tab[illegible] distribution of the people living in t[illegible] eyed according to square metres available p[illegible]



CMGM wins R32-m power contract

CMGM (Pty), Ltd, one of the major subsidiaries of Group Five Engineering, has been awarded a R32-million contract for the first phase of the Tutuka power station near Standerton.

The contract entails civil engineering and building work for the first three units of 600 megawatts each.

CMGM, which specialises in the reinforced concrete sector of the construction industry and is one of the leaders in this field in the country, is to construct the foundations for Tutuka's boilers and generators.

The work will involve nearly 200 000 cubic metres of concrete, and will extend over a period of about four years.

26	L.C.G. DouwesDekker	The Process of Collective Bargaining and its implications for Industrial Relations Policies. (R0,75)
27	Marc Best	The Scarcity of Domestic Energy: A Study in Three Villages (R1,00)
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31	Don Pinnock	Telona : Some reflections on the work of a private labour recruiter (R1,00)

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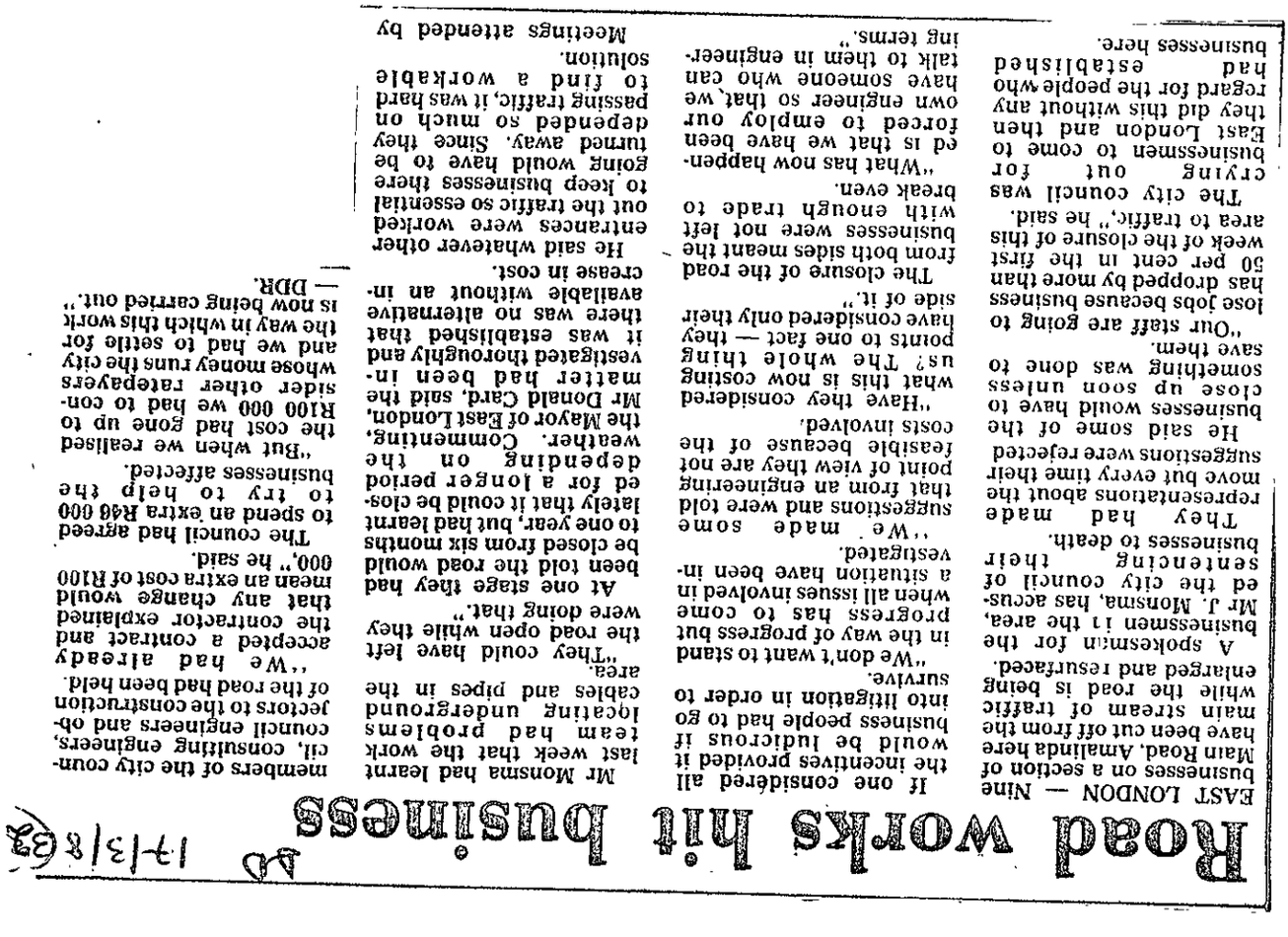
Farm Labour in South Africa. Francis Wilson, Alide Kooy and Delia Hendrie (eds.). David Philip, Cape Town, 1977. (R9,00)

Economics of Health in South Africa Volume I : Perspectives on the Health System. Gill Westcott and Francis Wilson (eds.). Ravan Press, Johannesburg and David Philip, Cape Town, 1979. (R4,00)

Economics of Health in South Africa Volume II : Hunger, Work and Health. Francis Wilson and Gill Westcott (eds.). Ravan Press, Johannesburg and David Philip, Cape Town, 1980. (R4,00)



Road works hit business

EAST LONDON — Nine businesses on a section of Main Road, Amalinda here have been cut off from the main stream of traffic while the road is being enlarged and resurfaced.

A spokesman for the businessmen in the area, Mr J. Monsma, has accused the city council of sentencing their businesses to death.

They had made representations about the move but every time their suggestions were rejected

He said some of the businesses would have to close up soon unless something was done to save them.

"Our staff are going to lose jobs because business has dropped by more than 50 per cent in the first week of the closure of this area to traffic," he said.

The city council was crying out for businessmen to come to East London and then they did this without any regard for the people who had established businesses here.

If one considered all the incentives provided it would be ludicrous if business people had to go into litigation in order to survive.

"We don't want to stand in the way of progress but progress has to come when all issues involved in a situation have been investigated.

"We made some suggestions and were told that from an engineering point of view they are not feasible because of the costs involved.

"Have they considered what this is now costing us? The whole thing points to one fact — they have considered only their side of it."

The closure of the road from both sides meant the businesses were not left with enough trade to break even.

"What has now happened is that we have been forced to employ our own engineer so that we have someone who can talk to them in engineering terms."

Mr Monsma had learnt last week that the work team had problems locating underground cables and pipes in the area.

"They could have left the road open while they were doing that."

At one stage they had been told the road would be closed from six months to one year, but had learnt lately that it could be closed for a longer period depending on the weather. Commenting, the Mayor of East London, Mr Donald Card, said the matter had been investigated thoroughly and it was established that there was no alternative available without an increase in cost.

He said whatever other entrances were worked out the traffic so essential to keep businesses there going would have to be turned away. Since they depended so much on passing traffic, it was hard to find a workable solution.

Meetings attended by members of the city council, consulting engineers, council engineers and objectors to the construction of the road had been held.

"We had already accepted a contract and the contractor explained that any change would mean an extra cost of R100 000," he said.

The council had agreed to spend an extra R40 000 to try to help the businesses affected.

"But when we realised the cost had gone up to R100 000 we had to consider other ratepayers whose money runs the city and we had to settle for the way in which this work is now being carried out." — DDR.

17/3/83

In 1970, according to the census, there were 335 unemployed Coloured men and 79 unemployed Coloured women in the whole of economic region 11 (comprising the magisterial districts of Beaufort West, Calvinia, Carnarvon, Fraserburg, Laingsburg, Prince Albert, Sutherland, Victoria West and Williston); 525 unemployed Coloured men and 144 women in economic region 13 (the magisterial districts of Colesburg, Cradock, Graaff-Reinet, Hanover, Maraisburg, Middelburg, Murraysburg, Noupoort, Pearston, Richmond, Somerset East, Steynsburg and Venterstad). For Africans, the census shows 130 unemployed men and 67 women in region 11 and 220 men and 76 women in region 13.

These figures are low relative to total population in each area.

However, it is possible that the high estimates of 'not economically active' persons conceal some unemployment. Apart from listing workers by occupation and by industry, the census, uses these classifications :
'Not classifiable activities' include persons who are economically active but who do not supply adequate information for the classification of their economic activities. The 'unemployed' category, includes 'unemployed persons seeking work and who therefore cannot be classified by kind of economic activity, even though they are qualified for a particular occupation, or were previously employed in a particular occupation'.

'Other persons not economically active' is defined as 'a residual classification for persons who are not in the labour field, such as housewives, pre-school children, scholars, students, pensioners and other retired persons, and chronic invalids'.

(Department of Statistics, Standard Industrial Classification of all economic Activities - SIC).

It is not clear a) how many persons in the 'not economically active' category are not pre-school children, students, scholars, retired people, housewives or chronic invalids and b) how many of those defi[illegible]s 'housev[illegible]

It is [illegible]ry those [illegible] and to examine

Age bre[illegible] .
02-01-([illegible] arise when th[illegible]·04:

Tunnel contract for SA firm

Argus Correspondent

PRETORIA. — A South African consortium has been awarded the first excavation contract for the R120-million du Toit's Kloof tunnel through the Klein Drakenstein mountain.

Work will begin in May and it is hoped to have the tunnel completed by December 1986.

Not only will it be the longest and costliest road tunnel ever built in South Africa, but it is likely to be one of the first toll roads introduced in the National Road network.

Experts are doing a study to determine how a toll system can be used to best advantage on roads to the tunnel.

Preliminary work started at the tunnel site — between Worcester and Paarl — in 1975.

The latest contract, signed this week, was awarded to the L/TA Shaft Sinkers consortium, who will dig the first 130 m of the tunnel through loose ground and decayed rock on the western side.

The area will be frozen to prevent subsidences during excavations.

Tenders are to be called in August for the second and main phase of excavations, which will start in July next year and cost about R45-million.

TABLE 6

Distribution of workers according to paid leave granted (days per year)

Paid leave (days per year)	Number of workers	Cumulative %
0 - 7	29	24,37
8 - 14	55	70,59
15 - 21	32	97,48
> 21	3	100,00
total	119	
unknown	7	

in the lowest leave category, 16 (on two ted no paid leave at all.

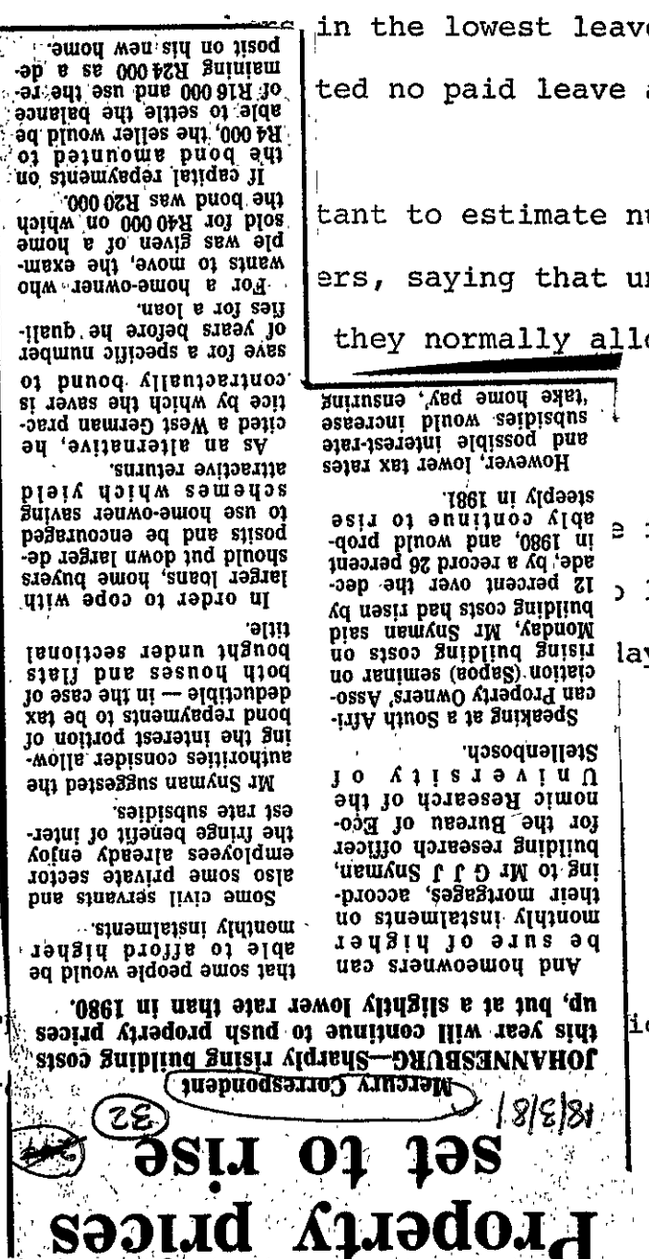
tant to estimate number of days unpaid leav ers, saying that unless there was urge they normally allowed workers several days

e four areas taken toget leave at all and avera lays unpaid.(6)

3. Wages

(a) Cash

ion of workers accor



Property prices set to rise

Mercury Correspondent

JOHANNESBURG—Sharply rising building costs this year will continue to push property prices up, but at a slightly lower rate than in 1980.

And homeowners can be sure of higher monthly instalments on their mortgages, according to Mr G J J Snyman, building research officer for the Bureau of Economic Research of the University of Stellenbosch.

Speaking at a South African Property Owners' Association (Sapoa) seminar on rising building costs on Monday, Mr Snyman said building costs had risen by 12 percent over the decade, by a record 26 percent in 1980, and would probably continue to rise steeply in 1981.

However, lower tax rates and possible interest-rate subsidies would increase 'take home pay', ensuring that some people would be able to afford higher monthly instalments.

Some civil servants and also some private sector employees already enjoy the fringe benefit of interest rate subsidies.

Mr Snyman suggested the authorities consider allowing the interest portion of bond repayments to be tax deductible — in the case of both houses and flats bought under sectional title.

In order to cope with larger loans, home buyers should put down larger deposits and be encouraged to use home-owner saving schemes which yield attractive returns.

As an alternative, he cited a West German practice by which the saver is contractually bound to save for a specific number of years before he qualifies for a loan.

For a home-owner who wants to move, the example was given of a home sold for R40 000 on which the bond was R20 000.

If capital repayments on the bond amounted to R4 000, the seller would be able to settle the balance of R16 000 and use the remaining R24 000 as a deposit on his new home.

week's Sapoa conference in Johannesburg

Lou Davis addresses the seminar watched by Scheepers, Vorster and Snyman.

done to check building price rises

boom is likely to be the longest growth phase in post-war period, one cannot but predict that the rate of increase in building costs will be higher during 1981 than during 1980 and could conceivably be as high as 30 percent," said Snyman.

He concluded his paper with the comment that property prices are also expected to rise during 1981 "albeit at a slower pace than during 1980."

"There is little doubt that high levels of general inflation, population growth, rising rentals and general prosperity will also industry is still suffering from the ill effects of the excessive demand for buildings that followed as an aftermath to the boom conditions in the economy which had reached its peak in 1960.

"The very severe slump in overall building activities that started to set in round about 1975 had continued well into 1979 before some real signs of turn-around were evident. To put it rather crudely, the industry and, of course, the economy in general were punished very severely for allowing itself such a long period of over-indministratively impossible and counter-productive.

"There are voices going up in certain industrialised countries — and this country — clamouring for a more pertinent role for Government in estabilising the private sector. In this country I hope our Government will not succumb to such ideas as this will not be in line with its policy aim that is directed at the strengthening of the private sector."

Etienne le Roux, assistant general manager of Sanlam, also had a list of possible solutions.

calation in building costs from 1970 to 1980 was about 12 percent. The increase in 1980 alone was 26 percent.

Le Roux added that the effect of rising costs on rentals is that to ensure an initial net return of between 10 and 10.5 percent rentals for good office accommodation should be in the vicinity of R12 a square metre and that for a two-bedroomed flat aboutr R450 against the rental of R270 today.

Lou Davis, executive director of the Building Industries Federation (SA) put the builders' year in real terms for the building industry ... we consider that our industry will have to maintain an overall throughput of 2 500 skilled artisans each year until the end of this century just to keep pace with growth — and that is without making up the backlog."

section of trade talk and were alone most of the week.

part of working hours, especially where the worker is restricted in his choice of both working and living place.

between

may be

12

between Coloured & African working conditions and wages (see page 15) their results can be used as a check on results obtained for all workers in this survey.

1. Working hours:

Farmers interviewed were fond of repeating that working hours on a farm could not be considered in the same way as wo ng industry, construction or mi k had to begin and end with the su to be done often determined the ho tly not be moved over long distan should they be shorn when they a was a 24 hour a day, 7 days a week o rmer and his workers.

Th is 'on duty' at all times and ca e at any time if there is a crisis be finished urgently, has import ans that the worker cannot contro ss his work.

But farmer is in some sense 'respo uring and after work - may have p he worker, of which the most obviou housing at or near the place o true, as several farmers claimed, that the working day of a farm worker is not longer than that of many industrial workers, since city workers often have to spend several hours a day travelling to and from work. This transport time should perhaps be considered

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Scheepers pointed out that the Government is in a relatively weak position to exert a really effective anti-cyclical influence on the building industry's level of activity.

Government influence, he said, was a sensitive issue since "there are many entrepreneurs who strongly resent even the possibility of direct Government intervention in the economy.

"Apart from this ideological problem, Government intervention would prove to be ad-

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exercise and stressed the importance of a properly trained labour force.

"Taking stock of our present position it is estimated that we are short of 4 000 skilled artisans in the building industry. Add to that the supportive skills of the necessary operative labour level — some 10 000 — and consider the 'take-up' of labourer efforts of some 12 000. Clearly the total shortage amounts to 26 000.

"If we assume a growth rate of eight percent a

Little can be those sharp

S. Tribune 22/3/81 (32)

THE high cost of building came under the experts' microscope for four hours in Johannesburg this week—but while ideas came fast and furious, the impression was left that few steps can be taken immediately to check the steep rise in prices.

IDEAS there were, indeed. But perhaps the situation is best summed up by Corne de Leeuw, former chairman of the South African Property Owners' Association, which hosted the seminar.

He said at the conclusion of his paper: "It is still possible to beat the high cost of building even though it may be necessary to do it in a roundabout way.

"There is no easy one-off method of dealing wth the problem."

However, he listed a seven-point plan which, he said, should be attended to in which case "the overall effect could be very pleasing."

His points were:

● To design a better building in terms of return on investment. For this purpose he proposed that the building should be expanded horizontally rather than vertically: "Tall buildings cost a lot."

He suggested the use of deep space, double depth or even triple depth for offices as air-conditioning is improved and the efficiency ratio of the building is enhanced. "Is it really so bad not to look outside?" he asked.

De Leeuw also urged the creation of as much lettable space as possible. "Economically speaking I hate corridors. Cut them out wherever possible," he said.

● Consider revitalising an older building. "Look at what the lifting of rent control and the introduction of sectional titles have achieved in revitalising existing blocks of flats.

"Don't think you will save substantially on building costs when you decide to remodel a building. The major saving is the reduction of the building period."

● Lower standards of building design and specification. De Leeuw quoted sketch plans he had seen in Britain of a three bedroom flat of 65 square metres. "In South Africa we have difficulty in designing the same flat to 95 to 110 square metres.

"The British flats are not as bad as they might seem because the furniture design is better. Our furniture design is bad and makes our rooms seem cluttered."

But he added he did not think the public was ready to accept smaller units at this stage.

● Reduce the building period.

"When reducing the building period from 18 months to 16 months, that is by 11,1 percent the internal rate of return increased, according to an exercise he had undertaken, from 15,11 percent to 15,41 percent.

"The effect is not as much as most of us would have thought. The reason is that we admittedly complete the building earlier and thus save costs and obtain income earlier but we also spend our money earlier and come on to the market earlier, thus obtaining slightly lower rentals."

● Obtain a better price from the contractor. "In the present economic climate, we generally advise our clients not to call for tenders but rather to negotiate with a selected contractor. At least you have the opportunity to beg him to be reasonable."

● Fixed price building contract: "Obviously a fixed price, even at a slightly higher overall cost, is desirable from the developer's point of view as it reduces his risk tremendously."

● Apply tighter building cost control techniques: "In many cases developers take all the precautions to ensure that the design, standards, building period, building price, and escalation provisions are to their entire satisfaction only then to relax and to find that all their good work is negated... due to poor management of contractual matters and lax cost control."

Gideon Snyman, of the Bureau of Economic Research at the University of Stellenbosch, listed the following factors to be considered in forecasting building cost increases during 1981.

Increased material prices and labour costs, brick shortages, skilled labour and other material shortages, a sharp decline in competition in tendering, a decline in labour productivity due to greater job security and bottlenecks in the supply of materials and an attempt by contractors to recoup losses on past contracts and to improve their margins so as to be able to finance the acquisition of new plant and equipment.

"Keeping in mind that the current economic

Monday March 23 1981

IERAL NEWS

January trade figures reveal building slump

Pretoria Bureau

The number of buildings completed in the private sector in January slumped heavily for the first time in eight months following last year's record boom in the trade.

Figures released by the Department of Statistics in Pretoria indicate that buildings valued at R85-million were completed in January, which was the equivalent amount collected last May.

The Department said the figures represented about 90 percent of the total for South Africa.

The amount for January was however still higher than the R57,7-million received in January 1979, in a market which reached its peak of R116-million last November.

The figures show that the sum collected for building plans which were passed in January also slumped to R231-million, which was the lowest since R207-million recorded last May.

The amount raised for houses which were built in January topped the log with R40,8-million, a rise of R12,4-million from January 1979's total of R28,4-million.

Building plans completed for houses also showed a rise, jumping from R55,9-million in January 1980 to R96,6-million for the first month of this year.

Overall during 1980, R1 088-million worth of buildings were built, a rise of R266-million from 1979's total of R822-million.

Building plans passed for last year more than doubled 1979's figure of R1 326-million, going up by R1 340-million to R2 666-million.

One Pretoria builder attributed the drop in both the number of buildings completed and the plans passed, to the fact that most building contractors only opened shop halfway through January.

During 1980, the Witwatersrand showed its demand for all types of accomodation and premises, with R347 244-million worth of buildings constructed, compared to the R273 060-million for 1979, a rise of R74 184-million.

In January, the region had buildings valued at R30 443 000 completed, compared to R23 077 000 for the month before and R18 530 000 for January 1980.

APPENDIX 3.

CLINIC COMMITTEE.

In 1977 a clinic committee was established at Ipoti in Umhlaba which has since been closed down. The problems in setting up and the reasons why it was closed down are typical. For the short period that it existed, the functions of the committee were as follows:

a) To advertise the clinic [illegible]

M & R-Grinaker in Alusaf pairing

Murray & Roberts and Grinaker have teamed in a R9,3-million contract for the civil works for potrooms No 2 and 3 at the Alusaf factory at Richards Bay.

The potrooms are where aluminium is made into ingots from raw materials.

The project will be under the control of Grinaker's John Rumble and M R's Brian Benians.

Murray Roberts, which has made big strides in diversification, is widening its scope in the security business as a result of a joint venture between subsidiary Bischoff-Electro and Heerum of West Germany.

Bischoff-Electro will now make locally under licence Heerum's patented HSE Security (Heerums [illegible]

Elements) barrier material which, it is claimed, is many times stronger than any other similar product in South Africa.

It is understood that this is the first time Heerums has allowed one of its products to be manufactured outside Europe.

SA-MADE

The bulk of the materials used in the HSE operation will be South African, with only one major ingredient imported.

Bischoff-Electro has also won a R250 000 export order for intruder-resistant security equipment from the National Bank of Taiwan.

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iv) To give milk powder on credit to really destitute people.

e) The committee also fulfilled a social function. For example, two sisters were fighting and the one bit off her sister's lip and punctured her ear-drum. This girl then walked several miles to the clinic by herself and then collapsed. The mother who had witnessed the fight, did not help the younger child to get to the clinic, the fight had been caused by the husband of the older sister raping the younger sister. The area is far from the police and nobody would have interfered. However the clinic committee

. / ...

called a "trial" where they fined the mother and the rapist, and said that if they did not accept this they would send somebody into town to report them to the police.

Once it was established then, the clinic committee functioned successfully, committee members took their jobs seriously and there were regular meetings.

However there was hardly any response when the idea was first mentioned. In January 1977 the two clinic sisters started to "ask the community" for a committee. Nothing happened so they asked the chief to call a general meeting of the population. At the meeting the idea was discussed but since some of the seven sub-headmen did not attend they could not go ahead with electing representatives from the different areas. Therefore it was organised that each sub-headman bring up the issue of the clinic committee in his area and that 3 members be elected from each area. This did not work either until one of the clinic sisters went to each area on the election day to motivate the issue. An appeal for donations went out but hardly any money was received. The chief then levied a 20c charge on each family. They raised R68.00 by this method. Through buying and selling vegetables and getting milk powder and soup from Kupugani on credit the committee managed to increase this money. They hired someone to hawk food and also to do other duties. Her hawking activities more than covered her salary of R1.00 a day.

The hospital has said that the clinic committee must disband because the magistrate and matron were not on the committee (there is a circular which says they should be on all clinic committees) and also because food was being sold from the clinic. This too is against regulations. It seems however that the real reason has to do with jealousy of the sister who started the committee and power politics in the hospital hierarchy.

When the hospital's decision was made public, a series of meetings was held in each area and the decision was taken to call the committee "The Area Health Committee" as opposed to "Clinic Committee" and that it should be answerable to the Tribal Authorities.

Shift in Government priorities dismays engineers

ROADS IN A CUL-DE-SAC

S.A. Industrial WK 24/3/81

32

CIVIL engineers and provincial MECs are dismayed that Government cut-backs in funds are disrupting road-building programmes and freezing contracts while arterial congestion looms in Natal and the Transvaal.

Government's shift in priorities and anti-inflationary measures has resulted in a 40% real reduction in the income of the National Road Fund in two years.

If these trends continue the skids could be put under business in the road construction industry and their servicing organisations.

By Lynn Carlisle

Distorted

Road authorities say the increasingly austere budget has "distorted" their mandatory five-year plans approved earlier by Government, causing them to seriously deviate from infrastructural requirements essential to accommodate big increases in traffic and other activities arising from the economic boom.

Work on several roads in Natal has been halted, while plans for Johannesburg's much-needed M4 freeway and other Transvaal roads can not longer be contemplated in the face of shrinking funds.

Behind

"We cannot go out to tender a single contract this year as Transvaal has now fallen three years behind on its road construction programme," says Theo Martins, the Transvaal Provincial Administration's MEC for Roads.

Having scraped up only R8,5-million for Natal's 1981 provincial roads programme has left the NPA no option but to freeze construction on the 50 km Estcourt to Besters freeway, the Scottburgh to Illovo route and the Mariann-

bank, Natal's MEC for Roads.

Stainbank adds that the overall cost of Durban city's plans is R13-million but only R5-million can be raised for roads and bridges.

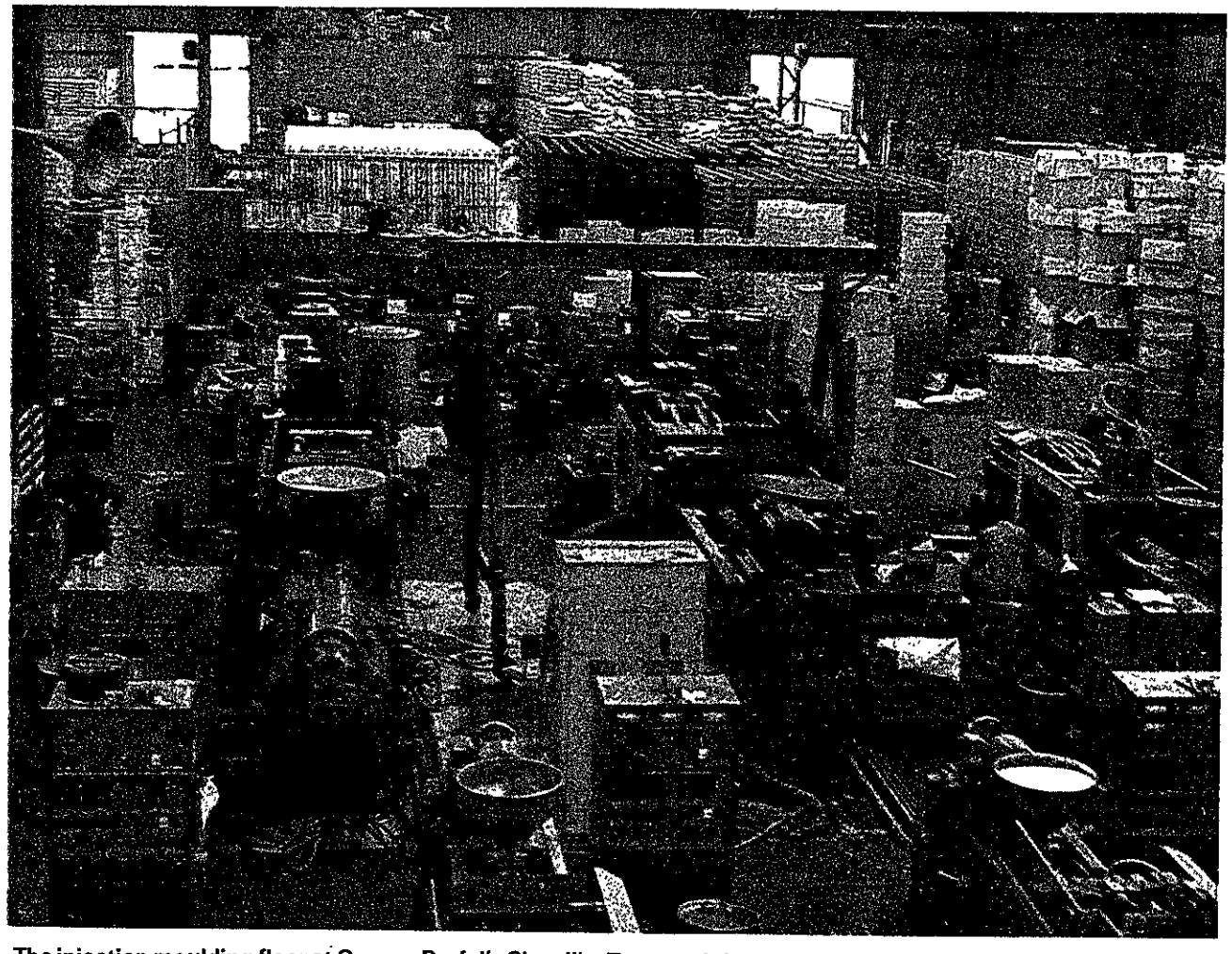
The Cape provincial engineer David Bateman says that not only have Government grants falled further behind inflation and infrastructural demands but there is little hope of immediate relief as Parliament resumes only in August.

"We now plan road programmes after we know what funds we have. I doubt whether we will be able to allocate any contracts this coming year," says Bateman.

Congestion

Faced with another year of massive increases in the sales

To Page 2



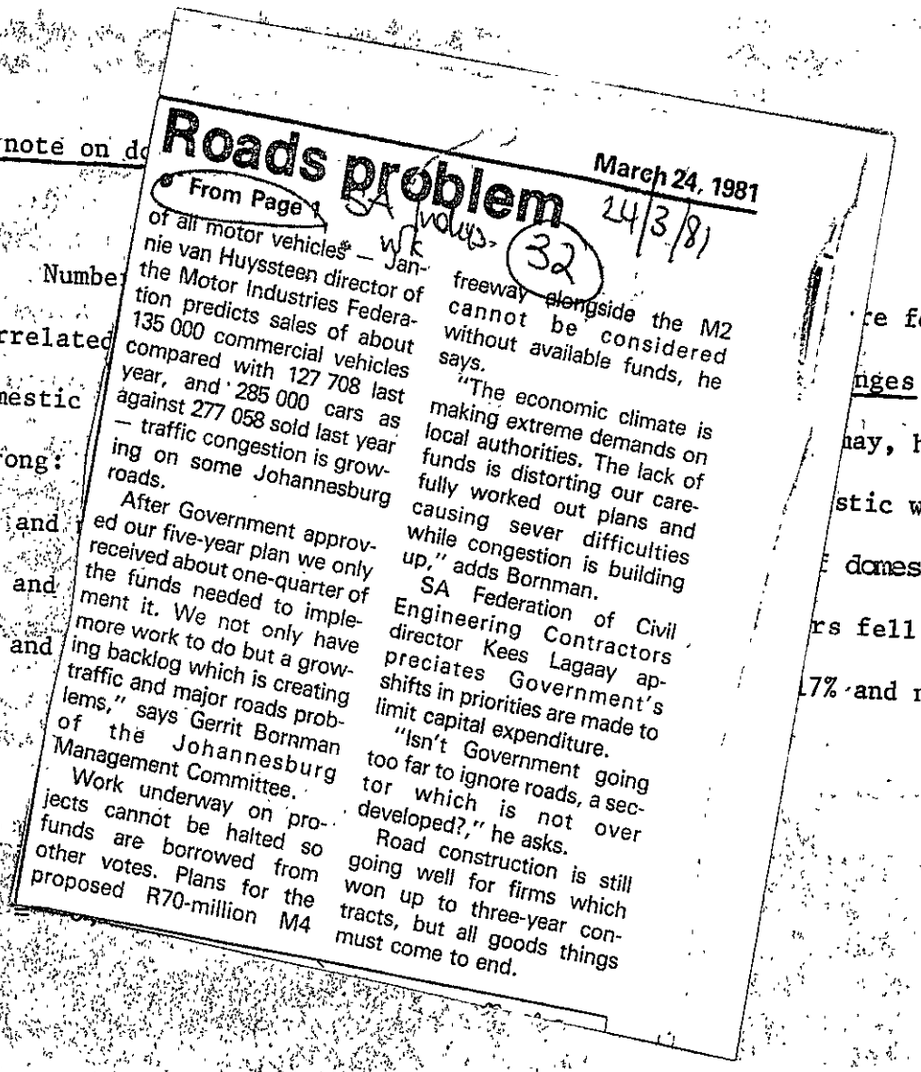
The injection moulding floor at Omega-Barfel's Clayville, Transvaal, factory. See page 3 for story on the company's expansion plans.

PTO

(iv) Changes in numbers of regular workers by region between 1969 and 1973 were correlated against changes in average African wages (cash plus kind) over that period. The association was weak,(1) but it is worth noting that it was negative. (In other words, to the extent that there was an association at all, percentage changes in numbers of regular workers were higher where percentage changes in wages were lower.)

More rigorous tests, by race, might bring out a stronger association.

(v) It would also have been interesting to compare changes in value of production by region with changes in numbers employed, but a time series of this data is not available.



Roads problem

March 24, 1981

24/3/81

From Page 1

of all motor vehicles — Jannie van Huyssteen director of the Motor Industries Federation predicts sales of about 135 000 commercial vehicles compared with 127 708 last year, and 285 000 cars as against 277 058 sold last year — traffic congestion is growing on some Johannesburg roads.

After Government approved our five-year plan we only received about one-quarter of the funds needed to implement it. We not only have more work to do but a growing backlog which is creating traffic and major roads problems," says Gerrit Bornman of the Johannesburg Management Committee.

Work underway on projects cannot be halted so funds are borrowed from other votes. Plans for the proposed R70-million M4 freeway alongside the M2 cannot be considered without available funds, he says.

"The economic climate is making extreme demands on local authorities. The lack of funds is distorting our carefully worked out plans and causing sever difficulties while congestion is building up," adds Bornman.

SA Federation of Civil Engineering Contractors director Kees Lagaay appreciates Government's shifts in priorities are made to limit capital expenditure.

"Isn't Government going too far to ignore roads, a sector which is not over developed?," he asks.

Road construction is still going well for firms which won up to three-year contracts, but all goods things must come to end.

A note on d

Numbe ce found to be strongly correlated nges in numbers of domestic hay, however, be less strong: stic workers employed fell 29% and domestic workers fell 26% and rs fell 20% and of farms 18% and 7% and number of farms 25%.

(1) r

(2) r

BUSINESS

Dividend of 11c a share declared

M&R six-month profits up 42,3% to R12-million

By Ann Crotty

Murray & Roberts increased operating profit after taxation by 42,3 percent from R8,4-million to R12-million for the six months ended December 1980.

Group earnings attributable to ordinary shareholders for the interim period were R15,8-million compared to R8,5-million in the previous interim.

Earnings an ordinary share were 76c and from this a dividend of 11c a share has been declared.

Ordinary shareholders' earnings for the six-month period include surpluses on the sale of fixed assets and investments amounting to R3,8-million compared to a figure of R50 000 for the six months to December 1979.

CONTINUATION

This surplus represents a continuation of the group's policy of reducing the extent of its property assets, partially implemented in the financial year ended June 1980.

The directors do not expect meaningful profits to accrue from this source for the remainder of the present financial year.

The board views the growth in operating profits for the six-month period under review as most satisfactory and attributable to improved results from all its trading activities.

The satisfactory performance is expected to continue fo the remainder of 1981 with the results for the full year showing a meaningful growth on the previous year.

During the period under review the group made the following acquisitions:

100 percent of Stone Platt Electrical — manufacturers and suppliers of mechanical power transmission equipment.

100 percent of Saftronics — designer, manufacturer and distributor of electronic variable speed drives and components.

100 percent of VSP Engineering.

100 percent of James Brown and Hamer.

94 percent of CI industries.

The Pascor companies, the Elgin ship-repair facility and the Pelican group of companies were sold.

The board has decided that barring a major negative change in the annual-earnings growth pattern, the interim dividend will in future be about 33,3 percent of the previous year's total dividend.

- 3 -

OBSERVED NEEDS

2. (cont.)

- Render assistance in family budgeting.

ANSWER

- Improve follow-up further by positive follow-up by Sister and C.H.W. making use of the clinic retained record file. C.H.W. seeing each patient at home and reports factors for non-compliance.

4/...

- 4 -

OBSERVED NEEDS

4. (cont.)

ANSWER

- Follow-up of clinical condition done by Clinic Sister and backed up by Health Centre for E.S.R., sputum smear, weight and clinical check. Referral to hospital only on indication. No routine 3-monthly or 6-monthly X-rays.
- Improve case detection and contact examination by Clinic Sister and/or C.H.W.
- Short term treatment schemes by making Rifampicin available.
- 7 Days/week, 24 hours/day service in Health Centres and bigger clinics.
- Making waiting mother facilities available at the Health Centre.
- Health Centre to have an ambulance.
- C.H.W. seeing each woman at home every 6 months.
- Involvement of Care Group through health education and knowledge of hygienic delivery.
- Train C.H.W. in doing emergency deliveries, in the clinic or at home when called.
- C.H.W. doing post natel care.

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of their work, obvious differences is productivity and the danger than any minimum wage fixing could lead to maximum wage , 81 percent of all farmers interviewed by the Unis ainst statutory protection for farm workers because tor does not lend itself to such protection'.(20)

This looks remarkably like a cop-out; and th e 1951 Commission's disapproval of statutory minimum by the Theron Commission without comment - seem weak

A full discussion of the advantages and disad ures would require more space and more expert knowledge sal of this paper, but a few remarks seem necessary. s by farmers certainly does seem arbitrary, as the ies; some farmers may be paying acceptable wages t re on them to do so, and it seems a little unjust that v rely on the farmer's goodwill. Wide differences hs, dis- tricts, provinces, etc. seem to argue more fc m wage fixing than against it. Wages should clearl regard to working hours, seasons, etc. which probabl but it should not be impossible to lay down maximum eave periods for various districts and types of farming. lues could be established for payment in kind and yment in both kind and cash could be discussed (alter otal pay- ment could be laid down, of which a stipulat st, would have to be in cash). The fact that farm have a generally low level of education would again nt in favour of granting them some statutory protection.

The last of the Commission's problems- that could lead to maximum wages - presumably means that fa re than the minimum. The problem disappears if the mi le to most of th n earning highe re in any case ain on their he expense of t enerally not

The thought is that minimum wage regulations is ely not be

Predictions are that cement consumption would increase from last year's level of 7,3m tons to about 15m tons by 2000.

However, Mr G R Luyt, the chairman, says in his review that the industry would continue its planned productivity improvement and increased efficiency, 'but requires from Government a pricing policy which recognises the economic importance of a healthy and viable industry.'

He adds that cement prices will of necessity have to increase 'to provide the industry with sufficient funds for expansion.'

In answer to questions, Mr Luyt confirmed that an application for a cement price increase was now before the Price Controller. He would not expand as he said he considered the application and negotiations to be of a confidential nature.

High pace

Mr G E Taylor, the executive director, says in his review that there is already sufficient work in the pipeline from public, private and particularly the mining sectors for the building and construction industries to continue at an extremely high pace through to the end of 1981, at least.

'In addition, it seems that numerous small enterprises are contemplating spending many million of rand in the next few years on expanding capacity and updating plant.

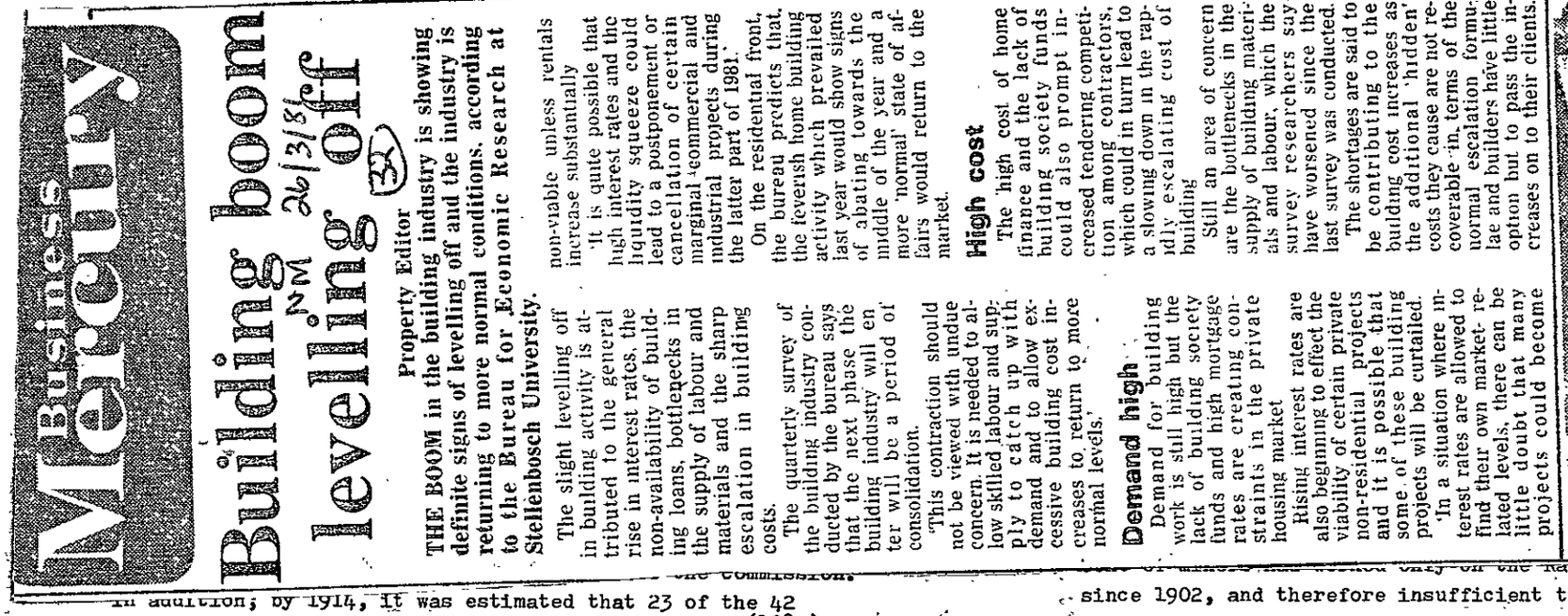
'The industry has forecast sales of 8m tons during 1981, representing a 10 percent increase for the year, which means a continued use of its productive capacity at a high level.' — (Sapa)

Cement industry envisages R2 000m, expansion

JOHANNESBURG—The cement industry would have to spend about R2 000m at current prices before the turn of the century to meet projected demand for its products, according to the South African Cement Producers Association's annual review.

18/6/96 WM (32)

comprised one-third of the white mining population, had not been augmented by further overseas skilled immigrants, because the latter were afraid of contracting silicosis for which the Rand mines were now notorious.(105) Finally the high prevalence rate of silicosis was attributed to the failure of the mine-owners to ameliorate underground mining conditions. Merriman referred to their 'callous indifference'.(106) Barry's experience on several committees of the Chamber of Mines preparing evidence for government commissions, made him completely aware of the attitudes of the mineowners and their reactions to suggested improvements. He stated in 1914 that they - he called them the 'tickey-snatchers' - had 'moved only



Business Mercury

Building boom levelling off

26/3/81

Property Editor

THE BOOM in the building industry is showing definite signs of levelling off and the industry is returning to more normal conditions, according to the Bureau for Economic Research at Stellenbosch University.

The slight levelling off in building activity is attributed to the general rise in interest rates, the non-availability of building loans, bottlenecks in the supply of labour and materials and the sharp escalation in building costs.

The quarterly survey of the building industry conducted by the bureau says that the next phase the building industry will enter will be a period of consolidation.

This contraction should not be viewed with undue concern. It is needed to allow skilled labour and supply to catch up with demand and to allow excessive building cost increases to return to more normal levels.

Demand high

Demand for building work is still high but the lack of building society funds and high mortgage rates are creating constraints in the private housing market.

Rising interest rates are also beginning to effect the viability of certain private non-residential projects and it is possible that some of these building projects will be curtailed.

'In a situation where interest rates are allowed to find their own market related levels, there can be little doubt that many projects could become non-viable unless rentals increase substantially.

'It is quite possible that high interest rates and the liquidity squeeze could lead to a postponement or cancellation of certain marginal commercial and industrial projects during the latter part of 1981.'

On the residential front, the bureau predicts that the feverish home building activity which prevailed last year would show signs of abating towards the middle of the year and a more 'normal' state of affairs would return to the market.

High cost

The high cost of home finance and the lack of building society funds could also prompt increased tendering competition among contractors, which could in turn lead to a slowing down in the rapidly escalating cost of building.

Still an area of concern are the bottlenecks in the supply of building materials and labour, which the survey researchers say have worsened since the last survey was conducted.

The shortages are said to be contributing to the building cost increases as the additional 'hidden' costs they cause are not recoverable in terms of the normal escalation formulae and builders have little option but to pass the increases on to their clients.

[illegible] the Commission.

