MANUFACTURING -

CLOTHING

1975 + 1976
THE CAPE'S JOB-SPINNER

Clothing industry employees record 45 000

By Tom Hood

A RECORD. 45 000 people now earn their living in the Western Cape's booming clothing industry.

The industry's labour force usually reaches its peak in December, as workers wait for leave and year-end bonuses and labour turnover drops considerably.

In December, 312 factories employed 48,662 workers, the highest number ever.

Since the factories opened last month after the holidays, many employers have taken on even more staff to cope with full order books.

About 2,000 Coloured school leavers found jobs but the industry is still not satisfied.

The latest figures, up to February 7, show the workforce has jumped to 44,681.

When the latest reports are available, the number will be more than 45,000, Mr. G. J. Nel, secretary of the Cape's industrial council for the clothing industry, said today.

Several employers are increasing their workforce to keep ahead of staff leaving.

One firm has taken 60 school leavers into its training school, engaging about 270 others this year and currently employing 100 more than in December.

The growth in population and greater influence of non-White families are helping to bring a steady growth for clothing.

Fears expressed by industrialists that inflation and higher living costs may pose a threat to clothing manufacturers look like being over pessimistic.

In spite of greater mechanisation and efforts to save labour, the Western Cape's clothing workers have doubled in number in 10 years from 27,000 and trebled in 20 years from 17,000.

Employment in other fields is also booming in the Western Cape. About 12,000 Coloured school leavers found jobs at the end of the year, most of them in industry.

Trade unions and the Department of Labour report fewer unemployed on their books than a year ago.
Textile, clothing protection spurred

Financial Reporter

NEW moves to get the South African Government to give greater protection to the hard-hit textile and clothing industries are expected in the light of the decision by the Australian Government to do so.

There remains strong concern in the South African industries that closures and unemployment could multiply unless the Board of Trade intervenes to help domestic companies.

Australia has introduced severe quota restrictions on garments and has referred new groups of textiles to the Textiles Authority for a report on imports. It has also dropped the developing countries' tariff preferences on imported furniture from Taiwan.

More quotas on imports of textiles and garments are expected from March 25 when the voluntary restraints arrangements made with China, Hong Kong and Korea are reviewed.

Details of the quota arrangements indicate that there is to be an overall cut-back in imports. They are not directed at any particular country. Australian established importers will be allocated their quotas on the basis of imports for the calendar years 1973 and 1974, and they can then import whatever units they want from whichever source.

However, as is believed that with a unit quota imposed and severe penalties on units above the quotas, the importers will generally bring in quality items such as British suits rather than cheaper goods.

SWIMWEAR

The quota on men's, youth's and boys' suits for the year is 45,000 units, with a $25 penalty on each item above that number imported.

In 1974, Australia imported 427,000 such items. For coats, the quota is 200,000, made it clear that they are temporary, and consistent with GATT arrangements.

Australian industry has been warned not to plan on continuation of the quotas, and that the quotas will be reviewed when long-term plans for the industry are developed later this year.

OUT OF WORK

Since the Australian Government eased its restrictions on imports last year, 17,000 workers in garment manufacture and 10,000 in textiles have been thrown out of work. Industry sources complained that producers around the world, including Britain, were treating Australia as a free market while raising tariff barriers or other measures to protect themselves.

Complaints were expected, but the industry believed that the needs of Australian industry, and the necessity to maintain jobs, was more important. In making its decision, the Australian Government, concerned at high unemployment, has shared that view.

with a $15 penalty — in 1974, imports reached 367,000. Men's shorts are restricted to 800,000 pairs, with a penalty of $A9 a pair — last year imports were 2,300,000 pairs.

Women's, girls' and children's outer garments are to be subject to a quota of 6-million units, with a penalty of $A12 — 10,000 000 garments in this category came in during 1974.

Dressing gowns are subject to a quota of 120,000 units, with a $A9 penalty — 1974 imports were 366,000 garments.

A quota of 50,000 dozen (600,000 units) of swimwear is also imposed, with a penalty of $A4 an additional garment — in 1974 there were 2,300,000 units. Napkins for babies are also subject to the quotas, at 600,000 units, with a $A1 penalty for each square metre above quota — the 1974 imports were 3-million nappies.

In announcing the cuts, the Australian Government has...
Textiles’ dismal yarn

Import permits are being used to put the bite on the clothing industry to support ageing textile factories, generally down 40% on normal production, with some reckoned down by 70%.

This follows special duties on certain imported woven fabrics imposed last September in a vain attempt to prop up local textile orders after claims that dumped overseas cloths had knocked the bottom out of SA-made materials.

The higher duties haven’t worked because, an Import Control spokesman explains, too many manufacturers ran up huge stocks before the duties were imposed. These will only bite once inventories have been worked out (hopefully by the middle of the year).

SA Cotton Textile Manufacturing Association (Sactma) chairman Archie Berman says mills are “hopelessly short of work.” Describing the position as “very bleak,” Berman reports at least four major manufacturers (Frame, Good Hope, David Whitehead, and Berg River) having been forced to retrench or cut shifts.

In the Cape, things are so desperate a free sheet was being given away with every one sold last week.

This week Progress Industries also reflected the gloomy times, reporting a profit fall from R706 400 to R437 000, partly blaming depressed world textile conditions and free imports of some woven goods under rebate.

With special duties having failed to revive local textiles, Pretoria is now severely restricting the initial issue of 1975 permits for imported woven and knitted textiles, with Director of Import Control Dawie de Villiers appealing to clothing manufacturers to buy locally.

It’s against all the rules, of course, and our GATT partners must be hopping mad. De Villiers says, however, that he’ll scrap control “as soon as things show signs of getting back to normal.” Meanwhile, he promises, no one will be kept short if he has a good case.

Clothing manufacturers, in turn, say they’re all for buying SA textiles and say they do whenever they can, as in denim, toweling, certain shirtings and workwear. But they claim that in high fashion areas local textiles just cannot provide what’s needed.

Says one “Nobody here makes yarn-dyed woven fancy shirtings. Yet this is the big fashion scene today, and the success of our business depends on how you’re with fashion. We just can’t get locally the fancy stripes, checks and prints that are in vogue.”

“The trouble with the SA textile industry is that it doesn’t keep pace with trends. Also, it’s geared for mass products. But the fashion market doesn’t want long runs. It’s after exclusiveness.”

Another beef is that textile mills won’t, for instance, supply less than 3 000 metres of shirting, whereas clothing manufacturers say even the largest of them needs no more than 1 500 metres of a printed shirting which can be got overseas.

Berman counters saying there are several large textile concerns who would be prepared to make small runs for “a reasonable premium” and that technically SA textile factories can produce cloth to a very high and tight specification. While he says they can make checks and stripes, he adds: “I don’t know that we could do, say, 150 different designs for 10 different manufacturers for short runs.”

Meanwhile, clothing manufacturers dispute claims that buying of overseas textiles at dumped prices last year is the reason for the present parlous state of the local textile industry.

They claim textiles’ difficulties stem from the November 1973 oil crisis, which hit synthetic textiles world-wide. Early in 1974, because things were scarce, clothing manufacturers, who were busy, bought more than they needed for six months stock under import permits. By mid-year, because they’d bought to the hilt and were already committed, they were, they say, in no position to take advantage of dumped prices.

For the same reason there were no...
Clothing makers aim for R5-m

By RALPH HELLER

THREE Johannesburg-based clothing manufacturers have merged to form a group with total assets in excess of R1-million. The merger should allow total turnover to rise from R2.7-million to R5-million, chairman Ronald Damelin said yesterday.

The three companies are Kaybro Clothing Manufacturers, Edem Clothing Manufacturers, and Bristol Clothing Manufacturers.

Kaybro took a 75 per cent stake in Edem in 1973, and recently took a 75.5 per cent stake in Bristol Clothing in a deal worth about R800,000.

The balance of the shares in Bristol has been taken by British and International Textiles, which has undertaken to provide finance for the planned expansion of the group. At least R100,000 is to be spent in plant modification and addition.

Mr Damelin said that the group is already conducting a certain amount of export business, but plans to mount an export drive to England, France and America.

"We aim for 20 per cent of our total turnover to be in the export market."

The group has a factory labour force of 150, and eventually plans to have all manufacturing operations under one roof.

Kaybro makes men's and boys' suits, and trousers under the "Townman" label; Edem makes juvenile and industrial clothing, and Bristol the "Trogs" line of trousers.
year's allocation. It has been known for some time that Imports and Exports Director David de Villiers and his men have been limiting permit issues for clothing to protect the local textile industry. So Economic Affairs Minister Chris Heunis' announcement did not come as a complete surprise.

But the effectiveness of this measure will be significantly diluted because a large portion of our clothing imports comes from Rhodesia — not subject to permit control.

Nevertheless, what will GATT say? Since the General Agreement already frowns on our import control regime, the latest effort to protect the textile industry may not particularly affect international opinion.

In any case, argues De Villiers, the discrimination against clothing importers is likely to be temporary. There are already signs that the textile industry is recovering and, if the trend continues, it shouldn't be long before an extra clothing allocation is made.

The Minister also announced that each applicant for permits in future will have to submit an accountant's certificate confirming that he is a bona fide merchant with his own trading premises.

Despite the administrative burden this will place on his staff, De Villiers is determined to catch out those businessmen who have registered companies by the score for the sole purpose of obtaining additional import permits. He notes that more than 2,000 such companies were found when a similar exercise was conducted a few years back.

IMPORT PERMITS

No complaints

The scant attention given to last week's second import permit allocation for 1975 is an indication of how little importers need extra permits.

With more than adequate stocks on hand and sheaves of unused import permits in their filing cabinets, most businessmen can't complain about the allocation of 40% (bringing permit issues to 80% of last year's figure) for consumer goods, confectionery and alcohol.

The only sector with any cause for grumbles are clothing importers. They've been given only 20% of last
A warped sense of values

Interests in the textile and clothing industries are still at loggerheads. They must pull together or both industries could come apart at the seams.

A stitch in time can save nine. So why do the various warring factions in the textile and clothing industries refuse to listen to the idea?

Textile producers continue to cry that prices cannot be maintained without reducing or limiting imports, protection or subsidies. Garment manufacturers, on the other hand, argue that they cannot compete on the market when faced with such an oversupply. And even if they can compete, the market place is no longer theirs.

Result is that both industries, both of which are pretty sick right now, keep talking on the Board of Trade's door with their own particular and some sort of weighted, requests.

But something must be done to coordinate prices from both, and soon. In a state of world-wide depression in the textile and clothing sectors, tomorrow will be too late.

Both clothing and textile employ highly specialised skills, both are in a highly competitive market and both reach the man in the street just about every day.

The textile industry represents an investment of about R350m and employs 94 000 people. It consists of manufacturers, weavers, loom makers and spinners, and all levels of production are involved.

The clothing industry employs over 127 000 or so. It includes manufacturers of knitted garments, dyers and bleachers, printers, and so on.

According to a 1972 survey, the clothing workers' welfare conditions were below those of any other group in the country.

Each industry guards its sphere against any encroachment on its own skills, and regards the other as a threat to its existence.

The result is that they are still at loggerheads with each other. It is always a question of whether they are going to set up a common denominator. How do you stop the tax bite?

Government could knock out all the various heads together. It could wait for some sort of spontaneous combustion (perhaps a burst of light from the factories) to co-operate to take place. Or it could lend a hand with, say, an SA Nylon Spinning (SAN) or seven (SA Glider Spinning) in the highly fragmented textile sector to cut down the proliferation of small fry.

"What's really needed" says one straight association spokesman "is a Krasniger". But then added as an afterthought "But who would pay?"

Post-September blues... and their go
t on.

Of course efforts have been made to make the various heads together. But the defunct Textiles Apparel Committee of the ITOC is a case in point. It was set up in 1972 and it allowed all parties to co-operate on an open board to create an open forum and to engender a spirit of co-operation.

Unfortunately, the various factions refused to discuss questions of tariffs and import levies, never mind agreeing on general policies.

Thus, while the current chairman, Stanley Shlagmann, tries to preach against a "beggar my neighbour" policy in industry he was at a loss on just how to bring his committee members to the negotiating table.

Of course, some form of spontaneous combustion might be sparked off by one of the major groups seeking actively to protect its investment. An example is the SA Nylon Spinning (SAN).

It would obviously be in SAN's own interests to promote co-operation between fibre producers, spinners, weavers and finishers in

this way it can safeguard its R21m investment for the provision of a local polypropylene material and its R12m car makes a move for bringing the latest technology into SA.

The user groups, the knitters, throwers, etc., are naturally interested in a supply industry capable of invest-
THE TEXTILES WEB

Throwers are those engaged in the process of twisting and/or doubling of yarns — including texturing and finishing.

Knitters use machines on which one or more yarns are formed into a series of interlocking loops.

Warp knits are machine-knit from one or more sets of yarns placed side by side in the same way as warps are used for weaving.

Welt knits are made with one or more yarns carried back and forth to make a flat fabric or are knit around to make a circular fabric.

Weavers work by interlocking two or three sets of yarns at right angles to each other, one set running in the lengthwise direction called the warp, and the other inserted crosswise called the weft.

Finishers process fibre yarn or fabric either before or after weaving or knitting to change the appearance and/or the handle and/or performance.

Polymerisation is the process of joining small chemical units together — the larger chemical unit then becomes a polymer. Spinning (chemical) produces filament fibre, filament yarn and filament tow.

Texturing is a process whereby continuous filament yarn is given a bulked property similar to those of spun yarns. Yarn is the generic name for an assemblage of fibres that are laid or twisted together.

Draw-twisting is the drawing out of the spun filaments which up to that stage are separate — and are then spun together.

Source: Transvaal

important, keeping them going in good times and bad. But, argues SANS, its investment must be protected against dumping.

If the users agree, here’s a case then for a common front to beat on Pretoria’s door. But it doesn’t exist — yet.

The driving force behind SANS’ expansion has been the necessity to keep pace with modern technology in the production of synthetic yarns. This aims at cost reduction by eliminating some processes. The present stages of polymerisation — spinning, draw-twisting and texturing — will be replaced by a continuous process.

SANS acquisition of some 66% of the local texturing industry, including knitted fabric manufacturers and knitwear producers, is now seen as part of that programme. The company clearly believes that the move will improve its service as a hitherto producer of filament yarns and assist, through its international connections, in the production of better fabrics.

Meantime, the various associations and federations carry on the free-for-all. The National Knitting Industry Federation, also has his problems. He looks after 85 or so knitting companies which employ 80% of the total labour force of 20,000 odd, in that sector. Producing socks, knit garments and fabrics.

The sock manufacturers, with up to 90% of the market, say Smith, are well-shod. Not so the fabric producers or the garment knitters.

There’s a picture of low order books, widespread retrenchment and dwindling production. Smith complains that the landed cost of imported finished garments is roughly that of local raw materials.

So, he too, has gone to the Bti with a plea for further protection.

Archie Berman, chairman of the SA Cotton Textile Manufacturers’ Association, also has some home-spun truths.

His member companies are working at about 40% under capacity. He speaks of a slight improvement in one or two areas but declines to comment further saying “Delicate negotiations are in hand.”

These, then, are just some of the sectional complaints from the textile and clothing industries and the danger is that individual efforts, such as the CSIR’s forthcoming conference on worker training, will be lost in the general fog.

Set for June 5 and 6, the conference takes as its theme “Textile Training at the Crossroads”, and hopes to give the textile industry the opportunity to define its training needs and to work out a plan of action for the future. It’s been described by the organisers as a “boot-strapping operation” and it’s their fond hope that guidelines for a coordinating committee might result.

Maybe so and, if the Department of Planning’s forecasts for 1974-79 are to hold water, such a committee must be forthcoming. The Department suggests that growth in the textile industry will continue at 6.5% and, with import levels holding steady, a further R191m investment will therefore be required.

Question is, who’s going to put the money in — and who will co-ordinate both industries to ensure that it’s put to the best possible use?
R273 000 profit in first quarter

By PAUL DOLD, Financial Editor

SHOWING THE BENEFITS of judicial management, the Back group in a heartening change in fortune has swung into the black with a R273 000 pre-tax profit for the first quarter.

If this performance can be maintained, it should not be long before the judicial management order is discharged and the listing reinstated. The news is bound to cheer both creditors and shareholders of the loss-stricken group. Last year Backdo had a R2m taxed loss while I L Back's was R1.5m.

The R273 000 profit was disclosed in a circular to creditors by the joint judicial managers, Mr. Ralph Millman, of Cape Trustees and Air J R Hadow of Syretts. It covered I L Back and Company, Back Clothing, Monatle-Alba, Knitwear Industries, LL Back Fashions, Grafaer and Backdo Management Company.

The judicial managers report says that forward orders production, and sales from January 1 to date have been satisfactory and in some cases have exceeded budget, though there are areas where trading conditions are difficult.

Looking at the likely future profit trend, they expect an appreciably lower profit during the second quarter of this year but this is due to the seasonal nature of the business.

They do, however, warn that while the group is operating at a profit and the trend should continue for the foreseeable future, creditors must appreciate that it will be many years before the group will be in a position to discharge its current liabilities from its trading profits and thus be released from judicial management.

But the judicial managers say they are working on a reconstruction plan which should be ready within three months which, if accepted by shareholders and creditors will pave the way for a lifting of the judicial management by October 31 at the latest.

The next meeting of creditors will be held at the Back group headquarters in Parow on June 30 and it seems likely that some outline of what is envisaged will emerge.

The overall picture is distinctly promising with the group having achieved a profit during a June when trading generally cannot have been buoyant. That the judicial managers have been able to

Cape Trustees Mr Ralph Millman.
Regional

Clothing workers get R5 a week

By CLIVE EMDON
Labour Correspondent

CLOTHING workers in the border area factories at Babalegi, 100 km north of Johannesburg, are paid a starting wage of R5 a week, and qualified machinists with three years' experience earn R10-R11 a week—nearly 50 per cent lower than wages in Johannesburg.

These facts have emerged from a report issued this week by Dr Anna Schepers, president of the Garment Workers Union, and Mr J H Thomas, general secretary of the Industrial Council for the Clothing Industry in the Transvaal.

Their findings showed:

- That workers in five border area clothing factories are working a 45-hour week, compared with the 40-hour week worked by clothing workers on the Reef.
- That they get two weeks annual leave a year, the minimum laid down by the Factories Act, compared to three weeks a year for workers on the Reef.
- Starting wages have risen from R3 a week to R5 a week over the past four years. One firm, H J Henschberg, pays an attendance bonus of R1 a week, due to the problem of absenteeism.
- Machinists earn R10-R11 a week after three years—compared with the R15-R20 a week minimum rate in Johannesburg.
- Local supervisors earn R15-R17 a week while those brought in from elsewhere can earn as much as R30—compared with the minimum rate for supervisors in Johannesburg of R31 a week.

The Schepers-Thomas report follows their fact-finding visit to factories employing 1 800 workers in the industrial area of Babalegi at Hammanskraal in the Bophuthatswana homeland.

The factories visited were Tiger Clothing (employing 400 workers), Hammanskraal Knitwear (with 190 workers, but planning a new factory for 350 workers), President Knitting (employing 230 workers), Springbok Clothing (over 600 workers) and H J Henschberg (370 workers).

Unlike the Transvaal factories, the issue of overalls is not compulsory, and Henschberg is the only factory providing these.

CLINIC

Only two factories provide a food service to workers, these being Hammanskraal Knitwear and President Knitting.

The Bantu Investment Corporation has erected and equipped a clinic to serve the factories.

The Babalegi factories do not fall under an industrial council agreement between the unions and employers.
GEORGE.—More than 200 Coloured clothing and clerical workers face an uncertain, workless winter after the fiercest fire in George's history, swept through an industrial block in the heart of the town last night.

In less than half an hour the fire destroyed a building goods storage yard and a clothing factory valued at about R15 million.

Today the town's weary five-man fire-fighting team was still hosing the smouldering ruins after a 36-hour battle.

With only two municipal water tankers to fight the blaze, emergency help had to be provided by an Air Force mobile fire team stationed at the site of the new airfield here, and by tankers supplied by the Civil Defence College and the Department of Forestry.

DANGEROUS

As earth-moving equipment was brought in to tear down all dangerous walls today, the fire chief, Mr. George Marine, said, "It took only seven and a half minutes for the fire to get through this lot. It really flew through here. Hell, I tell you, we batted last night."

Workers tore open the only remaining four-walled room on Sherley's clothing factory site this morning — the fireproof strongroom.

"A director, Mr. Louis Aucamp, said: 'We have lost everything; the building, machinery, clothing, in excess of R1 000 000.'

"Managing director, Mr. J. Sher, is on his way to George from Durban and until he arrives later, today no one knows what the future of the factory and its 220 workers, mainly Coloured women, will be."

"Mr. Aucamp's wife, who is general manager, said: 'We're insured, yes, but how can you recover this? It's impossible.'"

"We will pay the staff on Friday for the week, but what ... I have told them to report again tomorrow. We will have to decide some time today what we're going to do.'"

Behind the gutted clothing factory, piles of timber were still smouldering today in the ruins of Comay's building supplies storage yard. The managing director, Mr. Ike Comay, said he estimated the firm's loss at about R500 000.

Both firms have apparently been planning to move their operations to industrial sites away from the city centre.

MYSTERY

"Mr. Comay said: 'The origin of the fire is at this stage a complete mystery.'"

"About 70 people were employed at the goods yard. He said none of them would be put out of work. The company belongs to the Barlow group.

"Mr. Comay said the fire could have been a 'calamity, a tragedy' if the Air Force mobile fire-fighting unit had not assisted.'
George blaze: workers won't lose their jobs

COLOURED workers who faced a winter without wages after the devastating fire in George this week are to stay on the factory payroll and could be back at work within two months.

More than 200 employees — mainly Coloured — worked at the clothing factory which was left a smoking ruin after the fiercest fire in the town's history razed an industrial block behind the main street.

A building merchant's storage yard was also burnt out but the management has assured its 70 employees they will not be laid off.

Both companies had been planning to move their operations from the town centre out to industrial sites.

Mr Louis Aucamp, a director of the clothing factory, said today temporary premises had been obtained and the company had approached the George Council to rezone temporarily the neighbouring building for industrial purposes.

"We are trying to get back into production as soon as possible," he said. "We are well-insured and I don't think we will have any trouble getting machines from the distributors.

Damage was estimated at almost R1.5 million, and today's fire chief Mr George Marnewecke was still trying to determine the cause of the fire.

Town Clerk, Mr J. B. Swart dismissed criticism of the George fire-fighting equipment and said: "Once you get a fire in dry timber, it is practically impossible to stop it."

"I don't think any further equipment could have saved the premises. You can't have all the equipment you need under all circumstances. I am quite happy with the way things were handled."
Thus the so-called dumping of cheap cloths from similarly hard-pressed manufacturers around the world has led to cries of protest from domestic textile producers. Especially since order books are now 40% lighter than a year ago.

Problem was that the various factions in the textile sector, rather than get together and present the Board of Trade & Industries with a common front, have persisted in knocking on the Board's door with individual cause for help.

On June 1 and 2 the BTI therefore invited representatives from the clothing and textile industries for concurrent talks. The idea, it seems, was for the Board to explain its views on tariff protection and import control policies. The opportunity was also taken to suggest that the various interests get together to find common ground.

The idea was neither breathtaking nor revolutionary. In February 1974, for example, the clothing and textile industries got together and agreed on levels of tariff protection for woven fabrics. Details of that agreement were never made public and, though due to become effective on July 6, they've never seen the light of day.

There's also the now all but defunct Textiles Apparel Committee of the FCI. It was set up more than two years ago to create an open forum for discussion. Members from the clothing sector, however, refused to even discuss questions of tariffs and import control, never mind agree on general policies.

Now, and concurrently with the talks at the Board of Trade, another attempt is being made at seeking co-operation in the textiles manufacturing sector. A steering committee has been set up under the chairmanship of Cedric Graham, MD of Felix Fabrics at Uitenhage.

Initially embracing spinners, weavers, dyers, finishers and knitters, the committee is aiming to create a body equivalent to the garment makers' National Clothing Federation. A draft constitution is currently doing the rounds and it could be that a federation of textile manufacturers, or similar, will result.

"Such has been the upheaval in the textile industry," says Graham, "that capital investment has been at a dangerously low ebb for some years. And unless we can get it together, and quickly, a serious shortage is in the offing."

Graham must also be conscious of the fact that the prime objective of the embryo committee must be to engender not only a spurt of co-operation, but to create a mood of confidence. Only then will investors be drawn back into an industry which, says the Department of Planning, needs another R191m capital investment to sustain the required 6.5% pa growth rate over the next five years.

But there's hardly that ring of confidence yet.

Financial Mail June 20 1975
the 300 women at Babalegi remained the same.

Steenberg, however, told the students the factory's operations "were not morally correct and not economically viable." He said the AGM would take up the matter of Twin divesting itself of its 63% interest in Kool Look, and that the company definitely did want to sell its holdings.

At a Press conference afterwards, neither the wage rise nor the sale of Kool Look were mentioned, but Twin chairman Sol Krok said with a straight face "We have been a leader in the field of paying Blacks higher wages, we have not exploited people and made fancy profits"

Yet the financial position at Kool Look improved noticeably during 1974 Profit (after tax) on capital employed rose to 13% (6%) In addition, the company has benefited from an import duty imposed last year on cheaper wigs imported from the Far East

If Kool Look is not economically viable, it certainly must be regarded as curious that Twin increased its share of the company by 14% from January 1974 and that Krok, in his annual report released on April 1, said that "the company continues to grow from strength to strength".

Further, the need to increase appallingly low wages surely has no connection with a picket line of protesting students.

In response to all this Kool Look MD, Eddie Corlett, tells the FM there's "no way we can pay the kind of wages the PDL is demanding." That figure is the PDL determinant for the Babalegi district, some R1.8pw

If a company can't pay more than R6 pw and make a profit, maybe it shouldn't be in business in the first place.


dated 20/6/75

HOMELAND WAGES
R6 a week

The operations of Kool Look Wigs (Pty) continue to command the attention of the National Wages Commission at Wits University.

Kool Look, which last year was the biggest employer in any Homeland, was paying some Black employees at Babalegi north of Pretoria as little as R3 a week (average R5 pw) (FM October 11 1974) Now it has raised basic wages to R4 pw (average R6 pw) and the company's controlling parent, Twin Pharmaceuticals, demes unfair wages

Prior to last week's AGM, Twin director C M Steenberg told the Wages Commission that, if the PDL would call off its scheduled picketing of the Isando meeting, the company would immediately increase the base wage to R5 pw

The picketing went on and the wage of

Sol Krok ... nothing to be proud of

Financial Mail June 20 1975
By PAUL DOLD
Financial Editor

SOUTH AFRICAN clothing manufacturers are to make a new application to the Board of Trade and Industries for effective measures to prevent the dumping of foreign-made clothing, industry sources disclosed yesterday.

Last year it is estimated that about one in five garments sold in South Africa were imported. The total value of imports in the 12 months, including handkerchiefs, was R57.5m. Hong Kong was the main supplier (R10m), followed by the UK (R43m), the US (R3.2m), Taiwan (R3.1m), South Korea (R2.8m) and France (R2.7m). Local factories are worried about the high level of imports from the Far East.

South African manufacturers are to approach the Board of Trade around the middle of next month and it is understood that they will be pushing hard for the adoption of more efficient procedure to stop dumping under the Gatt regulations. The system is complicated and time-consuming with examinations having to be made of the manufacturers’ books. Of course, not all Gatt members play by the rule book. Australia, at the insistence of its clothing industry, has taken quick and effective action to stop dumping.

Any steps to stop dumping by South Africa normally involves at least three Government departments, and by the time action is taken the damage has been done. There seems certain to be a request for a basic floor price ‘capped’ with a duty.

Employment in the knitwear industry is down by 20 percent on a year ago, and it is clear that the local industry will receive a sympathetic hearing.

With about 800 factories making clothing in South Africa, there is certainly no lack of competition. The industry has also been helped by the National Productivity Institute, and over the past year some progress has been made.
Employer loses his certificate

Cape Times Reporter

A CAPE TOWN magistrate yesterday ordered Ronald Gordon Barr, the managing director of a clothing manufacturing company in provisional liquidation, to surrender his certificate of registration as an employer to the Industrial Council—the first time this penalty has been imposed since the Cape Town Industrial Council was founded in the early 1930's.

Barr, whose wife Lorraine, a runner-up in the 1964 Miss South Africa competition, died in a motor accident outside the Hohenhof Hotel in September last year, was found guilty on 13 counts of contravening Industrial Council agreements and provisions of the Industrial Conciliation Act and fined R30 or 30 days in each count. In addition his certificate of registration as an employer was withdrawn following an appeal by a representative of the Industrial Council.

Barr was convicted of four charges of contravening the Industrial Conciliation Act less than four months ago. The contraventions involved failure to pay wages, failure to pay leave allowances, failure to forward deductions from staff salaries to the Industrial Council and failure to notify the council of a change of directorship and business address.

In evidence, Mr Dawid Jacobus Ackerman, an Industrial Council inspector, said the 13 counts involved the company, Messrs Heinez (Pty) Ltd, in liabilities of R4,291,00, over R3,000 of which was leave pay due to employees.

In order to protect the interests of employees, Mr Ackerman asked that Barr's registration certificate be withdrawn. If this was ordered by the magistrate, it would be the first case in the Council's history, Mr Ackerman said.

In mitigation, Barr said his wife, Lorraine, had been in control of the factory which had declined steadily since her death in a motor accident in September 1974. Subsequently one of the biggest female fashion retailers had cancelled a major contract and no suitable substitute had been found.
Industry may be hit by Govt action

By CLIVE EMDON

Labour Correspondent

NSW powers which will allow the Government to police the Physical Planning Act, pose a threat to the clothing, millinery and knitting industries in the Transvaal where an estimated 9,000 African workers are being hired illegally.

African women in the clothing industry are among those who may be most affected. There are 19,500 people employed, while the 1988 pegging quota of the Physical Planning Act specified that only 12,000 Africans may be employed in urban industries in the Transvaal.

Yesterday the Deputy Secretary for Planning, Mr Piet Prins, said the new policing powers were due to come through by the end of the year. He said there was no possibility of a revision of Government policy which was fixed policy.

He confirmed that a number of firms had concessions made to them, allowing them slightly greater quotas of labour than decreed in 1988, but there had been few concessions.

The main purpose of the Physical Planning Act was to force decentralisation of industry by making attractive concessions to industrialists in “border” areas.

Mr Prins said he had received complaints from border industries about the unfairness of urban manufacturers continuing to hire new workers.

Mr Adam Klein, general secretary of the Garment Workers Union, said yesterday that to try and peg “unrealistic quotas” and keep them static would strangle industry. “The majority of clothing manufacturers would have to close up.”

Mrs Sarah Chitta, assist-
Next Wednesday should see the first visible signs that the long-running struggle between the troubled textile manufacturers and clothing companies might be coming to an end. A conference, at Johannesburg's Carlton Centre, organised by SA Nylon Spinners' deputy chief executive Peter Beasley, will bring together representatives of both sides to

hammer out differences and to formulate a common policy in order to present a united front to government on the vexed question of import duties.

On these, the two sides of the industry have been squabbling for too long. At its stage, a list of companies attending is being released, and, with a lot of sensitive things to be said, the Press is, unfortunately, being excluded.

The textile manufacturers want higher duties than those recently raised — in order to protect employment, encourage investment and assist SA's growing baby. Conversely, the clothing manufacturers want the dismantling of export barriers to trade so they can buy in the cheapest market, offering the best qualities and the widest varieties.

The textile manufacturers are in the strongest bargaining position when it comes to negotiating with government. As employers of around 100,000 workers, this small number of large companies can act in concert. On the other hand, the clothing industry comprises a large number (around 1,000) of companies which, although employing several thousand more people, are poorly organised and find it difficult to speak with one voice.

Quite a few are public companies and in the past they have absorbed all that has been thrown at them. But this time they feel they have been used as whipping boys and scapegoats for the textile industry's ills. The chairman of one company concedes there has been much bitterness in the past, but he has hopes for conciliation.

One possible simple remedy, he suggests, is that having first satisfied the national need for a strong textile industry — through the clothing buying 60% of their requirement locally — duties on the remainder should be reduced by 20% per season.

In public, at least, there is not so much mud being slung around at the moment, and there is a growing recognition by both sides of the seriousness of the other's standpoint. Hence the considerable importance attached to the Carlton meeting.
A stitch in time

At long, long last plaintive calls for unity in the textile and clothing industries look like being heeded. Following a top-level meeting at Johannesburg’s Carlton Centre last week, former sectional interests have agreed to compromise and form an Advisory Council for the Textile Industry. The move is not before time.

Textile producers have long maintained that they couldn’t make ends meet without either tariff protection or import control, or both. Garment manufacturers, on the other hand, have often complained that they simply couldn’t get what they wanted when they wanted it. And, even if they could, it wasn’t at the right price.

Result was that sectional interests in both industries were forever beating on the Board of Trade’s door with their own particular — and sometimes short-sighted — plans for special consideration.

No one expects such pleas to cease overnight. Nor does anyone really expect raw materials pricing and availability to suit everyone. But something, quite clearly, had to be done (Inside Industry May 23) to create a degree of unity.

Prime mover was SA Nylon Spinners’ deputy chief executive Peter Beazley, who tells the FM that the 40 or 50 invitations to sectional heads of both industries were all taken up. “No punches were pulled,” he says, “but the meeting got by without direct confrontation and a real spirit of co-operation emerged.”

With Beazley as chairman, the new Advisory Council will compromise 17 members — mostly voting with profit and loss accounts behind them and not as “professional committee members.”

The 17-man committee will include three representatives from the cloth manufacturing sector, three from retailing, five from garment manufacturing, three from raw materials production and one each from Assochem and the Handel Instituut.

Problem has been, says Beazley, that many big guns haven’t supported their own (sectional) association. With this new initiative, and by roping in the big guns in, Beazley claims “We’ll now be able to command the ear of the top men.”

While a firm constitution has yet to be laid down there’s widespread relief that the backing is about to stop and the way is now open for constructive argument.

The first meeting is scheduled for Durban in two weeks’ time.
Sa Clothing markeer

'n Verlangingsam van die vraag na klerasie tesame met toename in mededinging saal die twee belangrike faktore wees wat mag hydra tot 'n heelwat stadiger groeik自由 in die winst van S.A. Clothing——met die moeilikheid van 'n winsdaaling nie geheel en al uitgesluit nie.

S.A. Clothing resorteer onder een van Suid-Afrika se grootste vervaardigers van klerasie met 'n jaarlike omset van bykans 220 miljoen. Die produksie word beperk tot sklerer in die middel en laer pragklasreeks vir mans, dames en kinders. Die groep beskik oor handelsname wat goed gevestig is in Suid-Afrikaanse markte.

Van die bekendste is Cambridge, Bolkus, Zenith, Bahama, Grecia ens. Vanweë die feit dat die groep nie op mode-artikels koncentreer nie en ook in die middel- en laer pragklasreeks nie, is die maatskappy nie tot die eerste mate onderhewig aan skielike vraagverskuwing soos wat baie van die modevervaardigers ondervind nie. Maar terselfdertyd is winstmarges soveer aantreklik soos in Ig. se geval nie.

Die punk winstydigs van die groep die afgelope twee jaar is nie 'n ware weergawe van die groep se verlede nie.

Soos die geval by bykans alle ander klerevervaardigers ook maar was, het S.A. Clothing in die vroeë eerste wertegte onterug wil bekeer. Wens per aandeel het afgeeneem van 'n rekordvlek van 56 cent in 1969 tot 12 cent in 1970, hoofsaaklik vanweë ontwikings, die verskuwing van sy fabriek en as gevolg van groot valutaverlies.

In 1971 het die winste 95 cent per aandeel. Maar in die daaropvolgende jaar is dit nogal onregelmatig met sy vroeës regs tot 13,1 sent beloop. Nadat interne probleme ontstaan het, het sy slegs 1,9 sent beloop. Maar net hierdie klerebedryf kon nie verder gevorder word nie.

Die maatskappy het in 1976 'n stuwige herstel getoon met 'n winst per aandeel van 59,9 sent. Die prag-winstygting is voortgegaan in 1974 om 'n rekordvlek van 61,7 sent te behaal.

Gedurende die nag van dit afgelope vry jaar het die groep jaar na jaar sy finansiële posisie geleied met 'n uitgesproken wat op die mark se nuwe toestande gebaseer is.

Teen die huidige prys van 240 sent lewer S.A. Clothing aandeel 'n dwarsdopbreë van 8,3 persent. Vanwee die verwagte stagnante posisie, moet die opbrengs as iets wat laag be skou word. Beleggers kan tog oorweeg word sodra die aandeelprys onder 200 sent daal.
Duties will double prices

An extra 20 percent 'dumping duty' will also hit women's knitted clothes from Hong Kong — making so-called 'dumped' or low-price clothing dearer in South Africa than higher-priced clothing from Hong Kong.

Five months ago higher import duties raised landed prices here by between 40 and 50 percent.

The new duties are at two rates: below 200 grams it is 35 percent or R1.60 a 100 gram net, less 65 percent of the free on board price.

Over 200 grams, the duty is 25 percent or R1.20 a 100 gram net, less 65 percent of the free on board price.

The old duty was 35 percent or 70c a 100 gram less 65 percent of the fob price.

Mr Schuman said the landed price of a man's cardigan would rise from R3.35 to R5.16c because of the new duty.

A cardigan for a child aged from four to six years will now have a landed price of R2.38. Last week before the new duty, the price was R2.84c.

The cardigan for children aged between seven and 14 now has a landed price of R3.26. A week ago the price was R1.12.

A man's heavy cardigan priced R12.85 in the shops would now cost R19.05, forecast Mr Schuman.

This will push up the cost of living tremendously. There will be price resistance and a sharp fall in imports.

The shops are not short of merchandise and no shopkeeper is going to buy ahead with this increase — 20 shops out of 100 will cancel their orders or reduce the quantities.

On a small commitment of 2,406 children's cardigans from Hong Kong, Mr Schuman is being asked to pay R4.301.20 duty. A week ago he would have paid only R1.478.94.

Their original cost: R9.65. Before shipping, freight, insurance and bank charges
Clothing firm performs well

JOHANNESBURG.—In spite of the fact that retail trade has not been buoyant, South African Clothing Industries has turned in a creditable performance for the six months to June 30.

It last recorded a 122 percent lift in taxed profits, from R17,000 in the first half of 1974 to R156,000 in the current year.

Due to the seasonal nature of the business the company derives most of its income in the second half of the year.

The directors are confident the market will continue in their favour, to the extent that they have increased the interim dividend to 5c (6c).

They are also forecasting a pre-tax profit for the year of R1,900,000 (R1,729,000), and on this basis are recommending total dividends of 24c (20c).

Like its subsidiary, Duhn Investments, is also floating buoyantly on the inflationary tide, and the directors are anticipating an increased dividend at the end of the financial year.

Duhn has estimated a heavy tax burden for the first half, but nevertheless has fattened attributable profits to R166,000 (R445,000).

The company is budgeting for tax profits for the year of R900,000, against R804,000 earned in 1974.
It all up.

 Rag Trade Sewn

SUNDAY TIMES, BUSINESS TIMES, AUGUST 3, 1975
Duty on knitwear to go up 50c

By Tom Hood

The Government is to raise import duties on knitted clothing from the Far East by as much as 50 percent in a bid to protect the country's ailing knitwear industry from the dumping of cheap goods.

The higher duties follow appeals by manufacturers whose businesses were hit by imports. The loss of orders to the Western Cape industry is estimated at 25 percent last year, leading to substantial staff cuts at Victoria Park.

The new duties are calculated to tax a garment landed at a job price of R1.50, formerly carried a duty of 5c, making a total of R1.55.

The new duty is in addition to the 15c duty on clothing imports from Western Europe, which are unchanged. A garment with a job price of R1.50 still carries a duty of R1.62, making R3.12.

About one garment in every five sold in South Africa last year was imported. The total value of imports, including knitwear, was R1.25 million.

The chief suppliers were Hong Kong (R4.5 million), Italy (R3.5 million), United States (R2.1 million), China (R2.3 million) and France (R2.9 million).

Apart from its sympathy for the knitwear industry, the Government held claims that the low-priced imports were being marketed at a point within 50c of the local garments and that profits of 200 and 300 percent were being made. Manufacturers, they said, will be able to match the prices of imported knitwear.

Eric J. Hove, president of the National Knitting Industry Association, described the increase as substantial.
Dit Knooi

Wees Verstandig

EN BESPAR

Op een Spaar

Produkiesie Stoot
Rêve

Vekka en gédagge
CLOTHING PRICE RISES 'INEVITABLE'
IF PAY CLAIMS GRANTED

Financial Staff

A DIRECTOR of a foundationwear company said in Cape Town today his branch of the clothing industry would definitely be affected by a substantial increase in wages and retail prices would inevitably go up as a result.

He was commenting on the negotiations for pay increases now taking place between the Garment Workers' Union, representing 49,000 workers in the Cape clothing industry, and the Cape Clothing Manufacturers' Association.

He said he believed the workers were justified in making the claim.

If granted, the claim which is the highest the industry has known, will cost more than R3 million a year.

Increases of up to 40 percent are being requested, and according to a manufacturer, some claims are as high as 65 and 70 percent.

Most manufacturers were reluctant to say what effect increases would have on the industry and prices.

Employers asked for their views said they prefer to wait until a decision was made.

Proposals submitted by the union also ask for wage scales to be linked to the cost-of-living index, the starting rate to be R12 a week, and all qualifying periods to be reduced to one year.
Job fears hit clothing workers

Labour Reporter

Fears of unemployment among Soweto clothing workers have been raised by indications that the Government intends to crack down hard on employers who have exceeded their 1968 labour quota.

Yesterday The Star reported that at least a thousand illegal foreign Blacks in the Johannesburg area are to be repatriated.

Their employers had sought to legalise their position at the urging of the Government.

Today a reliable source in the clothing industry disclosed that the Government also plans drastic action to enforce the Physical Planning and Utilisation of Resources Act in the Transvaal clothing industry.

TEETH

The Act was intended to hold the Black labour force in White urban areas at its 1968 level.

But it lacked teeth. And many employers have exceeded their level.

This year the Act was amended to provide enforcement measures.

The reliable source
20pc pay offer rejected

THE Garment Workers' Union of the Western Province, which is negotiating for better wages for its 45,000 members has turned down a management offer of an immediate 20 percent wage hike with 10 percent to follow in 18 months.

The general secretary of the union, Mr. Louis Petersen, was not available yesterday for comment. Employers, who include clothing, knitting and hosiery firms, are due to come back to the union next week.

Among the union's demands are:

1. A starting rate minimum of R12 a week.
2. A 42-hour working week.
3. The introduction of consumer price index rises linked to wages.

Examples of the union's demands on graded workers' wages are:

- Clothing: marker from R36 to R50, cutter from R36 to R45, female presser from R19 to R27.50.
- Hosiery: Machine knitter from R27.50 to R35, grade I employee from R11 to R17.
- Unskilled labourers and boiler attendants from R15.40 to R25, drivers R15.40 to R25, male factory clerks from R26.84 to R35.
'Underground' union move to push out top officials

By HOWARD LAWRENCE

A WIDESPREAD and well-organized "underground" move to unseat the present officials of the Garment Workers' Union of the Western Cape, and especially the secretary, Mr Louis Petersen, and his son, Mr C. Petersen, who is the assistant secretary, is under way in the Cape.

Several groups of garment workers, who have been working independently toward the organised removal of the union's officials, have now combined their forces and clandestine meetings have been held all over the Cape during the past few weeks.

One of the organizers of this "underground" movement told me this week that there is widespread dissatisfaction among the garment workers with the Petersens and other officials of the union because, he said, "they have become removed from the workers who pay their very high salaries, and because workers in the union have no way of rising to the top jobs of their union."

"We want to completely re-organise the union and it is our aim to see that the union is placed back in the hands of the workers," he said.

He claimed that the union officials had become an "elite" and that "the workers are treated as if they owe the officials a living."

Outsiders

"The whole object of trade unionism is being defeated, because of outsiders, who have never worked in the garment industry, are brought in to take up the top jobs in the union at the top salaries, with expense accounts and opportunities to travel abroad while the workers, whose money is being used to keep the union going, have no way of rising to these posts," a member of the "underground" movement told me this week.

They claim that Mr Louis Petersen is due to retire soon after being the secretary of the union for several years and they are opposed to the fact that Mr Petersen's son is being "groomed" to take over the job his father has held.

The dissenters claim that garment workers have at no time been asked to vote for the ap-
Textile men iron out some creases

By GORDON KLING

EFFORTS towards greater unity in the South African textile and clothing industries are meeting with results after years of bickering between the various sectional interests.

"Peter Boote, deputy chairman of South African Nylon Spinners, said in Cape Town yesterday that his industry formed advisory council for the textile industry has overcome initial hitches and is making a good start.

Mr. Boote, who is one of the main instigators of the council, had previously criticized the appointment of Christian Klein, chairman of the Board of Trade in Pretoria last week.

"Dr. Klein wanted to know what we are doing, and what we're going to do," said Mr. Boote, "and I think he's satisfied with the answers.

"The council is made up of representatives of high level from all major producers and users of textiles, retail chains, and the leaders of the appropriate associations that deal with them.

"We've already considered important problems and there has been an excellent spirit of collaboration between very different interests, but it has also become a quick source of vital information.

"This is preferable to the presentation of emotional, individual viewpoints and the public in a conflict situation which can negate progress in the industry as a whole."

Mr. Boote says that about the only common factor in the textile and clothing industries is cloth, and existing associations relate to very specialised and regional interests.

"Changes in technology and the whole distributive pattern of the industries have created new needs and, for past relationships just did not fit.

"The Government's problem is considering the national interest is now very different from what it was 20 years ago, and it is involved in a more complex pattern of consultation with many more varied interests. For example, being horizontally organised, the individual operators hold

Top 100

LISTED companies who wish to be considered for inclusion in the list for the Top 100 Companies 1975 are urged to send their latest audited accounts to Fred Beard, Box 2469, Durban 4000, as soon as possible. Accounts should be sent only to the above address — and not to BUSINESS TIMES.

danger of ensuing inflation on costs, prices and volume of locally produced and imported goods, and therefore on profit levels, is hard to gauge by individual sectors of the trade in isolation from the total industry.

Fears by clothing makers that the council would be little more than a muscle device of the already powerful textile producers to keep their goods well protected from imports by higher tariffs, appear to have been alleviated.

Harry Stein, director in charge of textiles at Woolworths, says the greater communication is needed and regardless of who the motivator was, there would be a clash of interests.

"These have to be sorted out. The main aim is to simplify things for the Board of Trade and this has to be good."

Simon Jocums, chairman of the Cape Clothing Manufacturers' Association says the council represents a form of detente.

"We've needed something like it for a long time in this country," he says.

This view is shared by most of the top clothing and textile men, but many complain that they have yet to be approached by the council to participate in its activities.

Ochman out is Fairweather's managing director, Dan Robb, who says the National Clothing Federation is perfectly well equipped to look after the interests of the clothing makers.

"I think the council is a man die-man that won't have any value," he said.
**1844**

R D M 23/67/75

**STAFF REPORTERS**

**MR DEREK ALCOTT, 42, managing director of General Sewing Ltd, died yesterday afternoon of the injuries he suffered while ushering employees from his burning Johannesburg offices.**

Two other people died in the fire and explosion of Barranie Building, at the corner of President and Mound streets. They were Mr John Maleke, 42, and Mrs Nellie Kusohene, 37, who was apparently flung from the fourth floor window by an explosion.

Mr ALCOTT suffered severe burns to his face and arms.

Survivors and eye witnesses later described the scenes of panic and chaos as people scrambled, and dragged their way to safety down a fire escape and through an alley choked with debris and bodies.

As the height of the fire was in the basement at about 8 am and about 600 feet above the fire, police had to use boats to drive away crowds from the scene. They hindered firemen and ambulance staff and ignored the danger.

One eye witness, Mr John Jackson, 29, told of the panic among those who played a leading role in saving people from the fourth floor after an explosion had ripped through the ceiling of a nearby Cotton House, President Street. He said about 12 people fled the roof, and heard them falling down. He threw a ladder to a door on the roof.

The woman in question was Mrs Alfred Peene, 43, a supervisor in the embroidery and iron department on the fourth floor.

**SMOKE**

Mrs Peene said last night that about 60 people had been rescued.

As I looked up, the women started running down the way from the front of the building to the back where there were about 35 women. She saw smoke pouring from the front.

“I managed to open a window on my side of the building,” she said. “The smoke and heat were unbearable. I opened the window and sat there.”

The smoke was then so thick we couldn’t see a thing. Nellie and I were trying to talk to others, but they were not talking. She told her not to jump and she said she would not.”

Suddenly there was an explosion from the roof. Pieces of stone and concrete came down.

Mrs Peene did not see Mrs Kusohene jump. She said the other supervisor, Mrs Corrie Vosburg, was helped by a friend down the fire escape.

**Irish kidnap**

Mr Peene’s sister-in-law, Mr Peene’s sister-in-law, was still unaccountable. Her brother, Mr Peene’s brother, is said to have been a rocket to the army yesterday and a defendant in the High Court in the Kildare v. Murnane case.

They refused food and mail sent to them by the army yesterday and a defendant in the High Court in the Kildare v. Murnane case. They were said to be looking for a gunpoint at an upstairs window of the council house in the Kildare village of Murnane where he is being held.

For five years, a Hereford cow has sustained the stench from an over-flowing sewer in its yard.

**Park rape**

A 10-year-old Vanderbilt girl told a magistrate yesterday she had been raped by her father three times on a park bench.

**Schools worry**

The Minister of National Education, Senator J P Van der Spuy, is to meet representatives of the...
Two people were killed and more than 16 in critical condition. A third person at first reported injured when fire swept through a central city apartment building. From the apartment the fire spread, and firemen are still fighting it. The fire spread to three other apartments in the building.

Don Knowler and Peter Bennett

5/22/1974

City blaze

Woman blasted from window
44,000 get pay rise

Staff Reporter

ABOUT 44,000 workers in the clothing industry will receive increases under a new wage agreement announced yesterday between the Garment Workers' Union of the Western Cape and clothing manufacturers.

The starting rate for learners has been increased from R6.80c to R12 a week. A qualified female machinist will now receive R20.50c a week plus R1.50c attendance allowance when earned, rising to R32.50c in 18 months plus attendance allowance.

There has been no change in the duration of the agreement which remains for three years, but after 18 months there will be another 10 percent increase in wages.

CONCESSION

Mr. A. M. Rosenberg, chairman of the Industrial Council for the Clothing Industry (Cape), said yesterday:

"One outstanding concession by the employers was that the starting rate for learners has been increased from R6.80c to R12 a week. The hope was expressed that this would attract more learners into the clothing industry, which offers tremendous possibilities for advancement for Coloured labour, both female and male from bench to managerial levels."

Mr. Rosenberg said that the increases did not cut across Government requests to exercise restraint. The unions had not been asked to stop making such demands altogether.

INCREASES

"There have been considerable increases in wages for the main body of workers," Mr. Rosenberg said.

"In some categories the qualifying period has been reduced from five to four years, the attendance allowance has been maintained, the sick fund will benefit to the extent of an extra contribution as will the provident fund. Additional payments will be made to set leaders. Extra overtime, meal allowances and extra Saturday travelling subsidies have been included."
Clothing firms urged to move to homelands

Pretoria Bureau and Labour Reporter

The Transvaal Clothing Industry — which employs more than 23 000 Black workers on the Reef alone — has been asked to move to a homeland industrial area on an organised basis.

This was announced in Pretoria today by the managing director of the Bantu Investment Corporation (BIC), Dr J. A. Adendorff.

The clothing industry would do well to look at decentralisation on an organised industry basis due to severe restrictions being placed on it by the Physical Planning Act, he told a seminar arranged by the National Development and Management Foundation.

This is the first call for decentralisation of not only individual companies but of an entire industry or a large part of one.

The BIC was prepared to offer the industry:

- A training school to give manufacturers a partially trained labour force before establishing factories in the new estate.
- The erection of factory buildings to suit the requirements of manufacturers.
- A workshop to do all mechanical repairs and servicing necessary.
- A daily communal transport service, taking in raw materials and taking out finished goods.
- A central depot on the Reef for raw materials and finished goods.

Senator Anna Schoepers, president of the Garment Workers' Union of South Africa, had serious reservations.

"We are not opposed to decentralisation," she said. "But we don't want it at the price of wholesale disruption, large price increases and unemployment."

Dr Adendorff's proposal could ruin many employers, she said.

"This is the only industry offering large-scale employment to Black women on the Rand — women who have nowhere else to turn for employment. They are city workers with family ties who are in no position to work for greatly reduced wages in homelands."

She regarded Dr Adendorff's announcement as "the carrot in front of a large-scale clamp down under the Physical Planning Act."

This week, an employer told me that he is closing down two factories employing perhaps 200 workers. "He will go to Durban or Cape Town," he said.

Leaders of the clothing industry were at a meeting of the National Clothing Federation in Cape Town today, and could not be reached for comment.
Pretoria—The Transvaal clothing industry, which employs nearly 25,000 workers and has a turnover of R25 million, has been asked to move to a homeland industrial area on an organised industry basis, the managing director of the Rand Investment Corporation, Dr. T. Adendorff, said here yesterday.

Addressing a meeting on 'decentralisation of industry,' arranged by the National Development and Management Foundation, he said that was the first call to have been made for decentralisation of not only individual companies, but an entire industry or large part of one, on an organised basis.

Dr. Adendorff said the selection of a site for the proposed clothing industrial estate would be made in conjunction with the Transvaal Clothing Manufacturers' Association to which RIC had made representations.

To make the move viable, the RIC was prepared to offer the industry a training school, factory buildings, a workshop, daily communal transport and a central depot on the Reef to raw materials and finished goods.

Dr. Adendorff said that RIC had placed its proposals before the clothing industry because of the severe need for job opportunities in the homelands.

The industry was one of the most labour-intensive and because of the relatively high value of its finished products relative to weight, could absorb increased transport costs.

In the final analysis, he said, the clothing industry had much to gain by moving away from the metropolitan centres.
Clothing chief hits move plan

Labour Reporter

If decentralisation was forced on the Transvaal clothing industry, it would result in large-scale unemployment, a spokesman for the industry warned today.

Mr. Woolf Aron, president of the Transvaal Clothing Manufacturers' Association, said 90 per cent of the factories on the Rand employed fewer than 100 workers and were unable to decentralise.

Previously, reliable sources in the industry had expressed fears of a strong clamp down on the industry's Black labour complement.

Mr. Aron said his industry had at all times accepted the necessity for decentralisation. "In fact the Transvaal clothing manufacturers have accounted for all of the substantial decentralisation that has already taken place in the clothing industry.

THOUSANDS

"If decentralisation is forced on the Transvaal clothing industry, it will result in large-scale unemployment. The contribution of thousands of highly-trained workers would be lost to the economy at a time of serious inflation," said the government's agent for labour, who had achieved the minimum of force needed to get his way.

He submitted that Transvaal employers had achieved the Black labour quota imposed under the Forced Labour Act which arrested the Black labour force at its 1968 level. This had been the only alternative to closing down factories in view of the departure of Coloured workers.

Mr. Aron pointed out that the total labour complement of the industry in the Transvaal was 2,000 below the 1968 level. There were now about 19,000 Black workers, most of them on the Rand.
Pay up—but price-rise ‘minimal’

THE WAGE BILL of the Cape’s clothing industry would rise by R10-million, about 22 percent, to R57-million a year as a result of next month’s pay increases, said Mr Simon Jocum, chairman of the Cape Clothing Manufacturers’ Association.

"The increases, announced by the Cape Industrial Council for the Clothing Industry, will be paid to 44,000 workers after the factories close for holidays this year."

"From June 1977 the wage bill will rise another 10 percent to about R58-million a year — the bulk of it earned and spent by Coloured workers."

"The annual, holiday pay for 1978, due at the end of next month, will be calculated at the new rates and increase the annual payout this year by another R650,000."

"The new pay agreement lasts for three years and fixes minimum wages only."

"As prices would lead to higher clothing prices, Mr Jocum said that, as wages formed 15 to 20 percent of the total cost of clothing, the effect on prices should be minimal next year."

"Manufacturers will absorb at least 30 percent of the increase, in line with the Government’s anti-inflation manifesto," he said.

"The most important factor in holding down prices is the intense competition — there are more than 800 factories competing in the South African market. Those who are inefficient will be forced to cut deeply into their profits to stay in the field,"

A spokesman for the Garment Workers’ Union said the new agreement had breached the R20 level for the minimum for qualified men. The pay of machinists — the largest group of workers — had been raised 20 percent, while 40 percent advances in learners’ starting rates could help recruitment and lead to a higher calibre of young worker."
R1 rise an insult, says worker

BY CAROL STEYN

AN ELDERLY Coloured woman told the Johannesburg Magistrate's Court yesterday that after working for 22 years for a clothing firm, she asked for a higher wage and received an increase of R1 a week.

"I felt it such an insult I did not want to work there anymore," she told the court.

Elleen Baynes of Avon Street, Riverlea, Johannesburg, pleaded not guilty to the charge of leaving her employment without giving a minimum of five days' notice.

She was found guilty by Mr O.J. Coetzee and fined R20 or 20 days.

She told the court she had worked in the clothing industry for more than 30 years. She had worked for the RMB dress company from December 6, 1953, and when she left in August this year, her salary was R27.46 per week.

"I am not so young anymore and I find it very exhausting to climb the steep hill from Diagonal Street to Jeppe," she said.

"I found it very difficult to manage on my wages. I have four children in high school and every day they ask for money for one thing or another," she said.

She went to Mr Gordon at the firm and said to him, "I am not demanding. I am actually pleading for a decent increase," she told the court.

After four weeks she received an extra R1 which did not even cover my travelling expenses."

Mr Coetzee told Baynes she had had ample time in which to give proper notice.
Garment workers plot the downfall of union leaders

By HOWARD LAWRENCE

A GROUP of Cape garment workers who have been having secret meetings aimed at deposing the general secretary and other officials of their union (GWU) are to send a memorandum to the union which demands answers to several “vital questions” being asked by workers in the Cape.

I was told this week that there is widespread dissatisfaction among the workers over the decision of the union’s executive to agree to a rise in wages “which is approximately R7 less than the workers wanted and R5 less than the secretary of the union, Mr Louis Petersen, had told them he would demand as a minimum.

Period

They are also angry over the union executive’s decision to agree that the new wage agreement arrived at with employers be operative for a period of three years, instead of only 18 months.

A member of the underground group preparing for a revolt against the present executive told me this week that they would raise several points in their memorandum which they want answers for.

“We will not take excuses or vague answers to our queries,” she said, “because we are going to make public their replies so that our ordinary members will know exactly what the position is in our union.”

Among the points raised in the memorandum—which will probably go off this week—are:

- How much the various officials of the union earn every month; what other benefits they enjoy; what type of cars they have; how often they have; they changed their cars; and to whom the previous cars were sold and for how much.

They also want to know who decides on what salaries officials must be paid, when they get increases, who decided that they should and how much the increases were in each instance.

Appointment

Also included in the question on who decides what the amounts of the increases must be.

The memorandum will also demand to know who appointed Mr Cedric Petersen to the post of assistant secretary to his father.

Another demand will be for the union to list the number of visits officials have made abroad; where they went; how much these trips cost the union; and what the purposes of these trips were.
Town hits at big removal

Volkswust Town Council is opposing the removal of thousands of Africans from nearby Charlestown to Newcastle because it will deprive Volkswust of key workers and Black spending power.

An estimated 6,000 Swans and Zulus who have inhabited the slopes of Mapuha mountain since early this century are having their homes bulldozed while they are removed by truck to Ooswenep township, 70 km away.

Removals began some weeks ago and are expected to continue for a few months until all Africans have left the area.

On Tuesday next week, the Chief Director of the Southern Transvaal Bantu Affairs Administration Board, Mr. J.J. Jonker, will address the council on the removals. He has been invited to explain why the people are not being moved across the Nasil border into Volkswust.

A spokesman for the council said today that Volkswust stood to lose about R12,000 in weekly spending if all the Africans moved.

Two clothing factories at Charlestown will face difficulties once the workers have been removed.
New boss faces prosecution

Staff Reporter

THE new employer of the "insulted" Coloured worker: Mrs Eileen Baynes, will be prosecuted in Johannesburg Magistrates' Court today, for employing a person without a service card.

Last week Mrs Baynes, of Johannesburg, was fined R20 or 20 days in the same court, for leaving her employment without giving a minimum of five days' notice.

She said then she was insulted by a R1 rise and did not want to work any more for the firm she'd served for 22 years.

And yesterday, the Industrial Council told how Mrs Baynes' prosecution had been "automatic" and would be followed today by action against her new employer — Jane Landford Creations (Pty) Ltd.

"Such action is normal where a worker has left a firm and taken up employment with another firm without having produced her service card," said a spokesman for the Industrial Council in Johannesburg.

Meanwhile, Mrs Baynes' old employer — RMB dress company — were "without conscience" on the whole affair. They say Mrs Baynes only asked for a R1 pay rise ..., and she got it.

"What she did was a terrible thing to do at a time when we desperately needed her," said Mr H Gordon, director of RMB dress company, yesterday.

"She walked out when she had just received a R50 service bonus. Besides, her service has been terribly broken."
COPE CLOTHING PAY DEAL

UPSETS TRANSVANAL

ARGUS
Clothing makers to stay on Rand

Labour Reporter

The Transvaal clothing industry has turned down an invitation to move to a homeland industrial area near the Rand.

This was announced by Mr W Aron in his presidential address at yesterday's annual meeting of the Transvaal Clothing Manufacturers Association.

Earlier this month Mr Aron made it clear that there would be large-scale unemployment if the Transvaal clothing industry was forced to decentralise.

Mr Aron again referred to the severe restrictions on Black employment.

In offering to establish an industrial area for the industry in a homeland, the Bantu Investment Corporation said it would require a commitment from the manufacturers, Mr Aron said.

“We have explained to representatives of the corporation why we were unable to give such a commitment and the difficulties facing our manufacturers in such a move,” he said.

“We are not averse to decentralisation in appropriate cases but we find this is a matter for an individual rather than a collective decision.”

Mr Aron pointed out that several Transvaal manufacturers had already moved part of their factories to homelands and other growth points.

Mr Aron also announced that the Transvaal association had agreed in principle to establishing a national training fund to which employers might contribute by way of compulsory levies.
The Transvaal clothing industry has gained a dubious distinction. It's the first in SA to be selected as a candidate for decentralisation to the Homelands as an industry, whereas previously only individual companies have come under pressure.

The TV industry, of course, was coerced into decentralising (special SKD import allocations being the carrot) but only to "growth points" such as East London and the Cape Peninsula — not Homelands.

The proposal for the clothing industry was made by Bantu Investment Corporation MD Dr Johannes Adendorff. Reaction is predictably unenthusiastic.

Adendorff's argument is that because the clothing industry is highly labour-intensive it is already bumping up against the restrictions on the employment of Bantu labour in the Environment Planning Act (formerly the Physical Planning Act), "it would do well to look at decentralisation on an organised industry basis."

In addition, to the concessions available to any decentralisation company through the Decentralisation Board (FM October 17) Adendorff is offering the industry six special "facilities" (see box). He would, however, "wish to stress the association" of the industrial estate to which the industry would migrate "in conjunction with the Transvaal Clothing Manufacturers' Association."

Clearly what Adendorff is seeking for his Homeland development policies are the 23,000 jobs, or a proportion of them, that the Transvaal clothing industry provides for its non-White employees. And there's no denying he's prepared to pay an attractive price.

Decentralisation Board chairman August Kotzenberg supports Adendorff's proposal because it means when he talks about investing on a blanket basis "it's not just an R2m investment or even R5m, should be treated on the basis that that can be counteracted by the employment of Bantu labour in the Environment Planning Act." Kotzenberg says he has been informed by Transvaal clothing factories that "the advantage of relocating, the EP gives on the employment of Bantu workers, and by doing so, are gaining a competitive advantage."

The industry fully acknowledges the options of the combined decentralisation concessions and BIC facilities. It just will not regard decentralisation as an alternative to its own organisation. The industry's case against forcible decentralisation has already been taken to the Ministry of Planning in Johannesburg, but TCMA president Mr. Aron emphasizes there's no opposition to decentralisation in principle. He points out that already 14 factories have moved, mainly the larger ones, and the trend is expanding. And that all the clothing factories that have so far decentralised have been from the Transvaal.

Objections chiefly centre on the political structure of the industry, which numbers no fewer than 337 registered factories. They double the number in the Cape where 10,000-15,000 workers are employed of the 357, 60% employ only 10-15 workers while 80% employ fewer than 250.

So the bulk of the industry consists a large number of small factories many of them still owned and operated by White families. Consolidation of so many minute units into a Homeland industry estate would be economically disastrous, claims Aron.

All are specialists, most of them concentrated at the quality end of the market. Flexibility is the keynote: skills are diverse, orders tend to be small, delivery requirements exacting.

Too rigid an application of the EP Act, aimed at forcing the industry to decentralise would, says Aron, cause severe unemployment among the 30,000 workers who would mostly refuse to move.

"Why should they?" he asks. "Where are the high-wage countries, much higher than in the Homelands? Families would be broken up, Black

GARMENT WORKERS! DON’T BE BLUFFED BY A MINORITY ACTION GROUP

The so-called Action Committee claims that they have scored a success by disrupting the A.G.M. and causing it to be adjourned. What success? All they have shown by the disgusting behaviour, actions and language used by a minority group is that they are irresponsible and certainly not an example of what your future leaders should be. Your present leaders and executive committee are respected throughout the country for what they are and for what they have done for the trade union movement; for securing jobs for 45,000 garment workers and by protecting their interests.

Can any other union claim all paid public holidays which are enjoyed by all workers in the Clothing Industry and the other benefits bestowed upon its members?

Have Mr. Buckton and Miss Borez ever told you that:

(a) ... they were BOTH on the committee that unanimously accepted the offer of R20,50? Why didn’t they object to it then?
(b) ... they also had the use of a car that was paid for and maintained by the workers? Why must the secretary be singled out?
(c) ... they were also paid a salary by the Union? Why single out others?
(d) ... as salaried members of the staff they also received a bonus at the end of the year? Did they ever refuse to accept it?
(e) ... when they were both on the Executive Committee they also received bonuses at the end of the year for services rendered? Who decided their bonuses then?
(f) ... they also received attendance fees for attending meetings and conferences like the other officials and delegates? Why single out the secretary?

If your leadership has in fact been at fault, why did these people not speak earlier? ... why did they keep quiet? ... was it because there was NOTHING WRONG? We say YES, because only now that they have been fairly dismissed and they are missing the benefits and privileges enjoyed whilst employed by the Union, do they say things against your organisation. Is this not typical of people who have lost out and are trying to get their own back by making spiteful remarks against people with whom they worked and with whom they shared these privileges?

We have time and again warned you about non-members who are taking part in this malicious campaign against your union. One by one these people are revealing themselves and we remind you again not to have the wool pulled over your eyes by empty promises and cheap psychology. Don’t be bluffed by this so-called “action committee” which HAS DONE NOTHING for you and CAN DO NOTHING for you.

What have they achieved for you by adjourning the Annual General Meeting? ... All they achieved was to waste R800,00 of the members’ money on bus transport. What have they proved? ... By their disgusting behaviour they have shown all RIGHT-THINKING people that the members of the so-called “action committee” are not worthy to be present or future leaders of your Union! Your officials emerged the victors with their heads held high, by not stooping to the low form of tactics used by the “action committee”.

MEMBERS – STAND FIRM AND LOYAL BY YOUR UNION AND ITS LEADERS. REMEMBER, UNITED WE STAND AND DIVIDED WE FALL. DISPLAY YOUR LOYALTY BY ATTENDING THE ADJOURNED ANNUAL GENERAL MEETING ON 22nd APRIL, 1976.

L. A. PETERSEN (Secretary).
WAKE UP GARMENT WORKERS

DO YOU KNOW?

The Secretary Mr. Petersen is earning R1600.00 per month?
Mr. Petersen's son salary is R700.00 per month?
Mr. Petersen's daughters salary is R300.00 per month?
Mr. Petersen's brother in law has a furnished flat at union centre and is earning a fantastic salary?

Who lays down this families salary?
Does the Chairman get an honorarium of R600.00 plus and equal bonus at the end of the year and votes him this?
Does the Vice Chairman get R500.00 plus and equal amount in bonus each year?

What bonus do the ordinary executive member receive per year?

Ask your shop steward these questions to enlarge workers you must wake up.

It is your union for your protection and not the Petersen families. There is only one way to clear up your union and that is to see that you have a new competent executive.

Which worker or shop steward has the union's constitution or is your Secretary so incompetent that he can not have one compiled over the last 24 years?

Last but not least what about the fleet of cars? Who pays for them. These cars include a flashy Mercedes Benz.

The constitution lays down that your subs should be 10c per week, but you have to pay 20c per week. This gives you R9000.00 per year, for 45,000 workers per year and wait for it R432,000 per year.

Wake up workers before it is too late vote for a new executive.
Dear Member,

HAVING FAILED SO FAR TO ACHIEVE ANYTHING, THE "ACTION COMMITTEE" HAVE GOT THE JITTERS and are now attempting to perform like a Circus by circulating a list of the performers' names!

Here is a list of their NON-ACHIEVEMENTS for you:

1. They tried to make you believe that your Union was badly run and mis-managed
   THEY FAILED!

2. They tried to make you jealous of your Officials, who have achieved for you what no other Union can boast
   THEY FAILED!

3. They tried to force a laughable petition on the members (Remember reading BIG HEADLINES IN THE PRESS? ...And we have SWORN STATEMENTS FROM SOME MEMBERS TO SAY THAT THEY DID NOT KNOW WHAT THEY WERE SIGNING!) ... THEY FAILED!

4. They tried to upset your Annual General Meeting in an effort to bring about chaos and Industrial unrest
   THEY FAILED!

5. They had their views blazoned in the press week after week after week (Remember all the publicity and the enormous headlines?) in an attempt to gain support
   THEY FAILED!

6. They approached the Registrar and the Labour Dept. about your Union (Remember the bold and confident statements about this in the press?) in a last-minute attempt to discredit your Officials
   THEY FAILED!

7. They have tried in many UNDERHAND ways to gain support from our loyal members by pulling the wool over their eyes with fancy promises.
   THEY FAILED!

FAILURE! FAILURE! FAILURE! ALL THE WAY AND THESE ARE THE PEOPLE WHO PROFESS TO BE YOUR LEADERS PEOPLE WHO WORK UNDERHAND, HANDING OUT NASTY LITTLE PAMPHLETS IN AN ATTEMPT TO SOW DISTRUST AND SUSPICION

Now they are trying their biggest joke of all by saying that you should "vote for a new deal!" What "new deal?" Who wants "a new deal?" "They do for themselves."

They, of course, tell you that they are very keenly interested in you and your welfare NOTHING OF THE KIND, if they are so keen in your welfare, WHY DIDN'T THEY SAY SO BEFORE? With the exception of two or three NOT ONE OF THEM HAS SHOWN AN INTEREST IN YOUR TRADE UNION ACTIVITIES BEFORE NOW! WHERE HAVE THEY BEEN ALL THESE YEARS? THEY ARE INTERESTED IN THEIR OWN WELFARE AND THEY ARE TAKING YOU FOR A RIDE

They work WITHOUT REVEALING THEMSELVES, by TRYING TO SMEAR DECENT AND HONOURABLE PEOPLE'S REPUTATIONS, by TRYING TO DIVIDE THE MEMBERSHIP of your Trade Union and they call themselves honest and sincere? Who has been more honest, open and sincere than your present leadership? They are people you know and can TRUST.

There have been a number of attempts to split this Union before (Ask the older members about this), in 1935, in 1941 and again in 1944, costing YOUR UNION thousands of Rands of YOUR HARD-EARNED MONEY THEY LOST THEN! AND THEY MUST LOSS NOW!

Through showing these people in the past that your Union is not interested in being split up and dominated by a few fanatics, you have been able to build THE STRONGEST GARMENT WORKERS' UNION IN THE COUNTRY, WITH BENEFITS THAT ARE UNRIVALLED. ARE YOU GOING TO LOSE EVERYTHING FOR THE SAKE OF A COUPLE OF FANATICS WHO HAVEN'T DONE A THING FOR YOU AND HAVE TAKEN NO INTEREST IN YOUR TRADE UNION UP TO NOW?

OF COURSE NOT!

Don't let them buy you with fancy promises (this is a well-known trick used by people who have no facts or achievements) the FACTS and the ACHIEVEMENTS of YOUR PRESENT EXECUTIVE COMMITTEE AND LEADERS SPEAK FOR THEMSELVES

Your present leaders have secured employment for over 45,000 Garment Workers and have made sure that THE INDUSTRY IN THE CAPITOL IS GROWING BIGGER, NOT AS IN OTHER AREAS WHERE IT IS GETTING SMALLER

If you really want to attend a Circus, wait until it comes to Town again—that will be worthwhile watching

Don't waste your time on those second-rate performers who can't even raise a laugh

VOTE FOR THE PEOPLE YOU KNOW ARE LOYAL AND SINCERE

L.A. PETERSEN (Secretary) C.E. PETERSEN (Asst. Secretary)

<table>
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<tr>
<th>Office</th>
<th>Names of Members</th>
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<tr>
<td>CHAIRMAN</td>
<td>Mr R S Nadoo</td>
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<td>VICE-CHAIRMAN</td>
<td>Mr P. Holloway</td>
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<td>TREASURER</td>
<td>Mr. C. Cummings</td>
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<td>TWO TRUSTEES</td>
<td>1 Mrs. G. Isaacs</td>
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<td>FOUR WHITE</td>
<td>1 Mr. A. Beneke</td>
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<td>MEMBERS</td>
<td>2 Miss J E. Swanepoel</td>
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<td>3 Mrs. M.A. Lee</td>
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<td>4 Mrs. M. Lindholm</td>
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Office | Names of Members |
-------|------------------|
NUMBER | 1 Mr A. Adams |
      | 2 Mr E. Dowood |
      | 3 Mrs D M. Bailey |
      | 4 Mrs S. Poole |
      | 5 Mrs M. Adriaanse |
      | 6 Mrs F. Baster |
      | 7 Mr T M. Africa |

MILLINERY REPRESENTATIVE | Mrs G. Abader |
KNITWEAR & HOSIERY REPRESENTATIVE | Mr I J Jacobs |

Issued by the Garment Workers' Union of the Western Province, 350 Victoria Road, Salt River.

Babelegi, situated near Hammanskraal, is one of the industrial growth points of Bophutatswana. A few years ago Mr. Thomas, Mr. L. Douwes Dekker and myself visited the area. The factories then were much smaller than they are now.

We visited the following factories:

- Tiger Clothing, employing 400 workers;
- Hammanskraal Knitwear with 180 workers (this company is building a factory to accommodate 600 workers);
- President Knitting employing 250 workers;
- Springbok with over 600 workers;
- Henochsberg with 370 workers.

All factories are spacious and air conditioned, except Springbok.

WAGES:

A few years ago, workers started at R3.00 per week, but at present starting wages are R5.00 and Henochsberg pays a R1.00 attendance bonus. From information, it appears that if workers stay long enough to qualify after 3-3½ years, machinists earn R10 - R11 per week. Local supervisors earn from R15 - R17 but those brought from elsewhere earn as much as R30 per week.

LABOUR TURNOVER:

All employers complain about the high labour turnover which is between 100 and 200 per cent. Henochsberg, who trained 1 500 workers, only have 100 qualified workers out of their labour. Apparently there are tribal problems. Bapedis are anxious to work but cannot obtain housing easily and travel as far as 25 miles to work. Tswanas get preference for housing but are not keen to work.

2/Bus fares ......
Bus fares are high and in some cases the employers supply the workers with weekly bus tickets in their wage envelopes.

The employers maintained that part of the problem in the area is that the people have some land which they cultivate and when crops are good, they are not keen to work. Further, if they want a certain article they will work until they have earned enough money to purchase the article. Because of their housing conditions and whole way of life, their demands are as yet not that of industrialised workers.

TRAINING:

Most workers receive training for three weeks before going on the production line. Springbok and Henochsberg train their workers on the "Soundwell System" which is used at our own Training College for machinists. It appears that Springbok, like the last time, has the best production.

FOOD:

Hammanskraal Knitting provides bread and jam to the workers. President Knitting provides bread and coffee for the morning break and a meal consisting of meat, porridge and vegetables for lunch. Since providing the meal their attendance and production has improved.

CLINIC:

Through the efforts of Mr. Paul Herman, the Bantu Investment Corporation (BIC) erected and equipped a clinic in the factory area. All factories we visited belong to the clinic.

OVERALLS:

Henochsberg provides the workers with overalls.

HOURS OF WORK:

All factories are working a 9-hour, five day week. Annual leave is in terms of the Factories Act, viz. 2 weeks per year.

GARMENT MANUFACTURING:

During the first visit, workers employed were still very much in the learner stage. During this visit it was found that Springbok and Tiger Clothing are manufacturing jackets as well as trousers of reasonable quality. Henochsberg is still only manufacturing 3/uniform.
uniform trousers, whilst Hammanskraal Knitting and President Knitting are manufacturing babies' knitwear and knitted jerseys for grown-ups respectively. Basic skills have thus improved significantly.

PRODUCTIVITY:

As noted, a marked difference in productivity existed between the factories in Babelegi. All factories obviously have a tremendous need for line managers. It is Government policy that African workers should be trained to fill all posts in these factories, but in the absence of qualified line managers this will obviously be a slow process. Productivity will not improve very rapidly unless qualified line managers are introduced.

AS-JHT/fm

29th October, 1975.
THE LID is about to blow off the Western Province Garment Workers Union following the dismissal of two of the union's organizers for "misconduct." Last night a hastily convened meeting of the union's executive on December 18.

The two organizers are Mr. Ernie Buckton and Miss Muriel Borez, both of whom rose through the ranks of the industry to become organizers. Both have more than 30 years' service in the industry.

The dismissal of Mr. Buckton and Miss Borez took place on December 18. They were found guilty of "misconduct" and were not given an opportunity to give the executive their side of the case.

Reject

In an interview this week, Mr. Buckton and Miss Borez made it clear that they rejected their dismissal as "unconstitutional" and that they have instructed attorneys to inform the secretary of the union, Mr. Louis Peterson, of this.

They also demand a copy of the union's amended constitution. If they do not get one within a specified period, they will seek a Supreme Court of Appeals' intervention.

"There has been a witch hunt going on against people who do not want to play ball.

"There is an election coming along in March," Mr. Buckton said, and "there appears to be a concerted drive to keep out people who could upset the way things are going now in the union."

They claimed that there is widespread revolt against the claims that Mr. Peterson was R1,000 a month as secretary of the union, "yet he is also paid R100 for every meal he attends. It is felt that as he is a paid employee of the union he should not be paid extra for standing meetings sometimes two or three a week — which is part of his job."

Mr. Buckton also claims that two cars which were bought in 1969 as part of a fleet for union purposes "disappeared."

These cars "surface" recently and Mr. Peterson is said to be the executive for one of the cars which he bought for a nominal sum for his daughter.

Another car, valued this week by a Cape Town

***

Trusmey

He also said that a man and woman had been promised a position of the union three years ago "open to the head of a worker's union who had been a trustee in the union to date."

The wife, according to Mr. Peterson, has not been able to get a job and the man has been turned down.

"It is a disgraceful situation while the workers are being deprived of the power and have used it for the past three years to encourage the union's chances while the worker-electoral party did not sign a cheque since being elected."

Recently, Mr. Borez, who was appointed with the rank of the executive of the Garment Workers Union, which they will produce in support of the Supreme Court of Appeals' intervention as union organizer.

Election

"We intend bringing these matters to the attention of the management with regard to Mr. Peterson. We know we have made a mistake in giving him a position of importance beyond his rank and the rank of his wife."

The Coloured garment workers of the Cape — all 46,000 of them — know exactly how their affairs are.

***
MR LOUIS PETERSEN, secretary of the Garment Workers' Union of the Western Cape, this week made a significant move to counter a growing revolt against himself and the present executive of the union when he sent a list of the present executive's names with nomination forms which have to be in by Friday, February 6.

But an action committee of workers selected from groups which have been propagating the removal of Mr. Petersen and the present committee countered this on Thursday night by nominating their own choice for the executive posts. The names of the proposed new executive will be distributed to factories this weekend and next week.

The election of officials for the union — who will hold office for the next three years — only takes place in March, and the fact that Mr. Petersen has sent out nomination forms already is being seen as an attempt to forestall the growing dissatisfaction among workers with him and the present executive.

The revolt, which began in August last year among a small group of workers and shop stewards, has snowballed and the action committees which have been having meetings of workers all over the Peninsula feel "reasonably confident" that they will succeed in replacing most of the present executive whom, they claim, have let the workers down over the past few years.

Wages

One of the most telling charges being levied at Mr. Petersen and his executive is that garment workers wages have increased by only 85c a year over the past 21 years.

Thus far above should put workers up in arms against Mr. Petersen, specially since the clothing industry is one of the biggest industries in the Cape and they make big profits," one worker said this week.

Workers also claim that Mr. Petersen and the present executive have not been authorized to accommodate the wishes and negotiations of the bosses with the result that garment workers, most of whom are highly skilled people, are among the lowest paid workers in the Cape.

Workers were incensed in November last year when it became known that Mr. Petersen had settled for a weekly wage for a skilled machinist, for example, of only R22.50 a week, when he had told a general meeting that he would not settle for a wage of less than R27.50.

The fact that Mr. Petersen, who led the negotiations with the bosses on behalf of garment workers, did not report back to a general meeting before accepting only R22.50 is being held against him by most workers.

Several other complaints have been made against Mr. Petersen and the executive in appointing him to the building of a new building to house the offices of the union, but that this was not referred back to them and neither were they told that the project would cost nearly R2m.

It is felt that the union should have instead used this money to establish a housing scheme for workers, many of whom are living in dire straits because of lack of housing in the Cape.

They claim that although the union itself has a fund through which it is supposed to help workers buy or build homes, "it is virtually impossible to get at this fund through White workers, who number a total of only 400, have been given loans to buy or build homes," one worker said this week.

There is also widespread dissatisfaction with the action of the executive in appointing Mr. Petersen's son, Cedric, as his assistant secretary without the matter being referred to the workers.

Successor

This appointment places Mr. Cedric Petersen in a position where he would be the natural successor to his father when Mr. Petersen, Snr., retires Mr. Petersen, Snr., it is claimed, earns a salary of R1 600 a month and also drives a luxury car which was bought by the union.

An action committee member appealed this week to garment workers to "seriously think about these and other things which the union has done, because it is true that the garment workers in the present secretory and the executive so that a new team of people who have come up from the ranks and are deeply concerned about the plight of garment workers can take over and get the union to really work hard for its members' benefit ."

"If garment workers want to start getting real benefits from the hard-earned money which they pay in to the union, the provident fund and the sick fund, then they must remove the secretary and the executive and they can do this by not voting for any of the people who now sit on the executive."

"They must also be careful in their election of shop stewards, many of whom have not made a single word on behalf of workers for the years they have been representing their factories as the union."

It was pointed out that the Garment Workers' Union of the Western Cape is one of the strongest unions financially, with an approximate income every year of R500,000.
GARMENT UNION 'WAR' HOTS UP

SUM. TIMES (extra) 8/10/76

THE intense behind-the-scenes struggle among Cape garment workers to remove the present executive and general secretary of the union exploded into open pamphlet "warfare" this week when both sides bombarded garment workers with pamphlets to promote their respective causes.

The pamphlet "war" came on the eve of the closing day for nominations to the executive, Friday, will probably continue until the elections of officials next month.

The "rebels", it was told this week, have submitted a list of names of people with whom they want to replace the present executive, to the Garment Workers' Union.

None of the union's top officials were in Cape Town on Friday to sign this as the secretary, Mr Louis Petersen, his son, assistant secretary Mr Cedric Petersen, and chairman, Mr O S Naado, were reportedly flown to Pretoria to see the Registrar of Trade Unions about extending the garment workers' Union's permission to be a "mixed" union.

In an interview earlier this week, Mr Cedric Petersen told me that the present officials of the union had done much for the garment workers and handed me pamphlets put out by the Cape Clothing Industry Provident Fund which offered members plots for sale as well as loans to purchase or build homes.

The pamphlet also points out that the scheme through which garment workers can get loans to build or buy houses and plots is not a union fund but a fund established by the Industrial Council with workers provident fund payments.

"The union cannot take credit for the Sick and Provident Fund set up in terms of the Industrial Council agreement We members pay a separate contribution "for the doubtful benefits bestowed on us by the Industrial Council", it states.

The pamphlet states that garment workers who want to remove Mr Petersen and the present executive are not "traitors" and that the union belongs to garment workers who are Mr Petersen and the executive's bosses and they are not satisfied with them.

They state that they are paid-up members of the union "who help to pay the fantastic salary" Mr Petersen receives as secretary, "who pay for the very expensive motor car in which Mr Petersen drives in luxury whilst we queue for very inadequate buses."

"We are not traitors", the pamphlet states, "we are doing what we should have done years ago during all those years whilst we slaved away at our machines for a very low wage and you and your executive committee members toured the capitals of Europe, staying in the best hotels and attending conferences on our hard-earned money."

"What good did these conferences do for us?" the pamphlet asks. "Did they improve our conditions? Our wages?"

By HOWARD LAWRENCE

Bursaries

In a pamphlet headed "Stand Firm by Your Sen" the Registrar of Trade Unions about extending the Garment Workers' Union's permission to be a "mixed" union, the workers who have been camping out to remove the present executive and the general secretary, were labelled "traitors." A list of what is claimed as "achievements" of the present secretary and executive was also listed in the pamphlet.

But the dissidents, who have formed "action committees" all over the Cape, came back with a reply: Our appointment as assistant to his father, he said, came about as the result of an approach by the executive of the union. He had not been appointed by his father. The post had not been advertised.

Mr Petersen also said that the reason why no one had seen a balance sheet is "because no one asked for it."

By HOWARD LAWRENCE

Bursaries

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Companies guilty of
Price Act
offence

BLUE BELL WRANGLER (PTY) LTD and its agent, Nathan Shapiro Agencies (Pty) Ltd, were convicted in the Supreme Court, Cape Town, today of contravening the Retail Price Maintenance Act:

Blue Bell Wrangler, manufacturer of 'Wrangler' jeans, and Nathan Shapiro Agencies both pleaded, guilty to the charge.

The directors of both companies and the servants of the companies all pleaded not guilty.

This is the first Supreme Court case to be heard in South Africa involving an alleged contravention of the Retail Price Maintenance Act.

Appearing before Mr Justice Watermeyer are, Blue Bell Wrangler, represented by a director, Mr Ian Graham Lyon, Mr Lyon in his personal capacity, Mr Kenneth Duvene, an employee of Blue Bell Wrangler, Nathan Shapiro Agencies, represented by a director, Mr Nathan Shapiro, Mr Shapiro in his personal capacity, and Mr Lionel Farber, a director of Nathan Shapiro Agencies.

RESALE PRICE

Between August and October 1974, National Half Price Stores (Pty) Ltd., and its subsidiary, Cape Dommem Trading Company (Pty) Ltd., purchased, through Nathan Shapiro Agencies, a consignment of Wrangler jeans from Blue Bell Wrangler.

A portion of the consignment was received during October and November of that year. In the same period, Blue Bell Wrangler and Nathan Shapiro Agencies attempted, to compel Mr Sam Sluppel, the managing director of National Half Price Stores, and an employee, Mr Hugh Thomas Ashby, to observe a resale price for the jeans specified by Blue Bell Wrangler, and Nathan Shapiro by conveying to the retailers that further supplies would cease if this were not done.

According to the charge sheet.

The Deputy Attorney General of the Cape, Mr A. J. 'Bram' Lategan SC, assisted by Mr S. Baker, is appearing for the State.

Mr M. Seligson SC, assisted by Mr D. Jpp and instructed by C. K. Friedlander, Kleinman and Shandling, is appearing for Nathan Shapiro Agencies, Mr Shapiro and Mr Farber.

Mr J. Broome SC, instructed by Cox and Yates of Durban, is appearing for Blue Bell Wrangler, Mr Lyon and Mr Duvene.

(Proceeding).
JEANS MANUFACTURER 'FLEECING PUBLIC'

Supreme Court Reporter

THE DEPUTY ATTORNEY GENERAL of the Cape.
Mr Braam Lategan, SC, yesterday accused the manufacturers of "Wrangler" jeans of being prepared to fleece the public and of riding on the back of the man in the street.

He made these submissions while asking Mr Justice Watermeyer to impose heavy fines on Blue Bell Wrangler (Pty) Ltd, the manufacturers of the jeans, and its agent Nathan Shapiro Agencies (Pty) Ltd, who tried to force Half Price Stores to charge customers nearly twice what it paid for the jeans.

The companies pleaded guilty to contravening the retail price maintenance regulations.

A director of Blue Bell Wrangler, Iain Graham Lyon, and an employee, Kenneth Duveen, and two directors of Nathan Shapiro Agencies, Nathan Shapiro and Lionel Anthony Farber, pleaded not guilty. Their pleas were accepted.

After the companies had been convicted and the men discharged, Mr Lategan read to the court a statement of agreed facts.

The statement said Half Price Stores ordered 4,750 pairs of jeans from Blue Bell Wrangler in 1974 to sell them at a competitive price. But 768 pairs were never delivered. Another order for 20,000 pairs was not accepted.

Half Price Stores started advertising that the jeans would be sold for $5.99. Blue Bell Wrangler objected to the price and the advertisements which it believed were damaging to the reputation of "Wrangler" jeans and were an abuse of its trademark.

In October, 1974, a representative of Nathan Shapiro Agencies told Half Price Stores that Blue Bell Wrangler would not supply the jeans unless they stopped advertising and charged the recommended retail prices, the statement said.

Asking that the companies be fined heavily, Mr Lategan said retailers were forced to make expensive advertisements described as "disgusting".

The deeds of Blue Bell Wrangler could virtually be described as stealing from the public, Mr Lategan said.

Judge Watermeyer will sentence the companies today. He sat with two assessors, Mr C H van Gend and Mr G Hofmeyr.

Mr Lategan was assisted by Mr S Baker, Mr J Broome, SC, instructed by Cox and Yates of Durban, appearing for Blue Bell Wrangler, Mr M Seligman, SC, assisted by Mr O Pim and instructed by C A Friedlander, Kliman and Shandling, appearing for Nathan Shapiro Agencies.
CLOTHING

A trimmer cut

How much money, despite inflation, is still being wasted by industry — even by companies reporting substantial profit hikes? Judging by the past year’s experiences of clothing group Veka, it could be plenty.

In March 1974 the FM reported a reorganisation of the group’s manufacturing facilities aimed at cutting losses by its almost wholly-owned Berish subsidiary (R327 000 during the two-year period 1971-72). Berish’s new Parow plant was sold for R650 000 to C J Fuchs for TV assembly. Production was switched to the group’s Salt River and Newcastle factories; administration, sales and production planning moved to the group’s Johannesburg headquarters.

The effect on 1974’s results was impressive. Earnings per share jumped from 10,9c to 22,8c.

MD Frans Truter died in early 1975
He was succeeded by GM (production) Willem van Zyl, who immediately began planning further group reorganisation. He had inherited, for example, five sales divisions, reflecting various product divisions. Each had its own buying and selling organisations, supplies of raw materials and sales administration. This meant a retailer could be visited by several salesmen from the group, each invoicing him separately.

To prevent this and reduce overheads, Van Zyl rationalised selling into two divisions — men’s and boys’ wear. A third division administers sales, while a fourth provides design, buying and marketing.
charge your double

facets of men who

BY DIANA POWELL

Cape Town—Facets of men who

charge your double

Facets of men who
PETERSEN'S CLAIMS ARE REFUTED BY WORKERS

By HOWARD LAWRENCE

THE GARMENT WORKERS' Action Committee which has been campaigning to have the present executive, general secretary and assistant secretary of the union replaced by a new set of people, this week replied to statements made by the secretary, Mr Louis Petersen, in an interview with a Coloured weekly newspaper which had put questions to him being asked by union members.

Asked about the workers' grievance to get them a top wage of R27.50 a week, but that he had settled for only R22.50 a week, Mr Petersen said that the general meeting had decided that he should accept "the best possible conditions in the November negotiations with employers, and denied that he had said he would get a minimum of R27.50 a week for top hands.

But the action committee this week replied to Mr Petersen and insists that he had told workers he would not settle for R22.50 a week. The best the contractor's letter giving the estimated costs was read to workers and was approved by them.

But the action committee maintains that "when all the hidden costs are taken into consideration, including furnishing, then the cost of the building amounts to approximately R2-million" business and also that that fleet as well as the one bought last year cost more than the R3 000 maximum expenditure allowed by the union's constitution without the approval of a general meeting. Mr Petersen denied that two of the cars bought in 1969 had not been used for union business.

'He is not the man for us'

MR LOUIS PETERSEN ... says he is being under paid.

mobile in order to earn the money we pay them to work for us.
By HOWARD LAWRENCE

They maintain that workers were not told "all there was to be known about the bonus plus a luxury car to look after our interests, then obviously he is not the man to work for". Mr Petersen, action committee spokesman said.

Referring to a decision taken by the national Consultative Committee of Garment Workers' Unions, representing garment workers in the Cape, Natal and Transvaal, that the "union's utmost" for an agreement which expired by June, 1977, but that he had gone against this decision and made an agreement for three years, Mr Petersen said his union (Cape) was not bound to refuse a longer term agreement.

**Signatory**

The action committee replies "Mr Petersen was a signatory to the consultative committee agreement and by agreeing then, he must have realized that it would be to the benefit of the members of the Cape Union, to seek an agreement which would expire in 1977."

"It stands to reason that the three provincial bodies working together, would have been able to get much more for the workers than Mr Petersen did and we must seriously question the reason why he decided to accept an agreement which will last for three years at the ridiculously low wage of R22.50 for a qualified machinist."

"Every category of worker will now have to accept unacceptably low wages for the next three years. Mr Petersen has still not explained why he went back on the consultative committee agreement."

**Building**

Asked about the R2-million building the union is planning into the workers' homes, local union officials and three homeless garment workers, Mr Petersen said the building did not cost R2-million.

He said the cost was R1.594.000 'with escalating costs', and that the building was necessary to "provide a living standard to the union's existing members."

Mr Petersen also said the two cars were parked at his home because there were no parking facilities for them. He kept the engines running, he said, by using them alternately with other union cars. Workers were not enough union organizers who could drive for them to be given to union officials.

Mr Petersen said the executive had not acted unconstitutionally by failing to get workers' agreement for the fleet of cars. The R30 000 ceiling applied to the purchase of a single car and the union paid for the cars monthly as separate items.

**Rejected**

The action committee rejects Mr Petersen's explanation. They point out that nowhere in the union's constitution does it state that the R30 000 ceiling applies to a single item as Mr Petersen claims.

The cars were all purchased at the same time and were taken possession of by the union at the same time. In any case, an action committee member said, even if the two fleets of cars were paid for on a monthly basis, as Mr Petersen claims, the total cost would amount to thousands of rand's more than the R30 000 ceiling and nothing Mr Petersen says has changed this fact. They spent our money without our permission.

Dealing with Mr Petersen's reply concerning the two cars which members claim, had not been used by the union after they were bought in 1968, an action committee member said he found Mr Petersen's explanation ridiculous and deserving of a fuller investigation.

**Proof**

"Mr Petersen says that he kept the two cars at his home because there were no parking facilities available. Yet we have proof that one of the cars was used by a White woman who has nothing to do with the Garment Workers' Union. We want to know why this woman was and why she used our car.

"Under paid"

"Mr Petersen says that not all the organizers could drive that is why he used the cars alternately."

"A union organizer's job is to visit workers and factories and we find it incredible that the executive employed organizers who cannot drive when surely it is essential that they should be able to drive the union's cars."

The reason given for the purchase of five cars when, according to Mr Petersen's own admission, they only needed three. Mr Petersen should have used a clearer explanation of why this whole matter," he said.

"I am being lenient," Mr Petersen said, asked about claims that he earned R1 600 per month for every meeting he attended. "We get a salary for a job which we feel he has been doing — then one cannot only shudder at the state of the union.

"This is why we are determined to rid ourselves of Mr Petersen, his son, and the whole executive which has been getting there while working have to accept a meagre salary of only R50 a week for their hard labour."

**Threatened**

Meanwhile, Mr E Buckton, one of the two organizers who were dismissed by the union executive and who have asked an attorney to seek the details of their alleged "misconduct", received a number of poison pen letters from supporters of the executive.

In one of the letters, which is in the possession of the Sunday Times, Mr Buckton has also been threatened with violence. However, in an interview this week, Mr Buckton said he was "not concerned at all", about the threats and the letters.

"I have my convictions and I will not be intimidated by this kind of thing," he said.

The poison pen letters have come close on threats being made against workers by certain people that if they support the action committee which is seeking the removal of the present union executive. "Legal action will be taken against them," he said.

Action committee members said this week that they do not believe the threats have any connection with union officials.
New branch for union

Labour Reporter

The Garment Workers' Union of South Africa opens a branch in Bloemfontein next week to cater for its estimated 250 members in that city.

"Bloemfontein has been declared a Coloured people's growth point and the prospects for more clothing factories being established there are good," said the union's general secretary, Mr. Adam Klein, in Johannesburg today.

He said almost all the workers in Bloemfontein's three large and several smaller clothing factories were Coloured people. The few Blacks in these factories would be offered membership of his union's master union, the Black National Union of Clothing Workers.

A part-time training course for shop stewards is to be run for about 10 days by Mr. Dick Whitworth, the education officer of the Trade Union Council of South Africa.
Workers Union

Mr. L. A. Peterson, secretary of the Camden Steel Workers Union, is expressing his disappointment at the outcome of the $5 a week wage increase for his members. He has written letters to various officials and the former chairman of the Board of Directors of the Steel Company expressing his dissatisfaction with the new wage.
The petition is being circulated in terms of Section 7(1) and 11(4)(a) of the Garment Workers' Union constitution. It demands that a ballot of members be conducted to direct the Central Executive Committee that the forthcoming election for a central executive committee:

"Shall be organized, supervised and scrutinized by independent persons, not in any way connected with the trade union, as members thereof, or employees thereof, nor shall they be members of the families of members of the trade union officials or the staff thereof, nor shall they be officials or members of the staff of the Industrial Council for the Clothing Industry (Cape) or members of their families and such independent persons shall be appointed by the trade union's auditors."

The petition further asks that "the ballot shall direct that the issuing of ballot papers, collecting and opening of ballot boxes and the counting of votes shall not take place on the premises of the trade union and only the independent persons appointed by the auditors shall take any part in the organizing of the election."

Sympathies

"Only workers at one of the Cape's bigger factories, Rex Trueform, have shown reluctance to show where their sympathies lie," an Action Committee spokesman said this week when I asked him how their campaign was going.

Three of the executive members, whom workers want to replace next month, are employed at Rex Trueform.

Elsewhere, union officials and organizers have run into a storm, according to workers at most of the major factories in the Cape.