In addition, by 1914, it was estimated that 23 of the 42 producing mines had introduced the single day shift.(108a) Such improvements did not, however, satisfy Barry, who in 1911 gloomily (and correctly) predicted:

> The terrible thing to think of is that it will take at least 7 years from the date upon which the whole community seriously starts trying to really achieve any noticeable results since, as things stand today, we are perpetually manufacturing fresh victims who will be with us for some such period as 7 years. (109)

In assessing the prevalence figures a distinction must be

drawn between prevalence and incidence. Prevalence cases constitute the number during a single period of both old and new cases, while incidence (or production) indicates the number of new cases produced during a given time (normally per annum). It should also be borne in mind that the given prevalence figures were imprecise and merely estimates. In 1910 M. Gemmill, an actuary at the Chamber of Mines, explicitly stated that there were 'no statistics' available for the establishment of an insurance fund, a scheme then being contemplated by the Chamber of Mines.(110) In 1909 the Transvaal Leader reported that the true silicosis figures would 'never' be known because no specific records had been kept.(111)

[illegible] ded that phthisis
[illegible] miners' phthisis'
[illegible] nt of deaths amongst
[illegible] ng the period 1905-
[illegible] of similar non-mining
[illegible] figures per 1 000
[illegible] 5,3 and 6,4.(112)
[illegible] most susceptible to
[illegible] nd amongst those
[illegible] In contrast,
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[illegible] and with rock drills

since 1902, and therefore insufficient time had 'elapsed for a full manifestation' of these effects on the development of silicosis.(114) The commissioners also concluded that in the secondary stage of silicosis there was a higher percentage of coexistent tuberculosis than had been previously recorded in 1903.(115) Subsequent writers believed that the mortality figures were probably an underestimation because 'at least one-third (and probably more) of the disabled miners' had left the Transvaal to die elsewhere.(116)

INKOMO

Name		Sources of Income	No. in milk							Change to present	Where milk now	which camp now
D. Gunundu	(1	Café owner								R3 less		DAIRY
A. Magahla	(2	Husband sends R40 per month								R17 less in summer	Home	Home
N.M.'s brother	(3	Husband a teacher locally. Fie Lot of stock								R14 less	DAIRY	DAIRY
G. Homendlini	(4	Headman. Children migrants. They send R72 per month. Farms field and stock								R4 less	DAIRY	DAIRY
A. Bukula	(5	One field. Dairy only income								same	DAIRY	DAIRY
J. Guda	(6	One field and stock. Migrant son sends R17. 11 people in family								same	DAIRY	DAIRY
J. Sidzamba	(7	Small field lives by odd jobs. Very poor woman								2 more	Home	Home
IDA. M-	(8	Pensioner R12,33 per month 1 field		-		-	-	R10	little	All income gone	Home	Home
F. Mvimbi	(9	1 field but no other income	14	6	?	-	-	R6		No income now	Home	DAIRY
O. Mabusela	(10	R12,33 pension but 7 people in family - 1 field	None	-	-	-	-	R5	little	No income now	-	-

Note: 1. The distinction between no.'s 1-4 and 5-10 is that ... are substantially better off than 5-10.
2. A. Bukula ... one down since July

... y tried to sell

... te the milk 4 out ...nth

17.

BUILDING MOOD (32)

Knocked sideways

FM 27/3/81

Predictably, Stellenbosch has noted a sideways shift in the mood of the building industry. But the latest quarterly survey from the university's Bureau for Economic Research (BER) doesn't expect the "consolidation" phase to begin until later this year.

Indeed, the prediction is that real growth will continue to be chalked up in

1339

1981. Thereafter, constraints foreseen by contractors, merchants and manufacturers are expected to rub off on the level of activity.

It's significant that lack of demand plays little part in the foreshadowed slowdown. The BER sees the major restraints as high interest rates and a lack of finance, labour and material bottlenecks and runaway building costs.

For the quarter immediately ahead, the Bureau expects a high level of activity to be maintained in the housing market. It sees this tailing off by year-end, but a decline in the non-residential sector is not expected before 1982.

Lack of building society funds and a further hike in the bond rate will inevitably rub-off on the homes market. Mortgages will be more difficult to get and more costly to service, but availability is expected to be the major factor. Holiday and resort property will be the hardest hit.

The private non-residential market, which relies less heavily on society funds, won't be squeezed as hard. High interest rates, however, will deter institutions from buying in at the kind of yields they have accepted recently.

Rental levels are rising to compensate, but Stellenbosch sees some new development cancelled or postponed by money market strictures and tighter liquidity in general.

On the materials front, the BER notes that there are still delays of up to 12 months for certain types of bricks in the Pretoria/Witwatersrand region. It says some builders fear a transport bottleneck in the supply of cement. Brick and glass deliveries have improved in some areas, but the supply of steel reinforcing, timber and plumbing is worse than it was in the three months to December 1.

Labour

Labour, it finds, is short on quality as well as quantity. Artisan and foreman standards are generally described as poor and accommodation problems, rather than availability, are hitting black labour recruitment. Although training programmes are in full swing, the Bureau sees no relief from this quarter in the short-term.

And there's very little relief in sight from high building costs. The BER indicators confirm that costs in the last quarter of 1980 were 31,8% higher than during the corresponding quarter of the previous year. And computed predictions on small samples for the three months to end April 1981, suggest that a year-on-year increase of 28%-32% on tender prices is on the way.

That's double the general inflation rate, but developers have somehow managed to live with it. They'll have to do so for a lot longer.

18.

3.32 VIABILITY OF CO-OPERATIVES

M & R NOW CLEAR OF BIG LOSSES AT KOEBERG

MURRAY AND ROBERTS is now clear of its big losses in supplying and erecting structural steel at Koeberg nuclear power station, the deputy chairman, Mr J E D Bramwell says.

He says in an interview published in the company's magazine Robust: 'We made a very large provision for the Koeberg loss in the 1980 accounts and although the contract run over into this year, the present indications are that the amount we allowed was adequate.'

The job was initially under-priced and under-resourced due mainly to the serious lack of appreciation of its complexity.

EMERGENCY

'We consequently ended up in an emergency situation where we had to pull out all the stops to meet our commitments and that proved very expensive indeed.'

Asked if there were any other disaster contracts around, Mr Bramwell said: 'The two large Diepkloof prison contracts were very tightly priced at the time and we are feeling the effects of the increased costs of our labour force in the Transvaal, for which the recovery through the escalation formula is insufficient.'

Management was doing all it could to offset the effects of this and to control the situation.

SET FAIR

Looking at future prospects, Mr Bramwell says subject to there being no major political upsets, the group's construction companies are set fair this year.

But there is a likelihood of a slowdown in the economy towards the end of 1981 or early 1982.

'I feel we are going to see reasonably full order books at least until the end of 1982.'

for a difference of this size.

The survey avera

of four workers on

mountains near Beau

in cash.

(b) Bonus:

The table below

according to annual

Distribution of workers

Bonus, R per year	No.
0 - 5,00	
5,01 - 10,00	
10,01 - 15,00	

Included in the table are 24 workers, on four farms, whose

Now bricks may go up again

S. Tribune 29/8/81

AS homeowners steel themselves for another rise in the mortgage rates within the next few weeks, there could be another shock soon for those planning to build or add on to their houses — the price of bricks may go up shortly.

While no confirmation of whether an application for a price rise has been made to the Price Controller could be obtained, Dick Kemp, chairman of Toncoro, owner of Corobrik, the country's largest manufacturer said: "Increased costs experienced in the past year, and now being experienced, have not been the subject of a price adjustment and there will have to be an application for an adjustment in due course."

Other sources suggest it could be another month before any price increase is announced, although April has traditionally

By COLIN VINEALL Property Editor

been the time for adjustments to the cost of bricks.

However, other sources have hinted that there may be a delay in the announcement of price increases in many items subject to control until after the election on April 29.

The last price increase of 13 percent was disclosed on April 1 last year. This raised the price of bricks to the present level of R50 a 1 000 for commons and R100 a 1 000 for face bricks — both prices being averages, and ex-works.

Any price increase awarded now would, logically, have to match inflation which economists say is running at between 15 and 16 percent.

Such an increase would raise the price of 1 000 for commons and R116 a 1 000 for face bricks.

Meanwhile, a spokesman for Corobrik disclosed this week the virtual end of importation of bricks from Britain.

He said a third shipload of one million bricks was on the high seas and due in Durban on April 13.

But it seems certain that the scheme will be abandoned.

"We imported bricks during the crisis period when local bricks were hard to obtain as a gesture to the small builder," said the spokesman.

"But architects and designers of big projects took them for larger schemes — these are people who plan ahead and who could therefore use domestic products.

"It now seems unlikely that any more will be imported after this delivery," he said.

When the scheme was first announced Corobrik planned to bring in 100 million British bricks to alleviate the critical, nationwide shortage.

S. Times 29/3/81 (32)

R800-m needed for bricks

By Andrew McNulty

MORE than R800-million will have to be invested in new brickmaking capacity during the next two decades.

Growth in demand could require expansion equivalent to opening a new factory producing 140-million bricks a year.

This projection was made for Business Times by Dick Kemp, chairman of Toncoro, the country's biggest brick manufacturer.

Current production capacity will have to double in the next two decades.

The forecast follows an announcement this week by Guy Luyt, chairman of the South African Cement Producers' Association, that cement production capacity will have to be doubled by the year 2000 at a cost of about R2 000-million.

These projections are in today's money.

The growth forecasts for these two industries will have a dramatic impact on the country's transport and storage infrastructure.

Mr Luyt predicts that cement consumption will increase from the 1980 level of 7,3-million tons to about 15-million tons.

This is based on population growth and expected increases in per capita consumption of cement, now about 265 kg per capita compared with a world average of 230 kg and around 600 kg in developed Western countries.

Mr Kemp's estimates for brick consumption are based on a historical trend over the past 20 years, when demand for bricks grew by an average 4,5% a year.

"The industry is laying stress on long-term planning for capital investment needs to avoid again being caught napping as most were during the recent sudden upturn," he says.

Toncoro accounts for nearly 50% of the country's total output of about 3 400-million bricks.

The 4,5% growth figure would mean the equivalent of an additional 70-million bricks a year, needing annual investment of as much as R20-million.

But the expected big investment in mass housing would probably double this figure.

"These figures are conservative. A lot remains to be done in areas such as low-cost housing. We also see demand growing rapidly in areas such as mining and general infrastructure," Mr Kemp says.

Toncoro recently announced plans to spend R85-million in the next four years (Business Times January 18) on new plant, expansion of existing factories and other replacement costs.

even to pay wages which complete with town wages.

Section C : The workers:

All outdoor workers on the farms were men. Women worked inside the house, occasionally helped with the dairy or fed the chickens and might be expected to help harvest vegetables once a year.

Twenty-two of the men workers were African (about 17 percent) and the remaining 108 were Coloured. All the workers lived on the farm. None of the Africans were contract workers; they claimed to be legally resident on the farms and to have no ties with, or interest in, any homeland.

a) Ages:

The age distribution of the 130 men workers is shown in the table below.

TABLE 25.

Distribution of workers according to age (years)

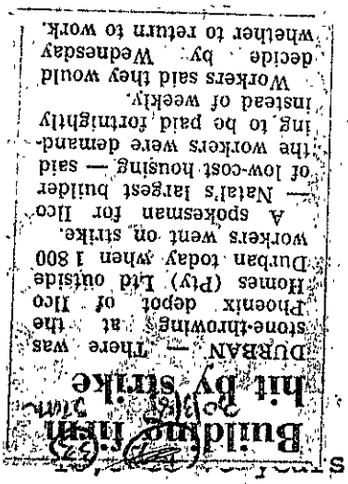
Age (years)	Number of workers	Cumulative %
0 - 20,00	12	9,68
20,01 - 25,00	13	20,16
25,01 - 30,00		37,10
30,01 - 35,00		51,61
35,01 - 40,00		58,87
40,01 - 45,00		70,97
45,01 - 50,00		73,39
50,01 - 55,00		83,87
55,01 - 60,00		91,94
60,01 - 65,00		96,77
> 65,00		100,00

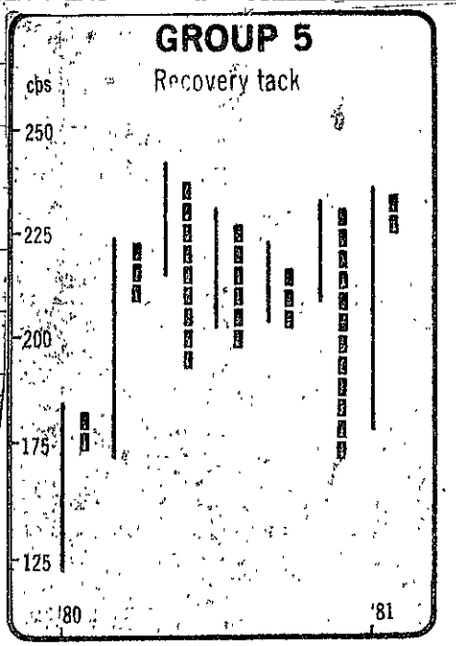
total

unknown

Mean:

Range: [illegible] years.





GROUP FIVE (32)

Back again FM 3/4/81

Activities: *Civil engineering construction group whose main operating subsidiaries are CMGM, Basil Read, McLaren & Eger, Group Five Projects, D Reynolds and Cochrane's Engineering. The directors and their families hold 20,6% (25,5%) of the equity.*

Executive chairman: *F T Law; deputy chairman: A R Jamieson.*

Capital structure: *9,2m ordinaries of 50c. Market capitalisation: R20,2m.*

Financial: *Year to December 31 1980. Borrowings: long- and medium-term, R5m. Net cash: R6m. Debt:equity ratio: 246%. Current ratio: 1,2. Net cash flow: R11m. Capital commitments: R6,8m.*

Share market: *Price: 220c (1980-81: high, 235c; low, 135c; trading volume last quarter, 276 000 shares). Yields: 26,6% on earnings; 8,2% on dividend. Cover: 3,2. PE ratio: 3,8.*

	'77	'78	'79	'80
Return on cap %	20,7	11,1	0,9	36,1
Turnover (Index*)	138,0	154,6	230,4	299,5
Contracts in progress (Rm)	15,9	29,1	30,2	n/a
Gross profit (Rm)	6,7	5,1	0,4	8,2
Earnings (c)	44,0	47,6	1,0	58,4
Dividends (c)	18	20	5	18
Net asset value (c) .	199	227	227	266

* 1973=100

Group Five is going all out to expand its activities, using its newly created industrial division as a base. This division, currently consisting of the plant hire firm Reynolds and Cochrane's Engineering, saw a three-fold increase in profits last year. But its proportionate contribution to the group total was down from 35,4% in 1979 to 17,4% as construction results recovered from 1979's exceptionally poor R557 000 after tax to R4,4m.

The recovery from the sharp profit drop caused by the Botswana road contract losses is thus almost total. The improved profitability was, chairman Fred Law says, the result of "the end of losses in Botswana, and a year of re-grouping, improved control and recovery." Low-margin state contracts were a headache for the group in the last two years but new contracts for both the private and public sectors are being written at more attractive returns.

The decision to expand the non-construction base is an interesting and potentially bullish one, considering Law's prediction that the construction industry will not maintain 1980's growth rate. He is confident, however, that the group will "continue to earn acceptable profits."

Group Five's Law . . . spreading the risk

The earnings history is lacklustre, with earnings growth over the past five years compounding at only 3,2% a year. And while return on capital at 36,1% is good at present and indicative of an underlying asset utilisation efficiency, the high risks inherent in deriving the bulk of income from a few major construction projects can be destructive, as this group so painfully discovered.

Law does not pinpoint any chosen growth area for expansion but the current state of the balance sheet should allow gearing up to move into any new activity or to increase existing operations. What will be of importance in the decision-making process is the counter cyclical nature of industrial earnings.

The group's high cash content (R10,2m) is a function of the average age of contracts and does not represent a build-up of cash for diversification reasons. Debtors, for instance, now stand at R31,7m (R28,1m).

These results are good but they are close to the projections made by at least one analyst last year and therefore have probably been discounted in the share price. The earnings and dividend growth history is mediocre and were it not for the possibility of a new earnings growth base in the industrial division, the share could be considered slightly expensive. *Ian Muil*

Manufacturers pull out all the stops...

Beating the brick shortage

S. Tribune 5/4/81

32

BRICKS are news. The current demand is still rising and the delivery delay is, if anything, worse than it was a month ago. In Natal, the delay has stretched from three months to six for face bricks and to 11 months from nine for stock. In the Transvaal the wait is a year for both types of bricks; in the Free State 10 months for face and eight for stock and in the Cape four months for both varieties.

Throughout the country brickyards are working flat-out to try to match the demand. Property Editor Colin Vineall visited three very different yards this week . . .

"DADDY, daddy, why is that horse going round-and-round with that beam on his back?"

"He's helping to make bricks, darling."

Facetious? Oh, no. Certainly not in a country where every brick is needed twice over. Where the demand can still stretch to a year's delay and where man, machine — and horses and mules — are working their hardest to provide the bricks to get the builders working.

This week, I saw three methods of making bricks: The almost primitive but with a surprisingly modern sophistication; the manual, aided by small machines; and the

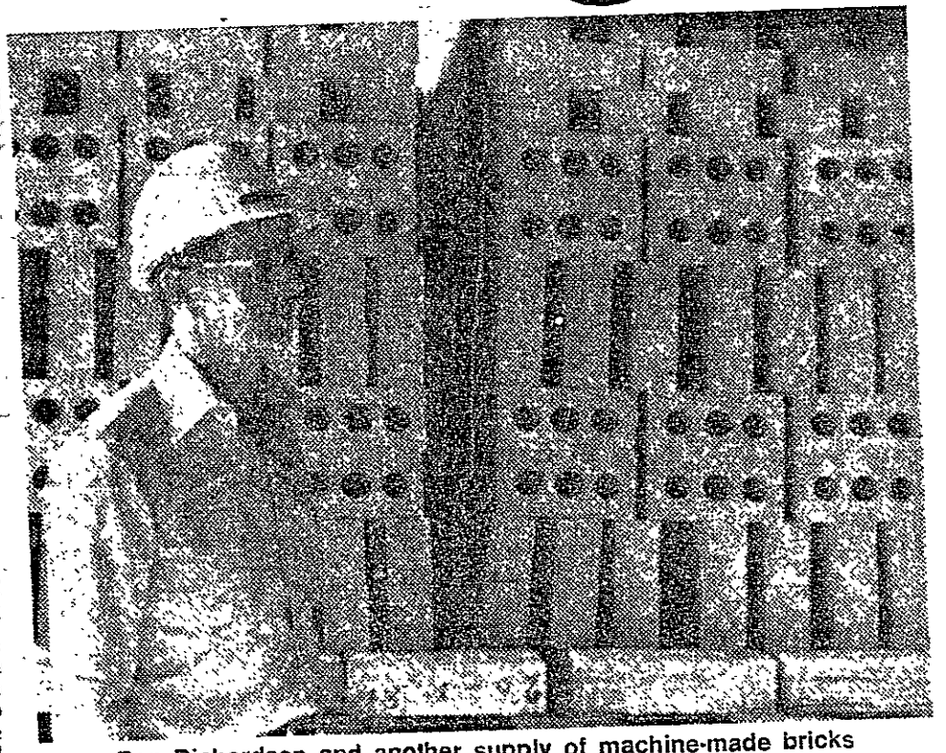
and churned.

The power is provided by the horses and mules, who plod round the pug in two-and-a-half hour shifts

Leschner says horses and mules — all of which looked extremely fit — are better than machines especially in one way. If the screw in the pug comes up against a rock in the mixture the horse will sense it and stop; a machine would grind on relentlessly and cause damage. One up for horse-power.

Inside the pit besides the pug stands man-power. Black power.

There are men feeding the pug itself,



Ron Richardson and another supply of machine-made bricks

1 000 bricks than some big brick-makers.

The curious sophistication in this yard is that, according to Leschner, man and mule work better with music.

★ ★ ★

Benori van Graan has advantages to transporters and bricklayers alike.

"It also bonds very well with the mortar because of its rough texture and gives great strength to a wall or whatever. It takes plaster well, plus nails for skirtings and cor-

strates his bricks. He will crack two together and exhort you to "listen to the ring". He as a brickmaker knows the ring of a good brick.

★ ★ ★

ONE cannot write of brick manufacture

The horse plods on . . . in the foreground brick

Southern Africa and ... 1652–1880

By the mid-nineteenth century extensively penetrated by the of trade in a variety of goo criss-crossed the interior, lin the Swahili and Portuguese s and through the mezimbite ne network of fabricorships, the sion, and social deepening, at and social differentiation in In South Africa the extensi was intimately linked, though of a colony of white settleme redistributive forms of socia with external transformation

It will be seen from the table that about a third of the graduates had worked all of their career up until the time of the study in hospital and/or clinic work only. A further one-third had started off in hospital work and then moved into private practice subsequently. Only five cases, or 7%, had been in private practice since completing their internship. This figure must be considerably lower than the figure for white medical practitioners in South Africa, and reflects the financial difficulties which most Blacks have in setting up private practice.

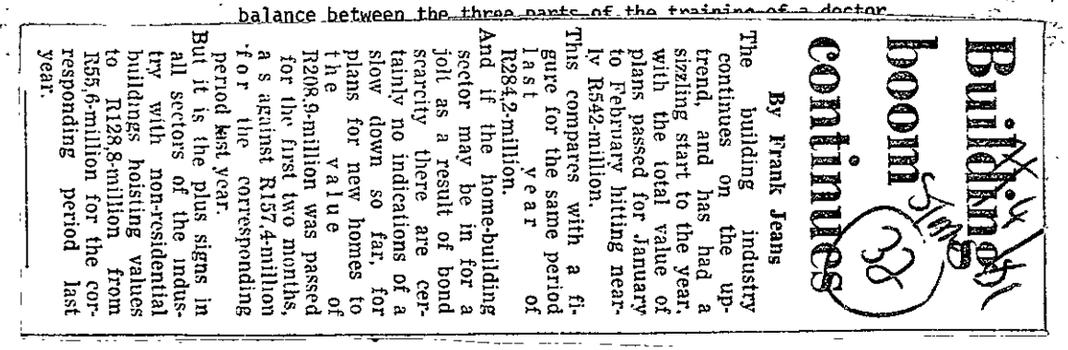
The average (mean) length of the working career of graduates after completing their internship, up to the time of the interview, was 4,8 years, so that on average the doctors were fairly recent graduates. While the sample covered a range of graduates from the first admittances in 1951 to the most recent graduates produced by the Medical School, this means that by and large the comments related to the syllabuses as they were during the 1960s, when in particular the Medical School did not have a department concerned with social and preventive medicine, or community and family medicine.

2.3. Some of Their Views on Their University Training:

During the interviews the graduates were asked to look back in retrospect on their training received at the University of Natal, and were encouraged to comment both generally and also in regard to specific aspects of their training. Three-fifths of the sample considered that their training had been good, but that there were some areas for improvement, while a further fifth saw their training as having been of an excellent standard. Most of the remainder were rather neutral about their training. Thus while the vast majority were more or less satisfied, it it is their detailed comments, and particularly the problems that they encountered as medical practitioners, which throw light on the gaps and limitations of their medical education.

In regard to theory, the major suggestion, made by one-quarter of those interviewed, was that theory should be related more to practical application than had been the case during their

training. In regard to laboratory work again one-quarter felt that students should be shown the relevance of their practical work for clinical situations. They felt that during their training they had not always perceived the full significance of the laboratory work for their subsequent clinical training. This points to the frustration that some felt during their pre-clinical years in that what they were doing often seemed fairly far removed from 'being a doctor.' (This was a point which our study of students also found.) However only a minority — 9% of the cases felt that clinical work should be given right through the course of training from the earliest years in Medical School. There was a wide scatter of responses in regard to the balance between theory, laboratory work and clinical work. This in itself is probably a good indication that there were no glaring faults in the balance between the three parts of the training of a doctor.



Building boom continues

By Frank Jeans

The building industry continues on the up-trend, and has had a sizzling start to the year, with the total value of plans passed for January to February hitting nearly R542-million.

This compares with a figure for the same period last year of R284,2-million.

And if the home-building sector may be in for a jolt as a result of bond scarcity there are certainly no indications of a slow down so far, for plans for new homes to the value of R208,9-million was passed for the first two months, as against R157,4-million for the corresponding period last year.

But it is the plus signs in all sectors of the industry with non-residential buildings hoisting values to R128,8-million from R55,6-million for the corresponding period last year.

In regard to teaching methods, there was a lack of clear-cut recommendations for change, except for a plea for more small-group teaching methods.

An important aspect in the training of any student is the workload. Looking back to their student days, only one-third of the medical graduates saw the workload imposed on them when they were students as having been manageable. The majority felt they had been expected to do far too much work, and felt that the situation could have been improved if there had been a more equal distribution of load between subjects over the years. This of course involves the perennial problem that

Critical cement shortage threatens building firms

(32) STAR 8/4/87

Own Correspondent

DURBAN — The building industry could be brought to another standstill in South Africa with the critical shortage of cement, builders were warned today.

The director of Durban Cement Ltd, Mr D J Rowe, said the building industry was faced with a serious problem and the shortage of cement had now become a national raher than a local problem.

He said headquarters in Johannesburg would release a formal statement on Friday.

"I am not prepared to say more about this, except to say that it has now become a national problem," he said.

Builders' supplies in the greater Durban area have already been affected by the severe shortage.

The manager of a firm of builders' suppliers and demolishers, Mr A K Ismael, said he had been hard hit by the shortage.

"There is always a great demand for cement.

"We have had to sell loose cement to some of our customers, and even that has run out now," he said.

D & H (32) FM 10/4/81

Surging ahead

Activities: *Industrial holding company with subsidiaries operating in construction, industry, engineering and coal mining. Union Corporation owns 61,9% (56%) of the equity.*
Chairman: *J B Hodgson.*
Capital structure: *19,3m ordinaries of 25c. Market capitalisation: R108,1m.*
Financial: *Year to December 31 1980. Borrowings: long- and medium-term, R20,1m; net short-term, R5,6m. Debt: equity ratio: 54,5%. Current ratio: 1,2. Net cash flow: R24,3m. Capital commitments: R19m.*
Share market: *Price: 565c (1980-81: high, 605c; low, 345c; trading volume last quarter, 99,500 shares). Yields: 15,2% on earnings; 5,8% on dividend. Cover: 2,6. PE ratio: 6,6.*

	'77	'78	'79	'80
Return on cap %	23,5	21,8	23,5	25,7
Turnover (Rm)	142	156	204	277
Gross profit (Rm)	15,4	16,3	18,6	28,4
Gross margin %	10,8	10,9	9,6	10,3
Earnings (c)	42,1	45,1	50,0	85,9
Dividends (c)	17	19	23	33
Net asset value (c) .	191	205	247	328

The 1980 annual report could encourage a re-rating of D & H. At its current historical yield of 5,9%, the share is rated on a par with Murray & Roberts (6,1%) and Grinaker (5,9%). Both of these construction companies have similar diversification strategies and existing counter-cyclical cash flow generation.

D & H, however, could be rated in the next two years on the potential of its coal mining activities which would justify, on present contributions to group profits, an historical yield at least one percentage point lower.

In financial 1980 the coal division contributed R2,6m, or 15%, to earnings. In 1979 the contribution was 4% and in 1978 a loss of over R400 000 was suffered.

Though only about three years old, the coal division is now a major independent producer with two opencast collieries, Savmore and Glisa, and the Vryheid underground mine. A feasibility study is now under way to supply coking coal to Iscor from a new mine. And a major shareholding in a marketing organisation is expected to open Transvaal and Cape outlets for excess mine capacity.

Chairman John Hodgson describes the coal division as having "matured" and though he does not give any prediction on future growth potential, the increased investment in coal mining assets, from R7,5m in 1978 to R18,1m in 1980, indicates managements hopes.

The 1980 report indicates that the group is in perfect shape and Hodgson's statement that "the past year has been an outstanding period of achievement" is no exaggeration.

The income statement shows how turnover was improved, costs contained, losses excised and margins increased selectively to take advantage of market conditions. Despite an exceptionally strong cash flow, short-term borrowings were required to finance certain aspects of the year's business but these costs were negligible seen against the upturn. Pre-tax profit was up 60% to R25,5m. As turnover was up only 35,7%, the high level of D & H's management efficiency and asset utilisation is underscored

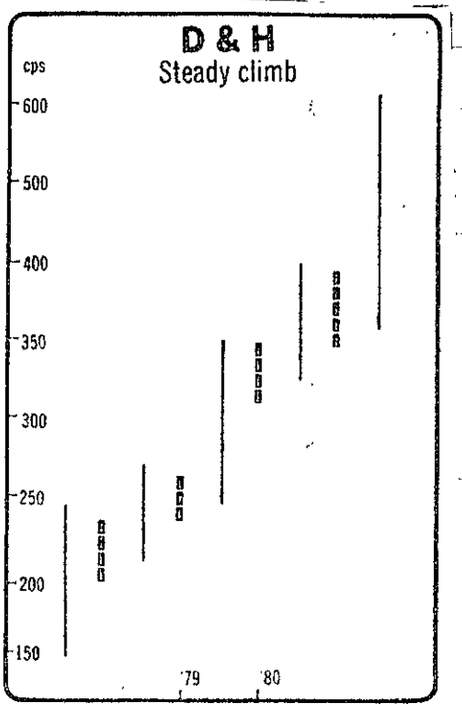
The tax rate increase to 28,3% (24,7%) was due to the withdrawal of machinery allowances for construction companies.

It is normally a consequence of an active diversification programme that minority interests grow; earnings growth is thus partly achieved by buying profit D & H's growth has been internally generated, however, and the minority share of profit fell from R1,9m to R1,1m last year. The reduction would have been due to the purchase of the small outstanding minority in Savage & Lovemore. Since 1976, however, the minority share has fallen by 55,9%.

Attributable income was up 70% to R17,2m. The decision to sell the UK waste management company and the interest in the Canadian pre-cast concrete operation allowed a write-back of R1,5m losses previously provided for.

The dividend was increased by 43,5% to 33c a share but, despite this significant jump, cover at 2,6 times is unchanged from the five-year average.

So an already strong balance sheet was further strengthened by solid retentions, and overall liquidity is sound. Higher debtors (up R10m to R42,7m) and creditors (up R12m to R35,4m) were due to increased turnover but debtors "are kept under very strict control."



The profit break-down is now: materials 32% (26%), construction 32% (52%), service 27% (27%) and coal 15% (4%). Engineering continued to lose money mainly because of tight margins in a competitive environment. But this division, the directors say, has now been restored to profitability.

Given this earnings breakdown and divisional asset utilisation, gearing is low and could comfortably move up to the 70% level. Capex this year should total R55m, says Hodgson, and will be financed internally. The desire to continue diversifying and expand the "profit potential" should thus have no detrimental effect on the group's sound long-term trend If acquisitions are of the quality of the recent R6,5m Fowler purchase, earnings growth could be materially improved. Over the past five years turnover has increased by an average annual compound rate of 15,9%, after-tax profit by 19,3% and attributable profit (because of declining minorities) by 27,6%. Dividends have increased 22% over the same period after taking into account the issue of almost four million extra shares.

Respectable quantities of shares are traded and the company is an institutional favourite. If 42c is paid out this year the prospective yield is 7,5% which, market softness notwithstanding, is attractive.

The Natal Mercury

Cement to cost more?

AN INCREASE in the price of cement — of around 40c a pocket — might well be on the cards, according to builders.

Cement has been in short supply during the last few months but the building industry does not appear to be severely restricted although private buyers report difficulty in obtaining supplies.

A spokesman for the S A Cement Producers' Association told the Mercury: 'The product is leaving our factories, but there is rail congestion in Natal'. There have been reports of up to half a million tons backlog on the route.

With the easing of the brick supply, some shortage is also reported by smaller builders of difficulties in obtaining supplies of bricks also through the heavy demand for rail trucks.

e) Sleep Disturbance

This was reported by 11 patients but in only 3 of them was there early waking, which occurred in association with waking during the night in each case. Initial insomnia occurred by itself in 3 patients and in one other it was associated with waking during the night. The remaining 4 patients experienced waking during the night as the only sleep disturbance.

f) Agitation and Retardation

Two patients appeared agitated and one other reported being irritable and aggressive. All 3 patients had associated symptoms of anxiety. Six patients appeared to be retarded ; in 4 patients there were associated physiological symptoms such as apathy, loss of libido or loss of weight and one other patient expressed suicidal ideas.

v) Psychopathology

Exits from the social field, undesirable events, interpersonal arguments and events related to finance and health have been implicated in the genesis of depression (Jacobs et al. 1974)(33).

Such events were detected in 6 patients: one woman was separated from her husband who was taking a university degree overseas and another had been abandoned by her husband who had taken a second wife. Two wives reported recurrent quarelling with their husbands. One man had financial difficulties and a recently married woman was depressed by her inability to conceive.

Hormonal factors were implicated in 3 women ; one became depressed following her delivery, another had a miscarriage. The third became depressed after prolonged use of an oral contraceptive; however, recent studies suggest that personality factors may be more important (Fleming and Seager 1978)(34).

Personality factors were thought to be important in one very rigid man with rather obsessional defences and another who was unemployed had been divorced by his wife.

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Apart from the man admitted in stupor, all the other 6 men were married and in regular employment.

Three of the 4 remaining women were happily married and the last was single but only 17 years old.

There was no obvious evidence of personality disorder in any of the women.

The clinical features seemed to fit more readily into the conceptual framework which describes "endogenous" depression as the core syndrome upon

6 GENERAL NEWS

R541-million in building plans are approved

By GERALD REILLY
Pretoria Bureau

BUILDING plans passed in January and February reached the record value of R541 000 000, almost double the figure for the same period last year, according to figures released in Pretoria yesterday by the Department of Statistics.

But the lack of skilled labour is still a factor inhibiting the pace of the industry.

According to the Building Industries Federation (Bifsa), efforts are being made to recruit skilled workers in Britain to ease the critical shortage of building workers in South Africa.

Economists say the figures indicate there is still a healthy thrust in the economy in spite of the expected lower growth rate this year.

Buildings completed during the January-February period totalled R213 600 000, compared with R132 600 000 for the same period last year.

The executive director of Bifsa, Mr L E Davis, said the figures showed that a high level of building activity could be expected during the next 12 to 18 months.

Activity had reached a "very high" plateau, but it could cool off to a more normal but still reasonably high level.

The shortage of skilled workers remained critical. It was hoped that the recruiting drive launched by the industry in Britain would attract enough workers to ease the shortage significantly, Mr Davis said.

With the high rate of unemployment in Britain and the low level of activity in the building industry there, the recruitment climate appeared to be favourable.

"We are not getting large numbers, mainly because of structural problems. But the industry believes it would be bad policy to lower the educational entrance standards to the trade," Mr Davis said.

higher rates have been reported in Rhodesia. A survey of all suicides over a period of a year gave a crude rate of 14.4 per 100,000 for Whites and 5.6 per 100,000 for Blacks (Rittey and Castle 1972)(39).

Because of this risk it was previously urged that treatment of severe depression should take place in hospital so that E.C.T. could be given. (Buchan 1969)(40).

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GOUGH COOPER (32)

The brick factor

PM 24/4/81

Activities: *Housebuilder and township developer in the low- to medium-price category. Also retails timber and hardware.*
Chairman: *L A Lucas-Bull; managing director: R L Mawson.*
Capital structure: *4,2m ordinaries of 50c. Market capitalisation: R4,3m.*
Financial: *Year to December 31 1980. Borrowings: long- and medium-term, R407 000; net short-term, R3,8m. Debt:equity ratio: 52,7%. Current ratio: 1,3. Net cash flow: R585 000.*
Share market: *Price: 103c (1980-81: high, 125c; low, 70c; trading volume last quarter, 652 000 shares). Yields: 14,2% on earnings; 2,9% on dividend. Cover: 4,9. PE ratio: 7,1.*

	'77	'78	'79	'80
Return on cap %	7,1	0,7	—	12,2
Turnover (Rm)	11,4	10,8	17,3	24,1
Pre-tax profit (R'000)	529	(212)	(678)	1 158
Gross margin %	4,3	—	—	6,5
Earnings (c)	6,5	(2,3)	(9,5)	14,6
Dividends (c)	3	—	—	3
Net asset value (c)	179	176	169	190

What should have been more than a mere recovery year for Gough Cooper was characterised by a chronic shortage of bricks. This not only restricted the activities of the housebuilding division, but also caused losses in contracting.

Nonetheless, the group appears to have recovered solidly from the setback years of 1978 and 1979. Though cash flow is still weak, the balance sheet has been strengthened where possible.

Liquidity is a problem, as it is with most similar operations, and the higher level of activity in the industry explains the small drop in the current ratio from 1.4 in 1979 to 1,3. The acid test is a far more crucial ratio for Goughco, however, and this has improved from 0,53 to 0,64. It remains a squeezed situation but the valuation of stock, work in progress, land and houses, at R5,3m, promises good profit when cleared.

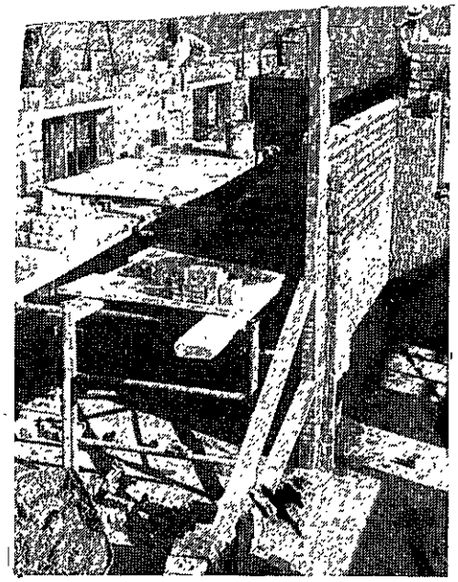
The company's main activity, housebuilding, benefited from the buoyant demand experienced during the year, and the coastal area operations returned to profitability. It was largely due to mismanagement in certain of these coastal operations that the group spun into losses previously.

The contracting division "suffered severely during the year on a number of contracts, due to the shortage of bricks." Losses were sustained as contract times were over-run. This necessitated a write-off of R113 000 on one major contract not yet completed.

Construction contributed just over 57% of pre-tax profit. The next highest contribution was from timber and hardware retailer, Northwest Timber. This wholly-owned company increased pre-tax profit by 68% to R243 000, 21% of group profit.

Land sales improved and a R380 000 turnaround gave a profit of R223 000. This was after purchases of additional serviced land to keep building activity going while services were being installed on portions of the group's own ground.

The 41,3% tax rate is high in view of the losses of the past two years. That indicates the subsidiaries which incurred these losses have not yet recovered sufficiently to allow the benefit of tax loss write-offs. The current year, and possibly the next as well, could therefore see a reduction in the tax rate.



Goughco . . . target for a takeover?

Viewed in isolation, Goughco is in reasonable shape. The group has considerable profit potential through its large investment in stock and completed buildings, and though short-term borrowings are out of kilter within the overall debt structure, the high level of debtors more than compensates for this.

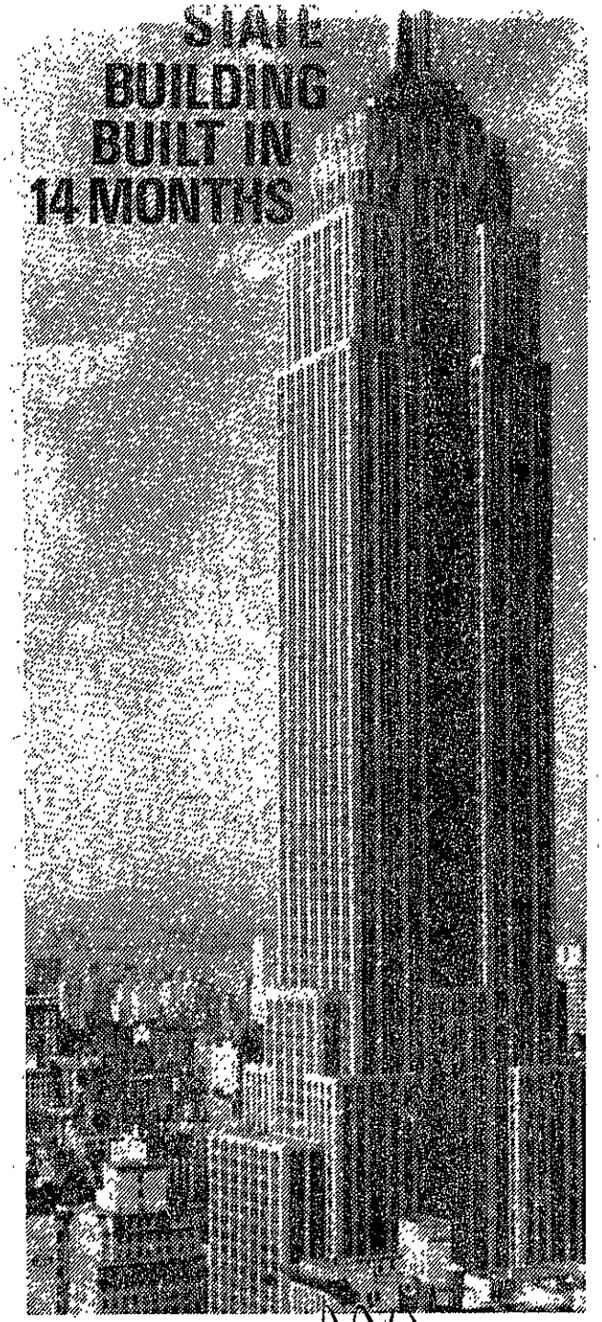
Goughco's problem, sadly, is that when finance was available last year, bricks were not. Bricks are available this year, finance is not.

How the group is going to ride out a year in which activity seems certain to be dampened by the short supply of mortgage bonds is difficult to tell. Much will depend on the arrangements the company has made with building societies for the stock currently on its books.

A straight projection on earnings growth this year suggests the present low dividend yield contains a highly speculative element. It probably relates to expectations of a bid, or a reverse takeover, by the privately-owned contracting group S M Goldstein.

This company recently bought, in open market operations, almost 30% of Goughco. Some indication of what this development means to Goughco is expected to be given by MD Roy Mawson at the May 1 agm. Until then, shareholders are advised to sit tight.

Ian Mail



Grinaker three-year job in Ciskei

South African construction companies are bringing a wealth of industrial expansion to neighbouring territories and in a development Grinaker Construction is moving into the Ciskei with a R20-million contract for the building of the Sandile Dam in the Keiskamma River basin.

MORE JOBS

Not only will the dam, due for completion in three years, bring a vast new water source to meet growing industrial demand, but the project will open up new job opportunities for Ciskeians.

Commenting on the Sandile project, crucial to the 760 ha irrigation project at Keiskamma, which he said was the "most exciting Border development in years," Chief Z P Siwani, Minister of Works in Ciskei, said there would be sufficient water to meet the demands of industrial centres of Dimbaza and Middledrift for at least 20 years.

EMBANKMENT

The Grinaker contract calls for the construction of 3-million cu m of earth embankment rising 50 m above the riverbed. A concrete spillway will be capable of discharging 2 800 cu m of water a second.

Grinaker was also involved in the R10-million Cata dam project near Keiskammahoek to the tune of R7-million.

Jan Smuts contract of R21-m

Concor Construction has signed up with Hochtief AG for the building of South Africa's avionics workshops at Jan Smuts — a contract valued at R21-million.

Mr D Bassett, director of building services of SAR, says this will be the first time that the various disciplines of South African Airways avionics industry will be under one roof.

Civil engineers expect R1 385-m peak but worry over high costs

By Frank Jeans

The civil-engineering industry continues to surge ahead in line with the advance in construction, but gains in the value of work are still being eroded by the problem of spiralling costs.

Contract work in civil engineering is expected to hit a peak of R1 385-million this year — a 14 percent rise over the R1 215-million spent in 1980.

However, when the steady rise in construction costs is taken into account, the volume of work in real terms during 1981 will be about the same.

Nevertheless, the "civils" men can be well pleased with the high level of activity, and contract work for the public sector last year showed a 40 percent jump over the R860-million recorded in 1979.

Even adjusting for the costs worry, this alone represented a 20 percent increase in the value of work.

SAFCEC VIEW

The South African Federation of Civil Engineering Contractors (Safcec) however, expresses disappointment that as a result of the "severe restrictions" imposed by the Government on capital expenditure of public authorities, the industry's rate of expansion is likely to slow markedly this year.

"The expected increase in investments by industry and mining will not compensate for the lack of growth in the public sector's expenditure on civil works, which account for more than two-thirds of the industry's output," says Safcec.

"This weakening in the growth rate after an upturn of only one year is creating uncertainty in the industry about its medium-term prospects."

GROWTH AREAS

Public-corporation work is expected to decline slightly from its high level of R255-million last year but it's plus signs in other areas of civil work.

Growth areas are in road construction where values are expected to rise from R525-million last year to R575-million in 1981.

However, it is in the railway sector that the most significant surge can be seen. Expenditure on rail lines nearly doubled from 1979 to 1980, and this is expected to rise still further to R180-million.

Construction special: Pages 34 and 35.

BUILDING LAWS PLAN 'A DISASTER'

By Peter Goosen, Municipal Reporter

PROPOSED building regulations would be 'disastrous' to the building industry and prospective home-owners throughout the country, says a top Cape Town City Council official.

City Engineer Mr J G Brand has condemned the South African Bureau of Standards draft regulations as 'outrageous, highly objectionable and seriously defective.'

Mr Brand, in 102 pages of objections, says the regulations in their present form would have 'grave consequences' and lead to a sharp rise in building costs and lengthy delays in the approval of plans.

He adds that if the defective regulations were promulgated, the results of the defects would be magnified on a huge scale by being applied to every building in every town and city in the country.

MR J G BRAND . . . 'Proposals are outrageous.'

Complex

Mr Brand says that although the SABS took six years to draw up the regulations, interested parties were given only four months to study the lengthy and highly complex document.

It was also to be regretted that [illegible] the

(Continued from page 1)

be built to minimum standards.'

The overall size of the room would be 12 cubic metres which was only fractionally in excess of the figure laid down by the Slums Act.

'Two common sources of obscurity (but by no means the only ones) are

Building proposals

the absence of essential definitions and the vagueness of many of the definitions themselves.

'Some regulations are totally incomprehensible and many are so vague or contradictory as to be impossible to administer.

'The regulations relating to artificial ventilation and air-conditioning betray a total lack of understanding of this subject,' Mr Brand said.

Draft building code 'full of serious defects'

9/5/6 STAFF 32

Own Correspondent

CAPE TOWN — The draft national building regulations are so full of serious defects that their promulgation would have disastrous consequences for the building industry and would-be home owners.