Free

A spokesman for the Pep group of factories in Parow made it clear in a telephone interview this week that workers at their factories will be free to organize and petition for and against the union during their lunch hour.

"It is the right of our
Back takeover

Rupert goes ahead with

\[ \text{It's Goen納 Ring} \]
Men in fashion

The fashion industry, of which men's clothing must nowadays be considered an integral part, has always had its ups and downs for shareholders, almost regardless of the broad cyclical movements within the stock exchange. For one thing, the fashion business has to contend with rapidly changing conditions often beyond the control of high-powered marketing and promotions men. For another, a slight shift in purchasing power can leave companies stuffed with slow-moving stocks that cost the earth to finance increases in income tax, the heavier cost of holidays, maybe the introduction of TV or any number of variables can upset production runs planned for up to two seasons ahead.

Between the design table and the shop counter the balancing act performed by clothing manufacturers can be turned on its head. Only a few years ago, it was mainly the female fashion trade that suffered from these sudden flurries of activity and short-lived fads. If these seem to have become less pronounced, the trade has now had to come to accept that men, too, are increasingly susceptible to changes in styles, colours and materials.

Stewart Shub, chairman of Cape-based Rex Trueform, considers that men have now become conscious of a desire to change their style of dressing to the extent that even small reductions in disposable incomes will have little effect on purchasing patterns. In this respect, the subtle shift from a more stable, duller cycle to a more volatile, brighter pattern, the result of a combination of changing male tastes and incomes stimulated by modern marketing techniques, has had a favourable impact on those companies which have risen to the challenge.

In the clothing sector, there is little doubt that RexTrue is a highly regarded share with an enviable growth rate. Pre-tax profits over the past five years have shot up 162.5%, from R1.6m to R4.2m, while in the same period earnings have moved up by 178.5%, from 33.6c to 93.6c.

The latest interim figures show further progress, with pre-tax profits up 14% higher at R2.77m compared with R2.43m. Earnings are up 13.3%, from 51.1c to 57.9c, and it looks as though for the full year they will top 100c for the first time. In terms of performance, therefore, shareholders can have no cause for complaint, though they might quibble at the relative conservatism of the dividend policy. However, a glance at the more fluctuating records of one or two competitors should convince them that they have backed the right horse and, after all, a dividend covered 3.9 times gives a warm glow of comfort in these inflationary times.

At some time over the next few years, therefore, shareholders should reap the benefit of the company's deliberately cautious dividend policy.

In the meantime Shub and his management team are concerned to deal with the two sharp prongs of inflation as they affect the balance sheet. In the first place, there is the need for a higher level of working capital to finance the current level of business. In the year to June 30, 1975, stocks in fact dropped slightly from R5.8m to R5.4m though with debentures running nearly R1m higher, net current assets edged up from R14.4m to R14.9m. The liabilities side was transformed by the disappearance of short-term loans and overdrafts as these were replaced by R2m of long-term borrowing. Total current liabilities consequently fell from R6.5m to R6.7m.

Second, there is the need to come to grips with the problem of replacing and updating fixed assets at prices far above their original book cost. Shub considers the simplest, most easily understood method of inflation accounting in the light of the current confusion among accountants is through an accelerated policy of heavier depreciation of assets.

As he points out, not only has RexTrue to invest more frequently in new and modern plant and equipment in order to benefit from more efficient production techniques, it has also to consider the inadequacy of past depreciation policies when related to future capital investment.

This, last year cash flow was bumped up from R1.7m to R2.4m with the assistance of a depreciation charge of R309 000 against R224 000, while a back-dated R98 000 was also targeted on.

To bring stock valuation policy into line with current practice, non-productive overheads were eliminated from work-in-progress and manufactured products. This led to once-for-all charge against profits of R225 000, but it means a more consistent and meaningful policy for future years. Doubtful debtors, too, are watched, with a growth in the debtors book last year from R8.5m to R9.4m, the amount put aside was doubled to R150 000.

Shub maintains that trade shows no signs of falling away, even though there might be a smaller cake to share around this year. While the simple explanation is that RexTrue is steady, if slowly, increasing its market share at the expense of others, the real answer is that overall it has always seemed to get the whole equation right.

Rex Trueform's Shub ... getting his sums right.

Its designs are a blend of home and international ideas, as are its range and choice of cloths, and the result is a highly acceptable product. Some 12%-18% of sales is exported, with the UK being by far the biggest customer for the medium-to-upper price bracket suits.

In turnover terms, success at all stages of the operation has seen a doubling over the last four years. To date, RexTrue has preferred to keep the actual rand value of sales to itself, though Shub assures me that this omission should not be long in being rectified. Then it will become possible to compute such vital ratios as stock-turn and return on sales. Over the next four years, the company does not intend to rest on its laurels and at least a similar rate of growth is expected, in line with, if not ahead of, overall market growth.

One obvious, though at this stage unquantifiable, growth point is the Black market, which is becoming increasingly conscious as prices increase. Sales to this sector are considerably higher than even two years ago but, with Blacks now able to buy in what were previously all-White stores, actual volumes are difficult to come by.

Room for expansion exists, too, in the accessories trade, and here shirts are a natural focal point to which RexTrue has gravitated by buying a 50% stake in...
L’Uomo, a new company aiming at the better end of the shirt trade. At this stage, further growth by acquisition is ruled out, particularly as some of the possibilities so far examined have persuaded management there is anything on offer it could not do better itself.

After all, RexTrue has sufficient capacity of its own, having spent last year R431 000 on an adjoining building to the Saff River complex and R1m previously on buying and re-equipping a 650-worker factory at Wynberg, both financed through two R2m debenture issues. These account for the more than doubling of interest charges from R216 000 to R547 000. Even so, the ratio of net borrowings to equity funds of 40% is below the company’s policy of keeping the equity/debt ratio below 2:1.

With a return on capital employed of 40%, RexTrue is indeed a profitable outfit. If and when the stock market recovers itself from its lethargy, this is a share which should not be forgotten. The pity is there is not more scrip in circulation, since 76.8% of the voting shares is in the hands of African & Overseas, which overall controls 42% of the equity.

Perhaps one day a cap issue will materialise, since against the R1.4m share capital there are R9m of distributable reserves. Such a move has been mooted, but to date the position remains the same. Meanwhile, at 340c, shareholders accept a yield of 7.1% fairly sure in the knowledge they hold an assured growth stock.

Shub insists that prospects are good, but his quiet confidence does not accord with a recent survey by the Stellenbosch University Bureau for Economic Research. Its conclusion was “Our retailing contributors’ appraisal of business conditions has changed from general optimism to pessimism.”

So it is possible that during 1976 RexTrue’s outlets may find the merchandise not moving quite as fast as they have been accustomed to.

John Gilmore
Union rebels will carry on talking

Sun Times EXTRA
14/3/76

By HOWARD LAWRENCE

THE ACTION COMMITTEE which has been organizing a revolt to remove the present executive and secretary of the Garment Workers’ Union of the Western Cape issued thousands of pamphlets this week entitled “We haven’t stopped talking Mr. Peterson.”

The pamphlet states that workers are still talking “...and most of the time.” It states, “...we are talking about you, Mr. Peterson.” Mr. Peterson is the general secretary of the union.

“You”, it states, “have been secretary of our trade union for over 25 years and have held all negotiations for wage increases during that time, so we thought we would take a look at what you have achieved— or, to be more exact, at what you have failed to achieve.”

In 1948, the pamphlet states, a machinist was paid R5.50 a week. In 1964, a machinist is paid R8 a week. This represents 50 percent of their wage.

Today, after a similar period of absence due to certified sickness, a machinist receives only R3 a week and they are paying rent 20 cents a week to the sick fund.

In terms of Section 21 (a) of the Factories Act, the employer is obliged to pay full wages for any period of two weeks every year in respect of absence due to sickness. What is more, it continues, “...in certain circumstances, a certificate is required for the first two days of sickness....”

With our sick fund,” it states, “under the regulations for which you and your executive are responsible, nothing is paid for the first two days and we get, as machinists, a ridiculous R8 a week.

“Since then”, it states, “they have been moved far away and bus and train fares have taken a big slice of their wages.

On the wages you have negotiated for them, Mr. Peterson,” the pamphlet continues, “They are lucky to be able to afford any form of transport to get to and from work.

The pamphlet also deals with the Industrial Council’s sick fund and says that Mr. Peterson led all the negotiations for the agreements containing the sick fund clause for the past 22 years and he, it states, “must take full responsibility for the disgusting rate of sick pay being paid at present.

It points out that in 1964, for a contribution of 25 cents, machinists were paid R5 a week when they had been off work for three days or more.

Sweat

“Remember, Mr. Peterson, you were not going to accept less than R5.50 a week, but you did. Just remember this, Mr. Peterson, when you drive to our offices at 11am each morning in the magnificent Mercedes Benz motor car paid for by us — with our sweat. Think when you drive your R1,600 a month you are paid by us.

A very conservative calculation of the increase in the cost of living since 1948 has been put at 320 percent. This means, the pamphlet states, that to have kept pace with this increase a machinist should now be earning at least R25.50 a week. This means that our real wages have decreased since 1948. In addition, the general standard of living of all people in South Africa has risen at between two and
Ex-member challenges union in man

Petersen

By HOWARD LAWRENCE

MR. CASSIEM PANDIT, a Cape Town father who has been a garment worker for 25 years, has made a challenge through the Sunday Times this week to Mr. Louis Petersen and the executive of the Garment (Workers') Union to allow him to address the union's general meeting on April 8.

Mr. Pandit stopped being a union member six years ago because, he says, he was not happy with the way the union was run.

He has since applied "several times" for reinstatement, but the only responses he has received from the union is that his application is being considered.

Mr. Pandit's employer has also made an application for Mr. Pandit's reinstatement, but this too has "met with a divergent, tactless", according to Mr. Pandit.

"I have never been suspended or expelled," Mr. Pandit said, "although some people have tried to give out that is why I have not been a member.

Pamphlet

Mr. Pandit said he had read the pamphlet put out by Mr. Petersen, on which the aircraft computer fighters for his removal was attacked, as being "whitewash, and misguided" and he felt that Mr. Petersen needs to be answered.

"I challenge the union to explain if publicly known why they refuse to reinstate me as a member of the union — a member with which default is shown a technical error, or, they refuse, so to allow me to address
Union Secretary under fire

A new action group has been formed within the Garment Workers Union in an attempt to voice some of the deeply felt complaints against the executive from among the members of the Union. The Garment Workers' Union is one of the largest trade unions in South Africa with a predominantly "Coloured" membership of 45,000.

Grievances stem from the fact that the latest round of negotiations by the powerful union brought a minimum wage determination of only R22,50 (which becomes operative only in 1977). The complaint that "the union and the bosses are in it together" is particularly interesting given the dependence of the competitive clothing industry on cheap labour.

In contrast to the wages of workers, the General Secretary of the Union, Mr. Louis Petersen, it is claimed, earns R1,600 00 a month, has an expense account, drives a union-owned Mercedes-Benz, and also is paid extra for each union meeting he attends.

A charge of nepotism also has been leveled against Secretary Petersen. His son Cedric Petersen is at present the assistant secretary and it is alleged, is being groomed for the leadership. Other claims are that Mr. Petersen's brother-in-law has a furnished flat in the Union Building and that Mr. Petersen's daughter is also employed by the union.

With accusations and denials flying back and forth daily, it remains clear that there is a startling contrast between the wealth of the union and the poverty of the workers. The union has a closed shop agreement through the workers' contributions the union receives roughly R432,000 per year from subscriptions alone. In contrast, since 1948 the real wages of a machinist have declined. One woman at a large clothing factory in Salt River receives R23 a week as a machinist after 30 years of continuous service. She is not atypical, of the clothing industry or of South Africa generally.
TRADE HITS AT GOVT 'LOGIC'

Staff Reporter

Clothing retailers yesterday expressed bewilderment at the "logic" of the Government's proposed investigation into the clothing industry. There is "no extensive profit-rigging" in the industry, they claimed.

On Wednesday the Minister of Economic Affairs, Mr Chris Heunis, announced that an intensive investigation into the costs, prices and sales practice of both clothing manufacturers and clothing retailers was to be undertaken by the Price Controller.

Commenting on the announcement, the general manager of Hepworths, Mr J G Davidson, said: "There is no extensive profit-rigging in the clothing industry. Some do better than others because they are more efficient."

Mr W Deport, director of the discount chain Pep Stores, said 90 percent or more of clothing retailers and manufacturers in South Africa would probably fall "well within" any maximum profit margin visualized by the Price Controller.

SMALL FIRM

Mr D von Meyland, Joint director of the chain of unisex boutiques, Maggies Farm, said he felt his firm formed such a small section of the clothing industry that it was "hard to pull us into the same sort of category."

• Sapa reports from Johannesburg that organised commerce yesterday condemned the Government's decision to launch an intensive investigation. A statement issued by Mr H Wolfe, president of the Association of Chambers of Commerce.
Clothing price probe plan is 'toothless'

THE Government's planned investigation of the clothing industry has been condemned as unnecessary by representatives of manufacturers and retailers, and one discount retailer has called it a 'toothless' plan which will not get to the root of a major problem.

Mr Sam Stuppol, head of Half Price Stores, said the investigation would take a year or two during which consumers would become used to being fleeced.

'We have a system of monopolistic collusion between certain manufacturers and certain retailers leading to mark-ups of 200 percent on some clothing lines.

'We have to defend the free enterprise system, but we must also defend the right of any retailer to buy any merchandise he can pay for and to sell it at whatever price he wishes to,' Mr Stuppol
THURSDAY night's general meeting of the Garment Workers Union had to be adjourned to an unspecified future date when an estimated 2,500 garment workers exploded in anger and uproar against the general secretary of the union, Mr. Louis Petersen, and the present executive council's chants of: "We want Petersen out!"

The meeting refused to endorse the minutes of the previous general meeting, because, they claimed, there were omissions and distortions in the minutes read by Mr. Petersen.

They became incensed when it was spread that young boys who were giving out Action Committee pamphlets outside the hall, had been picked up by police who patrolled the area in four vans. The secretary's son, Odelio, who is also assistant secretary of the Union, a fact which is one of the complaints being levelled at the Union leadership, patrolled the area in one of the police vans and, vociferously, the police in their detention of the young boys.

Added to this was the fact that workers arrived at the Union's hall in Big River, handcuffed police — estimated at 15 — were stationed around the hall and the workers immediately that the presence of the police was an attempt to intimidate the workers.

The young boys, who were loaded into the police vans, had their pamphlets confiscated and were handcuffed before being released.

Garment workers told me that the police were going to demand an investigation and an explanation from Mr. Peterson and the executive for their actions.

They claimed that the workers were being intimidated by the police because they had been the sons of members of the Union who were exposing their democratic right to oppose and strike at the workers whom we feel are unskill to us.

The meeting opened in a tense atmosphere and when Mr. Peterson reached the part of the previous meeting's minutes dealing with the wage negotiations, Mr. Peterson said that the previous meeting had decided that the Union's negotiators negotiate for the "best possible wage."

On several occasions, the workers chanted: "We want Petersen out! We want Petersen out!" When Mr. Petersen said, "I want to tell you that people are saying outside that Mr. Peterson agreed to the agreement without their authority, they are talking a complete lie," the workers shouted that this was not true.

There was an uproar for several minutes and this was the trend during the meeting. When the workers were told that the people who had negotiated the wage agreement were not the executive but the Industrial Council delegates, the workers shouted: "What's the difference? Get out, get out, and your stories must get out."

This was again followed by yells and hoots, and chanting of: "We want Petersen out!" Mr. Peterson said the union did its business in an honest manner.

"What is more important?" he asked, and was again jeered.

"Our wages, our wages are important," the workers shouted.

Mr. Peterson told the workers that he wanted to "warn" them that the garment industry had been offered ground in the Union's "out of work" now being built, but what followed was drowned by jeers.

When he managed to continue, he said that there had been 25,000 coloured garment workers in the Transvaal but that now there are only 9,000 and the rest are "unemployed."

This too was greeted with jeers and shouts of what are they going to do, they also have to have about the minutes because jobs.

The meeting refused to they claimed that there were omissions and distortions of the minutes of the previous meeting's minutes.

The list of members nominated to contest the election for a new executive was renewed every time the name of a member who had currently on the executive was read, there was jeering and booing.

The meeting was adjourned without a date being set and after it was made clear by a member from the floor that no election can be held until the minutes of the previous meeting were read, there was jeering and booing.

Meanwhile, Mr. Casterlin Pandit, a former leading member of the Union whose membership was dissolved through a "technical error" and whose applications for reinstatement have been consistently rejected by the Union executive, was announced by a member of the Union before the meeting. Mr. Pandit said he had satisfied the Action Committee with the dis- tribution of its pamphlets and was at a canteen about 300 metres away from the Union's headquarters when, as alleged, he was attacked by two Union organizers, a woman 5th and 3th African employed by the Union.

Police chief willing to investigate

THE District Commander Colonel D. A. van Lili of Police in Cape Town and Colonel D. A. van Lili when asked for his comments on the fact that Mr. Petersen was seen driving around in a police van which had picked up young children who were giving out pamphlets at the general meeting, said he had not been told of this.

"It is the first time I hear about it," he said.

Colonel van Lili said that he could not make any statement on the matter unless a formal complaint was lodged with him in writing.

"If the people who are lodging this complaint will put it in writing, then I will be in a position to have the matter investigated," he said.

Our request for comment from Colonel Van Lili followed many telephone calls to the Sunday Times by factory workers who were "upset and disgusted at the use of the police in what was purely a matter between the garment workers and the officials of their union."

Colonel Van Lili's comments have been passed on to the Action Committee who said they will meet with the parents of the youths who were picked up by the police and driven around in the police van after having their pamphlets confiscated.
Textile industry smiles
but makers scowl

SUDDENLY, everybody's smiling in the textile industry. But, as usual, the smiles are matched only by the scowls of the clothing manufacturers.

For hardly has the textile sector emerged from the doldrums than supply bottlenecks are already beginning to appear.

Manufacturers of men's suits have run into a shortage of worsted cloth because the worsted producers do not have the capacity to supply their needs.

At the same time, import control is being operated tightly, largely for exchange control reasons, so it is not easy for clothing manufacturers to obtain supplies from abroad.

Man-about-Town Holdings chairman Maurice Berelowitz said this week: "It is very difficult for us to plan six to nine months ahead — as we have to — unless we know how much merchandise we are going to get."

This uncertainty exists both in relation to local supplies and the granting of import permits; and Mr. Berelowitz has called on the Board of Trade to step in and mediate between the interests of the clothing and textile sectors.

Not all sectors of the textile industry agree. Busy. The executive director of the newly formed Textile Federation, Stanley Shaghman, estimates capacity utilisation averages 80 per cent in the industry at the moment, with the fabric knitting sector lagging somewhat behind on about 70 per cent.

This is a good deal better than last year, when total output slumped by almost 11 per cent, and capacity utilisation was down to an average 69 per cent — and as low as 25 per cent for some manufacturers.

The industry has the capacity to supply about 70 per cent of domestic demand, but with utilisation down to 80 per cent, this means that last year only about 40 per cent of clothing sold in South Africa was made from locally made cloth.

Because of the greater economies of scale attainable in the huge textile mills overseas, the South African industry could not compete against normal competition from imports.

Mr. Shaghman reckons a "moderate tariff barrier" of around 25 per cent would provide adequate protection against normal competition.

Unfortunately, abnormal competition must also be catered for. South Africa is often a victim of dumping by foreign manufacturers, who typically experience a slump in their home markets just when this country is enjoying a boom.

The recovery in the in-

Industrial Editor TONY KOENDERMAN analyses the woes of South Africa's clothing manufacturers as they battle for supplies.
Cabinet decision may cost jobs of 10000

Own Correspondent

JOHANNESBURG. — A number of Reef clothing factories will be closed down and up to 10000 African workers forced out of their jobs following a Cabinet decision this month.

The Cabinet decided to enforce the terms of the Physical Planning Act as it applied to the clothing industry in 1968 — pegging the number of African workers allowed in White areas on the Reef.

The industry had asked the Government to revise the allocation of African workers to enable those in the industry to stay and to allow for marginal growth.

The State has already started prosecuting firms which have employed African workers illegally.

The clothing manufacturers, the trade unions and the industrial council for the industry in the Transvaal all agree that the decision by the Government, taken in the last fortnight, will cripple the industry and cause enormous hardship to both workers and employers.

'THROTTLE INDUSTRY'

Mr J H Thomas, secretary of the industrial council said yesterday, "This will throttle the industry entirely. It is inconceivable that the Government should use this law at this time."

He said the pegging of African labour in 1968 was done at a time when the whole pattern of employment was changing, and White and Coloured workers were moving out and Africans moving in.

Mr W Aaron, president of the Transvaal Clothing Manufacturers' Association said at least 5000 workers would lose their jobs following the Cabinet's decision — thus double their jobs.
Garment Union election

Garment workers in the Western Cape have been informed by the general secretary of their trade union, Mr Louis Peterson, that the general meeting adjourned last week without the minutes of the previous meeting being adopted, will be completed on April 22.

In the meantime, I learnt this week, the executive of the union have decided to go ahead with the election for a new executive and ballot papers are currently being drawn up for the printers.

Last week's general meeting of the union, at their R2m Salt River headquarters, had to be adjourned because of the uproar.

I understand that union officials and the general secretary of the union have levelled complaints at the Sunday Times who, they claim, have been "biased" in reports on the internal struggle for power between the present officials of the union and the Action Committee which wants a new executive which will be totally orientated towards getting the maximum benefits for workers in the garment industry.

I can reveal this week that the Sunday Times has twice agreed to give the secretary of the union, Mr Louis Petersen space to put his case to our readers but he declined on both occasions.
Jobs threat eases after test case

Labour Reporter

The threat of unemployment facing 10,000 Johannesburg garment workers has eased considerably.

That is the belief among informed sources in the clothing industry after the judgment given in a test case under the Environmental Planning Act in Johannesburg last week.

The magistrate, Mr O J Coetzee, threw out the case against Venus Knitting Mills — the first of about half a dozen similar prosecutions.

He found that the State had not proved the number of Black workers employed by the firm on January 18, 1968, when the industry's Black labour quota was arrested.

If the State had succeeded in the test case, many other clothing firms which are estimated to have exceeded their Black labour quota by 5,000 would have had to dismiss their excess labour or face prosecution.

That, in turn, would have forced many of them to shut down completely, which would have put an additional 5,000 workers or more on the streets.

Since most of the workers are women from the Johannesburg area, they would have had little chance of alternative employment during the current recession.

It is thought likely in informed quarters that the State may have similar problems in proving its cases against other firms, unless a new technique is adopted in future prosecutions.

But the facts differ from one case to the next, which means some firms may still be prosecuted successfully.
Clothing inquiry well under way

The government's investigation into the clothing industry, announced by the Minister of Economic Affairs, Mr. Chris Heunis, earlier this month, is well under way.

Mr. R. J. Roets, spokesman for the Price Control Office, Pretoria, said yesterday the investigation began almost immediately after the minister's announcement on April 6.

Mr. Heunis announced that day an intensive investigation into the costs, prices and sales practices of both clothing manufacturers and retail clothing distributors was to be undertaken by the Price Controller.

The investigation, he said, was the result of "persistent allegations by members of the public," that the high price of clothing was due partly to excessive profit margins and partly to "certain malpractices" in the retail trade.

Yesterday Mr. Roets refused to discuss the method of investigation as it included, he said, "a lot of confidential work".

He did not know how many officials were involved in the investigation but was adamant that only price control officials would be working on it — again due to the "confidential nature" of the investigation.

Meanwhile, the Price Controller is still accepting information or views from organizations or members of the public in connection with the investigation.

Any such communication, which will be treated as confidential, should be submitted to the Price Controller, Private Bag, X34, Pretoria, before April 30 this year.
An offer they couldn’t refuse

Cut down on African labour, decentralise or close down — that is Planning’s alarming ultimatum to clothing factories on the Reef

The Cabinet are a strange bunch. Despite worsening inflation, deepening recession, lack lustre investment in industry and growing unemployment they decide it’s time to aggravate unemployment, injure productivity and dishearten industrialists by strictly enforcing the notorious Section 3 of the Environment (formerly Physical) Planning Act.

The Act is designed, inter alia, to encourage decentralisation. Few could quibble with that but Section 3 in effect makes it an offence for industrialists in the major metropolitan areas (except Durban-Pinetown) to increase their African labour force without permission. Factories established before June 1973 may not employ more than 2.5 Africans to each White, those established thereafter may not exceed a ratio of 2:1.

Until recently, Section 3 was not enforced rigorously (FM January 23) but recently the policing of Section 3 was taken over by the Department of Planning from the Department of Labour and an active campaign to enforce the ratios, particularly in the clothing industry, is now in progress.

The effect of the clothing industry has been devastating, and the FM understands that the furniture industry, where a loss of White artisans has disturbed the ratio, may be next for the chop.

In December three clothing factories (Rosalyn Creations, Solson Dress and Chiltern Bond) closed down after they were refused permission to increase their quota of Africans. Six prosecutions against clothing employers are presently in progress and, according to the Department of Planning, six more are in the pipeline. One firm, Venus Knitting, was acquitted last week on a technicality.

Cabinet-level representations by the Industrial Council (IC) for the Clothing Industry (Transvaal) have been turned down. Fortunately, the crunch has affected only the industry in the Transvaal. Employers in the Western Cape use Coloured labour and those in Natal are unaffected as Durban-Pinetown is a border area.

There are signs, however, that the problem is spreading. Ivan Krige of the Midland Chamber of Industries told the FCI this week that, despite previous assurances to the contrary, applications to employ more African labour were increasingly being refused in the Port Elizabeth area.

The IC’s memorandum to the Cabinet shows that its Western Cape labour force has grown by 42% since 1971 and in Natal by 22%. In contrast, the Transvaal growth is only 1.8%. The Garment Workers’ Union warns that the labour force will actually shrink if the crackdown continues.

The Union estimates that more than 6 000 workers on the Reef are presently illegally employed as they are in excess of the ratio. “If 6 000 workers lose their jobs another third will also have to be retrenched,” warns the Union’s general secretary, Adam Klein. “If Section 3 is fully implemented, 10 000-12 000 Africans will be out of jobs. It could kill off the clothing industry in the Transvaal.”

Klein is equally concerned about the wider consequences. “The vast majority of workers who would lose their jobs are women who are legally entitled under the pass laws to stay in the urban areas, and their chances of finding alternative employment are limited.”

“The effect on industrial relations will be equally serious. A climate of fear and mistrust already prevails in the factories and employers are arguing that they cannot grant wage increases in the present climate. An industry which is well-known for its enlightened labour relations is rapidly becoming a powder keg.”

Industrial Council Secretary Jimmy Thomas is equally pessimistic. “The industry is being bled dry. Firms are living on a day-to-day basis and are unable to plan for the future. Productivity must suffer as a result. Most firms could not survive more than one prosecution and they will either have to close down or operate on a greatly reduced scale. There is little White or Coloured labour available and the industry cannot operate without large-scale use of African labour.”

Thomas suggests that, should the Act be rigorously applied to all industries, 100 000 workers would be affected. The irony of the situation, he says, is that strict implementation is actually preventing firms from decentralising. “Most firms are too small to move. By inhibiting growth, government is preventing them from reaching a size suitable for decentralisation.”

Thomas’ view is supported by some firms who have decentralised. They point...
CLOTHING — A CHANGE OF HEART?

With insolvencies and unemployment threatening the clothing industry in the Transvaal, Minister of Planning Schalk van der Merwe has agreed to meet the clothing industrial council to discuss the recent spate of Environment Planning Act prosecutions (JM May 7). An earlier deputation was rebuffed. No date for the meeting has yet been fixed.

In the Senate last week, Van der Merwe told UP's Anna Scheepers, who is president of the Garment Workers' Union, that he is now prepared to meet the council in order to "clear the air." He said the meeting would prove that he was "not indifferent to the problems (of the industry)" and that he wanted "to approach them with an open mind." Earlier, Van der Merwe said that clothing employers had told him that they supported decentralisation. He said he now wanted "to ask (the industry) certain things" and to "confront them." Some propositions made to them in the past will be repeated.

The council is puzzled as to what these 'propositions' are. Nor is it clear whether the Minister intends to give the industry a new hearing, or merely more warnings.

Van der Merwe's agreement to the meeting comes at a time when prosecution in terms of the Act have been suspended, pending a court decision on a legal technicality. Council for one of the firms prosecuted has argued that the term "Bantu" is not adequately defined in the Act. All pending prosecutions have therefore been struck off the roll until judgement is given.

The industry is in serious plight. The Garment Workers' Union tells the JM that seven insolvencies have occurred since May. The knitting industry has also been hit by insolvencies, and there are rumours that another firm is about to go bust shortly.

While none of the close-downs is directly attributable to the enforcement of the Act, the climate created by the wave of prosecutions has helped worsen morale in the industry.

Financial Mail July 2 1976
in Garment union offices

...of the Western Cape is to hold its elections for a new 20, according to a source close to the union's present...the costs of the 1974 union delegation to the TUC's conference are explained.

Although the union secretary has replied in a pamphlet that the cost—amounting to R4, a day wage delegate was for two conferences—action committee spokesmen pointed out this week that the two conferences were held at the same time and that the money paid to delegates out of union funds are still "exorbitant!"

One of the major reasons for the existence of the action committee is the widespread dissatisfaction among garment workers over the wage agreement which the present executive and general secretary agreed to last November.

Qualified machinists now earn only R20.50 a week and workers claim that Mr Louis Petersen had promised to negotiate a weekly wage of R27.50.

Machinists, who are regarded as the backbone of the clothing industry, will have to work for this wage for another three years before they get official increases, and this has caused much dissatisfaction in fact, of the daily rise in the cost of living.

The only way in which garment workers can expect a better deal from the employers is to put in a new executive and employ a new secretary, and that is why we have put out a list of people whom we believe should be elected to the executive.

"They are people who will fight tooth and nail for the workers and their children's future and we are making this appeal to workers to support our candidates because our candidates are workers themselves," the action committee spokesmen said.

Mr Louis Petersen
Dispute continues in
garment workers' poll

By GORDON KLING
Industrial Reporter

TEMPERS are at boiling point in the Cape's biggest labour union as the count continues in the election of executive officers.

Some 45,000 members in 400 factories of the Garment Workers Union of the Western Province, which is split by infighting, had to choose between 100 candidates for seven positions.

The major contenders were the present executive and an action group which has been trying for nearly a year to oust the executive.

Action group allegations against the executive have prompted a libel suit by the union secretary general, Mr L. A. Petersen, against the Sunday newspaper which reported them.

In error

A pamphlet may have severely prejudiced the chances of action group candidates.

The pamphlet, issued by the action group, requested supporters to vote for eight candidates instead of seven.

A group spokesman said the mistake was not realized until the first ballot had begun. Some papers may be spoilt because of this.

The vote count is expected to take about two weeks, but the action group says it intends to approach the Minister of Labour to have the election annulled because of alleged irregularities.

Action group complaints include the fact that, under the constitution, the current union leader is also the returning officer for the election and that the union decides who counts the votes.
Because of the strict application of the Environment Planning Act, the Transvaal industry is shrinking quickly — its Industrial Council expects 20-30 factories to close down annually. Trained personnel will therefore either be forced into unemployment queues or have to look for jobs elsewhere.

To add insult to injury, a further clothing factory, owned by Dugons clothing, has been forced to close because of the restrictive climate created by the prosecutions. About 200 workers have lost their job as a result. The National Clothing "test case" judgment has been postponed to August 16, but the Industrial Council will see Planning Minister Van der Merwe on August 9.

The new Bantu Employees' In-Service Training Act, which places training centres under the Department of Bantu Education (BED), classifies the college as a "private centre" and, according to Deputy Minister Andrés Treurnicht, this will mean it can train workers only for the occupations they already fill, and not for higher-level jobs.

Understandably, those clothing workers who contribute towards the college are not prepared to subsidise a centre which is permitted only to make them better at the job they already do, but may not train them for promotion.

The college has therefore decided to close its doors at the end of 1977. Plans to open a national college are being discussed, but nothing concrete has emerged.

The college is not even certain that it will be permitted to train Africans until the end of next year. It has obtained a six-month extension from BED, during which it must apply for registration under the new Act.

This will allow it to operate until the end of this year, but the College has no guarantee that it will be allowed to operate next year without fulfilling the Department's criteria, which it cannot do.

If permission is refused, large numbers of African students will be unable to complete their courses.

The clothing industry's college is not the first centre to be hit by government ideology. In May, the EASTER project in Reiger Park, Boksburg, which trains about 1 000 Africans, was ordered by BAD officials to close its doors. The officials claim the centre is contravening the Group Areas Act because it is in a "Coloured area". The project's trustees deny this.

The FM understands that when approached by the project's organisers, BAD Minister M C Botha denied any knowledge of the decision and refused to hear representations until he had received a report on the matter. Representations have also been made by the German, British and US Embassies.

The centre was supposed to close its doors this week, but an extension until the end of the year has now been granted.
Riots hit clothing industry

JOHANNESBURG — The Workers' Union, said the level of absenteeism reached 75 to 80 percent during the first three days of this week. Many manufacturers, faced with this sort of situation, said they had to virtually shut up shop as a result.

Mr T. J. Kinnear, general manager of one of the largest cut-make-and-trim factories in the country with a labour force of about 800, said lost production in the first three days of the week cost his company R15,000 to R14,000 a day.

He estimates that his company could carry on in this manner for about another 10 working days before facing irreparable harm to its financial affairs.

The clothing industry is in the middle of its busiest period preparing garments for the Christmas and summer season.

In order to make up lost production, the unions have apparently offered to allow their members to work overtime at normal rates.

However, manufacturers are not hopeful of being able to make up what has already been lost. — Sapa
The FM understands that the Council delegates were satisfied with the tenor of the meeting and that they are fairly confident that some concessions aimed at relieving the industry's plight will result.

Meanwhile, the National Clothing "test case" judgement, which could take the pressure off clothing employers, is also due next week.

Planning Minister Van der Merwe ... have a heart.

... 1968 quota of African labour in the Transvaal — about 25,000 workers.

Van der Merwe told the Council that the representations would be considered by a Cabinet committee within the next week or two.

The FM understands that the Council delegates were satisfied with the tenor of the meeting and that they are fairly confident that some concessions aimed at relieving the industry's plight will result.

Meanwhile, the National Clothing "test case" judgement, which could take the pressure off clothing employers, is also due next week.

The Clothing Industrial Council presented a memorandum to Minister of Planning Schalk van der Merwe at a meeting last week. It pointed out that there are at least 20,000 African workers unemployed in the Witwatersrand area alone, and that the current unemployment figure for African women is at least 8%. It repeated its earlier proposal that the industry be permitted to retain its

**ENVIRONMENT PLANNING**

Light for clothing?

The Transvaal clothing industry should know its fate later this week. Government is considering its representations regarding Section 3 of the Environment Plan.
Fraying at the edges

Consumer demand is down and still falling, but the clothing industry is well-tailored to weather the storm

While the motor industry acknowledges that in hard times a man puts off buying a new car for another year, the clothing industry believes that he won't over delay replacing a shabby suit or frayed shirt. Food and clothing are normally the last consumer items to be affected by recession. Nevertheless, demand for clothing, particularly in lines of a discretionary nature, is showing signs of slowing.

Comments Aaron Searl of Cape Town-based Desirée International: "The buoyancy may go out of the retail side. We feel consumers will stop buying luxury garments and look for functionable articles of good quality at a reasonable price."

As for the clothing industry itself, it hasn't felt the real pinch. A few companies have gone to the wall — but there's always been a high casualty rate in an industry which has some 800-900 manufacturers with a high degree of product duplication.

Size itself is not necessarily a guarantee of survival, although the big chain stores prefer to work with larger companies to ensure continuity of supply and quality. Thus the little man often has a harder struggle.

Searl himself fears for the small manufacturer today. "He may not have sufficient resources of finance and management," he says. The pipeline between design and the shop shelf is a long one and there's therefore a critical need for astute financial and production planning.

Rex Trueform's Stewart Shub agrees: "One of the industry's major problems is finding good sound upper and middle management." Shub attributes his own group's enviable record to "a management team which is consistent, professional and dedicated."

Searl adds that it took Desirée two years to develop a sophisticated system of management accounting, budgetary control and a marketing plan — "but it has saved us a lot of money."

Another example is the Veka Group. It has recently radically changed its planning, production and marketing structure — reducing five sales divisions to two, reducing the number of showrooms in Johannesburg, Cape Town and Port Elizabeth, merging two plants in Newcastle which used to operate as separate companies (estimated saving R280,000 a year), and cutting some 50 brand labels to four.

"When the going gets tough it can have some good side effects," comments chairman Dr Albert Wessels. "The whole staff becomes more conscious of the need for creativity and innovation."

That the going will get tougher for the industry seems inevitable. This month's report on prospects for 1977 by Stellenbosch University's Bureau for Economic Research says that a trend towards postponing buying in clothing and footwear is discernible, although this may be reversed in the second half of 1977. Estimated growth in rand terms on clothing and footwear is 11.8%, which is 3.4% down on last year.

As far as predicting demand trends, the industry generally takes its lead from the retail trade. "We only produce to order," Searl points out, and thus commit money to buy fabrics only against orders.

This is one of the manufacturing sector's strengths, presuming orders at least remain steady in overall terms, since it lessens the risks of stockpiling. On the other hand if orders fall, down-time and plant over-capacity lead to higher unit costs.

At present the big retailers are more wary than pessimistic. Says Greatmans' Lawrence Herber: "As far as forward commitments are concerned we're being very careful, so you could say that we are placing fewer orders in that sense."

Herber adds that at the moment his group is not experiencing a downturn but he expects more difficult trading through Christmas and into the New Year.

Reports Edgars' Sydney Press "We were expecting a downturn in July and, particularly, August partly because of unfavourable economic conditions but, more especially, the retroactive tax bite. However, July was a very good month and August too — possibly because people in the north have sensed the onset of..."
VIR ONMIDDELIKE VRYSTELLING

PERSVERKLARING DEUR SY EIGELE S.W. V.D. MERWE MINISTER VAN BEPLANNING EN DIE OMGEWING: TOEPASSING VAN ARTIKEL 3 VAN WET NO. 68 VAN 1962 OP DIE KLEREBEDRYF IN TRANSVAAL

Die vertoe in verband met die toepassing van artikel 3 van die Wet op Omgewingsbeplanning, 1967 wat die Transvaalse Klerevervaardigersvereniging en die Nywerheidsraad vir die Klerasienywerheid (Transvaal) onlangs aan my gerig het, is op 9 September 1976 deur 'n Kabinetskomitee oorweeg.

Alhoewel die Kabinetskomitee nie sy weg kon oopsien om die voorstelle wat genoemde Nywerheidsraad ingedien het te aanvaar nie, het die Komitee besluit dat my Departement van Beplanning en die Omgewing 'n opname moet maak van al die bestaande klerefabriekse in die P.W.V.-gebied ten einde vas te stel tot watter mate die indiensneming in elke afsonderlike fabriek sedert 1968 verander het.

In die lig van die besondere omstandighede waarin die bedryf tans verkeer en om my Departement die nodige tyd te gee om die opname te maak, is dit besluit om die klerevervaardigers wat tans die wet oortree 'n geleenheid te gee om aanseke by my Departement in te dien vir die indiensname van die Bantoewerknemers wat tans onwettig in hulle diës is. Aan al die vervaardigers wie se aanseke voor 31 Oktober 1976 ontvang word sal my Departement tydelike permissie uitreik wat hulle sal magtig om al die Bantoes wat tans in hul diës is tot 30 Junie 1977 in diës te hou.

Ten opsigte van die kleiner klerefabriekse wat reeds wettig in die P.W.V.-gebied gevestig is en wat nie ekonomies kan desentraliseer nie en klere vervaardig wat nie in die gedesentraliseerde gebiede vervaardig word nie, is daar besluit om die bepalings van die wet meer toegelyklik as in die verlede toe te pas. Elke aansoek sal egter op eie meriete deur die Komitee van Sewe in oorleg met die Desentralisasierraad oorweeg word.
Die Kabinetskomitee het my versoek om dit weereens te beklemtoon dat die Regering se desentralisasie beleid onveranderd bly en dat die Komitee van mening is dat die Klasiekywerheid nog 'n groter bydrae tot desentralisasie as in die verlede kan lewer.

VRYGESTEL DEUR DIE DEPARTEMENT
VAN INLIGTING OP VERSOEK VAN DIE
MINISTER VAN BEPLANNING EN DIE
OMGEWING

[Signature]
Stay-away fears draw work plea

Labour Reporter

Workers in the Johannesburg clothing industry have asked for permission to work tomorrow and on Sunday to offset wage losses resulting from a new stay-away campaign threatening on Monday.

"Our industry has lost more than a million man hours as a result of the problems in Soweto," said Dr Anna Schoepers, president of the Garment Workers Union of South Africa.

That means the loss of more than a week's work, but the true loss is far greater because the disruptions were sporadic and

the workers who reported for duty were not able to maintain normal efficiency.

Dr Schoepers said fresh threats of a three-day stay-away campaign starting on Monday were going around and workers were very perturbed.

She said some firms were working Saturdays under an arrangement which permitted workers to work overtime at normal pay rates to make up for the pay lost during the last three-day stay-away.

"This week workers asked to be allowed to work on Sunday as well after hearing of the fresh threats to keep them from work," Dr Schoepers said.
PLANNING ACT

Relief at last 24/9/76

The Transvaal clothing industry can breathe again. Its two visits to Pretoria have yielded interim concessions, relieving it from the stringent application of Section 3 of the Environment Planning Act. At one time it looked as if the industry would have to close down after repeated prosecutions for employing more African labour than it was entitled to.

Although Minister of Planning Schalk van der Merwe announced this week that the industry's representations (that it be allowed to employ its 1968 complement of African labour) have not been successful, government has nevertheless decided to ask the Department of Planning to undertake a survey to determine the extent to which employment patterns have changed in each factory since 1968.

In the meantime, all firms which are presently contravening the Act can apply to government by October 31 for exemptions permitting them to employ their present African labour complement until June 30 next. Such exemptions will be granted automatically.

Smaller firms in the PWV area who cannot decentralise, and who are manufacturing articles not manufactured in decentralised areas, will be treated more leniently. They will, however, have to apply to the Committee of Seven, who will consider them in conjunction with the Decentralisation Board.

The Minister adds, however, that these interim concessions should not be interpreted as a change in government's decentralisation policy. It still believes that "the clothing industry is not doing all it could to aid the decentralisation effort."

Planning's Deputy Secretary Piet Prins tells the FM that he will be interviewing Transvaal clothing industrial council secretary Jimmy Thomas to compare records, and the major work will begin after this meeting.

The object of the survey, says Prins, is to compile a full factual record of the industry in general, as well as the presence of individual firms. For example, the industry has argued that Coloureds have steadily moved on to other industries. We believe, however, that certain firms have actually increased their complement of Coloured labour.

"We will be examining issues like these thoroughly."

Prins says the survey will examine how many firms have decentralised, the extent to which the Act has been contravened, and why these contraventions have occurred.

No deadline has been set for the completion of the survey.
Desirée off to a good start

By PAUL DOLP

WHILE SOME SECTIONS of the economy are feeling the icy winds of the recession, the clothing industry is finding business brisk judging from Desirée International's annual report.

The chairman Mr Aaron Searl, says that group sales (which now include Interfashions (Pty) Ltd) are 31 percent higher in the first two months of the current financial year.

However he adds that while demand is expected to be satisfactory for the next six months, this rate of sales increase will be difficult to maintain for the year. The annual results will depend on the country's balance of payments and pruning of Government spending.

Due to the Government's austerity Budget, he predicts there will not be an upturn until the third quarter of 1977 at the earliest.

Higher taxes

"Trading conditions are therefore likely to be demanding due to:

- the decrease in the disposable income of consumers through higher tax rates, and
- the recently introduced 20 percent import deposit scheme together with the tight monetary policy and credit limits imposed by the banks."

Against a background of uncertainty it is difficult to make a reliable profit forecast for 1977 but Desirée is well equipped to give a good account of itself however difficult the future.

The past year was one of the best trading periods for the group, with pre-tax profits increasing 51 percent and sales by 31 percent. The total dividend for the year was 44c (32c) on the increased cover of 2.5 (R2.3m) in the year ended June. Earnings per share were 36.8c (22.1c).

The earnings hike was due to a lower tax rate through export allowances and the higher holding in Desirée (it rose 4.7 percent).

Total dividend for the year was 12c (8c). Net asset value per share was R1.71 (R1.50).

Mercantile Holdings' profits were sharply higher mainly due to a bigger contribution from Western Tanning.

Lingerie and foundation garments division did well, boosting pre-tax profits significantly, as did the fashion operation. But sportswear and playwear profits were only marginally higher. Property contribution was lower due to high expenditure on renovation.

Desirée's net asset value rose from R5.44 to R6.15 a share.

The pyramid Scardel which...
A COLLEGE BAN DOOMS

BY RAYMOND JOSPEH

The college plans to ban all college dormitories and restaurants on campus because the college is not a private university. This will affect students and staff alike.

Wherever

Attacks:

The bank in serviços are under attack.

The multi-racial

At present the college is closed.

The T-shirt

Explores

The "college" in Johannesburg.

The Sunday Times

SYD TIMES 10/1/76
Incumbents win union election

Industrial Reporter

CONTROL of the Cape's biggest labour union has been retained by the incumbents in a landslide election victory.

The election developed into a bitter contest between the current executive of the 50,000-member Garment Workers' Union of the Western Province and a rival action group.

Workers had to choose between 100 candidates to fill seven positions and the count took more than two months to complete.

The result of the ballot means that the present general secretary of the Union, Mr L. A. Petersen, and other key office bearers will remain in power.

Mr Petersen told an executive meeting in Cape Town last night that the outcome was an overwhelming vote of confidence in the leadership of the trade union.

It showed a complete rejection of the action committee, which did not succeed in an election in single candidates, he said.
Threat seen to W Cape as clothing centre

Financial Reporter

THE entry of African women into the industrial labour market posed a serious threat to the future of the Western Cape as the main centre of South Africa's clothing industry, Professor S. P. Cilliers told a meeting of the Cape branch of the Clothing Institute in Newlands last night.

Professor Cilliers, of the University of Stellenbosch's Department of Sociology, was one of four speakers at the meeting, which was in the form of a brains trust.

With him were Mr S. H. Back, chairman of I. L. Back and Company, Mr P. van Roonen, chairman and managing director of Pep Stores, and Mr G. Palmer, managing editor of the Financial Mail.

The chairman was Mr S. Jocum, chairman of the Cape Clothing Manufacturers' Association.

Professor Cilliers, foresaw that only a rapid expansion of the local industry into the export market offered a hope that the Western Cape would retain its position, as it would then have the advantage of being close to a port.

The industry may be secure for the immediate future, but this is likely to change within 15 years, and maybe less, he said.

The challenge would come from industrial areas in the Transvaal and border areas, which were closer to the major markets and could benefit from the entry of African women in large numbers into the labour market.
Clothing men predict boom for Cape Town

Staff Reporter

ALTHOUGH South Africa is heading for a recession, Cape Town is likely to be the centre of a clothing industry boom during the next few months.

This was the opinion of four speakers at a meeting held by the Cape branch of the Clothing Institute this week.

"The clothing industry is presently on the crest of a wave and while there have been better times, clothing is now to the forefront of all other industries," said a member of the panel, Mr R S Binks, a company chairman.

He added, "Cape Town will continue to be the main centre for clothing manufacture in South Africa. This is a quality conscious area and the industry has been built up by highly skilled people over many years."

"Today, all well-known trade marks on articles of clothing originate from the Cape."

Confirming the present boom, Mr R van Roonen, managing director and chairman of a large group of stores, said the present healthy buying trend of the public would continue for several months as many people had received pay increases raising above present cost-of-living rates and thus had more money to spend on essential commodities such as food and clothing.

"However, the expected and promised economic boom for this country will never come for political reasons. Little investment is coming into South Africa from overseas sources and our imports are too low," he said.

Mr van Roonen hit out at the textile trade which he said was overprotected by Government policy at the expense of the clothing industry.

"Whereas we are highly efficient with much competition in evidence between the many clothing marketing companies, the textile industry is lax and totally dependent on the clothing industry for its support."

"But as we are restricted largely to dealing with local textile industry instead of the overseas industry—which has far more to offer—we have no choice but to exceed to the South African textile industry's demands," he said.

Speaking on opportunities for Coloured people in the clothing industry, Mr Binks said that the Coloured people could be the management of the future and there were definite openings for them.

"As there is no colour bar in industry as far as Coloureds are concerned, a determined man could reach top position in the management of the clothing industry of South Africa," he said.
VEKA

Suits, shirts and schoolkids

About the only good thing about a recession is that it forces the majority of companies to take a long, hard and critical look at themselves. The clothing industry is no exception. In fact, being an industry easy to enter—one only needs a sewing machine to start off—to exaggerate slightly—competition is intense. In SA today there are 900 clothing manufacturers of all sizes, employing about 150 000 people. Veka is one of the largest, employing some 2 700.

The current recession has prompted Veka’s management to speed up a rationalisation and reorganisation scheme that had already been in operation a couple of years. Until recently, the group catered mainly for the upper end of the menswear market, supplying the conservative well-to-do executive with his suits and shirts. It also, of course, makes children’s wear, mainly schoolwear.

Now the group is concentrating on improving its image, and is becoming a much more dynamic and broadly based organisation. It already has a reputation for good quality, acquired over many years of successful, if relatively small-scale, trading; so now it is aiming to broaden its appeal by increasing the range.

The new strategy involves a complete overhaul of marketing policies. The management team has seen some reorganisation. Louis Ozanne (formerly marketing director of OK Bazaars) was recently made deputy managing director in charge of the marketing side.

Chairman Dr Albert Wessels retired and in his place the previous vice-chairman, Jan de Necker, has been appointed. He is also chairman of Rand Bank, and so should be well placed to anticipate economic trends and mould Veka’s forward policy.

The immediate preoccupation is to improve market share. To assist in this, the advertising agency has been changed, and Lindsay Smithers FCB now has the R400 000 account. The last couple of months, in particular, have been very difficult as the market is static and the only way to combat this situation is to improve penetration. Many competitors have been selling stock at cost merely to be able to turn it over and hence competition is in places “almost impossible.”

Another problem, as De Necker says, is that “in a recession a man’s clothing needs come at the bottom of the family’s shopping list.”

Looking ahead, however, the African market is one potential source of growth and for this Veka plans a far more comprehensive coverage. Approximately 50% of turnover comes from schoolwear, and here a tremendous programme of rationalisation is going on. There’s plenty of scope, for there are 1 200 different styles of school dresses, for example, of which only 48 produce 58% of total sales. The group is holding talks with both schools and rival manufacturers to try to bring the number of styles down to between 50 and 100.

A similar situation applies with school blazers where 75% to 80% of the fabric used has to be imported. If the colours were standardised, then local manufacturers would be prepared to manufacture the cloth.

### Financial Summary

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With government paying increasing attention to the balance of payments, import permits are becoming increasingly difficult to obtain. In order to encourage local manufacturers to produce more, the current rebates available on imported cloth will no doubt be gradually withdrawn. Then the cost of imported blazer cloth, for example, will rocket, providing further incentive for manufacturers, suppliers and schools to standardise uniforms. Prices won’t come down, of course (when do they ever?), but at least they should be contained.

On the shirt front, it has been said that, size for size, the SA consumer has a greater variety of choice than any European country. Certainly, Veka offers its customers a very comprehensive range of styles and colours for all occasions. But the group may soon start to run into problems as 85% of shirtings are imported and, as mentioned before, import permits are getting tougher. To help a bit, the group is importing some material in the unfinished state for finishing locally. Yet it would be to the country’s benefit if local manufacturers could be encouraged to start producing more sophisticated fabrics.

Veka’s three factories, one in Cape Town, one in Chariestown and the third in Newcastle, have capacity to spare. And as all three are relatively modern, the company is not currently involved in buying expensive capital equipment. “Production,” says De Necker, “is running fairly closely to budget. So we have not had to do much pruning.”

With over 17 km of cloth being used every day, efficiency within its factories, particularly in the material usage, is vital. Material costs make up 50% of factory selling prices, and the extent to which materials costs have increased is emphasised by the fact that over the past five years the cost of producing a man’s suit (ex labour costs and overheads) has risen by a mere 2% or so. I’m told by managing director Willem van Zyl, Production is being streamlined and worker productivity has been substantially increased as a result of training courses. Fortunately, the group has been relatively unaffected by the recent unrest. Management believes in paying fair wages and providing good staff facilities and consequently relationships are “very satisfactory.”

The interim figures to end-June reflected the toughness of competition in the clothing industry. Pre-tax profit was down 62% to R153 000 resulting in a net loss of R48 000 (profit R119 000). Although the second half of the year (covering Christmas) shows a marked increase in sales, this time the month of August was particularly bad.

Cash flow, as De Necker says “is quite strained with the import deposit scheme alone costing the group R300 000. Stocks have been reduced by 20% and, although prices are being cut to improve market penetration, unlike some competitors we are not selling at cost.” In addi-
New protection for clothing workers

By Gordon Klung

The Government has acted to protect workers in the clothing industry from exploitation by employers lacking adequate finance or experience to run viable factories.

The Minister of Labour, Mr S P Botha, has approved amendments to the agreements governing the industry which amount to the establishment of a guarantee fund for worker pay and benefits.

The move follows representations by the Industrial Council for the Clothing Industry. The council secretary, Mr G J Nel, said in an interview yesterday that it had been noted with increasing concern that many workers suffered loss of pay and benefits through the collapse of clothing enterprises. Speculative entrepreneurs would open plants and take on staff with the intention of meeting pay packets from initial orders which often failed to come up to expectations.

In terms of the new agreement, which has immediate effect, all employers intending to enter the industry must lodge a guarantee with the council to cover wages for four weeks, levies, and contributions to sick, training and provident funds. The scheme is aimed at cut, make and trim operations in particular, which take on orders from larger factories and which are experiencing extremely competitive conditions.
Many clothing firms miss concession

Labour Reporter

Only 123 of the 362 Transvaal clothing manufacturers have applied to the Government for permission to retain their excess black staff under a concession granted until next June.

Those who had failed to apply would have to suffer the consequences, said Mr P J Prins, Deputy Secretary for Planning.

The deadline for applications was October 31.

He admitted that the failure of a recent test case had led to the withdrawal of pending prosecutions against firms with black workers in excess of the quota permitted under the Environment Planning Act.

"But we shall see to it that an amendment to eliminate the loophole in the existing legislation is ready for Parliament early next year," Mr Prins said.

It has been estimated that the industry has exceeded its black labour quota by up to 6,000 workers because coloured workers left the industry.

Enforcement of the Act would not only put excess blacks out of work but would also force many factories to shut down, it is claimed.

In response to appeals, the Government asked firms to submit applications for temporary exemptions and assured small firms which could not be moved to decentralised areas economically that they would be treated more leniently.

Mr J H Thomas, secretary of the Industrial Council for the Transvaal Clothing Industry, presumed that those firms which did not submit applications were in compliance with the law. Asked whether some might have been reluctant to apply because this meant submitting incriminating evidence, Mr Thomas said: "This is obviously a possibility."
Clothing wages, prices going up

By GORDON KLING  Industrial Reporter

A MASSIVE pay rise for the 50,000 workers in the Cape clothing industry could boost the price of clothes in South Africa by more than 10 percent next year.

The secretary-general of the Garment Workers Union of the Western Province, Mr L A Petersen, said yesterday that the clothing manufacturers had agreed to a two-stage pay rise which would raise workers' pay in the industry by 18 percent. The first rise, of five percent, will be included in December pay packets, and a further increase of 10 percent becomes effective in June.

Mr Petersen said the rise did not conflict with the aims of the anti-inflation programme because it applied largely to workers earning less than R1,000 a month.

The secretary of the Industrial Council for the Clothing Industry in the Cape, Mr G J Nel, was in Pretoria yesterday to obtain Government approval for the new arrangement.

An official of the Clothing Institute in the Cape, Mr J M Cawood, said the move would be inflationary, but justified. Consumers could expect to pay at least ten percent more for clothes on average next year, but articles with high labour content, including jeans, would rise by more. Some smaller manufacturers, already hit by the Government import deposit scheme, and the sustained buying power of South Africans, could be forced out of business.

A recently announced 10 percent hike in the price paid to cotton producers will also add to clothing costs.
Cloth and clothing men get together

By ALAN PEAT

material needs, but that the clothing industry was, through loopholes in the import controls, importing substantial amounts of material which was available locally.

This led to last week's demand by the Textile Federation's executive director Stan Shlagman and Clothing Federation director Frank Whittaker, that the Board of Trade revise all import tariffs upwards to protect the industries require a co-operative attitude from both parties.

"And," said Whittaker, "this symposium is an encouraging basis from which to build.

"It's the first time in the history of the industries that such a large number of senior delegates from the two sides have got together over matters of mutual interest." While the textile manufacturers and the clothiers are still at loggerheads over each other's shortcomings, both came under fire from symposium chairman Dennis Hasenjager, head of SABS' textile division:

"Most of the complaints heard at this meeting have not been of a technical nature, but rather are related to business ethics, late delivery and the like.

"Both industries are guilty of a sad lack of internal quality control. It never fails to surprise me how they would rather 'do it again' than get it right the first time.

"While we are unwilling to do the job for them, we are prepared to lay out systems which they can put into practice."
Manufacturing.

Clothing.

Feb. - Nov. 77.

Jan. - Dec 78.
South African clothing/textile manufacturer

234 Mr T ARONSON asked the Minister of Economic Affairs

(1) (a) whether complaints have been lodged with the Department by retailers about the deliveries of South African clothing and fabric manufactured by them which were the subject of the complaints if not,

(2) whether the Department is aware of any difficulties with such deliveries, if so,

(3) whether the matter is being investigated;

MINISTER OF ECONOMIC AFFAIRS

(1) (a) Yes, complaints have been received that certain clothing manufacturers are failing to supply the retailers concerned. Complaints about deliveries by the textile industry have been received in the form of objections to tariff applications by the official of Trade and Industry alleging deficiencies in quantity, variety and delivery of the products.

(7) Falls away

(3) The complaints about the refusal to supply are being investigated.
SMALL but disappointing improvements in productivity by 15% and sales this year by the Clothing Industry Productivity Awards Council. (Awards Council) A. B.
Clothed in confusion

On the face of it, the choice before the government on the textile and clothing industries controversy appears simple.

On the one hand it can back the textile industry by removing import rebates and giving local mills the chance of producing more import replacements. But that might add up to 40% to the cost of a shirt and up to 50% to, say, a safari suit made of polyester-based fabric. And it would invite the wrath of the clothing industry which fears that it won’t be able to get what it wants when it wants it.

On the other hand, government could go along with the clothing industry’s pleas that costs are high enough anyway and that local mills simply can’t deliver what the clothing industry wants.

That, in a nutshell, is the dilemma facing the Textile and Clothing Advisory Council (TCAC) when it meets in Cape Town on February 15 Board of Trade and Industries’ Base Klee will, doubtless, be awaiting the Council’s recommendations with interest.

Point is, that if the two factions continue to argue much longer, government may give its backing to the mills and risk consumer displeasure if the industry turns out to be unable to fulfil its “we can supply all” boast.

According to Frank Whitaker, director of the National Clothing Federation, his members are prepared to compromise on the name of rebate on polyesters.

Textile Federation (TF) director Stanley Schlagman disagrees and says they’re necessary considering that local mills are now working at 60% 85% capacity: that 1977 could see a 10% labour layoff in this 100 000 employee industry, and that competition is so great that sudden price rises are out of the question.

The textile industry argues that roughly R50m/pa could easily be saved (and then shared out amongst SA’s 300 textile companies) if government were to crack down on imported materials.

According to a recent Government Gazette, the textile industry is asking for three main increases.

Last year SA imported in the region of R130m worth of fabrics. Duty rebates apply to 40% of the total figure. That R50m is more than attractive to hungry textile men. Schlagman cites the exam-

**SERVICE IS DEPLORABLE**

Commenting on the services the textile industry offers to the clothing industry, Sam Jaff, MD of Jaff and Company complains: “Service is deplorable. It’s impossible to receive small samples from local mills.” And that, it seems, is what clothing manufacturers want more than anything else.

“Foreign suppliers let me have what I want in a matter of days,” Jaff says. “Until local textile manufacturers do the same we in the fashion industry will be compelled to look overseas for a service we simply cannot get in this country.”

Over to you, textlemen,
Industrial Reporter

THE ROW brewing between the textile and clothing industries over revised tariffs for imports will come to a head in Cape Town this morning when representatives from both parties sit around the table to thrash the matter out.

The textile industry has asked the Board of Trade to cancel certain rebate facilities on textiles and revise the existing duties because they have become ineffectual.

The two reasons given are the declining purchasing power of the pound and the upward pressure on local costs, which is making the imported article more cost attractive to the user.

The clothing industry has reacted strongly to the application and a spokesman for the Clothing Manufacturers' Association said yesterday that what was being asked for was "irresponsible" in the current difficult economic times and would add some R100 to importers' bills.

And result to the consumer, said the spokesman, would be increased cost. A shirt, for example, would cost between £3 and £4 more. A dress selling for about £10 would shoot up by as much as £20 because not only did the textile industry want the dress material rebate cancelled but also they wanted to add duty.

The spokesman said the clothing industry was doing its bit to help South Africa and had voluntarily agreed to cut imports by 20 percent. And, he added, the textile industry already had around 70 percent of the clothing industry's orders.

LOCAL MILLS

Textile Federation executive director Stanley Shligman thinks, however, that the clothing industry is overestimating the case of possible price increases.

One of the main reasons was that the increased duty would only apply to 30 percent of material used, as the rest came from local mills. "And, assuming the application was granted as it was applied for, the total impact on the consumer would be less than the clothing manufacturers have put out," he said.

Mr. Shligman claims the application is justified on the volume
Clothing and textile manufacturers

12 Mr T ARONSON asked the Minister of Economic Affairs

(1) Whether the Department of Commerce is aware of any dissatisfaction among retailers with deliveries by South African clothing and textile manufacturers,

(2) whether any complaints have been lodged by retailers about such deliveries, if so, what was the nature of the complaint,

(3) whether the matter is being investigated

The MINISTER OF ECONOMIC AFFAIRS

(1), (2) and (3)

In the course of the investigations into the clothing industry which are at present being carried out by the Price Controller, certain retailers mentioned that they were experiencing difficulties in obtaining adequate and timely deliveries of supplies from clothing manufacturers, allegedly, because of certain problems which the latter, in turn, were experiencing with the procurement of supplies of textile materials. These complaints were formulated in very general terms and no specific complaint was lodged with the Price Controller which required further investigation by the Department of Commerce.

However, the Board of Trade and Industries has recently received a specific complaint from a particular company about certain problems which the latter is experiencing in connection with the procurement of supplies from clothing manufacturers, and this complaint is now being investigated by the Board.

Footnotes:

Footnotes:
New move to train clothing workers

Labour Reporter

The National Clothing Federation of South Africa proposes to establish a training board to serve about 90,000 workers of all races in the industry's major centres.

The intention is to improve training and productivity in the clothing industry through the development of training strategies and curricula on a national basis," says Mr. Frank Whitacker, director of the federation.

The cost of training will be borne entirely by employers through levies to be introduced by various industrial councils by the middle of this year.

The proposed training board will also seek to:

• Take advantage of tax concessions available to employers under legislation governing black in-service training.

• Tie in the industry's training with existing educational facilities such as technical colleges for the various races.

• The board will comprise representatives of employers, workers, the National Productivity Institute and the Association of Technical Colleges. It will be based in Johannesburg initially.

Applications for the post of director of the board have been invited.
Aluminium up against supply, price problems

Industrial Editor

SOUTH African demand for aluminium, noted for its steady growth of about 9 per cent a year in the past, may lose some of its steam in the years ahead as signs of a slowdown have emerged, in keeping with the slow pace of the economy's growth.

Several industry spokesmen are prepared to knock off at least two to three percentage points to give a more realistic expectation of aluminium's market growth in the next few years.

The spiralling price of aluminium, mainly due to sharp increases in power costs, is expected to be one of the main growth inhibitors, reducing its competitiveness with other metals.

Shortages of primary aluminium expected in the early 1980s will also aggravate the price spiral.

The matter of prices is, however, not of overriding concern to the aluminium industry. Its main cause for worry is the expected shortages of aluminium.

Alusat, South Africa's only aluminium smelter, has capacity to produce 78 000 tons a year, to which it could add a further 6 000 tons by extending the pot line.

According to the managing director, Mr E J van Vauren, 20 000 tons of current production is being exported, placing domestic consumption at between 35 000 tons and 58 000 tons a year.

Total South African consumption of aluminium is, however, significantly higher as several special types have to be imported.

Mr Van Vauren expects Alusat's domestic sales to increase substantially when Hulettis Aluminium's R35-million expansion programme becomes operational later this year. The plant extensions are designed to produce a number of product lines that have been imported.

Mr Norman Duncan, Hulett's managing director, expects the plant to operate at about 55 per cent capacity in its first year.

Based on traditional market growth it seems therefore that Alusat's total output will be fully used by the South African aluminium industry in about four to five years.

At this stage Alusat has no plans to expand production to cover any eventual shortfall, although it has given a verbal commitment to make up whatever tonnage is needed by importing.

There are no doubts that Alusat will be able to buy the aluminium overseas, but it is expected that it will probably have to pay a hefty premium - probably pushing the price well above the domestic price.

The industry does not appear to be too happy with this uncertain arrangement. It would have preferred to see Alusat increasing production, and preferably soon after demand exceeds supply.

This could, however, not be a viable proposition from Alusat's viewpoint.

According to Mr Van Vauren, smelting capacity cannot be increased slowly. The minimum size expansion is about 28 000 tons to 60 000 tons capacity, and preferably 80 000 tons.

It would not be economic to carry out such an expansion while the market is unable to provide support, he says.

However, the situation could change by 1980 when the preceding aluminium on the domestic and overseas markets may have moved up sufficiently to make such an investment attractive.

The rate of growth of the domestic market would also have to be sufficiently rapid to make any expansion worthwhile.
Clothing workers go short

Labour Reporter

Several thousand Johannesburg clothing workers are now on short time, and the situation is likely to grow worse.

"In effect" about 800 people have been off work daily since the reopening of factories after the Christmas break," said Mr J H Thomas, secretary of the Industrial Council for the Transvaal Clothing Industry.

While workers were thought to be unemployed, most factories followed a policy of retaining staff and spreading the work, he said.

Thus some firms had reduced the working week by one or two days while others had given their workers a whole week off. Instead of their normal wages, these workers get 60 percent of their basic pay, up to a maximum of R13 a week from the industry's Slack Pay Fund.

"This fund stands at about R1.5 million, but its expenditure is now starting to exceed its income," Mr Thomas said.
Clothing giant, sitting on a goldmine

BY CHRISTOPHER MORRIS

Could you give a general view of the Johari Window concept? I am Robert, 180cm tall.

I study Chemistry, Engineering.

Could you give a general view of the Johari Window concept? I am Robert, 180cm tall. I study Chemistry, Engineering. Friends can recognize me.

Best friend is Tom, who is also 180cm tall. Tom studies Physics, Maths. Tom and I walk together. We have the same friends. We go to the same school. We plan to become lawyers. We are in the same class. We are in the same section. We are the same height.

We are the same height. We are in the same class. We are in the same section. We are the same height.

All you know about me is Tom. Tom is my best friend.

What does your Johari Window look like? I am sitting on a goldmine.

Clothing giant, sitting on a goldmine.
Rag trade faces jobs axe

SIX THOUSAND Transvaal garment workers will lose their jobs on July 1 if the Government presses ahead with amendments to the Environment Planning Act.

The repercussions could be even more widespread. Unions and employers claim the amendments could kill the Transvaal industry, which employs about 22,000.

The amendments, which had their second reading in Parliament this week, have been designed to close loopholes in the Environment Planning Act.

These were exposed by two test cases against firms last year who employed more black workers than the Act allowed them.

"It's a very good time to do this when you have so many unemployed already," said Mr W. Aron, director of several large clothing factories in the Transvaal.

The day after the second reading of the Bill, employers and unionists held an emergency meeting in Johannesburg.

They instructed Senator Anna Schoepers, president of the Garment Workers' Union, again to urge the Minister of Planning to abandon the measures.

"But the Government is obviously determined to go ahead," said Senator Schoepers.

Refuge

"The Minister takes refuge by saying he doesn't have the power to scrap the Bill because the decision was taken by the Cabinet.

"We have made endless representations against the application of the Act, not only for the sake of the industry but for the country as a whole," she said.

The Act lays down quotas of black to white employees in the industry, based on levels January 13, 1966.

Ratio

Employers may not have a ratio of black to white exceeding 2.5 to 1 for existing factories, and 2 to 1 for new factories.

The loopholes in the quotas were exposed last year.

One test prosecution was thrown out because the Act contained no definition of Bantu, and the other because the prosecuted company had destroyed its records and it was therefore impossible to prove it had exceeded its quota.

The amendments define Bantu and also place the onus of proof on the employer where employment figures are in dispute.

"Employers are required legally to keep their records for only two years and without them the courts will have to accept figures supplied by the Department of Bantu Administration," said Senator Schoepers.

"It leaves the door open for all kinds of arbitrary decisions.""}

The Government claims the Act aims to induce the industry to decentralise into border areas. But sources in the industry, which has a high proportion of small factories, claim it is uneconomical for smaller firms to decentralise and that those who can afford it have done so already.

Sackings

But the enforced sackings could do more than put another 60,000 workers on the street.

There has been a slow drift out of the industry by whites, Indians and Coloureds. Black women are filling the vacuum.

Employers fear they will be unable to replace the employees they will be forced to fire and production will be severely affected.

They will be forced either to pay higher wages to draw Indians and Coloureds back into the industry, making them uncompetitive with the rest of the country, or they will be forced out of business.
Clothing men will resist imports move

Grant Rogerson

Leading clothing manufacturers made it plain today they intend digging in for a hard battle to try to block moves by the textile industry to win increased protection by higher tariffs on imported fabrics.

Mr Aaron Searl, chairman of Deseree International, the R35m-a-year Cape clothing manufacturer says that the textile industry should adopt a more aggressive marketing policy.

He advised textile companies to weigh more precisely the needs of the clothing industry and to become more competitive price-wise with imported fabrics.

"If they would critically view their pricing policies in relation to these of imported fabrics and become more competitive then they would undoubtedly obtain a greater share of the local clothing industry's business. This in turn would help in the greater utilisation of their plant capacities and in relieving present unemployment."

Mr Searl was doubtful whether the local textile industry could or should attempt to supply more than 70 per cent of the local clothing industry's requirements at present. He said specialised materials for fashion ladies' sportswear, lingerie and children's wear currently made up about 35 per cent of his group's fabric intake and these all had to be imported as they are not available locally.

Dugson Holdings, the Durban-based clothing manufacturer, says it is buying locally wherever possible, but a quarter of its fabric intake still has to be imported.

Mr Ivan Levy, managing director of Dugsons, pointed out that these fabrics were specialized and unavailable from local producers.

Mr Sam Jaff, chairman and managing director of Delsawa, the women's outerwear manufacturer, believes that imports are playing a minimal role in the textile industry's current problems.

Mr Jaff says the local industry's problems are not uncommon in most countries at the moment. He points out that Japan's once all-conquering textile industry is in heading retreat.

SACKINGS

A recent report shows that unemployment in the industry has become a major problem in Japan. Between 1973 and 1975 at least 300 000 workers were fired as factories went out of business.

The SA National Clothing Federation today dismissed the textile industry's plea for further protection against imports as being "unwarranted."

Mr Frank Whitaker, director of the Federation, expects the volume of imports will drop to about R100m in 1977 from about R126m last year.

Mr Whitaker said that until the textile industry could supply clothing manufacturers with its requirements - such as specialized shirtings - imports would have to continue at their current level.
Both the ever growing textiles and clothing industries are anxiously awaiting government decisions and clarification on two thorny issues -- duty rebates on woven fabrics not made here and, in general, an overall adjustment on tariffs.

A report by the Board of Trade and Industries which has been studying the issues at the behest of Economics Minister Chris Heurnis, is expected shortly. There is a chance that the question of rebates will be clarified by the end of this month. Hopefully, the tariffs issue will be leaped up by the end of June.

"That would be good timing for all of us," says Denys Marven, chairman of SANS.

Nylon Spinners, in the news this week thanks to some controversial comments on rebates and tariffs from ACT Union chairman Harry Oppenheimer.

Both the clothing and textiles industries are working well beyond capacity, both are laying off workers (in their hundreds), both are uncertain as to the future.

Textile industry leaders think that last week's 15% ad valorem Budget BLATs are valid on those items not bound under GATT.

Source: R.P. 45/19

The proportions give initial enrolment a year. On the other hand, for farm schools as the end of their pre-institutional.

What Table No. 8 is of... 14

(clothing and textiles) are shutting shop for at least a week over the Easter holidays. Management was expected to start retrenching immediately afterwards.

The about to be amended Environment Planning Act (now before Parliament) is not making life easy for the two industries. Last year 13 Textile clothing factories, employing 800 workers, went insolvent. White trade unions warned at the time that between 6000 and 10000 workers could lose their jobs this year unless government modifies the Act, which controls black labour ratios.

"Overtime in the clothing industry is a thing of the past," says Jimmy Thomas, general secretary of clothing's Industrial Council.

Adds textiles Shlagman: "Approximately 5000 workers have been lost to the industry since last July. Over 13 000 are on short time."

One bright patch on the horizon is that the leaders of the two industries are now working closer together than ever before. The Textile and Clothing Advisory Council, under the chairmanship of SANS's Mike Oding, is doing a good job of presenting joint problems to Pretoria. A clear approach at this particular time is essential.

"We believe our efforts could benefit them but most it's just a government revenue raising device," says Textile Federation director Stanley Shlagman. It doesn't tackle the central issue, irrespective of the 15% surcharge on the needs of the textile industry as regards the removal of rebates and adjustment of duty tariffs should not be lost sight of.

The clothing industry is just as anxious to learn where it stands following Oppenheimer's claim that much of the imported fabrics from Japan and the Far East are "dumped" on the SA market. Diane Solomon, president of the National Clothing Federation of SA, reported that only some 7.5% of fabrics used by the clothing industry is imported, and mainly materials are not available locally.

"Retrenchments and short time working are becoming as common in the clothing industry as in the textile industry," argues Solomon. Further restrictions on imported fabrics will not help operating at 45% capacity by May. Some 250 workers have been retrenched at the factory. The rest of the factories expected to follow suit.

"We are running at 75% capacity in the Republic, with a fully fledged training scheme for black and coloureds," says Shlagman. In the textile industry a few factories have managed to keep as much as 70% of their workforce.

Changes are expected in the textile industry, with the entire work force (7000 coloureds, 500 blacks and 200 whites) not likely to have to go on a four day week. So Ankers and everyone else in textiles is almost desperate for a firm yes or no on the tariffs rebates issue. Certain that local manufacturers cannot meet the market's requirements, he tells the MP: "We'd be happy to have 75% with the balance coming in from overseas."

Big question is: could the locals really meet market demand?"

"Yes" says Shlagman. "Ankers, Marven and a score of other textile leaders Shlagman estimates that SA could produce textiles imports by R75m a year and clothing by R45m."

Meanwhile several large factories,...
Clothing and textile industries co-operation

From Mr M. F. ODLING, Chairman, Textile and Clothing Advisory Council:

GORDON KLING's report on the traditional feud between the clothing and textile industries (Cape Times, April 2) refers to the Textile and Clothing Advisory Council.

There is a very real need for a body of this kind, where the textile, clothing, and distributive trades can meet to discuss mutual problems and avoid misunderstandings. There are, of course, as one would expect, areas of sharp difference between the two manufacturing industries but recent meetings have shown that agreement on a wide range of objectives, including rebates and some tariffs, is possible.

The clothing industry must have variety in fabric and good service if it is to prosper and get its share of consumer expenditure. A level of imports of between 100 and 150 million square metres a year, dependent on market conditions, is desirable to meet those needs.

The textile industry needs a reasonably steady demand for its product at fair prices to give a service, make profits and invest in management, plant and machinery.

The industries are interdependent and the clothing industry usually relies for 70 percent of its fabric needs on the local industry. The heart of the problem lies in the textile cycle. Although retail sales of clothing do not fluctuate widely, the demand for textiles, and even more so textile fibres, varies by at least 20 percent. When there is general confidence, each level of the trade is more optimistic. When the economy is down and liquidity is tight, confidence and commitment are lacking and all involved are unduly pessimistic.

During the upswing, the clothing industry considers it requires more cloth than local industry can supply and seeks to import to meet the expected shortfall. Understandably, Government, sensitive to employment in the clothing industry, agrees. A large part of these imports (which once contracted cannot be canceled), however, arrive in the market when the cycle is turning down. There is therefore a glut of cloth and demand on the local industry drops sharply, giving rise to unemployment. For example, the imports which arrived in June/July last year totalled 35,4m sq m against a local production, already declining, of approximately 53m sq m, i.e. 40 percent. The total is now being absorbed slowly in a period of economic downturn. Imports for the first half of 1976 were 46 percent above the first half of 1975.

Some, but not all, the imports were imported at low prices from the Far East and some came in under rebate of duty. For example in 1975, 49 percent of all imports were rebated. In 1976 certain woven fabrics from the Far East were 64c sq m compared with a United States price of 109c sq m and a local price of 94c sq m.

The South African textile industry is not alone in being exposed to unfair competition and the EEC is currently revising the terms of the multi-fibre agreement. The solution lies with fair tariff levels so that imports give extra variety, not just low cost, and much better reading of the forward demand — like predicting the JSE or the Financial Times Index, not an easy thing to do!

In the past these industries had less need and little incentive to work together and they were often at loggerheads. However, great progress has been made in understanding these problems and I remain confident that these great interdependent industries can grow together as an essential part of the economy, meeting the needs of the South African consumer.

letters
Clothing
workers
get new
wage deal

By CLAIRE EDMOND
Labour Correspondent

TRADE unions representing
21,000 Transvaal clothing
workers have secured a
new wage deal despite a
slump in the industry
which caused 31 factories
to close last year.

On July 1 wage rates for
workers earning above
R30 a week will rise by
10 per cent and lower-
paid workers will get
rates ranging from 15.2
per cent to 18.8 per cent.

In addition there will be a
built-in rise for July next
year and employers will
pay an extra 48 cents a
worker into provident and
medical benefit funds.

Dr Anna Scheepers, pres-
ident of the Garment
Workers' Union, described
the negotiations with
the Transvaal Clothing
Manufacturers' Associa-
tion as tough, particularly
in the present climate.

Also in the negotiations
were representatives of
the National Union of
Clothing Workers, includ-
ing the general secretary,
Mrs Lucy Zwelbo, and the
assistant general sec-
tary, Mrs Sarah Chupa.

Under the new agreement
the following rates will
apply in some of the more
important categories of
labour:

- Artisans earning for ex-
ample R80 a week will get
R7 a week rise in July,
a second R7 rise per week
in July next year.

- Machinists earning a min-
imum R20,50 a week will
get a minimum rate of
R24 in July and R26 in
week in July next year.

- Watchmen and boiler at-
tendants earning R17 a
week will earn R20 a week
in July and R21 next July.

- General workers earning
a minimum R15,50 will
earn R17,50 at the min-
imum rate in July and a
further R2 per week in R19,50
week next July.

- Labourers earning R16,50
a week minimum will re-
ceive R19,50 a week min-
imum in July and R22 a
week in July next year.

An attendance bonus of R1
a week will also be paid
to all workers.
Parliament

Workers hit by clothing slump

By CLIVE EMDON
Labour Correspondent

AT LEAST 3,500 clothing workers in the Transvaal and Western Cape have been put on short time in the past two months.

Six hundred have been laid off in the Cape and 250 in the Transvaal lost their jobs after three firms went insolvent.

These facts on the slump in the clothing industry were disclosed yesterday by Mr Simon Jocum, chairman of the Cape Clothing Manufacturers Association, and Mr J H. Thomas, secretary of the industrial council for the clothing industry in the Transvaal.

Mr Jocum said 23 clothing factories in the Western Cape were on short-time, affecting 1,500 workers. Mr Thomas reported short-time affecting 2,000 workers at 20 factories in the Transvaal.

Many of these factories were working either a three- or four-day week. Others were shutting down for a week at a time.

The industry in the Western Cape has 273 factories employing 47,000 workers. The Transvaal has 350 employing 23,000 workers.

Mr Jocum said business had been hit by rising costs and consumer resistance to higher prices.

"The employment situation is still fluid because many factories are holding on to their workers in case business improves."
TEXTILES / CLOTHING

A new yarn

The clothing and textile industries have been at loggerheads for years. Now, onto the stage steps the Dutch-based trading and marketing group, Jacobson van den Berg. It hopes to carve something out of the R300m a year textile market by acting as a middleman to both industries.

Aim is to tell textiles what clothing requires months before SA’s 12 main mills start rolling.

A new branch of the Dutch company has been formed in Johannesburg. It’s called Jacotex and the marketing division is headed by former J&P Coats manager, Ron McPherson.

"There is a definite need in SA for a professional approach to the marketing and distribution of textiles. With the weight of international experience behind us, we think we can make a significant contribution," he claims.

McPherson says that Jacotex will be a liaison operation in bridging the communication gap between textiles and clothing. It will, for example, inform clothing companies what’s in fashion overseas (there’s an approximate nine months lag between what sells in London and what goes in Johannesburg).

"Is a company like Jacotex really necessary?"

"Can’t understand what it’s all about," says Sam Jaff, Chairman of the Transvaal Fashion Guild. Textile Federation’s Stanley Shlagman, on the other hand, says it could prove useful.

Comments a spokesman for textile producer Hebox at Hammersdale, Natal.

"Anything which brings about better co-operation between the clothing and textile industries is welcome as far as we’re concerned."

In the past the clothing industry has complained about:

- Late deliveries from the mills,
- Poor marketing techniques, and
- A lack of awareness about consumer
CLOTHING SECTOR
No more earnings situations

Meet them face to face and they're chatty, outgoing, and confident. Read their annual statements to shareholders, and the chairman, managing directors and salesmen of SA's clothing companies present a rather different picture.

It doesn't take a genius to know that the SA clothing industry is facing troubled times — and that those troubles look like lasting quite a bit longer.

Sector watchers will be familiar enough with the performance of the various share indices, and, as the graph shows, there's been a decline of around 20% over the past year in clothing shares.

The message has been sounded clearly enough by various company chairmen in recent months. Times are hard and there is little optimism around. The poor business climate, keener local competition, price-cutting, excess capacity, all these are oft-cited reasons for the industry's current problems.

In addition, increased transport costs, rising power bills and constant price demands all serve to maintain an upward pressure on the industry's cost structure.

Whether the companies concerned concentrate on men's, women's, boys', girls' clothing, or on fields within the garment trade, from sportswear through to school clothing and defence contracts, the complaints are similar. But it's hard, looking at the latest annual or half yearly figures coming from the industry, to see much glimmer of light ahead.

While clothing for any average South African is a basic essential, there is no reason to suppose that purchases will not be delayed as inflationary pressures squeeze household incomes.

Higher prices are evident despite the various companies' protestations that they are keeping prices down in order to improve individual market penetration. Consumer resistance is already building up and it remains to be seen just how elastic demand really is.

That consumers are becoming more price conscious is hardly surprising. The latest official index for clothing prices shows a rise of 8.2% on the year to a figure of 169.3 from an April 1970 base of 100.

The industry as a whole faces the 15% import surcharge on materials at a time when a fair number of its customers still prefer imported materials to the local product. But this is a comparatively minor problem facing the clothing industry.

The 10 manufacturers featured in the table have comparatively high debt equity ratios with Veka the highest at 155%. At the same time, on the basis of their latest annual accounts, stocks plus debtors have grown considerably, suggesting that one way or another extensive credit has been granted.

Given the existing gearing, the industry is in no position to modernise and will have to continue struggling along with its existing equipment, much of which is already long out of date, and much of which is largely labour intensive.

Comparing asset values to market values as shown in the table, investors can see just how depressed the sector really is. Clothing companies are normally earnings situations as they are not capital intensive, but not one of the shares shown is standing at a premium to net worth.

Highest discount to asset value is reflected in Dugson, which recently closed down its Kimberley factory on which it had already spent considerable money and effort.

But despite the large discounts common to all the shares, not many investors will take much notice of this factor. Assets in clothing companies comprise largely stock, debtors and equipment which often have doubtful realisable value. The assets of clothing companies thus bear out the old adage that asset values are only worth what they can earn. And with no apparent recovery in earnings in sight, clothing shares remain best avoided in general.

Only market leaders can be considered and here Rex Trueform and Seardel look the pick of the sector.

— ALMOST ALL ARE CLOTHED IN GLOOM —

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<th>Business</th>
<th>Pre-tax profit</th>
<th>Debit/ equity ratio</th>
<th>Net assets</th>
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Financial Mail May 20 1977

659
More Cape clothing factories now look for export orders

ANOTHER

1000 LOSE THEIR JOBS

ANOTHER 1000 clothing workers in the Western Cape have lost their jobs because of a fall-off in sales by the factories.

About eight percent of the 47,000 workforce in the Cape is now unemployed and, at the end of last month, the industry was working at 70 percent of capacity.

The latest retrenchments took place in May and bring the total number to lose their jobs this year to more than 3,900.

Short time

Ninety percent of last month's unemployed were women — semi-skilled workers or breadwinners in many cases, where their husbands had lost their jobs in the building industry said Mr. Simon Jocum, chairman of the Cape Clothing Manufacturers' Association.

An unknown number of the Cape's 273 clothing factories were also working at less than full capacity, rather than reduce their staff to current work levels.

A shortage of work is expected to worsen this month before the factories start on summer orders.

But summer orders are estimated at 20 percent below last year's.

Get worse

'We are afraid business will get worse before it improves and can expect no upturn for this year,' Mr. Jocum said.

The slump in local sales, however, is making more and more companies look overseas for orders.

'It is creating a tremendous amount of interest in the export field and firms are becoming really serious about exporting.'
At last there may be some good news for Transvaal clothing employers exceeding their Environment Planning Act African labour quotas.

Recently, government invited firms, long beleaguered by the threat of prosecutions under the Act, to apply for exemptions, allowing them to employ "illegal" African workers (FM April 29).

Planning Deputy Secretary Piet Prins tells the FM that over 100 applications have been received. So far 27 have been processed.

A first batch of 18 applications asked for permits for 545 Africans illegally employed on September 30 last year. Of these, 283 will be allowed to continue working.

Of a subsequent batch of 13 requests, 9 have been processed and four are still being investigated. Employers asked for permission to employ 290 Africans,

 Despite the fact that there were only 128 "illegals" on their books on September 30. Permits for 173 workers — 45 more than the firms then employed — were granted.

The fact that some employers have asked for more labour than they employ seems to indicate that, because of the structures of the Act, some firms could do with more labour than they now have, despite the recession The industry is confident most of the outstanding applications will be approved.

"Employers will be ordered to lay off people here and there, but we're not expecting any large scale cut-down on African employment Government appears to have markedly relaxed the Act's application," says Industrial Council for the Transvaal Clothing Industry Secretary Jimmy Thomas.

He adds that "only those firms who haven't co-operated with the Department" will be denied permits and thus forced to lay-off workers.
300 workers lose jobs each month

Mercury Correspondent

JOHANNESBURG — Workers in the Transvaal clothing industry are losing their jobs at the rate of 300 to 400 a month, says Mr. Jimmy Thomas of the Industrial Council for the industry. Last year 34 firms closed down and 2,000 lost their jobs.

"The toll will be higher this year," he says.

In the Western Cape, Mr. Simon Jocums, chairman of the Cape Clothing Manufacturers' Association describes the situation in the industry as the worst in 20 years. He said 4,000 had already lost their jobs in the Cape Town area.

Mr. Thomas, describing the industry in the Transvaal, said three firms had closed down this year and with retrenchments, about 1,000 workers had lost jobs so far.

Another seven firms employing 5,000 threatened to close down and five others had currently closed down for three weeks during the slack period.

"The glimmer of hope," he said, "is that in the past fortnight there has been an assurance that the National Union of Clothing Workers will be formed under the Minister of Planning.

Mr. Schalk van der Merwe.

Yesterday Mrs. Lucy Mnembo, general secretary of the union, (which has 17,000 members in clothing firms in the Witwatersrand), said after the union had given notice to the Minister, he had stated the present labour force would not be tampered with.

"He gave us this assurance, as long as employers detail the numbers of Black workers they have above the 1983 Physical Planning Act ratios."
Unemployment hits clothing industry

By CLIVE EMDON
Labour Correspondent
WORKERS in the Transvaal clothing industry are losing their jobs at the rate of 300 to 400 a month, says Mr Jimmy Thomas of the industry’s Industrial Council.

Last year 34 firms closed and 2,000 workers lost their jobs.

In the Western Cape, Mr Simon Jecum, chairman of the Cape Clothing Manufacturers’ Association, described the situation in the industry as the worst in 30 years.

He said 4,000 had already lost their jobs in the Cape Town area and another 1,500 were expected to be put off.

Mr Thomas said three firms had closed in the Transvaal this year, and about 1,000 workers had lost their jobs so far.

Another seven firms employing 500 had threatened to close.

In addition to the economic state of the industry, a further threat to jobs was the environmental Planning Act which pegged black labour quotas to 1966 levels.

The Government recently asked firms threatened with prosecutions to apply for labour exemptions.

The Deputy Secretary for Planning, Mr Pet Prins, said last week that more than 150 firms had applied. The first batch of 18 applicants asked for permits for 545 workers who were employed illegally at the end of September. Of these 283 would be allowed to continue working.

However, one glimmer of hope in the past fortnight was the assurance given to the National Union of Clothing Workers by the Minister of Planning, Mr Schalk van der Merwe.

Yesterday Mrs Lucy Muvubelo, the general secretary of the union, which has 17,000 members in clothing firms on the Witwatersrand, said the Minister had told her the present labour-force “would not be tampered with.”

“He gave us this assurance, as long as employers detail the numbers of black workers they have above the 1966 Physical Planning Act ratios,” Mrs Muvubelo said. It appeared the Minister was not aware that workers in the clothing industry were not migrants, but lived permanently on the Witwatersrand.”
Drop job bars, say clothing workers

BY CLIVE EMBON

EMPLOYERS and trade unions representing all races in the Transvaal clothing industry have appealed to the government's Industrial Tribunal to scrap job reservation in the industry.

Although job reservation has not been observed for years, there are still reservation clauses from the 1960 wage determination which legally still apply.

These lay down, for example, that all factories established after 1960 must ensure that a quarter of all jobs are reserved for whites, 37.5% for coloureds and Asians, with the balance being allowed to go to blacks.

There has been a vast change in the industry's pattern over the past 20 years, with coloured and Asian labour taking over from whites, then Africans taking over 80% of jobs in the industry.

Mr Jimmy Thomas, secretary of the joint employers' union industrial council for the industry, said this week, "I think the job reservation clauses will be done away with — it boils down to a formality now."

He said the Department of Labour had not enforced the job reservation provisions of the wage determination.

Mr Thomas gave examples of jobs which had changed hands. The 1960 determination specified that "marking in" and "chopping out" should be reserved for whites — but even then there were coloureds, Asians and blacks in the jobs.

Pattern graders and supervisors were also also to be white. Here again, blacks have taken over the jobs.

In December 1964 there were 7,500 whites, 6,800 coloureds and Asians and 2,800 blacks employed in the Transvaal clothing industry. By December 1974 there were 7,344 whites, 4,000 to 5,800 coloureds and Asians and 28,600 Africans.

Editorial comment P14

The company has already bought all the materials for the production of Type A at R1 per unit, and of Type B at 50c each.

Both jobs will take exactly one year.

The Managing Director asks you to consider, which of the two alternatives is most profitable.

Draw up a table showing the opportunity costs involved in each.

What advice would you give?

(50%)
16 CLOTHING FACTORIES CLOSE IN CAPE

Financial Staff

SIXTEEN Cape clothing factories closed down and more than 4 600 workers lost their jobs in the last 12 months, mostly in the first half of this year.

In June alone 1 000 workers were retrenched and many hundreds more are on short time, said Mr Simon Jacob, chairman of the Cape Clothing Manufacturers Association, today.

The workforce is down to 43 399 at the end of June from 47 884 a year ago.

There is no sign of orders picking up. We start in a month's time on next winter's production but it seems more like 10 years away, he added.

TWO YEARS AGO

Clothing is now as cheap in the shops as it was two years ago but prices are likely to rise next year.

Manufacturers are having problems with the low quality of local textiles and at least one factory is selling 'seconds' - slightly imperfect clothing — direct to the public.

Clothing firms have met the textile industry to try to improve the situation.
Clothing job force boosted by 1421

Sieg Hunig,
Labour Reporter

The lawful black labour force of the Transvaal Clothing Industry has been increased by 1,421 so far under the undisclosed guidelines being applied by the Department of Planning, in terms of the Environment Planning Act.

That was disclosed today by the Deputy Secretary for Planning, Mr PJ Prins.

He said that the 65 firms dealt with so far had exceeded their lawful black labour quota of 2,551 by 1,278 last September and had applied for 1,788 workers in excess of their quota.

Overall the Department had granted them 1,421 workers in excess of their quota.

The applications of another 65 firms were still under consideration, Mr Prins said. These applications, on the whole, were more problematic cases than those already dealt with, he added.

Mr Prins said no applications had been received from another 90 firms which had exceeded their quota. Some had gone out of business but it was presumed that most of the rest had brought their labour force in line with the requirements of the Environment Planning Act.

The secretary of the Industrial Council for the Transvaal clothing industry, Mr JH Thomas, has announced that 1,500 workers have been laid off in the industry since the beginning of the year.

Twelve firms have gone out of business.

Mr Thomas expects the retrenchment rate of 300 to 400 workers a month to increase.
Jantzen

DIE Kaapstadse klerefabrikan ter Meritex, 'n verwante maatskappy van AECL, het 'n luaanse-ooreenkoms met Jantzen Inc., die vooraanstaande Amerikaanse vervaardiger van ontspanningsdrag aangegaan om sy volledige reeks produkte in Suid-Afrika te vervaardig. Daar word geskat dat die ooreenkoms die omset van Meritex binne twee jaar met sowat R1 miljoen sal toegroei. Jantzen is een van die wêreld se voorste fabrikanse van sport- en slenterdrag. Die maatskappy se omset verlede jaar was meer as 123,5 miljoen dollar.

Ghe-Reffart
17/7/77

(84)
A great leap backwards

All the talk these days about big changes in SA's labour relations must sound rather hollow to the blacks working at Smith & Nephew's Pinetown plant.

They have just been told that S & N will not renew its agreement with their union, the unregistered National Union of Textile Workers (NUTW) — an agreement which has rightly been hailed as an example of how SA managements should deal with African unions. When it signed the agreement three years ago, this British company showed how foreign investors could, if they wished, be positive forces in SA.

It is not only African workers who are affected by S & N's change of heart. The plant's Indian workers have recently resigned from their union, the registered Textile Workers Industrial Union (TWIU) to join NUTW, which now has membership of all races at S & N.

In place of union recognition, Smith and Nephew are offering to negotiate a binding agreement with a works or company's own explanation seems somewhat confused.

S & N men will not talk to the press. MD Kenneth Lunn says that only the group's London head office can do so. A London spokesman, however, will not say anything other than that the firm "has merely refused to renew an agreement which has lapsed. This does not close the door to future agreements."

However, the firm has tried to explain its actions to its own workers in conflicting ways. According to TWIU general secretary Norman Daniels the decision is linked to a dispute between his union and NUTW (FM March 18 and May 20) "Lunn told us that until we settle our differences, he's not in a position to talk about an agreement."

But this explanation conflicts with what Lunn told NUTW men at a meeting this week.

Says NUTW secretary Obed Zuma: "He told us that they can't communicate directly with their workers if a third party is involved and that the law doesn't allow them to recognise unregistered unions. I asked them when they realised this and they said they had known it all along and they have only recognised us because there was a registered union here."

There may, however, be something else behind S & N's decision. A document issued by unregistered unions in Durban this week hints at government pressure on the firm to drop the agreement.

According to the document, S & N first raised the idea of introducing the works committee after last November's trade union bannings. Management reportedly said then that "this would reduce pressure being applied by the State, which was a major market for them, particularly for surgical dressings, plasters, etc". The document also refers to pressure by the State "at the highest level."

Daniels says the firm's refusal to take

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Lunn and factory workers... amicable relations in jeopardy

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Finalmail Mail July 22 1977
the discontent in times like these," says Scheepers.

Add to that the discontent of many non-black managers, foremen and cutters who are, for the first time in the Senator's 39 years as GWU president, unable to find work.

Hardest hit is Transvaal where, after gradually cutting back the 26 500 labour force to 23 500 last year, lay-offs have pulled the number still employed down to 21 000. At Kimberley a 500-job factory closed in February and another laid-off about 10%—200 workers—of its staff.

Scheepers estimates that, apart from the thousands of workers who have left the industry, 12 000-plus of its 120 000 members are out of work.

The 360 garment factories at the start of the year has dropped to 330 (including nine during the first nine days of this month) with Scheepers' own recent prediction of a total 50 closures in 1977 already beginning to look optimistic.

Ironically, she claims, not all of those that have packed up so far did so through lack of orders but because of government's "nurtile application of the EPA on the clothing industry".

Scheepers says there have been cases of companies combining only to learn to their cost that under the Act workforces could not come under one more productive roof. She also claims that firms embarking enthusiastically on expansion are told they may not take on more black workers.

"What is even worse is that under the EPA no new clothing firm can start up to take the place and workers of those that close," Scheepers adds.

Random indications from clothing employers, however, are that the Department of Labour just might be soft-peddling on purging hard-pressed companies of illegally employed workers.

Not that any entrepreneur is likely to jump into this wallowing industry.

At present white operatives average R38 a week, coloured and Aslan, R26, and black (where a high proportion of tramnees keeps the average down), R21. Skilled and fast operators of all races in the predominantly female industry earn much more than the average.

Being awarded a R2-R3 weekly rise becomes a moot point if the company either can't pay or simply folds. Scheepers is working in the Senate and behind the scenes for "relaxation of the EPA" but admits she's had little success.

FIN MAIL 22/7/77

CLOTHING

Apart at the seams

With garment manufacturing company failures reaching a one-a-day average this month, any ideas on salvaging the rag-trade may seem too late. Small firms are disappearing overnight while big employers cut workforces drastically to add hundreds more jobless to the industry's estimated 10% unemployment rate.

This does not include up to 3 000 who have left the industry over the past few years.

"This isn't the end of it either. Long-established firms are going out of business and there's every indication that things will get worse," says Garment Workers' Union President, Senator Anna Scheepers.

Worse in this case means as bad as the Great Depression unless, says Scheepers, government at least turns a blind eye to some clauses in the Environment Planning Act. She wants "this pernicious Act" scrapped altogether but, for the expediencies of keeping companies open and easing worker hardship, she's pleading for much less stringent Planning Ministry prosecution of the 1968 EPA.