This is the view of Cape Town's city engineer, Mr J G Brand, who in a 102-page list of objections to the regulations drawn up by the South African Bureau of Standards, described them as "highly objectionable."

Mr Brand said the promulgation of the regulations in their present form would lead to a sharp rise in building costs and lengthy delays in the approval of plans.

He added that if the defective regulations were promulgated, the defects would be magnified on a large scale because the provisions would apply to every building in every town and city in South Africa.

Mr Brand said although the SABS had taken six years to draw up the regulations, interested parties were given only four months to study the lengthy and complex document.

It was also to be regretted that the views of members of the regional committee of experts appointed to advise the SABS had virtually been ignored.

He described some of the defects in the regulations as excessively onerous — and consequently inflationary — and others as sub-standard. Certain necessary provisions had been omitted.

"Some regulations are so outrageous that one is led to speculate that the draughtsman was unaware of their implication."

Among excessively onerous aspects, Mr Brand said, was the provision that any retaining wall more than one metre high had to be designed by a structural engineer.

Lighting requirements were so complex that lights for a normal house would require calculation by a qualified lighting engineer.

Regulations also prohibit direct access from a parking garage in a building to the rest of the building.

"One would have to go outside and enter the building through another door."

Similarly a restaurant or a dance hall in a hotel was not allowed to lead directly into the rest of the hotel.

The regulations also required every house to have two fire extinguishers. All swimming pools and surrounding fences would have to be altered to comply with the new regulations. Pools would also have to provide notices on artificial respiration and a lifeline.

All buildings except houses — but including small shops and flats — would require an electricity power supply independent of the mains.

RAND DAILY MAIL, Saturd

Building proposals of SABS are 'disastrous'

RDM 9/5/81 (32)

CAPE TOWN. — Building regulations proposed by the South African Bureau of Standards would be disastrous to the building industry and prospective home-owners, said Cape Town's city engineer, Mr J G Brand.

He condemned the bureau's draft building regulations as "outrageous, highly objectionable and seriously defective".

Mr Brand said the regulations in their present form would have "grave consequences" and lead to a sharp rise in building costs and lengthy delays in the approval of plans.

He said if the defective regulations were promulgated, the results of the defects would be magnified by being applied to every building in every town and city.

Although the SABS took six years to draw up the regulations, interested parties were given only four months to study the lengthy and highly-complex document.

He regretted that the views of the regional committees of experts who had been appointed to give advice to the SABS were virtually ignored.

He described some of the defects in the regulations as excessively onerous, and inflationary, and others as substandard.

The regulations laid down that any retaining wall more than one metre high had to be designed by a structural engineer.

Lighting requirements were so complex that lights for a normal house would require calculation by a qualified lighting engineer.

The regulations contain the following provisions:

- Parking garages in a building must not have direct access to the rest of the building;
- Restaurants or dance halls in hotels must not have direct access with the rest of the hotel;
- Every house to have two fire extinguishers;
- All swimming pools and their fences to be altered to comply with the new regulations;
- All pools to have notices on artificial respiration and a lifeline;
- All buildings, except houses, but including small shops and flats, to have an electricity power supply independent of the mains. — Sapa.

Mr Joe da Silva has been appointed manager of foreign exchange back-up department at the International Division of Barclays National Bank in Johannesburg.

Fears of glut to follow the great brick shortage

RDM 11/5/81

REG RUMNEY
Property Editor

THE brick shortage is likely to continue this year, but next year there might well be a glut. This is the conclusion of the Standard Bank Review, which — like spokesmen for the industry — blames the volatility of the brick market on price control.

The review say kiln operations are being expanded, with SA's major brick-maker expanding capacity of its capital-intensive kilns by 174-million bricks a year to 1 900-million.

In spite of this, supply will be unable to match demand this year.

But if the impending fall-off in private building activity persists throughout 1982 and public-sector demand slows — "as appears likely following the completion of major projects and because of financial constraints" — the industry may again be faced with excess capacity.

Standard says private resi-

SEGMENTS OF THE BRICK MARKET	%
Private residential building	27
Privat non-residential building	15
Public authorities construction work	13
Public authorities non-residential building	12
Public corporation construction work	11
Public authorities residential building	10
Public corporation non-residential building	5
Private sector construction	4
Public corporation residential building	3

As at end-year

	Stock Bricks	R	Index	% change	WIP
% change					
1972	20,23	100,0		100,0	
1973	20,90	103,3	3,3	115,	15.1
1974	24,96	123,4	19,5	137,4	19,4
1975	30,13	148,9	20,7	160,4	16,7
1976	35,13	173,7	16,7	183,6	14.5
1977	39,75	196,5	13,1	201,6	9,8
1978	42,75	211,3	7,5	222 9	10,6
1979	50,50	249,6	18,1	264,4	18,6
1980	56,90	281,3	12,7	308,7	16,8

Source: Calculated from BIFSA and Department of Statistics data.

scale capacity expansion commissioned now could come into production at the wrong time."

Standard says: "In the medium and the longer term the health of the brick industry and of the brick market in general will be determined, to a considerable degree, by whether the system of price control is retained."

Although a main object of price control — to avoid excessive price increases — could be considered "marginally successful", it has not had impressive results.

Price increases for bricks have been slightly below the average wholesale inflation rate, but capacity expansion has been erratic, competition has been reduced and the market has been destabilised.

Between 1972 and 1980 the price of stock bricks — 80% of production — advanced slightly more slowly than did the wholesale-price index (see table).

But companies have become reluctant to cater for long-term growth in demand by steadily expanding capacity because control has limited potential profits while potential losses have not been limited.

On the demand side, Standard suggests that the price ceiling on bricks may have contributed to the exceptionally high demand during the economic upswing.

"If the price control corset were removed, the distorting pressures would tend to disappear.

"In the short term the effects would be slight because of the extent to which capacity is already committed forward.

"Over longer periods though there would be a tendency towards a smoothing of market fluctuations, regular capacity expansion, the encouragement of greater competition in the industry, and prices which moved roughly in line with those of manufacturing industry in general."

Draft building regulations under attack

RDM 13/5/81 (32)

Own Correspondent

CAPE TOWN. — A national row looms between the major municipalities on one hand and the SA Bureau of Standards (SABS) and the Government on the other over building regulations drafted by the SABS.

Yesterday Cape Town's City Engineer, Mr J G Brand, described the draft regulations as "highly objectionable".

He accused SABS officials of unwillingness to accept the recommendations of consultative committees.

He called on the Minister of Industries to appoint an independent committee of properly-qualified people, unconnected with the SABS, to hear comments on and objections to the proposals.

Mr Brand said his views on the new regulations were shared by other major local authorities — including those of Port Elizabeth, Durban, Johannesburg and Pretoria — and by the National Building Research Institute.

The deputy director-general for engineering of the SABS, Mr Pat Middlecote, speaking from Pretoria, rebuked Mr Brand yesterday, saying he should have forwarded his comments directly to the SABS without first informing the Press.

"We will look at his and everyone else's comments. It is not nice to imply that SABS will use its powers to overcome a consensus. We would never be so undemocratic as to push through something which is unwanted and Mr Brand can expect total fairness."

The SABS draft follows the National Building Regulations and Building Standards Act of 1977 which will make uniform building legislation throughout South Africa compulsory.

Commenting, Mr Brand said: "There could obviously be many advantages in uniformity of building regulations throughout the country, but only if they were in fact thoroughly sound, both from the technical and administrative points of view.

"Conversely, however, if the uniform building regulations are seriously defective, then the results of these defects will be magnified on a huge scale in consequence of it being applied to every building in every town and city in the country."

He added that the draft regulations were "highly objectionable and promulgation in their present form could have very grave consequences". Building costs would increase, there would be greater delays in the approval of plans and planning of buildings would become more difficult.

Mr Brand classed many of the regulations as "excessively onerous, consequently inflationary" and "outrageous".

They included proposed requirements that:

- All rooms, including storerooms and garages, be provided with windows;
- Every home should have two fire extinguishers;
- Every light switch in a group of two or more should be labelled to show what area it controlled; and that
- A hoarding or fence be erected along the frontage of every building where construction was in progress, even if the work was internal or a considerable distance from the street.

In the category "sub-standard or missing regulations", Mr Brand singled out the lack of requirements for aisles, escape stairs and the like in grandstands and stadiums.

He classed numerous other proposed regulations as vague and obscure, conflicting, technically unsound, complicated and difficult to administer, unenforceable and pointless.

"The vagueness, uncertainty and ambiguity which prevail throughout the (proposed) regulations will mean that the much-hoped-for uniformity throughout the country will not eventuate," Mr Brand said.

Building surge in Johannesburg

STAR 13/5/81 (32)

By Frank Jeans

Building work in Johannesburg has surged by nearly a half over the past year, reports the City Engineer's Department.

The value of work going on at April 30 hit R363,6-million compared with R243,3-million for the same time in 1980.

On a monthly basis the building surge is most significant. Up to March the work value totalled R354-million, which meant that order books went up by about R9,5-million last month.

A minus factor, however, which might well have an effect on future estimated figures was the amount of work begun last month — nearly half of the R34,9-million "starts" in April last year.

Fears of a continual drying-up of home-loan finance have obviously not filtered through to the home-building market in Johannesburg.

The number of houses begun in April was 57 compared with 69 for the same month a year ago. The figure indicates that there is no general fall-off in demand for new homes.

If there was some sluggishness last month insofar as homebuilding was concerned. March proved a good month with 73 new houses started.

Builders face labour crisis as Erab raids go on

By Anthony Duigan and John Bentley

East Rand Administration Board police continued to arrest unregistered workers this week as businessmen appealed for a moratorium to allow them to register much-needed workers.

Two Boksburg builders interviewed yesterday said that, unless a solution were found to the twin problems of lack of labour and an unyielding approach to the registration of new workers, the building industry would suffer.

Mr Z L Pretorius, director of the Witwatersrand Master Builders' and Allied Trades Association, said his organisation would approach the Minister of Co-operation and Development for discussions on the industry's serious labour problems.

Mr D E Parkin of Boksburg said the Erab raids appeared to be intensifying this week and he had asked the local member of Parliament, Mr Sakkie Blanche, for help.

Mr Blanche and local Erab officials had been helpful but his problem had not been alleviated, he said.

ILLEGAL

Mr Schalk van der Merwe, chairman of Erab, said this week that all those arrested in last week's raids were single workers from black states who were not registered for work on the East Rand.

Last year employers were given a chance to register all illegal employees, he said. Now, in accordance with the recommendations of the Rickert Commission, an employer had to produce proof of accommodation for a worker before he could register him.

Several builders — who are particularly hard hit by action against unregistered workers because of their fluctuating labour needs — said this attitude was "irrelevant in present conditions."

"When last year's moratorium was in effect we could not foresee the present building boom," said a builder. "We didn't need extra workers last year — but we need them now."

Mr van der Merwe said an employer could find a place for his workers at one of the board's hostels or could provide a temporary or permanent hostel on ground made available by Erab.

But builders maintained that ground was not as available, as Mr van der Merwe made out, or that it was too expensive for the smaller contractor to put up accommodation for workers.

But Mr Parkin, who has decided to build his own hostel, said he had found Erab extremely helpful and his plans had been passed quickly. What distresses him, he said, was that, after the expense of buying beds and, building his own accommodation, he still had to pay rent of R8,25 a bed to the board.

Mr van der Merwe appealed to builders to use the recruiting services of the board's labour bureaux. He said there were more than 9 000 registered workers on the labour market who had to be given preference.

But a spokesman for a large East Rand builder said that, in his experience, registered workers might be available at the labour bureaux but they were not interested in working.

"They are usually so lazy that we have to fire them after a few days," he said.

M AND R TAKES OVER CAPE STEEL

Argus 23/5/81 2564 32 1282

By TOM HOOD

CAPE STEEL, one of Cape Town's biggest employers, has been taken over by Murray and Roberts Holdings in a multi-million-rand deal.

M and R has reached agreement with the shareholders to buy the entire share capital.

The cost of the deal is not known although it is likely to be in cash. M and R is highly liquid and raised R15-million earlier this year by an issue of preference shares.

There will be no change in directors, management or staff and Cape Steel will continue to operate as a separate entity, an M and R spokesman says.

The acquisition will not materially affect M and R's profits this year.

DIVERSIFIED

Although still heavily entrenched in constuction, Murray and Roberts has diversified out of building and into less cyclical industries.

Through its subsidiary Anchusa it has taken over a wide variety of companies, including the Elgin Holdings group of ship repair and engineering companies.

Cape Steel employs more than 1 000 workers, mainly at its huge Epping factory.

Since it started in Cape Town in 1938, it has become one of the Western Cape's major steel construction companies and has been associated with M and R companies in a number of large projects.

The present managing director, Mr C Muilwijk, is only the third in the company's 43 years.

One of the biggest jobs ever tackled by Cape Steel is at Koeberg nuclear power station where it has the major contract to make the huge steel liners for the containment buildings, a project needing a high degree of engineering expertise.

The two vessels stand 56 m high, are 37 m wide and are made mainly from 6 mm plate. The steelwork includes a cylindrical shell, a cone section below and a dome at the top.

Recent projects in which Cape Steel took part include the iron ore export harbour at Saldanha, the Richards Bay heavy minerals harbour and De Beers' diamond recovery plants at Tweepad on the Namaqualand coast.

Mr C Muilwijk

All the stuctural steelwork for the Golden Acre centre, one of the largest property developments in Cape Town, was designed, made and erected by Cape Steel. It also made and erected the steelwork for 30 storeys of the Trust Bank building in Adderley Street.

EXPECT BRICK, CEMENT PRICE HIKES THIS WEEK

S. Tribune 24/5/81

By Colin Vineall
Property Editor

A BRICK price increase of about 14 percent is expected to be announced by the Price Controller this week. The cost of cement is likely to go up by a similar amount.

The two increases could push up the price of an average new R40 000 house by as much as 1,4 percent for each component, adding about R2 800 to the cost.

But, despite the increase, it is unlikely that the brick industry will be satisfied.

Spokesmen this week were tight-lipped about the possibility of a rise in prices. But sources said that even an increase of 15 percent, considered to be somewhere near the peak of what the Price Controller might grant, would be disappointing bearing in mind the need to put money into opening new factories to meet the still heavy demand for bricks, especially on the Witwatersrand.

A rise of between 14 and 15 percent would still be below the present rate of inflation for the year so far. Which means, in blunt terms, that it is no pay rise for the producers at all and hardly encouraging for them to try to reduce the huge backlog of building's most sought-after products.

It is common knowledge that the brick industry, which has been under tremendous pressure since the dramatic somersault in the property market turned its glut into a shortage in a few short weeks, applied for a price rise in March.

Traditionally, April is the month when an increase is given by the Price Controller.

But this year the time for announcing the increase came and went. And next week, nearly a month after the usual timing of the announcement, it is expected that the industry will finally hear what it will be allowed to charge. The rise will probably be effective from June 1.

Some private sources in the brick industry blame the general election, saying the Government would not allow a rise in the price of such a basic commodity to become public during the sensitive pre-election period.

"It means that we have gone 14 months without a pay rise," said one angry executive.

During that time, other building costs have soared at a rate of well over 25 percent a year.

Gavin Snyman of the Bureau of Economic Research at the University of Stellenbosch said this week that figures for the first quarter of 1981 indicated that total building costs had risen by 28 percent compared with the similar period of a year ago.

This meant that a house costing R50 000 to build in the middle of the first quarter last year would have cost R64 000 this year.

Snyman, however, pointed out that this was lower than the increase which occurred in the last quarter of 1980. That came to a massive 31,8 percent.

Snyman said the constituent cost of bricks in a house was about 10 percent — the more conservative brickmakers usually put it at about five to six percent — which gave the figure of a one percent increase in the cost of building a new house.

Even at the lowest and most optimistic figure of five percent, the cost of the hypothetical R40 000 house would soar by R700 on bricks alone.

The industry's views that price control is a grave hindrance to its advance is backed by the May issue of the Standard Bank Review.

It says: "If the price control corset were removed, the distorting pressures would tend to disappear."

As at end-year

	Stock Bricks R per 1 000	Index	% change	WPI Index	% change
1972	20,23	100,0		100,0	
1973	20,90	103,3	3,3	115,1	15,1
1974	24,96	123,4	19,5	137,4	19,4
1975	30,13	148,9	20,7	160,4	16,7
1976	35,13	173,7	16,7	183,6	14,5
1977	39,75	196,5	13,1	201,6	9,8
1978	42,75	211,3	7,5	222,9	10,6
1979	50,50	249,6	18,1	264,4	18,6
1980	56,90	281,3	12,7	308,7	16,8

Source: Calculated from BIFSA and Department of Statistics data.

Standard Bank Review May 1981

THIS table, published by the Standard Bank Review this month, shows how brick price increases compare with the wholesale price index

Speed proves strong point for huge new projects

STEEL NOW CHALLENGING CONCRETE

By Jan de Beer

THE speed of construction of steel-framed buildings has thrust the steel construction industry into its most competitive situation with concrete in many years.

A highly conservative estimate predicts that there is work worth at least R400-million for the industry in the next nine years.

The successful race against time to complete the Sun City arena for the Coetzee-Tate fight proved the value of speedy steel construction.

At present, the benefits are again being proved at the same venue as 2 400 tons of steel are erected for Frank Sinatra's appearances at the opening of the new 8 000-seater convention centre.

This is one of many current projects for the industry which in the past few years has been involved in massive expansion projects such as Sasol II and III, Koeberg, and the Duvha and Matla power stations as well as some major mining projects.

Examples include Highveld Iron Plant No 2's first phase, Iscor's slab yard extensions as well as its direct reduction plant at Vanderbijlpark, the Richards Bay coal terminal and other mining work.

Other major projects involve Escom and its new series of power stations, including Tutuka, Letaba and Matimba.

But there are also aspects causing concern. In the first place, work coming into the pipeline, although impressive, appears alarmingly lower than work now tapering off.

Much of the work that could change this seems frequently to be raised in discussion without any definite move towards fruition. This covers a number of schemes, including the often-publicised methanol and ethanol plants and various drydock schemes.

Rob Jeffrey, managing director of Dorbyl Structural Engineering, confirms that there is over-capacity in the industry. However, he views the long-term future with confidence.

Dorbyl is spending R4-million on increasing capacity at its Vanderbijlpark plant; on the installation of numerically controlled drilling lines at the Vanderbijlpark, Vereeniging and Germiston plants, and in the purchase of a new 225-ton crawler crane.

Construction workers . . . racing against time

R250-m Algoa Bay drydock plans now ready to go

S. Times 24/5/86 (32)

By Jan de Beer

CONSTRUCTION of a new R250-million drydock and ship-repair yard is likely to start in Algoa Bay in April next year.

This was revealed to Business Times this week by Johan Crouse, chairman of the Algoa Bay Dockyard Development Company, and the managing director of the company, Mr Henry Combe.

Mr Crouse said that the dockyard should be in operation by 1984 — crowning more than five years of detailed studies and negotiations.

Among the facilities to be provided on an as-yet-undisclosed site in Algoa Bay would be two drydocks and eight repair jetties capable of handling repairs and routine compulsory maintenance on all bulk carriers rounding the Cape.

Mr Crouse said that there was now only one minor obstacle — the application for the rezoning of agricultural land in Algoa Bay for the construction of the repair yard.

"But we are hoping for approval within the next six weeks. Then we will need only four months for completing the design before calling for tenders," Mr Crouse said.

Mr Combe said that as a rule a R250-million dockyard investment usually attracted a similar investment in ancillary industries, notably paint factories, steel piping and electronics manufacture.

"Out of regulation drydocking — which has to be done every 30 months on carriers of over 100 000 tons — South Africa could earn more than R70-million a year. And there are bound to be disasters like the Venpet-Venoil collision, which had a repair bill of R31-million," he said.

The source of finance for the scheme is being kept secret because of politics, but formal proposals have been received from several countries.

"The money will come from an international consortium, but there will be South African finance as well," Mr Crouse said.

Steel takeover

By Vera Beljakova 24/5/84 Times

MURRAY & Roberts Holdings, the giant R818-million group (in terms of last year's turnover), has reached an agreement with Cape Steel Construction whereby M & R will acquire the total share capital of Cape Steel.

Cape Steel, a privately owned national company employing 900 people, has a turnover of about R35-million from its two divisions — steel and aluminium.

Speed proves strong point for huge new projects

S. Time, 24/5/81 (32)

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Construction workers . . . racing against time

Factory boosts productivity 175 pc

Argus 27/5/81

THE 25-man factory of Bitroid in Epping beat the giants to win top spot in the annual productivity competition, organised by the Cape Employers' Association.

It boosted productivity by 68,3 percent last year to make a 175 percent improvement over two years.

The company makes bituminous products for the building industry, including roofing, flooring and dampcourses.

'Our next step forward is to look at export markets,' says the production manager, Mr A J Capendale.

'Two overseas countries have shown an interest in our flooring.'

The productivity drive began three years ago, when times were tough for the building industry.

Workers who left were not replaced. Then the labour content of jobs was analysed and a lot of wasteful and unnecessary work was eliminated..

Many small modifications were made to simplify the work and mechanical handling was brought in where it could replace manual handling.

The firm's transport was used only about 50 percent of the time and big savings were made by using rented trucks instead.

'We did well because we were able to contain our costs. If we needed one nut and bolt we bought only one and not a dozen to keep up our sleeves and lose.'

'We look on the effort as our part in the fight against inflation. But it is a big battle against rising costs. Our materials' increases for the first half of this year equal 20 percent of the total cost of the product.'

Cement: building costs set to soar

By SIMON WILLSON
Industrial Reporter

CEMENT will cost 9% more from Monday — the third key building material to increase in price in recent days.

In the last 10 days the country's biggest brickmaker announced that its bricks would go up by an average of 14½%, also from Monday, and an Iscor pay rise announcement pointed to a steel price rise of about 15% from July 1.

The South African Cement Producers Association (Sacpa) announced its price increase yesterday, saying the higher price would "provide the opportunity to recoup various cost increases in respect of raw materials, power and labour incurred during the past 14 months".

Building sources said yesterday that the 9% cement price increase could add at least R100 to the price of a basic, small family house.

In rough terms, the sources said, a R30 000 house would require up to 300 pockets of cement for flooring alone. The average price of a pocket of cement on the Witwatersrand is about R2,80.

The result of the price increase is that the R840 or so usually spent on cement would become R915, with up to R50 more to be added depending on the extent of plastering and brickwork throughout the house.

The cement price, which is Government controlled, last rose by 15% in April last year — when bricks also went up.

The Stellenbosch Bureau of Economic Research has estimated that building costs have risen 30% since then.

Sacpa is understood to have applied to the Price Controller for a price increase of about 14% — nearer the current rate of inflation. The association warned in March this year that additional revenue was required to finance the industry's capital expenditure plans.

The price increase was denounced yesterday by Mr Lou Davis, executive director of the Building Industries Federation of South Africa (Bifsa), an umbrella organisation representing the interests of the construction business.

"It is extremely disappointing and will have a widespread price effect throughout the whole industry, as cement is such a basic commodity."

Mr Davis wondered how the cement producers could raise their prices so soon after declaring record sales and high profits.

"In the light of the cement industry's return on capital last year, even a 9% price increase is incredible," Mr Davis said.

Cement sales hit an all-time record of 7 300 000 tons last year, 21% more than was sold in 1979.

Cement manufacturer Anglo-Alpha's pre-tax profits rose by 91% last year compared to 1979, and Pretoria Portland Cement's pre-tax profits for 1980 were 38% greater than the year before.

And in half-year results announced last year Blue Circle announced a 95% increase in pre-tax profits.

Sacpa contends that it will need to spend R2 000-million to meet estimated cement demand until the end of the century.

But Mr Davis reiterated Bifsa's long-standing opposition to the concept of price-controlled industries, and said the cement price increase showed many of the problems such industries caused in the free marketplace.

"Isn't it funny how, during every recession, the only prices which rise consistently are those of the price controlled industries?

"The case of cement shows how little urgency there is in the price-controlled industries to be competitive and to apply internal economies when the price mechanism is behind them."

Sacpa said it had absorbed more than R3-million in extra railage costs since the railway tariff increases implemeted from April 1, which had not been passed on to the consumer.

Diversity, labour knock Genrec

By DAVID CARTE
Deputy Financial Editor

THE expenses of diversifying its activities and of recruiting foreign labour held engineering group General Erection to near-stagnation in the year to February even though its order books were full.

Taxed attributable profit rose 6% to R4 771 888 (1980: R4 416 096) and earnings a share 6% to 100c (94,6c).

The group's substantial cover was trimmed from 3,8 to 3,6, and a final dividend of 19c has been declared, making 28c for the year.

This represents a 12% improvement on the 25c paid last year and does not compensate shareholders for inflation.

"The group's diversification programme, with the expense of recruitment of overseas labour, provision of housing and the training of skilled and semi-skilled labour has had the effect of hampering your group's growth in the short term," say the directors in a sketchy preliminary report.

At the interim Genrec said it had spent R2-million on flats for its new foreign workers.

At that time the order books of both the fabrication and construction divisions were at record levels.

Genrec, one of SA's biggest designers, project managers and builders in steel, has contracts at nearly every major development site and last year entered a joint project with Fluor of the US.

Its piping division has links with British Steel subsidiary Pipework Engineering Developments.

It has huge contracts at Sasols 2 and 3, Koeberg, several mines, Sentrachem's synthetic rubber plant at Newcastle, Southern Cross Steel and Iscor, Vanderbijlpark.

The chairman, Mr W M Joubert, told me he could not elaborate on the preliminary report..

COMMENT: Several other construction companies have also been involved in the expenses which held Genrec back, but they have managed fairly substantial earnings improvements.

In the absence of further information, one starts to wonder if that fat order book was not won at the expense of tight margins — and whether there are any loss-incurring contracts still to be revealed in the annual report. These things have happened to other engineering companies.

Comparing construction companies is complicated by differing accounting treatments of such items as profits on long-term contracts and development expenditure.

The directors' emphasis that profit growth was held back "in the short term" suggests conservative accounting treatment of diversification and recruitment expenses.

If so, perhaps these results are not disappointing and the investment in people and new areas of endeavour will pay off. The annual report should answer these questions.

At 400c, the share yields 7%, which is unenticing because of the many questions awaiting answer in the annual report.

Rush to build factories

30/5/81 (33)

THE rush to build houses and factories, the two most buoyant sectors in Cape Town property, was indicated by the number and value of building plans passed during the first quarter of this year compared with last year.

Plans for new factories in Cape Town numbered 43 at a value of R7 817 000. In the same quarter last year plans for 26 factories valued at R5 308 000 were passed.

The house picture also looked rosier. Plans for 1 198 houses were passed in this quarter with a value of R35 905 000 compared to plans for 1 167 houses valued at R23 508 000 passed during the 1980 quarter.

There were more blocks of flats on the drawing boards. Plans passed for flats in the first quarter this year totalled 43 with a value of R7 817 000 compared with 26 plans valued at R5 308 000 in the same quarter last year.

Significantly, the value of alterations and additions to buildings rose sharply in this year's quarter to R25 305 000 compared with R15 787 000 last year.

Building boom to continue

The South African building boom appears to be continuing this year.

Latest figures released by the Department of Statistics show a dramatic increase in the number of building plans passed early this year compared with the same period last year.

Nearly 2 000 more dwelling house plans were passed in January, February and March this year than in the same three months last year. The number of flat buildings passed increased from 165 last year to 279 this year.

The value of plans passed in the first three months this year — totalling R864,8-million — was nearly double that of last year, while the value of buildings completed in the same time showed an increase of more than R127-million.

Pretoria, unlike most of the other large urban areas, showed a decrease in the number of dwelling house plans passed in the first quarter of 1981 and only a slight increase in the number of flat and commercial building plans passed.

In Pretoria 639 plans to the value of R63-million were passed in the three months reviewed by the Department of Statistics.

By comparison 3 519 plans were passed in the Witwatersrand to a total value of more than R250-million, and in Cape Town 1 270 plans to the value of R54-million.

Home builders will pay more

By Frank Jeans
Property Editor

The escalating costs of building materials, including bricks, cement and steel will raise the cost of building the average home from the present R38 000 to R45 500 this time next year.

The cheapest home built today, with three bedrooms and 1½ bathrooms, is in the R38 000 range and uses about 34 000 bricks.

The latest brick price increase will add an estimated R400 to the cost of the house.

More expensive cement will push up the price by another R150 and, while the steel price increase has not yet filtered through to the building industry, site reinforcement costs plus the many steel-based components which go into the home will add another estimated R400.

According to a Schachat Cullum spokesman the R7 500 rise in the contract price of a new home next year is based on a yearly 17 percent cost increase.

This is not as high as Schachat Cullum's escalation figure of 26 percent in the previous year, but any further price rises in materials, plus statutory labour costs on the way, will certainly alter the situation and that R7 500 could go even higher.

Another homebuilder, Gallic, forecasts that the cheapest home built this time next year will cost R50 000 — an increase of 31 percent.

Mr John Campbell, a spokesman for the group, warns home buyers not to be misled into believing prices will drop because of the shortage of building society finance and the "reported slowing of the inflation rate."

Pipeline 'depends' on pulping mill

Paper plant vital' to Govt planning

Mercury Reporter

THE construction of the Richards Bay pipeline — expected to cost about R33,5 million by the time it is completed in 1984 — now depends on whether Mondi erects a multi-million-rand pulping mill at the town.

According to the Director-General of Water Affairs, Forestry and Environmental Conservation, Mr J F Otto, the construction of the 12,2 km pipeline depends almost entirely on whether the giant pulping company decides to go ahead with its plans to erect its plant at Richards Bay.

The plant is also seen as being vital to the Government's plans to attract industries to the town.

The Department of Water Affairs released an 'information document' this week giving details of the pipeline, its construction and the environmental effects of the effluent which will be discharged into the sea. According to the document the pipeline presents a major undertaking, involving cutting through dunes as well as excavating a channel on the sea bed.

The document shows that the land section of the pipeline — 8,2 km long — will have to cut across the Mzingazi Canal and through the coastal dunes. The dunes would be repaired and vegetated, it says.

The sea would be entered at a point 300 m north of the northern breakwater at the harbour entrance and the pipeline would then run south of east.

The submarine pipeline probably would be 4 km long. The Department of Water Affairs recommends that the diameter of the pipe should be about 1 200 mm. Apparently this size pipe would convey the forecast quantities of effluent and make provision for further increases in effluent volumes and not need boosting by pumps until about 1995. This would result in considerable savings in energy costs.

Two balancing or collecting steel tanks will be erected at the start of the land pipeline for solid, and slurry effluent. These would be duplicated at some later stage should the need arise.

The welded steel pipeline will lie in a trench about 3 m deep to provide for other large services to cross it without interference.

The pipeline will be buried well below the Mzingazi Canal to permit the passage of small boats and to allow dredging of the canal when necessary.

The pipes would be assembled near the seashore and probably be pulled into the sea by means of large barges anchored well offshore.

Preparation of the seabed to receive the pipeline would entail the excavation of a trench 800 mm deep in rock from the edge of the surf zone to the terminal point.

Special facilities for maintenance in the early stages of the operation would be neccessary because the flow would not be sufficient to drive the cleaning device, a so-called 'pig', continuously throughout the length of the pipeline. It would be necessary to provide additional water to complete the cleaning operation.

Pumping

Flow from the collecting tanks would push the 'pig' part of the way but only as far as the Mzingazi Canal, so it would then be neces-

sary to establish a pumping station at this point to provide water to drive the 'pig' the remaining distance.

It is expected that the temperature of the effluent at the point of discharge would be approximately 45°C. This could attract a number of fish species to the area and could also create a different micro habitat in that vicinity. The extent of this effect would be small, however, and the effect would also be dispersed by water movement and currents.

Big plans by brick firms

Star 12/6/87

1977

32

Lucem brick interests in the Transvaal and the Cape are embarking on an extensive expansion and modernisation programme that will increase production to more than 20 000 000 bricks a month by the end of the year.

This means that current production in the Transvaal will be trebled and in the Cape doubled.

The companies involved, Nigel Brick and Colliery and Cape-based Brick and Clay, are each planning to invest R500 000 in a semi-automated kiln with a production capacity of 1 400 000 facebricks a month.

Another brick interest, Brickveld Brickworks near Vereeniging, in which Lucem recently acquired a half stake, has an immediate objective to improve the volume and quality of production and a programme is now under way to modernise and upgrade plant.

Brick and Clay, the Cape's second largest brick producer, which now manufactures 6 000 000 bricks a month, has raised production by 25 percent to 7 500 000 a month from its three plants at Philadelphia, Paarl and Bellville.

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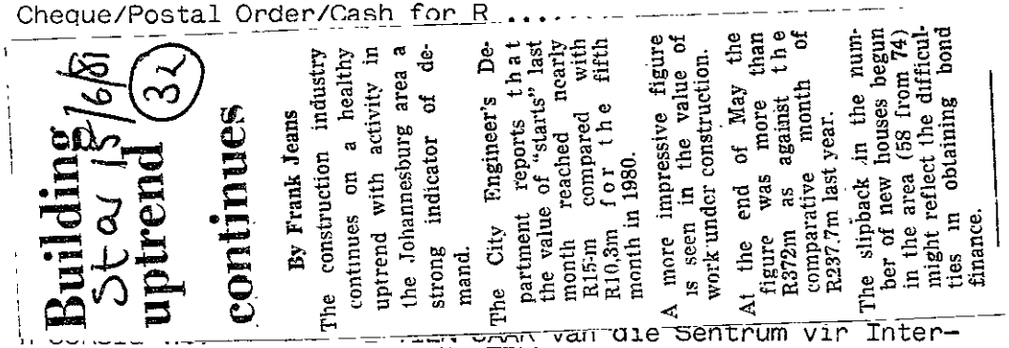

Building Star 15/6/81 (32)

uptrend continues

By Frank Jeans

The construction industry continues on a healthy uptrend with activity in the Johannesburg area a strong indicator of demand.

The City Engineer's Department reports that the value of "starts" last month reached nearly R15m compared with R10,8m for the fifth month in 1980.

A more impressive figure is seen in the value of work under construction. At the end of May the figure was more than R372m as against the month of comparative R237.7m last year.

The slipback in the number of new houses begun in the area (58 from 74) might reflect the difficulties in obtaining bond finance.

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17 Groenewald, Sosiale Afstand by Afrikaans-sprekendes: Verdere Toeligting met 'n Steekproef van Studente.
18 Van der Horst, Women as an Economic Force in Southern Africa.

PLEASE CIRCLE ITEMS REQUIRED

Tempo of building in PE maintained

Municipal Reporter

DESPITE rises in building society interest rates and difficulties in obtaining bonds, the number of building plans passed by the Port Elizabeth municipality is higher now than at the same time last year.

The number of buildings completed and those started are both also higher than at the end of May last year.

Mr L S Beattie, the Deputy City Engineer, said today that the increased tempo in building had been been maintained despite a prediction that there would be a fall-off due to increased interest rates.

"The pace has remained steady and it looks as if this trend will continue," he said.

The Deputy City Treasurer, Mr E D Langsberg, said he felt the mortgage bond rates had not discouraged building and the increase in rates had been offset, by and large, by increased earnings.

Mr D W Masters, president of the Port Elizabeth Master Builders' Association, said the high level of building activity had been maintained although he expected a fall-off in the housing market in the near future.

"Bottlenecks are been experienced, mainly through the lack of labour and the grave shortage of facing and common bricks," he said.

The number of building plans passed by the Port Elizabeth City Council at the end of last month was 1 521 compared to 1 453 at the same time last year. The total value of the plans is R22,4 million.

Work on 1 134 buildings, valued at R18,7 million, had been started by the end of May compared to the 1 027 which were started by June last year.

Last year at this time, 766 buildings had been completed. This year, 983 buildings at a total cost of R16,1 million have been finished so far.

Building trade's 'monopoly' criticised

Star 17/6/81 (32)

The continuing climb in building costs can largely be put down to the effects of inflation but the question might also be asked: Could costs be better controlled if there was more competition in the market place?

Speaking at the third annual convention of the Institute of Estate Agents of South Africa in Johannesburg, Mr Mark Markovitz, managing director of Landmark, said that while construction was booming, it appeared to be in the midst of a "monopolistic situation."

Referring to the growing profits of the main suppliers of building materials, Mr Markovitz said: "Eighty percent of brick production on the Reef is in the hands of one producer; 70 percent of glass is controlled by one company; the entire cement industry is in the hands of three companies; and 80 percent of steel output is Iscor's share."

By comparison, there were plenty of suppliers in the US which resulted in lots of competition, thus costs had not risen as much, compratively, as they had done in South Africa.

Mark Markovitz — "lack of competition raises costs."

Drawing a comparison with another large economic sector — clothing — said Mr Markovitz the cost-index rise (1975 base of 100) for this industry was 135,9 in 1980 to 147,7 in 1981, as against building and construction figures of 182,9 and 204,1 respectively.

"The difference between the wholeale prices for the groups are 11,8 (clothing) and 21,2 (building and construction) for February-March, 1980-81," said Mr Markovitz.

Looking at the role of the private developer who has to "conjure with inflation," the Landmark MD cautioned the investor to be quick-footed in today's market and not to overextend himself.

Pointing out that property was becoming less and less an investment comparable with stocks and bonds and more and more an investment in a commodity, Mr Markovitz said:

"The actual commodity is not the investment, but the accommodation contained within the property. It is therefore the pressure of demand for this accommodation which ultimately creates the income flow from the property and underpins it as an investment."

MORTGAGES

Warning investors not to be trapped in the present market which has experienced an "upheaval in rates, with smaller banks and building societies short on lending," Mr Markovitz said: "Get a commitment forward for your money."

Comparing the US scene, he said that the position was different to South Africa. Mortgages were granted against the value and worth of the property covered, but in South Africa private developers were generally required to attach their personal covenant to mortgage and other borrowings.

"The American way leads to an entirely different type of approach. Greater security is, therefore, required, as one bad deal can bring down the whole box of tricks," said Mr Markovitz.

2. cont.....

(1) Plot this demand curve as accurately as possible, preferably using graph paper.

(2) Now suppose that over a sive years the annual "crop" amounted to outpu , 50, 80, 60, 50, 40, and 70 million bushels r ite and tabulate the gross value of the crop 's, if the demand curve scheduled above was the of the ten years.

(3) Calculate the average ann he crop over the ten years, and the output and ield this value.

(4) Construct a schedule show have to be received for each of the outputs i e in order to make the gross value of the cr l to the average annual gross value. Plot this s paper as the demand curve).

(5) From hich must be offered on th covered in part (4). From much the government would .

(6) Draw u ient would have to buy or of part (2). Would the go h the amount it would have t er mean that stabil possible?

Training centre for builders

TENDERS will be invited next month for a R2,7-million training centre for building artisans, which is likely to reverse the present shortage of skilled labour in the Western Cape.

Mr Mike Puttergill, vice-president of the Cape Peninsula Master Builders and Allied Trades Association (MBA), today said the centre, to be built near Belhar, would replace the present centre.

"The present centre is filled to capacity and we have more young men apprenticed in the industry to become artisans than the rest of the country combined.

"We believe the present shortage of skilled artisans will be a temporary shortage," he said.

Mr Puttergill was responding to criticism by a city contractor who asked not to be identified.

In an interview with The Argus the contractor said training in the Western Cape was pathetic.

"Our apprenticeship system has fallen by the wayside because it is not efficient enough," he added.

"We're not spending a fraction of what we should be spending on training."

Mr Puttergill said all members of the Building Industries Federation (Bifsa) contributed to training resources through levies on number of employees and all training schemes were financed by Bifsa.

"One must admit that there is a shortage. We in the industry see this as caused by the slowdown before the present boom, when there was a dramatic drop in the number of apprentices coming into the industry.

"Because of the low output in building activity, contractors were unable to place significant numbers of apprentices," he said.

DRIFTED AWAY

In addition many skilled workers had drifted away from the industry because of the constant danger of being laid off.

"Building workers face this threat as soon as there is a drop in public or private expenditure on building," Mr Puttergill said.

The present upturn had begun in the Transvaal, he said, and the local industry could not complete with the wages paid by northern contractors working on intensive projects.

Many coloured artisans trained in the Cape had gone to the Transvaal.

The stream, Mr Puttergill said, was now returning and would accelerate.

Bifsa had embarked on a recruitment drive in Britain and he expected many British artisans "would soon settle in South Africa, probably in the Transvaal.

ESDAY JUNE 17 1981

also be delaying their visit to a doctor until advanced pathology set in, with the associated higher cost of curing them, increased morbidity and possible death. The possibility also exists that the existence of convenient relatively cheap (from the patients' point of view - 50c if correct income concealed) medical care, has led to some social iatrogenesis (10) - a reduced inclination and ability for self-care so that trivial complaints 'are taken to the doctor' for professional care.

(1.3) The method of the paper

The method of the paper is to examine the theory of cost benefit analysis, to consider the logical foundations of the technique particularly the flaws in the compensation principle and the conflict between efficiency and equity considerations. Apart from the foundations in welfare economics, the emphasis is on application of the technique in the health sector. This work makes no pretence at being original but draws from an extensive literature on the pure theoretical aspects, and on the application to health programmes.

The figures for capital costs, direct operating costs, average cost per patient, attendances, average length of stay and those relating to maternity are taken from published reports or calculated from records kept by individual hospitals for their own purposes. Information on indirect objective costs - transport costs and waiting times - and on subjective elements were collected by means of a survey of 1 000 patients, half at Groote Schuur Outpatient Department, and half at five Day Hospitals selected as representative of the different sized Day Hospitals that exist on the Cape flats. Results are at the 5% significance level.. There is very little published work on the structure and staffing of the health system in the Cape Peninsula so- a great deal of information is the result of personal investigation and discussion with those responsible for unning these services.

Footnotes:

(1) Cape of Good Hope Province - Estimates of Additional Expenditure to be defrayed from the local funds for the year ending March 1950 and March, 1977.

(2) See Feldstein Ch.1.

(3) See for example Dick

(4) Ferster in "Measuring for Management". N.P.H.T.

(5) Gruer p.390.

(6) Nurock (1974) p.1053.

(7) Bryant p.116

(8) King 11.1

(9) Mr. P.J. Loubser Argus 10.7.

(10) Illich "Medical Nemesis".

Power station projects on schedule

Industrial Reporter

CONSTRUCTION of Escom's six new power stations is on schedule and, in the case of the Duvha station, completion dates have been advanced by up to seven months to cope with increased load requirements.

The commission's annual report says plant with a generating capacity of 2 400 megawatts (MW), as against 1 600 MW in 1979, was taken into service last year. Escom's total generating capacity is now 18 349 MW.

Erection of the first pump-turbine in the Drakensberg pumped-storage scheme is complete, and two dams were completed. The scheme's first commercial service output is on schedule for mid-year.

Commissioning dates at the Matla power station near Bethal have not been affected by the collapse of the chimney flue in August last year. Three sets of 600 MW each are in production and the remaining three should be going by 1983.

After a year's delay on its first set, Duvha is ahead of programme and set 3 will be ready two months ahead of timetable. Completion dates for sets 4, 5 and 6 have been brought forward by three, six and seven months respectively.

Civil works at Koeberg, on the coast 30 km north of Cape Town, will be finished by the end of the year. The first cooling-water tests are due in mid-year.

A reactor pressure vessel for the station's first set was delivered some months late after small defects were found between the base metal and the cladding of the vessel. The delay has been absorbed by a rearrangement of the construction sequence.

THE men who built Ovcon into a major construction company in seven years are (from left) Mr J M Thomas, Mr J W S Kaminski and Mr D W Mace.

Construction subsidiary is star performer

FINANCE

OVENSTONE Investments is considering changing its listing on the Johannesburg Stock Exchange from the fishing section to the industrial holding section.

The reason is that its other interests, especially construction, property and house building, are now more important to it than its fishing interests.

Earnings from fishing, before interest, were R3 513 000 in 1980-81, while earnings from other interests were R4 896 000.

This strength in earnings from non-fishing interests partly reflects the exceptional growth of its construction subsidiary, Ovcon, in which it has a 70 percent stake.

PROFITABLE

In a short time Ovcon has proved to be a highly profitable organisation with a number of outstanding contracts to its credit.

One of its latest contracts to be profitably completed was the R50-million Pretoria State Opera theatre, where the first full performance took place on May 23.

Ovcon was formed in 1974 when Mr J M Thomas, Mr D W Mace and Mr J W S Kaminsky, all with extensive experience of the construction industry, decided to form their own company.

The Ovenstone group was approached for financial backing and this resulted in it becoming a major shareholder.

HOSPITAL

With the support of the Ovenstone group, Ovcon was awarded the contract for the new Kimberley hospital. This was followed by other contracts, including the new students' union building at the University of Cape Town.

Ovcon, while not yet in the Murray and Roberts or LTA league, today ranks as one of the Cape's major construction companies, employing 1 400 people.

What has been the secret of its growth and success especially at a time with other construction companies have been floundering?

Mr J M Thomas, financial director, said; 'We've always concentrated on management. If you haven't got the management the money goes down the drain'.

Managers were scarce but this had not stopped Ovcon finding them.

Construction was also a people business. Getting the right people and holding them was extremely important.

The company was recruiting extensively in Britain.

As for the future, Ovcon was not going after growth for growth's sake. The company was big enough to handle any job in this country.

It had its eye on the Groote Schuur Hospital extension, which was expected to cost about R150-million, and was going out to tender soon.

This is one of the few large projects planned for the Western Cape in the near future.

Ovcon will thus have to continue looking further afield for much of its business and especially to the Transvaal, where the construction industry is having boom conditions.

Ovcon now also embraces two other Ovenstone companies, HSK Contracting and Ovbou. It is expected to have a turnover this year of about R40-million. This compares with a R62-million turnover for the whole Ovenstone group last year.

Cost of building market up four-fold in 7 years

By JOHAN BUYS

THE staggering rate at which building costs have escalated over the last few years, was demonstrated in an expensive lesson for the Springs Town Council which abandoned plans in 1974 to build a new market because it did not have the R3 000 000 needed for the project.

Now the council is reconsidering the project, but this time it wil cost between R10 000 000 and R12 000 000 — nearly four times the price only seven years later.

Demands on the present market — one of fourteen national fresh produce markets in the country — had grown to such an extent that the council had to spend R400 000 last year to double floor space in the present building.

Turnover in fresh produce had increased so much that a new market building with rail facilities had become a necessity.

When a new market was contemplated in 1974, plans were drawn up, tenders were asked for and a site selected near the Pam Brink Rugby Stadium — venue for many international rugby clashes.

The town council's management committee now wants to take another look at those plans and has asked that they be resubmitted for consideration.

But the consulting engineers have warned that the project would now cost between R10 000 000 and R12 000 000.

The council has decided that if this is the case, it can only go ahead with the project if the Department of Agriculture is prepared to help with a subsidy.

It will approach the Fresh Produce Markets Commission with the request to establish whether the Department of Agriculture will be able to help.

When this information is available, the council will ask for a further report on total costs involved, alternative construction methods and recommendations for a suitable site.

BRICK SHORTAGE NOT YET OVER

(32) (HW) 5 Tab Rep 21/6/81

Property Reporter.

THE brick shortage, easing in the Transvaal, will continue for a little longer in Natal.

The building boom which caused the shortage of bricks started in Transvaal and later spread to Natal.

"Natal's over-demand came later than Transvaal's and therefore our catch-up will be later than theirs," says Tony Cadman, group public relations manager for Toncoro, which owns Corobrik in Natal.

"We are already holding one year's orders for common bricks and nine months' orders for face bricks. It is far too early for us to say the shortage in Natal will be over by the end of the year."

Corobrik (Natal) is making strenuous efforts to increase production and meet demand. This year the company will produce 550-million bricks, which is 40 percent up on the production figure for 1979.

Extensions, improvements and new machinery at the Bellair calsi brick plant will raise production from 25 to 30-million.

A fourth "top-hat" kiln will enable the company to increase production of wall and floor tiles by 25 percent and new cement brick factories at Briardene and Empangeni will turn out 16-million bricks a year.

Corobrik has bought the Vryheid Brick Company, which has been producing 16-million bricks a year. With new machinery porduction should be at 21-million by 1982.

In an effort to look after their smaller customers, such as individuals making home improvements or extensions, Corobrik at Briardene puts out 40 000 common bricks every day for sale on a cash and carry basis in lots of 1 000. Small quantities of calsi facebricks are also available on the same basis.

Mr Cadman cannot see any reduction in the demand for bricks.

"The building trade is still making demands as high as they were a year ago. There is a backlog in white housing which will sustain the demand."

SHORTAGE is easing in the Transvaal, but Natal has yet to cat

new projects or systems in an environment of under- or un-development. A certain amount of experience of wider systems seems necessary before people can be able to perceive the benefits of a suggested change in production and also be able to participate in it efficiently.

Edward Brett writes of Tanzania that the ideal is that the organisational structure of the new units be internally democratic. "This means that the level of consciousness of the people must correspond to the organisational requirements; if it does not, they will not be able to carry out the complex tasks involved in large scale production with modern methods." (61) He then cites how most backward areas have been chosen as growth points and that due to the low level of consciousness in those areas, there is a danger of the new principles being introduced from the outside by the bureaucratic class with all the dependence mentality this is likely to engender. (I would add corruption and failure too.)(62)

One might argue that even inequitable projects have some value in that they do give people experience of production and/or exploitation and that thus they may serve as a stepping stone to people rejecting them and wanting other types of projects and systems.

In my experience, poor rural people are generally not keen to get involved in co-operatives; in many cases they choose to have a set salary of R20.00 a month rather than the potential of earning much more through a co-operative. This is related to the fact that they are not confident about what they can produce. In some areas where people are involved in, or have seen production done by other Blacks, they have gained the confidence to set up small co-ops. At Keiskammahoek in the Ciskei, for example, women who had left a sewing "home industry" because they did not like their conditions of employment, were keen to set up a sewing co-operative and were confident that they would earn more for their time through the co-op. Other women, however, who had not been involved in the Home Industry would not accept the idea at all. After a leatherwork factory had been closed down, ex-workers and wives of ex-workers decided to start producing some leather goods co-operatively. (Before the factory had been set up, the initiators had been interested in establishing it as a co-operative, but people of the area had not liked the idea.

Angela Jackson, who is involved with 2 small sewing groups in townships near Cape Town, writes the following,: "The two groups are somewhat different. Group 2 members have lived in urban areas for more than one generation, whereas Group 1 was not as confident in the Township environment. Group 2 was thus acquainted with the"speed of time in cities", able to speak English, and able to sew to some extent before starting the project. They were therefore, able to work considerably faster than Group 1. Group 2, having had more experience of an exploitative, competitive appro
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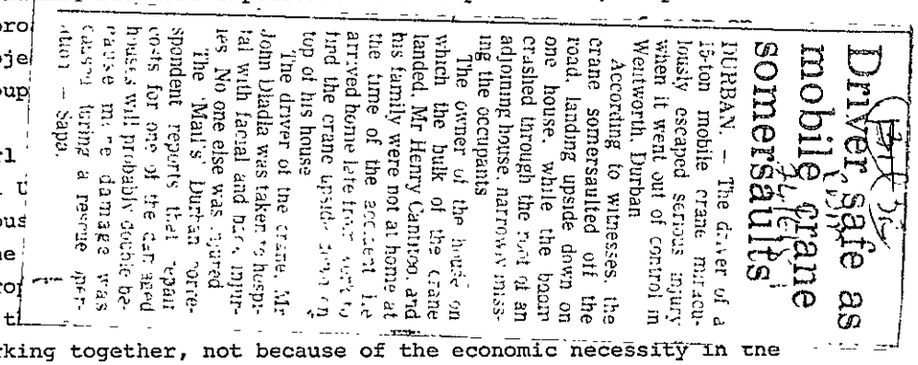


Driver safe as mobile crane somersaults

DURBAN. — The driver of a 150-ton mobile crane miraculously escaped serious injury when it went out of control in Wentworth, Durban.

According to witnesses, the crane somersaulted off the road, landing upside down on one house, while the boom crashed through the roof of an adjoining house, narrowly missing the occupants.

The owner of the house on which the bulk of the crane landed, Mr Henry Cantrop, and his family were not at home at the time of the accident. He arrived home late from work to find the crane upside down on top of his house.

The driver of the crane, Mr John Dladla was taken to hospital with facial and back injuries. No one else was injured.

The Mail's Durban correspondent reports that repairs to one of the cars and houses will probably double because more damage was caused during a rescue operation — Sapa.

working together, not because of the economic necessity in the situation created, and that they are able to exercise better control because of their joint experience of exploitation." (64)

In Umhlaba , the only people whom I met who said they believed in communal agriculture, were a group of men from white farms, they said that people should pool their fields to work them in large blocks as it was through the Korporasies and big fields that the Boere were strong. Furthermore, as Joki Stuurman pointed out, it is mainly returned migrants who work hard on community projects like creches and clinics and who see the business potential in the homelands.

The change in consciousness and aspirations resulting from people's experience of exploitation and/or more advanced methods of production, is a crucial beginning in the development of a new

Some of the trench-diggers who are on strike over wages near the Zondi offices.

Sowetan 25/6/85

Diggers on strike over drop in wage

By SELLO RABOTHATA

A DECISION by the Industrial Electrical company to reduce wages of workers employed as trench-diggers in Soweto has led to a strike by more than 200 workers.

All trench-diggers, men and women, have been on strike since Monday. The workers went on strike after the company's officials had told them on Friday last week, that their wages were to be reduced.

The workers said that the intitial agreement was that for each meter dug they would earn 90 cents. This would now be reduced by 30 cents. For those who were filling the trenches, their R5,50 a day wages were to be reduced to R4,00.

The workers are all employed on a daily labour basis and are not registered. They were employed by Industrial Electrical Engineers and Contractors in Selby and contracted to work in Soweto by the West Rand Administration Board in the electrification of Soweto.

Yesterday most of the workers were found sitting around next to the Zondi offices and others were at the Soweto Council Chambers in Jabulani. They had spoken to Mr Thebehali, chairman of the Soweto community council, on why they had gone on strike.

One striker, who did not wish to be named, said that Mr Thebehali had listened to their story and sympathised with them. He told them that the company had said it was suffering a heavy loss as it should have been paying them 60 cents per meter dug.

SOWETAN could yesterday not get a comment from the company officials. Mr Carlos Venter, who is said to be the vice-chairman, was said to be out and would be in today. Mr Thebehali was also said not to be available for a comment as he was in a meeting.

Each regional committee was responsible for its own environs as ...

...auxiliary could stamp her own name and address. The newsletter advised of the formation of the service as well as the name and address of the nearest auxiliary to whom enquiries about health problems could be directed. It also informed that the auxiliary would be building up a library of booklets and pamphlets on health subjects and that these could be borrowed or retained permanently if supplies warranted distribution. On delivering newsletter auxiliary would/...

THE value of new buildings planned reached a peak at the end of last year but has tended to decline since, as can be seen from the trend line — the heavier line — in this graph prepared by the Bureau for Economic Research at the University of Stellenbosch.

Building costs rise 34 pc in year — BER

Argus 25/6/81 (32)

HOUSE building costs soared in the first quarter of the year and were 34 percent higher than a year ago, the Stellenbosch Bureau for Economic Research says in its latest building survey.

But as the building boom begins to subside, the rate of increase could drop to below 20 percent by the fourth quarter and by the year-end the average should be between 26 and 30 percent.

Tendering competition continues at a low level and because of this the bureau does not see the rate of increase in costs falling before the third quarter.

Five factors are pushing up building costs:

- Higher materials and labour costs.
- A decline in competition in tendering.
- Labour bottlenecks and shortage of materials, leading to a drop in productivity and higher labour costs.
- An attempt by contractors to add an inflation risk premium into their tender prices.
- An increase in the gross operating surplus.

REVERSAL

For the second quarter running, optimism lessened in the industry after rising for three years.

This reversal of business sentiment is merely a softening of optimism as it is just at the start of a downturn from a historically high peak.

Boom conditions still prevail in most parts of the country.

The industry, in short, is in the upper turning point of the business cycle.

A period of consideration is in the offing as a result of higher interest rates, escalating building costs and serious shortages of supplies and labour. The value of residential building plans grew by 103 percent last year after a 65 percent jump in 1979. The value of non-residential plans passed went up by 92 and 77 percent in the two years.

A significant growth area was in flats, where the number of plans passed sored by 111 percent over 1979. Building societies also stepped up their loans for flats by 111 percent.

...gether with any comments ...h problems that family ... booklet they would like ... health problem in the ... d, senile parents or ...

...ts which were printed by ...ical Association. At the ...iary would note name of ...out and date that it was ...ed were: You and Your ...iage; as well as ...

... was to be the ...lth and Welfare Services. ...n the blind, the deaf, ...al palsy, marriage ...

...s would enable auxiliary ...e the system was still ... correctness of her ...r at the Day Hospital.

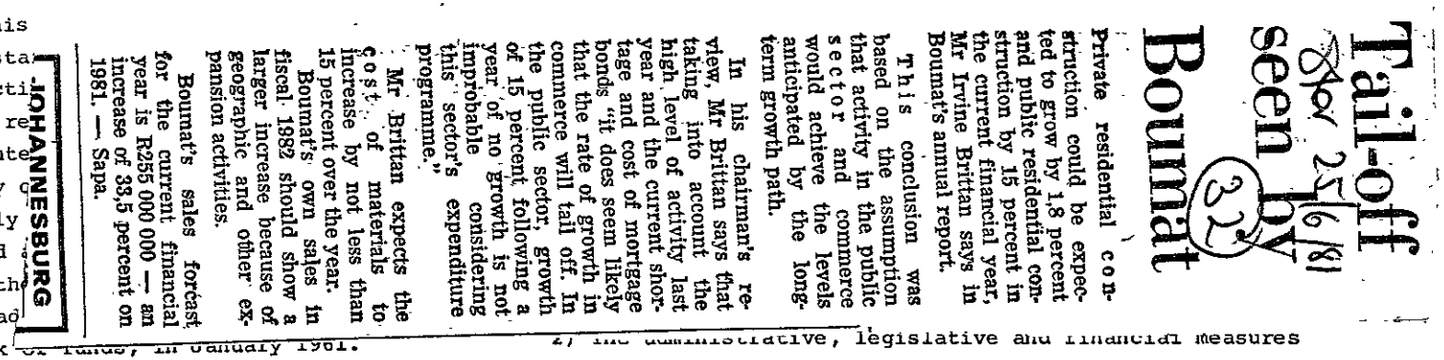
...ed agencies would be ...ure and type of case ...ld also gain personal ...s a service to these ...efaulters and remind them of appointments at particular agencies and encourage them to keep said appointment.

The use of individual counseling as a health education method may occur as a primary or as a secondary function of a professional service, it is far less available than its adjunctive role. Individual counseling when done by a trained individual avoids the problems of anonymity and mere advice-giving. Generally the advantage of this method lies in the fact/...

needs which thus far had been poorly attended to.

After I944, there was a rapid increase in the number of Health-Centres, reaching a maximum number of more than 40 in I949. The most important Health-Centre was the first one: Pholela Health-Centre, operating among rural Africans near Bulwer in Natal. From Pholela came the earliest and best assessments ever published of the influence of a Health-Centre service upon the local community.(2,3) During I949, all the public service establishments of the Central Government were frozen and from then onwards there was a general decline in the number of Health-Centres.

Meanwhile, in the same year, an Institute of Family and Community Health was established at Cla
untiring efforts of Dr Gluckman. This
vide adequate training for all the sta
It was also given the task of conducti
the value of the various new skills re
Health-Centre practice. The Institute
new Medical School of the University o
ment of Social, Preventive and Family
Dr Kark, who had previously acquired
in training Health-Centre staff at th
Health-Centres, was appointed as head
I949, until its closure, due to lack of funds, in January 1961.
A number of research projects undertaken by the Institute among African, Indian and White communities were published in I962.(4)



The National Health Services Commission.(I)

In order to appreciate fully the context in which the Health-Centre was meant to function, it is necessary to pay attention in detail to the work of the NHS Commission as embodied in their Report of I944.

During the IO years preceding the installation of the NHS Commission in I942, there had been many calls on the Government to provide a Central Health Authority, a National Insurance Scheme, free hospital facilities ... etc. These calls had

. / ...

resulted from an overgrowing dissatisfaction on the part of the general public, as well as of the experts, with the lack of a comprehensive approach to national health needs. In addition to this, there had been some lively discussion among the medical profession itself, as is clear from the many issues of the S.African Medical Journal, containing contributions on national health schemes.

As a result of this the NHS parliamentary Commission was appointed in I942 and consisted of a total of IO members drawn from widely different backgrounds. Under the very able leadership of Dr Gluckman and with very wide terms of reference the Commission was able to conduct a thorough investigation into th

2) the administrative, legislative and financial measures which would be necessary in order to provide the Union of South Africa with such a National Health Service.

Finally in I944, the Commission tabled their Report of more than 200 pages, which contained very bold and far-reaching proposals. In their summary of basic recommendations, the Commission states clearly: "The Commission's task was not merely one of offering suggestions for the improvement of a superstructure built upon foundations already laid, but for the reconstructio of the foundations themselves."

The essence of the report is found in part I, chapter III:

. / ...

SA training of black civil engineers an 'urgent' need

Business Editor

HOUSING and facilities would have to be doubled by the year 2000 to accommodate South Africa's fast-growing population, and black engineers would have to be trained as a matter of urgency to enable the civil engineering profession to cope with the increased demands.

This was said in Port Elizabeth last night by Dr H I Schwartz, national president of the South African Institution of Civil Engineers, who addressed the Port Elizabeth branch at a dinner in his honour.

He said the rapid urbanisation of blacks would highlight the importance of the civil engineer and lead to South Africa drawing on its non-white population to provide the necessary number of engineers, as the white population would not be able to do it.

He urged the authorities not to put difficulties in the way of universities and technikons which were prepared to accept black students.

Dr Schwartz also emphasised the need to iron out fluctuations in civil engineering.

He appealed to the Government to continue with basic planning and construction of the infrastructure so that every time there was an upturn in the economy, civil engineers would be ready for it and would not have to worry about the building of roads and such matters.

"We are also involved with our Decade Ahead programme, which has met with a very encouraging response and has also revealed the flair and innovative thinking of civil engineers in solving the problems facing South Africa."

At a recent conference in Johannesburg there had emerged a new attitude to planning by Government officials.

"The Government is showing itself well aware of the needs and aspirations of the population, and at the Johannesburg conference I detected a new spirit of co-operation and positive thinking in the papers delivered."

The Government was thinking increasingly in terms of decentralisation and was not in favour of creating a huge metropolis based on Johannesburg.

Such an attitude could benefit the Port Elizabeth/Uitenhage region, which badly needed further development.

Dr Schwartz added he had also noted a similar spirit of optimism in the civil engineering profession in the Ciskei and Transkei, which he recently visited.

"Civil engineers, architects and related people are under pressure there to provide the housing and facilities required," he said.

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willig begin oortyd betaal. Ek doen dit in die vorm van n bonus in Desember en dan weer in April, gebaseer op die gemiddelde oortyd per dag, meer as 9 uur. Waar die langste dag dus 11 uur is, is die gemiddelde oortyd dus 1 uur per dag vir 8 maande. Toevallige oortyd in die winter of in naweke word weekliks betaal teen n heelwat hoër tarief as die vaste loon.

Minimum lone varieer van ongeveer R1-80 tot R2-50 per dag. Dit sluit nie bonusse in nie. Reëndae en vakansiedae asook afwesigheid weens siekte word in die meeste gevalle betaal tensy misbruik hiervan voorkom by enkelinge.

Ongeveer twee weke per jaar betaalde verlof word deur baie boere gegee, plus die tyd wat hulle op Kromme Rhee mag spandeer vir n kursus.

Rising trend in E Cape building

EP 26/68 (32)

By FRED ROFFEY
Business Editor

THE value of building plans passed in the Port Elizabeth and East London metropolitan areas shows a clear upward trend, says the latest building survey report of the Bureau for Economic Research at the University of Stellenbosch.

However, it warns that contractors and sub-contractors are being hampered by shortages of materials and labour, although the business mood of the region is at a high level.

The report says contractors in the region are experiencing severe shortages of artisans, foremen and black labour, and supplies of roofing materials, glass and plumbing materials are inadequate.

The competition in tender prices remains at a low level:

Sub-contractors in the region experience a serious shortage of artisans and foremen, while they are still satisfied in general with the black labour supply.

The survey says that nationally the building industry is expected to grow by an average 7% in 1981 with a drop in building activity towards the end of the year.

This prediction is based on the bureau's business mood graph, currently forming an upper turning point.

This leading indicator has in the past led actual developments by three to six months.

In a forecast of building activity during the winter quarter (June to August, 1981), the bureau said the rate of increase in other leading indicators, such as passed building plans and loans, had slowed down.

This heralded a period of consolidation in building activity.

However, the bureau says conditions varied from region to region. The Pretoria/Witwatersrand area was already experiencing this consolidation phase while the Port Elizabeth region had only just reported boom conditions.

While overall building activity was expected to show a further improvement during the winter quarter, the bureau predicts that labour and material bottlenecks will remain severe.

The fact that employment, especially skilled labour, had not yet returned to the 1974 levels was indicative of two factors:

- Artisans who were shaken out of the industry during the recession had not all returned. Also, few apprentices were attracted to the industry. Consequently skilled labour could not be increased to meet demand.
- The industry was thus forced to substitute capital for labour. Given South Africa's need for employment creation and scarcity of capital, this development was not in the country's long-term interest.

The business mood — as depicted in the survey graph — shows a further softening of optimism from an historically high peak, and it is evident that the building industry is finding itself in the upper turning point of the building cycle. The period of consolidation in the offing is the result of rising interest rates, sharply escalating building costs, and serious bottlenecks presented by inadequate material supplies and labour shortages.

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Star 30/6/81. (2449) (32)

LTA boosts earnings a share by 36 percent

By Ann Crotty

LTA, the building and construction arm of Anglo, has increased earnings a share by 36 percent to 83c for the year ended March 1981.

Group operating profit before tax was up 22.5 percent to R16,8-million from the previous year's R13,7-million. This was achieved on a turnover which increased 29,6 percent to R613-million.

The tax rate was increased marginally, taking R4,8-million (R3,9-million).

After deducting interest of outside shareholders in profits of subsidiaries of R252 000 and attributable taxed results of associated companies of R124 000, the operating after-tax profit figure was R11,9-million.

This year's minorities figure shows a reduction on last year's, which was R604 000.

Earnings attributable to ordinary shareholders amounted to R10,8-million a 37,4 percent increase on last year.

The slightly lower earnings a share increase was because of the small increase in the number of shares in issue.

The dividend payment of 30c a share is an increase of 25 percent over the previous 24c.

Dividend cover has been increased to 2,8 times from 2,5 times.

LTA is to increase its holding in the Bath and Portland Group to 20,9 percent of that group's enlarged ordinary share capital by applying for 3,2-million new ordinary shares at a cost of R4,7-million.

The transaction is subject to a listing being granted for the new shares on the London Stock Exchange.

This investment will, for the present, have no significant effect on the earnings a share or net asset value of the LTA Group.

Building boom goes on but not in Cape

CT 30/6/87 (32)

DURBAN. — Judging solely on the present demand for bricks, the building boom is carrying on unabated in all South African regions except the Cape, according to schedules released here by Corobrik.

The delay for both face and stock bricks in the Cape is now only one month — compared to four and six months respectively at the end of August last year.

But in the past ten months, the position in the Transvaal has remained static — a wait of 12 months — while in Natal, the face brick delay is now 11 months compared to only six months at the end of August last year.

Stock brick delays are now nine months compared to only two months.

In the Free State, the face brick delay has worsened from eight to 10 months, while the stock brick position has eased by four months to the present six-month delay. — Sapa

'attendance' causes some difficulty as there appears to be little uniformity either between hospitals or between hospital departments as to what constitutes an attendance. The official viewpoint is that these figures are kept to assess the workload of each section of the outpatient department and the whole department and that it is not a true reflection of the productivity of the staff if a patient who receives a dressing change and an injection has the same weight in the statistics as a patient who sees a doctor, is referred to a specialist and has a multitude of laboratory tests and X-rays. Most hospitals therefore count units or attendances where a patient who sees a doctor, is referred to a specialist and has an X-ray, is counted as three attendances. At Groote Schuur, physiotherapy counts patients in twenty minute time intervals; nuclear medicine and oesophageal clinics count patients according to the complexity of the case. At the Day Hospitals, a random of patients is taken each year to assess the case-mix of patients at each hospital.(3) Each Day Hospital also has records of consultations by types of staff. The Department of Comprehensive and Community Medicine, is currently preparing a report for the CPA on the types of throughput statistics that should be kept: one proposal is for a headcount and an interaction count of outpatients.

The average number of outpatient visits per patient is not known. One of the problems in this respect is the lack of co-ordination of records between different hospitals. There is no clearly defined catchment area for each Provincial Hospital or Day Hospital so it is possible that patients attend more than one hospital.(4) The reason given for the lack of defined areas is that teaching hospitals require a wide selection of patients for research and teaching purposes. Also, some hospitals, for example, Karl Bremer, are open - doctors may treat private patients there.

(2.) Cost statistics.

The capital costs of facilities that have been constructed are available - for the Groote Schuur outpatient wing built in 1966,

of the whole Tygerberg complex, the new Johannesburg Hospital, new Day Hospitals - the cost of building the outpatient department at Tygerberg for example is not known, nor is the estimated cost of building outpatient departments and Day Hospitals of different sizes. The costs that were incurred in refurbishing the Day Hospitals in 1969 are not known, nor is the cost of equipping a Day Hospital relative to an outpatient department; intuitively it is less because less specialised equipment is required. The Planning Department of the CPA draws up plans for proposed additions and modifications to existing facilities, and when funds become available, these plans are passed to the Works Department which puts them out to tender and supervises the construction. Requests from each hospital for new equipment are sent to the Hospitals

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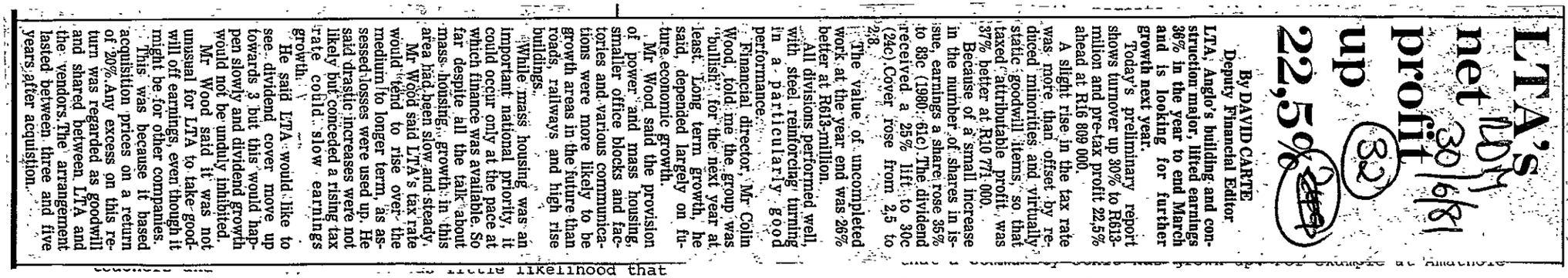
a problem at the [illegible] tal administrators are requesting the hospital departments to cut costs, but since it is not known what each department is spending, there is firstly, no incentive for any department to cut costs, and secondly, no way of telling which departments are spending excessively or on what this expenditure is.

Budgeting is for each institution as a whole and is incremental in nature. Each year, the expenditure over the past twelve months is analysed and adjustments are made for expected price increases, expected increases in the number of patients treated, proposed salary and wage adjustments and proposed additional employment. This estimate forms the basis of the following year's operating budget. Since it is not known how much each department spends, deficits cannot be pinpointed.

thing (e.g. creche, clinic, shearing shed) in their area. However very few of these people then actually get involved with the voluntary work necessary to establish such projects.

The Zenzele centre is Idolophu which SAVS U.C.T. was involved in, is a typical example of overestimating people's felt community of interests. The centre was designed to be a market for crafts, vegetables etc. from all areas of Umhlaba. Since many Zenzele members from all areas had said that this was what they needed (and it is something which would fulfil an essential function could it work!) students brought raw materials and came to help build.



LTA's net profit up 22,5%

By DAVID CARTE
Deputy Financial Editor

LTA, Anglo's building and construction major, lifted earnings 36% in the year to end March and is looking for further growth next year.

Today's preliminary report shows turnover up 30% to R613-million and pre-tax profit 22,5% ahead at R16 809 000.

A slight rise in the tax rate was more than offset by reduced minorities and virtually static goodwill items, so that taxed attributable profit was 37% better at R10 771 000.

Because of a small increase in the number of shares in issue earnings a share rose 35% to 83c (1980: 61c). The dividend received a 25% lift to 30c (24c). Cover rose from 2,5 to 2,8.

The value of uncompleted work at the year end was 26% better at R613-million.

All divisions performed well, with steel reinforcing turning in a particularly good performance.

Financial director Mr Colin Wood, told me the group was "bullish" for the next year at least. Long term growth, he said, depended largely on future economic growth.

Mr Wood said the provision of power and mass housing, smaller office blocks and factories and various communications were more likely to be growth areas in the future than roads, railways and high rise buildings.

While mass housing was an important national priority, it could occur only at the pace at which finance was available. So far despite all the talk about mass housing, growth in this area had been slow and steady.

Mr Wood said LTA's tax rate would tend to rise over the medium to longer term, as assessed losses were used up. He said drastic increases were not likely but conceded a rising tax rate could slow earnings growth.

He said LTA would like to see dividend cover move up towards 3 but this would happen slowly and dividend growth would not be unduly inhibited.

Mr Wood said it was not unusual for LTA to take goodwill off earnings, even though it might be for other companies. This was because it based acquisition prices on a return of 20%. Any excess on this return was regarded as goodwill and shared between LTA and the vendors. The arrangement lasted between three and five years after acquisition.

they would benefit from the marketing functions of the centre. People from the outlying areas did sometimes come in work parties, but many of them said they were too far away to benefit from the centre. They said the turnover of goods was so poor in Idolophu that it would benefit them more to sell their goods in their local village. Because of the way the centre was, and is, run this is true. There are other benefits besides marketing at the centre, for example use of machines, but as the outlying people rightly observed the Idolophu people monopolised these and made no effort to send them to the outlying clubs.

In Amathole location a woman, Mrs Violet Bonongo has been running a creche single-handed for 4 years. The children arrive at her tiny two-roomed house after breakfast, and go

home at about 4pm. They are meant to pay 20 cents a month but only about two-thirds pay. They get a meal and tea every day. Mrs Bonongo has to contribute some of her own money to cover the costs of this (her total income is R37.00 a month). 101 children have signed on, but there are generally 70 who come in summer and 30 in winter.

She has often tried to get people in this area to build a creche building, but although N.M. has organised that a site be allocated and the department of agriculture has offered to help with tractors etc., nobody apart from about 6 Zenzele women is interested.

location a group of people were very impressed by a visit to the Abalimi shearing shed. Under their headman they decided to build one too. Here a main builder was hired, but all the men of the location were meant to help over week-ends and many did. As the building was nearing completion, the headman died and another, less interested man took his place. All finishing off work on the building stopped, when the roof blew off in a gale it was never repaired, and the builder was never paid.

In Abalimi there is an exceptionally good headman, Mr X. Nombula. He has been the driving force behind the many very successful projects there. Apart from the communal garden, he and the extension officer have organised a system whereby every single field is used.[56]

There is a beautiful shearing shed renowned through Umhlaba

LTA lifts earnings 36% and looks for more

CT 30/6/81 (49) (32)

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QUANTITY SURVEYING

(Continued)

Bell-John Prize

For the best all-round student in any year of study.

P C Key

The Committee of the Western Cape Chapter of Quantity Surveyors' Prize

For the student obtaining the highest marks in

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URBAN & REGIONAL PLANNING

'Large waste in building industry'

By SUSAN DALLAS

32

HIGHER productivity in the building industry and more efficient use of building materials could reduce the high costs of building, according to Mr J A Barrow, president of the Building Industry Federation of South Africa (Bifsa).

Tremendous waste occurred at every stage of material handling on building sites, while inadequate safety precautions resulted in a loss of worktime through accident, Mr Barrow said.

"If a man is injured on a building site, the loss of his potential contribution to the gross domestic product will push up building costs.

"If a pocket of cement is wasted by bad handling the cost of building will rise," he said.

Bifsa's budget for their "loss control" programme this year is R200 000 and this is to increase over the next five years.

Part of the programme is a selection of slides showing phases of the building industry where savings can be made and loss of worktime through accident can be cut.

It is backed up by a brochure intended to improve attitudes towards waste of manpower and materials and to safety.

Mr Barrow said there was also a need for better communication between designers of building projects and those who construct them.

Bifsa is committed to spending about R50-million on training to improve productivity.

Training programmes are geared to train from "the top down" in the hope that business management will ensure greater employee awareness of the need for loss control.

Of approximately 200 000 people employed in the building industry, half have skills which make them difficult to replace and as such are the industry's biggest asset, Mr Barrow said.

BUT INDUSTRY STILL FORECASTS 5% ANNUAL REAL GROWTH IN 80's

Building boom is starting to fade

STIMES 5/7/81 (32)

By Andrew McNulty

THE building industry continues to forecast average real growth of 5% a year during the 1980's — but the boom climate of the past year is fading.

This was the conclusion reached after Business Times spoke to leading members of the building and construction industries this week.

Building and civil engineering appears to be slowing generally, but nobody foresees any serious downturns yet.

The influential Building Industries Federation of South Africa (Bifsa), says that the industry is currently experiencing growth of about 8% after reaching an overheated stage some months ago when growth was briefly as high as 30%.

Bifsa remains exuberantly optimistic for the future.

It bases its average 5% growth forecasts on needed mass housing development, which it confidently expects will eventuate at volumes to ensure that activity remains at a high level.

The executive director of Bifsa, Lou Davis, says: "We don't believe that financial and economic fluctuations will have as big an influence on housing development as people think.

"More than 4-million housing units are needed for blacks alone by the year 2000. There are also serious shortages of housing for whites and coloureds. This is a huge socio-political problem that must be resolved."

Spending on housing already totals R3 200-million a year, which Mr Davis projects will rise to R14 000-million and R18 000-million a year by 2000.

"Housing must be the main growth area in building. But people must also have places to shop, worship and be healed — all these go along with housing."

Mike Ridley, managing director of the LTA group, is more cautious.

"There are signs of an incipient slowing in building in the Transvaal which would be quite healthy up to a point. But trends in the money market suggest that the slowdown will continue.

"We have never had a high level of activity in building when interest rates were high. Historically, gold and foreign exchange earnings and construction activity have followed a fairly close pattern with about a 15-month lag."

Mr Ridley adds that most action so far has been centred on building. There was little upsurge in civil engineering because the sector is far more dependent on State spending.

Steve Boyazoglu, an executive director of Murray and Roberts, agrees that housing is cooling off — but believes that the potential big boost from mass housing "must happen".

Multi-storey commercial building, he says, never really became active but will continue at the steady trickle of new buildings in areas such as Johannesburg's Parktown.

Cape Town and Durban now also have serious shortages of commercial accommodation, and a steady if gradual level of building is also expected in these cities.

He forecasts real growth in building this year at 4% to 5% compared with 2% to 3% last year.

Civil engineering, he says, is probably somewhat more bullish.

Fred Law, chairman of Group 5 Engineering, says that there are already signs of a slowdown in civil engineering, with public-sector work — particularly road-building — slackening and the gold price and high interest rates casting a shadow over private-sector work.

He predicts "slight under-capacity" in the industry during the second half of 1981.

37. Taggart, op. cit., pp. 3-82, 3-87, 3-89; Ziskind et al, op. cit., pp. 645-646; Hunter, op. cit., pp. 975-979, 992; Miller, op. cit., p. 5.

38. Hunter, op. cit., p. 994.

39. Beadle, D.G., and Bradley, A.A., 'The Composition of Airborne Dust in South African Gold Mines', in Shapiro, H.A., (ed.), Pneumoconiosis: Proceedings of the International Conference Johannesburg 1969 (Cape Town, 1970), pp. 464-455.

40. Ibid., p. 462.

41. Oliver, op. cit., p. 1677.

42. Walton and Hamilton, op. cit., p. 146.

43. Spencer, op. cit., v.1, p. 380.

44. Ibid., pp. 396-39 ; Hunter, op. cit., pp. 980-983.

45. RMPC, evidence of Dr L. Irvine, P. 15, q. 17.

46. Orenstein, A.J., and Webster, I., 'Pneumoconiosis - A Review', in Transactions of the Seventh Commonwealth Mining and Metallurgical Congress, V. 1, (Johannesburg, 1961) pp. 324, 329.

47. Webster, op. cit., pp. 11-13; Ziskind et al, op. cit., p. 646; Muir, D.C.F., 'Dust Inhalation, Retention and Elimination', in Rogan, (Ed.), op. cit., p. 56; Green, G.M., Jakab, G.J., Low, R.B., and Davis, G.S., 'Defence Mechanisms of the Respiratory Membrane', American Review of Respiratory Disease, V. 115, 1977, pp. 479-508, p. 479ff.

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p. pp. 646-647; Le
Bradley, op. cit.,

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p. 661.

66. Hamilton, op. cit., pp. 133-135; Webster, op. cit., p. 59; Hunter, op. cit., pp. 1001-1002.

67. Hamilton, op. cit., p. 135; Webster, op. cit., p. 59.

(32) 11/7/81

Double blow to builders

CHARLES RIDDLE

THE latest 12 percent steel price increase, combined with the 6c a litre petrol rise, form a severe double blow to a building industry already staggering under spiralling costs and drastically reduced building society finance.

The steel price increase will add approximately one percent (R200—R250) to an average small house.

The increase in the price of petrol, however, will hit even harder. Mr Mike Orpen, managing director of Hudcor, said calculations of their petrol consumption will put R150 on any house they build in the future.

'This increase excludes any increased prices passed on to us by our suppliers whose costs have also obviously risen: It is a multiple effect with an eventual cost rise of hundreds of rands a house,' Mr Orpen said.

The 12 percent steel rise means the official steel price has risen by 38,3 percent since June 1979. Last year it rose by 14,1 percent and the year before by 12,2 percent.

Mr J W Smith, general manager of Multi-Bou, said 'I visualise an impact of approximately R600 on the average house as a result of the chain reaction introduced by the petrol price increase. This might possibly be offset to some extent by the levelling off in the building industry and a possible increase in productivity.

'Depending on the contents of the house, but taking the full spectrum of possible steel components into account, I think the price of the average home could rise by as much as R400.'

While all costs will eventually be passed on to the prospective home owner, the initial impact of the rises will have to be borne by builders already struggling with heavy overheads and an increasing shortage of bonds.

Drop in plans

Argus 11/7/81

(32)

THE Cape Town City Council last month approved 807 plans for building work with an assessed value of R16 406 320. This represents an almost 50 percent drop when compared to the comparative total of R32 256 250 for the 793 plans passed in May.

The drop is largely attributable to the inclusion last month of the assessed value of the hotel Southern Sun is erecting on the site of the old Electricity House.

The June 1981 value total is more than double the June 1980 figure of R7 967 420.

'Sold' plot was sold

ON that rare occasion an error can prove beneficial as an estate agent found out recently.

One emply plot looks much the same as another and just recently a Geoffrey Seeff salesman in the False Bay area placed a 'sold' sign on the wrong plot. The surprised owner of the plot naturally telephoned the Seeff office and requested his payment.

When the situation was explained, he sportingly suggested that the agent concerned should turn the 'sale' into a reality. Without too much of a problem this request was complied with. Result: two plots sold instead of one!

East Cape building industry on brink of a 'disastrous' slump

W. Post 11/7/81 (32)

Weekend Post Reporters

THE East Cape building industry is on the brink of a "disastrous" slump as funds from building societies dwindle to a trickle.

Many new housing estates are in danger of becoming ghost towns overnight.

"It's going to be chaos," warned Mr Stanley Lemmer, a builder of 31 years' standing.

Another builder, Mr W Langeveld, who has half completed a R3 million township of 67 houses, many of them pre-sold, fears his buyers will not secure their bonds.

"We could be sitting with this whole township deserted," he said.

"The situation is serious, and all builders are in the same boat."

Mr Lemmer also has a township under construction — Little States, in Lorraine — and he has not acquired a building bond since January. He has had to inject R65 000 of his own cash into the project for roads and services.

"Up to now I have carried on with my own resources, but I can't go on and on. And I need another R30 000 a month," he said.

"After all the years I've been in the building business I can assure you if I can't raise a bond, nobody can."

Mr Lemmer decided to rent houses in the second and third phases of the project and calculated for rents of R350 for each six-roomed house. But with bonds rates soaring he will now have to ask R450 to R500, and finish up with little in pocket after meeting bond repayments and rates and taxes.

Mr Dimitri Zenios, one of the city's leading builders, said: "It is a disastrous situation for people engaged solely in home building.

"If they are home-builders pure and simple they will definitely be down the drain because they rely entirely on building society resources."

Bonds have dried up as traditional building society investors have diverted their cash towards richer dividends.

Building societies admit they cannot compete with attractive interest rates offered by other financial institutions.

And while investors put their money elsewhere, the societies do not have the resources to provide housing bonds — the financial lifeline for at least half the building industry.

"To put it in a nutshell," said Mr Lemmer, "if you want a roof over your head, invest your money in the building society."

But with more attractive rates of interest on tax-free money elsewhere, this seems an unlikely move unless — as Mr D W Masters, president of the Master Builders' Association, said, "the Minister of Finance relaxes the tax-free interest ceiling rate.

"Then the building societies will get more money and the situation could change dramatically."

The ceiling at present is R10 000 tax free investment a family.

Mr Masters said while the general contracting side of the building industry would not really be affected, for the housing section — about half the turnover — the outlook was serious.

"Smaller builders will be badly affected if they cannot get housing funds," he said.

"It's a vicious circle. If the builder cannot continue, he will have to reduce staff and suppliers and sub-contractors will be affected too.

"No matter how high the bond interest rate goes, people will still build. But if the societies don't have the money, there's nothing anyone can do," he said.

Bond rate increase sought

JOHANNESBURG — The Association of Building Societies is to hold discussions with the Minister of Finance, Mr Owen Horwood, about the possibility of increasing the bond rate.

A spokesman for Mr Horwood's office said the meeting could be held next week.

Building societies say they are feeling the pinch, and that fewer bond loans are being granted which is having an adverse effect on the property market. — Sapa

State's boost for building industry

By Frank Jeans

The construction industry is involved in a massive R8 500-million nationwide operation for central and local government, covering residential and non-residential building, roads, bridges, water and sewerage schemes.

Figures from the Department of Statistics augur well for the industry and contradicts opinions that a building downturn is on the way.

Public sector spending on construction last year was nearly R4 000-million, this year the spread of projects will cost about R4 700-million.

SASOLBURG

Of this flood of public money into construction and ancillary industries, more than R1 000-million is earmarked for the booming Witwatersrand area from Johannesburg to Pretoria and from Krugersdorp to the East Rand.

This compares with the R909 000 injection for the area in 1980.

Sasolburg, the focal point of the oil-from-coal enterprise, continues to be a big moneyspinner for the construction companies, with nearly R38-million set to be channelled into new projects. About R25-million was spent on the Sasol build-up last year.

Nearly every region of the country is showing an increase in expected contract values over those of 1980. Even allowing for rising prices, the projections for the months ahead must be heartening indeed for construction men.

Another big concentration of activity is in the Durban - Inanda - Pinetown region with a 25 percent rise (R279,7-million to R350,6-million) in values.

Government spending too, on homes has not abated, R684,6-million is projected for this sector and compares with R511,1-million for 1980.

Industrial and commercial building is also scheduled for a good slice of public-sector spending, with last year's total of about R1 000-million increasing by an estimated R343-million.

The State's strong commitment to education is in evidence in the amount of money allocated to universities and technikons.

SUSTAINED

R65,8-million was spent last year on establishing training centres. Expected expenditure for 1981 is R92,1-million.

Add to this weight of sustained construction activity under the State, the work projected for the private sector and the only conclusion is that prospects for the industry are most bright.

ARCHITECTURE

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Sixth Year

P F Dunckley

FINE ART & ARCHITECTURE

No warning of killer blast, claim residents

Star 15/7/88

By Stuart Flitton

Residents of Armadale, south of Johannesburg, claim that there was no warning of the construction blast in which an 18-year-old woman was killed.

The blast was connected with the construction of the M120, which is to cross the Golden Highway.

A brick factory worker, Miss Princess Radebe of Eikenhof, was killed when she was hit on the head by a piece of rock.

The owner of the brick factory — which is 400 m from the construction site — Mr E P du Plessis, said there was no warning siren before the blast.

He said that his workers in the open-air factory usually ran for cover when the siren sounded.

Mr du Plessis said his house, which is next to the factory, was damaged by flying rocks.

Houses had been damaged he said, but the company building the road, Clifford Harris (Pty) Ltd, had denied that debris could fall several hundred metres away.

Mr du Plessis's wife, Tini, said that her garden, in which debris landed should have been filled with children at her six-year-old grandson's birthday party at the time of the explosion but the guests arrived late.

A spokesman for Cape Town based Clifford Harris, said that the blast was being investigated by police explosives inspectors and he could not comment until they finished their work.

"As far as I know now the normal rules and regulations were followed," he said.

The spokesman said the company was "sorry and perturbed" about Miss Radebe's death and would take the "necessary steps," to deal with her family.

(Continued)

QUANTITY SURVEYING

Bell-John Prize
For the best all-round student in any year of study.

P C Key

The Committee of the Western Cape Chapter of Quantity Surveyors' Prize
For the student obtaining the highest marks in Professional Practice.

P R Swift

LTA Prizes
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I : N D G Sessions

II : A R Low Keen

III: No award

S A Brick Association Prizes
For the best student in the subject of Building Construction.

C W von Durring

For the second best student in the subject of Building Construction.

K Strong

Student Planners Award

Emergency steps taken to beat cement shortage

E. Post 17/2/81

By SHELAGH BLACKMAN

THE Cement Marketing Organisation has introduced emergency measures to relieve the nationwide shortage of cement.

In an interview today, the commercial manager of the organisation, Mr B Pavey, said that increased building activity had led to heavy demands for cement.

So far this year the demand was 19% greater than in the same period last year.

Apart from this there had been certain unforeseen manufacturing problems, he said.

The organisation expected to eliminate the backlog by the end of the year by introducing these remedial measures:

- Arrangements had been made to ship up to 100 000 tons of clinker from the Western Cape, where there was a surplus capacity, to the grinding plant at a Durban factory;
- An uneconomic plant at Roodepoort which was previously "mothballed" was being recommissioned and would produce 160 000 tons of cement; and
- Further rationalisation of the milling capacity of plants would give an additional 20 000 tons.

Mr Pavey said these measures should improve the supply position by 300 000 tons by the end of the year.

In addition, a new kiln which would produce 420 000 tons a year would be commissioned at the Lichtenburg works in November.

Although the railways provided an excellent service, there had been delays at some marshalling yards, which had led to problems in delivering cement supplies.

The organisation was trying to limit road haulage and to rail as much cement as possible to keep supplies evenly distributed throughout the country.

Low gold price hits housing industry in SA

By Vera Beljakova

THE relationship between the gold price and the demand for homes is more than psychological.

There is a direct cause-and-effect relationship between the gold and the foreign reserves and the net liquidity of building societies, which in turn finance home purchases.

"As there is a correlation between the gross gold and foreign reserves and net liquidity of the building societies, it is not surprising that the flow of funds into these societies has been partly stemmed by the fall in the gold price," states The Property Economist.

Since the drop in the gold price, mining and financial houses have suffered a severe cutback in earnings as opposed to early 1980, when the high gold price swelled the coffers almost to bursting point.

Prevented by Exchange Control regulations from investing overseas, these institutions had little option but to lodge their growing funds in local investment vehicles — and a large portion went to the building societies.

A graph shows the 10-year cycle (1971-1981) of South Africa's gross gold and foreign reserves and the net liquidity of all the building societies.

"But a gold price of around $400 dampens the enthusiasm for investment in major sectors of the economy which has the spin-off effect of a reduction in job opportunities," claims The Property Economist.

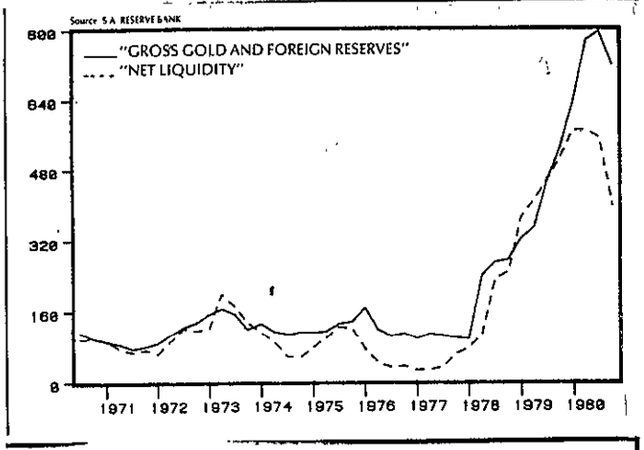
"Fewer jobs, coupled with a net immigration of 30 000 people forecast for 1981, may create short term limited unemployment prospects."