"Without Ministry co-operation, up to another 5 000 garment workers will soon go back to Soweto without jobs. Imagine..."

Senator Anna Scheepers...

"this pernicious Act"

...wet in a marriage, but if it is not necessarily the basis for tension. One case is an indicative example. A man returned hurriedly from the mines..."
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**CLOTHING**

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Without Ministry co-operation, up to another 5 000 garment workers will soon go back to Soweto without jobs. Imagine.

Senator Anna Scheepers . . . “this pernicious Act”

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Financial Mail July 22, 1977
10 000 cloth workers lose jobs this year

JOHANNESBURG — At least 10 000 workers in the clothing industry have lost their jobs this year.

So far about 30 clothing factories have closed down. There were 9000.

Retrenchment and non-replacement of workers throughout the industry have affected nearly ten percent of all jobs in the clothing industry, estimates the president of the Cape Clothing Manufacturers Association, Mr Simon Jecum.

The Cape has been hardest hit, with 15 factories closed in the past month, and 18 since January. Most of the workers laid off have been coloured women.

The most recent closure, on Thursday, affected 330 workers. Although three small factories have opened in the past month the total Cape unemployment is 4 400, with 1 017 jobs lost during July alone.

Natal figures were difficult to compute said the president of the National Clothing Federation, Mr D Solomon, because most of the factories are doing piecework for larger manufacturers and some factories were opening.

In the last three months the 33 000 clothing workers in Natal have been cut by at least 2 000.

In the Transvaal 14 factories have closed, with two closures in the past month, affecting 341 workers. Two of the factories which have closed have possibly done so only temporarily, but between them they have laid off 259 workers.

The secretary of the Industrial Council for the Clothing Industry in the Transvaal, Mr J H Thomas, believes employment will remain constant for the rest of the year, as people prepare summer ranges, but more factories may declare themselves insolvent at the end of the year when they are called on to meet large expenses, such as holiday pay. — DOR
Mercury Reporter (184)

R30 000 Haul from Home

Clothing factory owner Mr. Danny Majaraj was robbed of R30 000 and a quantity of jewellery by five armed Indians who forced their way into his Verulam home on Tuesday night.

He told police that four of the men had firearms and a fifth a knife. They forced his wife and children into a bedroom occupied by two other people and there tied them all up with electric flex.

He was taken to another bedroom and tied up before the gang systematically ransacked the house and found R30 000 in cash and the jewellery in a wardrobe.

So far no arrests have been made.
10000 lose jobs in clothing industry

By PENNY CUMMINS

AT LEAST 10000 workers in the clothing industry have lost their jobs this year.

Only about 30% of the 900 clothing factories in South Africa have closed, but there has been retrenchment and non-replacement of workers throughout the industry. This has affected 10% of all jobs in the clothing industry estimates Mr Solomon Jocum, president of the Cape Clothing Manufacturers' Association.

The Cape has been hardest hit, with 13 factories closed in the past month, and 18 since January. Most of the workers laid off have been coloured women.

The most recent closure, last Thursday, is of Resortwear (Pty) Ltd which employed 130 workers. Three small factories have opened in the past month but the total Cape unemployment is 4400, with 1017 jobs lost last month alone.

Natal figures are difficult to compute, says Mr D Solomon, president of the National Clothing Federation. This is because most factories which have closed have been small, doing piecework for larger manufacturers, and in Natal small factories continue to operate.

Mr Solomon estimates that in the last three months the 33000 clothing workers in Natal have been cut by at least 2000.

Fourteen factories have closed in the Transvaal since January. Two closures in the past month affected 341 workers. Two of the factories which closed have possibly done so only temporarily, but between them they have laid off 280 workers since January. 3265 have lost their jobs in the Transvaal.

Mr J H Thomas, secretary of the Industrial Council for the Clothing Industry in the Transvaal, believes that employment will remain constant for the rest of the year, as people prepare for summer ranges, but more factories may declare themselves insolvent at the end of the year when they are called on to meet large expenses, including holiday pay.

COMMENTARY:

[Text continues]
World’s largest

A Vanderbijl Park company has commissioned the largest rockwool fibreiser plant in the world. Extensions to Insulation Products' plant at a cost of R3-million will place the company in a position to supply South Africa's total requirements of rockwool fibre well into the 1980s — and provide a surplus for export.
Clothing firms under strain

Own Correspondent
CAPE TOWN. — The clothing sector is being plagued by a weak market and soaring costs, judging from the results of Desree International.

It reports slower sales growth and lower profits, the return on sales during the year falling from 2.2% to 1.6%

Turnover was up 13% from R31,5-million to R35,3-million, but pre-tax profits fell 10% from R2,780,000 to R2,486,000

Taxed profits were R1,4-million (R1,3-million) After minorities net earnings were R1,278,000 (R1,451,000). This was an equivalent earnings-per-share of 110c, against 125c.

The figures suggest that with demand weak (it is a buyer's market in most sectors) the group could not recover soaring costs.

Desree is one of the most efficient groups in the industry. The results do not augur well for other clothing groups reporting in coming weeks.

Judging from current stock market yields the market has discounted to some extent clothing sector prospects and Desree's figures are better than expected.

The decision to maintain the dividend (a final of 29c is being paid) for a total of 48c shows the group is not too pessimistic.

Dividend cover has been pared from 2.8 to 2.5 but this is a sign of strong liquidity. The counter stands on a 10.7 dividend yield.

Fyramid Seardje's pre-tax profits at R2,985,000 fell more sharply than Desree. Earnings were 16.4% down despite a 14% increase in turnover to R48.3-million. Taxed profits were R1,8-million (R2,1-million).

The fall was cushioned at the attributable stage by a deduction in minorities from R638,000 to R638,000, leaving net earnings of R1,421,000 (R1,431,000), a drop of 7%.

Seardje has raised its stake in Desree from 6% to 7.5% and clearly the group believes the yield is generous.

Earnings per share were 31c (36c) and the final has been maintained at 9c for a total of 12c (same). As with Desree, cover has been trimmed — from 3.08 to 2.83. Seardje yielded 14.6%.

Seardje's lower profits were probably mainly due to the lashing operation, which must have felt the downturn in the shoe trade.
Clothing industry deadline on labour

Sieg Hannig,
Labour Reporter

Twenty-one Johannesburg clothing firms which exceeded their black labour quota by 188 workers on July 30 will be prosecuted if they have not yet fallen in line with the requirements of the Environment Planning Act.

Some of these firms and others which also face cuts in their labour staff may have to shut down as a result of decisions on labour quotas taken by the Cabinet committee this week, said industry spokesmen.

The industry as a whole has, however, been spared the retrenchment of about 5,000 workers which loomed last year after the Government's decision to enforce the black-labour restrictions under the Environment Planning Act.

Overall, 3,434 of the 4,793 illegal black workers counted in the industry last September may be retained — 923 of them under temporary exemptions which expire next June 30.

REDUCED

That has been disclosed by Mr P J Prins, a deputy secretary in the Department of Planning.

He said that of the 221 firms which accounted for the excess labour, 129 were granted 2,511 workers above the quota laid down and 20 received temporary exemptions for 923 workers.

Of the remaining firms, 23 had shut down, 36 had reduced their labour to meet the quota, one had moved to a border area and 21 who failed to supply for more workers would be prosecuted if they returned the 188 illegal workers they had in June.

Mr Prins said some of the firms which were accommodated got more workers than they had in employment while others got fewer than they asked for.

As a result of the economic downturn, the industry's black labour force had been reduced by 2,358 workers since last September, Mr Prins said.

RECESSION

Senator Anna Schoepers, president of the Garment Workers' Union, commented: "At least we have some relief from the threat that has hung over the entire industry."

Only time would show to what extent the new quotas were going to hurt the industry and worsen the unemployment caused by the recession, she said.

But she believed many more clothing firms were likely to go out of business at the end of the year.
months now, however, the Department has been asking employers to apply for permits to exceed their quotas.

Planning Deputy Secretary Piet Prins tells the FM 140 applications have now been received and most of them processed. Only 21 firms didn't apply.

The permits granted so far allow a total of 2,511 Africans to be employed in the province. 20 firms have been granted temporary permits — until the end of June — to allow them legally to employ another 923 Africans above quota.

Prins adds that 23 factories which exceeded their quotas (by employing 463 Africans too many) have since closed down. Another 36, which were employing 380 Africans illegally, have reduced their workforce so as to avoid being in violation of the Act. One (employing 11 workers) has decentralized.

Prins claims that Planning "has been granted just about as many permits as employers need," but warns that the 21 firms who didn't apply now run the risk of prosecution. According to our records they were employing 188 blacks illegally at the end of June. We will be investigating them and will take action if they are not complying with the Act.

He also stresses that the firms who were granted temporary permits "have only been given a year to get their houses in order. We'll want to know next year why they haven't reduced their labour force or decentralised."

Prins warns that the Department will continue to apply the Act. Piet Rickert's probe notwithstanding. He adds, however, that Planning doesn't have the resources "to go from factory to factory checking up on companies. We will, however, continue to act when we receive complaints."

Clothing firms are quick to point out that the concessions granted bring only short-term relief. Says clothing industry council secretary Jimmy Thomas: "The granting of permits has been selective. Most have been issued to smaller firms which the Department reckons can't decentralise. Bigger firms have either been given only temporary permits or been refused altogether. So the squeeze is still on."

He adds that the permits only meet employers' immediate needs. If firms expand they'll have to go back to ask for more permits. Some have already had to do so.

"That's the problem with the Act," says Thomas. "It inhibits growth in the urban areas. To some extent the problem isn't that serious now because of economic conditions. But what happens if the industry picks up again? Firms will just have to go back and ask for permits again and also who knows whether they'll be granted."

"It's a continuous process of having to go to the authorities whenever you need more African labour."

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**PLANNING ACT**

**Jobs in jeopardy**

The Rickert Commission's look at the Environment Planning Act comes not a moment too soon for the Transvaal clothing industry. While the enforcement of African labour quotas under Section 3 of the Act has been relaxed, the industry's plight is still severe.

Transvaal clothing firms have borne the brunt of Section 3's application. They are not only heavily dependent on Africans but also highly labour intensive — which means that they are more likely both to run foul of the restrictive quotas and to be prime targets of government efforts to get "black-intensive" firms to move to border areas.

According to Department of Planning records, clothing firms in the Transvaal were employing 4,793 Africans illegally as at 30 September last year. For some
Rex Trueform, after maintaining its position in the first half of the year to June 30, suffered a major setback in the second half, the preliminary report shows.

At the halfway mark, earnings per share were virtually unchanged at 56.2c a share (1976 67.3c) and the interim report sounded generally optimistic. But for the full year, earnings were only 2c a share (11.3c), indicating that second-half earnings must have plunged by about half.

The preliminary report goes into commendably full detail on the tribulations of the recent period. It says that in the domestic market, unavoidable cost increases were largely absorbed, resulting in lower margins and profits. However, the group believes that this enabled it to increase its market share.

Following the policy decision in the previous year to devote greater effort to the export market, export sales more than doubled. This achievement confirms the high acceptability of Rex Trueform’s products in sophisticated retail centres like New York, London and various West European countries.

The directors believe the policy of restraining domestic prices and developing export sales is of significant benefit to the economy, in generating foreign exchange, creating employment opportunities and checking inflation.

It is intended to continue to provide the local market with high-quality merchandise of exceptional value, which, say the directors, “is probably not available anywhere else in the world.”

A major and healthy domestic base is a prerequisite for further expansion of exports.

The company says that while many of its suits are made from South African fabrics, it will continue to support the local textile industry, over-production of which would lead to local cloth prices becoming out of line with those ruling in normal markets and could also impair quality.

It therefore pleads that the import surcharge be removed as soon as possible.

The report says the order book and forward orders are satisfactory. The new ranges have been enthusiastically received, but prospects for the current year depend largely on the rate of general economic revival.

The company is in a strong position to take advantage of an upturn, but it will be difficult to maintain profits at current levels if no such upturn takes place.

Because of the strong financial position, the annual dividend has been held at 28c a share in spite of the earnings drop. This is still 3.1 times covered by earnings.

**COMMENT:** This Cape-based company has often been described as the closest thing to a bluechip in the clothing sector. The severe second-half decline is thus significant not just for the company but for the industry as a whole.

Judging by the second-half earnings of about 2.3c, it appears that if there is no economic revival this year, earnings could fall further to 0.9c a share. Even if there is a revival, it seems unlikely to materialise in time to help results in the first half of the current year, so the most prudent course is to look for a current-year average per share to be a maintenance of earnings at the level just reported.

This conclusion is reinforced by the fact that turnover, which rose 12.5% in the first half-year, showed a gain of only 3.7% for the year as a whole. This suggests that second-half turnover stood still, so that if costs are continuing to rise, the group will have to run even harder to stay in the same place this year.

At 56c, the share is on a premium rating. In view of the intrinsic soundness of the company, as long as the latest setback proves just an isolated hiccup that will fade when the economy recovers, the market is not likely to downgrade this assessment.

But investors can’t hope for much joy from the share price until the recovery does indeed materialise.

**Competition** between the two bureaux worked, the higher wages stipulated on the latter’s contract are tantamount to the distribution of labour.

Nyasaland government limitations on permissible unskilled labour enabled the R.N.L.S.C. to secure a growing' is the standard for the industry.

It is believed that the Nyasaland government limitations on permissible unskilled labour enabled the R.N.L.S.C. to secure a growing' is the standard for the industry.

At 22° S. the N.R.C. operated for the Chamber of the Federation in 1953, whereby Nyasaland political power of Southern Rhodesian employers, the Nyasaland foreign contract labour market, continued to place most of its reliance on the R.N.L.S.C. did build up annual recruitment. The peak was reached in 1956 with a total of 83 000 'Tropicals' (20.9 per cent of all their African mine-workers in South Africa). By 1973, as may be seen in the table below, the number Malawian workers alone had reached 106 638 or 27.7 per cent of the total complement.
Call to revise Factories Act

Financial Editor

THE FACTORIES, Machinery and Building Work Act needs to be revised as it contains anomalies which are perpetuated ad nauseam in many sections, according to Mr. H. Yorke-Mitchell, chairman of the Natal Clothing Manufacturers' Association.

Mr. Yorke-Mitchell, who was delivering his annual report to the Association yesterday, said that the Act laid down that the various racial groups had to be segregated, whether they were drinking tea or using the toilets.

"Is there anybody in their right mind who really believes that toilets and change areas should be separate for each race group, bearing in mind that these would normally be separated again into male and female?"

"And is it necessary in a refreshment area that there should be a law separating the men from the women?"

"Is it necessary to have a separate cubicle each for Blacks, Coloureds and Asians for first and attention and resting?"

Separation

"Is this really the 20th Century more than three-quarters expired, where there are laws stating that separate entrances and staircases must be maintained for males and females?"

Mr. Yorke-Mitchell said that the law of separation within South African factories was, in microcosm, a perpetuation and extension of most of the country's political and racial issues.

"Let us see in our laws a real change of attitude as just some of the minor aspects of government control."

"We can only believe in a brilliant and rewarding future — especially in the clothing industry."

MR. N. A. BURY, who has been appointed chairman of Unilever South Africa (Pty.) Ltd. He succeeds Mr. C. J. van Jaarsveldt, who has been chairman of Lever Brothers and Unilever, for 14 years.

Land

The 1913 Land Act, and Trust Act, reserved 3,000,000 acres of SA for whites. Owners of the population) was reserved for Bantustans, which constituted 70 per cent of the land.

The Act furthermore limited the land in the "white" areas, which had become squatters or tillers of other families), which was very tightly controlled. The restrictions on tenant farmers were eliminated.

The division of farmland into the overall division of the "white" areas was 13.8m out of 122m ha of land. The area of white ownership is not a separate estimate of the area of black agriculture areas. Bantustans are almost entirely the 1936 Land Act (25) farmland. But we shall approximate 856,898m ha of the total farm area of 14.65m ha classified as "arable" as a high arbitrary concept, as irrigation and machines can obviously bring additional land under the plough (arable = to plough). Quite a high proportion of the "white" sector is semi-arid; while the much smaller black sector is estimated to contain 20-25 per cent of the total arable area. However, the population density of the black area is also considerably higher: 119 per square mile, compared with 35 per square mile in the rest of SA. (26)

As the latter contains the densely populated cities, the discrepancy between the black and the white rural areas is obviously much greater than these figures suggest.

1936 Native Land

- Threat to 400 CLOTHING JOBS

By GORDON KRIEK

FOUR hundred workers in the hard-pressed Cape clothing industry face the loss of their jobs following an application yesterday by Fairweather Fashion Holdings for an order to place the factory, M Rabe and Son (Pty), in provisional liquidation. The Cape Town-based clothing manufacturer and retailer is also seeking judicial management orders in the Supreme Court, Cape Town, against Atlantic Knitting Mills (Pty) and Madame Lorraine Fashion Holdings (Pty) and some of its subsidiaries. (24)

The announcement was made by the company yesterday in a request to the Johannesburg Stock Exchange for a suspension of its shares. Fairweather's latest financial results, for the six months ended last December, show a 50 percent drop in profit over the same period of the previous year and a slight rise in turnover. The shares were closed on the JSE at 13c on December 17.

I understand the refusal by Fairweather's bankers to grant further funds prompted the applications, which are expected to be heard tomorrow or on Thursday.

- 87 per cent of the land constituting 70 per cent of the "white" areas.
Clothing workers' jobs 'safe'

Financial Editor

THE directors of the clothing company, M. Rabie and Sons have told the 380 workers they have little fear of losing their jobs.

The company is a subsidiary of Fairweather Fashion Holdings which is expected to apply to the Cape Supreme Court tomorrow for a provisional liquidation order against it.

At a meeting on Monday, M. Rabie's employees were told:
- Their company had a full order book.
- It had close to R1 million worth of stock on hand.
- Its main problem was illiquidity.
- The directors said there was every expectation of keeping the company in operation. At worst, the staff were told, every endeavour would be made to sell the company as a going concern.

M. Rabie and Sons has been in difficulty for the past three years. This led to a number of management changes about a year ago.

Fairweather is also expected to apply for provisional judicial management orders against it by two other major subsidiaries, Atlantic Knitting Mills and Madame Lorraine Fashion Holdings. These two companies were both operating profitably when Fairweather's profit and loss account was published.

The Lion Match group is moving half of its Cape Town match production line to Rosslyn, near Pretoria. It will result in 50 workers at the Observatory factory losing their jobs.

EVANS, R., 1948. Atlantic World. M. Rabie and Sons, Inc.,/.

FAIR, T.J.D., 1948.


Protection or competition?

There's endless conflict between those who make the clothing and the suppliers of the cloth. Looks like government will favour the latter.

Economist Minister Chris Heunis says opposition of the textile federation's controversial application for increased tariff protection against "disruptive" imports is "disappointing" that has nothing to do with national security. The National Clothing Federation has, naturally, made strong objections to the application. But although Heunis's Ministry went out of its way to strike some sort of compromise between the conflicting demands of the clothing and textile industries, it is understood that, on balance, government's ruling will favour the latter group.

One of the pillars of the clothing manufacturers' argument against the Textile Federation's application is that there is something of an importance in view of the fact that Finance Minister Owen Horwood's 15% imports surcharge gives textile spinners and weavers all the protection they deserve.

In reply, Heunis will probably concede that the surcharge does give a measure of protection, but that this is not what the textile group's application was about. The surcharge is a temporary fiscal device that will probably disappear and part or wholly as soon as either economic conditions permit, or when Horwood introduces a retail turnover tax.

The textile group does not want a straight rise in the ad valorem tariff (which works something like the surcharge), but an adjustment to the formula which has a regressive cost-raising effect on foreign cloth with a disproportionately low mark-up.

Rex Trueform's Shub . . . leading the way in exports

Government takes the view that the formula adjustment is part of a longer-term approach that has nothing to do with national security. The Minister has been quoted as saying that if the 15% surcharge expired it could be at the expense of the clothing manufacturers, and, if approved, he would do all he could in his position as the leader of the whole government to ensure that as few people as possible were affected.

More unemployment

As, result of tariff adjustments on imported fabrics, clothing prices will go up 10%, consumption will drop 2.6% and the number of unemployed will increase by 15,000 (from a base of 10,000 in 1970) in a year, the textiles index (excluding services) is down for all commodities.

Producers experts in the Department of Industries say the rise in unemployment may be a good thing, because recent studies have shown that, on the whole, there is a lot more efficiency in the clothing sector than in textiles.

The cost of the clothing industry's grape is in the cotton and cotton-mix textile sector. Out of 100 textile companies,

The sharp setback suffered by Fairweather Fashion Holdings, one time trendsetter among Cape manufacturers of women's fashions, could be a sign of things to come in the clothing manufacturing industry, according to clothing man the FIM spoke to this week.

In the Cape Town Supreme Court, one Fim Subsidiary has been provisionally wound up and four others have been placed under the judicial management of Bext Oliner, of Board of Executors.

According to leading clothing manufacturer, the underlining causes of Fairweather's problems were management's inability to deal with the seven golden rules of clothing manufacture: right fabric selection, quality, design, efficient production, aggressive marketing, tight administration, and sound financial management.

In addition, the company broke the cardinal rule of clothing industry by launching into competition with its major customers. Soon it found itself with short runs, slewing sales and a mounset of stock which it could not turn into garments because bankers and shippers refused to busk roll until they really saw it to be a dentenratory situation. According to Supreme Court papers, there is R39 000 of stock, some of which the FIM understands, more than three years old.

Clothing men pose this hard question: How many of SA's 800 odd fabricators will ride out the imminent crunch of shortened runs, fabric stock and ready made stock build ups, high interest rates, rising costs and nervous bankers?

when disposable incomes are low, a manufacturer says.

Interestingly, clothing industry complaints do not extend to the lackworst textile industry. Stewart Shub, chairman of Rex Trueform, reckons that competition with its principal customers is comparable with the best in the world. 

As a major exporter to Europe, UK and the US. If light (cotton and cotton-mix) fabric are the problem area, it may be worth while to send experts from the National Productivity Institute to have a look at some of the poor performers, against whom the most common complaints are short and late deliveries, poor quality control and pricing, and bad finishing.

At the same time, perhaps the domestic cotton-growing industry should be investigated. SA cotton farmers produce 75% of domestic requirements, but their prices to the mills are approximately higher than ruling world prices, which is a bit of a trough. The Ministry of Agriculture is understood to be pressing for the maize board-type powers to be extended to the Cotton Board, but this is being resisted by the Department of Industries, so the industry is in a state of uncertainty.

From the overview, Pretoria is convinced that its mixed bag of recommendations to the textile federation's tariff requests will have a balanced effect, not nearly as disastrous as the National Clothing Federation expects it to be.
More clothing firms will go
to the wall

NO GENERAL recovery is in sight in the clothing manufacturing industry until the middle of next year, and it will be an adjustment process likely to be especially painful for the large number of small firms that operate in the industry—rather than the handful of (mostly J. J. Dreyfuss) giants, who enjoy a disproportionate share of turnover.

At the same time, the recent failure of Fairweather was largely a special case. Not only that company recorded unprofitable results for some years, it also announced its unofficially, as a matter of course for a manufacturer of retailing as well as As Devereux's Aarau Searl put it, "Clothing manufacturers who go into retailing must be one of their minds."

Not only does a manufacturer find himself in competition with his own customers generally regarded as unprofitable, in any area of business—be able to raise the risks of specializing precisely where its profit centre is.

Integrated

Most firms who operate in both manufacturing and distribution tend to be retailers who have integrated upwards, like Edgar or Pop Searl. This, it is true, is not only generally regarded as extreme in certain retail-businesses, but still both too much of the manufacturers' requirements outside their own manufacturing capacity.

Even their apparently "concentrated" manufacturing units are still subject to the weakness of the retail system. For example, the producers who make成 the mood of clothing industry leadership in the Western Cape that I mentioned last week can best be described as cautious optimists. They believe that the trend of the recession may have been reversed, but without any real hope of an immediate upturn.

Rex Truford's Stuart Shaw Adams that conditions in the first half of 1977, when his own group's results took a sudden downward shift, were worse than he had expected.

Optimist

But he regards April as the earliest the worst could possibly expect for a revival. And I could be wrong, it could be July, or even later. But on some extent, this differentiates supermarket clothing—company to company, but generally the same, and the margin varies, but the basic rule is that the margin on the sales of the smaller manufacturers.

Clothing manufacturers are cautiously optimistic about the bottom of the recession in their industry has been reached. But they do not hold out any hope for a "upturn in the market before mid-1977. Guest writer Michael Cawse, reporter Cape Town.

Small firms are also unlikely to be able to take advantage of any great advantage of the economies of scale as large firms, and though there might be potentialities for improve in production costs, to be as great, they may also lack the technical expertise to implement them.

Because of the length of their production runs, they usually lack the expertise for developing export markets that has been of great significance to the survival of the larger producers. In both men's and women's clothing, it is agreed that foreign manufacturers can compete in terms of both quality and price in the major markets of Western Europe and North America.

If only because of transport costs, profitability may not be as high. But there can be the same defensive market when times are good, but even in good times exports are a palatable cherry on the top of the cake, as in bad times. They are a valuable way of keeping the machinery going and avoiding lay-offs.

Efficiency

But there is efficiency at a price. While the next 12-18 months may take the toll of the smaller, weaker firms (and by no means all small firms are weak), not all the nature of the market is not a maximum capacity of the market in which there is always likely to be a place for a small specialist manufacturer). The industry that conditions exist, the depression will be lessening and more effectively.

Even at a firm like Rex Truford, Arco is regarded for years as efficient, individually and as a whole, the last year or two have brought marginal improvements that would be good news, while the next 12 months of peace was hardly noticeable. There are some improvements in clothing factories in South Africa, but not in the same way as the industrialists have already made clear, and there are other measures necessary in the long run. Many users of some of the marginal outputs will benefit in the long run, but perhaps equally, but may be the future of the smaller clothing firms.

Prices

But, alas, there may not be much for the consumer in the market. If you grant that the competition has kept margins narrower than they should be—and indeed, were, in better times, that costs are still rising, and there the margin has been falling, when demand at the retail level does not pick up and filter through to manufacturers, there could be some sharp and swift upward adjustments to prices. But the long-run future, and the short-run tendency to pass on cost increases to prices. But when consumer demand does start to rise, prices may well rise, and the long-run tendency to pass on cost increases to prices. But when consumer demand does start to rise, prices may well rise, and more and more manufacturing costs could pile up to 50-70 per cent reasonably quickly.
CLOTHING STORES
Cutting their cloth

It's a real hard selling slog in the clothing trade these days.
Many beleaguered men's clothing shops are resorting to hanging out "sale" placards for a greater part of the year in an attempt to drum up trade. Clothing discounter are mushrooming, yet, at the same time, some manufacturers are watching profits plunge while they stick to out-dated principles of not supplying the discounters.

Glenc Mass Shop in Johannesburg maintains that there is no money to buy no matter what the price. No so, says Markdown group MD Stan Rohal, who claims increased turnover in his three shops. "The public demands competitive prices, quality and service. If you supply they come back for more." He expects 1976 R1m turnover to hike by at least 50% in 1977 with October to December sales topping R500 000.

Markdown offers a money-back guarantee on branded lines which sell at between 25% and 60% less than six months ago.

Stockpiles
Rohal says he is able to offer these "because manufacturers are so hard hit (with an estimated 60% downturn on retail turnover) that they're either sitting on large stockpiles or they're making stock without orders so as to keep busy.

Volume buyers can now dictate terms to manufacturers, says Rohal. "Even on consignment (sale or return) We're able to clear stock at 35% to 40% less than we paid six months ago. Starts that we were selling at R16,95 are now R7,95. Top brand sports jackets which cost us R40 six months ago we're now buying at R18. Suits which used to cost us R71 are now down to R35."

Markdown operates on a 30% markup, a lot less than the normal 60% to 100% or more.

Tony Factor, head of Downtown, which has for some time been drastically cutting men's clothing prices in Johannesburg, says he had tremendous difficulties getting supplies to begin with but now most factories supply him direct. Ninam & Lester, the Jockey underwear manufacturers, won't supply him because he is a discounter and nor will I L Back let him have its Monade shirts. "We get these shirts through a third party," says Factor, "and we get underwear from another manufacturer."

Ninam & Lester lost R428 000 in the six months to June 30 this year and Back, which is now in the Rembrandt group, lost R1 170 636 for the year ended March 31. Both companies, however, refuse to discuss their sales policies.

Factor says that Durban Clothing, which makes Man About Town suits, does not supply him because he is a discounter and for the same reason Rex Trueform lets him have its suits without the label. "We get Man About Town through the back door and I am hoping Rex Trueform will soon supply us with clothes with the Rex Trueform label," says Factor.

Graham Cartright, sales director of...
Police close City Factory shop

The factory at the City Factory, a Chinese-owned enterprise, was closed by police on 10 October. The police said they had received complaints from local residents about noise and pollution.

The factory, which is located in the city's industrial area, has been operating for several years. However, residents have been complaining about the noise and the smell coming from the factory.

The police said they had received a large number of complaints and had been investigating the situation for some time. They said they had reason to believe that the factory was not complying with environmental regulations.

The factory owner was not available for comment, but the local government has promised to take action to resolve the problem.
Frank Whitenacker, director of the South Australian Clothing Federation, says this effort will be the finish of production on local and unrefined goods, and it is the same for "the export of local products" they are aiming for.

"Clothing manufacturers will have to look to the export market to make up for the loss in domestic sales," Whitenacker says. "The demand for high-quality clothing is increasing, and we need to keep up with the competition from overseas suppliers."
Tough time for garment workers

Sieg Hannig
Labour Reporter

There will be little Christmas cheer for many Johannesburg garment workers who will join the 3,500 already laid off this year.

For many others it will be a season of despair because they have received unemployment benefits for the maximum of 26 weeks and can get no more.

BLACK WOMEN

"Some have been ordered out of their homes because they cannot pay the rent," said Senator Anna Scheepers, president of the Garment Workers' Union of South Africa.

She said most garment workers were black women — many the sole breadwinners of their families.

And there would be no relief in January. The industry always started the new year with a smaller workforce.

"This time it will be worse because very few factories are working the overtime which is normal for this time of the year," Senator Scheepers said.

Twenty-four factories shut down in the Transvaal clothing industry this year — 12 of them bankrupt — and one moved to Newcastle. Others retrenched workers.

The workforce dropped by about 3,500 to about 20,000.

In Kimberley, half the 2,000 garment workers are unemployed.

Senator Scheepers said she would write to the Minister of Labour to appeal for an automatic extension of the 26-week limit to unemployment payments under the Unemployment Insurance Fund.
Knit workers get pay rise

Transvaal knitting workers are to get a half-yearly increase in January equivalent to at least the rise in the Consumer Price Index.

But about 1,000 of the 3,000 workers employed in the industry a year ago have been retrenched. Qualified workers will receive a rise of six percent of the agreement rate for their class of work or R2 a week, whichever is the greater.

Unqualified workers will move up to the next pay notch and the six percent will be added to their wage then. Workers' earnings more than the agreement rate will still receive an additional R2.

Benefits for workers who are ill for longer than 10 days have also been improved as a result of the negotiations by the Garment Workers' Union of South Africa.

Improvements to other benefits are still being negotiated, according to Senator Anna Scheepers, president of the union.

The increase puts the weekly wage of a machine operator up to R30.80 and that of a labourer to R23.

1. High

2. D, H

3. Supply of Labour

Participation rate, indifference curve analysis, the backward sloping supply curve.

Cartter and Marshall; McCormick (1969), ch.1

4. Wage Differentials

Job evaluation, productivity, education and training, human capital.

Dobb (1950), ch.6; Phelps Brown, ch.5; McCormick (1969), ch.6

5. Marxian theory of employment and wages

Value of labour power, reserve army of labour, crises.

P. Sweezy (1942);

6. The Role of Trade Unions

Collective bargaining, integration, incorporation.

Flanders (1969); Cartter & Marshall; Hyman (1971)

7. Industrial Conflict...
Grootste prysoorlog aan die kom

KLERE-WINS IN GEDRANG

"DIE Suid-Afrikaanse klerebedryf stink..." Só praat mnr. Hilton Kupritz, wat as hoofbestuurder van 'n groot Johannesburgse afslagwinkel nou 'n eenmansvoorlog aangepak het om wanpraktyke in die bedryf oop te vliek.

Hy dring aan opagog 'n regeringsonderzoek in die bedryf en voorspel die grootste klere-psysoorlog wat die land nog beleef het.

Mnr Kupritz beweer onder meer:

- Klere word teen reusagtige kleinhandelwinstande van tot 150 persent aan die publiek verkkoop.
- Pogings om klere teen goedkoper pryse aan die waarde verskaf, lyf jou mag jou pryse nie adverteer nie.
- Dis nie net die vervaardigers wat die pryse help hoog hou nie. Gewone klerewinkels dreig om bestellings te kanselleer indien die vervaardigers klere aan afslagwinkels verskaf.

Dis 'n onding, sé hy, dat die publiek ten duurste by gewone winkels vir seker werklike handelsmerke moet betaal terwyl die selfde pak baie goedkoper by 'n af-

Ondersoek deur
THINUS PRINSLOO

publiceel te verskaf, word gestelmatig deur die vervaardigers gekortweg betreklik. Wanneer klere teen afslagprys verkkoop word (25 tot 33 persent duurder as kosprys), wees die vervaardigers om bekende handelsmerke te verskaf.
- Sommige vervaardigers is wel bereid om klere aan afslagwinkels te verskaf, maar dan moet die handelsmerk verwyder word of word minder bekende handelsmerk verskaf. Of bekende handelsmerk word op dié voor-

slagwinkel gekoop kan word.

Mnr Kupritz sé sodra skiere fabriekse agterkom dat dit sy winkel. Round About Town, is wat klere bestel, sê hulle hulle is vol bespreek. As daar onder 'n ander naam naspas is doen word, is die fabriekse bereid om voorrade te lever.

Mnr Kupritz sê sy direkteenhange gaan voortaan maatskappye onder ander name stig en so klere aankoop.

Die eerste advertensies oor sy pysoorlog het die week in die pers verskyn en die reaksie was groot.

"EK daag die Suid-Afrikaanse klerebedryf om hul boeke oop te gooi sodat die verskafers kan sien wat aangaan," sê mnr Hilton Kupritz hier met uitgestrekte hande.
Dior-man verloor sy agentskap


Mnr. Myrn Katz, mede-direkteur van die maatskappy, vertel die verhaal wat die bloed van die afslagmanne nou aan die kook het.

Die korys van dié eksklusiewe pakke beloop sowat R67 of R50, afhanklik van die materiaal. Die normale winkelverskoop dit teen 'n "opslag" van 100 persent. Sommige vry tot 150 persent meer.

Alexander Clothing se groot sonde was dat hy van die pakke verskaf het aan die "afslagwinkels" van mnr. Hilton Kupritz, wat dit versoek deur "niets" van "alles" 25 persent.

Daar met die afdankingsbrief het Alexander Clothing verlegde week, 'n afkry vir "n advertensie wat toon dat die Dior-pakke wat normaallweg R129,50 kos, nou teen R99,99 in Suid-Afrika beskikbaar is. Die Dior-naam word hierdeer "goedkoop" gemak, luis die brief.

Wurggreep

Dis nie net die moedermaatskappy wat kapsie gemak het omdat iemand dit durf waar het om die pakke teen die winkelgrense te verkop nie. Suid-Afrikanse kleewinkels het uit proef bestellings ter waarde van R30 000 gekanseel.

Dis egter van die wurgreep wat die vervolgers op die afslagmanne set, word gelewer in twee bandopnames van vertroulike gesprekke wat mnr. Kupritz as afslagman gevoer het met Suid-Afrikaanse vervaardigers.

In 'n gesprek met Veka se verkoopbestuurder in die hemde-afdeling vra mnr. Kupritz of Veka Black Rose-hemde aan hom 'n sal verskaf indien hy die hemde 'adverteer' teen R9,99 stuk. Dit kos normaallweg R13,95, sowat 35 persent duurder as kosprys.

Ons sal verskaf, maar moet asseblief nie jou prys adverteer nie, sê die Vekamanne.

Jan de Necker


"Jy weet die ander manne so 'n 'opslag' beloop sowat 100 persent, maan die direkteur. En as ek my eie etikette aanbring?" vra mnr. Kupritz. "Met plezier, sê die direkteur.

Jan de Necker, uitvoerende voorsitter van die Veka-groep, se kommentaar op die gesprek met die Veka-man is: "Ons versoek wel enige handelsmerk aan enige klant wie se kredietwaardigheid vir ons aanvaarbaar is. Daar kan sekere handelsmerke soos Black Rose wees wat ons nie graag teen enige prys wil laat versoek nie. Daarom die vriendelike versoek aan sodanige klante om die mark nie onnodig te bederf nie."

Nog niks by minister

DIE vervaardigings- en be- markingsaspek van die kleerebedryf word ondersoek, maar daar is nog geen verslag aan die betrokke minister voorgeloep nie, het die woordvoerder van die kantoor van die Pryskontroleur aan RAPPORT gesê.

Die woordvoerder se in- dienmar. Hilton Kupritz sy beweringe aan die Sekretaris van Handel of die Rand van Handel en Nywerheid voort, sal dit onderzoek word. Die huidige onder- soek is sowat agtereind van maandelikse geleden aangekondig, maar geen verslag is nog opgesteld nie.

Ingevolge die Wet op Prysbinding van 1999 kan 'n vervaardiger nie weter om voorraad te verskaf bly omdat die verkoper sy prysse sny nie. "Die verkoper moet egter voldoen aan die objektiwiete kriteria van die vervaardiger," het die woordvoerder gesê.

Mnr. F. H. Whitaker, direkteur van die Nationale Kleerfederasie van Suid-Afrika, se sekere vervaardigers is nie bereid om hul handelsmerke teen afslag- prysie te laat versoek nie.

As hulle daardie handels- naam opgebou het, voel hulle hul het die reg om te besluit wêreldryk net na die publiek kan versoek.
Clothing prices to rocket

Financial Staff

CLOTHING prices can be expected to rise between 30 to 35 percent this year, says Mr Philip Kutwitzky, chairman of the Cape Town clothing manufacturers Burlington Industries.

The hike is due to pay rises and continued import tariffs, in spite of the industry's attempts to absorb these costs.

Although some factories are reporting full production and good order books, this is largely through seasonal factors, he said today.

It should not be assumed that 1978 will be a better year than 1977 for the clothing industry and no sign of an overall upturn is evident.

EXPORTS

His company expects business to increase sharply from the launching of new ranges and higher exports.

Some R500 000 in export orders to Britain are expected by early this year and the company is assessing the possibility of expanding into the United States and Europe.

A women's clothing manufacturer, Delava of today that profits for a period of six months last year plunged from R320 000 to R50 000 compared to a comparable period the year before.
Delswa passes interim div

By ELIZABETH ROUSE

Johannesburg — The clothing industry must be under severe pressure for the house of Delswa, controlled by that stalwart of South Africa's fashion scene, Mr Sam Jaff, to pass an interim dividend.

Mr Jaff warned shareholders in his report in August, 1977, that problems would be encountered with South African textile manufacturers, which compounded Delswa's problems over the six months under review.

The interim report complains about the unreliability of supplies from South African textile makers, which contributed substantially to the company's problems. It is anticipated that these problems will continue into the next financial year.

His fears have proved only too true and Delswa's taxed profit for the six months to October, 1977, was down sharply at R42 200 from the equivalent 1976 half-year's R522 000.

No substantial improvement is foreseen "in the immediate future," hence the passing of the interim dividend (12.5c was paid as interim in 1976).

Part of the company's caution is attributable to its policy of keeping the liquidity position as healthy as possible. The interim report says current ratios are satisfactory and liquidity ratios will be better at the end of this financial year than last year's 2.1.

Delwa's pyramid company, Jaff-Delswa Investments, suffered a similar revenue and profit decline.

Taxed profit for the six months was R8 000 against R49 000 in the 1976 half-year, and the interim dividend has been passed. The 1976 interim dividend was 2.5c.

There could be final dividends from the two companies, but shareholders should not bet on more than a fraction of last year's payments.
Price fixing: Store to go for manufacturers

LAWYERS for Round-About-Town discount stores in Johannesburg are to take action against major clothing manufacturers who will supply their client with goods on certain conditions. After listening to taped conversations between Mr. H. B. Kopritz, general manager of Round-About-Town and manufacturers, they concluded that several manufacturers had broken regulations laid down in the Monopolistic Conducts Act.

This week they will confer with counsel as to what proceedings should be taken against the manufacturers.

Mr. Kopritz’s attorney told me that he and colleagues had spent the week studying the tape recordings, and thought they had evidence of attempts to maintain retail-clothing prices at a certain level.

Mr. Kopritz told me: “We listened to the bid of the secretarial and bring all those manufacturers into court. I have decided to proceed on the advice of my lawyer, and will take it to the end, no matter what the cost.”

Mr. Kopritz said that the Government Notice gazetted in June, 1982, stated that it was unlawful for any “agreement, understanding or method of trading which was calculated to directly or indirectly, to compel or induce the

LAWYERS WILLING TO PROCEED ON THE EVIDENCE OF TAPE RECORDINGS

BY DESMOND BLOW
Chief Reporter

reseller to observe a specified resale price.”

Mr. Kopritz said: “My lawyers believe that by forcing me to accept goods without a label, by not allowing me to advertise, or by agreeing to sell to me for a second-hand market at a lower price and still refusing to sell to Round-About-Town, manufacturers have acted unlawfully in terms of the Act.”

Mr. Kopritz’s attorneys feel they know what they are talking about. Recently they bought an arm’s length agreement against a manufacturer who supplied a retailer with goods, and refused to accept a second order when it discovered the retailer was a discount store.

The manufacturer found that he was contravening the Act, and agreed to make these sales available, said Mr. Kopritz.

Mr. Kopritz’s counsel are also familiar with the Act.

They recently appeared in a case in Cape Town where a company was prosecuted for trying to maintain a certain price for television sets among retailers.

Meanwhile, Mr. Kopritz this week continued his fight to get suppliers for his store because most manufacturers of prestige clothing had refused to supply him. He had been paying other retailers a percentage above the cost price to buy stocks for him.

This week he bought 200 Panache shorts and more than 3,000 Panache slippers through an Indian businessman who said he had been buying for his store in Bloemfontein.

“My because I bought in such large quantities, and because the stock was not moving, I bought them at almost half the normal price,” the Indian told me.

Mr. Kopritz paid the Indian 30 cents on each shirt and a 25% on each pair of slippers above the cost, and marked them up about 35%. He said he had refused to supply him.

“He then told me that he would not supply the goods to me at my price,” said Mr. Kopritz.

Mr. Kopritz told me: “I received a telephone call from a retailer in Cape Town who offered him a parcel of shorts. I then telephoned Mr. Kopritz to ask him where he had bought the shorts. We were afraid that we would have to come from a retailer who was having financial problems, and if this was so we wanted to check on the formation to our credit control, and also to check on the financial stability of the retailer.”

“We were afraid that if someone was selling at below cost, they were in financial difficulties.”

“Mr. Kopritz has made it clear to the retailer that if he buys from him, if it was current merchandise, Mr. Kopritz turned him down. He subsequently called me to ask me to buy the goods for him. I said yes because the price was at about half the cost.”

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‘Unfair markup’ report rules clothing retailers

A RETAILER has objected to a report in last week’s Sunday Express that retailers are marking up clothing as much as 20% on the wholesale price.

J. P. de Koning, of Leeuwfontein, said his markup ranged from 8% to 10%.

To the best of my knowledge, no one marks up at such a high price, he said.

According to one retailer, a smart make of shirt (not made by him) cost the manufacturers R1.50, and R2.80 to make.

Another retailer with one of the better-class shops also denied this.

The report said that manufacturers said they worked on a profit margin of 65% on all goods and depended on volume of trade to boost profits.

Another retailer’s margin of profit was 25%, he said, but he added that the volume of sales between R25 to 100.

“Another retailer with one of the better-class shops’ markup is R1.50 to R2.80,” he said.

The report said that manufacturers said they worked on a profit margin of 65% on all goods and depended on volume of trade to boost profits.

Another retailer’s margin of profit was 25%, he said, but he added that the volume of sales between R25 to 100.

“Another retailer with one of the better-class shops’ markup is R1.50 to R2.80,” he said.
Store is to press charges against price dictator

PUBLIC TAKEN FOR A RIDE BY OUTFITTERS

By DESMOND BLOW  Chief Reporter

Mr Kupritz said "I have been advised that a manufacturer has no right to instruct me to sell his goods at a given price, nor is he entitled to forbid me to advertise his goods at a lower price than that charged by other retailers."

He said "Counsel is still studying the tapes where manufacturers have offered me certain suits with different labels to see whether this contravenes the regulations as well."

Meanwhile, Mr Kupritz said several manufacturers who had previously refused to supply Round-About-Town with clothing because it was a discount store, were now prepared to sell to him after the exposures in the Sunday Express during the past three weeks.

"The Sunday Express is forcing their hand," Mr Kupritz said.

Round-About-Town order and Mr Kupritz had threatened to sue it.

Mr Katz said "Our Victor Reid suits are identical to the Christian Dior suits apart from the lining."

"We have returned the master pattern to Christian Dior, but we never did really use their pattern. The pattern has been modified for South African conditions."

Mr Katz said Christian Dior insisted that a certain standard of cloth had to be used. The cloth was not imported, but was local cloth of a certain standard.

"We make Victor Reid with this cloth as well," he said, "although we also make Victor Reid suits in poorer cloth."

"Unlike Christian Dior suits, you will get various qualities of Victor Reid suits."
However, says Mr Kupritz, supplies from other sources had dried up.

"Most of my buying has been done through retailers who buy for me in their name at 19% profit.

"However, some of the manufacturers have identified a few of my suppliers. "One supplier cancelled an order for 3,000 ties I was buying at R1 each through an Indian retailer. These ties normally retail at R5.95."

Mr Stephen Katz, a partner in a retail store, said certain manufacturers had sent his store letters complaining about the fact that he was selling to Round-About-Town.

"We now fear that we will be discriminated against."

"Although these manufacturers are compelled by law to supply us if they have once supplied, it is difficult to enforce."

"All they need to do is to inform me that they are sold out of a certain line, and offer me rubbish," he said.

Mr Myron Katz, of Alexander Clothing, said this week that he had offered Round-About-Town discount stores Victor Reid suits in place of the R6,000 order for Christian Dior suits.

Alexander Clothing lost the Christian Dior franchise to a rival firm after it had been reported that it had supplied Christian Dior suits to a discount store.

Alexander Clothing was thus unable to meet the demand for Dior suits, and Mr Myron Katz was quoted as saying, "I am doing this because the one cost me more than the other, but it also proves that the public is being taken for a ride with so-called quality labels."

Mr Kupritz said a leading manufacturer of suede and leather jackets was now supplying him with branded goods.

"It originally supplied me with labelled goods until it found I was a discount house. It would then only supply without the label, and the label was deliberately cut out. I have jackets where you can distinctly see that the label has been cut out."

After reports in the Sunday Express the company had decided to allow him to have labelled goods.

"They knew that if they did not change I was going to bring criminal charges against them," he said.
YOUR MONEY

Clothing men game up as Factor plans to slash prices

BY EMERY HUMBERSTON

1184 SUNDAY TRIBUNE. MARCH 6, 1958
IN a leading sports shop in Durban yesterday Mr. Bill van Heerden displays some of the camouflage-design articles of clothing which the public will be prohibited from wearing or possessing when the Government brings in a new law soon. Game rangers say camouflage in non-reflective shades of red would be just as effective for hunters and for safer.

Gov't will ban camouflage civil clothing

IT WILL soon be a punishable offence for any member of the public to wear or be in possession of any item of clothing made from material that resembles police camouflage uniforms.

This includes hats, vests, shorts, trousers, jackets and other clothes favoured by hunters and fishermen as well as 'koldie' play combat outfits. All are still freely available in shops.

The ban comes into effect on a date yet to be fixed by the State President by proclamation in the Government Gazette. The Bill, which will then become law, was taken through all its stages in Parliament with Opposition support last week.

Introducing the Bill the Member of Police, Mr. Jannie Kruige, said that the articles of clothing closely resembled police camouflage uniforms worn by the S.A.P. anti-riot squads.

A high-ranking police officer said yesterday that in times of unrest it would be extremely difficult to distinguish genuine policemen from bogus infiltrators wearing camouflage uniforms.

Although the camouflage outfits are popular with game hunters, naturalists and Parks Board rangers are at odds whether they are essential.

Although animals may be "colour blind" by human standards, they have a good colour sense and are sensitive to movement.

Military-type camouflage clothing might help to blend the hunter with his background but it also increases the risk of him being shot by his fellow hunters.

Contraventions carry a maximum fine of R500 or a year in jail or both.
Tribune Reporter

HUNDREDS of retail clothing shops throughout the country have offered to sell excess stocks to Johannesburg discount Tony Factor.

It is a slap in the face to manufacturers who have refused to supply Mr Factor with top-quality clothing to sell at his Durban discount shop.

"Ninan and Lester (Pty) Ltd, makers of Jockey underwear, have refused outright to sell to me but I have huge quantities of Jockey underwear at my disposal and intend to sell at below cost," he said this week.

Mr 25 Pe

He said he also had stocks from retail shops who wanted to get rid of excess garments.

Mr Factor has alleged that in some cases clothing is sold in Durban with a 200 percent mark up and that he has upset the trade because he intends to sell his clothes with a mark-up of only 25 percent.

A letter of demand has been served

recent beats the boycott

on Mr Konny Duvene and his company, Blue Bell Wrangler (Pty) Ltd, by Mr Factor's attorneys because of alleged statements made by Mr Duvene about Mr Factor and his discount business.

He has also threatened to report manufacturers who refuse to supply him to the Minister of Economic Affairs, Mr Chris Heunis.