Certain home builders, who tend to over-react during boom/gloom conditions, will lack the confidence to continue building despite the immigrant market demanding over 700 homes a month during 1981, predicts the survey's editor, Neville Berkowitz.

He also feels that homes should be built not for this year or next, but for the predicted economic upturn of 1983-1984.

He concludes, that the expected eventual gold price recovery will bring with it renewed consumer confidence together with an increased flow of money back into building societies.

"Bearing in mind, however, the 26% a year building cost escalation, home-owners should start building their homes now, rent them out and wait for the upturn in 1983."



QUANTITY SURVEYING

(Continued)

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URBAN & REGIONAL PLANNING

t Planners Award
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Cement shortage halts buildings

By JOUBERT MALHERBE

BUILDING projects in Pretoria are being delayed by a serious cement shortage in the city during the past few weeks.

Transport contractors were queueing outside the Pretoria Portland cement factory — sometimes waiting for two days before getting cement.

These delays were causing serious financial losses, one contractor said.

Several Pretoria suppliers of building materials said yesterday their supplies had been cut from about 1 200 bags a day to 300 — "if they were lucky".

Cement traders blamed the current shortage on the Railways.

They said traders were coming to collect cement from as far away as Pietersburg because the Railways could not supply enough trucks.

However, a Railways spokesman denied the allegation and said the Railways had enough trucks on hand to transport cement. He said there was often not enough cement to fill the trucks.

A spokesman for the Anglo Alfa cement factory on the West Rand, which supplies some traders in Pretoria, said the demand for cement was currently exceeding their output.

Building trade concerned over cement crisis

E. Post 22/7/81 p13 32

By SHELAGH BLACKMAN

PORT ELIZABETH's worsening cement crisis is costing cartage contractors a fortune and may soon force builders to start laying off staff.

According to a builders' merchant, Mr R Harmer, all those involved in the building trade in Port Elizabeth are "suffering".

He said that enough cement was being produced in the city The problem lay in the chronic shortage elsewhere and Port Elizabeth was being raided for supplies.

There was now a vast backlog of orders that needed to be fulfilled.

This week queues of up to 50 trucks have lined up outside the cement factory.

Trucks which last week were arriving from East London and elsewhere to load cement have now been barred from loading at the Eastern Province Cement Company — Port Elizabeth's only cement manufacturer.

But some out-of-town builders skirted this problem by phoning contractors in Port Elizabeth and asking them to deliver supplies to the railway station.

As a result, local contractors were still being squeezed.

Mr Harmer estimated supplies were running six days behind schedule.

The owner of a cartage and transport service, Mr E Blunden, said he had eight trucks waiting in the queue outside the factory gates at mid-morning. By 11.30am only one had been loaded up.

"This is costing me money. I only get paid for what I deliver and I am lucky if I get one load a day," he said.

Yesterday there were 44 trucks outside the factory at 9am. Four hours later it had dwindled to 28 — and shortly thereafter cement firm workers started to load railway trucks.

Lorries not attended to by that time had to return today.

Mr Blunden phoned the cement company last week to ask if it could not open on Saturday mornings to cope with the serious backlog. He was told that the employees worked enough overtime.

Mr Harmer said he planned to send five trucks to the factory tonight. The drivers would sleep there overnight to ensure that they were the first to be served in the queue tomorrow.

"The trouble is that once you have been served and you drive off you have to resign yourself to being forty-fifth in the queue should you need to return for a second load," he said.

He complained about the way the situation was being handled.

"If you phone up they tell you to contact the Cement Marketing Organisation. But everybody there is 'in the country for the week'. It's terrible," he said.

A builder, Mr W Farrow, said he had "scrounged" for cement this morning and had managed to buy 25 pockets.

Had he not found these supplies he would have had to lay off 24 workers, he said.

He now had enough cement for today and tomorrow.

"I have ordered supplies from each merchant in the city and I am going to stockpile," he said.

He pointed out that the crisis situation would put up building costs — he was paying more than usual for the supplies he was obtaining at the moment and stockpiling cost money.

Mr Farrow described the queueing up at the cement factory as "nonsense". The company should take orders and the supplies should then be collected when they were ready, he said

QUANTITY SURVEYING

(Continued)

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For the second best student in the subject of Building Construction.

K Strong

URBAN & REGIONAL PLANNING — Student Planners' Award

Public-sector to spend 20% more

By HAROLD FRIDJHON

CONSTRUCTION expenditure by the public sector, including the public corporations like Escom, Iscor and the IDC, is estimated to reach R4 661-million this year against R3 855-million last year — an increase of 20,9%.

Figures compiled by the Department of Statistics show that the central Government, provincial administrations and the national states will spend an estimated R1 580-million (R1 304-million last year), mainly on non-residential buildings, roads and bridges. Non-residential buildings include clinics, hospitals, schools and prisons.

Government and provincial expenditure on housing is expected to be R131-million against R100-million last year which, considering the effect on inflation on building costs, does not look like making a dent on housing requirements.

Local authorities are down to spend R600-million (R480-million). The major items will be roads, streets and bridges.

Universities, technikons and agricultural controls boards will spend R92-million (R66-million), divided between residential buildings, R21-million, and non-residential buildings, R62-million.

The big spenders will be the public corporations whose bill for the year will be R2 388-million — R384-million more than in 1980.

RAND DAILY MAIL, Thursday, July 23, 1981 15

INJECTION OF CAPITAL FOR HOUSING COMPANY

(32) Rums 29/7/81

Property Editor

MODEL Development Company (Pty), one of the largest construction companies in mass housing in the Cape, has been injected with new capital and expertise to enable it to continue and expand its operations.

The Murray Trust of the Murray and Roberts group has given an amount believed to be nearly R1-million to a trust set up to commemorate the founder of Model Development, the late Mr Fred Harris.

In turn the Harris Trust has lent the money to the company. Income from the trust will be used for educational purposes.

The company was founded in 1955 by Mr Harris and his partners. Mr Harris was originally apprenticed with Murray and Stewart in Cape Town as a bricklayer-carpenter but went on to become the driving force behind the new company.

ASSOCIATION

He kept a close association with Mr Des Baker, present executive chairman of the Murray and Roberts group.

On Mr Harris's death The Board of Executors on behalf of Model Development Company approached Mr Baker for assistance. This was provided through the Murray Trust.

MR RODNEY CRAIG, chief executive of Model Development Company.

After the Fred Harris Trust has exercised its conversion rights the majority shareholding will be held by the executives of the company and the Harris Trust with Murray and Roberts having a minority shareholding of 20 percent.

EMPLOYS 1 300

Model Development employs 1 300, working mainly on housing contracts in Ocean View, Belhar, Gatesville and Athlone.

"We will now be able to look at any business venture that seems viable' said Mr Rodney Craig, chief executive of Model Development which has

day.

Lynn Farleigh will play Connie and Ian Hogg and Simon Ward will star as Mellors and Sir Clifford Chatterley respectively.

Cement shortage still critical despite relief

EAST LONDON — Builders here are still facing a chronic shortage of cement despite an increase in supplies last week which has provided temporary relief.

Three leading cement merchants said there had been an improvement in the quantity of cement railed in last week but that no cement had been supplied this week yet.

A spokesman for one of the merchants, Mr K. Wilkinson, said he had received more than the weekly quota last week but this had not been enough to overcome the huge backlog created by poor supplies in previous weeks.

Mr John Heeger, president of the Master Builders Association, said he had spoken to the Building Industries Federation of South Africa (Bifsa) who had had contact with the Cement Marketing Organisation (CMO) and the Cement Producers Association of South Africa.

As a result of Bifsa's representations on behalf of East London builders, the immediate situation had improved.

Mr Heeger said that East London was not being victimised by the cement marketers as the position was equally serious in Bloemfontein and Johannesburg was experiencing a shortage as well.

He said the only reason why builders in Port Elizabeth were in a better position was because they could fetch their supplies by truck from cement producers in the city. Contractors in East London were dependent on what was railed to them.

Mr S. J. Vroom, one of the local cement merchants, said his firm had been three weeks behind in cement supplies before 50 per cent of the normal quota was railed in last week.

He said more cement was on its way from the Rand which would help to alleviate the situation further.

Builders said the fresh supplies had meant temporary relief but that they were still battling because of the vast backlog.

One of the contractors said he was still struggling to keep his head above water. "The position is a bit better at the moment, "he said, "but we live from hand to mouth and we don't know where our next pocket of cement will be coming from." — DDR

BAY WAITS FOR THE MONDI MILLIONS BOOM

By COLIN VINEALL
Property Editor

THIS WEEK'S announcement that Mondi was moving into Richards Bay in a big way means millions more rands will be poured into the building industry there.

Hundreds of homes will have to be built and shops, offices and service buildings will have to be put up to match industrial growth.

There are already signs of busy building activity in the town and one major industrial organisation is completing a scheme of 71 houses and is understood to be likely to build more.

Accommodation in the town is now difficult to find and expensive, when one does. Estate agent Johan Fischer of Heine and Fischer believes that prices now match those of Johannesburg, Durban and Pretoria.

He quoted the price of an average three-bedroom house on 800 to 1 000 square metres plot as about R50 000.

Rents too, are soaring and he said he had let a three-bedroomed house, with single garage and one bathroom at R525 a month.

Much of the housing in Richards bay, however, is still heavily subsidised and many families pay rents of a mere R50 a month — if the breadwinner is on contract with mines, the railways or other large industrial concerns.

Fischer said Richards Bay was faced with two big problems over housing.

One was supply. There are very few houses on the market, and those that were were difficult to sell because of the shortage of mortgage bond money. He said building societies were granting only one or two loans a month and the position could be even worse this month.

The second problem was the shortage of bricks: "They are almost unattainable," he said.

Suburb by suburb, Fischer said that thee was nothing in the desirable Meerensee area; little in Aboretum and the bulk of the development is taking place in Veldenvlei.

Fischer reported another large shopping centre on the drawing board which will be adjacent to the present Checkers Centre in the embryo central business district. A post office and other amenities are also planned for the area.

He believes that Richards Bay will still become the big city of the planners' dreams one of these days and is prepared to predict that the population will rise from 8 000 to 16 000 within the next two-to-four years.

However, he thinks the town may be a little over supplied with shops for the present population's requirements — one chain store had shut down recently.

It is understood that extensions are planned to the two hotels in the town.

The R520-million Mondi Paper project will also mean another boost for the construction industry, with local companies involved in the establishment of the new pulpmill.

The entire project will come under the banner of Mondi Company, Paper Board Development Services, with tenders for the earthworks stage expected o be issued soon. Contracts for civil and construction work will follow.

Kei LTA pays same

Financial Reporter

LTA Construction Ciskei, in its second full financial year, will again pay a dividend of 10c.

The chairman, Mr B E Hackney, said the company had maintained profitability in spite of difficult trading conditions and unrest among its work force.

Most of the work undertaken by the company was short term and this had made it difficult to retain trained workers.

Copper pipes for hospital

Financial Reporter

A CONTRACT to supply 30 tons of copper tubing for the first stage of the replumbing of the Johannesburg Hospital has been awarded to Maksal Tubes (Pty).

The present pipes were installed when the hospital, which has had a history of faults, was constructed. The hospital was officially opened on July 3, 1978.

In the past financial year the hospital spent R250 000 on repairing burst water pipes before a decision was made to replace the iron pipes with a stronger, more durable, copper piping.

In May this year the technical manager of the firm contracted to install the pipes when the hospital was built said the new copper piping, its fitting, and installation would cost about R4-million. The original plumbing contract with iron piping was worth R4 500 000.

The water leaks have been attributed to a form of bacteria that thrive in the iron piping and cause rust. They do not affect copper.

Joint property venture by LTA, Isaacs

By Frank Jeans

Two major groups in construction and property — LTA and Wilfred Isaacs — have joined forces to become a power in industrial development.

It's a big "marriage" which should be successful — indeed, the first deal under the banner of LTA-Isaacs Industrial has already been finalised.

The company, created jointly by LTA Construction Development Services and Wilfred Isaacs, will bring to the market a one-stop construction, marketing and management service.

New scope

LTA and Wilf Isaacs are equal shareholders, but in no way will the establishment of LTA-Isaacs Industrial conflict with the existing operations of the main companies.

Market research and site experience will be handled by Wilf Isaacs with "package deals" being completed by LTA construction teams. The group will be free to use outside contractors should the need arise.

The establishment of LTA-Isaacs Industrial will bring new scope to the market with the creation of further investment opportunities for the institutional investors as well as the individual businessman and manufacturer on the trail of expansion to meet industrial demand.

Mr Wilf Isaacs is chairman-designate of the company, with Mr Arthur Barclay, managing director of LTA Construction Development Services, the MD-designate.

The team will be backed up by Chris Lombard and Andrew Chalmers of WI and Terry Smyth and K Stander of LTA.

Mr Wilf Isaacs said: "For some time, we have seen the neglect of the benefits of the industrial-property market by the institutional investor because of the limitations posed by dispersed construction, management and marketing situations.

Enthusiastic

"We believe that the facilities offered by LTA-Isaacs Industrial will overcome these problems and assist in encouraging a more positive institutional investment attitude to industrial property."

Mr Barclay, equally enthusiastic about the birth of the company, said that the market can only benefit from LTA construction experience allied to his firm's marketing experience.

"While drawing from the knowhow of both parent companies, LTA-Isaacs Industrial will be a totally independent and self-sufficient organisation," he says.

The company will concentrate initially on the Johannesburg Reef and Pretoria areas but aims to spread operations throught the country.

Suidertree purchase

CAPE TOWN — Suiderland Development Corporation announced yesterday that its subsidiary, Suidertree (Pty), had bought the business of B Ginsberg, which deals in the packing and distribution of Rooibos tea under the trade names "Eleven o'Clock" and "Golden Peak" for R2,8-million cash.

The agreement, which came into effect on July 1, includes a warranty by the seller that the net profit before taxation for the 12-month period ending February 28 this year will amount to not less than R900 000. — Sapa.

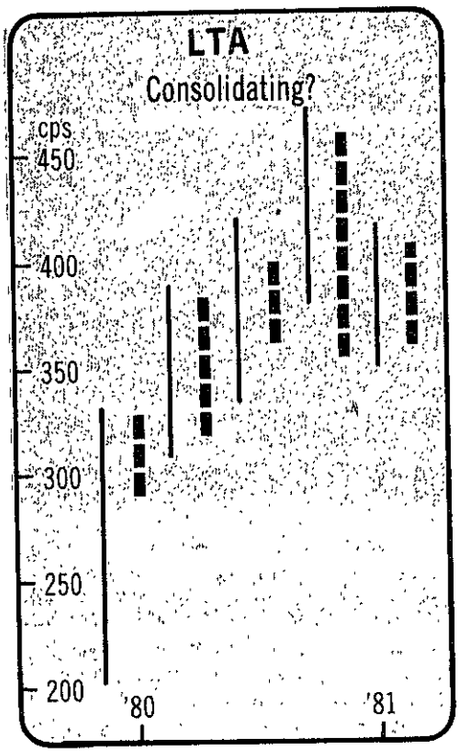
LTA (32) FM 7th August 1981

Strong structure

Activities: *Anglo American controlled building, civil engineering and construction group.*
Chairman: *Dr Z J de Beer; managing director: M T Ridley.*
Capital structure: *13,1m ordinaries of R1; 26 000 10% cum red prefs of R1. Market capitalisation: R45,9m.*
Financial: *Year to March 31 1981. Borrowings: long- and medium-term, R7,6m; net short-term, R1,1m. Debt:equity ratio: 40,1%. Current ratio: 0,93. Group cash flow: R18,6m. Capital commitments: R10,8m.*
Share market: *Price: 350c (1980-81: high, 480; low, 325c; trading volume last quarter, 89 000 shares). Yields: 20,1% on earnings; 8,6% on dividend. Cover: 2,3; PE ratio: 5,0.*

	'78	'79	'80	'81
Return on cap (%)	18,6	27,9	25,9	22,7
Turnover (Rm)	336	396	473	607
Gross profit (Rm)	...	...	...	...
Gross margin (%)	3,4	3,3	3,2	3,0
Earnings (c)	42,7	56,9	56,2	70,4
Dividends (c)	19	21	24	30
Net asset value (c)	270	303	337	394
Work in progress (Rm)	301	395	500	705

There appear to be several reasons for LTA not having boosted earnings by more than a seemingly moderate 26,3% in financial 1981. That was a year in which contractors were, on the face of it, deluged with work.



Chairman Zac de Beer explains that this was not so. "The increased activity in the SA economy was by no means evenly spread over the different sectors of the construction industry: notably, while building expanded very rapidly, especially in the Transvaal, civil engineering, mechanical and electrical contracting showed no very great increase in tempo."

Profit margins on building work are thinner than those obtainable in the civil engineering sector. Also, says De Beer, some of the year's turnover consisted of work obtained "on the very fine margins available in the less favourable climate" of the past two years.

LTA adopts an accounting policy more conservative than many competitors. In general, profits are brought to account only during the later stages of a contract. So, for example, the R62,9m estimated net profit brought to account over the life of contracts in progress to date is an indication of the way in which LTA chooses to smooth out earnings. The benefit in that is apparent in slack times when earnings growth should remain reasonable and not plummet.

On that basis LTA has achieved its target, for taxed profit has increased every year in the past 10 years. The group's calculation of earnings per share is 83c which is justifiable as the validity of the deduction made by the *FM* of profits on the sale of fixed assets other than property is arguable. LTA's point is that this amount — R2,4m in financial 1981 — is a recurring amount related to the efficiency of plant maintenance and renovation.

Another hidden amount which could conceivably be added to earnings is the difference between estimated valuations and costs of contracts in progress not brought to account. On a taxed basis this figure was R11,4m in 1981 — equivalent to almost 87c a share to be spread over approximately the next three years.

LTA is the only large quoted construction company not to have diversified outside of the industry. MD Mike Ridley says that is because the group will remain within the bounds of its skills and LTA is itself a diversification of Anglo American. Any further diversification could clash with Anglo interests.

Organic growth thus rides with the cycle of the construction industry but acquisitions in allied industries can serve to smooth out wild sectoral swings. During the year LTA pursued this by extending existing interests, or obtaining new ones,

LTA's De Beer . . . steady growth

in water purification, roofing and cladding, and mineral beneficiation and steam distribution equipment. Also, property development has been expanded though the emphasis is now on project management and not investment.

The directors hint that this year could see increased activity on the acquisition front. "The group is willing to increase the use of loan funds to finance sound business and contract opportunities," they say. Gearing is likely to increase this year but should be comfortably handled. The order book points to a much improved cash flow this year and liquidity, by construction industry standards, is satisfactory. The current ratio looks strained but that is because of the high creditors level. Much of the creditors figure of R116m at year-end is for sub-contractors who are paid on certification as work in progress continues.

The group has entered into two significant international deals which could go a long way towards bolstering profit growth when building or civil engineering activity declines domestically. The option held in Bath & Portland has been exercised and the stake LTA has of this UK building company has increased from 5% to 21%.

LTA has sold to Jacobs Engineering of California, for cash, 45% of Mitec which,

Building boom in a billion in Transvaal

(32)

Star 20/8/81

By Elaine Reyneke

In a record growth year ending in June 1981, seven municipalities in the Transvaal approved building plans totalling more than R1 141-million.

The total value of building plans passed by Johannesburg, Pretoria, Sandton, Randburg, Roodepoort, Boksburg and Alberton increased by more than R500-million from R641-million in the year ending June 1980.

According to Mr Hennie van Zyl of the Building Industries Federation of South Africa (BIFSA), a spate of plans for residential buildings was the major reason for the increase in the value of plans passed by the seven municipalities.

He said although Johannesburg still topped the list by approving building plans totalling R274-million, R125-million more than the previous year, Sandton had shown remarkable growth by approving plans valued at R248-million, compared with plans valued at R129-million in the year ending June 1980.

A major factor contributing to Sandton's growth rate, he said, was in the housing field.

"This field represents R124-million of the total R248-million," said Mr van Zyl, pointing out that the remaining plans passed by Sandton were for additions and alterations and non-residential buildings.

Pretoria had increased its total value of building plans passed by R66-million — from R176-million in the year ending June 1980 to R242-million this year.

MAJOR FACTOR

Mr van Zyl said contrary to Johannesburg, the major factor contributing to Pretoria's increase was residential buildings.

"The approval of residential building plans represents R136-million of the total R242-million, whereas in Johannesburg the approval of non-residential building plans predominates. Plans approved in the non-residential field represent R115-million of Johannesburg's total value of plans passed," he said.

In the year ending June 1981, Roodepoort's approved building plans totalled R109-million compared with R58-million in the previous year. Plans approved in the housing field in Roodepoort totalled R70-million.

Factors contributing to Boksburg's increase from R55-million to R106-million this year were in both residential and non-residential building.

Plans approved in the residential field for Alberton were predominantly responsible for the increase from R35-million to R87-million in the total value of plans passed in the year ending June 1981.

In Randburg, the total value of plans passed rose from R39-million to R75-million. The value of plans passed for new residential buildings represented R55-million of the total amount.

Genrec sees higher earnings

(32)

By DAVID CARTE

GENERAL Erection has a satisfactory order book and expects to increase earnings in the current year, says the chairman, Mr W M Joubert, in his annual report.

Mr Joubert says the engineering sector is likely to prosper in spite of the economic slowdown, but he warns that earnings are unlikely to grow at the speed they did before 1981.

Last year earnings a share grew only 6% to 100c (1980: 94,6c). In 1980 they grew about 14%, in 1979 about 19% and in 1978 about 52%.

General Erection has won several big contracts recently, among them:

- Prefabrication and installation of piping and mechanicals for Sentrachem's synthetic rubber plant at Newcastle, Natal.
- The design and construction of the anode plant at Richards Bay, the dry process plant at Phalaborwa, the Venetia diamond process pilot plant, SAB's new brewery at Rosslyn and steel raw sugar storage buildings at Mlaulu and Upombo in Swaziland.
- The supply and fabrication of structural steel and platework at a floating "wet treatment plant" at Richards Bay and the supply and construction of two structural steel headgears near Welkom. General Erection is also to erect a walking dragline at Kleinzee, SWA.

Mr Joubert says one of the company's main problems has been the skilled labour shortage. It spent R2-million on training last year and another R3-million buying blocks of flats for its workers, a "capital outlay well spent".

Mr Joubert says too few private sector organisations are training their own labour and he calls for an all out effort by the private sector to solve the problem of training.

not be hit by the section as it was then worded. The 1959 amendments were intended inter alia to bring such transactions within the net of the section and based on the decision in Smith's case (supra) the amendment has achieved this result.

The words transaction, operation or scheme were said in the Ferea case (supra) each to be of wide and general import. In Meyerowitz's case (1963 (3) SA 863 (AD), 18 SATC 115) the term scheme was said to be a wide term.

It is important to decide what elements of a scheme can be hit. In Meyerowitz's case the court found that one company had been formed not as part of it had been *pressed into service* of the sche ereof. In the Hicklin case (1980 (1) SA 481 e court refused to accept that the scheme extended to cover all the transactions said comprise part thereof.

Which has the effect King's case (supra) it was made clear that ar actual liability for tax was probably not conte ansaction to avoid such tax was probably bogus w s103) was not necessary to set aside such a tr tion was intended to hit avoidance of an antici See also Smiths and Hicklin's cases (supra).

In King's case it was on would only hit at avoidance of tax on income the scheme have normally and naturally accrued n Smiths case the court found that the 1959 ar vercome the need for restrictive interpretat g's case but also in that case discussing the a did say that it was a feature of such abnormal *t may be presumed that the income, ... has not ced out of his (the taxpayer's) reach.* Eff be distinguished - Geustyn's case (supra).

Having regard to the eustyn's case (supra) the absence of security f vice contracts was not abnormal in the circu was placed on this test in the Hiclin case (s ancial position at the time of entering into to be considered.

Normality generally saction. In Smith's case (supra) the normality ive been introduced to overcome the problems ra (supra). In Ferera's case (supra) the court sa ions referred to were those proposedly of normal d that the defence of nor-

Genree's cash and faith in ... financing

By Ann Crotty

In his annual review General Erection chairman Mr W M Joubert is confident that the results for the current financial year will show an improvement over 1981.

However, because of the current economic climate he is reluctant to predict an increase comparable with that achieved in the years before 1980—81.

Mr Joubert said that there have been signs of a slowdown in the growth rate but indications are that the engineering sector will continue to prosper and that Genree will benefit.

He said that his group had spent about R2-million during the year on overseas recruitment and local training to ease the shortage of skilled labour.

Genree now has training centres in the Transvaal, Natal and Cape.

Mr Joubert said that too few companies train their own work forces and that this is a contributing factor to the labour shortage.

Genree had spent R3-million to secure blocks of flats to encourage artisans to stay

(7) It is incorrect to equivalence two entities of a COMMON statement to each other, either directly or indirectly.

(8) Any program unit requiring access to a common block must have a COMMON statement.

(9) In a subprogram, a symbolic name appearing in a COMMON statement may not identify an adjustable array.

(10) Correspondence between different entities of the same common block in different program units is determined by order and by storage unit(s).

(11) [illegible] symbolic names of dummy arguments must not appear

(12) [illegible] statement; an item in

Exa

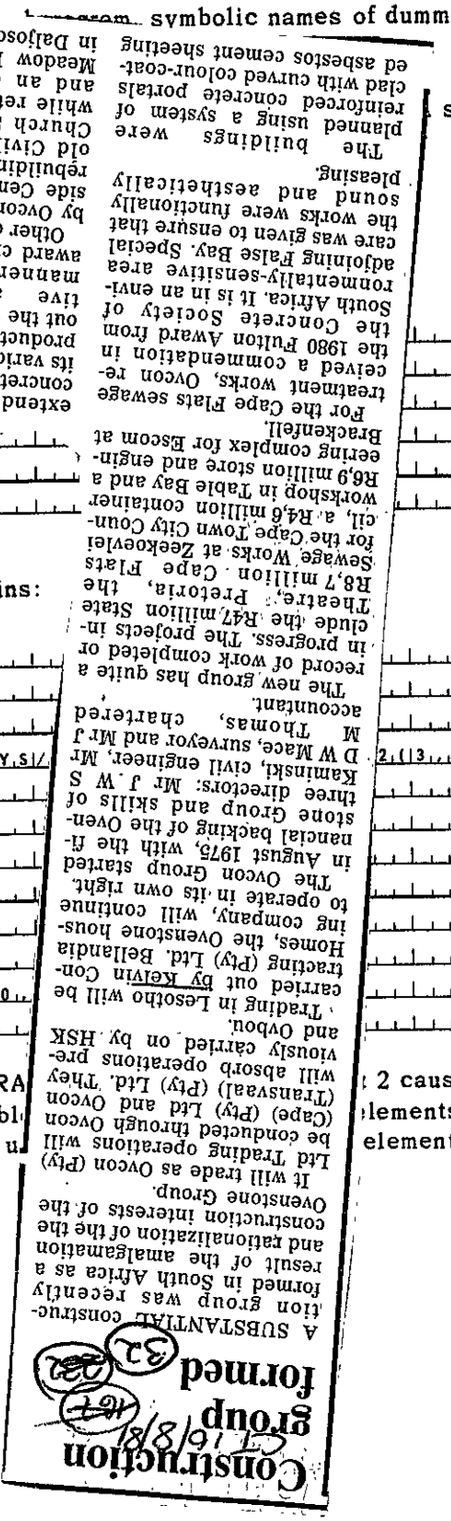
(1)

Program unit 2 contains:

```
      SET(IK) = 0.0
      RETURN
      END
```

```
      COMMON /ARRAYS/
      CALL CLEAR
      DO 10 K=1,10
      TABLE1(K) = 0.0
   10 CONTINUE
```

The CALL CLARA [illegible] 2 causes all the arrays in the labeled common bl[illegible] elements cleared to 0.0. The DO range in program u[illegible] elements in the array TABLE1.



2 500 out as strike at food company spreads

20/5/81

By STEVEN FRIEDMAN

THE strike at the Tongaat Group's food plants in Natal spread yesterday to the egg and mushroom divisions.

About 2 500 workers are now involved.

The black and Asian workers involved in the strike were yesterday given an ultimatum by management to return to work or face dismissal.

The strike follows unrest at the plants over proposed Government moves to freeze workers' pensions, which has prompted unrest in other factories this year.

In Pretoria a strike at Paper and Packaging Industries in Rosslyn was settled yesterday when 500 strikers agreed to return to work pending negotiations with management by their works council on pay and other demands.

Fosatu's Metal and Allied Workers' Union yesterday met managements of Grinaker and Murray and Roberts in Richards Bay following a week-long strike by their entire workforce, reports RIAAN DE VILLIERS.

A union spokesman said management was willing to recognise Mawu if it proved it was representive.

The union has raised several issues, including the position of arrested workers, reinstatement of all workers, worker allegations about police action during the strike and wage demands, which management said it would consider.

At Tongaat, riot police stood by yesterday as the company's managing director, Mr Alan Hankinson, addressed strikers and told them that if they were not at work today they would forefeit their jobs.

Mr Hankinson said later workers had also been addressed by the general secretary of the Sugar Manufacturing and Refining Employees' Union, Mr Selby Ntsibande, whose members appear to be the movers behind the strike.

The union has been accused of being funded by management, which Tongaat denies. Union sources claim it has taken a more militant turn of late.

The strike follows demands by workers that they be allowed to opt out of the company's superannuation fund to avoid Government legislation freezing pension contributions. Tongaat agreed to this.

But workers say Tongaat insists they resign in order to remove their pension money. This, they say, means they will lose accumulated benefits.

Mr Hankinson confirmed yesterday that workers would have to resign. But he said this was a legal requirement outside company control.

He said the only benefit workers would lose was a long-service bonus bequeathed to them in terms of the will of one of the company's founders.

They would have to work another five years to again become eligible for the benefit.

28 Jan 81 3-3

Building crisis: no hope is seen

Star 18/8/81

By Bob Davis

Severe brick and cement shortages, "the worst we have ever experienced in South Africa" have halted or hampered thousands of building projects throughout the country.

The executive director of the Building Industries Federation, Mr Lou Davis, said he foresaw no easing of demand in this decade, "if in this century."

Brick and cement producers supported his statement by saying that even at full capacity they could not meet the demand.

"In relation to present-day demand, they are the worst shortages we have ever experienced in South Africa," Mr Davis said.

"Thousands of projects have been affected."

Mr Hartley van Schalkwyk, director of a South African cement marketing organisation, said: "Our nine-million tons a year capacity is inadequate to cope with the situation that has arisen and the only relief in sight is a 400 000-ton-a-year factory nearing completion in Lichtenburg."

It would come on stream in November but with consumption up by 40 percent in the past two years, totalling 1 860 000 tons an increase of 400 000 tons was seen as being of little significance.

The only other major project in the pipeline was a factory near Kimberley which would be in production in 1984.

Mr van Schalkwyk said the major problem was that the cement industry was capital-intensive and plant construction took three years.

"Eighteen months ago we were producing enough cement for the country's needs and we had no way of foreseeing the escalation in demand."

He said demand fluctuated to the extent that it was difficult to plan ahead with a satisfactory degree of certainty, and manufacturers were reluctant to put up money for factories which might stand idle, even in the short term, because of the enormous amounts involved — R40-million and more for a viable project.

Queues of lorries wait daily at the gates of cement plants before the 6 am opening time.

Some of them start queuing at 4 am to be sure of getting a load.

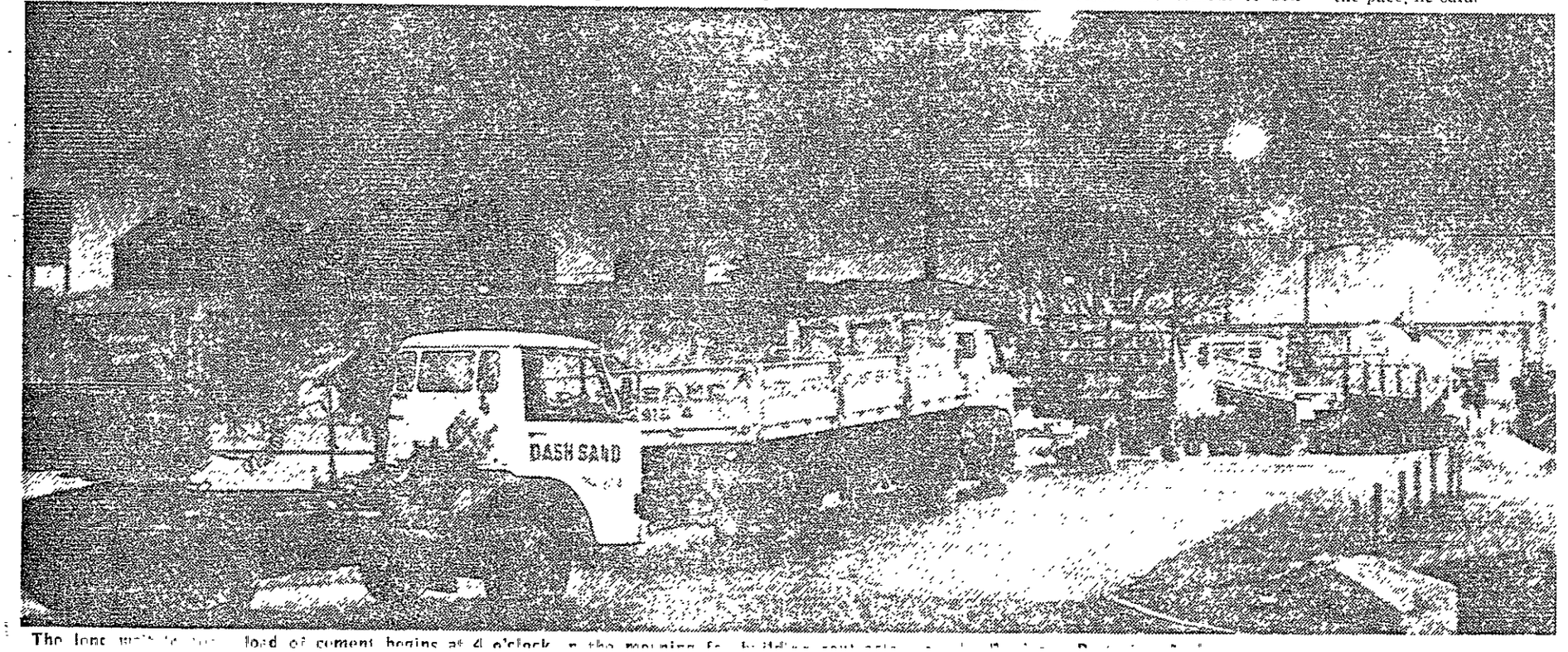
A factory manager on the West Rand said: "We have to turn away dozens of lorries every day because we don't have either the cement to sell them or the capacity to produce more."

Many building material supply depots throughout the Reef and Pretoria are limiting sales to 10 bags of cement a customer. Others will sell only five.

Brick Development Association director Mr Brian Moorhead said there had been no let-up in demand for over a year.

The 3-million or 4-million bricks imported from Britain about a year ago did very little to alleviate the situation, with demand running well over industry capacity of 4 000-million bricks a year.

Expansion projects which had been mothballed as recently as two years ago had been mobilised but the total effort so far had been insufficient to supply builders with enough material to prevent a slackening of the pace, he said.



The long wait for a load of cement begins at 4 o'clock in the morning for building contractors ...

TERMINAL MANUAL

Such procedures can be refined by more accurate first estimates, the use of double precision, and different exits from the loop. For example, the precision of the result could be limited to a satisfactory value with the statement:

```
      IF(ABS(CBROOT-X).LT.DELTA) RETURN
```

where: DELTA is an additional argument.

8.5.2.3. References to Function Subprograms

Function:

To obtain a single value for use in an expression, by reference to a function subprogram.

$name(a_1, a_2, \ldots, a_n)$

where: *name* is the programmer-written symbolic name of the function.
each *a* is an actual argument; the list is enclosed in parentheses, and the *a*'s are separated by commas.
n has a minimum value of 1.

Rules:

(1) Each actual argument may be a logical or arithmetic expression, an array name, or the name of an external procedure (see EXTERNAL statement).

(2) If a value is to be returned through an actual argument, that actual argument need not have its [illegible] eference, and it must not be a constant.

(3) The actual argum[illegible]mber, and type with the dummy arguments of the

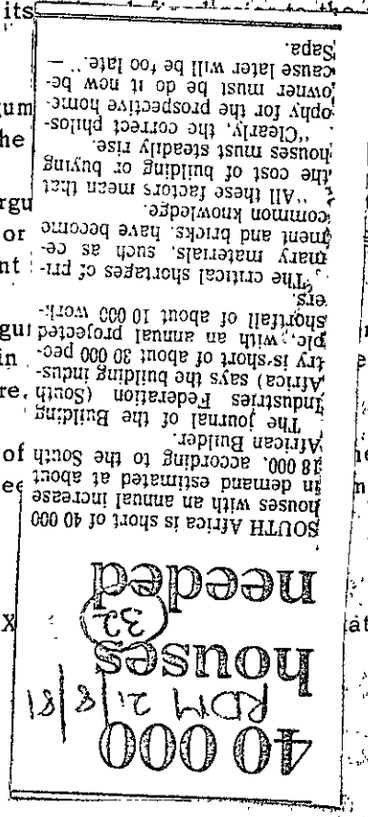
(4) If the actual argu[illegible]ts dummy argument may be either an array name or [illegible]gument is an array name, its dummy argument

(5) If an actual argu[illegible]rnal procedure, its dummy argument must be used in [illegible]e of a function or subroutine external to the procedure.

(6) The operation of [illegible]he function subprogram must intervene betwe[illegible]ne function subprogram.

Examples:

See FUNCTION, EX[illegible]atements.



BESTER (32)

Slowing down

FM 21/8/81

Activities: *Construction, property and farming group. The Bester family have 75,4% of the equity.*
Chairman: *T Bester.*
Capital structure: *12m ordinaries of 50c. Market capitalisation: R16,8m.*

Financial: *Year to February 28 1981. Borrowings: long- and medium-term, R11,5m; net short-term, R29,7m. Debt:equity ratio: 209,2%. Current ratio: 1,2. Group cash flow: R6,1m. Capital commitments: R879 000*
Share market: *Price: 140c (1980-81: high, 185c; low, 66c; trading volume last quarter, 273 000 shares). Yields: 36,4% on earnings; 12,9% on dividend. Cover: 2,8. PE ratio: 2,8.*

	'78	'79	'80	'81
Return on cap (%) ..	13,2	11,0	10,7	17,3
Turnover.*				
Property sales	42	71	122	359,0
Construction	211	245	262	386,9
Gross profit (Rm)	7,1	6,0	6,3	11,2
Interest and lease costs (Rm) ..	6,7	6,4	5,6	5,3
Earnings (c) . ..	14,7	11,9	14,8	50,9
Dividends (c) ..	—	—	5	18
Net asset value (c)	116	123	130	165

* 1974 = 100

Bester has used the strong trading conditions of the past 18 months to strengthen the balance sheet and make strategic changes to the group's asset distribution.

The farming division is being reduced. farming units are being sold and commercial crop cultivation has been phased out. The industrial division, which supplements the construction and property divisions, is being extended.

The unusually high level of profit growth achieved during the year has also been used to write off R3,2m against properties which "did not react satisfactorily to the recent revival in the property market." Chairman Theunis Bester warns that further write-offs may be necessary in future and R13,6m of the property portfolio cannot be valued by the auditors.

The property division, however, performed "exceptionally well," increasing pre-tax, pre-interest profit by R1,2m to R3,3m. Financial 1981 was considered an abnormal year for the property market, however, and Bester warns that higher interest rates and a shortage of mortgage money has already adversely affected the property market. A lower profit contribution is expected from this division this year.

The construction division, specialising in mass-housing projects, is the bright star of the group in terms of growth potential This division contributed R5,3m (R3,3m) to pre-tax, pre-interest income and, material and labour shortages aside, further growth is expected.

Bester warns that earnings per share could drop this year. Last year was the type of year highly geared companies were worth being in. This year the opposite holds, notwithstanding long-term potential.

Ian Mail

(4) The following subprogram illustrates the use of an adjustable array. The subprogram calculates the sum of the elements in an array, but each time the subprogram is referenced, the dummy array may have different dimensions.

Note that, in the referencing program, one value for AREA will be returned in the function reference. Another value will be returned as the value of PERIM. This value must not be used in the same statement as the function reference, but can be used in statements that are executed after the function reference. If a value is to be returned to an actual argument in the function reference, that actual argument must not be a constant; this would be an attempt to redefine a constant.

The referencing program contains:

Managing file storage - what the Computing Service does

Obviously mass storage devices cannot be one hundred percent reliable - files stored on them can be lost or corrupted. Also users may accidentally corrupt or delete their own files. So there has to be some sort of backup of mass storage files on another medium. There also has to be a mechanism for dealing with the inevitable overflow of files from the mass storage devices. The UNIVAC executive system provides this mechanism. When there is insufficient available space on mass storage an algorithm (using information from the Master File Directory) decides which files should be 'rolled out' to make space available on mass storage. The term 'roll out' suggests that a tape is loaded and the files copied on to it. In fact this doesn't usually happen because on our system the backup of files is done on tapes and there is no need to make another copy of the file if a current backup copy of it already exists on tape.

Obviously there cannot be a continuously up to date backup of all files. The Computing Service attempts to provide backup that is not more than 24 hours out of date (60 hours at week-ends). This only applies to files on 'fixed' disc - files on removable disc are backed up less often and user files stored on drum are not backed up at all.

Each night Monday to Thursday and at about midday on Saturday a program called SAVPAR is run. This program searches the Master File Directory for (fixed disc) files which have been updated or created that day and causes a copy of each such file to be written on a tape. It also notes the name of the tape and the date in the Master File Directory. If a file is being used at the time SAVPAR wants to make a copy of it on tape then the copy is not made. Typically SAVPAR makes copies of 300-500 files per night and requires 5 tapes.

On Friday evenings a program called SAVALL is run. This program causes a copy to be written on tape of every file that is currently catalogued on fixed disc. This inc 'rolled out'. For these files the copy is on tape. SAVALL also notes the name c File Directory. SAVALL takes a long time files are 'rolled out'. Typically SAVALI es. If these files were all on mass stora approximately 100 000 tracks of sto 0 000 tracks currently available. SAVAI ter that the tapes are used again.) e partial saves since the second last SAVA

In addition to e SAVALL also PACK each program file b C8 @PACK command removes non-current copi his saves a great deal of space (on di developing programs tend to make many upd neglect to PACK their own files.

In order to pr ecoming too large and to limit the time t L, files which have not been assigned fc he system. This is done monthly (near mi A copy of each file being 'removed' entry in the Master File Directory is del year. Typically about 1100 files are r ese are ever loaded again on request of a

Another way the ricted and the amount of storage used t holders to one file per account and pla is file. In contrast to the severity e ne system for restricting storage used by is distinctly friendly. Each departmen the Computing Service calculates the a ent. Each department for which storage s sent a friendly warning about possible negotiable!

R15.5-m contract to Savage & Lovemore

Savage & Lovemore Transvaal, a member of the Darling & Hodgson group, has been awarded a R15,5-million contract as part of the construction of a military base near Pretoria.

The contract will involve terracing, roadworks, reticulation, water sewerage and drainage of an area of about 75 ha of land.

Work has begun and is due for completion in 1983.

STREAMLINED

The Darling & Hodgson group has streamlined its construction and contracting operations by bringing them under one flag — D & H Construction under the managing directorship of Mr Alex Combrink.

Announcing the reorganisation was previously undertaken by the Savage & Lovemore and Powler-Combrink companies, the latter of which Mr Combrink was MD.

Mr Alex Combrink — managing director of newly formed D & H Construction.

Grange, who was deputy managing director of Savage & Lovemore, becomes deputy MD in the new division.

Mr Gerry Schoonbee, previously managing director of Savage & Lovemore, takes over responsibility for the group's opencast coal mining and related operations and has been appointed group division managing director of D & H Coal.

Grinaker lifts profit 53% to R15m

By DAVID CARTE

BOOMING construction profits more than offset lower electronics profits to lift Grinaker Holdings to a 34% earnings and a 67% dividend rise in the year to June.

The bustling construction and electronics group that became part of ATI in January in exchange for control of National Bolts and Claude Neon increased pre-tax profit 61% to R24 217 000 and taxed attributable profit 53% to R15 237 000.

Earnings a share based on the weighted number of shares in issue during the year were 269c (201c).

A final dividend of 55c has been declared, making 80c (48c) for the year.

The chairman, Mr Ola Grinaker, said the acquisitions had been in the fold for only half a year, so did not have a large impact on earnings.

National Bolts — 64% owned — has just reported a 32% earnings increase and 51%-held Claude Neon a 22% earnings rise.

He said the group's good progress in 1980 could be ascribed largely to a record year in construction.

The electronics division had had problems breaking into the potentially lucrative export market, incurring heavy marketing costs.

Mr Grinaker is more confident than most of his colleagues about prospects for construction. He said the order book was significantly better than a year ago. Competition in tendering was still fierce, but margins were reasonable.

He was more optimistic than his colleagues as Grinaker tended to rely less on the public sector than the private sector and public-sector spending on construction was subject to cutbacks in tight economic times.

He said spending on roads was already slowing, but Grinaker had redeployed its earthmoving equipment in mining work. The group also had plenty of concrete projects and had increased capacity there.

Some big contracts included R20-million bridges over the Umkomaas and Umhlatazana rivers in Natal, the R20-million Sendili Dam in Ciskei and a joint project with M&R to build the SAB brewery in Rosslyn.

The concrete sleeper division had received a R27-million order for sleepers for extra loops on the Richards Bay line and was building a factory for this contract at Vryheid.

Mr Grinaker said higher interest rates might curb private sector spending on construction, but Grinaker had plenty of momentum behind it.

COMMENT: The results and particularly the more generous dividend will be a pleasant surprise to the market. Mr Grinaker's optimism and the recent track record should keep the share price at current dizzy levels.

A possible amendment would be to provide as follows -

For the purposes of this section 'future exepnditure' in relation to any year of assessment means an amount of expenditure incurred either prior to or after the end of such year in respect of which the Commissioner is satisfied a deduction or allowance will be granted in terms of this Act after the end of such year -

(c) The reference in s24C(1)(b) to *an asset in respect of which any deduction will be admissable* is wide but could be narrowed down when read with the provision s24C(2) to the effect that the Commissioner must determine the amount of future expenditure which relates to a particular amount of income. An asset acquired more specifically for one contract might be used on several and thus the cost might not all be treated as future expenditure in respect of a particular contract. This could cause a problem as it may well be that an advance payment is in fact negotiated particularly to acquire the plant in question and if any portion of the advance is taxed there could be a problem.

The practise of some contracting firms to acquire all their plant in a separate company and [illegible] the contracting company so as to obtain accu[illegible]tween contracts could cause problems under this

(d) Before any allowance [illegible] must have been received or must have accru

(e) The section refers t[illegible]us is not restricted to long term contracts or [illegible]racts. The initial problem was related to c[illegible] and reference was even made to this in the [illegible]m to the Income Tax Bill 1980 however no such [illegible] in the Act.

(f) The Commissioner mu[illegible]he income received or accrued from the cont[illegible]utilised to meet future expenditure on the [illegible] then allow a provision limited to the loss[illegible]e future expenditure. Note that on this basis [illegible]vision for a loss.

(g) The Commissioner ha[illegible]ed that the taxpayer will incur the expenditu[illegible] performance of his obligation under the con[illegible] does not have to impose on obligation in pr[illegible]pecific expenditure.

(h) An allowance made al[illegible] will be included in

Excellent year for Grinaker

Grinaker, the construction and electronics group, has reported a 58 percent increase in attributable income to R15,2-million for the year ended June.

Pre-tax income was up 65 percent to R24-million.

Earnings a share increased by 34 percent to 269c from which a total dividend of 80c will be paid.

During the year, the company became a subsidiary of ATI and at the same time acquired ATI's controlling shareholding of National Bolts and Claude Neon.

The results of these two acquisitions are included from January 1.

The directors are optimistic about prospects for the current financial year pointing out the the group is stronger than it was last year. Income is expected to show a satisfactory increase for the new financial year. —

Ann Crotty.

Sun 23/8/81

3. USING THE UNIVAC 1100/81 SYSTEM

3.1. POWERING ON THE TERMINAL

Power on. If the terminal refuses to comply check if it is plugged in and switched on at the wallplug.

3.2. LOGGING IN TO THE COMPUTER

3.2.1. VDU's.

There are two types of VDU configurations. The Standard type and the STN type.

1. To make contact with the computer:

   (i) on the Standard type of terminal, type in

   U1106n

LTA and Jacobs of California link to form national energy giant

By Frank Jeans

A new giant in the chemical, energy and minerals engineering fields has been created with the linking of the LTA group and a major international construction company, Jacobs Engineering of California.

The formation of Jacobs-LTA Engineering — the South African company will have a 55 percent interest and Jacobs 45 percent — is the "tieing of the knot" after a successful three-year courtship in which the two have been involved in projects including diamond recovery and coal-processing operations.

The alliance will now form the base for a spread of specialised projects in South Africa and, although an announcement on these would be premature, it can be assumed that they will cover energy and petrochemicals.

Jacobs strengthening of its stake in South Africa is through the dynamic Mitec division of LTA which controls mechanical, electrical and process engineering work, and had charge of projects such as the R100-million uranium-processing plant at Vaal Reefs.

Mr David Thompson, chairman of Mitec, heads the Jacobs-LTA combine.

Jacobs, founded by Dr Joseph J Jacobs as a chemical-engineering company in 1947, is involved in more than 30 countries and has a total contract value of 1 000-million dollars.

Jacobs is in the top league of energy-supply assessment and through computer techniques, keeps the US Government and the big oil companies up to date on demand, supply and prices for oil, gas and petrochemicals up to the end of the century.

Announcing the formation of Jacobs-LTA in a joint statement in Johannesburg with Dr Jacobs, the chairman of LTA, Dr Zach de Beer, said:

"There are different paths to growth, but in traditional activities such as building and roadmaking — both highly competitive and cyclical — it is better to seek growth through diversification and development of skills.

"Several of our major competitors, quite naturally from their point of view, have elected to diversify right outside the construction field. I don't deny that our refusal to do so has to do with our membership of the greater Anglo American Group.

"But, I am comfortable with the idea that LTA should be and remain a specialist in the field of construction and engineering services," said Dr De Beer.

Mr David Thompson who heads a new giant in the engineering industry.

IAIL, Friday, July 31, 1981

R705m work on hand for LTA

By DAVID CARTE

LTA has uncompleted work on hand worth R705-million, says the chairman, Dr Zac de Beer, in his annual report.

This is a 53% improvement on the comparable 1980 figure of R459 000 000, but Dr De Beer declines to discuss prospects in the report.

The managing director, Mr Mike Ridley, told a Press lunch yesterday that LTA's fortunes historically had followed the gold and foreign exchange reserves by about 18 months.

Dr De Beer warns in his report that the construction industry may well suffer disruption as a result of labour disputes. He is glad that a labour expert, Professor N E Wiehahn, has joined the LTA board.

LTA, he says, respects the right of workers to "free collective bargaining".

The building, civil engineering, steel and heavy engineering industries are separately organised with consequent differences in pay and conditions between groups of LTA employees.

"We are convinced that the ideal will be an arrangement involving national industrial councils capable of negotiating nation-wide agreements."

LTA has been hard pressed by the skilled manpower shortage, but has recently been successful in recruiting high-calibre staff in the depressed UK.

According to one LTA director, LTA on its own could employ every civil engineering graduate emerging from all SA universities.

Dr De Beer makes a strong plea in his report for "one of the most elementary and fundamental features of the free enterprise system, namely, free and unqualified home ownership" for all South Africans who can afford it. This would benefit not only LTA but the whole nation.

Dr De Beer says profit margins on contracts secured in the past year were increased on the "very fine" margins of a year or two ago.

Adequate escalation formulas are vital in an inflationary climate and he views with alarm attacks on these formulas, which though inadequate, have enabled accurate cost and revenue estimation in the past.

Without present escalation formulas, he says, bidding will be higher and less reliable.

A 10-year financial record shows that although it operates in one of the most cyclical industries, LTA has increased earnings annually for the past decade. The dividend also has increased every year except 1977 when it was held.

Mr Ridley said LTA aimed at dividend cover of 3, but this would be achieved gradually. Last year dividend cover was 2,8.

A remarkable feature of an otherwise liquid balance sheet is that there are net current liablities of R10 450 000.

LTA's financial director, Mr Colin Wood, said this reflected careful asset management. Payments on contracts, he said, more often than not ran ahead of creditors, so creditor finance was used where possible.

Last year LTA lifted turnover 28% to R607-million, pretax profit 25% to R16 821 000 and taxed attributable profit 36% to R10 686 000. Earnings a share were 36% better at 83c (1980:61c) and the dividend was 25% ahead at 30c (24c).

COMMENT: LTA has not diversified out of construction and therefore remains highly vulnerable to the economic cycle and Government spending in particular.

This is true even though SA has a huge building backlog. It is a sad truth for LTA that it is easier to cut expenditure on roads, dams and even mass housing than on other social items.

The steady profit record is evidence that in good times LTA stores up fat for lean years.

Materials up 35%

The cost of materials for building has increased 35 percent in the past year.

This is revealed in figures from the Department of Statistics.

Taking 100 percent as an index base in 1971 for other than single dwellings, the price of materials has soared to 320,6 percent.

Despite rising prices there has been little let-up in building activity and value of plans passed from January to July this year was R2 116-million (R1 342-million).

Home-building continues on a healthy trend with plans valued at R774,4-million (R578,8-million).

The italicized parameters ar… the same as those for the DO statement (see 5.4). For exa… (ARRAY(K), K=3,5) refers to the array elements ARRAY(…(5), in that order. This illustrates one of the advantages of a l… selected array elements to be referenced without the use … -implied list (MATRIX(J), ARRAY(J), J=1,3) refers to …K(1), ARRAY(1), MATRIX(2), ARRAY(2), MATRIX(3), and …

Examples of DO-implied lis…

(1) ((ARRAY(J,K), J=1,5,2…

refers to ARRAY(1,3), … ARRAY(1,4), ARRAY(3,4), and ARRAY(5,4), in that or…

(2) (ARRAY(J,K), J=1,3)

refers to ARRAY(1,K), …,K), in that order, where K was defined previous t… WRITE statement containing the DO-implied list.

(3) (((ARRAY(J,K,M), J=1,J2), K=1,K2), M=1,M2)

refers to the array elements of ARRAY in their natural order if J2, K2, and M2 were the declared dimensions.

(4) An example of an I/O list containing a DO-implied list is:

A,B, (C,ARRAY(K), K=3,5)

refers to A,B,C,ARRAY(3),C,ARRAY(4),C, and ARRAY(5), in that order.

(5) The elements of an array can be referenced in any order. For example,

((ARRAY(J,K), K=1,L), J=1,M)

interchanges the order of subscripts of ARRAY.

(6) An example of a DO-implied list within a DO-implied list is:

((A(I,J), I=1,10,2), B(J,3), J=1,K)

The order of reference is clearer if shown as follows:

```
DO   J=1,K
 DO  I=1,10,2
  A(I,J)
 B(J,3)
```

Thus, the order of reference is:

A(1,1),A(3,1),A(5,1),A(7,1),A(9,1),B(1,3),
A(1,2),A(3,2),A(5,2),A(7,2),A(9,2),B(2,3),
.
.
.
A(1,K),A(3,K),A(5,K),A(7,K),A(9,K),B(K,3)

FUND

Plant costs doubled in four years

Star 8/9/81 (32)

The cost of financing earthmoving and road-construction equipment is becoming a major problem, says Mr Ron McLennan, managing director of Murray & Roberts (Roads and Earthworks).

"Over the past four years," reports Mr McLennan, "plant costs have risen by more than 100 percent. A major item such as a D9 bulldozer now costs R400 000 — about the same as a twin-engine aircraft.

EXERCISE

"What's more, maintenance costs have gone up by a similar percentage. Many earthmoving contractors will find that their plant can no longer earn its keep at current tender prices, and will have difficulty in maintaining sufficient liquidity to maintain plant fleets at current levels, quite apart from making profits."

Maximum use of plant is solving only part of the problem. R & E recently carried out an excercise which revealed that it should allow in excess of 40 percent above normal depreciation to provide the cash to maintain fleet numbers and efficiency.

WORSENED

"I believe that some contractors are not providing for this situation," says Mr McLennan.

The R & E chief also believes that the problem is being worsened in that the Government is still pursuing "a stop-go policy on roadwork and allied fields, despite appeals from industry to smooth out work volumes."

"Whenever there is an oversupply of money, the authorities start their anti-inflationary attack by slowing down the development of the infrastructure and they invariably pick on roadworks first.

"Apart from the traumatic impact this has on the construction industry, it is not necessarily good for the country, as a sound infrastructure is an essential prerequisite for sound economic growth," says Mr McLennan.

Mr Ron McLennan—plant costs a major problem facing the industry.

F

8.1.2. Extern

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Instructions for ACS

ement Functions and Intrinsic Functions

(function and subroutine subprograms) are function
e more than one FORTRAN statement for definition
for execution. Therefore, the set of instructions is
ıe coded program and placed *out-of-line* so that it
e coded control instruction. After execution, control
ogram by another machine coded control instruction.
tion COS is referenced many times in a program, the
ear as in Figure 8–2.

last instruction to be executed

data

cosine procedure

Figure 8–2. Out-of-Line Coding of External Procedure Subprograms

Cement rationed as demand soars

Star 7/9/81 (32)

By Bob Davis

Cement rationing comes into force in South Africa from Monday and is likely to last until the end of November.

Mr Hartley van Schalkwyk, general manager of the Cement Marketing Organisation, was reluctant to disclose the extent of rationing but said it was based on quantities bought by customers in recent months.

He said all regular customers had been advised of the quantity that would be available to them on a weekly basis.

An advertisement in today's Star warns customers who have not been advised of an allocation not to call at the factories for supplies, "since it will not be possible to serve them."

Total production in South Africa is now 9-million tons and Mr van Schalkwyk said that up to 18 months ago this had been adequate.

Shortages had not been foreseen and as recently as May it was still thought that the increased demand would be simply a seasonal phenomenon.

STOCKPILE

This morning he told The Star: "We will ration cement until at least the end of November and will stockpile during the December recess."

Mr Lou Davis, executive director of the Building Industries Federation, said cement and other building materials shortages should no longer be seen as a seasonal phenomenon.

"South Africa is short of 500 000 housing units for all races and there are massive Government and other projects to keep the industry running at peak capacity."

Mr Davis said he foresaw no slackening in demand for the remainder of the century.

SLAGMENT

Meanwhile builders throughout the country are using slagment as a cement substitute.

Slagment is a by product of the steel industry and when mixed with cement it sets to identical strengths after 28 days.

The cost is 30 percent lower.

Construction engineers told The Star that cement savings can be achieved by working closer to specification and by using wood or fibreglass for non-structural purposes.

MATERIALS COSTS UP 35 PERCENT IN YEAR

S. Tribune (32) 13/9/81

Property Reporter

THE cost of materials for building has increased by 35 percent in the past year and in the first quarter of 1981 has surged by 7,9 percent since October last year.

This is revealed from the latest figures from the Department of Statistics which relate to rates for about 270 items which appear in bills of quantities for tenders for various types of building and excluding single dwellings.

Taking 100 as an index base in 1971, the price of materials has soared by more than 200 percent in the 10-year period to 320,6.

Despite the rising prices, however, there has been little let-up in building activity for, according to the department, the value of plans passed from January to July this year was R2 116 million compared with R1 342 million for the same time in 1980.

The home-building sector, too, continues on a healthy trend with plans valued at R774,4 million for the period as against R578,8 million for the seven months in 1980.

examples of activities in certain nations will follow.

retailer, innovativeness of the culture and many others.

economic level in the country, economic size and philosophy of the

sophistication of distribution methods varies greatly on the

Retailing varies greatly and is prone to many changes. The extent of

retailers.

- quality of service offered.

- size and number of wholesalers and

Builders press for imports

Uproar over cement ration

BUILDERS are up in arms over the Cement Marketing Organisation's decision to ration cement in the Transvaal from today.

For months, a running shortage of about 140 000 tons has forced builders and contractors to queue up at cement factories on the Reef and in Pretoria — often all night — to buy cement after being undersupplied by rail.

By SUSAN DALLAS

Contractors, hamstrung by bottlenecks in the supply of labour and other building materials, face serious financial losses because of delays in completing contracts.

Builders say the CMO has washed its hands of the real problem.

Mr Basie Pretorius, director of the Master Builders and Allied Workers Association, said he believed cement producers had a moral obligation to ease the shortage of cement by importing it.

"Producers, merchants and the CMO want nothing to do with importing cement. Rationing indicates the position has got worse.

"As the cement industry is essentially a monopoly, the producers should take responsibility for the shortage and make arrangements to import.

"Instead, the attitude is, 'Mr Contractor, if you want imported cement, import it yourself.'

"According to information I have, we could import cement from Maputo at a landed delivered cost that is not excessive," Mr Pretorius said.

But a CMO spokesman said his organisation would not consider importing because of the price control on South African cement. It would be impossible to sell cement at two different prices.

"Price control in the industry is a major problem. Cement producers have made it clear they do not make enough money to expand quickly enough to meet unexpectedly high growth.

"Where does a monopoly's responsibility end? If it is not making enough money what more can it do?"

The cement industry had achieved a comparatively small return on its investment in the past decade — 10% in 1971 and 8% in 1979. The authorities had agreed that it should achieve a return of about 15%.

The CMO spokesman doubted that the Maputo factory produced enough cement for export, but contractors were welcome to import cement if they could.

Imports were not a viable proposition because of the high cost of transport — railage from ports to different parts of SA would cause a disparity in prices.

On the industry's failure to meet growth in demand, Mr Pretorius said manufacturers knew how cyclical the building industry was and should have prepared for an upswing. He thought producers had not planned sufficiently for growth.

"We know how much population has increased and along with it the need for more factories, shops and houses," he said.

The CMO spokesman replied that growth rate in cement sales — about 46% between 1979 and September 6 this year — was unprecedented.

He gave the industry's capital-intensive nature, comparatively low returns on investment, and the time lag in planning a plant and bringing it on stream as reasons for the failure to meet demand.

In 1979 the industry's capacity was 7 200 000 tons a year — well ahead of sales for that year of 4 997 868 tons.

But the surplus capacity — expected to last until the end of 1983 when two major factories come on stream — was not sufficient to cope with the increased tempo of building activity, especially on the Reef.

Cement sales grew by 24,21% in 1980 compared with 1979, reaching 6 207 676 tons.

In the first eight months of this year sales jumped again by a further 17% compared with the same period in 1980 reaching almost the 1979 total with another four months to go to the end of the year.

The shortage is most acute in the Pretoria-Witwatersrand-Vereeniging area which has taken 40% of this year's cement production.

The CMO plans to detour 350 000 tons of clinker (rough cement) from the Western Cape to the Durban grinding factory for redistribution to more needy areas.

The spokesman said: "Even with the surplus capacity in 1979 which we expected to be sufficient, one new plant was planned to come on stream in November this year — a R42-million kiln at Lichtenburg to produce 450 000 tons."

Along with an expected fall in the growth of demand, the CMO believed this added production would end the shortage and carry the industry through until two plants, one in Natal and one near Kimberley, came on stream in 1984.

The spokesman said another two major problems in preparing for the future were estimating cost of expansion in a climate of inflation — the annual cost of producing one ton of cement had risen from R30 eight years ago to R125 today.

He said sales figures could make demand look greater than it was because some builders bought more than they needed.

Mr Pretorius said some builders had bought more than they required and this would allow several contractors to cope with the current shortage.

Looking ahead to the year 2 000, the Cement Producers Association projects that cement sales will total 15-million tons. It plans to increase capacity to meet this figure.

The CMO has taken other methods to cope with the shortage. It is marketing Portland blast furnace cement — a mixture of cement and slagment, a by-product from Iscor's steel production.

Buyers who try to escape rationing by queuing up for supplies at factories will go away empty-handed — the CMO will not sell to regular clients at the factory.

Clients have been sent letters telling them the amount of cement they have been allocated based on their buying record.

According to Mr Pretorius, contractors whose current contracts are affected by the shortage may avoid penalty clauses by arranging extensions to the time for completion, but they will be unable to avoid indirect losses.

He said workers would have to be retrenched and would be probably be lost to the building industry.

RDM (32) 14/9/81

RUN AA PAGE 23

Grinaker reports outstanding results — prospects even better

By Patrick McLoughlin

The chairman of Grinaker Holdings — the construction and electronics group that recently reported strong profit growths for the year to June 30 — is predicting further increases in the current financial year.

Mr Ola W Grinaker, in his annual review, said: "We commence the new financial year with a group very different and stronger than last year, with our progressive image intact.

"Prospects for the year that lies ahead are more encouraging than ever before."

His comment partly includes to the "major change" when the go-ahead group became part of Anglo-Transvaal Industries in January in exchange for control of National Bolts and Claude Neon (SA).

Nearly 65 percent of the total equity was acquired in National Bolts and 51 percent in Claude Neon in exchange for the issue of 1,4-million Grinaker shares.

The move, according to Mr Grinaker, was to broaden the base of the group's activities and to protect itself from "possible unwelcome takeover attempts."

Mr Grinaker continues: "We are confident that your company has emerged stronger and more important and it has allayed the uncertainties of the senior and junior executives and the staff."

He said the "synergy" that would develop to the advantage of both Grinaker and ATI was already making itself felt with encouraging prospects.

Several weeks ago Grinaker said it had lifted earnings 65 percent and dividends 67 percent. The pre-tax profit was R24-million and annual dividends 80c (48c) — when booming construction profits more than offset the lower earnings of its electronics arm.

The electronics division had difficulties, and incurred heavy losses, when it tried to break into the potentially lucrative export market.

The two Grinaker "new boys" have also reported good yearly earnings rises, but they only contributed six months of their profits to their new owners.

During the year capital expenditure, including the acquisitions of Claude Neon and National Bolts, was R20,5-million, a record level.

Depreciation of fixed assets of around R8-million annually at current levels would assist in funding the capex and the group's debt-equity ratio was a healthy 39 percent.

At the group's annual meeting next month the directors will seek permission from shareholders for the right to allot or issue 568 000 unissued authorised ordinary shares.

"The company has commenced the new financial year with a full order book and prospects for increased profits are good," he said.

TABLE 13: CAPITAL-OUTPUT RATIOS, 1971, 1976 AND 1978

a) All Sectors: K,Y measured in millions of rand, 1970 prices)

	1	2	3	4	5	6	7	8	9	
	Agriculture	Mining	Manufacturing	Electricity	Construction	Commerce	Transport etc	Finance	Services	All
1971 K	2 403	1 885	3 174	2 182	178	1 702	4 726	6 479	7 545	30 274
Y	1 154	1 170	2 847	329	576	1 912	1 215	1 520	1 821	12 543
	2,08	1,61	1,11	6,63	0,31	0,89	3,89	4,26	4,14	2,41
1978 K	2 848	2 825	5 046	3 615	231	2 468	7 613	8 868	12 027	45 541
Y	1 351	1 257	3 342	507	591	2 420	1 801	1 867	2 418	15 554
	2,11	2,25	1,51	7,13	0,39	1,02	4,23	4,75	4,97	2,93
% increase in K/Y	1,6	12,1	36,0	7,5	25,8	14,7	11,1	11,6	19,9	21,6

b) Manufa

M and R beats a billion, lifts earnings 50%

RDM 16/9/81

WITH Koeberg losses out of its hair and its three main divisions reporting "major improvements", Murray & Roberts built a fortune in the year to end June.

By DAVID CARTE

The country's biggest construction group that diversified to become a conglomerate notched up turnover of more than R1 000-million for the first time and lifted earnings 50% in the year to end June.

The directors say the group moves into its 80th year "with confidence".

A final dividend of 35c has been declared, making 46c for the year, a 35% rise on the 34c paid last year.

Sales rose 42% to R1 216-million, pre-tax profit 69% to R50 831 000 and taxed attributable profit 57% to R28 598 000.

M&R made profits on the sale of assets of R3 000 000, compared to R3 400 000 last year, making stated earnings 50% better at R92 507 000, equivalent to earnings a share of 156c (104c).

Most the profit on the sale of assets came from properties being off-loaded from the property division, which is being wound down. The directors warn that these profits are likely to be "sporadic" in future, as the property disposal programme is "virtually complete".

Earnings of associates, which are included in the total, rose 48% to R11 413 000, of which R6 120 000 R3 737 000) was received in dividends.

With these results, M&R has lifted return on equity to nearly 30% (23%) and on capital to 35,5% (26,7%).

Managing director, Mr Des Baker, told Business Mail that losses at Koeberg, which last year exceeded R3-million, did not recur, giving the group a flying start this year.

He said the three main divisions, construction, industrial and supplies and services all made "major improvements".

Mr Baker said the construction division had enough work behind it to ensure another good year at least and he was confident for it in the medium term.

The completion of Sasol 3, he acknowledged, would hurt the engineering sector but there was plenty of work in mass housing. In addition, the mines and Escom were still building apace.

Mr Baker said the industrial companies had had a "tremendous run" but he was receiving first reports now of a slowdown from some companies.

Mr Baker said he could not say off the top of his head how much earnings growth had come from acquisitions and how much was organic.

He said the rising cost of money was a problem to M&R. They made it "damn necessary" for M&R to achieve a 35% return on capital.

Mr Baker said dividend cover, up to 3,4 from 3,1, would stabilise around present levels.

He said M&R was looking at one or two fairly big industrial acquisitions, one of which could be consummated in six to eight weeks.

Asked if Court Helicopters was to merge with, sell to, or buy Republic Helicopters, as rumoured, he said the two companies were "liasing" but not necessarily with a view to a sale. They might share facilities.

COMMENT: Since property profits are unlikely to continue at past levels, it is best to consider earnings excluding these in calculating a PE. Earnings without surpluses on asset sales would have been about 127c (81c), so the current share price of 680c is about 5,3 times earnings.

It offers a yield on the new dividend of 6,8%, which, all things considered, looks fair value.

Vaal Reefs (5/mar)

Santamba... profit up 2...

Financial Reporter

SANTAMBANK has ... its profits by 25,6% ... R8 150 000 to R10 200 000 ... year to June 1981.

Total assets have ... 32% and now amount to ... million. In three years, ... and assets have both ... doubled.

Profits of the Mondorp ... are not included in these ... Mondorp has declared a pr... R2-million and now appear... on the way to recovery wi... further assistance ... Santambank.

In spite of its excellent ... Santambank will not de... dividend, the published ... will be transferred to reserv... strengthen its capital ...

Spitz doubles pr... and raises divid...

By HAROLD FRIDJHON

M & S Spitz Footwear holdings has doubled its profits for the year to June 1981. Attributable ...

International (Pty), a wor... clothing manufacturer, and C... nental Fashion Accessories (P... handbag manufacturer.

A new point of de...

Some countries have privi wn as Free Trade Zones. These facilitate internat n the difficulties caused by various import rade Zones are generally government ownec stoms. They are in= stituted so that a country business activity within its boarders. Ther ese throughout the world taking the form of f nes, free perimeters and other speciality types

Free ports and trade zones goods to be stored or processed in some manner equired import duty.

Manufacturers ship their go ts like Hong Kong and Barcelona and then to o ller quantities as the demand arises. Duty is enter a duty area.

Transit zones and free paran free trade zones, but smaller and only allow s

Building plans double

EAST LONDON — Building plans passed by the city council so far this year are more than double the value of plans passed during the comparative period last year.

From January to August this year 647 plans valued at R15,1 million have been passed, compared with 524 plans valued at R7,8 million passed during January to August last year.

Last month 75 plans valued at R1,5 million were passed by the council — a slight drop on last years monthly average of R1,6 million.

The largest single development to have been approved last month were plans for R300 000 additions to the Paka Products factory in Settlers Way.

The second largest project, and the only other one over R100 000, was the proposed Greenfield Baptist Church in Jan Smuts Avenue valued at R180 000. — DDR

In Belguim and the Netherlar re merely areas of land next to manufacturing ced off and used for packaging, grading and cleaning. When goods having been stored in these zones leave for another country the country they leave does not receive import duties.

Departments of commerce have information on free trade zones throughout the world.

These zones have many advantages and must be evaluated as part of the organisation. (See diagram 2)

There are three physical distribution patterns in world markets. The first occurs when a company manufactures in one country and supplies a number of consuming markets. Physical distribution is centrally managed with manufacturing under direct control of the marketing function. The principal role of the distribution function is thus to ensure that goods reach consuming countries in the most optimal way and that optimal inventory levels are maintained. Although this leads

sampling error

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The advan which is (nationwide,

Rapid work on George Goch hostels

Star 22/9/81 (21) (32) 12

The Murray & Roberts group is renowned for its "fast track" jobs these days — the Sol Kerzner Entertainment Centre at Sun City is a splendid example of record scheduling — and in housing too, there is no room for delay.

Through its Systems Building Division, the company built a hostel complex in just five months for more than 600 Rand Mines workers who were displaced by the decision to close down City Deep hostel.

DEELKRAAL

"The new hostels in the George Goch Area should initiate a new era in housing for migratory labourers on the Reef," says Mr Peter Vos, manager of Building Systems.

And at Deelkraal mine M & R has signed a R8-million contract for 163 houses for white miners and staff over a contract time of 14 months.

Not only is this a fast operation, but high quality is combined. Mr David Thomas, manager of M & R's Housing Division says: "These homes would sell for about R60 000 each in today's market."

In the industrial and commercial area too, the group wastes no time in construction.

Two new Checkers stores in the Transvaal-Witbank, and Klerksdorp — have been handed over, representing a total R16-million contract being completed in about 40 weeks.

Down at Richards Bay, M & R in association with Grinaker is on a round-the-clock work schedule to complete the harbour-extensions operation — a contract which originally began at R10-million but now stands, through escalation, at R20-million.

Another prestige M & R contract along with LTA which has been boosted by a further R15-million is the building of the kawZulu Legislative Assembly. Another administration block has been added.

ghts by also be given by the fferent strata and sub-

mpling is its speed of operation on polls needing quick, perhaps Reputable pollsters such as Gallup and Harris on the whole achieve fairly good results in this way.

Probability Sampling

In further sections we shall look more closely at S.R.S., stratified sampling, cluster, systematic and multi-stage sampling, ratio and regression sampling. The principles will be explained and some of the theory outlined.

Definitions

A <u>population</u> is made up of <u>elements</u> or <u>elementary units.</u>
A group of elementary units is called a <u>cluster</u> (e.g. a household of people, a carton of light bulbs.
A <u>list</u> is an inventory of units (cluster or elementary) in a population

elimina[illegible]e tax effect, from the ear[illegible]ore calculating its sha[illegible] company.[58] In subsequ[illegible]d increase the associa[illegible]ate amount to reflect[illegible]ortion of the assets cost representing capitalised interest.[59]

RDM 22/9/8 (32)

Rural areas drive

By PAT SIDLEY

MURRAY & Roberts design and project management company, Engineering Management Services, has formed a subsidiary called Agricultural Management Services to "initiate, develop implement and manage large-scale rural development projects in the underdeveloped areas of Southern Africa".

The company's main aim will be to improve the production of crops, but it will also have an animal husbandry section with which it hopes to improve the quality of stock in underdeveloped rural areas.

The managing director, Mr Ed Baylis, believes the new company is needed because black-occupied rural areas are usually farmed by old-fashioned methods and are not meeting their full potential.

"The result is that the farming activities very seldom support the local populace adequately and there has consequently been a steady drift from these areas to the towns, causing social problems and unemployment.

"Good agricultural development leads to the creation of an infrastructure, and more jobs became available to more people throughout the area," he says.

If the associate company has borrowings from other parties as well, then no adjustment is required. If other borrowings, however, are less than the accumulated expenditures for the qualifying asset, the adjustment of the associate company's earnings shall be based upon the additional interest capitalised as a result of borrowing from the investor company.

Building boom is past peak, says bureau

Mail Correspondent

THE peak of the current building boom was probably reached this winter, and the rate of cost increases has begun to slow down, according to the University of Stellenbosch Bureau for Economic Research.

The bureau said in its survey of the industry released today (Sept24th)that the downturn had been accompanied by a definite decline in the general level of business confidence, but that this was still high and comparable to that of the 1973-74 boom.

Building costs measured by the bureau's index rose by an annual rate of 31,8% in the second quarter of the year compared with a rise of 35,8% for the first quarter. The index had started to stabilise and it was probable that by the fourth quarter the annual rate of increase would drop to a figure more in line with inflation.

"Should a rate of 16% be realised in the fourth quarter of 1981, this will nevertheless imply that building costs have increased on average by 27% during 1981," it said.

(32)

BUILDING INDUSTRY

The tender trap

FM 25/9/81

The prolonged building upswing which started in late 1978 has hit its peak and, after two years of frenetic activity, the industry is now going through a period of consolidation. But, says Stellenbosch University's Bureau for Economic Research (BER) in its latest building survey, there is a definite decline in business confidence. The current climate is on a par with the mood which prevailed during the 1973/1974 economic boom.

So there is no cause for alarm, but the industry started a sideways shift at the beginning of 1981 and is definitely cooling off.

Besides a softening of optimism among contractors, manufacturers and merchants, an important indication that the building industry has peaked, is the marked increase in competition for tenders. The BER points out that fairly consistently in the past the tender indicator has been inversely related to the general economic cycle.

In a downswing phase, the tender competition predictably rises and, in an upswing, it drops. For instance, in the first quarter of 1978, when building activity was on the increase, the competition for work dropped sharply. During the second quarter of this year, competition trends were reversed. Conclusion: the building cycle is on the downgrade.

And then there is a decline in the annualised percentage rate of increase in the BER Building cost index. In the first quarter of 1981, it rose 35,8% against the same period in 1980. In the second quarter of 1981, the year-on-year comparison dropped to 31,8%. And a preliminary projection for the third quarter of this year shows that the increase will drop to 26,5%.

So, concludes the BER, although building costs will continue to rise in the near future, the rate of increase will slow down. It attributes the deceleration to the increase in tendering competition. And viewing this as a trend, the BER predicts that by the fourth quarter of 1981 the increase could be more in line with the inflation rate, at around 16%. But that would still put the yearly increase in building costs at 27%.

According to the survey, building activity has dropped for the first six months of 1981 against the first half of 1980. An analysis of building plans passed during the first half of this year shows that the aggregate increase, after discounting the rise in building costs, is 27% higher than in 1980. Then, the increase in value of plans passed, in real terms, was 51% over the corresponding period for 1979.

The BER is not optimistic about residential building activity. It predicts that the market will be adversely affected by inadequate building society funds until at least the second quarter of 1982, in line with *FM* predictions (*Property* last week). However, it foresees that prospective purchasers of new homes will be able to look forward to keener tender prices during the second half of next year.

The survey sees a gradual improvement in building society funds as the increased tax-free concessions announced during the budget begin to take effect. The R25m for the public sector Home Ownership Subsidy Scheme will assist civil servants to buy homes. And by paying a bigger whack of rates, government and the provinces could assist private owners by lowering their rates bill. This, too, may have a marginal effect on the building industry.

So the overall movement in the building industry until mid-1982 will be sideways at best, and residential building activity looks set to slide.

Ailing group to get new board, cash injection

By GORDON KLING

A RESTRUCTURING programme aimed at saving the ailing Model Development group, founded by Mr Fred Harris, includes the appointment of a new board headed by the rector of the University of the Western Cape, Professor R E van der Ross, and the involvement of the massive Murray and Roberts conglomerate.

An "unquantified cash injection" is being made by the Small Business Development Corporation and Murray and Roberts recently took a 20 percent stake in the group which is one of the largest mass housing contractors in the Cape with major projects in Mitchells Plain and Belhar.

Industry sources yesterday disclosed that Model had been in a precarious financial position following the death of Mr Harris earlier this year and it has yet to return to profitability.

The Murray and Roberts injection is accordingly seen as being in the nature of a donation to preserve the identity of the largely coloured firm. Mr Harris was once apprenticed with M & R before starting Model in 1955 and had a close association with its chairman, Mr Des Baker.

M & R's contribution includes management and technical expertise in addition to finance and it has two directors on the new 10-man board chaired by Professor Van der Ross.

Other members include Mr Harris' widow, Mrs E W Harris, and Mr R J Craig, chief executive of the group.

In a statement to the Cape Times yesterday which made no mention of the group's financial difficulties, Mr Craig said the group was "consolidating its activities following the death of Mr Harris".

The largest subsidiary, Model Morris (Pty) mass housing contractors, had an order book of about R20 million comprising 2 500 houses for the city council at Mitchells Plain due for completion by June next year.

The statement said homes were being handed over at a rate of 150 a month.

The construction division had just completed a multi-million rand housing scheme of 273 units at Belhar for the Divisional Council while its individual housing division was completing an order book of about R2 million.

"Other group companies in plumbing, plastering, painting, joinery and tiling have full order books of profitable work on hand. The hotel and bottle store group also continues to operate on a sound and profitable basis.

"Model Estate Agents and Auctioneers (Pty) Ltd had a record sales turnover for the month of August, the highest ever achieved to date."

According to industry sources, Model — which employs about 1 300 people working on contracts throughout the Peninsula — was in a "pretty bad state" following Mr Harris's death, but it has the work and potential to do well in the future.

GRINAKER FM 2/10/81 (32)

Setting a new course?

Activities: *Construction and civil engineering group with industrial products and electronics divisions. Anglovaal is the ultimate holding company through Averin which owns 70%.*
Chairman: *O W Grinaker.*
Capital structure: *6,4m ordinaries of 50c; 3m 10% cum red prefs of 10c. Market capitalisation: R68,8m.*
Financial: *Year to June 30 1981. Borrowings: long- and medium-term, R8,6m; net short-term, R3,3m. Debt:equity ratio: 25,9%. Current ratio: 1,6. Group cash flow: R13,6m. Capital commitments: R13,9m.*
Share market: *1 075c (1980-81: high, 1 165c; low, 595c; trading volume last quarter, 47 000 shares). Yields: 23,0% on earnings: 7,4% on dividend. Cover: 3,1. PE ratio: 4,4.*

	'78	'79	'80	'81
Return on cap (%)	32	31	29	24
Turnover index *	100	107	142	170
Gross profit (Rm)	9,9	11,7	14,6	23,9
Earnings (c)	104	106	156	247
Dividends (c)	33	36	48	80
Net asset value (c)	476	520	670	815

* 1978 = 100

The effects of the acquisition by Anglo-Transvaal Industries of a controlling stake in Grinaker, and the consequent injection of 64% of National Bolts and 51% of Claude Neon, are not yet entirely clear. The deal took place in January this year and was therefore effective for only half of financial 1981.

But it seems the fears of some Diagonal Street analysts that overall returns, historically high for Grinaker, would start declining may be soundly based.

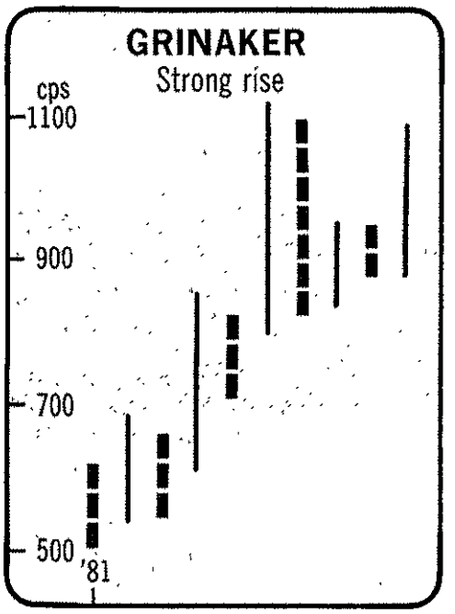
Chairman Ola Grinaker takes an optimistic view. "We are confident that your company has emerged stronger, and more important it has allayed the uncertainties of the senior and junior executives and the staff," he says. Having engineered the deal, after rejecting John Hodgson's suggestion that Darling & Hodgson and Grinaker get together, he cannot be expected to think otherwise.

Grinaker says the "synergy that will develop to the advantage of both organisations is already manifesting itself with encouraging prospects." My belief is that there is little synergy between the two injected companies and the clean structure of Grinaker pre-ATI.

Already the electronics division, Grinel, is absorbing extra management attention. Dissipating this across a broader spectrum of unrelated businesses cannot work towards improving returns. Grinel, says Grinaker, has had to overcome "some difficult problems in critical areas during the past year." The company suffered a drop in profit contribution but problems have been solved and improved profit is expected this year.

At the half-way stage the net profit increase was 44%, second-half growth was 59% and earnings per share growth for the full year was 58%; so the short-term impact on earnings fully justified the valuation of the deal.

But it is the longer-term effect which is of more concern. The imposition of ATI's cash needs on Grinaker's high retention-high return track record could be damaging. Over the past ten years Grinaker's cover has averaged about three times while over the past five years it has been bumped up to about 3,5 times.



This was because of the prudent decision to invest outside the construction field; electronics and coal mining were chosen as high-growth industries which could benefit from the construction cash-cow. But neither National Bolts nor Claude Neon has the growth potential of these targeted areas though both have high cash needs. More pertinent, however, will be Anglovaal's own cash needs.

The balance sheet is exceptionally strong and gearing could be doubled and still stay within respectable construction industry norms. But the wider spread of demands on that cash now reduces the group return capability.

From a cash point of view it would be to Grinaker's advantage to take out the minorities in National Bolts and Claude Neon and thus reduce some of the call on group funds from this area. But ATI is unlikely to allow this because of its cash needs.

National Bolts' growth rate is expected to slow in the current year while Claude Neon has "good" prospects for increased profit. That company contributes only 12% to group pre-tax profit, however, so is unlikely to effect the overall trend.

Grinaker is confident that the "very different and stronger" group will do better this year. He is probably looking for an earnings increase of about 30% and if dividends grow by the same amount the current 1 075c share price yields a prospective 9,7%. That suggests the market is confident ATI is not going to influence dividend policy.

Ian Mul

M & R aims at 30% if SA is well managed

PROVIDED the country is managed reasonably, Murrary & Roberts is looking for 30% dividend growth in the current year, says the chairman. Mr Des Baker.

By DAVID CARTE

In his annual review, Mr Baker says Murray & Roberts pledged its support two years ago to the Prime Minister's call for support for his social and economic reform programme.

"We would be less than honest if we did not express our disappointment on progress to date and thus concern in the people environment in the year ahead.

"Given reasonable 'country management', we plan that the dividend increase in the current year will be of the order of 30%."

Financial highlights of last year were a 50% rise in taxed profit and earnings to R32 507 000 and 156c a share respectively and a dividend hike of 35% to 46c, not to mention record turnover of R1 200-million.

Mr Baker says the apparent improvement in pre-tax margins (4,2% vs 3,65%) was partly the result of the changed nature of the group's operations.

Last year contracting brought in 34% (37%) of pre-tax profit, suppliers and services 17% (15%), properties 3% (10%) and the industrial interests in Marie, Elgin and Manchusar, 46% (38%).

Best growth was in the industrial division, which lifted profit 81%, giving average compound growth of 80% a year for the past three years, a rate that cannot be sustained, say the directors

But it is to the construction division that Mr Baker appears to be looking for most growth in the current year.

"The sub group's performance has still appreciable room for improvement not only in profit contributions, but also in asset utilisation Certain effects of the merger had to be ironed out during the year, which has an adverse effect on profits, but with an improvement in the quality of the order book, the coming year looks very promising."

Thanks partly to the non-recurrence of losses on the Koeberg power station, the construction division lifted profit 37%. But Mr Baker says the division is still performing "below capabilities and should show a further marked improvement in the current year".

Good results were achieved in heavier constuction in the Transvaal and the Engineering and Project Management sub-group, though EMS suffers from a "shortage of experienced personnel being aggravated by certain of the mining houses offering highly inflationary salaries."

International activities made an appreciably greater contribution Constuction, says Mr Baker, with material and personnel shortages "is not without its inflation to slow, Mr Baker expects building costs to slow and this could offset higher interest rates.

The property division lifted profit 48%, while suppliers and services had an outstanding year, lifting its contribution 75%. The property division is involved in medium sized office development but has avoided the shared holiday home concept, "which we believe is currently fraught with dangers for the purchaser".

Star of the hot performing industrial division appears to have been CI Industries.

Mr Baker says inflation accounting has "the ability to confuse rather than to clarify", particularly when equity accounting is involved, but M&R is looking at the matter, mainly to confirm its dividend policy is realistic.

In future M&R's interim dividend will be a third of the previous year's dividend. In other words the interim this year will be 15,3c.

Return on equity last year was 29,7%, on average capital 35,5% and on average assets 17,4%. Mr Baker says the return on assets is not satisfactory.

Interest bearing debt to equity was 34%, down from 1980 but this is expected to rise.

"Higher rates of interest make it necessary to achieve higher returns on capital employed if shareholders are not to suffer."

Two stalwarts of M&R retire this year. They are Dr Douglas Roberts and Mr EG Pringle

Mr Baker says in M&R as in SA, a heavy management burden is carried by relatively few people.

"With the threatened taxation of so-called perks, the adequate compensation of the few becomes increasingly difficult."

Written by FRANK JEANS

LTA Conjig's R3-m Soweto contracts

Within 10 months of establishing a special section to build houses for corporations' black workers, LTA Conjig is involved in the creation of 99-year leasehold homes in Soweto with a contracts value of more than R3-million.

Conjig's corporate housing development manager, Mr G A (Gerry) Eckhart, says the division had 21 contracts in Soweto, ranging from single houses at R9 500 each to 48 houses for the West Rand Administration Board (Wrab) (R450 000) and 24 for the SA Permanent Building Society (R600 000).

FLEXIBLE

Conjig's homes are architect-designed varying from a basic two-bedroom house to four-bedroom, two-bathroom houses priced at R32 000.

Plans are flexible around a two-bedroom core design.

Conjig works mainly with black sub-contractors, but handles all financial arrangements and co-ordinates and supervises contracts.

DOBSONVILLE

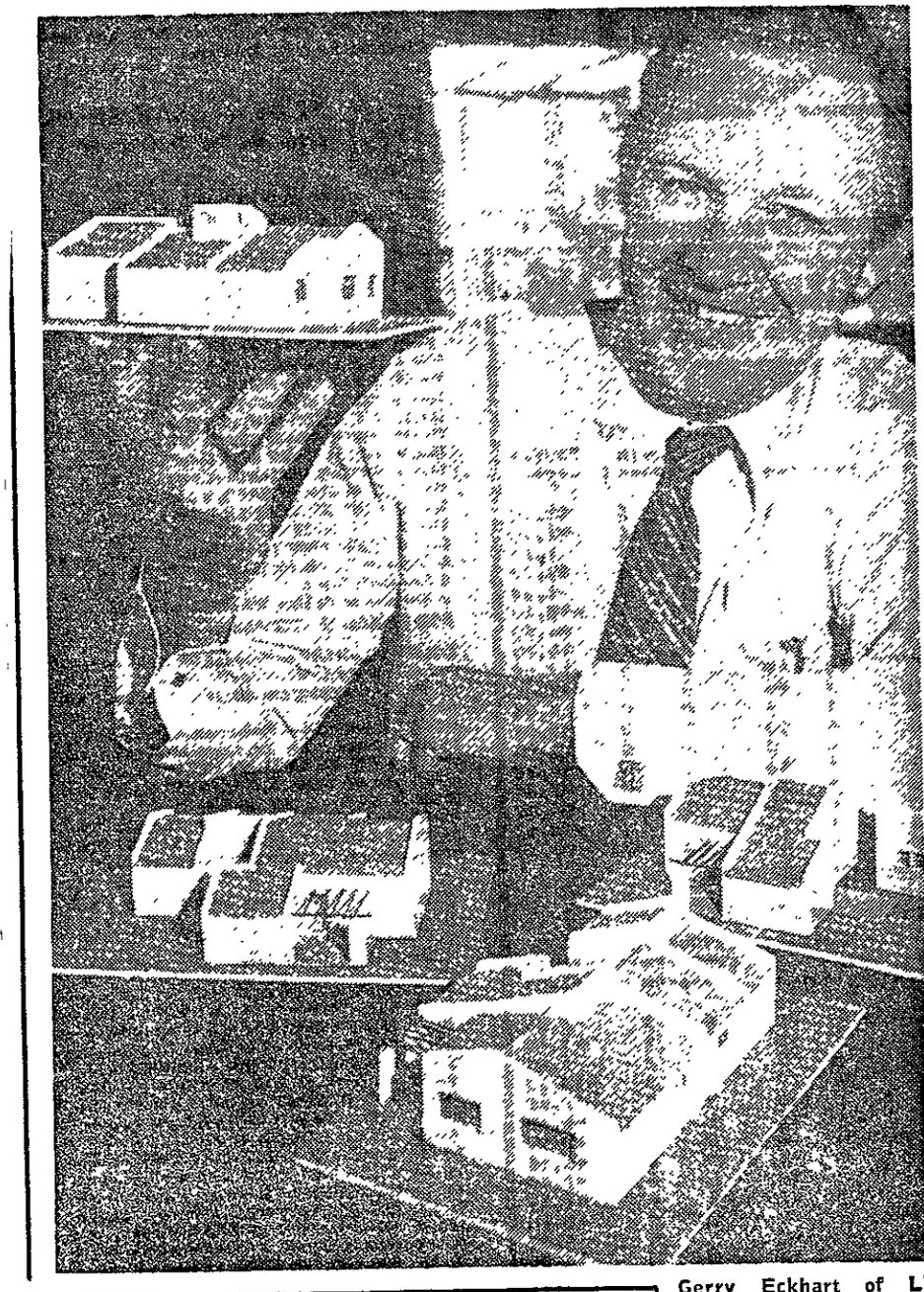
Mr Eckhart's department is also building three administration blocks in Soweto for Wrab at a cost of more than R1-million.