SUNDAY TRIBUNE, MARCH 12, 19-

RETAILERS GIVE FACTOR - THE GOODS IN DISCOUNT WAR

Clothing retailers and manufacturers in Durban met recently, according to Mr Factor, to work out ways to stop him selling discount clothes.

Some refused to supply him even though he told them that he would be forced to buy from people who had liquidity problems and that he would get

their clothes by other means.

He said that following a report in the SUNDAY TRIBUNE last week, some manufacturers had softened their approach and he was now negotiating to get stocks from them.

"I have contacted Dr Derek Jones of I. L. Back and Company, makers of Monatie Alba clothing, and we are to have talks later to discuss the situation," he said.

A spokesman for Nanian and Lester said this week: "Basically we are free to choose our customers and Mr Factor is not one of them," He refused to give reasons.
Rex profits slump 57 pc in half-year

Shirts a bright spot

The one bright spot in the Rex group is the shirt subsidiary, Luomo (Pty) Ltd which has achieved considerable success and an excellent profit contribution will be made this year. The company markets under the Polo label.
Clothing firms are wound up

Court Reporter

FINAL winding up orders on a large clothing manufacturer and seven associated companies were granted by Mr Justice Kamelen in the Supreme Court, Durban, yesterday.

The companies were headed by Reunion Clothing Manufacturers (Natal) (Pty.) Ltd., which could not discharge its liabilities of R2 012 000.

The other companies were Melver Shirt Corporation of South Africa (Pty.) Ltd., Kalenla Clothing Manufacturers (Pty.) Ltd., Rob Roy Industries (Pty.) Ltd., Kump Investment Company (Pty.) Ltd., Aftal Properties (Pty.) Ltd., Michael Shane (Pty.) Ltd. and Salamat Investment Company (Pty.) Ltd.

In papers before Mr Justice Milne on March 15, a group director, Mr A M Paruk, said Reunion's business was successful until the end of 1973 when the country's economic situation took a sharp downturn.

The company had been forced to mark down goods in the face of extensive competition and traded at a loss the following year.

In 1976 the position had deteriorated further after the Soweto riots and Reunion had encountered tremendous resistance from buyers.

A heavy customs surcharge was imposed on imports in 1977 and at the end of the year the company did not have sufficient funds to pay auditors to attend to the books.

In January Reunion's shippers cancelled their guarantees and the banks withdrew overdraft facilities, he said.

Book debts had been ceded to the shippers and there was no cash in hand to meet liabilities.

Mr A Magid, instructed by Lionel Mestka and Levy, appeared for the companies.
Knitting in a knot

Activites: Durban-based manufacturer of men’s and women’s underwear, sports and swimwear, women’s outerwear, knitted fabrics and curtain net. Brand names include Jockey, Leading Lady, Ace of Hearts, Fred Perry and Pixie. Protena Knitting Mills and Consolidated Jersey are wholly-owned subsidiaries. The directors have 80% of the equity.

Chairman: M R A McElligott; managing director: D M Drysdale.

Capital structure: 2.1m ordinary shares of 50c Market capitalisation. R945 000.


Share market: Price: 43c (1977-78: high, 83c; low, 40c; trading volume last quarter, 9 000 shares).

Abysmal conditions in the knitting industry were the main reason for the slump from a R614 000 after-tax profit to a R32 000 net loss. Furniture and clothing manufacturers, the main users of Ninian’s knitted products, destocked last year.

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<tr>
<th>Year</th>
<th>'74</th>
<th>'75</th>
<th>'76</th>
<th>'77</th>
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<tr>
<td>Turnover index*</td>
<td>115</td>
<td>124</td>
<td>153</td>
<td>157</td>
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<tr>
<td>Gross profit (R'000)</td>
<td>1 082</td>
<td>628</td>
<td>1 035</td>
<td>174</td>
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<tr>
<td>Earnings (c)</td>
<td>26.1</td>
<td>13.6</td>
<td>28.1</td>
<td>—</td>
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<tr>
<td>Dividends (c)</td>
<td>14</td>
<td>7</td>
<td>7</td>
<td>—</td>
</tr>
<tr>
<td>Net asset value (c)</td>
<td>175</td>
<td>194</td>
<td>207</td>
<td>206</td>
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With its well known Jockey and Fred Perry lines performing “adequately,” the clothing side seems to have been stable. Indeed, the fluctuating nature of Ninian’s fortunes in recent years seems to have been caused mostly by the more volatile knitting operation. The directors report that remedial action has already yielded results on the knitting side. Demand has improved and a profit is expected this year.

Total net borrowings fell 30% from R3.3m to R2.3m — almost in line with stock reductions, which declined 33% from R3.5m to R2.6m. But this did not help the interest and leasing bill, which rose from R487 000 to R593 000, perhaps because borrowings were pared late in the year. Although debentures were not discounted, these were pledged against bank overdrafts to the tune of R3.1m.
AFRICAN CLOTHING

Recession tactics

Activities: Manufactures a wide range of garments under various trade marks, such as Samson Workwear, Delilah Ladies Workwear, Ensign Schoolwear, and Strollers Leisurewear. Directors directly and indirectly control 47% of the equity.

Chairman: B Roy; managing director: R Roy.

Capital structure: 660,000 ordinary shares of 50c; 183,000 6% cum prefs of R2. Market capitalisation R1m.


Share market: Price 155c (1977-78). High 190c; low 135c; trading volume last quarter, 1,000 shares. Yield: 14.1% on earnings; 10.7% (annualised) on dividend. Cover 1.3 PE ratio 7.1.

Although it is a public company, African Clothing, soon to change its name to Ensign Clothing, seems to be run very much as a family concern. The directors hold 47% of the 660,000 shares in issue, and only two of the five directors, brothers, have executive powers.

Like all clothing manufacturers it has not escaped the tough market conditions. It is reporting for an 18-month period, and in the last six months pre-tax profits dropped to a mere R48,000. This compares with R152,000 in the comparable period and R225,000 pre-tax in the six months to June.

Administration reorganisation, including computerisation costs, were absorbed in the second half. This reorganisation is expected to increase management control. Also, manufacturing procedures are being reviewed with a view to increasing productivity.

The effects of the reorganisation on profits are difficult to assess at this stage, says managing director Ronald Roy. "But our order book is reasonably steady, although competition remains keen."

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<th>'74</th>
<th>'75</th>
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<tbody>
<tr>
<td>Return on cap</td>
<td>17.3%</td>
<td>17.8%</td>
<td>14.2%</td>
<td>7.9%</td>
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<tr>
<td>Turnover Index</td>
<td>175</td>
<td>120</td>
<td>130</td>
<td>136</td>
</tr>
<tr>
<td>Pre-tax profit (R 000)</td>
<td>564</td>
<td>598</td>
<td>502</td>
<td>283</td>
</tr>
<tr>
<td>Earnings (c)</td>
<td>47.4</td>
<td>50.7</td>
<td>41.5</td>
<td>21.8</td>
</tr>
<tr>
<td>Dividends (c)</td>
<td>2.3</td>
<td>2.5</td>
<td>2.5</td>
<td>16.8</td>
</tr>
<tr>
<td>Net asset value (c)</td>
<td>437</td>
<td>463</td>
<td>479</td>
<td>487</td>
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*Annualised 1 base year 1972*

The group is in a near cash position. In fact it has employed no borrowings for the last four years. "This," explains Roy, "is the way we operate, although sometimes we use an overdraft facility. Nor do we intend borrowing as we have no plans for any major development." The balance sheet is very strong, and must be the envy of many in the same industry.

The current ratio is a healthy 3.8 and the company has positioned itself well to ride out the recession.

It would seem a logical step for the family to buy out the minority interests, but Roy says "we have no intention of doing that." Standing at a 68% discount to net assets, totally ungeared, it must be a takeover candidate. At 155c, the price is pretty static and volume traded is minute. It has no short-term attractions on normal investment criteria as long as the family's intentions remain unchanged.

Gad Pemberton

DATES TO REMEMBER

Last day to register for dividends:
Friday May 5: ABC 6c, Af Cable 15c, Altech 20c, Congella 7.5c, Comar 12c, ER Cons 1.72c, FS Geduld 130c, Ilede 5.5c, PIT 4.25c, P Brand 65c; P Steyn 30c; Sanland 2.7c; Welkom 25c, Western Hold 190c.

Meetings:
Monday May 1: Af Cloth (Cape); Stilfontein, West Rand Cons.
Tuesday May 2: Dubin (Natal); Fedmis, French Bank; ZCI (S) (Bermuda).
Wednesday May 3: Gen Tire, Schacht.
Thursday May 4: Minorco (Bermuda).
Friday May 5: Confed (Natal).

All meetings in Johannesburg unless otherwise indicated S = Special meeting.
Getting shirty over shirtings

Discord between clothing manufacturers and textile mills continues. But there are hopes that frank discussions will solve the problems

Can the entente between clothing manufacturers and textile mills survive the strains developing in certain sectors of the industry?

National Clothing Federation president Dennis Solomon and Textile Federation chairman Stanley Schlagman confirm that distortions are developing in supply/client pipelines, especially in the cotton shirting sector. They are determined to overcome these by frank discussion and close co-operation.

That is something new. The problems are not.

Clothing manufacturers in Cape Town complain they are caught in an iniquitous situation; Orders from retailers are increasing and there are indications that clothing sales will rise appreciably above 1977 levels, provided the mills don’t fall down on quality and delivery dates.

Some manufacturers say this is already happening and they expect a “chaotic” situation to develop by July/August when summer range deliveries get into full swing.

In the past, it was always possible to ease fabric supply bottlenecks by imports. This escape valve has now been effectively closed as a result of the dollar-linked rand depreciation against major supplier-country currencies.

And it has been reinforced by recent increases in tariff protection for domestic cotton mills, as well as the retention of the 12.5% imports surcharge. Imported fabrics can therefore be as much as 50% more expensive than the local product.

Clothing manufacturers complain that in the men’s cotton shirting sector, a kind of supply tyranny has developed in which “three or four efficient mills” are so flooded with orders that they have closed their books until December, leaving manufacturers “at the mercy of inefficient mills.”

Problems, problems

Solomon says he is aware of the problems but adds that discussions with the Textile Federation have satisfied him that the mills are doing their best.

Schlagman says it is unfair to expect mills to respond to every flicker of demand fluctuation, particularly after manufacturers’ long history of importing their A-grade fabric requirements while buying their B-grade needs locally.

To attract the kind of investment required for an intensified competitive fabric supply sector, tariff protection should be maintained at a level where investors would be assured viable growth, he claims.

He says that SA mills are at present supplying 70% of manufacturers’ fabric requirements, but there should be regular tariff reviews that would have the effect of allowing the horse mills to increase their share to 80%-85%.

Without that reasonable prospect, it was unlikely that the textile industry would attract the kind of capital investment required to assure clothing manufacturers of competitive delivery dates of quality fabrics at keen prices.

“The exchange rate situation and the imports surcharge are temporary windfalls if the mills make massive additional investment in people and plant in order to comply with manufacturers’ demands, and this temporary protection falls away — as it must — can we still expect the level of support we are currently getting from clothing makers?” Schlagman asks.

The volatility of the industry makes an answer impossible at this stage.

Financial Mail May 5 1978
The cold snap that sent housewives scurrying to buy knittedwear, winter pajamas and scarves also brought the smiles back to the faces of clothing manufacturers this week.

"The cold weather is a very good sign," says Dennis Solomon, president of the Clothing Manufacturers' Association. "If it continues, we will be well away."

Manufacturers are only now beginning to recover from the difficulties of last year, when a mild winter left them and retailers with unsold stocks which tied up storage space and money.

Retailers and manufacturers are restocking and there is, Mr Solomon says, a "ripple of enthusiasm."

But with bills for Christmas purchases only falling due in April and May, many smaller retailers are having difficulty meeting their debts.

Hence the importance of a long, cold winter, which would move winter stocks out quickly and restore cash flows.

The first signs of improvement in the clothing industry began to show in December, when for the first time in 1977 the forward-order position looked better than in any of the previous months of the year.

The value of unfilled orders in December, seasonal variation eliminated, was R123 000, or 30 per cent better than a year before.

The value of sales and the index of real output in December were also slightly higher than the previous December, trends which continued in January.

Most of the initial improvement can be attributed to restocking, but the hope is that returning consumer confidence will sustain it.

George Coppin, group-marketing executive for Edgars, has noted that demand has started to pick up in recent weeks, though pre-sales tax spending has not yet got under way, and he expects the improvement to hold for a while.

"There seems to be a little bit of a comeback in consumer confidence," he says. "I expect it to last, even after the introduction of sales tax, because of the positive aspects of the budget."

Woolworths' assistant managing director Ernest Loebenberg says clothing sales have increased by 15 per cent. But in the light of the introduction of sales tax he cannot forecast whether the trend will continue.

But already what's worrying clothing manufacturers are distortions in the supply pipeline, which could result in shortages of textiles within a few months.

The problem is that the domestic textile industry is unable to supply the entire requirement of the clothing sector (it manages about 70 per cent). And with recent increases in tariff protection for the textile manufacturers, combined with the rand's depreciation against the currencies of major supplying countries (such as Japan), imports have become significantly more expensive.

The attraction of switching to imports as soon as local mills are unable to meet the demand are therefore somewhat lessened.

However, Textile Federation director Stanley Shlagerman is adamant that the problem will only be a short-term one.

"In certain sectors, where activity ran down badly last year, it will take a bit of time to de-mothball equipment or take on and train the additional labour necessary to cope with the upsurge in demand," he says.

"But the industry is geared to working extra shifts and it won't be long before we are back in full swing."

He points out, too, that a period of adjustment such as this is necessary if the textile industry is to fulfill its potential. The readiness of the clothing industry to switch to imports in the past has contributed to the inability of local mills to meet demand.

"We now hope to create a mood of faith in the textile industry which will lead to increased investment in new equipment," said Mr Shlagerman. "We can only do this if there is a permanent and steady level of demand from the clothing industry."
The report has been written by the leading doctor and contains a study of the topic. It states that the five-year plan for better training of doctors and nurses is crucial. The government has announced that a new medical college will be established in the city. The report also comments on the shortage of medical staff in the hospitals. It is evident that the medical profession needs more support from the government.

Take medical forms
Thousands lost on

A WIDESPREAD PRACTICE: Important medical forms are lost or stolen.
Call to probe wages in hosiery industry

Industrial Reporter

South Africa's biggest trade union has appealed to the wages board to investigate pay in the hosiery industry because hundreds of jobs have been lost through the closure of factories in the Peninsula.

The general secretary of the 43,000-member Garment Workers' Union of the Western Province, Mr. L. A. Petersen, yesterday said employment in the local industry dropped from 10,063 workers to 24 in less than a year.

The reason was the closure of factories here which had become uncompetitive with those operating in areas where pay and fringe benefits were considerably lower. These areas included East London, Eswatini, and Parys. At least five factories closed down in the past year.

The manager of the board, Mr. I. J. Claassens, yesterday confirmed that an investigation was 'being undertaken on wages in the industry and appealed for manufacturers and labour bodies to come forward with representations.'
Woman is told to quit as factory searches staff

THE wife of a Cape Town trade union man claims she was given notice to quit at a ladies' underwear factory because she refused to sign a document allowing her to be searched whenever necessary.

A spokesman for the factory, however, said the woman, Mrs Monica Osborn, was given a week's notice because of a "reduction of staff." She left her job on June 30 after being paid.

He said Mrs Osborn's dismissal — after she was given notice — had nothing to do with the firm's decision to search workers, who have given their permission, after a spate of thefts from the factory.

Union man

Mrs Osborn, wife of Mr John Osborn, honorary treasurer of the Jewellers and Goldsmiths Union (Cape), had worked at the Landsdowne-based ladies' underwear factory for four years.

She claimed the reason for her dismissal was that she refused to sign a document allowing members of the factory staff to search her if it was deemed necessary.

The factory's production manager, Mr J Scholtz, had confirmed that workers — men and women — agreed to be searched, after giving their permission in writing.

He said, however, nobody was forced to sign the document.

According to Mr Scholtz, workers will not be body-searched — only their bags and parcels will be opened in case they contain stolen articles like underwear.

All signed

"Even the general manager and I have agreed to be searched. We all signed the document," he said.

Mrs Osborn, 49, was a machinist at the factory and has had more than 30 years experience.

She says she would never allow herself to be searched, unless it is done by a policewoman.

Mrs Osborn said she returned the form unsigned after a supervisor handed it to her and the other workers "I was the only one in my department, who did not sign the form."

"Mr Scholtz told me the Industrial Council knew about the plan to search workers and they had also agreed."

...
Hosiery

On its last legs? 1842

When an oversupplied industry is cut down to three major suppliers, and a couple of rats and mice, and each of the majors tells you plaintively that prices have stayed low for eight years, you can guess a price hike is just around the corner.

Burhose bought out the Charmfit stocking factory at the beginning of last month and has thereby eliminated a big cut-price supplier of unbranded pantyhose. "We took it over to rationalise the industry," admits Ivan Posnak, MD of Burhose. "We certainly don't feel the extra capacity. They don't." agrees Mike Strong, of Berkshire. "If the price war ends, we'll raise it." He says he's "on the upswing" with a 5% growth in the past six months, and expects to see another 5% in the next six months.

TIME TO MOVE?

In the jewellery trade it is strongly rumoured that Bulova's marketing and distribution operation is to be transferred from Bulova SA to Julius Martin & Weil, based in Johannesburg. JM & W currently carries, among others, Delfin and Eterna watches.

Bulova SA MD Sandy Henshel confirms that the possibility of transfer is "under serious consideration." Market sources, however, suggest that the transfer is "99% certain." Bulova SA is a wholly-owned subsidiary of the US parent and currently employs 45 people in marketing and distribution.

Oversupply and cut-throat competition have kept prices down for nearly a decade. Even so, each of the big three agrees that the elimination of Charmfit leaves the door open for price-hikes. Probably in July.

and Arwa were running at full capacity, we'd be producing pantyhose for Africa, not just SA.

Current estimates of the market are 55m to 60m pairs annually, but, complains Posnak, not only has the black market shrunken, but white women are also buying at the cheaper end of the market.

Thus, he says, is forcing producers to make a cheaper article, and quality is falling. He claims that manufacturers could make a more durable product, if only consumers would accept something less sheer than they have become accustomed to.

Berkshire says it is still clinging to quality, aiming generally at the middle to up-market. It holds the Christian Dior franchise.

A growing section of the market is for Lycka support hose like grandmother never wore. Keep-fit classes are bringing a spin-off with a market for coloured tights. The market's not that big, but a line needs only a couple of thousand dozen to be viable.

Manufacturers keep a close eye on consumer needs. They come up with statistics like a woman goes through an average of 2.4 pairs of pantyhose a month in summer, 4.2 pairs in winter, the average purchase is 3-2.25 pairs at a time. Stockings nowadays are only about 30% of the hosiery market.
Textile role reversal

Sir — Mr Sam Jaff is well able to look after himself in a dispute with Mr Stan Shlagman about local textiles (Letters August 25). However, since Mr Shlagman has replied to Mr Jaff on behalf of the textile industry, I hope that a rejoinder from me on behalf of the clothing industry will not be out of place.

Mr Shlagman misses Mr Jaff's point when he says that the (local) textile industry has been an active partner for many years in the previously commendable performance of Mr Jaff's company. Until the import control clampdown last year, the local-textile industry was the junior partner with overseas suppliers as the senior partner. Delswa's troubles date from the time when these roles were reversed and the local textile industry became the senior partner.

Now all the hassles associated with purchases from so many of the local mills — late deliveries, unreliable quality, consignments despatched one colour at a time, etc, etc — apply to the major part of the company's raw materials and, as Mr Jaff says, make planning difficult and interferes with factory efficiency.

Your reviewer rightly pointed out that until imports are more easily available or until local manufacture is substantially improved, it is difficult to see any substantial turnaround for Delswa or, indeed, for many other companies in the clothing industry.

F H Whitaker, director, National Clothing Federation of South Africa, Johannesburg.

Seeing the pyramids

Sir — I would like to add to the debate on pyramids (Companies August 25).

When analysing a particular share, it must be remembered that it forms part of a portfolio. Thus, it is the share's contribution to the portfolio that is important, rather than the share itself. The return on a portfolio is merely the average return on the shares comprising the portfolio.

However, the riskiness of the portfolio is, in general, less than the average riskiness of the shares. (This is easily proved statistically.) The Markowitz portfolio selection model presents a scientific method of diversifying which takes this into account. This has implications for holding companies which have diversified; if shareholders can diversify efficiently themselves, companies can't raise shareholders' wealth by diversifying.

In a project I carried out using the Markowitz model, I found that holding companies were seldom chosen as part of the portfolios. For example, a spread of coal, gold and metal shares was chosen in preference to mining financials; a spread of industrial shares in preference to financial industrials and investment trusts; and more specifically, Oudeneester in preference to SA Breweries.

The performance of these portfolios? They earned a compound annual rate of return of 23.4% over the five-year period, compared to 8.7% on an appropriate market index (which was also more risky). Dividends were excluded in both cases.

This is surely a case for avoiding "dirty pyramids," and holding companies in general, if sufficient funds are available.

J C Osborn, Cape Town.
In the year to June 30, Charmfit reported earnings of 37.6c (30.3c). The 8.5c (6.25c) final, which will not accrue to Charmfit shareholders if the offer is successful, gives a 12c (9.5c) total dividend.

Reasons for the increase are straightforward says Searl chairman Aaron Searl. Charmfit chairman Hyrum Malbin and his board, who own 58% of the company, had agreed on a formula for the proposed deal. But when the original details were released, a "somewhat lower pre-tax profit" was expected from Charmfit. So the latest results meant raising the offer an additional 20c a share cash.

Earnings potential

This week's announcement says that had Charmfit been a wholly-owned subsidiary of Searl last year, the latter's earnings would have been 10c higher at 48.6c and net worth 35c lower at 235c.

There might be some profits from investors looking forward to Charmfit's 8.5c final, but acceptance of the offer means improved income. For every 100 Charmfit shares, shareholders will get 100 qf vary R12,50 yearly and R60 in cash. Investing the cash element at the average industrial market yield would produce an income of about R4,75 annually. So the 100 Charmfits which currently yield R12 are being swapped for a package which could produce income of something like R17,25 a year.

At June 30 1977, nav of Charmfit was 112c. Adding 1978's retained earnings hits this to 136c, meaning that the new 160c offer is at a 16% premium to nav.

Announcement of the revised offer lifted Charmfit 18c to 155c for a 2.7% yield compared with the 8.5% sector average. So investors who are unhappy with the fixed element of the package can happily sell in the market.

"Conditions in the clothing industry are improving," says Searl. "The past three months have seen a better trend, and the future looks more promising." And while he declines to forecast profits for Searl or Charmfit, he says an improvement may be expected. He adds that further rationalisation of the local clothing industry would not come amiss now.

Dubin, in its interim report for the six months to June 30, agrees that conditions are improving. Group factories are working at full capacity and additional staff are being recruited. After lower first half earnings of 3.5c (5.4c), total net income is expected to be in line with last year's 15.5c and the dividend to be maintained at 7c.

First half earnings were helped by a lower 34.6% (46.6%) tax rate resulting from investment allowances. The forecast of similar earnings for the full year assumes an above normal tax rate according to director Mervyn Chappell. The amount of these tax allowances is more marked on first half profits than for the whole year because traditionally a much greater share of earnings is produced in the second six months than in the first.

Interest payment and preferred dividend, meant that earnings of the 24% SA Clothing ordinary had an insignificant impact on Searl's trading performance in the year to the previous year. At 31.75 June, the share had a prospective 17.9% yield.

The share has been increased for investors seeking higher returns.
CLOTHING v TEXTILES

The bare facts

The current bout of challenge and counter-challenge between the clothing and textile industries is beginning to sound as acrimonious as a seamstresses’ tea-break.

What it boils down to is that the clothing men accuse local textile mills of producing poor quality textiles and of haphazard deliveries. This is particularly prevalent in women’s fashions and men’s shirts.

The textile men in turn claim that clothing manufacturers want too much, that their accusations are often unfair, and that so much has to be drummed up in order to get government to ease up on import restrictions.

As usual in such industrial controversies, both sides have telling points to make. But the danger in washing such dirty linen in public is that it damages both markets. People start to believe that clothing made from local textiles is inferior, and stop buying — hit our full-frontal cover man.

The duel between textiles and clothing has been going on for years. It blew into a full-scale battle last November when the mills won an argument for stiffer import duties. In the past week or so (see Business brief) clothing manufacturers have again got the needle over quality and deliveries and have hit out at the textile men, not least in the correspondence columns of the FM. Last Wednesday both parties went to Pretoria to argue their case before the Director of Imports.

“If we cannot get the quality, if we cannot get delivered what we order, then we should be allowed to import,” insists Delwa’s Sam Jaff. But import tariffs and an import surcharge send the price of imported textiles through the roof. And there are also import controls.

For their part, the mills fear, with some justification, that with open import doors, some clothing manufacturers would not even make the effort to use local fabric.

Pretoria’s rationale in giving the textile industry the heavy protection it enjoys is that it needs to be established and to grow — particularly in the face of such world giants as Japan, Korea and Germany.

Many. The industry is talking in terms of spending at least R200m on general expansion and another R50m-R80m on synthetic fibre production over the next five to 10 years. Presumably including better quality and more reliable throughput, is the creation of 100,000 jobs.

But the industry wants assurances from the clothing sector — such as a firm commitment on offset. In its present mood, the clothing industry is reluctant to do so.

The textile producers are posed to expand and improve, but need the garment makers on their side. But the rag trade considers it is getting shabby treatment.

How to solve the impasse? Surely not by more government intervention. In fact, neither side wants government to step in, says the Textile Federation’s Stanley Slagman.

The mills and the clothing manufacturers should get together and try to hammer out a code of practice acceptance.

Making a jacket . . . will the cloth fit the bill?

The clothing men have a saying, "What we want are Frame’s prices, Whitehead’s quality and Berg’s deliveries.”

All three are local textile producers. Clothing firms have taken to placing simultaneous orders with several mills, and that, argue the latter, is not playing the game.

One order, when possible, to one mill is what they want. "Don’t just reserve capacity, make firm orders to buy,” say the textile men.

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1974, the ratio of imports to local production was 56.44. In successive years (though not in a steady decline) imports have fallen to something like 30% of total fabric demand.

And that, says the textile industry, is moving in the right direction. Reason is that industry statistics suggest that for every R1m of annual turnover an investment of R1.3m in plant and machinery is required. Added to that say industry sources there is a further requirement of R700,000 which brings the investment/return ratio to 3:1.

Hence, the textile men are reluctant to make that sort of investment at a time when the garment makers, they argue, are pulling up short of total support. This is also at a time when the purchasing power of the major chains which are increasingly getting into their own garment making is beginning to bite. Today, it is estimated that the majors such as Woolworth, Edgars, Truworths, Scotts and the like are accounting for a good 30% of fabric off-take.

One of the few points of accord in both industries is that import permits are reasonably available but it is the textile men who want to see the levels of tariff protection constantly adjusted so that they will be assured of a fixed market share. That is fluctuations in, say, the rand/yen exchange rates will be reacted to and market shares will grow in line with overall market growth.

It seems a fair point, particularly with the textile industry talking in terms of R250m-plus capital expenditure over the next 10 years or so.

Into blanket manufacture in the twenties.

Since those days, thanks largely to sympathetic tariff protection and import control, the textile industry has grown to a point where its total output is R1 000m. Perhaps half of that output is accounted for by apparel and furnishings while the balance goes to yarns, carpets and so on.

Manpower of the textile sector is around 118,000, working from something like 400 sites around the country. In round figures textile fabric imports are running at R120m while the local share is estimated at between R380m-R400m measured at ex-factory prices.

The clothing sector, on the other hand, employs upwards of 120,000, working out of something more than 800 factories. In general terms the rag trade reckons that clothing imports are running at R50m as against a local production of R700m measured at ex-factory prices.

Complaints by the garment makers of poor local quality, erratic deliveries and so on are not new. Neither are the mill's arguments in self defence. However, since November last the garment makers have had to contend with average duties of 25% plus a surcharge of 12.5%, as well as import controls. Thus, says the rag trade, makes life intolerable- especially in the areas of high fashion.

Delwasa's Sam Jaff is not alone in complaining about the high cost of imported options. He cites, by way of example, the importation of a Japanese polyester gaberdine.

The local price is R3.15/metre. Set against that is the Japanese domestic price of R1.65/metre to which is added an import duty and surcharge of R1.55. "Other charges" of 21c bring the total cost to the importer on a "landed Reef" basis to R3.41/metre.

Likewise, a printed knitted fabric from Europe could be landed at R2.83/metre (UK price R1.55) as against the locally manufactured cost of between R2.73-R3.

Jaff, like many more in the trade, says he wants to support the local textile industry but complains that the duties, in some cases, are simply too harsh.

The textile industry, while having some sympathy with the garment makers, argues that it has to make a living. Consensus is that a ratio of 70:30 in favour of locally sourced fabrics is an absolute minimum for survival.

Proof that a combination of government controls and spontaneous support for the local textile manufacturing industry is working lies in figures presented to both industries last week. In
nical Education.
Technology (Plastic
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Incidentally, the c
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Demand in the constructi
that employers' expectat
slump, which has hit con

WITH the possible excep
tion of the relatively cap
itive market of school uni
forms, clothing manufactur
ers have been producing
attered results for longer
than they might care to re
member.

There's still doing so but
in marked contrast to repor
ted corporate performances for the half-year
ended June, the KDIN's
clothing, footwear and tex
tile index has now climbed
by over 90 per cent this

In 1977 and for much of
the first half of 1978, cloth
ners were desperately try
ning to price-cutting and
other means, to rid them
selves of their stocks —
without much success.

That effort produced lit
tle or nothing but highly
depressed profits for the re
tail, and a virtual stand
still in output for the manu
facturers. Those who could
export did so, and there
were even one or two acqui
sitions, like the Dumh
mop-up of the SA Clothing mi
nority.

This week, moreover, has
seen a couple of highly de
pressing half-yearly figures
from two of the larger
groups in the clothing manu
facturing industry.

Veka — basically men's
clothing and children's
wear, including school uni
forms — has just reported a
near R300 000 turnover in
its half-year to end-June,
pilling a loss of R308 000
for the period against a
comparable R16 000 loss.

There is naturally no eq
uity dividend, and the pref
erence payments are passed
for the second six months in
succession, bringing the
arrears to a hefty R220 000.

Over at Dugon Holdings,
the end-June half-year are
dually depressing, though
in this case the preference
shareholders do get paid.

But the equity-attribut
able loss is a whacking
R696 000 compared with
only R116 000 which means
that once again there is
nothing for equity share
holders.

The loss per share for the
period has soared to virtu
ally 90c from 14.5c in the
comparable period, and
12.2c for 1977.

Dugon tells its shareholders that
its "forgoing trading re
view prevails it from budg
eling for profits in the sec
ond half of the current
year.

All this can hardly be en
couraging to ordinary
shareholders in both com
panies in terms of their
abilities to resume divi
dends.

Nevertheless, Veka has
been acquiring several usef
ful new over-run contracts.

According to chairman
Jan de Necker the group's fac
tories are now working at
full available capacity,
with the result that the sec
ond half of the year 'will
largely cancel out' the losses
for the first half.

Towards the end of Au
gust, Duhun Investments
chairman Abe Duhun, re
ported equity earnings
fractionally lower thus time
at 3.3c against 3.4c for the
ear corresponding end-June
half-year, after a much low
er tax bill but also after
paying a preference divi
dend. But he could point to
"a distinct improvement in
the clothing trade" in July
and August.

Duhun factories were
working at full capacity ac
quiring additional staff,
and his conclusion was that
Duhun would maintain its
1977 dividend at 7c, thus
putting the shares at their
current 60c on a yield basis
of 11.7 per cent.

The shares have been ac
tive around the 55c-62c level
for some time now, and
should the current rather
lender state of industrial
equities generally lead to a
relapse towards the lower
level they look worth tucked
away for the future.
CLOTHING FM 1/1878

Half-ahead (134)

The outlook for a sustained recovery in the clothing industry is "cautious," says National Clothing Federation director Frank Whittaker. While the volume of production and employment figures are rising, manufacturers are not yet over-exited.

Consumer spending on clothing is slow, yet retailers are stocking up, aided by the fall in interest rates and the availability of money.

Exports are also picking up, albeit only to the levels of about 20 years ago — and imports are being substituted or displaced.

This is borne out by the 27.5% fall in the value of clothing imports last year, a trend that has continued this year.

The shrinking foreign buying power of the rand has had something to do with this, just as it might also have influenced the choice of imports in terms of unit value and quality.

Imports are now calculated as being worth only about 9% of the value of the industry's domestic sales. And imports from Rhodesia — about half of that 9% — are not causing the fuss they used to.

Despite this bright scenario manufacturers have applied for higher duties against made-up shirt imports. "This is mainly because at present the import duty on shirt material is higher than it is on made-up shirts."

But the importers want larger import quotas, which could, if granted, slow down the local industry's recovery.
16% The 28c dividend was saved.

Chairman Stewart Shub explains that the lesser rate of fall of earnings, as compared to pre-tax profit, was largely attributable to further expansion of the company's export business, with an attendant reduction in tax rates.

This is the second successive year that Shub has reported a better than 100% increase in exports. A figure for exports as a percentage of turnover would surely interest shareholders, and in the absence of turnover figures as such, it is hard to see how it might adversely affect the company's competitive position. In any case, exports must by now account for a substantial proportion of output. They have also allowed Rex Trueform to maintain productivity and production at the highest levels through the recession.

That is in itself a considerable achievement, although the table suggests how much more tightly tailored the company's margins in the process.

A second achievement during a difficult year was that it was concluded without further obvious weakening in the balance sheet, although maintenance of the dividend did reduce net cash-flow from R2.0m to R1.7m. However, compared with the previous year, profit margin was improved slightly, from 39.8% to 35.2%. Net short-term debt, too, was reduced from R1.75m to R1.27m.

For the current year, Shub reports that "forward bookings are at unprecedented levels," and that "all factories are booked well into the second quarter of 1979." The yield on this blue-chip of the clothing sector is at about average of the sector. But it seems likely that improvement in the share price may take between the interim results to end-December.

Although Shub is confident of prospects for the year as a whole, he feels that recovery of profit may be less noticeable next year onwards. If that assessment proves pessimistic, apostles of the consumer boom could help push up the share price.

David Ross

Financial Mail October 20 1978
Clothing manufacturers have no argument with modernisation and improvement. Although the public is always ready to accept improvements, they have to be seen in the light of the present economic situation. The Clothing Institute's conference, in line with the general trend, stressed the need for rationalisation and standardisation in the clothing industry. In order to provide 1,000,000 jobs in this sector by the turn of the century, it was suggested that there should be a co-operative effort by the government and the industry to achieve this goal.

Although the high point of the Clothing Institute's conference was the exhibition of clothing machinery and equipment, there was a concern expressed that the machinery was outdated and needed to be replaced. This concern was echoed by the Minister of Labor who said that there was a need for modernisation and rationalisation in the textile industry. The Minister also said that the government would support any project that would help to modernise the industry.

Some clothing manufacturers at the conference felt that the government was bound to show increasing sympathies for tariffs, particularly because the mills say they plan to invest R20m on general expansion and R50m on capital equipment. This would increase employment over the next five to 10 years.

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The Industrial Development Corporation has voted $13 million in support of various expansion and modernisation schemes in the textile industry, says the chairman, Mr. J. J. Ritchoff.

Included in this is an amount for the Du Gama group, whose manufacturing subsidiaries are the Good-Hope Textiles Corporation at King William’s Town, Cyril Lord in East London and Latoa in Durban and Hammarsdale.

The significant increase in demand for funds, mainly to buy equipment, after a few years of relative inactivity, must be seen as a sign of a solid albeit slow revival in demand for textile goods.

Mr. Ritchoff says the schemes are aimed at meeting changing market requirements arising from increasing sophistication of consumer demand, which in turn requires more advanced production techniques.

Mr. Ritchoff says it is encouraging to note the improvement in communication and discussion between the textile and clothing industries, which have resulted in a better understanding of each other’s requirements and problems.

Both industries desire to reduce imports to a minimum, thus preserving foreign exchange and providing employment.

Although the textile market is small, a recent study by the IDC indicates that demand will more than double in the next 20 years and at the same time create at least 100,000 employment opportunities.
200 workers retrenched

By RIAAN DE VILLIERS
Labour Correspondent

ABOUT 200 black garment workers in Johannesburg have lost their jobs and were paid off yesterday.

A spokesman for the firm, Arbeter Fashions (Pty), said yesterday the firm was forced, for various reasons, to close its plant in Moon Street. He said the workers had been notified of their dismissal a month ago.

Mrs Lucy Mvubelo, general secretary of the National Union of Clothing Workers, yesterday described the mass layoff as "pathetic".

She said the union had been notified of the layoffs only last week.

"Fortunately, we have been able to place most of the skilled workers involved elsewhere. But many of them still have no jobs."

Mrs Mvubelo blamed the restrictions on employment of black workers in terms of the Environment Planning Act for the fact that more workers would not be re-employed elsewhere.

Dr Anna Scheepers, general secretary of the Garment Workers Union of SA, agreed that all the machinists could have been placed in other jobs if employers had not been so severely restricted in terms of Section 3 of the Act.

She also warned that employers were threatening to pull out of the Transvaal to unrestricted areas if enforcement of the Act became too restrictive.

She also pointed out that another 4,000 black garment workers could lose their jobs by the end of the year because of the Act.
Clothing industry 'being killed'

By Sieg Hannig, Labour Reporter

The Transvaal clothing industry today called for the urgent publication of the Hackett Commission's report on manpower utilisation. It was hoped the commission's recommendations would end the Government's "systematic killing" of the clothing industry on the Rock, said Senator Anna Schepers, president of the Garment Workers' Union of South Africa.

She spoke at a press conference called to announce that another temporary reprieve for 20 clothing factories which exceed their quota of black labour because no white or coloured labour is available.

SERIOUS

Factories, whose permits for excess black labour were to expire at the end of December, may now apply for extensions until June 30, pending the recommendations of the commission. If the extensions had not been allowed, about 4,000 black workers would have lost their jobs, said Mr Jimmy Thomas, secretary of the Industrial Council for the Transvaal Clothing Industry.

But the situation remained serious, he said. The industry's labour force had dropped from 26,000 in January 1968 to 19,928 because of the labour quota imposed by the Environment Planning Act.

Employers could not plan ahead, said Senator Schepers.

"They cannot organise production and they cannot agree when they don't know whether they will still be in business after next June."

The press and the public report a journalist's son, 'Sewell', and his wife, who were among those who died in a fire at the Norval's clothing factory in Soweto. Police said the fire was started by a party held by "Sewell" and his wife. There were no deaths.
SARAH CHITJA-KHALI — appointed to the executive committee of Tucsa this year, is only the second black woman to achieve this distinction.

She's the force behind clothing workers

'Acuface' is in

By Cheetah Hayes

In New York

Mankind's desire to retain the look of youth persists and in New York hundreds of men and women are now having "face-lifts" by a method that leaves no scars — acupuncture.

Acupuncture is the ancient oriental science rooted in the philosophy of the duality of human beings — that their positive and negative forces create energy.

Sickness in humans is the result of an imbalance of these forces, which is corrected by inserting hair-like needles into the body at nerve points.

The use of acupuncture for diagnosis and therapy has grown in the West, so has the popularity of cosmetic surgery — and the willingness of people to admit they have had it.

At least 1,000 men and women in this city have now submitted their droopy jowls, sagging skin and wrinkles to cosmetic acupuncture — a process that lasts about 15 treatments of about 30 minutes each.

The treatment involves the insertion of 36-gauge stainless steel needles into various parts of the body — not necessarily the trouble spots. The process is almost painless.

Dr. Thomas Lee, president of the American Acupuncture Association, said that the needles cause a contraction of the derma (the skin and tissue) and tightening of the face muscles, which has the effect of lifting the skin.

The stimulation of the nerves by the insertion of the needles also bring circulation to the area, filling out hollows, improving muscle tone and helping counteract dryness, which contributes to wrinkling.

The number of treatments required depends on the individual. Some patients notice little improvement from cosmetic acupuncture, some find it very slow and others find it very effective after only a few sessions.
Experts praise her road plan

Flo Bird emphasizes five years of constructive campaigning for better town planning in Johannesburg.

This year she produced an alternative road plan for Parktown, hailed by experts as "questionably superior" to the original plan drawn up by the Johannesburg City Council.

The council's plan had threatened to turn Johannesburg into a "monotonous road junction."

Mrs Bird, who is secretary of the Parktown Residents' Association, has a reputation for getting things done before drawing up her plan.

Mrs Bird is a former school teacher and has a planning background. But her determination to save Johannesburg’s historic Parktown is particular from "shoddy town planning" that marred her own city.

"When Johannesburg was first planned there were six parks in the city, now only the Market Park is left," Mrs Bird said.

"I am fighting for a proper road plan," she told a public meeting earlier this week.

The meeting was called to protest against the "irresponsible" plans of the city council. Mrs Bird said the public had a right to know what was being done before it was too late.

"We are fighting for a proper road plan because we believe in city planning that is both practical and aesthetic."
Labour grace 'not enough'

By RIAAN DE VILLIERS
Labour Correspondent

The Government has granted another temporary reprieve to the embattled clothing industry in the Transvaal by extending its temporary permits to exceed black labour quotas by a further six months.

Spokesmen for the industry yesterday sharply criticised the decision and warned that it would do little to help the industry, which was being crippled by the provisions of the Environment Planning Act.

Dr Anna Scheepers, general secretary of the Garment Workers' Union of SA, said the decision was a "gross evasion of the Government's responsibility".

Commenting in The Garment Worker, she said the dire straits in which the industry found itself was fully known to the Government and deserved far more immediate attention than the mere six months' extension of temporary permits.

Mr Jimmy Thomas, secretary of the industrial council, warned that the reprieve would do little to solve the industry's problems.

"They were commenting on a decision by the Cabinet Committee on Decentralisation to extend the exemptions granted to about 20 large clothing firms to employ more blacks than their lawful quota in terms of the Environment Planning Act in June 30 next year.

"But, the committee ruled out the extension of any factories with more black labour.

"The decision has been conveyed to the industry by Dr Schalk van der Merwe, Minister of Planning and the Environment. According to his letter, the decision was taken pending consideration of the recommendations of the Rekert Commission into the better use of manpower in SA, which has investigated the effects of the Act.

"Dr Scheepers warned unless the commission recommended vast changes, the industry in the Transvaal would be "throttled to death" because thousands of trained workers would move to the Cape or Natal where the Act did not apply.

She added that the Act was one of the most "blatantly discriminatory acts of existence", but when it was used to grossly discriminate against the Transvaal employers and particularly clothing manufacturers, the Government's motives became "totally execrable".

In an interview, Dr Scheepers said yesterday that because of the short reprieve employers could not plan ahead.

"Also, the Act did not promote decentralisation, which had been designed for Companies which could decentralise had done so already. Those remaining were either too small or manufactured high quality garments and needed

...
director

Mississauga

R-2 Million

WORKS WARE AND WORKS AS THEIR MAGES SUPPLY STOP

THE ITALIAN WAREHOUSE

SUNDAY EXPRESS NOVEMBER 13 1924
‘Threat to clothing industry’

Labour Reporter

The clothing workers are hoping for an early interview with the new Minister of Planning, Mr. Heunis, about the black labour restrictions which, they say, are killing their industry.

"Being the Minister of Economic Affairs, Mr. Heunis should understand the economy and industry better than his predecessor," said Senator Anna Scheepers, president of the Garment Workers' Union of South Africa. She was hoping Mr. Heunis would listen to renewed representations from the Transvaal clothing industry.

A request for an interview had been sent to the former Minister of Planning, Dr. van der Merwe, shortly before the Cabinet reshuffle in which Mr. Heunis replaced him, she said.

The request followed the announcement that the employers, who had exceeded their black labour quotas because of the shortage of workers of other races, could have their exemptions renewed until the middle of next year.

This continued uncertainty was killing the industry, Senator Scheepers said.

"It was quite obvious that Dr. van der Merwe had no clue about our problems," she said. "We hope Mr. Heunis will listen to us and let reason prevail," Senator Scheepers said.
for the in-plant works committees at the lower end of works and liaison committees was introduced. Establishment consists of some members appointed by the employer and need not be a designated by the employer and need not be an officer or may be appointed in a manner determined by the employer. As we shall see, employers have preferred the true that it takes precedence over the works functions of a liaison committee are very simply consideration matters which are of mutual interest to the employee and the employer. Such recommendations for the payment of such employees or any other matter of procedure which is not of interest to the employer. The law does not limit the period of office of officers of such committees. The chief function of a works committee is held under the chairmanship of the authorized representative. Obviously, the employees enjoy a reasonably harmonious relationship with the employer. However, where relations are cool or even a conflict of interests. While the present definition of a labour dispute is far wider than that contained in the 1953 legislation, and a Bantu Labour Officer and/or Inspector, with or without the assistance of the Regional Bantu Labour Committee concerned, should intervene in an attempt to effect settlement there does seem to be a remarkable shortcoming in this connection. The Act
About 1,000 garment workers joined the ranks of the unemployed on the Cape this week, while 11 clothing factories were hit by insolvencies.

Another 600 jobs are in jeopardy at clothing factories operating under provisional liquidation.

"The clothing industry is not out of the woods yet," says Senator Anna Scheepers, president of the Garment Workers' Union.

"In the Transvaal factories are still closing and more are threatening to close or move to the Cape and Natal where employers do not have to work under the uncertainty of the Environment Planning Act," she said in a Christmas message to her union.

Mr. Thomas, Secretary of the Industrial Council for the Transvaal Clothing Industry, said some firms were still in the doldrums and he did not rule out the possibility of more insolvencies.

Other firms were doing well but could not exploit the situation because of restrictions on Black labour imposed under the Environment Planning Act.

In the circumstances Mr. Thomas expected only a few firms to extend the normal three-week Christmas break of the industry to four weeks.
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<td>4.</td>
<td>OUT OF PRINT</td>
<td>The Demand for African Technicians</td>
<td></td>
<td>R2,50</td>
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<tr>
<td>5.</td>
<td>Dudley Horner/Alide Kooy</td>
<td>Housing Conditions for Migrant Workers in Cape Town</td>
<td></td>
<td>R3,50</td>
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<tr>
<td>6.</td>
<td>D.G. Clarke</td>
<td>A Study of Consumer Patterns in Hanover Park in Cape Town</td>
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<td>R1,50</td>
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<tr>
<td>7.</td>
<td>J.B. Knight</td>
<td>Residential &amp; Migrant Workers in Cape Town</td>
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<td>R4,00</td>
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<tr>
<td>8.</td>
<td>Mike Morris</td>
<td>Rural Development in Botswana.</td>
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<td>R1,50</td>
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<tr>
<td>9.</td>
<td>Nigel Bloch</td>
<td>Sample Survey of Squatters in Unibell</td>
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<td>R1,50</td>
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<td>11.</td>
<td>Sheila Niven/Charles Simkins</td>
<td>Labour in Transvaal agribusiness, a study of two farms,</td>
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<td>12.</td>
<td>Johann Maree/Janet Graaff</td>
<td>Sample Survey of Squatters in Crossroads</td>
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<td>13.</td>
<td>Giles Hobson</td>
<td>A Survey of Fish Farming in South Africa</td>
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<td>R2,50</td>
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<td>14.</td>
<td>Lieb J. Loots</td>
<td>A Profile of Black Unemployment in South Africa</td>
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</table>
year must have increased considerably, ranging between 350 and 450 metric tons, with fluctuation more heavy than in the period of fast employment growth between 1946 and 1950.

9.4 There seems to be a need for statistical information on the number of workers in the textile industry. In particular, output per worker and employment are important indicators of productivity and efficiency. The first employment period (1946-1950) is particularly relevant as it saw a rapid expansion of the industry. Since then, output has continued to expand, but the rate of growth has been slower. This suggests that the industry is not expanding as quickly as output was increasing in the past.

9.5 Detailed explanations of the changes recorded in 9.4 will not be attempted here. It is clear, however, that the period has seen a shift in the use of underground open-cast techniques to more productive methods. For example, coal production has increased significantly with the use of surface mining techniques. The same is true for copper mining, where newer techniques have been developed to increase productivity. With the qualification that there are technical factors involved which are not well understood, it seems possible to say that there has been a trend increase in employment since the mid-1950s, of the order of 5-6 per cent per annum, which technical progress has not thus far eliminated.
Clothing, textile collision looms?

JOHANNESBURG — All is not well between the “rag trade” and the textile industry, according to Mr Dennis Solomon, president of the National Clothing Federation of South Africa.

An editorial in the latest issue of the magazine, Southern Africa Textiles, says Mr Solomon has painted “an ugly picture of a warring ‘rag trade’

The magazine quotes Mr Solomon as saying: “Even the fragile and uncertain general upturn in business has been enough to set the clothing industry on a collision course with the textile industry.

Scarcely had the revival started when delivery dates for fabrics from local weavers and knitters lengthened out of sight into the middle of next year, he said and added: “There has been double booking by clothing manufacturers who are hedging their bets against unreliable deliveries from the textile industry.

“And there has been overcapacity selling by weavers and knitters who do not believe that all the orders they received will be confirmed.

“In normal times the slack would be taken up by imports, but prices of local and foreign textiles are becoming so dis-

...
MANUF. - Clothing

6-1-79 - 29-12-79

184
The evidence to date is that considerable over-estimates, between 1970 and 1976 (byroughly 0.1 per cent per annum) instead of per cent and 1.9 per cent per annum, on the two years 1970 and 1976, for 1976. We have interpolated actual employment in 1976.