Conjig has a lot of muscle behind it and through its LTA parent, Anglo American, has negotiated a R930 000 contract for a township development, including housing, north of Dobsonville for the permanent black staff of the Employment Bureau of Africa, the Chamber of Mines official black labour-recruiting organisation.

60 000 UNITS

LTA Conjig has long had wide experience in mass-housing programmes, and has built more than 60 000 units as well as 700 blocks of flats.

A current contract, valued at almost R9-million, is for 2 150 homes at Sebokeng for the Orange Vaal Administration Board.



Gerry Eckhart of LTA Conjig with models of the homes his company is building in Soweto. Work is also on hand for other townships.

Building industry laws: firm charged

DD 6/10/81 (32)

EAST LONDON — A construction company and three people have been charged on 10 counts of failing to comply with building industry regulations.

Only Mr Barend Johannes van Niekerk, of Ainsdale Road, Bunkers Hill, appeared before Mr C. L. K. Louw. No plea was entered and no evidence led.

The others charged were Mr Jacobus Stephanus Meyer, of Edge Road, Beacon Bay, and Mrs Marie Beatrice Meyer. All were described in the charge sheet as directors or servants of the company.

Charges against Mrs Felicity van Heerden, of St Marks Road, Selborne, were withdrawn in absentia.

The state alleged that between July 31 and August 21 the company failed to issue to each of its employees on each pay day a stamp cancelled by him, with his name and the date endorsed thereon; failed to buy a combined Holiday Fund stamp for each employee; and failed to contribute various amounts to the funds totalling R10,78 a week for each employee.

It was also alleged that between March 1 and August 21, the company failed to submit a monthly form showing the full names, population registration number and contribution card number of each employee for whom payment had been made during the month; failed to contribute R7,35 a week to the fund in respect of each employee; and failed to lodge a guarantee with

MORLITE (32)

Into the unknown

FM 6/11/81

Activities: *Engineering group. Since the year-end arrangements have been made — subject to shareholders' approval — to sell all operating subsidiaries to Unihold, a company controlled by the chairman.*

Chairman: *J C Haslam.*

Capital structure: *3,2m ordinaries of 50c; and 600 000 10% red prefs of R1. Market capitalisation: R8,8m.*

Financial: *Year to June 30 1981. Borrowings: long- and medium-term, R1,1m; net short-term, R381 000. Debt:equity ratio: 31,8%. Current ratio: 1,7. Group cash flow: R4.1m. Capital commitments: R494 000.*

Share market: *Price: 275c (1980-81: high, 300c; low, 95c; trading volume last quarter, 823 500 shares). Yields: 19,2% on earnings; 5,5% on dividend. Cover: 3,5. PE ratio: 5,2.*

	'78	'79	'80	'81
Return on cap (%)	—	—	25,3	35,6
Turnover (Rm)	6,7	8,5	7,4	17,0
Pre-tax profit (loss) (R'000)	(558)	(1 294)	695	1 976
Gross margin (%)	—	—	10 2	12,5
Earnings (c)	—	—	32,1	52,7
Dividends (c)	—	—	8	15
Net asset value (c) ..	117	47	73	122

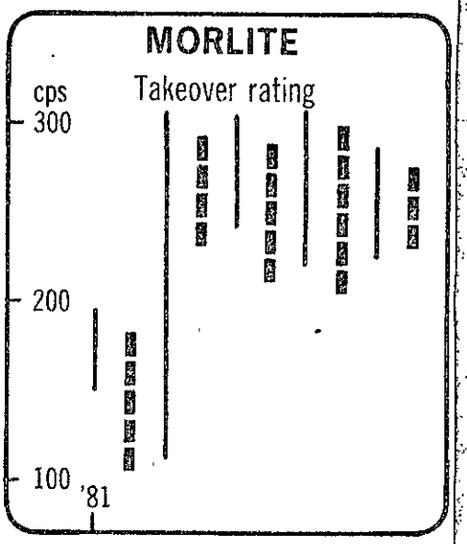
Market logic is sometimes a little difficult to follow. When James Haslam acquired control of Morlite through Unihold in 1978, the share price moved from 35c to 60c (a 71% increase) on hopes that the new management would turn this loss-maker around.

The confidence proved justified and in the 1980 financial year — the first full year under Haslam's control — Morlite was back on the dividend lists. This was followed in 1981 by a 64% increase in earnings a share (on the *FM*'s calculation), a near doubling of the dividend and, most importantly, the establishment of a very satisfactory level of profitability. The company achieved a net return of over 40% on equity funds, or about 32% had profits been fully taxed.

At this stage the share was trading at 145c. But then when Haslam announced that he was selling Morlite to Johan de Villiers of Octha Diamonds, after taking its now very profitable assets directly into Unihold, the price promptly doubled to 300c.

It has since backed off to an effective ex-dividend price of 260c. But even at this level it is still 80% above the pre-announcement price and 54% more than the 169c at which control is changing hands. Does this mean that Haslam has suddenly become bad news, or does the market genuinely believe that shareholders are going to be materially better off under the yet-to-be-announced reconstruction?

One obviously cannot pre-judge the fu-



ture. It is, however, a fact that the level of profitability achieved last year does not leave much room for improvement — the usual reason why cash shells are sought after by the more speculative investor.

So far, the only benefits to shareholders, apart from the share price gain, have been an enhancement of net worth from 122c at June 30 (with investments at market value) to 154c (a 26% increase) and a special 15c bonus dividend payable in terms of the disinvestment. Against this, there could be a short-term loss of income as the existing assets are being sold with effect from July 1. Unless the purchase of new assets is similarly back-dated, income accruing during the current financial year will probably relate to a period of no more than six months. So for shareholders who intend staying with the company the "bonus" dividend may prove nothing more than compensation for normal dividends which they could otherwise have expected to receive.

To justify the present share price of 275c, the reconstruction would ideally have to produce an income base sufficient to support a 25c payout this year or, if the income pattern is upset by the change, 35c in 1983. This is a two-thirds increase on the 15c distributed in respect of 1981. The share must be rated as highly speculative.

Brian Thompson

GLOBE ENGINEERING

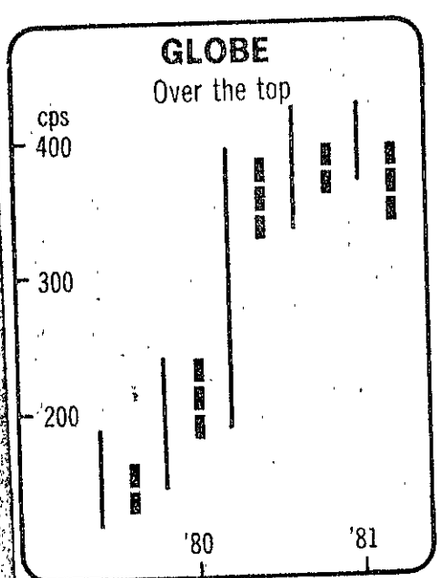
Spreading the base

(32) FM 16/10/81

Activities: *Marine, industrial and electrical engineering. Owns 30% of Avgrin which in turn holds 53% of the Grinaker construction group. South Atlantic owns 83,4% of the equity.*
Chairman: *R J Hamilton; managing director: R B Hughes.*
Capital structure: *3,5m ordinaries of 50c. Market capitalisation: R14m.*
Financial: *Year to June 30 1980. Borrowings: Nil. Net cash: R1,8m. Current ratio: 2,2. Group cash flow: R3,3m. Capital commitments: R24 000.*
Share market: *Price: 400c (1980-81: high, 425c; low, 285c; trading volume last quarter, 9 300 shares). Yields: 18,8% on earnings; 10,6% on dividend. Cover 1,8. PE ratio: 5,3.*

	'78	'79	'80	'81
Return on cap (%)	14,3	15,4	16,0	15,9
Turnover (Index)	100,0	116,0	119,5	72,9
Pre-tax profit (Rm)	2,8	3,1	3,4	3,2
Earnings (c)	48,8	52,5	66,6	75,1
Dividends (c)	25	27,5	35	42,5
Net asset value (c)	447	472	528	575

Anglovaal's attempts to revitalise its marine engineering division and to give it a more stable income base have had a considerable impact on Globe's balance sheet. But the full effects have yet to be felt in the income statement.



The year to June 30 started off with the sale of the group's 73%-owned Durban-based marine engineering subsidiary, James, Brown & Hamer, to the Murray & Roberts group. In exchange, Globe received M & R's Cape marine engineering interests — thus consolidating its position in that market — plus R3,1m cash.

Next came the acquisition of the balance (13%) of Shipwrights in exchange for 93 242 new Globe ords, and this was followed by the year's major purchase, an effective 16% stake in Grinaker. This interest, which cost Globe R11,6m, is held through Avgrin, the control vehicle formed by Anglovaal and the Grinaker family, which owns 53% of the construction group. Globe's interest in Avgrin is 30%.

The group also bought assorted interests in other Anglovaal industrial companies, the biggest of which was 3% of Claude Neon. And to round off the restructuring process, the pref capital, comprising 213 100 5,5% shares of R2, was redeemed for cash at par.

These changes have inevitably had a major effect on the balance sheet. Perhaps the most noteworthy feature of the 1981 accounts is that investments (mainly the Grinaker holding) are now the biggest single asset, accounting for 49% of the total asset base. At the same time, cash resources have been run down from R10,2m to R1,9m (7,5% of total assets), while with the sale of JBH fixed assets have dropped from R5,2m to R2,1m (8% of the total.)

Borrowings, meanwhile, have either been repaid or have disappeared with deconsolidation, leaving the group ungeared.

On the income statement, the most immediate benefit was a reduced tax liability due to the increased proportion of tax-free dividend income. Without this, earnings would have been modestly lower, in line with pre-tax profit, instead of improving nearly 13%. But as the results table shows, there has not yet been any improvement in profit ratios, with the gross return on capital employed still very low at under 16%.

The outlook for this year is more encouraging, however. For one thing, a full year's dividend will be received from Grinaker. This investment contributed 8% of total attributable profits in 1981, based on the construction company's 25c interim. The 55c final was declared after the year-end and will therefore come into Globe's accounts only this year, as will Grinaker's 1982 financial year interim.

Based on the total payout of 80c from Grinaker last year, a full contribution from this source could represent about 25% of total attributable income.

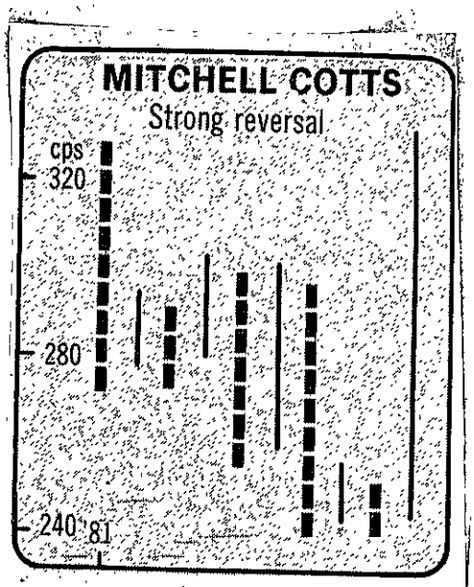
A second reason for optimism is that the group expects to complete its biggest ever contract this year — the reconstruction of MV Cambridgeshire.

Due to the erratic nature of marine engineering work, it is impossible to predict the extent of any profit improvement with accuracy. But if the company does no more than add 15% to last year's distribution, the prospective dividend yield is 12,2%.

Brian Thompson

£2m to the holding company, covering about 95% of the cost of its own distribution.

Brian Thompson



MITCHELL COTTS (32)

Going liquid

PM 16/10/81

Activities: *The group consists of five basic divisions: project engineering, manufacturing, sales & distribution, civil engineering, and transportation. Mitchell Cotts UK owns 71,5% of the equity.*
Chairman: *P P Dunkley; deputy chairman and managing director: I K Soll.*
Capital structure: *15,6m ordinaries of 50c. Market capitalisation: R57,7m.*
Financial: *Year to June 30 1981. Borrowings: long- and medium-term, R3,3m; net short-term, R16,6m. Debt:equity ratio: 32,5%. Current ratio: 1,2. Group cash flow: R15,5m. Capital commitments: R439 000.*
Share market: *Price: 370c (1980-81: high, 380c; low, 235c; trading volume last quarter, 106 800 shares). Yields: 18,4% on earnings, 10% on dividend. Cover: 1,8. PE ratio: 5,4.*

	'78	'79	'80	'81
Return on cap (%)	23,9	19,1	20,6	19,1
Turnover (Rm)	211	216	275	354
Pre-tax profit (Rm)	10,6	8,9	13,5	15,8
Gross margin (%)	5,4	4,4	5,1	4,9
Earnings (c)	42,0	34,9	59,7	68,2
Dividends (c)	21	21	24	37
Net asset value (c)	310	321	355	441

Despite the expected slowdown in economic growth all divisions of the Mitchell Cotts group are budgeting for increased profit, according to chairman Philip Dunkley. One of the main reasons for optimism must be the forecast recovery in the project engineering sector where profits last year slumped from R1,1m to only R340 000.

This performance is attributed to a low work load due to conditions in the mining industry. But a break-down of turnover and profits (see table) shows turnover in this division to have risen 23%. The report also notes that the construction division of Fraser & Chalmers encountered "difficulties" on the Matthey Rústenburg refinery, without spelling out what these difficulties cost the group in terms of profits.

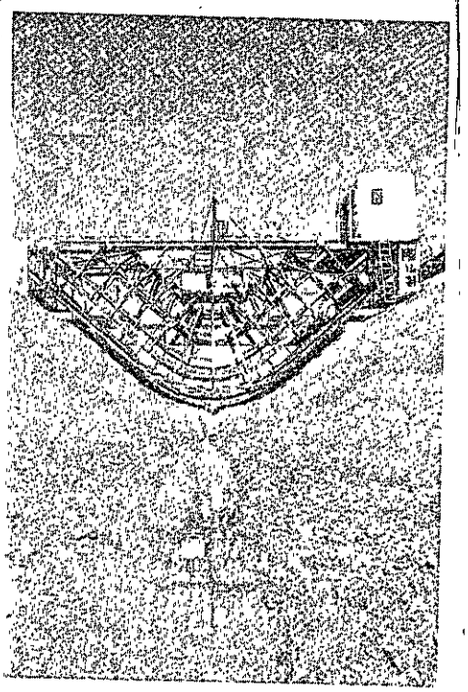
A second reason for optimism stems from structural changes currently taking place within the group. Having decided that it was not advantageous to have substantial funds committed to low-yield investments such as property, a number of group properties are in the process of being sold on lease-back. Dunkley says he is confident that the cash being generated will yield far greater returns than the cost of lease rentals which the company will now have to pay.

Property sales, together with the recently announced sale by Mitchell Cotts Engineering of its Wadeville works (to Huletts), will bring in a total of R14,9m, and substantial capital profits will accrue in each case. These are not quantified, but the preliminary results of Mitchell Cotts Group UK noted that SA property sales would yield a profit of £5m (R8,9m)

This, in fact, ties in with an asset revaluation undertaken last year in anticipation of the sale — R8,8m was added to non-distributable reserves, accounting for 57,5c out of the 86c by which net worth a share rose over the year.

There were also some fairly significant structural changes last year, notably the sale of 51% of the group's interests in Zimbabwe to Mitcott UK. The Zimbabwe companies are now classed as associates, and this presumably accounts for much of the doubling of equity-accounted profit from R1,1m to R2,3m.

The major effect on the income statement, however, was the inclusion of a R1m surplus on the disposal of investments in subsidiary and associated companies as a normal trading item. This represented 35% of the total increase in pre-tax profit as calculated by the company, but has been excluded in all *FM* profit-based calculations.



Mitcott product ... welding growth together

MITCHELL COTTS INCOME SOURCES

	Turnover		Pre-tax profit*	
	Rm			
	1980	1981	1980	1981
Civil engineering	28,0	65 5	3 7	6,0
Sales/distribution	41 5	50,4	3,6	4,2
Transportation	160 1	183 9	3 2	3,6
Manufacturing	24,6	28,3	3,0	3 3
Project engineering ...	21,1	26,0	1,1	-0.3
	275 3	354 1	14,6	17,4

* Before *FM* adjustments

These structural changes make it difficult to predict with accuracy what this year might produce in terms of earnings and dividends But the moves seem to indicate an awareness on the part of management that profitability trends need to be improved, and this can only bode well for the future.

The share is not highly rated by the market, as is indicated by its 10,1% historic yield A prospective yield of perhaps 11,5%, based on a 15% dividend growth this year, could attract income-seekers, particularly if the group is able to show that its reorganisation is bearing fruit

The importance of the SA group in the context of the world-wide Mitchell Cotts operation is reflected in the fact that in 1981 southern Africa contributed 71% of total operating profit, up from 64% in 1980. Of interest normal dividends from SA, net of NRST, were worth probably in excess of

MURRAY & ROBERTS (32) FM 16/10/81

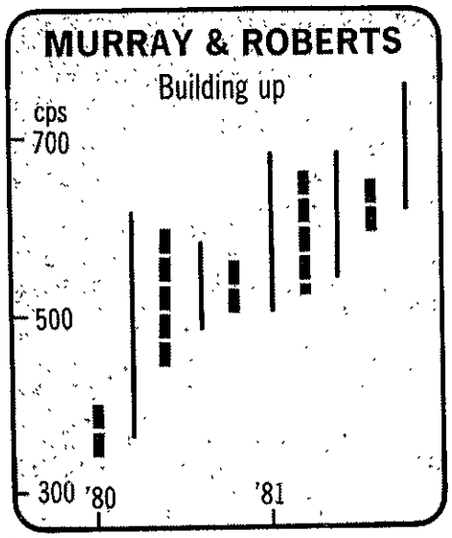
Strength in diversity

Activities: *Holding company with subsidiaries and associates operating in construction, engineering, project management, manufacturing, services and food in SA and overseas. Anchusa holds 33,1% and the directors 3,5%.*
Executive chairman: *D E Baker; deputy executive chairman: J E D Bramwell.*
Capital structure: *22,5m ordinaries of 50c; 240 000 6,75% red cum prefs of R1. Market capitalisation: R166,5m.*
Financial: *Year to June 30 1981. Borrowings: long- and medium-term, R43,6m. Net cash: R490 000. Debt:equity ratio: 33,3%. Current ratio: 1,3. Net cash flow: R31,2m. Capital commitments: R19m.*
Share market: *Price: 740c (1980-81: high, 750c; low, 380c; trading volume last quarter, 192 000 shares). Yields: 18,7% on earnings; 6,2% on dividend. Cover: 3. PE ratio: 5,4.*

	'78	'79	'80	'81
Return on cap (%) ..	20,3	20,7	25,6	28,9
Turnover (Rm)	588	704	854	1216
Pre-tax profit (Rm)	22,8	26,4	34,2	50,8
Gross margin (%)	4,6	4,7	5,2	4,9
Earnings (c)	68	82	89	138
Dividends (c)	25,5	29,5	34	46
Net asset value (c)	402	445	498	594

Though the construction division increased its contribution to group profit by 37% it still chipped in only 34% of total earnings. But, says executive chairman Des Baker, the division is still performing below capabilities "and should show a further marked improvement in the coming year."

That is a strong bull point for a company which has carried out one of SA's most successful diversification programmes. Five years ago construction activities contributed 78% to group pre-tax profit, absorbed 64% of average capital employed and utilised 75% of total assets. Last year those percentages were 34%, 36% and 57%. And over the same period, group pre-tax profit has risen almost three-fold and dividends have more than doubled.



The true success of this, however, is encapsulated by Baker when he says the improvement in average profit margins "is due to the change in the make-up of the group's operations."

The group took full advantage of strong trading conditions in virtually all sectors last year. Profit improvement, coupled with better asset management, increased the return on average ordinary shareholders' funds to 29,7%; on average capital to 35,5%; and on average assets to 17,4%. These returns exceed those achieved in 1974 and 1975, the previous peak years of the country's economic cycle.

But the group is in no way daunted in trying to maintain this track record though Baker does say the industrial division is unlikely to repeat its growth of the past three years. Compounded annual growth for this division has averaged 80% since 1978.

The gist of Baker's review is that return on assets will be increased further. And though money is currently expensive group financial structure is balanced to support both strategic acquisitions and organic growth in new areas such as electronics.

The outlook, as projected by management, is for good growth in construction this year; a decline in the contribution of the supplies and services division; continued strong, though lower, growth in the industrial division, and further group acquisitions to support organic growth. It is likely the main targeted growth area will be electronics. But 50%-owned Manchusar will probably be looking for another acquisition of the quality of Caravan Industries which "had an exceptionally good year."

Baker anticipates that with reasonable national economic management earnings growth should allow a 30% dividend increase this year. That indicates a payout of 60c. On distributable earnings dividend cover is close to 2,7 times and not the three times reflected in the *FM*'s adjusted earnings figure. (The adjustment equity accounts but strips out non-recurring asset, or property, profit).

Management has initiated an investigation to confirm that M & R's dividend policy is realistic. This investigation will examine group depreciation, replacement requirements, and stock valuation methods. It is unlikely, given previous statements on management's attitude to inflation accounting, that further adjustment will be made to dividend policy.

Certainly, present financial ratios all support the existing policy, with sufficient retentions to maintain the demands of increased working capital and expansion. Baker's dividend projection probably errs on the side of conservatism and a 65c payout

M & R's Baker . . . conservative forecasting

seems possible. Shareholders already know they are getting a 15c interim dividend which puts the share on an historic yield of 6,8%. The prospective yield is 8,9%.

The share is an institutional favourite and investors who hesitate in the hope of buying at bargain prices could find themselves frustrated.

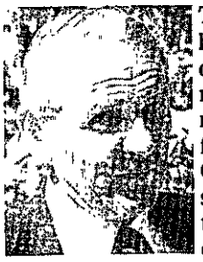
Ian Mud

GRENFEL GRIFFITHS

Concrete building plans

(32) (185)

FM 16/10/81



The brick shortage has focused attention on the need for alternative building materials. Grenfel Griffiths, manager of Grinaker's new masonry division, spoke to the *FM* about concrete masonry.

***FM:* Can concrete masonry effectively be substituted for clay bricks to ease the present shortage?**

Griffiths: Yes. In the US, 80% of vertical walling consists of concrete masonry. Timber accounts for more than 10% of total needs, clay bricks for less. Development of concrete masonry started in the Thirties.

Unfortunately, the product has been misused and abused in SA. It carries the stigma of being suitable mainly in mass low-cost housing developments.

What advantages does concrete masonry have over conventional clay bricks?

One modular concrete block is the equivalent of 8,4 standard bricks, making unit costs substantially lower. Concrete masonry comes in any colour and any shape. Made to SABS specification, concrete blocks have minimal shrinkage, don't crack and are waterproof.

Less than 10% of all clay bricks produced in SA carry the SABS stamp. Concrete masonry costs considerably less than clay bricks. High energy requirements — six times that of concrete — push up clay brick production costs. New plant, with a capacity of 60m-70m clay bricks a year, costs R10m. The equivalent plant for concrete masonry costs R2m or less.

How can the cement industry, severely strained in terms of capacity and already rationed, cope with additional demand?

Developing the concrete masonry industry will mean enormous progress and a boost for the cement industry. The expected volume growth in cement production is 15% over the next few years with the concrete masonry industry contributing substantially. To ease the present shortage, the cement producers are importing two 150 000 t shiploads.

We do not foresee long-term supply problems. Cement demand has been cyclical in the past and we expect demand is already levelling off. Being assured of continued demand from the concrete masonry industry, cement producers are more likely to invest to increase capacity.

What percentage of building needs are met by concrete masonry at present and how will this develop over the short term?

The Stellenbosch Bureau for Economic Research expects a 4,2% real continual growth in SA's brick needs. At present, the brick industry produces roughly six billion bricks/year worth an estimated R300m annually. We believe concrete masonry's present 12%-13% share of the PWV market will grow to 20% nationally in the short term.

Is the present skills shortage likely to act as a constraint in training "blockies" to employ in the concrete masonry building industry?

Bifsa has developed a training school for "blockies' and several major contractors like LTA, Murray & Roberts, and S M Goldstein have developed their own in-house training schools. A competent blocklayer can be trained in four weeks.

What time savings can be achieved with the use of concrete blocks?

Bricklaying time could be reduced by 50%. Concrete masonry was used at Mitchell's Plain. On average 300 modular blocks were laid every day, the equivalent of 2 500 bricks. When using clay bricks, bricklayers are lucky to average 500 a day.

What cost savings could be achieved on building using concrete masonry modules?

A more efficient use of labour and reduced cost of materials could acheieve a saving of at least 10%. For example, mortar requirements are reduced by roughly 60%. It's not necessary to plaster walls built of concrete masonry.

What is stopping concrete masonry from being accepted as a preferred mateial?

In the past concrete blocks were often not built to SABS specificaton. Ash was used which meant the units were not waterproof. The wrong product coupled with wrong technology gave concrete masonry a bad name.

Are present production facilities adequate to supply demand?

The industry is gearing itself. Four major manufacturers including Grinakers, Stocks and Concor are establishing new plant at Halfway House due to come on stream by mid-1982. This will triple capacity to about 200m blocks a year.

Already clay brick manufacturers like Corobrik are expanding production facilities for concrete masonry. Producers are aware of future needs and are programming themselves to satisfy the expected strong growth in demand.

What role do you expect concrete masonry to play in fulfilling SA's critical housing shortage for whites and blacks?

Initially the growth will be biggest in office and flat buildings. From there I expect the demand for concrete masonry to filter through to the domestic housing market. Because of time and money savings, I see the use of concrete masonry as the only viable option left to developers.

Does concrete masonry have additional uses?

Obtaining oil-based bitumen for road building is difficult and there's a growing acceptance that interlocking concrete masonry can do the job — also with substantial cost savings. The CSIR, the National Building Research Institute and the National Transport Institute are working on it now.

Rosy all the way for building

By SUSAN DALLAS

STRONG demand for housing means a healthy outlook for the building industry and there should be no recession "this century, let alone in the rest of the decade".

This optimistic prospect is given in the annual report of the Building Industry Federation of South Africa (Bifsa).

It says "With the present shortage of housing units for all race groups amounting to 400 000 and an estimated ongoing demand for an additional 180 000 units a year, the building industry is going to be hard pushed to deliver the goods."

The need for infrastructure development surrounding new housing is expected to supplement construction demand.

Companies are expected to invest vast sums of money in employee housing, reducing the role of building society finance.

The report says the allocation of bigger percentages of company profits to housing for employees will be "an industrial relations exercise to encourage worker stability".

"In due course, the Government must support its plans for Southern African stability with funds for mass housing."

Predicting a rise in the deficit on the current account of the balance of payments, Bifsa says pressure will be exerted on the gold and foreign exchange reserves, necessitating a capital inflow.

"Acknowledging the sensitivity of the building industry to the money market, Bifsa is nevertheless confident that capital will be provided for housing.

A continuing growth rate of 5% a year is necessary to meet demands on the industry.

Strategic planning in all areas of Bifsa will be made from the plateau of high growth prospects.

An alarming shortage of 20 000 general workers, 6 800 skilled artisans, and 1 200 technicians as well as shortages of materials have had a debilitating effect on the building industry this year.

But productivity of workers has increased because building activity is greater now than in the boom of 1974 although labour was 15% less than then.

An extensive recruitment drive has been made in Britain to draw skilled immigrants for permanent employment, but there is no question of these people replacing dedicated South African workers.

On the premise that the industry will enjoy a continuing 5% growth rate, by the year 2000 it will require 3 000 building management students, 15 000 technicians, 48 000 artisans and craftsmen, and 144 000 general workers

The report says price controls in the industry are not in the national interest.

Material shortages hammered by Bifsa

Star 20/10/8 (32)

By Frank Jeans

Building material producers have come under heavy attack for creating shortages of supply and "failing to come to grips with the problems of strategic planning."

Bombarding the cement industry in particular, the Building Industries Federation warns that frequently recurring shortages are creating "violent" reaction from the builders who, even under ideal circumstances, will be hard put to satisfy the enormous construction demands of society.

REPERCUSSIONS

Referring to "this dreaded thrombosis" which disrupts building works, Bifsa, in its latest issue of South African Builder, says:

"Whatever excuses have been offered by material producers, ranging from the inefficiencies of the SAR to the obsolescence of their own equipment, it cannot be denied that they owe a vast debt of responsibility to the construction industry and South African citizens in return for the very handsome profits appearing in the published accounts of the corporate reports."

Emphasising the threat of serious repercussions through materials shortage leading to increased construction costs and the "severest damage to the public," the Federation pulls no punches on the question of labour.

"A builder would be committing economic suicide if he succumed to the temptation of retrenching workers during a period of severe shortage — and so, by not paying staff to stay on without material with which to work, the productivity of labour goes for the proverbial Burton," it says.

At the same time, work stoppage will only push up the final cost of a building contract.

"What is the point of spending R50-million on training, with no return on capital invested, when the whole concept can be negated by material producers who do enjoy a handsome guaranteed return on the capital invested and yet seem unable to come to grips with the simpler problems of strategic planning?" asks Bifsa.

Taking a tilt at the pricing structure of the producers, the Federation says: "We are told that prices of primary materials must be raised in order to make larger profits — so that more capital can be invested to purchase plants — only to make even more profit."

PRICE CONTROL

Hitting at those with "monopolistic advantages" which will "allow" cement or other commodity imports, the Federation believes that in recompense for their privileged position in the economy, those "rather smug industrialists" should see it as a sociological duty to supply South Africa with primary materials over short periods of excess demand — even if it hurts a little — in return for the uncontested privilege of never being able to experience any financial loss.

Urging abolition of price control on products such as cement, Bifsa says this would attract overseas competition.

"After all — with profits being enjoyed at a rate that the present system is supporting — overseas investors should be vying with each other to join the club." it says.

● **Construction Survey — Page 33.**

E L BATEMAN (32)

Into a downtrend?

FM 23/10/81

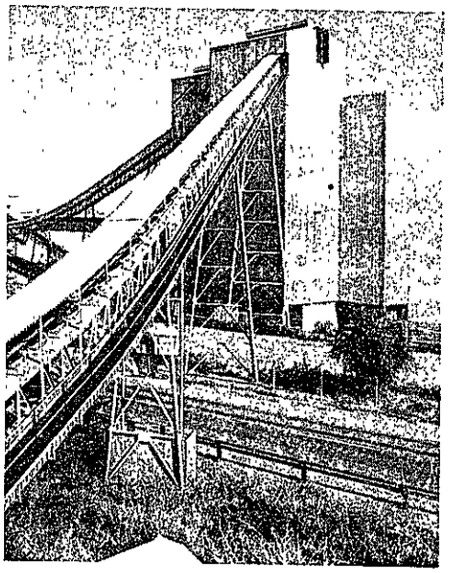
Activities: *Mechanical and electrical engineering. Manufactures and supplies capital equipment and spare parts for the mining, chemical and food industries. Directors hold 52% of the equity.*
Chairman: *W G L Bateman; managing director: J W Treger.*
Capital structure: *2,6m ordinaries of 40c; 20 200 6% cum red prefs of R2. Market capitalisation: R13,5m.*
Financial: *Year to June 30 1981. Borrowings: long- and medium-term, R4,3m. Net cash: R5,0m. Debt:equity ratio: 21,7%. Current ratio: 1,2. Group cash flow: R6,4m. Capital commitments: R420 000.*
Share market: *Price: 520c (1980-81: high, 770c; low, 410c; trading volume last quarter, 45 000 shares). Yields: 28,7% on earnings; 7,7% on dividend. Cover: 3,7. PE ratio: 3,5.*

	'78	'79	'80	'81
Return on cap (%)	30,1	36,1	29,2	21,7
Turnover (Rm)	135,4	135,0	146,7	189,9
Pre-tax profit (Rm) ...	5,3	6,8	6,6	5,3
Gross margin (%)	4,2	5,2	4,7	3,3
Earnings (c)	133,6	173,8	125,0	149,3
Dividends (c)	26	30	35	40
Net asset value (c)	555	689	789	892

After disappointing results in financial 1980, the 19,6% pre-tax profit slump to R5,3m (R6,6m) in a year which was particularly buoyant for most others in the sector indicates that the group is suffering from some organisational problems. These have been glossed over in the annual report.

Despite a "substantial" increase in turnover, the engineering contracting division — which provided 72% of pre-tax earnings — showed a sharp decline in profitability. This contributed to an erosion of overall margins from 4,7% to 3,3%, which is particularly disturbing in view of the nature of the business and the fact that many of Bateman's competitors benefited considerably from higher volumes last year.

The directors say only that the decline in profitability was due mainly to a decrease in the "activity level in terms of manpower, despite the high invoicing rate on a number of projects." In addition, the order intake was lower than expected due to a number of delays on major projects. Presumably that



Bateman project . . . profit on a downtrend?

refers to local projects, as the directors say a "fair proportion" of the increase in turnover in this division arose from overseas projects.

Shareholders might be justified in feeling disappointed, however, particularly in view of the directors' statement in the previous annual report that "prospects are now considerably better than at end-June."

In the equipment supply division, the order book has improved "substantially," according to the directors. But the effect on turnover this year may be lessened because of the long-term nature of some of the contracts. In the previous year, this division suffered from procedural problems, but no mention is made of whether these have been ironed out. The contribution to overall pretax profit fell to 16% from 18% previously.

To reduce the group's involvement in direct manufacturing, both Betnol and a major part of East Rand Engineering were sold during the year. The remainder of East Rand's business has been restructured to form a mining products division. The effect of the disposals is to eliminate losses previously incurred in the manufacturing division and to release funds for investment in other areas. Curiously, however, the division performed better than expected last year, contributing 12% of the reduced pretax profit against 11% the previous year.

Despite the slump in earnings before tax, the group managed to increase attributable profit from R3,2m to R3,9m. This was largely as a result of a sharp decrease in the tax rate from 41,1 to 21,9 due to a write-back of earlier tax provisions and an increase in tax allowances on exports.

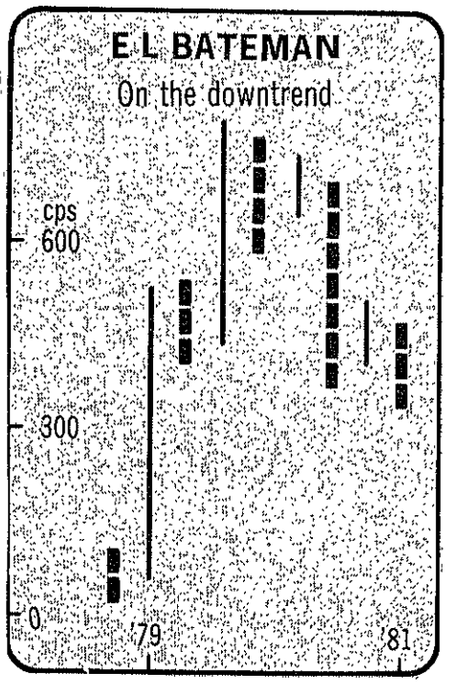
Return on capital, which has been strong in past years slipped to 21,7% from 29,2%. But liquidity improved with an increase in group cash flow to R6,4m (R5,7m). The current ratio remained at 1,2 but the cash content seems high at R6,2m (R5,0m).

Although the group has traditionally preferred to fund expansion internally, this policy appears to be slowly changing. Cover rose marginally over the year, but borrowings more than doubled from R2,6m to R5,3m with a consequent increase in the debt equity ratio to 22,8% (12,6%), though this is not high. Prior to 1980, cover tended to be above 5 times.

The share currently trades at 520c — well below the level of a year ago — reflecting the market's concern that what looked like a hiccup in profit in 1980 may now have developed into a downward trend. The directors are optimistic, however, saying that new markets in the chemical and food industries and increased activity from Escom should provide a less cyclical base in the future.

The market is as yet unconvinced. This is reflected in the 7,7% historic dividend yield, compared with a sector average of 6,5%.

Chris Wilson



32
DO 26/10/87

The new man at the top

Leon Glaser will be installed as the new president of the Building Industries Federation of South Africa at this week's congress.

Born in Cape Town, he was educated at SACS.

Brought up in a family closely connected with building, it was natural he should enter the family business in 1952 to carry out the traditions laid down by his father, who established the firm in 1932.

His commitment to the building industry has extended his interests beyond the confines of his own business and, for that reason, he has been active in labour affairs and has served on the Cape Peninsula Industrial Council for many years.

His primary interest at national level is directed towards labour relations, education and training.

His main recreations range from the enjoyment of exploring the highways and by-ways of the Peninsula on the saddle of his motorcycle to an in-depth study and research of South African history.

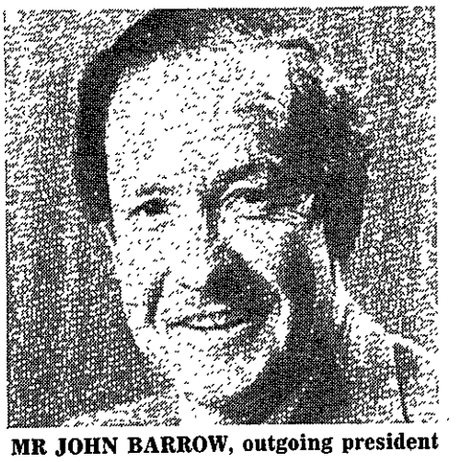
As part of an already busy lifestyle, he has served on the executive of his synagogue for many years.

He served as president of the Cape Peninsula Master Builders Association for two successive years in 1974 and 1975 and he was elected vice-president of Bifsa in 1980.

He lives in Cape Town from where he directs his building company, which has contributed to the establishment of many city landmarks.

He is married with four children. His wife, Greta, is one of the leading bowlers in the Cape Province and is the reigning South African women's bowls champion.

MR LEON GLASER, incoming president



MR JOHN BARROW, outgoing president

Retiring president

Mr John Barrow, elected president of Bifsa in 1980 — his term of office expires this week — was born in Johannesburg in 1938.

He graduated from Wits University with a diploma in Quantity Surveying at the end of 1961 and worked for a year in the building industry in London.

In 1963 he returned to Johannesburg to join the family business of John Barrow (Pty) and in 1967 he was elected to the executive committee of the Wits MBA. Two years later he was elected a member of Bifsa's executive committee.

He was appointed to the Industrial Council for the building industry (Transvaal) in 1970 and represented Bifsa on the Standard System Joint Committee.

He became president o the Wits MBA in 1975, fol lowing in the footsteps o his great-grandfather, his grandfather and his father who were all in the building industry.

His grandfather and father also served as president of the Wits MBA.

His grandfather also was president of Bifsa in 1931-32 and his father in 1956-57.

That makes him a fourth generation building contractor, a third generation office-bearer of the Wits MBA and a third generation office-bearer of Bifsa.

SA CONGRESS

The director says...

The 1981 Bifsa congress is significant in that it is being held in East London — one of the acknowledged strategic growth points in South Africa and a city synonymous with the acceptance of co-operative progressive economic planning in consultation with all race groups living within the sphere of the city's influence, says Mr Davis.

More important in the context of commercial opportunities for all ethnic groups in South Africa is the keynote theme of the congress — "Small business enterprise in the building industry."

Papers to be read range from the provision of mortgage finance and working capital through the full spectrum of small business demands of consumerism and labour relations.

Weight is being given to the broader economic issues which regulate the building employers' interests related to the whole South African business scene, as well as to some parochial domestic issues which have an effect on the colour of any company's balance sheet.

The executive director

Lou Davis is managing director of Ovbou Construction (Pty), a large building company based in Pretoria which has been responsible for the erection of numerous high rise building complexes in Pretoria, including the new State Theatre.

Mr Davis was born in Durban and educated at St Johns College and the University of the Witwatersrand where he qualified as a quantity surveyor.

After practising as a QS for some years, he entered the commercial side of the building industry by taking up an appointment with Herbert Evans and Co in Johannesburg, where he held the position of manager controlling the operation of three subcontracting divisions.

On entering commerce he extended his studies into the accounting and administration field and qualified as a chartered secretary.

He subsequently branched out into main contracting in the building and civil engineering industry as a director and manager of various companies, but retained his ties with the subcontracting sector of the industry through his own operating companies.

MR LOU DAVIS, executive director.

His various qualifications extend across the full spectrum of commercial business administration and building construction and he is associated with the following bodies in various capacities:

1. Fellow of the Institute of Directors

2. Fellow of the Institute of Chartered Secretaries and Administrators

3. Registered member of the South African Association of Quantity Surveyors

4. Associate member of the Institute of Personnel Management (South Africa)

5. Corporate member of the Institute of Building.

He is a member of the Transvaal Industrial Council for the building industry and is vice chairman of the Northern Areas committee.

He is the senior vice-president of the Pretoria East Rotary Club and a member of the Pretoria Country Club.

DD 26/10/87 (32)

Focus on small builders

EAST LONDON — The role of small builders within the building industry will be the focus of the 76th Building Industries Federation congress which opens here this morning.

With builders facing increasing problems with the supply of building materials, the theme of this year's congress is "Small enterprise in the building industry."

The congress, which ends on Wednesday, will consider papers on subjects such as the capital requirements and budgeting for the small entrepreneur, the operation of small business enterprises among ethnic groups within BIFSA, the demands and effects of consumerism on services provided by the building industry, industrial relations, management education for small businessmen, relations between big and small contractors, and the compilation, adequacy and use of government statistics for the building industry.

The Minister of Industries, Commerce and Tourism, Dr Dawie de Villiers, officially opens the congress at 10.30 am in the Orient Theatre.

Speakers will include the president of the Association of Building Societies of South Africa, Mr A. F. V. Viljoen, the president of the National African Federated Chambers of Commerce, Mr Sam Motsuenyane, the chairman of the West German Manpower and Social Affairs Committee, Dr W. Dieter Lindner and the head of the department of business economics at UNISA, Professor L. J. Weyers.

The supply problems of builders was highlighted in a report by BIFSA's chief economist, Mr Hennie van Zyl.

Mr Van Zyl said that last month, according to figures released by the Bureau for Economic Research, Stellenbosch University, the percentage of builders facing materials shortages were:

About 85 per cent in face bricks, 75 per cent in cement, 65 per cent in stock bricks, 50 per cent in roofing material and 35 per cent in plumbing materials. — DDR

No overtime at this congress

EAST LONDON — Delegates to this week's Building Industries Federation congress will have to speak to time.

Any speaker who oversteps the time limit will have some very rude noises made at him.

Speakers will be "timed", and a device similar to a traffic light, but with a buzzer, will ensure they know when their time is coming to an end.

As a speaker gets to within five minutes of the allocated time an amber light on the chairman's desk will start flashing.

Then, if the speaker is still going strong a minute before his time expires, a red light will start flashing.

As soon as time is up, a loud, and not too flattering, buzzer will reverberate around the Orient Theatre.

The executive director of BIFSA, Mr Lou Davis, explained at a meeting of speakers and press yesterday: "We have to work to a strict timetable, and if someone is going to speak on and on it just messes up the whole agenda." — DDR

BIFSA CONGRESS

BIFSA

There are few organisations which reach the age of 78 without experiencing some setback.

However, if these can be overcome they generally are followed by a steady increase in strength and stability, leading to a long and useful life.

The East London Master Builders Association is no exception to that rule.

In 1899 the first attempt to form an association was doomed to failure and, it was not until May 27, 1903 that the association was actually formed.

The ten founder members elected Mr H. Batchelor as the first president and Mr C. Keam as secretary.

It was shortly after this that sub-contractors asked to become members and this was eventually agreed to. By the end of that first year, membership stood at 70. But then a slump hit the industry, a slump that was so serious that many businesses failed and many members left East London until there were only five members left.

How, you may ask, did a small association like East London collect 70 members? In 1903 the South African War was over, but many British troops were garrisoned in the two colonies and the Boer republics.

The demand for goods and services of all kinds jumped to unprecedented heights and thousands of British and other workmen flocked to South Africa to satisfy that demand. New industries were started, as were many commercial houses and businesses. This sudden development made great demands on the building industry and East London experienced its first real boom. Consequently the number of builders and sub-contractors increased to the point where the association could boast 70 members.

Messrs Keam and R. Adams played a major part in the formation of the National Federation at Durban on March 23, 1904. While Mr Adams became vice-president of the Cape, it was through Mr Keam's inspiration that the federation's insurance scheme came into being.

It is interesting to note that, around this period, the wage of building trade artisans was fixed at the equivalent of 15c an hour.

The association suffered fluctuating fortunes until the peace of 1918, when apathy set in and many members lost interest. Within four years only the executive committee were attending meetings and the association almost ceased to exist.

Mr Adams was now senior vice-president of the federation and the position was so bad in East London that he resigned his post. Then the federation got into a bit of a flap and decided on drastic and quick action.

It brought the 19th annual congress to East London in an attempt to resuscitate the association.

It is recorded at that time that the congress was extremely successful with about 70 delegates attending. However, this move by the federation had the desired effect. Interest was revived and from that day to this the association has never looked back.

In 1933 the National Federation suggested the formation of an Indutrial Council for East London, King William's Town and Queenstown.

This idea was rejected because it was considered that the distances between the three centre were too great to allow the administration of the agreement to be done effectively or economically.

The following year East London went ahead on its own and an agreement was finally approved for a period of six months.

Unreasonable demands by trade unions between 1935 and 1939 led to deadlocks that were only settled after months of negotiations. A furtehr deadlock in 1943 brought things to a head and the association ordered its representatives to withdraw from the Industrial Council.

The council was eventually dissolved the following year. But in 1948 the association finally relented after repeated demands by the trade unions and consequently the Industrial Council returned to the scene

Within 10 years it was the association that had to help the unions build up their membership The pension fund and participation in the national development fund were introduced for artisans

As in the rest of the country, the number of apprentices entering the industry was decreasing at an alarming rate The association was represented on the National Apprenticeship committee and, in collaboration with the Department of Labour, worked out new conditions which, it was hoped, would attract more school-leavers to the industry

It is interesting to note that in the long history of the association, no less than five presidents were followed in later years by their sons in the same office.