The general manager of Fordom Factoring Ltd., Mr. Wilfred Gruzd, told the Court that Brivik Brothers (Pty.) Ltd., and Jerseystex (Pty.) Ltd., factored their debts with his company. The two clothing manufacturers owed Fordom not less than R1 826 239 and had secured their indebtedness by passing bonds over their assets in favour of the factoring company.

Mr. Gruzd said a director of the two companies, Mr. I. H. Brivik, had told him the financial position of Brivik and Jerseystex was critical and unless Fordom continued to purchase their debts they could not continue trading. They had orders for R700 000 and stock was available to fill them, but their bankers were pressing for payment of R10 000.

Employment overprojections are an average compound rate of between 1.7 and 2.1 for 1976 and compared them with

<table>
<thead>
<tr>
<th></th>
<th>Actual employment, 1976</th>
<th>Employment overprojections 1976</th>
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<tr>
<td></td>
<td>(1)</td>
<td>(2) = (4) - (1)</td>
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<tr>
<td>Copper</td>
<td>13 229</td>
<td>13 224</td>
</tr>
<tr>
<td>Iron ore</td>
<td>9 334</td>
<td>- 777</td>
</tr>
<tr>
<td>Chrome</td>
<td>8 960</td>
<td>- 3 109</td>
</tr>
<tr>
<td>Manganese</td>
<td>9 176</td>
<td>- 241</td>
</tr>
<tr>
<td>Coal</td>
<td>83 814</td>
<td>- 1 092</td>
</tr>
<tr>
<td>Asbestos</td>
<td>21 504</td>
<td>8 521</td>
</tr>
<tr>
<td>SUB-TOTAL</td>
<td>146 017</td>
<td>16</td>
</tr>
<tr>
<td>Others</td>
<td>17 319</td>
<td>2</td>
</tr>
<tr>
<td>Gold</td>
<td>401 907</td>
<td>42</td>
</tr>
<tr>
<td>Diamonds</td>
<td>17 415</td>
<td>26</td>
</tr>
<tr>
<td>Platinum</td>
<td>71 999</td>
<td>83 742</td>
</tr>
<tr>
<td>TOTAL</td>
<td>654 657$^2$</td>
<td>722 765$^2$</td>
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</table>
'Unwarranted application'
'Hysterical reaction'

Rag trade war about to erupt over imports

By Michael Chester, Financial Editor

War drums are sounding inside the rag trade again. Once more the battle lines are being drawn by the clothing manufacturers in readiness for another scrap with the textile producers.

The Textile Federation, eager to protect local producers from an inflow of imports, has applied to the Board of Trade for a new scale of duties on a wide range of knitted and woven fabrics coming in from overseas.

Engaged as always at the thought of the screws being turned on them to buy local textiles rather than imported fabrics, the National Clothing Federation is yelling blue murder. Mr Simon Jocum, president, has branded the application as "unwarranted and inflationary".

Clothing manufacturers in the Cape gave warning to our correspondent in Cape Town that the price tags on many items of clothing will be forced 20 percent higher — and at least 15 percent on others.

Mr Stanley Schlagman, executive director of the Textile Federation, argues: "Such reaction is hysterical. The Board of Trade will judge the soundness of our logic."

"At a guess the entire cost structure of the clothing industry at the retail end should increase by no more than around 5 percent."

Mr Schlagman said the aim was only to restore the effectiveness of existing duties following the erosion in volume terms because of the pace of inflation in recent years.

"What we are seeking is a new formula. We have asked for 20 to 30 percent increment in reference prices — not duties. It means only a minimal increase in the duties on fabrics still imported."

"The Board of Trade will be the final arbiter and evaluate the validity of our application."

Because of the high proportion of locally produced textiles now being used by clothing manufacturers, he added, the impact on the consumer should be very small.

"The decline of the US dollar and the SA rand last year had given domestic textile producers even more protection — with the 19,5 percent import surcharge adding to the protection."

He agreed the new duties affected only imported fabrics. But bitter experience, he said, showed that local prices always rose in sympathy. In fact, many local textile mills had already announced price increases from April onwards.

"The textile Federation application," he said, "will be bitterly opposed." Down go the gauntlets — again.

---

TABLE 40: RATES OF GROWTH OF WORLD PRODUCTION, 1961-75 (VON WEILILGH)

<table>
<thead>
<tr>
<th>(per cent per annum)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chrome + 3,73</td>
</tr>
<tr>
<td>Copper + 3,42</td>
</tr>
<tr>
<td>Manganese + 4,00</td>
</tr>
<tr>
<td>Iron + 4,27</td>
</tr>
</tbody>
</table>
Margins blotted

Activities: Manufactures and sells printing inks, synthetic resins, industrial surface coatings, printers' rollers and lithographic chemicals. Coates Brothers (UK) holds 68.4% of the equity.


Capital structure: 3.4m ordinary 50c. Market capitalisation: R4.6m.


A depressed market for Coates' main product, as well as the decision to take a 20% stake in Howson Algraphy, local manufacturer of lithographic plates and chemicals, was responsible for the profit fall. The previously held agency, Lithographic Plate & Chemical, which imported lithographic plates, made a material contribution to both turnover and profits in the first nine months. And although the stake in Howson-Algraphy is expected to make a modest profit this year, it will probably be at least a year before the benefits of the R300,000 investment flow through to Coates.

<table>
<thead>
<tr>
<th>Year</th>
<th>Return on cap</th>
<th>Turnover (Rm)</th>
<th>Trading profit (Rm)</th>
<th>Gross margin</th>
<th>Earnings (c)</th>
<th>Dividends (c)</th>
<th>Net asset value (c)</th>
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</thead>
<tbody>
<tr>
<td>75</td>
<td>28.0</td>
<td>28.4</td>
<td>29.0</td>
<td>23.1</td>
<td>11.7</td>
<td>13.5</td>
<td>14.8</td>
</tr>
<tr>
<td>76</td>
<td>28.4</td>
<td>28.9</td>
<td>24.0</td>
<td>15.5</td>
<td>13.0</td>
<td>15.1</td>
<td>16.8</td>
</tr>
<tr>
<td>77</td>
<td>25.0</td>
<td>25.0</td>
<td>23.0</td>
<td>16.0</td>
<td>20.0</td>
<td>20.0</td>
<td>18.0</td>
</tr>
<tr>
<td>78</td>
<td>19.9</td>
<td>19.9</td>
<td>19.9</td>
<td>13.9</td>
<td>20.9</td>
<td>20.9</td>
<td>20.9</td>
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</table>

Despite the profit drop following disposal of the agency, turnover was marginally higher, although pre-tax profits were 11% down at R1,9m (R2.2m). The balance sheet remains strong. Interest payments are lower at R91,000 (R118,000), although total debt is little changed at R1,3m (R1,2m). Long-term debt has been reduced from R400,000 to R250,000. In general, the group increases its debt towards the end of its financial year ahead of relatively heavy cash outflows.

Cash flow is down at R933,000 (R1m), but with reducing long-term debt, funding of capital commitments should be no problem. Coates' policy is to finance projects from retained earnings, with minimal gearing. Although this is sound policy, return on capital is healthy at 23.1%, so an argument for greater gearing could easily be put forward.

Coates is half-way towards inflation accounting. It transferred R85,000 from profits to its asset replacement reserves, as well as R153,000 from unappropriated profits. This brings the asset replacement reserve up to R1m in line with the holding company asset replacement costs are based on an index, as opposed to actual revaluations. The next step must surely be to value stocks on a life basis as opposed to the present FIFO system.

The current year will be one of consolidation and ensuring that the new 20%-owned factory operates effectively and profitably. Meanwhile the slight upturn in the economy felt in 1978 should start to flow through to the printing and packaging industry. But Coates is heavily dependent on oil-based raw materials, so the squeeze on margins is not yet over. Management is cautious in its forecasts, and "does not expect to be able to match the current year's figures in the year that lies ahead." Dividends went up from 12c to 13c, and will probably be pushed up to 14c in the current year. At 135c it yields a prospective 10.4%, the share looks attractive as a long-term hold, even though it is tightly held.

(Cad Pemberton)

Financial Mail February 9, 1978
DIE HISTORIE

Dr Michael B
Leicester, s
11, om 8.15:

As gevolg van van Kaapstad boeke oor die genoeg om see

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DATES TO REMEMBER

Last day to register for dividends: February 16

Metam 6.5c; N.I.S. Motors 5c; Niman & Lister 5c; Union & London 13c

another big drop

Chairman Joe Benest says Adams is gaining market share despite depressed conditions in the clothing market. At end 1977 he estimated 1978 winter orders would be down on the previous year. But with the second half sales improvement in men's wear and schoolwear the picture now seems to be changing.

Even so, Adams is far from reaching the profit levels of 1975. Before an extraordinary £49,000 loss, gross profit was only 43% of its 1975 level.

The return to the dividend list confirms management's optimism on earnings for the current year. With the shares at 550p investors appear to be looking for a dividend of at least 2c this year. But at this stage there seems little point in buying the shares. They are tightly held and buying pressure could push them onto a far too low prospective yield basis.

![Winter fashions revving up profits](image)

### Results and dividends

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<th>Amount</th>
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<td>Motors</td>
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<td>23 79</td>
<td>23 37</td>
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<td>Industrial Hold</td>
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<td>93 79</td>
<td>5 79</td>
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<tr>
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<td>23 79</td>
</tr>
<tr>
<td>Clothing</td>
<td>5c</td>
<td>23 79</td>
<td>5 79</td>
</tr>
<tr>
<td>Steel &amp; Allard</td>
<td>5c</td>
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<td>5 79</td>
</tr>
<tr>
<td>Fox &amp; Fosta</td>
<td>10 00</td>
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<td>16 79</td>
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### Issues

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<th>POWER TECHNOLOGIES (formally Southern Power)</th>
<th>Rights 1 new for each held at 20</th>
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<td>Listing closes</td>
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<td>Shares issued</td>
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### NL paid letters

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### Price of letters

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Financial Mail February 9 1979
New clothing training centre

Financial Editor

MR. D. M. Solomon, chairman of the Clothing Industry Training Board, officially opened the Natal Clothing Industry Training Centre, in Sydenham Road, Durban, last night. It cost more than R180 000 to equip this school, which started operations at the beginning of February.

Mr Solomon said that the board was established about 18 months ago with the aim of training and retraining employees for the industry.

"A levy was imposed on employers, with the result that we have an income of about R300 000 a year.

"We have estimated that South African industry needs to create 1 000 new jobs a day.

"The clothing industry is the biggest employer of labour in the secondary sector. We employ 100 000 people and, by the year 2000, in only 20 years' time, we need to double this figure.

9 000 workers

Mr Solomon added that an indication of the need for new jobs in the clothing industry in Natal is 9 000 people looking for work during 1978, but the influx was only 1 000.

"Our Natal training centre is already too small.

Mr Ian McLellan has been appointed the Director of Training by the board. Mr. Keith Spence is the Regional Representative in Natal and Miss S. Fletcher has become Principal of the Natal Training Centre.
BERKSHIRE

Conservative ensemble

Activities: Manufactures women's hosiery, knitwear, clothing, and denim jeans. Berkshire International (US) owns 68.4% of the equity.

Chairman: J A Chubb, managing director. M L Strong.

Capital structure: £1,6m ordinary of 30c; 50,000 6% cum red pref of R2. Market capitalisation. £1.6m

Financial: Year to December 31 1978.


The significant improvement in Berkshire's SA operations, except for hosiery (which is still slightly threadbare), was largely offset by falling Rhodesian operations, which saw sales plummet by 50%. Overall, turnover increased 18% (1977: 16%), but trading profit was marginally lower at R1,1m. Earnings, however, showed a 16% improvement through a lower tax rate of 26.8% (28.2%) and a much reduced attributable profit payable to Rhodesian minorities.

Chairman Ashton Chubb explains that all SA divisions turned in "most satisfactory" performances. Pre-tax profit from the SA divisions increased 51.7% on a 37.5% higher turnover. Only the hosiery market remained weak, but Chubb notes "with some satisfaction" that Berkshire improved its market share. He says women's hosiery appears to be returning to the centre of fashion, and prices are becoming more acceptable.

The Lee denim operation is being expanded further. In 1978 sales increased 49.8%, but demand still surpasses Berk-

The outlook for 1979 is for higher operating profits. But the tax rate will increase with the exhaustion of assessed tax losses; so there seems to be less optimism on the earnings front. However, Chubb expects the dividend to be maintained.

Berkshire shares are tightly held with 68.4% of the equity held in the US. And, perhaps surprisingly for a foreign-controlled company, the dividend policy is very conservative. Over the past three dividend-paying years, cover has fallen from 12.3 to 1978's 9.8. On a 5c dividend the share yields a very low 4.8%.

Poor marketability and higher dividend cover should support the share price — it rose from 56c to the current 105c in 1978. Near term, the share's attraction rests in potential for capital gain as the group is to continue its conservative dividend policy.

Des Kilian
Textile firms still in low gear

This, better tempo in the textile and clothing industries recently has had little to do with improved consumer spending, but has been due to factors such as re-stocking, and a measure of import replacement.

This was reported to the Executive Council of the Textile Federation by its president, Mr E Ankers at the annual meeting this morning.

Mr Ankers said this was not a happy situation and there were doubts about the ability of the consumer to support a sustained revival, as well as fears of an enroachment of imports into the local market.

Exchange rates

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Yesterday's close | Today's opening | Closing | Today's closing
Govt relaxes curbs and saves jobs of thousands

By Sieg Hannig, Labour Reporter

A major Government concession has removed the threat of unemployment which has been hanging over thousands of Transvaal garment workers. It has also raised prospects for new jobs in their previously doomed industry.

"For all practical purposes, the labour restrictions which were gradually killing our industry have been scrapped," Mr Jimmy Thomas, secretary of the Industrial Council for the Transvaal Clothing Industry, announced today.

"I'm so thrilled, I nearly jumped out of my skin," said an overjoyed Mrs Lucy Mphoelo, general secretary of the black National Union of Clothing Workers.

"It means there will be more jobs for my people," Mr A Hirshowitz, president of the Transvaal Clothing Manufacturers' Association, commented.

"It's a great relief. At least 4,000 women's jobs were directly threatened and the industry was slowly dying after having lost 7,500 workers."

He was looking forward to increased production which would eventually benefit consumers.

The good news came in a letter from the Minister of Planning and the Environment Mr Chris Heunis.

He said the Government had decided that black women who qualified in terms of section 10 (1) (a) and (b) of the Black (Urban Areas) Consolidation Act to live in the Pretoria/Witwatersrand/ Vereeniging area and who were housed satisfactorily would not be considered when determining the clothing industry's black/white labour conditions where there were not enough white and coloured workers available.

Mr Jack Holloway, president of the Transvaal Chamber of Industries, described the concession as "a very positive move in the industry which was most in need of it."

But he added: "We felt that in the existing conditions of unemployment a general relaxation is required."
ties in K. acea" (1974:4). A correlation between ama and AIA seems to be warranted to AIA. It concludes that "in the past, historians have tended to explain the events in southern Africa in terms of successive waves of Bantu migrations. Although this hypothesis has now been abandoned, it remains true that there have been at least two major Bantu migrations" (1974:19).

The most exciting of his articles was, however, a very recent one on the origins of "Leopard Kopje" (1973). AIA and archaeologists who have looked for evidence as to its origins and associates in the 19th century. He examines a certain area in which the conclusion that the origins of the Kutum and Leopard Kopje were part of "the southern African" and that the Kutum moved across the century (1973:20). Moreover, he shows that the Leopard Kopje tradition moved into AIA, settled on its spread in Kutum in the 11th century repes into K. acea" (1973). The explanation for this fact is that the "ancestors (ancestors of Leopard Kopje)" East coast region of AIA found an environment multiplied, and the new dispersal from the AIA since the Leopard Kopje tradition is associated with the spread of the Bantu language, this would mean that the earliest iron workers in southern Africa were indeed Bantu-speakers. However, this is no inference from the most recent hypothesis based on facts which have just been found.

In conclusion, I would like to sum up what we do not know yet about Bantu origins and spread: 1. Where did the Bantu-speakers spread fairly rapidly over a large area, and how rapidly did they spread; 2. Where did they get the knowledge of agriculture and iron-working, from? 3. When did they arrive in southern Africa; 4. How do we account for the change in AIA and later IA? If they arrived in the first millennium, how do we know if they originated in or south of the equatorial forest, that they settled in southern Africa at least by the 11th century (later IA) as iron-crafting agriculturalists with loan words for "cattle", "milk", "grass" among others. And of course, as I have tried to show, there are many pieces of evidence and findings which cannot be listed as such but still form important parts of existing hypotheses.

C. The settlement of the ancestors of the K. acea and AIA south of the Limpopo.

South African Iron Age archaeology and the historic reality of African societies south of the Limpopo, although related, are clearly differentiated from the overall questions of Bantu spread and origin. In all, there is a tradition in AIA as to the collection and interpretation of information on material culture of the Ledema and K. acea, which can be traced back to the 18th century. The first reference to this is made in the 17th century by the Portuguese, who appear to have been the first Europeans to describe the K. acea. The first reference to this is made in the 17th century by the Portuguese, who appear to have been the first Europeans to describe the K. acea. The first reference to this is made in the 17th century by the Portuguese, who appear to have been the first Europeans to describe the K. acea. The first reference to this is made in the 17th century by the Portuguese, who appear to have been the first Europeans to describe the K. acea. 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The first reference to this is made in the 17th century by the Portuguese, who appear to have been the first Europeans to describe the K. acea.
Ensign Clothing
ger
loss of R490 000

Ensign Clothing, formerly the African Clothing Factory (Ensign), showed a loss of R490 285. Mr D De Waal Meyer, the chairman, says in the annual report:

Mr De Waal Meyer said the year under review was one of the most difficult the company had experienced and that the effort to maintain a share of a highly competitive market, together with continued inflationary pressure on operating costs, had contributed to "this disappointing result."

The increased market penetration for which we are aiming, especially in the men's and boys' leisure-wear field and the difficulties experienced in getting our fabric requirements delivered on time from the local textile mills, resulted in our having to carry additional stocks of raw materials. "At present bank overdraft facilities are being used to finance the increased working capital required. Nevertheless, continued efforts are being made to reduce stock holdings in order to improve liquidity, but the seasonal nature of the market requires the build up of fabric stocks at certain times of the year."

"As anticipated in the interim statement, there has been some improvement in trading during the second six months of the year under review as in that the loss for this period amounted to R418 294 compared with a loss of R341 394 for the first six months. However, in view of the many uncertainties prevailing at the moment your directors are not in a position to forecast the results for the ensuing year."

"In view of these circumstances your directors do not recommend the declaration of an ordinary dividend."

Because the company's year-end changed to December 31 in 1977, the comparative figures are for an 18-month period compared with the year under review.

Turnover was down three per cent compared with a 4.4 per cent increase in the 18 months. The loss was R490 285 compared with a pre-tax profit of R414 294, and the loss per share was 77.6c compared with earnings of 48.1c per share."
Continuing recovery

Activities: Supplier of paper, machiner and allied materials to the printing in-
Dustry. Union Corp controls 53% of th
equity

Chairman: H A Smith, managing direc-
tor P A McGurk

Capital structure: 2.8m ordinaries of 50c
80 000 6% cum red pref of R2. Marke
capitalisation R9.1m

Financial: Year to December 31 1978.
Borrowings long and medium term, R806 000: net short term, R5.5m.
Debt/equity ratio: 30.3%. Current ratio:
1:9. Net cash flow: R1.3m. Capital com-
mittments: R635 000

Share market: Price: 324c (1978-79
high, 324c, low, 199c: trading volume
last quarter, 19 000 shares). Yields:
20.3% on earnings; 8.3% on dividend.
Cover, 2.4. PE ratio 4.9.

Return on cap % 24 8 22 8 16.4 17.8
Turnover index< 100 102 121 147
Pre-tax profit
(R000) 2 969 2 800 2 402 3 084
Earnings (c) 57.2 55.9 48.9 65.2
Dividends (c) 22 23 24 37
Net asset value (c) 335 368 343 477
*1976=100
**Annualised from 10 months

Evelyn Haddon's markets continued firm
in the first quarter of 1979 after turning
around in the second quarter of last year.
Thus, and particularly an active machi-
nery sales order book, leave chairman
Hugh Smith optimistic that this year's
results will possibly be better than last
year's.

1978's second quarter turnover
improvement resulted in a 30.4%
earnings increase to 30c. The trend ac-
celerated in the second-half with earnings
up 38.5% at 35.7c (25.9c). In reporting
turnover 22% higher overall, Smith says
the machinery division's sales were par-
icularly gratifying after several years in
the doldrums.

Pre-tax profits rose 27.1% in 1978
indicating profit margins being at least
maintained on average, although Smith
says there was intense competition and
price cutting in some areas.

As a supplier of paper, Evelyn Haddon
expects its financial resources will be
strained in meeting the latest 12%
increase in paper prices. But the group
bought in stocks of papers ahead of the
price hike accounting in part for the
46.8% increase in stocks from R7.8m to
R11.4m. This should help profit margins
in 1979 though there will be some offset
in servicing the higher debt and creditors
balances. Borrowings rose to R6.5m
(R3.9m) of which R5.9m (R3.1m) was
short-term.

Debtors rose with the increased
volume of business. At end-December,
debtors totalled R8.7m (R7.3m), in part
reflecting HP granted on machinery sales
during 1978. This also explains some of
the short-term borrowings used to cover
the HP. The easing trend in interest rates
should ensure, says Smith, that the
annual interest bill of R517 000
(R230 000) does not increase at the same
rate this year. However, with a comfort-
able 5.9 times gross profit cover on the
interest and leasing bill, the 50.3% debt-
equity ratio is not high.

The group's main investment, NASO-
"Skyrleboodies, was on target
1978 and Smith says the hoped-for profit
improvement was followed by a num-
berable market. Ink manufacturer Mander
Kidd (SA) had a "reasonable" year, al-
though profits were slightly reduced, Eve-
llyn Haddon was paid a dividend for 1977
and an arrear payment for 1976.

To cope with the expanded operation
in Johannesburg, the group plans to build
a new warehouse. Cape on land and the
current phase of building will be about
R800 000 to be met from cash flow and
should not inhibit the dividend.

Management obviously foresees higher
turnover this year with the first quarter
continuing the improved trend. With the
additional benefit of lower interest rates
and low-cost marketable stocks, margins
should be about maintained in 1979.

At 324c the share yields 8.3% with
prospects of a higher dividend this year.
On yield considerations the share looks
attractive but there could be better
short-term buying opportunities ex-
dividend

Des Killey
PRODUCTIVITY BRINGS 258 PC PROFIT LEAP

A LEAP of 258 percent in profit after tax has been achieved by Bonwit in the three years since it started a productivity improvement programme for the 1,400 workers in its nine Cape clothing factories.

Another R1.1-million of profits will flow in the next five years from both improved productivity and benefits from opening four factories in decentralised areas. These figures come from Mr Jack Rinling, manufacturing controller of Bonwit, which won the Cape Employers Association trophy for productivity improvement in 1978.

R1 A DRESS

Two other measurable benefits were:

Fabric savings of 7 percent over 12 months, which means almost R1 on a dress in the shop.

Production increases of 45 percent, with a labor saving of 30 percent which gave an overall productivity increase of about 129 percent.

"But we still have a long way to go," he told employers at a CEA experience exchange on productivity.

SHORTER RUNS

Bonwit's factories are spread over a radius of 100 km and its concentration on high-class women's fashion with shorter production runs made productivity difficult to raise.

After the National Productivity Institute showed the company's productivity was only average for the industry, a management services division with 35 people was set up to plan new and improved systems.

"One of our greatest strides forward was taking the decision to do away with any discrimination based on race or colour and opening up opportunities of advancement for all on merit."

UNTAPPED

"This one move released an amazing amount of previously untapped human resource."

Better use was made of labour, materials and machines.

By practising sound human relations on the factory floor and introducing an individual incentive scheme, operator motivation and stamina was raised.

Bonwit is a Truworths subsidiary.

Tom York
A Planning Department spokesman tells the FM that employers will still have to apply in advance for permission to sign on new workers, enclosing a certificate from the local administration board saying it can supply the women.

What else could be in the pipeline?

Government's expected "new deal" for urban Africans is likely to be as hedged with ifs and buts as the Planning Act concessions. The reference book will probably be scrapped, restrictions on urban Africans eased, allowing them to move freely between urban areas, trade in "white" areas (if the local municipality agrees), and, if they are men and have kuseland property, bring their wives to live (but not work) in urban areas.

But the "new" influx control system will be very much like the present one except that employers will have to get clearance from a government labour office when they employ new workers, and that will depend on the availability of housing and the urban unemployment level.

The onus of guilt would be on the employer rather than the worker, although "illegal" city dwellers could be prosecuted under vagrancy laws. Penalties for failing to provide housing will be toughened.

The system would be formally non-racial, but the brunt would be chiefly borne by Africans (and perhaps coloured people). Then the pass would presumably have to be replaced by another document proving permission to live in the area, and that the bearer is in employment.

But the influx control provisions will change little. Some employers of "illegal" men have already been prosecuted.

Lack of housing cannot be used as a reason for the labour bureau to refuse an African registration for a job. And the high level of urban unemployment has already led to a drastic cut-back in recruitment from the bantustans.

So the system is already being applied administratively.

You could call it Apartheid Mark 2.
Clothing prices defended

A SUGGESTION by Mr. Raymond Ackerman, head of Pick 'n Pay, that collusion between manufacturers kept clothing prices high has been denied by Cape Town manufacturer, Mr Simon Jocum, who is president of the National Clothing Federation of South Africa.

In a statement Mr. Jocum said this was an unfounded accusation. There were more than 800 clothing factories in the country who were in "fierce competition with each other," he said.

Mr. Ackerman said that although it was true there was competition it was also a fact that some clothing and food manufacturers co-operated to work out price structures.

SMALL RISE

Mr. Jocum said that as a result of intense competition clothing prices had risen less than any other important commodity in the last five years. "Local clothing prices ex-factory and retail are probably the lowest in the Western World." He went on: "It is free competition without Government interference that has kept prices down."

The clothing industry was in a difficult position because it had always operated in a buyer's market and this had eroded profit margins.
Ackerman hits at clothing manufacturers

By VERA BELJAKOVA

Pick 'n Pay's Raymond Ackerman has accused clothing manufacturers of breaking the law by running a clothing price-fixing ring.

Reacting to protests this week that clothing prices had been kept low because of "free competition, uncluttered by Government interference", he said many had refused to supply his company.

His accusation brought into the open a behind-the-scenes row Pick 'n Pay is having with manufacturers over supply of branded goods because it is "a price cutter".

Replying to an attack by National Clothing Federation president, Simon Jocum, who claimed Mr Ackerman's allegations of collusion among clothing manufacturers were "completely unwarranted", he said:

"All we ask is that they follow the laws of the land. Refusing to supply us with branded goods on the grounds that we cut prices is contrary to the Treasale Price Maintenance Act."

"To claim there is no collusion among clothing manufacturers is totally untrue. Many, many suppliers have refused to supply us with a wide range of lines. They are by no means whiter than white."

Mr Jocum's statement, calls Mr Ackerman's allegations "unfounded" considering there are over 800 clothing factories in fierce competition with each other in South Africa.

As a result, he says, clothing prices have risen less than any other important commodity over the last five years and are probably the lowest in the Western world.

"We believe prices have been kept low because of free competition, uncluttered by Government interference. The eroding profit margins (of clothing manufacturers) can be explained by the fact that the industry has always operated in a buyer's market.

"We have been caught in a vice between the buying power of the large organisations on the one hand and the limited number of suppliers we can go to in the textile industry on the other hand."

Mr Jocum apparently took exception to a passing reference Mr Ackerman—an ardent campaigner for free trade—made about the clothing industry when addressing the Cape Town Press Club a fortnight ago on the undesirability of Government interference in business.

In an uncharacteristic endeavour to avoid public controversy, Mr Ackerman responded to Mr Jocum's criticism by letter, but agreed to comment specifically in public when he learned on Thursday that Mr Jocum had circulated his statement to newspapers.
Garment earnings up 30pc

Well suited for exports

By TONY HUDSON Finance Editor

GARMENT exports from South Africa showed a hefty 30 percent increase in 1978 and earned a record R22 million.

And over the past four years, the increase has been even more dramatic. In 1975 clothing exports were worth a mere R8 million, rising to R17 million in 1976, R17 million in 1977 and R22 million last year.

Figures released by the Department of Customs shows that men's and boys' outer-garments were the main contributors with a total of R11.2 million. This was made up mainly of jackets, waistcoats, trousers and shorts (R8.2 million) as well as overcoats and raincoats worth R1.2 million.

Outer-garments for women, girls and kids pushed R4.9 million into the kitty. Men's and boys' under-garments brought in R1.3 million.

At the other end of the scale, foundation garments such as bras, suspender belts, corsets and girdles brought in a mere R133,000.

National Clothing Federation president Simon Jocums commented that the clothing industry was viewing the prospects for the coming year with optimism.

He said bookings were well up on last year and growth was expected to continue.

He said: "This business can only grow. We are fast gaining international acceptance for the styling, quality and prices of our clothing.

Main customers for South African clothing are Britain, Europe and the US where soaring labour and other factory costs have made clothing prices far exceed those of the South African product."
CLOTHING SHARES

Getting into gear

In the past year, clothing shares have advanced 70% on the BSE, the industry has recovered from the 1977 recession. The outlook for the current year seems favourable, provided retailers can hold up mid-year tax cuts which they fear could result in higher prices.

The industry is competitive with something like 100 manufacturers, but it is consumer demand that counts. Retailers could be forced again to accept unprofitable business. Industry rates obtained in 1976, and 1977 according to official data, show that the improvement in BSE 1976-77 was followed by a 12-month period of retail inflation from 1978-79.

The physical volume of manufacturing production increased by 16.9% in 1978, and 10.0% in 1979. The industry has adopted 1979-80 as its target year.

The share market began with the introduction of a new National Clothing Industry Association. The demand and supply gap on the stock market in production planning was met by government backing. The National Clothing Industry Association is the key to the industry.

Abe Dubun, managing the cross

According to the charts, Dubun and Debs may be recovery situations, but fundamentally, the former appears to have a little more growth potential. A 6c dividend is needed to yield the sector average, and the group is currently yielding 116.6% on equity. Three dividends have been passed, and although the group was a conservative one, Dubun appears a far more attractive recovery prospect. The share at 85c, yields 80c, and the share price is likely to hold up with full capacity output and a doubling order book. Management has proved its ability in riding out the recession with only a small profit fall.

Rex True & Scardel command premier ratings on the JSE. Both felt the effect of the 1977 recession, but profits have since recovered. Scardel has been helped by acquisitions. The longer term prospects for these companies are attractive. The share price has been high, and although prices are low, yields are low. For capital gains, there may be merit in Adonis, which returned to the dividend list last year. MNP & Lester should improve still further. The share price has been strong, and management has been effective. The share price has been strong, and the company has generally discounted the situations leaving few companies attractive in the near term.
CLOTHING

Easing the tension

Efforts to reduce tension and confusion in the clothing and textile industries have been taken in the past following a meeting in Cape Town on April 26, between the National Clothing Federation and the chief executives of the top 10 clothing retail chains.

The meeting, which took place under the auspices of the Textile and Clothing Advisory Council (TACAC), agreed to set up a Retail Disputes Committee to improve the flow of goods between textile mills, clothing manufacturers and the retail sector and to eliminate situations which result in late applications to the Board of Trade, or complaints to the Minister of Economic Affairs about abuse of purchasing power (FT, March 15). The committee is scheduled to complete its work by June.

The meeting urged greater co-operation and co-ordination in the three main sectors of the industry because of the inadequate flow of planning information and production schedules. It has been pointed out that orders are large in volume compared with the actual quantities available to the mills, which are not always in a position to meet requirements of the market. On top of this, the safety valve of imported fabrics is fast being shut off by increased tariff protection and the import surcharge which, on average, raises the price of imported fabrics by 7% over SA made cloth.

Moreover, the price of fabric makes up 56% of the cost of garments, which means that fluctuations in raw material prices are reflected straight away in higher consumer prices.

SA mills now dominate 80% of the market, but this could go to 90% in the next year if new tariff applications are successful. This places a heavy responsibility on the mills, not only to maintain quality standards, but also the variety of fabrics demanded by a sophisticated retail sector.

The argument supported by major retail chains is that unless there is planning co-ordination at all levels in the clothing equation distortion will arise which in the end will put up clothing prices to unacceptable heights.

Already there have been announcements that the cost of mail order that made fabric and does will increase because of the tight oil situation. Cotton and wool producers have announced price hikes so it is essential...
HEWORTHS

Chairman: A. J. Darby

Activities: Operations of a Farm, Arable, Ornamental and Ornamental, Woodland and Farm Produce

Financial Year: Year ending 31st March

Chairman

Cost of Farming: £1,500

Arable, Ornamental, Woodland and Farm Produce:

Sales:
- Farm Produce: £1,000
- Ornamental: £500
- Woodland: £250

Purchases:
- Farm Produce: £500
- Ornamental: £250
- Woodland: £100

Net Profit: £500

Capital Structure: 50% ordinary shares

Chairman, A. J. Darby

1979

Chairman's Statement

The year 1979 was a challenging one for the farm business, with fluctuating market conditions and increased costs. Despite these challenges, the farm was able to maintain a healthy profit margin through efficient management and strategic decisions.

Production:
- Arable crops yielded well, with a good harvest of wheat and barley.
- Ornamental areas saw increased demand, particularly for cut flowers and ornamental plants.
- Woodland production was steady, with no significant changes in output.

Market Trends:
- Agricultural prices remained stable throughout the year.
- Ornamental plant prices showed a slight increase due to increased demand.
- Woodland products remained consistent, with no major changes in pricing.

Future Outlook:
- Continued focus on cost control and efficient management.
- Expansion in ornamental production to meet growing market demands.
- Exploration of new markets for agricultural products.

The farm continues to be committed to sustainable practices and the improvement of environmental standards.

Yours faithfully,

A. J. Darby

Chairman
NINIAN & LESTER
Sharp recovery

Activities: Durban-based knitwear and clothing manufacturer Protea Knitting Mills. Consolidated Jersey and Elmar are wholly-owned subsidiaries. Directors hold 81% of the equity.

Chairman: M R McElliot, managing director D M Drysdale

Capital structure: 2,1m ordinaries of 50 Market capitalisation R2,4m

Financial: Year to December 31 1978
Borrowings long and medium term, R174 000, net short term, R898 000
Debt equity ratio 16,9% Current ratio 2,0 Net cash flow R1,4m Capital commitments R525 000

Share market: Price 115c (1978-79)

high, 115c, low, 42c, trading volume last quarter, 2 000 shares) Yields 37,8% on earnings, 4,3% on dividend Cover 8,7 PE ratio, 2,6

With the recovery in the knitwear industry and continued tariffs on imported garments, Ninian & Lester can look forward to higher earnings in 1979. But the extent of the improvement will depend on the effect of mid-year tax cuts on consumer spending.

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<th>'75</th>
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<th>'77</th>
<th>'78</th>
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<tbody>
<tr>
<td>Return on cap %</td>
<td>11 0</td>
<td>12 4</td>
<td>14 6</td>
<td>14 8</td>
</tr>
<tr>
<td>Turnover index</td>
<td>10 8</td>
<td>13 3</td>
<td>13 7</td>
<td>13 8</td>
</tr>
<tr>
<td>Gross profit (R 000)</td>
<td>1 6 4</td>
<td>1 0 9</td>
<td>1 6 8</td>
<td>1 5 4</td>
</tr>
<tr>
<td>Earnings (c)</td>
<td>1 3 8</td>
<td>2 8 1</td>
<td>4 5 5</td>
<td>5 7</td>
</tr>
<tr>
<td>Net asset value (c)</td>
<td>1 8 4</td>
<td>2 0 7</td>
<td>2 0 6</td>
<td>2 4 4</td>
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<tr>
<td>'74 = 100</td>
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Higher sales and the imposition of tariffs on imports meant higher capacity utilisation and contained unit costs. Thus, although prices were little changed from 1977 levels, profits from the knitwear division increased "substantially" to enable the overall loss position to be reversed.

The clothing division contributed less to group profit in 1978. This is in contrast to other clothing companies which so far have reported higher demand, increased throughput, and better profits and prospects. The problems were in the sportswear division where the Jockey and Fred Perry lines turned in "disappointing" performances. However, leisurewear and fashion products recorded "marginally" higher sales and profits.

Since the year-end, the group acquired the operating divisions of Elmar for R1,4m cash, to be financed from medium- and short-term borrowings. This will add to the company's range of men's underwear and sportswear lines, but no material impact is expected on 1979 earnings.

The balance sheet is now sounder, with borrowings trimmed to R886 000 (R2,3m) and gross profit last year covered the interest/leasing bill 4,6 times. Stocks were lower at the end of December at R2,5m (R2,6m), despite a 14,9% turnover hike, and the current ratio improved to 2,0 (1,5). This year, though, borrowings may rise as a result of the Elmar acquisition, which should add about 10% to nav.

The company covered the 1978 dividend a comfortable 8,7 times, which may be a pointer to the year ahead in view of the first inclusion of an inflation adjusted statement in the accounts. In the current cost income statement, earnings are given as 26,1c a share — which means dividend cover is 5,2 times.

At 115c the share yields 4,3% which is expensive for a thinly-traded investment with an erratic profit record. There may be a higher dividend this year, but any buying will probably send the share even higher.

Des Kitchen
workers disappoints

PAY RISE 8% 9%

By Sue Hamble
Labour Reporter

The 8% gain announced by the Transvaal Clothing Industry
Workers' Industrial Council for the first time is a positive sign for
workers in the industry. The council has been working hard for
workers' rights and this is a step in the right direction.

But the 7.5% increase in the past year has left many workers
feeling disappointed. The council has been demanding higher
wages for a long time, and this latest increase is still not enough
for many.

The council has also been pushing for better working conditions
and more opportunities for advancement. Despite these efforts,
many workers feel that they are still not being adequately
compensated for their hard work.

The council has called on employers to do more to improve
worker conditions and wages. They also urge workers to stand
firm in their demand for better treatment.

The council has also called for a stronger voice for workers in
the industry. They believe that workers should have more input
in the decision-making process and a say in the direction of the
industry.

The council has been working closely with workers' unions and
other organizations to achieve these goals. They hope that with
continued efforts, workers will see improvements in their lives.

The council is committed to fighting for workers' rights and
improving the conditions in the industry. They believe that with
the right actions, workers will see positive changes in their lives.

The council thanks all workers for their dedication and hard
work. They look forward to continued progress in the future.
### Burlington Industries

**Tightly held**

*Activities:* The business of the group comprises the manufacture of shirts, pyjamas and women's knitted outerwear.

**Chairman:** P. Kawitzky

**Capital Structure:** 600,000 ordinary shares of 50c 50,000 6% cum prefs of R2 market capitalisation R346,000

**Financial:** Year to December 31 1978

- Borrowings long and medium term, R307,000, net short term, R487,000
- Debt equity ratio 77.1%
- Current ratio 2.0
- Net cash flow R97,000

<table>
<thead>
<tr>
<th>Share market</th>
<th>Price 90c (1978-79)</th>
<th>high, 96c, low, 62c, trading volume last quarter, 500 shares</th>
<th>Yields 15.7% on earnings, 8.3% on dividend Cover 2.9 PE ratio 5.4</th>
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<td>75</td>
<td>78</td>
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</tbody>
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**Return on cap %** 17.5 16.9 17.7 11.0

**Turnover index** 100 120 111 127

**Pre-tax profit (R 000)** 101 184 170 150

**Earnings (c) ** 14.1 15.2 14.3 16.6

**Dividends (c) ** 7.7 7.8 7.8 7.8

**Net asset value (c) ** 134 141 220 157

- 1975 — 100

- Rather than receive the full tax benefits arising from a special allowance on new knitting machines in the first year of installation, Burlington Industries has elected to spread the benefits over a five-year period. Nevertheless, the reduction from a 45% tax rate to 33% boosted after tax profit by 18% to R106,000, despite a 6% drop in net income before tax.

A further boost in the current year could stem from a pending insurance claim in respect of profit lost in previous years as a result of damage to yarn stocks.

Export promotion continued during the year, and as a result of the British subsidiary Marlboro participating in trade fairs at Earls Court and Olympia, several leading department stores in England have accepted the group's shirts as high quality products. Consequently, chairman Philip Kawitzky believes there is considerable potential in this market.

Despite the promising outlook, the share is rarely traded, which makes it a non-starter.

Jean Moon

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(4) The capital redemption reserve fund may, notwithstanding anything in this section contained, be applied by the company in paying up unissued shares of the company to be issued to members of the company as fully paid-up capitalization shares.

(5) (a) If a company has redeemed any redeemable preference shares, it shall within one month thereafter give notice thereof in the prescribed form to the Registrar specifying the shares so redeemed.

(b) If default is made in complying with the provisions of paragraph (a), the company shall be guilty of an offence.

(6) For the purposes of subsections (1) and (2) "book value" in respect of preference shares of no par value, means that part of the stated capital contributed by the preference shares redeemed or to be redeemed.

(7) This section shall also apply in respect of any balance of any capital redemption reserve fund created by a company prior to 1 January 1974.

[Sub-s. (7) added by s. 4 of Act No. 64 of 1977.]

99. **Conversion of shares into certain preference shares.**—If a company has converted any of its shares into preference shares which are, or at the option of the company are liable, to be redeemed, the provisions of section 98 shall apply to such preference shares.

[S. 99 substituted by s. 6 of Act No. 111 of 1976.]

100. **Conversion of shares into stock.**—(1) A company having a share capital, if so authorized by its articles, may by special resolution convert all or any of its paid-up shares into stock and reconvert such stock into any number of paid-up shares.

(2) Where a company has converted any of its shares into stock, the provisions of this Act which in terms apply exclusively in respect of shares, shall cease to apply to so much of the share capital as has been so converted.

101. **Share warrants to bearer.**—(1) A public company having a share capital, if so authorized by its articles, may, with respect to any paid-up shares, or to stock, issue a warrant (in this Act termed a share warrant) stating that the bearer of the warrant is entitled to the shares or stock therein specified, and may provide, by coupons or otherwise, for the payment of the future dividends on the shares or stock included in the warrant.

(2) A share warrant shall entitle the bearer thereof to the shares or stock therein specified, and such shares or stock may be transferred by the delivery of the share warrant.

102. **Variation of rights in respect of shares.**—(1) If in the case of a company the share capital of which is divided into different classes of shares, provision is made by the memorandum or articles for authorizing the variation of the rights attached to any class

(Issue No. 11)
RUSSELL
More in store
Russell's slightly lower interm earnings were accompanied by a forecast that for the year ended April, pre-tax profit was 14.7% higher at R16.3m (R14.2m), and the final dividend lifted to 7c (6c) for an 11c (10c) total, and it appears that after two good months in the current financial year, a higher dividend may be materialised.

At the half-year mark earnings were 20.3c (20.6c) and the dividend was pegged at 4c. Operating margins fell to 10.4% (12.4%) on sales of R84.2m (R86.3m). However, management's efforts to reduce costs were successful as, over the year, margins were unchanged at 12.1% on sales of R135.2m (R117.9m), with a 42% (45.5%) tax rate and less to outside shareholders, increased earnings 15.3% to 46.8c (40.6c).

In the past year the group's clothing interests, primarily the 94% held Manboys, chain, experienced difficulty in trading and some unacceptable losses were written off in 1977/78 the clothing division contributed 5% to net income. Last year its contribution was negligible, with nearly 100% of net income coming from the furniture operations says MD Lee Makovitz.

Furniture sales benefited from increased pressure to spend the post-gst slump. The group continued closing unprofitable outlets and opening new ones to get closer to the customer. Savings from the frequency of the 1977/78 clothing division contributed 5% to net income. Last year its contribution was negligible, with nearly 100% of net income coming from the furniture operations says MD Lee Makovitz.

The share has fallen 15c to 125c in the past two weeks to yield an historic 6.8%. The expectation of higher profits is likely to be fulfilled, so a higher dividend is reasonably safe. This implies a yield higher than most in the furniture sector.

Financial Mail June 29 1979

NEW GROUP
Fire & Pumps
Test & Sell

UNION ASSETS
Seized by angry workers

The week-end was marked by an increasing wave of unrest as worker around the country began to press for a return to the bargaining table. A period of six months of collective bargaining had elapsed since the last round of negotiations, resulting in a breakdown of relations with the unions.

The unions have been pressing for the return of the 2.5% wage increase that was agreed to in the previous round of negotiations. However, the companies have been reluctant to grant the increase, citing the possibility of inflationary pressures.

The unrest has been particularly marked in the metal and engineering industries, where workers have been angry at the companies' refusal to negotiate.

The situation has been compounded by the recent closure of several companies, leading to job losses and a decrease in the bargaining power of the unions.

The unions have vowed not to give up in their fight for a return to the bargaining table. They have called for a nationwide strike if their demands are not met.

The companies have responded by threatening to take legal action against the unions, should they proceed with any strike action.

Communication between the parties has been reduced to a minimum, with both sides refusing to engage in any form of dialogue.

The situation is expected to worsen in the coming weeks, with a growing number of workers set to join the fray.

The unions have called on the government to intervene and facilitate a return to the bargaining table.

The government has so far refused to intervene, citing a lack of resources to deal with the situation.

The unrest is expected to continue, with the possibility of a nationwide strike becoming a reality.

The situation is a worrying development for the country, with the possibility of a strike leading to a decrease in productivity and an increase in inflationary pressures.

The government is therefore urged to immediately intervene and facilitate a return to the bargaining table.

The situation is expected to continue, with the possibility of a nationwide strike becoming a reality.
Clothing industry calls for aid

By Jack Brickhill

Re: clothing manufacturers in America and Europe.

Simon Jocum, president of the National Clothing Federation, says South Africa should avoid exports rapidly in the next two or three years so that a high base figure can be achieved before any clampdowns are put on. He wants the Government to give immediate cash grants to the clothing exporters to help fill the gap until the new Government incentives are introduced. "Planning for the 1980 export sales must start now and the industry cannot wait indefinitely for the Van Huyten proposals to be acted on," he said.

He says the cash grants should be related to export performance measured against total production and should be simple to implement. The grants should be bigger when South African raw materials are used instead of imported material. This would give impetus to the textile cloth manufacturers. The fabric manufacturers employ 110,000 people and the clothing manufacturers employ 120,000. Jocum says an increase in the level of exports will boost employment, earn foreign currency and create a greater throughput which will keep costs down.

Clothing exports are usually air-freighted, because of the rapidly changing fashion scene, to Europe and America and costs have soared this year with fuel price increases. Jocum also wants some form of subsidy on air-freighted goods.

The country exports clothes, mainly jackets and trousers for men and women, worth R22 million last year. Exports in 1979 were worth R2 million but rose to R7 million in 1976 and R17 million in 1977. Manufacturers still find it easier to sell on the local market than take a chance on the high-risk export scene.

Jocum has asked the Industrial Development Corporation to assist the industry with low interest loans so that it can make a meaningful impact on the export trade. He says South African clothes are fast gaining acceptance for style, quality and price.
should join forces

Economist

Manufacturers in Cape Town were forced to change their production plans to reduce exports. This was due to the decrease in demand for their products, which led to a surplus of goods that could not be exported. The decision was made to focus on domestic markets and reduce production to avoid excess inventory.

Wall Street Golds

The United States was facing economic challenges, including high inflation and a weakening dollar. This led to a decrease in the value of the dollar, which impacted the global economy. The United States was forced to take action to stabilize the currency and address the economic crisis.

Overseas indices

The global economy was experiencing a downturn, with many countries facing high inflation and economic stagnation. This led to a decrease in trade and investment, affecting the global economy.

- CLOTHING Makers AND Retailers

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Stock in fashion

Delswa

Manufactures and sells

ladies' and gents'

knitwear, underwear and sportswear

in Johannesburg and Durban.

Directors: S. L. Williams, chairman and managing
director; J. A. Jackson, joint managing

director; R. G. A. van Niekerk, director.

Variety structure, 800000; R2

in cash, 500000; R1.7m

in fixed assets, 2500000; R2

in current liabilities, 1000000.

Net profit: R1.1m. Net loss: R2

in 1978/79. Return on capital: 20.5%.

Purchases: R2.6m. Sales: R5.8m.

Stocks: R4.6m. Debtors: R6.4m.

Shareholders: 12000 shareholders.

Year to April 30, 1979.

Plant and equipment: R2.8m.

Net surplus: R2.4m. Current ratio: 2.5: 1.

The company

was founded in 1937 by

S. L. Williams.

Delswa achieved a net turnover of

R1.3m in the second
dhalf of last year to show a 15% after-tax

profit (R1.157m). For several years the company

has been experiencing problems and variable quality

in its products. However, these problems were

addressed in 1978/79, when the company's

turnover increased by 40%.

DELSWA

Low fashion

 obsolete

3 Group cash flow 28.38.000


LD professions. Department of statistics, Pretoria.


IL BACK

Inching forward

Activities: Holding company with subsidiaries manufacturing clothing for men, women and children Rembrandt group holds 67.9% of the equity.

Chairman: S R Back, managing director P R Brink

Capital structure: 27.4m ordinaries of no par value 100 000 0% cum prefs of R2, 150 000 6% 2nd cum prefs of R2. Market capitalisation R123m

Financial: Year to March 31 1979
Borrowings long and medium term, R31 000; net short term, R11.7m
Debt equity ratio 362% Current ratio 1.2 Net cash outflow R1.5m
Capital commitments Nil.

Share market: Price 45c (1978-79 high, 55c, low, 15c, trading volume last quarter, 36,000 shares)

This time round chairman Ruby Back has declined to make any comment on future prospects. In fact, his chairman's state-

ment is but nine lines long and only five of them have some relevance to the state of the company.