Furthermore, all five sons are still active in the building industry, as well as the association and serve on the executive committee today

For example

Mr C C Pike 1931-32; 35 36-37

Mr Les Pike 1952-53-54.

Mr Alex Paterson 1938-39-40

Mr Alex Paterson 1970 71.

Mr Harry Russell 1959-60.

Mr Colin Russell 1975-76.

Mr H. N. Dodd 1957-58.

Mr Greg Dodd 1972-73-74; 79-80.

Mr W F. Osner 1928-29.

Mr Peter Osner 1968-69.

In addition, Mr Trevor Snell was treasurer from 1948 until 1953 He was followed by his son, Brian Snell, who later was president in 1975-76 Mr Eric Kohler was president in 1943-44-45 and Mr W. J. van den Bos president in 1964-65 East London builders now face the next stage of their history with optimism, although no one knows why. With bricks almost impossible to obtain, closures threatened because of the lack of cement and artisans disappearing to the Reef and Free State, where the grass is supposedly greener, why should any builder be optimistic?

Perhaps it is because future developme which are now begining take shape, such as formation of the regi Master Builders Assoc tion, the tremendous petus being given to tra ing, the possibility of jor industrial and co mercial development the general vitality of t association and all i members

Reading the story of East London Master Bu ders Association it is ha to believe how history repeated itself and is s doing so.

The first congress East London in 1924 labelled "very successfu

The 76th congress 1981 is guaranteed to the best ever

The early days of the MBA — and the early days of East London when trams still trundled along the Esplanade.

DD 27/10/87 (32)

Bifsa congress

Minister: need for rural buildings will alter pattern

The Minister of Industries, Trade and Tourism, Dr Dawie de Villiers, opening the Bifsa conference in East London yesterday. More pictures page 30.

EAST LONDON — An expected trend towards a demand for buildings in the rural areas would modify the existing building pattern, the Minister of Industries, Trade and Tourism, Dr Dawie de Villiers, said here yesterday.

Opening the congress of the Building Industries Federation, Dr De Villiers said this trend would be enhanced by the government's policy objective of a more even distribution of economic activity throughout the country and the "stimulation of regional development, particularly in those areas where development and growth has been slow and where insufficient employment opportunities have been created".

He said he was particularly thinking of the large-scale housing, educational and health-care programmes needed in the urbanisation of some of the traditionally rural areas in the country.

"Rapidly growing populations need employment opportunities which in turn require an improvement of the infrastructure, the creation of new enterprises in commerce and industry and the establishment of an administrative framework in accordance with present day needs".

He said one of the greatest challenges for small business enterprises was their establishment in developing areas, and to get them established training in building and management skills was needed.

"The organised building industry in this country has a tremendous task in developing its role in the rural areas, especially to the needs of the local population.

"The development of a viable and growing industry in underdeveloped areas should enjoy a high priority. Because of the interdependence of the developed and underdeveloped areas in Southern Africa, the Building Industries Federation of South Africa, as the representative of the organised building industry in this country, will ultimately have a major role to play."

The building industry currently found itself in a consolidation phase, characterised by serious material and labour shortages, as well as rising building costs.

"However, to me it is abundantly clear that the future prospects for the building and associated industries in South Africa are bright. Indeed, there is no gainsaying the fact that, in view of our expected population growth and rapidly increasing living standards, the uninterrupted provision of housing on a large scale in urban areas, is one of the great challenges of our time."

It would require, he said, careful thought, bold planning and the most effective marshalling of financial, physical and human resources imaginable.

South Africa was living in a period of change in which new methods and techniques were frequently being introduced to meet the growing demands of society and the need for expansion, development and improvement in many of its activities.

To meet the future need for buildings of all kinds, both the capacity and the overall efficiency of the building industry had to constantly increase, said Dr De Villiers.

Turning to the implications of price control and the activities of the Competition Board, Dr De Villiers said he ordered the Board to investigate whether or not there existed, in the production and marketing of certain commodities definite circumstances which would make the lifting of price control undesirable.

He said the Board had completed its investigations on sand, river and pit sand; cement and slag cement, and crushed stone but he was awaiting the recommendations on claybricks, after which he would make an announcement in connection with the materials.

"The question must be asked to what extent the government's economic policy of price control measures ought to be used. Price control in the frame of a system of free competition must obviously be used in highly exceptional cases.

"In combating the misuse of economic power it must only be applied, when no other measure can prohibit misuse. This is because price control is in conflict with the most fundamental requirement of the free market system — a free price formation."
—DDR.

Black land policies called socialistic

EAST LONDON — South Africa's land policies for blacks were "socialistic" rather than "capitalistic", Mr Sam Motsuenyane, President of the National African Federated Chambers of Commerce told the Bifsa congress here yesterday.

Mr Motsuenyane said it had become "absolutely essential" that blacks in South Africa be allowed to own their land and "not just lease it",

"The according of freehold ownership rights to blacks will not only ensure that blacks have a stake in the land, but will also engender a great deal of community involvement in the provision of housing and other essential services that go with it," he said.

"I feel quite strongly that capitalism will never survive where a vast majority of the population is compelled to live as blacks without basic rights and under intolerable conditions of poverty and dependency.

"I regard the existing South African land policies in so far as blacks are concerned as being essentially socialistic rather than capitalistic.

"If blacks are expected to support the free enterprise system, they must have a stake in it."

Mr Motsuenyane said that only when blacks became employers would the future of free enterprise in South Africa be ensured, and appealed to the government to hasten black economic development by amending some 900 statutes that had been formulated "to deliberately impede the involvement of the blacks in the country's free enterprise economy."

He outlined five "main stumbling blocks" to entrepreneurial development among blacks:

Legal barriers and limited training facilities;

Limited contracting experience;

Limited capital;

Company or partnership operations were rare among blacks;

Property market is closed to blacks.

However, Mr Motsuenyane said there were opportunities and challenges which could be exploited by blacks to develop small construction enterprises.

The first, he said, was the future market for black housing.

The second, he said, was the increasingly important role played by the private sector in providing better homes for their employees or making funds available for housing in black areas.

Govt urged to consult with building industry

EAST LONDON — An appeal for closer consultation between the government and the Building Industries Federation (Bifsa) was made by the president, Mr J. A. Barrow, here yesterday.

Speaking at the 76th annual congress of the federation, Mr Barrow said the stabilising of construction demand should become one of the government's policy objectives. It had to be recognised that the building industry and all connected with it had to be fed a balanced diet of work if they were to perform to maximum efficiency.

"At present the prospects of our industry appear to be favourable and although certain sectors, particularly the private residential sector, are experiencing a downturn, in general the demand for our services is still strong and likely to remain so for the forseeable future.

"It would appear we can expect a growth rate of four per cent to five per cent during the next year and that material and labour will remain in short supply."

Although factors relating to a boom situation were presently being experienced, and the capabilities of the industry were stretched to the maximum, wastage was taking place and a solution was needed.

"Last year an appeal was made to the government to plan public works expenditure on a three-year commitment, based on a moving average. Previously presidents of Bifsa have referred to "sluice gate" financial control which at a word or stroke of a pen, influenced the destiny of our industry to the extent of swinging it from one extreme to the other."

He said he had to reendorse the recommendation made by Professor Kilian, who was commissioned by the Building and Construction Advisory Council, that the stabilising of construction demand be a government policy objective.

Mr Barrow said the shortage of accommodation experienced by all race groups was a serious matter for Bifsa and the country.

"Many problems related to the provision of housing for blacks remain unresolved and it would appear that more positive steps to obtain finance are necessary."

It was apparent that institutions and corporations would be committed to using more of their earnings for the provision of proper housing for their workers, and in this way stabilising their workforce.

The provision of adequate accommodation for black building workers was receiving attention from Bifsa and more and more contractors were recognising this need.

"It is our contention that serious consideration should be given by the government to providing individual employers with greater financial assistance in the form of a tax rebate or additional depreciation allowance. Furthermore, tenure of land would be an added incentive to employers and employees alike and the apparent official inertia in this regard is to be regretted.

"Surely we should all accept that pride of possession — be it land or a house — is the cornerstone of internal national defence and stability." — DDR

Building societies urged to be flexible

EAST LONDON — Building societies, in their endeavour to obtain sufficient funds from the market, will have to adjust more frequently and more rapidly to market related trends, Mr A. Viljoen, the president of the Association of Building Societies, said here yesterday.

Addressing the Bifsa congress on "Capital Requirements and Budgeting for the Small Entrepreneur," Mr Viljoen said that since 1980 there had been a sharp decline in intake from the market and liquidity was very scarce, resulting in no lending activity.

"We have just experienced a situation of feast and famine — in 1980 societies had an abundance of home loan finance and within a few months it has dried up to the extent that home builders find it difficult to continue," he said.

"In the light of these peaks and valleys, can the home builder plan his activity properly? What are societies doing about the problem of insufficient loan finance?"

Mr Viljoen said societies must grow to fulfil their function of having loan finance for the ever increasing number of loan applications.

He said that unless the mortgage rate was adjusted frequently, societies would have difficulty in competing with other financial institutions. — DDR

Spring: don't hold back

EAST LONDON — Economic uncertainty in the Border area had resulted in unemployment and an unwillingness by businessmen to commit themselves, said the Mayor of East London, Mr Errol Spring, at yesterday's Building Industries Federation opening.

"This unemployment is undoubtedly the greatest challenge for us in this region, sitting with a black township, second in size to Soweto, on our doorstep, and an unemployment figure estimated at 60 per cent."

He said due to the economic uncertainty, businessmen were reluctant to commit themselves to the region and even those here tended to hold back and not extend their activities in keeping with the pace of development countrywide.

Mr Spring said he believed this was changing, as the East London City Council and business community had researched ways of reversing these trends and had put their recommendations to the government.

"It is the responsibility of those in the area to project a positive image and create a climate which will attract entrepreneurs to invest in the area.

"I have no doubt that the government will make the region attractive to business."

He said this was an exciting challenge and had no doubt that the Bifsa conference in the city would be a "shot in the arm" for the city and would assist in creating a suitable climate, as people would see the potential of the city. — DDR

'Builders need new management skills'

RDM 28 10 81 (32)

Mail Correspondent

THE change in size, scope and complexity of the building industry meant new management techniques had to be learnt by the smaller specialists and sub-contractors in the industry.

This was said by Mr J L Brandt, director of a plumbing firm, at the Building Industries Federation of South Africa congress in East London yesterday.

Speaking on "Management Education for the Small Businessman in the Building Industry", Mr Brandt said not only the size and volume of the industry had grown dramatically, but so had the complexities of construction, with each day bringing new developments in technology.

This had resulted in a restructuring of the method of operation of firms and a regrading of the labour force.

Down-grading

"This regrading of the existing labour force has in effect been a down-grading in various classes of skilled manpower.

"The charge-hand who used to be able to control 10 competent artisans is now extended in controlling perhaps two or three mediocre or poor grade artisans. The general foreman who used to be the backbone of the industry is almost extinct and consequently his services have been down-graded to those of the charge-hand responsible to a contract manager who is now responsible for the larger sites."

Mr Brandt said management education was as important for the small businessman as for the larger corporation, if not more important.

"The need to train managers of small businesses to avert disaster should be apparent to all.

Not enough

"Not enough is being done in training, even though the universities, private sector businesses and institutions are involved."

He said far greater efforts would have to be made in streaming scholars from an early age — at about 13 years — into the various technical courses on offer in an attempt to meet the future technological needs of the country and in training the existing pool of labour to achieve greater productivity.

The role of a manager should be that of a negotiator, a co-ordinator, an estimator, draughtsman, engineer, clerk, accountant, financier, storeman, driver and leader.

Mr Brandt stressed the need for formal education either through in-house training, technikons or universities.

He said it was in the field worker productivity that management education, or the lack of it, was most severely felt.

Strong unions are 'good for peace' SA builders told

By SUSAN DALLAS

EAST LONDON. — Strong responsible labour unions and employers' organisations with equal bargaining weapons were necessary for social peace, Dr Wolf Dieter Lindner, a director of the Confederation of German Employers' Associations said yesterday to delegates at the annual congress of the Building Industries Federation of South Africa.

Explaining industrial relations principles in Germany, he said that successful labour negotiations depended on strong unions which were able to wield weapons such as strikes and employers who were able to "lock-out."

"We believe that the chances of social peace are higher in a system of industrial unions."

Bargaining was more successful on an industry basis than in one of craft unions.

In Germany, 42% of people in dependen employment were unionised. This union strength stemmed from the fact that under the German legal system, only labour unions and employers could fix wages and other conditions by collective agreement.

The government had no power to intervene in the negotiating process.In the case of industrial action it could only assist the bargaining parties.

Dr Lindner said labour conflicts in the event of failed negotiations were rare in Germany.

"The unions and employers know that it is unpopular and therefore all efforts are made to reach a compromise in negotiations," he said.

The powerful weapons of strike and defensive lock-outs were balanced and this helped to keep the peace, Dr Lindner said

During discussions at the congress it that the majority of employers in the industry were small companies with inadequate managerial competence.

Mr Hugh Frost told delegates there were only 350 companies which employed more than 100 employees compared with 8 000 companies with less staff.

Mr Johan Brandt said that only 1% of all housebuilders in the southern Transvaal were "large" by the same definition of 100 employees. In fact 95% had less than 20 skilled employees.

Thousands more were unregistered black entrepreneurs doing painting, plastering, alterations and additions to houses.

Mr Brandt said management education for these small businesses was urgently needed. Few small businessmen had the time to attend training courses.

These should in future be designed to be more intensive, more accessible to the small builder and less time-consuming

Agreement seen as the key to good industrial relations

EAST LONDON — In West Germany the option was for industrial relations methods that were adequate to the democratic system, Dr W. D. Lidner, the director and head of the department "International Social Policy" of the Confederation of German Employers Associations said yesterday.

Addressing the Bifsa congress on "Industrial Relations in the Federal Republic of Germany", Dr Lidner said the only alternative to autonomous collective bargaining would be the determination of wages and other working conditons by the state which would require a series of interventions in many fields of the economy.

"In our existing model the state has no right to intervene in the bargaining process neither in the negotiation phase nor later in case these negotiations break down."

Dr Lidner said he did not want to export the way the Germans handled their industrial relations but there were some basic principles and guidelines which were universally applicable and which might be borne in mind by South African policy makers.

"In the field of industrial relations or labour matters in general we tend to stick to the formula: "As much as possible should be regulated by agreement between the collective bargaining parties and not by the state."

"The lesson we have learnt historically is that the workers and employers organisations must be strong organisations. It needs a lot of strength on both sides to negotiate autonomously highly controversial matters with strong economic interests behind them, to find a compromise and to justify the result before your members."

Dr Lidner said there were strong and powerful labour unions and equally well developed employers organisations.

"The strength of the union movement and of the employer organisations stems also from the fact that under our legal system only labour unions and employers are entitled to fix wages and other labour conditions under collective agreement." He said that labour conflicts in the event of a failure of negotiations were rather rare in Germany. "The labour union and the employers know it is unpopular and therefore all efforts are made to reach a compromise in negotiations."

"In this context I should like to mention that strikes or lock-outs are only considered legal if these collective industrial actions are applied in order to exert pressure on the other party with the final aim of a new agreement on working conditions; they are considered to be the last measures.

Political strikes or sympathy strikes for neighbouring branches or even in favour of workers of another country are illegal and would make the unions supporting these actions liable for damages."

Dr Lidner said the chances of social peace were higher in a system of industrial unions and of bargaining on an industry basis than in one of craft unions, as was the case in West Germany.

Other points he made were:

- Involvement of workers representatives in decision making works best at the plant level because here problems were discussed which were of direct concern to every worker.
- In order to really involve all workers and employees in the election of their representatives, it was desirable to use a scheme not restricted to union members.
- No codetermination form or system should delay decision-making or infringe the rights of share holders. — DDR.

Mr Leon Glaser, of Cape Town, who will be installed today as the new Bifsa president.

UCT

Need for training in management cited

EAST LONDON — The change in size, scope and complexity of the building industry meant new management techniques had to be learnt by the smaller specialists and subcontractors in the industry, Mr J. L. Brandt, director of a plumbing firm, said at the Bifsa congress here yesterday.

Speaking on "Management Education for the Small Businessman in the Building Industry", Mr Brandt said not only the size and volume of the industry had grown dramatically but so had the complexities of construction with each day bringing new developments in technology.

This had resulted in a restructuring of the method of operation of firms and a regrading of the labour force.

"This regrading of the existing labour force has in effect been a downgrading in various classes of skilled manpower.

"The chargehand who used to be able to control 10 competent artisans is now extended in controlling perhaps two or three mediocre or poor grade artisans. The general foreman who used to be the backbone of the industry is almost extinct and consequently his services have been downgraded to those of the chargehand responsible to a contracts manager who is now responsible for the larger sites."

Mr Brandt said management education was as, if not more, important for the small businessman as for the larger corporation.

"The need to train managers of small businesses to avert disaster should be apparent to all. Not enough is being done in training, even though the universities, private sector businesses and institutions are involved."

He said far greater efforts would have to be made in streaming scholars from an early age, about 13 years into the various technical courses on offer in an attempt to meet the future technological needs of the country, and in training the existing pool of labour to achieve greater productivity.

The role of a manager should be to be a negotiator, a co-ordinator, an estimator, draughtsman, engineer, clerk , accountant, financier, storeman, driver and leader.

Mr Brandt stressed the need for formal education either through in-house training, technikons or universities and outlined the problems of obtaining in continuing education.

He said it was in the field of worker productivity that that management education, or the lack of it, was most severely felt.— DDR

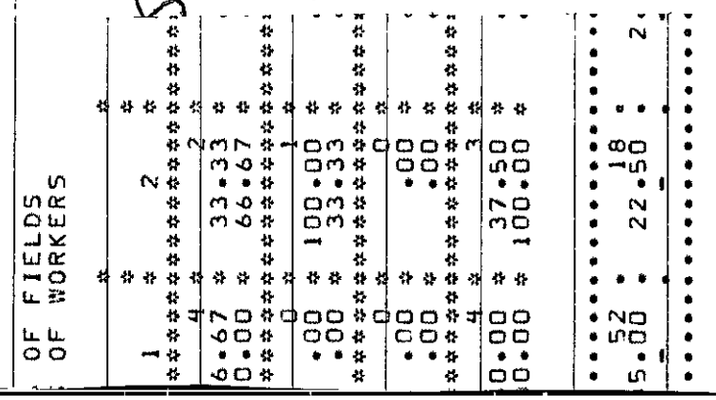
Problem with statistics

EAST LONDON — One of the major problems with the data provided by the Department of Statistics was the long period that elapsed before publication, Mr J. P. Lynch, of the Department of Statistics told the Bifsa congress here yesterday.

He said the main reason for this delay was to a large extent the difficulty experienced in obtaining returns on which the statistics were based.

"Statistics can be a valuable input into management but for this to be so it is essential that the information be timely and accurate and it is in this sphere that management can and should play a role in ensuring that the data submitted also satisfy these criteria.

"Sometimes the onerous task of submitting returns should be considered not a necessary evil, but an obligation towards the industry and society as a whole." — DDR



Bifsa set to drop race barriers

RDM 29/10/81

AFTER preliminary talks with the major building trade unions, the Building Industries Federation of SA has promised a new "status-blind" labour structure.

Bifsa's new president, Mr Leon Glaser, yesterday announced a labour structure with wages linked to productivity instead of job classification.

Previously, a bricklayer received a fixed income and had little access to further training for job advancement. Now there will be no ceiling for advancement in a "colour-blind" labour field.

Bifsa's executive director, Mr Lou Davis, told the federation's congress in East London that the backlog of black skills compared with white was a national scar which the industry was committed to heal.

He said no educational standards would be required of apprentice tradesmen to make it easier for unskilled workers to enter the industry.

Talks on the new labour deal are expected to be completed by mid-November.

Mr Glaser said collective bargaining and greater worker participation were key principles in a progressive new labour relations policy to be followed by the building industry.

He outlined a plan to avoid a "management crisis" and to increase the strength of building workers' unions.

He said management depended on worker participation to face and overcome problems like recession and unemployment. The trend in labour relations in other countries was towards a greater say through works councils, unions, safety committees and even the whole worker body.

"We have got to realise we are dealing with an emerging group who want their share of the cake. They have the same ambitions as you and I. They want to see light at the end of the tunnel and a possible road of continual upward mobility.

"I would say Bifsa's training programmes are definitely going to have the effect of extending the ladder of upward mobility. These programmes will ensure that promotion and advancement are linked to ability and effort."

Mr Glaser predicted the emergence of a contented and proud work force, "jealous and protective of their standing" if a free market of reward for effort was allowed to exist.

Bifsa's training programme meant that in three years 2 500 artisans would qualify every year, having increased their status and wages by about three times.

"We must have strong employer bodies and equally strong unions able to keep their word and able to discipline their members," he said.

A major problem faced the industry, however, to persuade emerging black unions to register, and to operate within the industrial council system when they had so long been excluded from it.

Mr Esau Ncube, industrial relations officer of LTA Construction, told delegates that effective communication with workers through liaison committees was a basic requirement for reducing industrial unrest. Literate blacks would want to join trade unions and would see them as a power-base.

Top award for Natal construction firm

NM 29/10/81

Property Editor

EAST LONDON—A Natal construction company has won the top award in the Building Industries Federation (S A) national safety competition.

The awards were made yesterday at the close of the annual congress here and in the so-called Super League, LTA Construction (Natal) won the trophy and certificates for their efforts on the SAR Hostel site in Umlazi.

The award was presented by the new president of Bifsa, Mr Leon Glaser, and was received by Mr Gary Thomas

Second position went to Stocks and Stocks (Tvl) for the United Building Society site in Pretoria while LTA Building (Witwatersrand) and LTA Building (S W A) shared third place

In the building section group A, for contracts over R2 000 000, third position went to Murray and Roberts (Natal) for their shopping centre in Malvern.

In the allied industries section (A), Durban Cement were winners while Corobrik received a highly commended certificate In Group B Grinaker Construction were second.

DD 29/10/81 (32)

Glaser: we must help with homes

EAST LONDON — The building industry, the country's third biggest employer of labour, would have to do something about the living conditions of its employees and could no longer wait for the government to provide housing, the new president of the Building Industries Federation of South Africa said here yesterday.

Speaking on the employer's viewpoint of present and future industrial relations, Mr L. S. Glaser said: "The question of housing is at the root of many of our problems. The time has long passed where we can afford to sit back and wait for government to provide relief.

"If we want a contented workforce we are going to have to do something about the appalling conditions in which some of our workforce are expected to live and still turn out a decent day's work."

Mr Glaser said South Africa had its own particular problems, caused by legislation and the varying cultural heritages of blacks.

"We have influx control regulations and legislation which, necessary though they may be, give rise to all sorts of problems and imbalances stemming from the unnatural way of life they cause together with the financial implications. For instance a general worker, who is the lowest paid employee, has to run two homes.

"On the cultural side you have a man who is only allowed into the urban areas on contract finds himself with pension fund deductions which he had no hope of ever collecting and, in any event, he much prefers his own tribal or cultural system where his children will look after him in his old age. He wants his money now and not in 30 or 40 years' time."

These problems were important to labour relations.

Turning to BIFSA's newly introduced training programmes, Mr Glaser said these would extend "the ladder of upward mobility" and would ensure that promotion and advancement would be linked to ability and effort.

"The state of the economic environment must be considered but the socio-political circumstances play an equally large part."

The rate of change in our society was going to be an ever-increasing one and many of the programmes proposed by BIFSA and which were being legislated for were out-dated before they "saw the light of day".

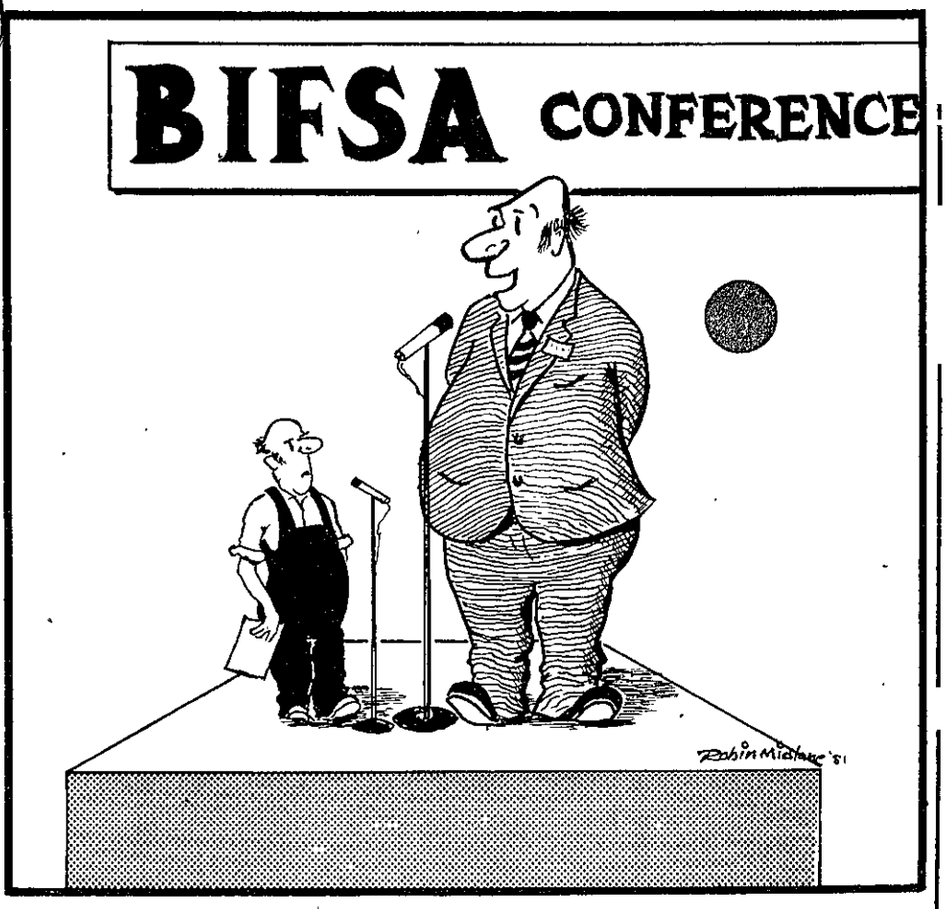
There was something wrong if management was spending only two per cent of their time on industrial relations, while Britain was spending 60 per cent and Germany 15 per cent.

"We have to realise we are dealing with an emerging group who want their share of the cake.

"In three years BIFSA will be releasing 2 500 trained artisans per year who will have enhanced their status and spending power by plus/minus three times."

Any man who had by his own efforts and work increased his spending power so much would not allow anyone to take his newly earned position away from him, and this would be a "tremendous weapon in our armoury".

"One of our major tasks is going to be to get the emerging black unions to register and to operate within the Industrial Council system. Having kept them out of the system for so long a tremendous amount of persuasion, of education, and of public relations work is going to be needed if we are to succeed," Mr Glaser said. — DDR.



". . . and now to the problems of the small builder."

Non-racist work structure planned

EAST LONDON — BIFSA was on the threshold of a new type of labour structure which would be totally colour blind, the federation's president, Mr L. Glaser, said here yesterday.

Explaining the structure, the executive director of BIFSA, Mr L. Davis, said they had had to start from the stance in the industry already — the traditional apprenticeship training. One of the requirements of this training was a particular standard of education, and this had obviously kept many out as they didn't have the necessary education level.

Now BIFSA would continue the apprenticeship training but would also have a "learnership course", which would enable those previously excluded to come into the industry and learn the skills.

"We are no longer talking about workers but about craftsmen," said Mr Davis.

Mr Glaser added that once the necessary skills had been achieved, there would be equal pay for equal skills and blacks would be able to reach higher levels.

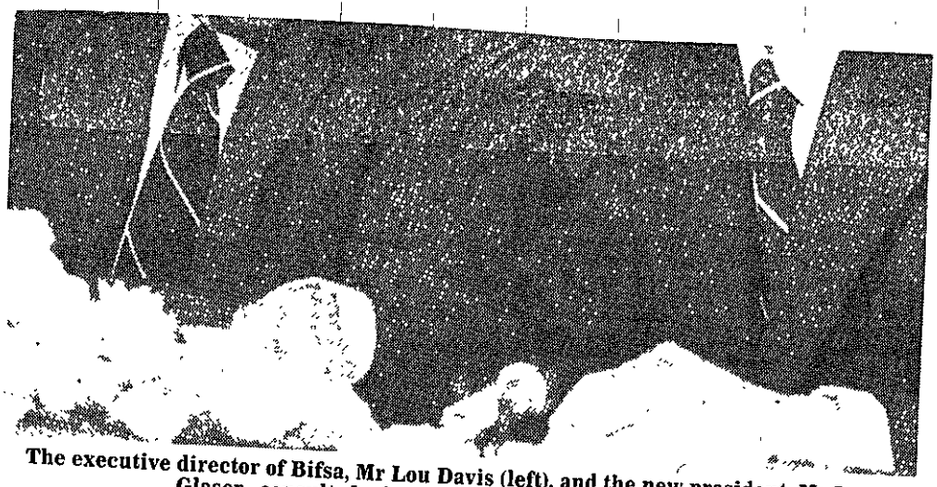
Mr Davis said it had to be remembered that the industry was in commerce and there was therefore a linked productivity factor and quality of work attached to this equal pay. But anyone who was willing to work, had the skill to do it, and produced the work could advance in this new structure. It was one of upward mobility.

"We need builders, the country needs builders, and we are doing our best to fulfil the demand," said Mr Glaser. — DDR

Council aids buyers — prof

EAST LONDON — There was nothing new in consumers protecting their interests, but consumer

MADISON ACADEMIC COMPUTING CENTER PROGRAM CROSTAF2 81/11/18 RUN AA PAGE 2



The executive director of Bifsa, Mr Lou Davis (left), and the new president, Mr Leon Glaser, consult during yesterday's press conference.

New era of labour partnership urged

EAST LONDON — A call for employers and employees to enter a new era of partnership rather than confrontation and make use of legislation and machinery being created was made by the industrial relations officer of a building firm at the close of yesterday's BIFSA congress here.

Presenting his views on the present and future trends in industrial relations from the employees' point of view, Mr E. Ncube called for both to work together and talk together in a new spirit of co-operation.

"The building industry has a fine record of labour peace, having suffered no serious labour unrest during the past three decades.

"The industry is extremely vulnerable, however, to the disruptive effect of labour unrest, particularly bearing in mind the sensitivity of construction to fluctuations in the economic climate, our fiercely competitive tendering system and the high risks of unemployment at the end of a contract, or more seriously during periods of recession."

Mr Ncube said the use of committees, coupled with much discussion with the employees, would improve industrial relationships as well as productivity.

The country was in the midst of a great industrial and economic boom, coupled with unprecedented changes in legislation affecting the lives and livelihood of the country's black population. "It also seems clear that amending legislation will make provision for multiracial committees."

Sound industrial relations practice demanded the establishment of effective in-company industrial relations procedure to complement the broader legislated structures which determined industrial conditions of employment.

The existence of an effective system of worker representation was essential, for not only did in-company committees form an integral part of industrial legislation, they also made a direct contribution to the profitablity of the company.

"Sound industrial relations start and finish with individuals (managers, foremen, supervisors, artisans) and workers — it works upward, downwards and sideways, in a structure created in terms of a uniform manpower policy formulated by an industry or undertaking."

Discussing the current attitude of the employee, Mr Ncube said most of the employees in building were either illiterate or perhaps semi-literate, and often found it difficult to understand what was happening around them.

"They view changes in the field of industrial relations (as with any legislated change) with doubt and suspicion, brought about largely as a result of the only too often poor implementation of the committee system on their sites or in their companies. Very few committees, if any, in our industry at this stage are multiracial, and to the black employees these committees are established only to the benefit of the employer."

Mr Ncube stressed the importance of effective communication with workers through Liaison Committees as a basic requirement to reducing or eliminating genuine causes of industrial unrest.

"Nevertheless, there is no qoubt that trade unions, whether registered or unregistered, are here to stay and will play an increasing involvement in the future of our industry."

He said more and more blacks were joining the building industry, not only in the unskilled and semi-skilled grades, but also as graduates, technicians and trainees. These men would not put up with hurtful discriminatory practices and attitudes.

"Legislation has already and will further clear the way for improved and more enlightened attitudes, and we have a wonderful opportunity here in our industry to show ourselves as pace-setters." — DDR

of relatively recent origin.

This was said at the Bifsa congress by the chairman of the South African Co-ordinating Consumer Council, Professor Johannes Weyers.

Prof Weyers said there was nothing "sinister or unique" about consumerism.

"Many bodies exist, to further and protect the interests of their members — we refer to organised labour, commerce, industry, agriculture or to employer associations such as Bifsa — that are readily accepted as an integral part of our society and are not looked upon with suspicion and misgivings.

"However, a tendency still exists to question the right of existence of consumerism."

Prof Weyers said there were two differences between organised consumerism and other organised bodies.

The first was that most organised bodies limited membership to people of particular interests and not all members of society were members of the organisations.

"But, all members of a society, since they are end users of products and services, qualify as consumers."

The second difference, he said, was that most organisations confined their interests to a particular field of interest.

"Consumerism is involved in virtually all activities of a society," he said.

Prof Weyers said modern market places had become sophisticated and diversified.

"If I go and buy a deep freeze, or a house, I don't know exactly how everything works yet I have to go along and choose and then pay hard earned money out of my pocket for something that I don't really understand."

He said that this led to the need for a specialised body to act on behalf of individual consumers and said that in this respect consumer organisations and other organisations shared common interests.

"Every man is a producer and a consumer and it is only when a balance between these two is struck that maximum welfare is attained," he said. — DDR

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Building industry throws out colour bars

NM 29/10/81

Property Editor

THE building industry is to remove all barriers on progress and pay, it was announced yesterday.

The new president of the Building Industries Federation (S A), Mr Leon Glaser, told reporters after the Bifsa annual congress that talks had been held with all the major unions involved in the building trade.

Agreement had been reached and full details would be released in a few weeks' time.

'We are on the threshold of a new type of labour structure,' said Mr Glaser. 'It will be entirely colour blind from the lowest skilled worker to the highest skilled worker.

'They will have the same nomenclature, do the same work and receive the same pay whoever they may be.'

Bifsa's executive director, Mr Lou Davis, told the same meeting that further training methods for all races would ensure the industry had craftsmen and not merely artisans.

Mr Glaser said the new policy was equal pay for equal skills. Within three years — and he gave three years as a watershed date — some men would have increased their earning capacity by as much as three times.

'We now have a special programme of continuing training for all staff who show capability of progress. This will take place in all parts of the country and will apply to all races.'

The programme apparently has been in operation for three or four months.

Willing

On the question of trade unions, Mr Glaser said Bifsa was always willing to speak to all responsible and properly constituted bodies. But the conference was told that Bifsa was an employers' organisation.

'We want strong unions but it is not our function to organise labour,' he said.

Mr Davis described the current cement shortage as a critical situation. Cement producers' executives had attended congress as a 'peace offering' but this would not help.

The shortage was now 140 000 tons, but 15 000 tons would be arriving in Durban from Taiwan soon with more coming later.

'Do something on housing'

Sowetan 30/3/89 (32)

THE building industry – the country's third biggest employer of labour – would have to do something about its employees' living conditions and not wait for the Government to provide housing, the new president of the Building Industries Federation of South Africa said yesterday.

Addressing Bifsa's congress in East London, Mr L S Glaser said the question of housing was at the root of many of the industry's problems.

"The time has long passed when we can afford to sit back and wait for Government to provide relief. If we want a contented workforce, we are going to have to do something about the appalling conditions in which some of our workforce are expected to live and still turn out a decent day's work."

Mr Glaser said South Africa had its own particular problems caused by current legislation and the varying cultural heritages of blacks.

"We have influx control regulations and legislation which, necessary though they may be, give rise to all sorts of problems and imbalances stemming from the unnatural way of life they cause, together with the financial implications.

"For instance, a general worker – who is the lowest paid employee – in fact has the added expense of running two houses.

"On the cultural side you have the fact that a man who is only allowed into the urban areas on contract finds himself with pension fund deductions he had no hope of ever collecting and, in any event – as he may only be there for a comparatively short period – much prefers his own tribal or cultural system where his children will look after him in his old age.

"He wants his money now and not in 30 or 40 years' time," Mr Glaser said.

These problems were important to labour relations in that they affected the quality of working life. – Sapa.

First-time figures show unchecked pace since 1975

Rocketing cost of building laid bare

RDM (BM) 2/11/81 32

THE trend of accelerating building costs is unlikely to be reversed in the foreseeable future because of the enormous housing demand in South Africa and the continuing shortage of materials and labour.

The Witwatersrand Master Builders and Allied Trades Association, which has been monitoring actual increases in house-building costs since the beginning of 1975, has released details of its cost index for the first time. It shows how costs have rocketed since 1979.

By JOHN MULCAHY

Based on statistics compiled from the input of house-builder members on the Witwatersrand, the index shows an unchecked increase in costs on an annual basis since 1975.

While there is evidence of the increase slowing for the first nine months of this year, the MBA index still shows an annualised increase of nearly 20%. At June 30 the index reflected an annualised increase of 23,94%, slightly down on the 24,65% rise in 1980.

MBA's president, Mr T L Richards, says that with the exception of 1977, the increase in building costs has been significantly higher than the general rate of price inflation.

"This pattern will inevitably be maintained this year. Based on the trend to date, we anticipate an increase of about 18% in the index for the full 1981 year."

The upward cost trend is likely to continue during periods such as now when building is restricted by a shortage of mortgage bond finance, says Mr Richards.

The input for the MBA index is based on typical single-storey houses of average size and specification built by MBA members, usually built on contract to individual buyers in the private sector.

The cost figures in the index reflect only actual increases on direct costs of materials and labour, and exclude overheads, sales and administration costs as well as profits.

From 1975 to 1979 the index rose from its base of 100 to 175,35, an average increase of 15,07% a year.

At the height of the building recession in 1977 the index rose by 2,36%, and sharp acceleration in costs started in 1979 when the index rose by almost 20%.

The trends indicated by the MBA index are supported by the results of the latest Bureau for Economic Research Building Survey, which concludes that building costs will continue to rise in the near future, although not as rapidly as in the past.

The BER index, an analysis of tender prices not direct costs, shows the annualised rate of increase in costs was 35,8% in the first quarter of this year, but dropped to 31,8% in the second quarter and to 26,5% in the third quarter.

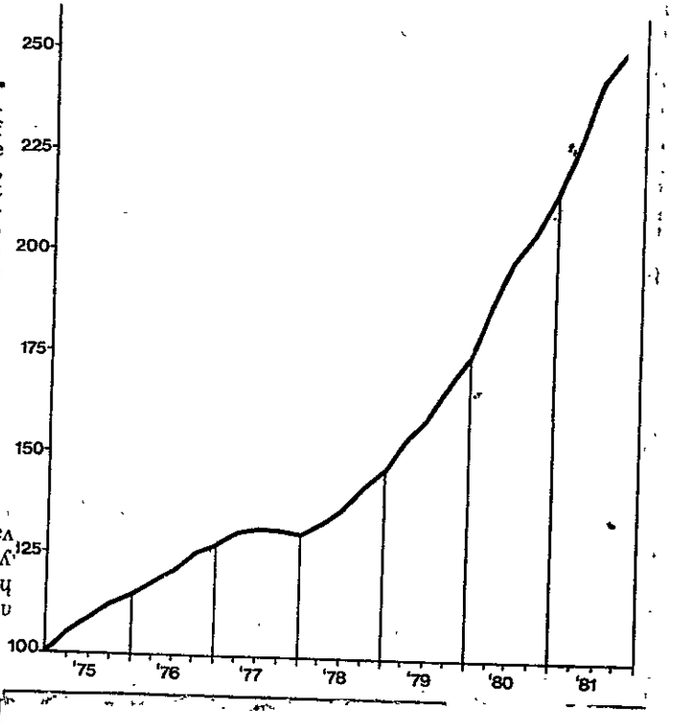
BER says that taking trend in the index as an indicator, and viewing it in the light of indications that the peak of the building cycle has been reached, it is probable that by the last quarter the year-on-year increase in the cost index will drop to a figure more in line with inflation in the rest of the economy.

However, even if the index rises by 16% in the current quarter, it will represent an average increase of about 27% for 1981 compared with last year, and the stabilisation becoming apparent in the actual index will only be reflected in a low rise in building costs next year.

In its regional opinion survey

MASTER BUILDERS & ALLIED TRADES ASSOCIATION: WITWATERSRAND: BUILDING STATISTICS

Index of Building costs for Housing-Jan.1975=100



Highways grind to a halt

'Any contracts now underway may have to be stopped'

1/12/81
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Industrial Week
1/12/81

By Lynn Carlisle

MAJOR road construction programmes will end up in a rut, and substantial layoffs among the 130 000 civil engineering work force can be expected, road authorities say.

Unless the shrinking National Road Fund and municipal roads budgets are substantially boosted by Government next year dismayed provincial MECs and civil engineers foresee construction becoming bogged down. They foresee no relief coming, regardless of a firm economic downward trend now forecast from all quarters.

Roads authorities told Industrial Week in February they feared diminishing funds could increasingly force them to freeze contracts underway.

"Since then the situation has worsened many times and will deteriorate even further," says Natal MEC for Roads, Dering Stainbank.

"So we will not go out on a single contract unless Government next year sees it as being a strategic road," he adds.

Aside from a tender for the construction of the first of three phases of the Uncle Charlie's highway — a three-year programme likely to cost R60-million — Transvaal's road programme looks blocked for even longer if roads are kept at low priority level by Government.

"We foresee not tackling another new project for three years, and may announce in January if any contracts now underway will have to be stopped due to a lack of funds," says Transvaal MEC for Roads, John Griffiths.

He is unable to say when the proposed big M4 highway with the interleading PWV 12A toll gate route connecting Krugersdorp with Springs, will be scheduled for construction.

"But if I have my way we'll start the project by the end of next year," adds Griffiths.

Free State and Cape provincial authorities say their outlook is "neither prosperous nor dark" for the time being in spite of funds running substantially lower than normal.

"But road construction costs have increased enormously, so there's no chance of any new projects although we will try to continue those contracts already awarded," says Free State MEC for Roads, Paul Farrell.

Murray and Roberts Roads and Earthworks managing director Ronald McLennan says Government road expenditure is always cut in a period of financial crisis.

"The effects of cuts creep up over the years until we are faced with a traffic tangle which takes many years to unravel, and at far greater cost," says McLennan.

Backed by SA Federation of Civil Engineering Contractors director, Kees Legaay, McLennan says these changes in direction do not enable the industry to recruit and train an experienced and stable labour force.

Arterial congestion looms in Natal and the Transvaal as heavy traffic and black ownership of cars increases rapidly.

"There's a lot of talk about the introduction of an excise duty which will contribute 1c per litre of petrol sold to the National Road Fund. This may provide much-needed relief to road construction generally," says Legaay.

LTA F.M. 11/12/81 (32)

Bridging the gap

It appears as if pent-up demand for infrastructural spending will carry LTA and the other major civil engineering groups fairly comfortably through to the next economic upswing.

The past six months to end-September has seen LTA move ahead steadily and the directors forecast a further similar rate of increase in the last half of the year — though a higher tax rate is expected to trim the bottom line advance to some extent.

On turnover, 39,8% higher at R418,0m (R299m), LTA boosted pre-tax profit by 31% from R8.2m to R10.7m. The slimmer margins, however, are not strictly indicative of the profitability of individual contracts, as they largely depend on the mix of civil or public sector work in the books and the relative proportion of sub-contracted work involved.

In fact, and as may be expected under present market conditions, group financial manager Jimmy Oosthuizen says contracts now being undertaken are being written at generally more favourable margins.

The tax rate in the first half-year was virtually unchanged at 35%, but after minorities the taxed profit advance was held to 24,8% from R5,4m to R6,7m. The second half could see a higher tax rate as assessed losses fall away.

At the same time, he points out, the tax status of contracting companies generally has changed over the last 18 months or so and investment allowances on new projects are no longer available to them. As a result, the overall level of tax is likely to be higher.

Consequently, though the directors believe that pre-tax profit for the year will be around 30% higher than last year's R16,7m, they add that earnings a share are likely to rise by only around 20% on 1981's 83c.

The company's order book is strong, with work on hand at around R840m compared with R705m at the end of March and R548m at the end of last September. Oosthuizen says that the larger contracts, such as Koeberg, are now running down, but the company does not foresee any major downturn in infrastructural orders.

For one thing, government has held back on orders to some extent recently, but may soon have to start putting work out to tender again. And certainly, though one sector such as road construction may have turned down, this loss is often made up by increased expenditure in other areas.

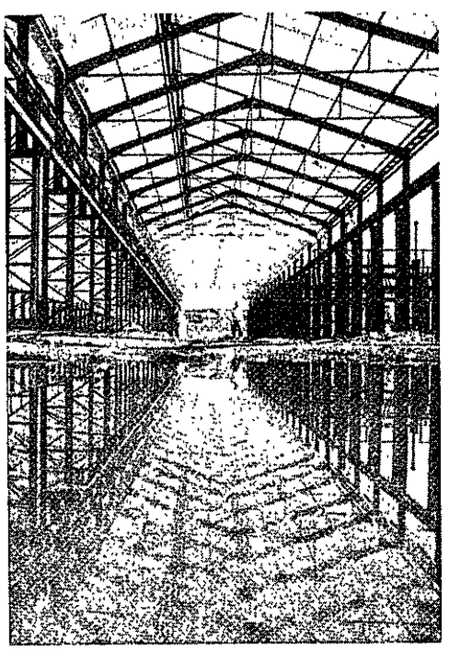
The company does report on one possible problem area relating to losses because of unusual vandalism on a particular mass housing project in the Cape.

All losses to end-September have been taken into account, but some may be recovered from the relevant local authorities. The result of arbitration may be known before the financial year-end in March. The losses so far written off have not been particularly significant, says Oosthuizen, and management appears confident that further compensation may be forthcoming. But there is always the potential for the position to become worse if the result of the arbitration is unsatisfactory.

Oosthuizen reports that the group's borrowings have been increased fairly substantially over the past six months or so, in part to finance the much greater amount of work on hand. Even though interest rates have been climbing to their peak over the same period, Oosthuizen believes LTA has been underborrowed for some years and the additional gearing will still provide a reasonable return.

If dividend cover is increased this year to the 3 times targeted by management and earnings rise by 20% to almost 100c, the year's dividend should be 33c (30c). At 425c, the share thus yields a prospective 7,8%. On a 4.3 times prospective earnings multiple, it seems a reasonable buy for longer-term investors.

Scott Hawker



LTA ... increasing the construction load