Nevertheless Back's trading position appears to be steadily improving with the overall loss for the year reduced from R7.5m to R1.7m on a 16.4% higher turnover of R23.8m. And the improvement accelerated in the second six months with the loss being reduced to R431 000 compared with R1.3m in the first period.

Cost of sales % 17.7 17.7 19.7 21.7
Gross profit % 4.1 12.6 17 18.4
Average inventories 21.0 21.0 21.7 21.7
Net cash flow 32.1 11.5 11 10

Healthy order books, a better economy and higher margins are the reasons. But, while the interest bill came down from R1.2m to R964 (40), total borrowings at the year end were R12.8m higher at R11.7m and suggest that interest payments this year will temper further trading gains. This has led to debt equity increasing from 272:1 to 362:1.

Back's operating loss was lower at R41.000 compared to R1.3m for the previous year and with better cost control and fewer write-off, expenditure was R1.3m lower at R6.6m. Hence the loss at the attributable level was pared from R7.5m to R1.7m and cash outflow was reduced from R5m to R380 000. Last year, costs were affected by what looks to be the last of the write-offs, with a loss of R279 000 appearing as a result of the sale of redundant stocks. By comparison, expenses in 1977 were abnormally inflated by provisions of R4.1m against stocks and debts. By the year end, Back's accu-

mulated loss amounted to R8.3m (R6.7m).

But with the balance sheet, if anything, deteriorating further, it appears that controlling shareholder Rembrandt will again have to come to the rescue with a further injection of funds. For without additional capital, any downsizing in Back's market could be the last straw.

And should Rembrandt do so, there is a possibility that it could resort to taking out of minorities. Certainly, were it not for big brother, Back's bankers might justifyably be concerned that the group now has assets of only R19.8m compared to liabilities of R13.7m, which are mostly current in nature.

While the group appears to be approaching a break-even situation, there will certainly be no dividends for a considerable time. In fact, there have been no dividends for five years while the asset base has dwindled from 321c in 1976 to a mere 10c. Also, prof dividends are now R5 000 in arrears.

As for the share, any investors hoping to back a short-term recovery stock are advised to look elsewhere.

579

II B A C K:
slow recovery
Dublin. Some only think they're making profits. They're losing money. They're losing money at a steady rate. They're losing money at a rate that is predictable. They're losing money at a rate that is certain. They're losing money at a rate that is inevitable.

It's a matter of time. The longer you stay in business, the more you lose. It's a matter of fate. The more you lose, the more you lose. It's a matter of mathematics. The more you lose, the more you lose.

Dublin loses many clothing companies. They're the last in their field. They're the first in their field. They're the last in their field. They're the first in their field.

All that remains is to say goodbye. Goodbye, Dublin. Goodbye, Dublin.

We're very sad to see you go, Dublin. We're very sad to see you go, Dublin.
Clothing
workers
get pay
increase

Christmas will be a little early for 37,000 workers at Cape Town's clothing and knitting factories — they will get half their December pay rise at the beginning of October.

This is a victory for the Garment Workers Union of the Western Cape which has been pressing for pay increases for the past few weeks.

**STATEMENT**

In a statement today the two manufacturers' organisations involved, the Cape Clothing Manufacturers' Association and the Cape Knitting Industries Association, said in view of the rising costs facing their employees it had been agreed unanimously to pay half of the planned December pay rise from the first week in October.

Commenting on the decision, Mr. R. Roy, chairman of the CCMA, said it illustrated the excellent relationship between labour and management in the clothing and knitting industry.

The union's members, who get a 10 percent pay rise in December, were also to receive a similar increase this December. Those who now receive a 15 percent increase in October will get a further five percent rise from December.
GOOD NEWS today for the Western Cape clothing industry, which has recently been making significant inroads into the Western German market, is that the German mark has been revalued.

As a result, the highly lucrative market should become even more profitable for the local industry.

The news of the revaluation of the mark was announced today by the European Monetary System.

The mark is to be revalued by 5 percent against the Danish crown and by 2 percent against the French, Italian, Dutch, Belgian and Luxembourg currencies.

PRESSURE

The decision to make the powerful West German currency even more expensive was reached after a 12-hour meeting of finance ministers and central bank governors in which there was pressure on them to act before Far East "buyer" markets opened this morning, reports Sapa-Heute.

The realignment of parities within the ERM, established in March to shield trade between member countries from the effects of unstable exchange rates, followed a week of heavy pressure on the US dollar and a rush to buy gold and silver on bullion markets.

European central banks had to intervene heavily in the currency markets to ease the strains in the system imposed by the falling dollar.

In a communiqué after the meeting, the ministers said the adjustments were designed to contribute to more orderly development of foreign exchange markets, and help the stability of currencies outside the system, including the US dollar and British sterling.

The British pound has not been directly affected as Britain is not yet a member of the European Monetary System.

The news of the European exchange rate changes had little effect upon the gold price this morning which traded at levels little different from New York's closing rate on Friday.

At mid-morning gold was being traded at $377.20 dollars an ounce in Hong Kong after closing at $370.00 dollars on Saturday and at $377.00 dollars in New York on Friday. In London gold closed at $370.00 dollars on Friday. Gold later closed in Hong Kong at $377.50 dollars an ounce.

The soaring price of gold is seen by US monetary experts as an event that has stirred up just on the part of buyers out to make a killing and anxiety on the part of monetary officials that the flight from currencies, feeding on fears of world inflation, will generate even more inflationary expectations.

HEAVY

The under-secretary of the Treasury for Monetary Affairs, Mr. Anthony Solomon, says the rapid run-up in the gold price stems from heavy buying by "private Arabs and Americans" "at supply very thin."

According to Mr. Solomon, however, the US has no plans to discontinue its selling of 750,000 ounces of gold at auction each month. He said the recent soaring of the gold price was not so much related to the dollar because gold has been moving up against all currencies.
Mvubelo union hails new move

By JOE THLOLOE

THE national executive committee of the National Union of Clothing Workers yesterday celebrated the extension of trade union rights to all blacks and announced that they will be applying for provisional registration as soon as possible.

They will be the first black union to apply for registration.

At a party at Garment Centre, Johannesburg, the general secretary, Mrs Lucy Mvubelo, said this was the happiest moment in her life. She never realized that Africans would be defined as employees in her lifetime.

Mrs Mvubelo leaves tonight for a tour of the United States to meet industrialists and trade unionists and "fight sanctions against South Africa."

Her trip is sponsored by the South African Foundation.

Other major black unions were still cautious, waiting to see today's Government Gazette, which contains the new concessions.

The Minister of Manpower Utilisation, Mr Kane B positive announced earlier this week that "commuters" and "migrants" will now be allowed to join registered trade unions. He said an announcement on this will be in today's Gazette.

The exclusion of commuters and migrants was one of the major criticisms against the legislation that followed the Wiehahn Commission's report. This Industrial Conciliation Amendment Act comes into effect on October 1.

POLICY STATEMENT

The secretary of the Consultative Committee of Black Trade Unions (CCBTU), Mr Dan Tau, told POST: "So many times in the past we have praised the Government after a policy statement only to find that when this policy is spelt out as law it has a different meaning. We are not going to make fools of ourselves again."

"We will probably meet early next week to discuss the new developments."

The unions in the committee have a membership of more than 30,000.

Mrs Sarah Chitika, assistant secretary of the Clothing Workers, said the party was to celebrate the end of a 55-year-old struggle for the recognition of black trade unions."
REX TRUEFORM

Fashioning growth

Activities. Clothing manufacturer with major export business. The directors, mainly through African & Overseas, hold 47% of the equity

Chairman: S C Shub

Capital structure: 1.4m ordinary shares of 50c and 1.4m "A" non-voting ordinary shares of 50c 140 000 6% cum prefs of R2 Market capitalisation R15.5m

Financial: Year to June 30 1979. Borrowings long and medium term, R17m, net short term, R823 000 Debt equity ratio 43.6% - Current ratio 5.2 - Net cash flow R2.7m Capital commitments R886 000

Share market: Price 450c (1978-79 high, 450c, low, 210c, trading volume 3rd quarter 68 000 shares) Yields 23.7% on coupons, 6.7% on dividend Cover 3.8 PE ratios 1:2

76 77 78 79
Return on cap % 32.2 22.3 18.2 19.0
Turnover index* 189 199 203 248
Pre-tax profit (R'000) 5 139 4 006 2 769 4 154
Earnings (c) 1 108 878 740 1067
Dividends (d) 28 29 30
Net asset value (c) 456 516 563 641

*1979=100

After two years in which exports were needed to offset falling local demand, Rex Trueform has reported a strong domestic recovery. Earnings increased 44.2% to 106.7c and, for the first time since 1976, the annual dividend has been lifted - to 30c (26c) and there is more to come. Chairman Stewart Shub is optimistic for the current year. The company has increased its local market share through higher productivity, competitive pricing and quality, and marketing, he says. Furthermore gains in market share are expected following the company's investment in modern equipment allowing greater efficiency and quality.

Export sales, which doubled in 1977 and 1978, improved further last year. And, besides existing export markets, sales to other countries are being promoted.

Capacity is booked for the rest of this year and forward bookings for the 1980 winter season are above levels of a year ago, while Finance Minister Harwood's latest stimulatory measures should boost local demand further.

The balance sheet is strong enough for near-term growth R11m. 11.3% debentures were privately placed and the funds used to repay short-term borrowings. At end-June, long-term borrowings were 85.1% (78.9%) of total debt, and the debt equity ratio was still low at 43.6% (38.6%). Interest payments of R317 000 (R247 000) were covered a comfortable 5.5 (4.1) times by gross profits, and total indebtedness could be repaid from just over two years' gross cash flow.

Stocks, mainly in finished goods, showed a 40.2% increase to R11.6m (R8.3m), but this is acceptable in view of the forward bookings.

Although the share is fairly expensive at 450c on a 6.6% historic yield, high liquidity, a well-covered dividend and sound near-term growth potential make it attractive on a one-to-two-year view.

And the thrust into export markets continues
CAPE CLOTHING JOBS BACK AT PEAK LEVEL

THE Cape's booming clothing factories are moving to 100 percent capacity after working at 70 percent for three years.

Factories employed an extra 300 workers last month, raising the workforce back to the 1966 peak level.

An upsurge in demand from the shops for years of civic pride and an 18 percent jump in exports have brought the boom.

But manufacturers were warned this week that there is not enough room in the local clothing market and they must look to exports if they want to expand their business and employment.

OVERSEAS SALES

The industry's growth has been only 1.3 percent in the past eight years. With greater overseas sales, its growth could have been between 5 and 6 percent, it was calculated this week by manufacturers at the Cape Clothing Institute's annual congress.

Clothing exports this year are expected to reach R20 million, a rise of 20 million on last year. This total could have been R50 million if better export incentives were available, says Mr Simon Jucum, president of the National Clothing Federation.

There is no clarity on the future of the Government's thinking in the incentive field and the clothing manufacturers will lose available markets if the delay continues indefinitely, he says.

COMMISSION

The recommendations of the Van Huyssteen commission on new export incentives have yet to be implemented, he says. If implemented next year, could benefit the industry immensely.

Manufacturers had to quote prices for 1981 and the difference between doing business in the business lay in the Van Huyssteen study group proposals.

The clothing federation is to discuss the urgency of the situation at its annual meeting on November 13.

Many manufacturers want a clothing export council established as it is done in other exporting countries.

This council could organise an exhibition centre, undertake market surveys and keep firms in touch with changes in the export market.

Clothing is being exported to the United States, Canada, France, Britain, Germany and Australia. But the industry faces stiff competition from the United States, which is about to export to European countries.

An economist calculated that a R50-million rise in exports would provide 10,000 jobs for another 3,000 workers.

It is in the national interest to give priority to labour-intensive industry by investing in its export potential, says Mr Jucum.

An investment of R50 million in the clothing industry is calculated to create 36,000 jobs. The same investment in mining would provide about 2,600 jobs.

BY TOM HOO
Clothing to cost more next year

FASTEN your seat belts for a giddy rise in clothing prices.

The industry expects an overall growth rate of 5% for 1980 and an overall price increase of as much as 15% in just the first half of next year.

Simon Jocum, representing the 900-odd clothing factories as president of the National Clothing Federation says: “On our March orders the textile industry is giving us quotes at levels 15% higher than last year.” This means that we will have no option but to pass on higher prices.

According to the Federated Chamber of Industries the profitability in the manufacturing industry in 1977 was 9.8%; 7.8% in 1977 and 7.2% in 1978.

The textile manufacturer, garment producer and the retailer have a symbiotic relationship. Most price determinants and other problems in any one of the sectors will have a ripple effect on the other two.

The most significant price determinant now facing the textile industry is the prospect of even higher oil prices.

As 50% of the cost of any garment is the raw material and 60% of textiles used in the industry are petro-chemical based, the industry is obviously highly oil sensitive.

Although the large retailers are not saying just how big their mark-ups will be they are believed to be in the region of 100% to 200% on cost price.

In their defence retailers point out that it is impossible to talk of average mark-ups because it varies within one chain between the different lines.

Mark-ups are biggest on high risk fashion garments, 4% of which are estimated to end up on the marked down rack.

However less than 10% of clothing sales are high fashion. Half are salesable fashion which maintains a constant turnover.

The prime hope for substantially increased profit margins in the future lies in the continued meteoric rise in the sales of garments exported.

In 1975, SA clothing exports were valued at R3 million in 1976 R6 million, in 1977 R14 million in 1978 R25 million.

SA exports mainly to Britain, West Germany, Canada, the USA and Australia.

When one considers that the average wage of the 120,000 odd workers in SA clothing manufacturing is R30 a week while the equivalent wage in Australia is about R150 one realises just how competitive SA garments are abroad.

However the cost of exporting is high. 17% duties average about 17% transport costs can add about 20% but if goods are airfreighted costs soar.

Growth in the buying power of blacks is another profit potential area.

Most agree that the white market is already saturated.

If the local black market and the potential of the export market are to be exploited to any meaningful degree the industry will have to extend its plant capacity.

At the moment factories are believed to be operating at full capacity.

Once the industry needs major capital expenditure they will have to push prices up drastically.

3. How will the answer to 2. be affected by the existence of an extraordinary gain on disposal of a division of the company, amounting to R70,000, all of which was taxable, in the 19.7 financial year?

4. How does the answer to 3. change if the R70 000 is now a deductible loss, which can be set off against the taxable income from other sources of R50,000? Draw up the income statement assuming the deferral method is used.

5. Further to Note 4, assume now that the company has a set profit before depreciation of R60,000 in 19.8.

Draw up the income statement for the 19.8 financial year under a) liability method

b) deferral method

Assume the tax rate remains 42%
The crude death rates and the standardised mortality ratios, a cautionary word... *...

According to chairman Len Shawzin, last year was a period of "consolidation and preparation for the highly competitive Eighties". US consultants were used in an effort to improve layout and merchandise displays at the group's stores, especially in the Truworths and Truboutique chains, and results to date have been most gratifying.

An in-house credit card system has been introduced on a national level, with the aim of pushing the concept of convenience shopping. Further consolidation involves the use of computerised grading equipment at the group's manufacturing facilities, as well as a new distribution warehouse for the Truworths chain, which comes on stream this month.

No breakdown of profits from the various divisions is given, so meaningful stock-turns and margins are difficult to calculate. Last year the consolidated stock turn figure was 4.7 times (4.9), and 8.2 times (8.0) at the unconsolidated level, based on stock at cost and retail sales. A more accurate number is probably 4 times for the company, assuming 100% mark-up.

Trends do, however, indicate a marginally weaker performance last year.

The group's manufacturing arm provides about 30% of merchandise requirements, and this backward integration must be a good investment during a market upturn when factories can be efficiently run. The problems with owning a manufacturing arm in recessionary times, when factories tend to run at uneconomical order quantities with an adverse influence on consolidated earnings.

Last year, income from subsidiaries aggregated around R3.0m (R300 000), with reported losses of only R2 000 (R879 000). Topics and Top Centre accounted for the majority of the 1978 losses and, although their profit contribution is not given, it is probably in the region of R2.5m. These chains operate at the lower end of the market, with Top Centre aimed at black consumers, and Topics, with a 30% black clientele, aiming for high fashion at good value. Both will be well placed to take advantage of increased black consumer spending.
CLOTHING EXPORTS

Pinning markets

SA clothing exports have risen sevenfold in the past four years but sales are still "peanuts," says Simon Jocum, president of the SA Clothing Federation.

"This year we expect export sales to be about R26m out of total sales of R1 000m — that's only 2.6," he adds.

Compared with exports from other countries, the figure is even more insignificant. Britain, for example, is aiming to export R170m worth this year and Hong Kong's annual export figure is around R1 000m.

Nevertheless, Jocum sees a massive potential for SA clothing exports. "Manufacturers in the Far East are very good at low prices and making production stuff, and their prices are low because their material and labour costs are low. We can never compete with them on this level. We fit into the middle and upper segments of the market. Our designers are some of the most travelled clothing people in the world — they are always in Europe or the States and they have a far better ability to judge fashions than the Orientals. We are up to the minute in styling and colours. In fact, in some cases, SA fashions are a season ahead of European fashions. For example, some of the summer wear which will be going to Europe for their next summer is already being sold in SA shops.

"We are starting to compete with the Westeners because our labour costs are lower than theirs, while our styling and quality are at least as good," he says.

But there is still a hard road to travel before SA clothing exporters really hit the big time. One of the problems is that local operators do not appreciate both the opportunities and problems of selling abroad.

"We are trying to set up an SA Clothing Export Council, which will run exhibitions at home and abroad and have a liaison man to travel around our markets. It will be an attempt to put clothing exports on a professional basis and will be of value especially to the small manufacturers," says Jocum.

Another requirement, maintains Jocum, is increased government support for exporters. "Every country with low labour costs looking for foreign currency looks at clothing exports, because it has a very labour intensive business. Most of our labour intensive business is heavily subsidised by competitors overseas. At present, the government does offer some relief on overseas marketing costs but, if the recommendations of the Van Huysesteng Committee on tax relief for the use of locally produced textiles are accepted, our exports should double.

One of the main problems is that many orders from abroad have to be turned down simply because they are too big. Says Jocum: "The only way these orders can be filled at present is for manufacturers to pool their production facilities, to meet the demand. This is only possible if the government will have to happen, sooner or later." SA exporters are exploiting their competitors' weaknesses by breaking into new markets abroad. "For example," says Jocum, "they have a lot of experience in the UK, so we are offering lightweight clothing in the UK, so we are offering lightweight clothing. In Germany, they know and respect our clothing. We have sold many clothing gowns to the US, and the Far East makes them far more cheaply, but we don't look quite right, so we get the order. And we have recently made big advances in women's wear where we're in a good position and a sense of style and frills really counts.

 Couturier Peter Soltzberg, who has been exporting for years, agrees: "Even the local jet-setters, who used to go abroad to buy, are now learning that they can buy exactly the same thing here for much less."
Revolution rejected by blacks and whites, says Luce
323. Effect of registration of memorandum of association on company. (1) Upon the registration of the memorandum of association by the Registrar, the company shall be deemed to be incorporated and to have become a body corporate with all the rights and powers of a body corporate and subject to all the liabilities of a body corporate.

(2) Any certificate of registration issued under this Act shall be conclusive evidence of the incorporation of the company and of all the rights and powers of the company as such and of all the liabilities of the company and of all the rights and powers of the company as such and of all the liabilities of the company as such.

(3) The memorandum of association shall be delivered to the Registrar and shall be open for examination by the public during office hours.

324. Power of company to make or acquire movable property in Republic. (1) A company may acquire movable property in the Republic as if it were a company incorporated in the Republic.

(2) Any certificate of registration issued under this Act shall be conclusive evidence of the incorporation of the company and of all the rights and powers of the company as such and of all the liabilities of the company as such.

325. Auditing of accounts. (1) The affairs of any company shall be audited by an auditor appointed by its members in general meeting or, in the case of a company incorporated in the Republic, by the auditor appointed by the members of the company in general meeting.

(2) The affairs of any company shall be audited by an auditor appointed by its members in general meeting or, in the case of a company incorporated in the Republic, by the auditor appointed by the members of the company in general meeting.

(3) The affairs of any company shall be audited by an auditor appointed by its members in general meeting or, in the case of a company incorporated in the Republic, by the auditor appointed by the members of the company in general meeting.

(4) The provisions of this Act relating to the auditors of companies shall apply to the auditors of any company incorporated in the Republic.
Govt urged to help clothing industry

JOHANNESBURG — An urgent request to the Government to assist the clothing industry in accelerating its export programme has been made by the president of the National Clothing Federation of South Africa, Mr Simon Jocum.

Mr Jocum was addressing members of the federation at the annual meeting here and said he wanted to stress the importance of the export trade to the clothing industry in South Africa.

"The export turnover of the manufacturers should reach the R30 million mark by the end of this year," he said.

Approximately 50 manufacturers are engaged in the export trade and the National Clothing Federation has a register of exporters who will be able to handle inquiries received from importers overseas.

Mr Jocum said: "The industry's present exports represent approximately three percent of the value of its annual output and an export target of R100 million a year, representing ten percent of output, should not be impossible to achieve within the next few years."

South African styling and quality were acceptable in the foreign markets.

Mr Jocum said the increased exports would also help to create more job opportunities and to decrease the unemployment figure in South Africa.

He said the revenue invested in achieving these goals will eventually be for the good of South Africa and would in fact be invested in the future of this country — (Sapa)
Lucy Muvubela, articu-
late and out-going, is a
woman with an impres-
sive involvement in
trade unionism in
South Africa and she
commands consider-
able respect when she
unconditionally opposes
any United States econo-
ic withdrawal
from South Africa.
She represents the
National Union of Clothing
Workers which has
about 20,000 members
(about 50 percent of black
clothing workers) and
which has operated as an
effective union despite
the Government structures
of the past 30 years —
and she has been re-
elected to her post time
and time again by an
overwhelming majority of
her members.
She sees the disinvest-
ment campaign as one
aimed at creating chaos
and revolution in South
Africa — and serving the
interests of "leftists and
communists."

"Let us take a look at
the economic withdrawal
or boycott theory. Stop
buying South African pro-
ducts and disinvest your
money. These are the calls
made by desperate revolutionaries
who realize that the
basic condition from
which revolution can arise
does not exist — thus the
world must create it.

"The world, faced by
powerless, advise it not
to buy South African coal
with a world-wide food
shortage, advise the world
to boycott South African
maize, meat, fruit or
advice the industrial coun-
tries almost entirely de-
pendent on the basic
metals and minerals produced
in South Africa, not to import them.

"But who will be the
 sufferers?"

"Clearly, the greatest
hardships will fall on my
people, the black people.
They will be the first to
lose their jobs, they will
be left to die or to starve,
they will be the first to
be killed in a revolution.

"In South Africa, it is
not going to be a revolu-
tion against a foreign
government, a government
that can withdraw to
Britain, France or Portu-
gal, a foreign government
Investment in South
Africa is hardly a spec-
tacular controversy. It
rarely makes headlines
— but below the sur-
f ace of American politi-
cs it is one of the
most significant issues
in the continuing de-
bate on United States rela-
tionship with South Africa.

Whenever South Africa
does something of which
the country (or elements
of this country) disap-
proves, then the action
which inevitably suggests
itself is a form of econo-
ic withdrawal.

Whenever South Afri-
cans visit the United
States and get involved
in political discussions here,
inevitably they are asked
whether United States
economic withdrawal will
help the process of posi-
tive change in South
Africa or whether it will
be "counter-productive."

South Africans in gen-
eral do not appreciate just
how important this con-
tinuing, if generally low-
key, debate is. Nor do
most of them understand
the implications for the
South African economy
if the United States
should become involved
in serious economic disar-
amgement — and if she
should then persuade the
rest of the free world to
follow suit.

For instance, Mrs Helen
Suzman, Progressive
Federal Party Member of
Parliament for Houghton
and one of the most re-
spected black African
white politicians here,
visited America recently
and told me:

"The threat of United
States economic with-
drawal from South Africa
is far greater than most
would realize. It would
carry the cost of a pro-
tected guerrilla war.

"It would be a war
against locals with no
place to go..."

She argues that revolu-
tion is out of the question
and that the South Afri-
can solution must come
by way of evolution, by
negotiation, by co-opera-
tion when necessary and
by peaceful resistance
when necessary.

And she argues that
evolution has begun and
is speeding up in South
Africa.

All the Government's
efforts to keep the black
man down had crumbled
that is not prepared to
carry the cost of a pro-
tected guerrilla war.

"It would be a war
against locals with no
place to go..."

She argues that revolu-
tion is out of the question
and that the South Afri-
can solution must come
by way of evolution, by
negotiation, by co-opera-
tion when necessary and
by peaceful resistance
when necessary.

She said blacks in
South Africa were con-
vinced that they could attain
their goals by evolutionary
means.

"It is only a matter of
time for us. But we do
not want starvation and
the slaughter of a full-
scale revolution that will
reduce us to the Africans
of the nineteenth century."
BIG BOOST FORECAST FOR CLOTHING

Clothing factories will be running at 100 percent capacity next year and the number of workers is expected to rise by at least 5,000.

This is the forecast of the president of the National Clothing Federation, Mr. Simon Jolm.

The industry expected to employ about 150,000 people by the middle of next year, he said today.

For the first time consumer spending is returning to clothing and spending by blacks will be the main generator towards further growth.

Prices Volatile

But prices could be highly volatile. Fabric prices could rise in the second half of 1980 after oil increases while prices of natural fabrics such as wool and cotton had already gone up.

The textile industry's inability to meet increased demand created problems. It was too costly to import and the clothing industry was in a bind of a limited number of suppliers. This was not a healthy situation.

Exports could show only a small increase over the 1979 figure, estimated at R9 million, unless better export incentives were provided.

Clothing imports would be watched carefully to ensure that cheaper goods were not dumped by the European countries affected by the world recession.

The lifting of sanctions against Rhodesia would require old trade agreements to be revised as South Africa would not afford to import apparel from European countries.
But clothing workers look to rosy days

Own Correspondent

CAPE TOWN — Clothing factories will be running at 100 percent capacity next year and the number of workers is expected to rise by at least 5,000.

This is the forecast in Cape Town of the president of the National Clothing Federation, Mr. Simon Jocum.

The industry expected to employ about 130,000 people by the middle of next year, he said today.

"For the first time, consumer spending is returning to clothing and spending by blacks will be the main generator towards further growth."

But prices could be highly volatile. Fabric prices could rise in the second half of 1980 after oil price increases while prices of natural fabrics such as wool and cotton have increased already.

Mr. Jocum said the textile industry's inability to meet increased demand caused problems. It was too costly to import the clothing industry was in the hands of a limited number of suppliers, which was not healthy.

The lifting of sanctions against Rhodesia would require old trade agreements to be renewed. South Africa could not afford to import unemployment because of lower wages countries.
MANUF. -Clothing
1-1-80 - 31-12-80
Ensuring supplies

One of the stumbling blocks to finalising the price Nampak would pay for control of Premier Paper (1st November 30, 1979) was the latter's holding of 19% in Rhodesia-based Huvamai Pulp & Paper. This has been neatly side-stepped by Premier's controlling house, African Finance, at what could eventually prove to be a considerable profit.

Basically AFC has agreed to buy Premier's 4.6m Huvamai shares for R2.5m in cash payable in SA. This is equivalent to roughly 44c per Huvamai share, which had a nav of 10c at the end of June 1978 and which currently enjoys a Rhodesian stock exchange valuation equivalent to 196c SA. On the surface, then, AFC's paper profit is roughly R7m. The rub is just how much of it can be realised and shipped back to SA.

First reaction is that this is too much of a discount for Premier shareholders to accept, even allowing for the sweetener from Nampak which added about 50c to its offer. To forestall any criticism, AFC is to offer those Premier shareholders that feel...
These days...it sure is a rags to riches story

JEAN MOON looks at clothing

It is said that "clothes make the man" and it is often possible to judge a man's financial worth by the way he dresses and using the same yardstick, you can gauge a country's economic health by how well or badly the man in the street is clad.

During the mid 70s recession, one of the first industries to suffer was the clothing industry. Poor old dad had to wear the same suit for yet another year, mum had to make do with what she had for special occasions, and parents were tempted to put bricks on the heads of their children to stop them growing.

Manufacturers bemoaned slim order books and under-utilization of machinery. Now, the boost in the economy has produced a new River Churn type of consumer. And, to cope, some industries are near 100 percent capacity.

The surge in clothes buying has taken place in the face of substantial rises in the cost of materials. Synthetics have been adversely affected by the oil price, and cloth and the cost of 'ashy floss' has risen substantially.

Earnings

Simon Jocum, president of the National Clothing Federation is looking at 1980 with an optimistic eye, but uttered a tone of caution when he pointed out that there is a possibility that the textile industry will not be able to meet the increased demand.

Local suppliers to the clothing industry are limited, and it has been expensive to import raw materials. The importation of clothing from Far Eastern countries will be watched carefully to ensure that cheaper goods are not dumped here. Mr. Jocum pointed out that the lifting of sanctions against Rhodesia will necessitate review of the industry's position in South Africa and the potential for import unemployments from low-wage countries.

Additional work in the industry will call for more employees. By the middle of this year, the number employed in the clothing industry was expected to rise by five percent to about 130,000 people.

While the styling and quality of South African made clothes has been well received in the foreign market only a small percentage of output is exported. Real year estimated export earnings of R30m is not expected to increase much this year as the Government provides better export incentives.

One South African company to make huge in-roads into the export market has been Rex Technical. The company's clothes have been well received and a strong competition, in the UK, the European and American markets. Improved efficiencies and a more effective push of the company's pre-tax profits of 49 percent ahead on a 21 percent rise in turnover in the year to June. A higher level of forward bookings for 1980 should result in pleasing results at the half way stage.

Solid

Although its six percent dividend yield is not particularly attractive, it is a thumping 3.5 times covered by earnings, so it would be reasonable to expect last year's 30c total to be improved upon. It seems, though, to be the trend of clothing manufacturers to keep dividends highly covered by earnings.

In charting terms, Rex Technical shares are in a bull trend which has been in operation for 12 months. This means the share has already been scooped from new investment in the share, but continued growth is likely.

Producers of natural fibres, wool and mohair, Gubbi Ingova flaunts a highly attractive dividend yield of nine percent, which is more than adequately covered by 3.5 times earnings. A normally cautious board, basing its estimate on profits in the first quarter, expects the year end results to June to be good, so a further improvement on last year's 30c can be expected.

Right now seems to be the time to buy this share, as charts show that a purchase at around 25c could produce short term growth. The only problem with the share is its fairly low tradability, but when both growth and improved income seem on the cards it is worthwhile persevering.

An extender which looks good on the charts as a speculative buy is Progress Shareholders have gone empty pocketed since 1977 following the company's slide into the red in 1977. Although it returned to the black in the year to December 1978 directors felt it imprudent to pay a dividend of 17.5c earnings a share.

Trading in the first few months of 1979 was further improved, so a return of dividend payments looks possible. At a price of 20c, a dividend of 17.5c looks a gamble.

Seardel

Another share indicating that the time is right to buy is Seardel. Since its acquisition of The Charmant business a good improvement in profits has been recorded.

Half year figures to December can be expected to show a further rise and maybe a lift in the interim from last year's meagre 40c a share.

Goals and objectives for the next five years include a return of at least 20 percent before tax on total costs and to increase net earnings by 12.5 percent a year.

With these objectives in mind, shareholders cannot expect significant hikes in dividend payments, which make the share an investment for growth rather than income.

Wallowing

Following its chequered career, Moli River is again on the up and up after wallowing in the depths of the recession in the textile industry. Earnings at the halfway stage to June were more than 180 percent higher and the dividend of 10c is up by a similar amount.

Assuming trading in the second half will be on par with that of the first six months, a final of 16c (the same as last year) might be expected, in which case the yield at its current level would be a highly attractive 13 percent.

Another one, whose bottom has been dragging along the ground for the past couple of years, but is now indicating that bigger times are ahead is Veka.

Not only have ordinary shareholders benefited from a dividend for a few years, but the company was even able to pay out its preference share holders.

Even after its resounding comeback to profitability at its last year end, it was still in arrears to the extent of 8433 000 in preference share payments at its June half year.

Therefore, it is hardly likely that ordinary share holders will have any distribution at all for the year to December.
The increased volume of business new share issues this time is expected to boost the company's earnings. Last year's strong performance is expected to continue, with profits up by 20% compared to the previous year.

The share price has risen significantly, reflecting the positive outlook for the company. With the current market conditions, shareholders can expect a dividend payment of 5%.

The company's financial report shows a healthy increase in revenues, with a growth rate of 15% over the past year. This growth is expected to continue, providing a strong foundation for future investment.

In terms of liquidity, the company has sufficient cash reserves to meet its short-term obligations. The management team is committed to maintaining a strong financial position, with a debt-to-equity ratio of 1:1.

Overall, the company is well-positioned for continued growth and success in the coming years.
Up go wages for clothing workers

Mr M Ansell, a clothing industry spokesman, said yesterday the first stage of the agreement, which covers 27,000 clothing workers, would apply from July 1. The agreement, which provides for a 10.5% increase, will apply to all employees in the clothing industry.

The second 11.5% increase will be from July 1, 1988. The agreement covers employees in both the northern and southern regions of the clothing industry.

The agreement also provides for a 1% increase in the basic wage for all employees in the clothing industry.

Wages range from R15 to R25 a week in the clothing industry. The new scales will be from R18.50 to R31.50.

Other changes provided for in the agreement include an increase in the basic wage, a change in the hours of work, and a change in the holiday pay for employees.

Mr Ansell said the increase would help to improve the living standards of employees in the clothing industry.
Material gains

After four years of underproduction the clothing industry is finally coming out of the recession. With production up 5% in a year, clothing factories expect 100% capacity utilisation this year.

"Consumer spending is returning to clothing and we expect black buying to be a major generator of future growth," says Simon Jocum, president of the National Clothing Federation.

Clothing manufacturers were particularly hard hit during the recession, showing an average growth rate of 1.3% a year. The industry is always one of the first to suffer in hard times as cash-strapped buyers tend to make clothes last longer.

Production in the first 10 months of 1979 is up 5% on the same period in 1978, in spite of substantial rises in the cost of materials.

Synthetics have been adversely affected by the oil price, and the cost of natural fibres has also risen significantly. If prices are contained and growth continues, employment could rise by 5% with the industry employing 130,000 people by the middle of the year.

Aaron Searl of Seardel, one of the largest clothing manufacturers in SA, is budgeting on a 5% increase in both production and employment this year. "After four years of excess capacity, there has been a dramatic increase in production and we now expect an 8% increase in factory utilisation," he says.

But it's not all good news, says Jocum. He is concerned that the textile industry will not be able to meet the increase in demand while at the same time maintaining quality of fabric as well as efficient deliveries. High import tariffs make it costly to import fabrics. So SA's 900 clothing factories are "entirely at the mercy of the textile mills." Approximately 80% of the fabrics used by clothing manufacturers are bought on the local market.

"Prices must also be contained in the industry," says Jocum. "If not, we could meet with consumer resistance and bang goes our expected growth.

Searl is also worried. "The textile industry deserves and gets our support, but the industry is unduly protected. They are unable to meet the demand and clothing manufacturers will have to import fabrics at high costs," he claims.

Textile Federation director Stanley Shlaga says the fears are unfounded. "We anticipated the upswing in demand and the textile industry is currently investing R50m in additional equipment. There will be no shortage either in variety or quantity. We expect demand to peak from mid-year and by that stage the bulk of investment will have taken place."

Searl reckons an investment of R50m is inadequate if the increase in demand is to be met and must be coupled with intensive training if it is to be effective. He argues that the textile industry should concentrate on areas where it has an advantage rather than "hammering away for increases in import duty."

Exports are increasing and reached R30m in 1979. Jocum expects the clothing industry to achieve similar figures this year. Exports represent 3% of total output, but manufacturers hope to increase exports to 10% of output in the next few years.
Rex profits up 31% expansion ahead

REX TRUEFORM has raised earnings per share by nearly 31 percent in the first half with higher sales both locally and overseas.

Earnings per share rose from 51.57c to 67.38c. Pre-tax profits were R2 379 000 as against R1 953 000 and taxed profits were R1 885 000 (R1 492 000). Tax was only R484 000 (R501 000) due to export allowances.

The chairman, Mr Stewart C Shub, says group turnover rose by 38 percent with increased market penetration. He says there has been a marked improvement in trading conditions on the domestic market and an improved level of confidence in the economy.

But margins have come under pressure due to sharply rising raw material costs and operating costs, have been affected by a continuing high rate of inflation. Management is making every effort to contain costs.

The sales outlook for this year is favourable. Production capacity for the remainder of the year is fully booked and forward bookings for the summer of 1980 are most encouraging.

After its extensive growth over the past few years Rex is expanding once again, Mr Shub says, an additional distribution facility has been secured close to the existing factories which will allow space to be earmarked for increased production to meet the demand.

The shirt company L'Uomo has completed its move into the new factory and is poised to benefit from the rationalization of its plan. He expects L'Uomo to further improve its firmly entrenched position in the market.

A satisfactory profit was achieved in the six months and Rex's 50 percent stake has been included in the results.

African and Overseas Enterprises — Pre-tax profit R2 70m (R2 64m) in six months ended December 31. Earnings per share 42.96 cents (27.88), taxed profit R1.65m (R726 000), tax R578 000 (R584 000), minorities R1.02m (R771 000). The company said wholly-owned subsidiary Vella Sportswear made a significant recovery, and achieved highly satisfactory results. Directors are confident regarding prospects for the full year, and say group profits should show satisfactory improvement — Reuter
No new EL pay rate

EAST LONDON -- The new wage determination for the ladies' stockings industry would not affect wages paid at Berkshire International (SA) here, the company's managing director, Mr M. M. Strong, said.

Commenting on the new agreement, which was announced in the government gazette of February 18, Mr Strong said the new rates simply did not apply at Berkshire "because we pay far in excess of the new rates."

He added that it was unfortunate that by the time the new wage agreements came along they were almost historical and had little relevance.

"Any progressive company will be paying well above the new rates anyway," he said.

The new determination will apply to the stocking industry in East London, Eastcourt and Parys and will be binding from this week -- SDR
Women strike on no-bag rule

POST, Monday, February 25, 1980

The women went on strike this morning at the Ford Motor Company in Dagenham. It is the first time in the company's history that women have gone on strike.

The women are protesting against the company's new no-bag rule. The company has asked the women to leave the factory at the end of the day without their bags. The women say this is unfair and are refusing to leave.

The company says the rule is necessary to prevent theft and vandalism. The women say they are not responsible for the thefts and vandalism that have been occurring at the factory.

The strike has caused a halt in production at the factory. The company has said it will respond to the women's demands.

More than 200 women were employed by the Ford Motor Company in Dagenham.

The union said that the women were determined to fight for their rights.

The women say they are prepared to continue the strike until their demands are met.

The company has asked the women to return to work under the no-bag rule.

The strike has caused a lot of disruption in the area. Many other factories have been affected by the strike.

The union said that it would continue to negotiate with the company to ensure that the women's rights are protected.

The women say they will not give up until they have won their fight.
Clothing exports continue to rise, trade in China, and clothing in China, with a three-country agreement, under the influence of the Hong Kong government.
Boost for SA clothing

Financial Reporter

A multi-million rand export contract has been awarded to a South African clothing group, Coronet Industries, of Cape Town.

Coronet, which is the franchise holder for the Hang Ten trademark for women’s and girls’ clothing, has formed a consortium with two other franchise holders, Joseph Di Paulo (US) and Hanns-Michael Graf (Germany).

The consortium was awarded sole rights to supply the total Hang Ten market for Europe, including the Scandinavian countries, Britain and the mainland, including Greece and Italy.

The value of the market is estimated between R50-million and R100-million a year.

All Hang Ten women’s and men’s wear for the European market will be made in South Africa. Existing plant will be expanded, creating work for contractors and necessitating a large increase in staff, to be drawn from all South African population groups.

Mr. Frank Gordon, managing director of Coronet, says this breakthrough into the European market will lead to a large export increase by local clothing manufacturers.

Europeans are beginning to realise that South Africa has a large and competent clothing industry, operating on lower direct labour costs, and are now looking to South Africa to fulfill market needs created by dire production shortages in the rest of the world.
CLOTHING OFFERS MORE WORK IN CITY

FIFTEEN more clothing factories opened in Cape Town in the last 14 months, bringing the number of manufacturers to 315, and the workforce has soared to a peak of more than 50,000.

This is disclosed today by Mr. A. M. Rosenberg, chairman of the industrial council for the Cape clothing industry in his annual review.

Two thousand more workers have found jobs in factories since January and another 3,000 were provided last year. Since the 1976 recession the workforce has increased by 18 percent, or 3,000 employees.

Employment has grown by 32 percent or over 12,000 jobs in 10 years, according to industrial council figures.

In the worst year, 1977, seven firms were insolvent and R18,000 was paid to 446 workers.

Housing loans to workers rose by 50 percent to R45,000 last year and the provident fund has helped to house more than 1,000 families.

From the performance and growth of the local industry in 1979, and business activity in general, 1980 looks to be another promising year for the Cape clothing industry, said Mr. Rosenberg.

The number of factories has jumped by 62 in the past 10 years.

"Every little factory that opens can have important repercussions on employment for this is a labour-intensive industry," said Mr. Rosenberg.

Only two manufacturers went insolvent last year and the 170 workers involved received R4,078 in pay from the industry's contingent fund.
Sportswear has made a significant recovery in its own right. Turnover in the first six months was 30% up, and a net profit before tax of R106 000 was earned compared with a loss of R80 000 during the previous corresponding period.

Unfortunately, inflation and rising operating costs figure largely on Rex Trueform's horizon. Margins have been under pressure, and promise to remain so in the short-term. What will help the most is utilisation of capacity, which, in Rex Trueform's instance is fully booked for the rest of the year, says chairman Stewart Shub. Also, forward booking for the summer of 1980 is said to be "encouraging."

An additional distribution facility has been secured close to existing factories, so valuable space which has been earmarked for new production facilities has been released. L'Uomo, which caters for...

At this level, the prospective yield is a solid looking 7%

Lakewide, Dubin has done well in the year to December. Turnover was 25% higher at R62,5m, but earnings accelerated by 34% to 25,9c (19,3c) before non-trading items. Again, lower taxation was a factor in achieving a higher rate of earnings growth, principally through export promotion and new plant allowances. However, chairman Abe Dubin has been a little more conservative with the dividend, distributing a 21% higher 8,5c (7,8c). Perhaps the reason is that consideration is now being given for the payment of an interim as a matter of policy.

At 105c, Dubin's historic yield is 8,1%, and I would not be surprised at a prospective yield of just less than 10%. Which is taking an unnecessarily pessimistic view of future prospects even allowing for another round of cost increases and stiff competition.

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**REX TRUEFORM/DUBIN**

**Suit(able) growth**

Judging from the recently released reports of several clothing groups, the upturn in demand first noted when gait was introduced appears to be gaining additional momentum. Currently the market appears positively buoyant, with strong forward orders suggesting a measure of long-term confidence that Jan Publek will continue to open his purse strings and clothe himself in a manner befitting his more optimistic outlook.

First off the peg were interims from African & Overseas Enterprises and its major subsidiary, Rex Trueform. A & O reported a most satisfactory improvement in trading profit for the first half to end-December. At the attributable level this was translated into a 54% improvement to R1,1m (R706 000), giving earnings of 43c a share compared with 27,6c previously, and only 44,7c for last year.

At the operating level, Rex Trueform reported a 30,5% improvement in earnings of 67,4c, which compares with 51,6c in the previous first half and 108c last year. However, the directors warn that the results of both groups did benefit from a significantly reduced tax rate due to allowances for export marketing expenditure and new plant.

A & O's wholly-owned subsidiary Vella Rex Trueform's L'Uomo range — stylish appeal

the quality end of the specialist menswear trade, has been successfully relocated in its new factory. So, with further rationalisation of its product range this year, Rex Trueform's 50% interest should prove even more profitable.

Shub anticipates a satisfactory improvement in profits for both companies. For Rex Trueform, this could mean earnings of as much as 140c, out of which a dividend of at least 39c can be expected, even if the cover is retained at 3.5 times.
Berkshire is looking good

By Jean Moon

Berkshire International, manufacturers of women's stockings, pantyhose, knitwear and clothing, notably denim jeans, while expecting a good year in 1980, does not expect the rate of increased profitability to be maintained.

Pre-tax profits rose 66.6 percent on a 42.5 percent increase in turnover during 1979 while income attributable to shareholders leaped 52.5 percent.

Berkshire is cautiously optimistic with regard to the future industry in Rhodesia, depending on the nature of the new government.

The 63 percent held Rhodesian subsidiary improved results in the face of internal strife in that country.

Berkshire's claim to fame was its move, in the middle of the last decade, into the production of denim clothing.

At that time, women adopted the bare legged trend, and sales of pantyhose slumped drastically, and the market became oversupplied.

Not content to sink with the rest, Berkshire moved into a more "with it" field — denim clothing which has proved to be one of the most lasting fashion fads for a good number of years.

At last, those shareholders who have had to make do with "mean" distributions making Berkshire's dividend payment for 1979 7.5 times covered, can hope for something better this year.

Chairman Ashton Chubb said in the annual report that the company has achieved a position of financial strength which will now permit a more liberal dividend policy to be pursued.

Therefore, if the present trading performance is maintained, a dividend of 22.5c will be paid this year.

At a price of 230c this would mean a yield of nearly 0.8 percent, which for shares in this fast growing company is highly attractive.

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Cape Town clothing exports could get a big boost from the nationalization of the clothing industry.

According to a report by the South African government, the nationalization of the clothing industry could help to significantly increase exports from the country.

The report states that the nationalization of the industry will enable the government to control the production of clothing and ensure that it meets the needs of the domestic market.

This will allow for greater efficiency in production and help to reduce the cost of clothing for consumers.

The report also notes that the nationalization of the industry will allow for greater investment in research and development, which will help to improve the quality of clothing produced in South Africa.

Overall, the nationalization of the clothing industry is expected to have a positive impact on the country's economy and help to boost exports.
FINANCE

SANS plans R50-m saving on imports

Financial Editor

SOUTH AFRICAN Nylon Spinners, the R200-million company making nylon and polythene yarn at Bellville, may soon be able to obtain all its raw materials locally.

This would reduce the country’s import bill by about R50-million a year.

At present the company has to import parts of its requirements.

But Mr Justin E Schaffer, managing director of SANS, said in Cape Town today the company, in association with AECL, was seriously investigating the manufacture of some of SANS chemical feedstocks. These feedstocks would be based on coal.

As a result of these investigations he expected SANS to obtain all its raw materials locally.

Mr Schaffer said the spinning equipment being installed at Bellville at a cost of R40-million would raise the company’s polyester and nylon yarn capacity by 35 percent.

This would enable SANS to supply the country’s total requirements of these products for some years to come.

The new plant would significantly upgrade the quality of the yarn being produced and also enable SANS to offer its customers a greater variety and meet the varied requirements of the local mills.

The new plant would come into operation in 1981 and could be quickly enlarged at low cost.

Employment at the Bellville plant would rise by about 100 to 1,000.
At last-Dugson turns the financial corner

By TONY HUDSON
Finance Editor

DUGSON HOLDINGS has turned the corner and after several years of heavy losses, is showing a profit for the year to December 31, 1979.
Trading income before tax was R26 000 compared with a loss of R34 000 in 1978, R14 000 in 1977 and R19 000 in 1976.
After extraordinary items, tax and dividends to preference shareholders, income attributable to ordinary shareholders is R57 000. Income to ordinary shareholders before extraordinary items comes to 36,9 cents a share.

Managing director Ivan Levy told TRIBUNE: FINANCE he expected growth to continue during the current year. He said no decision had been taken when dividends would be resumed (the last was paid in 1975). However, it would be fair to assume that if profits continue to grow that at least a token payment will be made at the end of the current year.

Dugson started to run into trouble in 1977 when it began to centralise its menswear operations in Durban after the previous locations in Johannesburg and Kimberley were too scattered and there was too much production capacity for the market at the time.

The following year consolidation of menswear continued and the group also ran into trouble in setting up its children's-wear plant in Isihebe.

However, last year the group's affairs started to come together: The menswear division was fully consolidated, the children's-wear operation made a small contribution to profits and losses from subsidiary Durity were reduced.

With an earnings yield of 24.6 percent compared to the sectoral average of 19.6 percent the country could well move up during the year from its present pattern, and would be attractive in the medium-to-long
Klerebedryf sukkel weer met tekstiel

DIE Suid-Afrikaanse klerebedryf ondervind tans ernstige probleme met die verskaffing van materiaal van die tekstielbedrywe. Daarby kan die klerebedryf, wat uit sowat 900 vervaardigers bestaan, binne die volgende jaar straawse mededinging van die Rhodesiese klerebedryf verwag.

Die grootste onmiddellijke probleem, in die verskaffing van tekstielmateriaal. Verskeie klerevervaardigers beweer dat hulle soms etikke maande moet wag vir hulle hul materiaal ontvang. In 'n mark, soos die vir klere, kan dit dan afgekeur, want seisoensverandering speel 'n groot rol.

Die klerebedryf ontvang sy tekstielware van net sowat twintig tekstielvervaardigers, wat beteken dat sommige ware net van 'n een vervaardiger gekry kan word. Aan die ander kant, ontvanger die klerebedryf sy produkte hoofsaaklik aan sowat vyftien groot kleinhandelsgroep. Hier is dus 'n oligopolistiese mark waarin groot druk op die klerevervaardigers toegeneem het.

Mnr. Simon Jocum, voorzitter van die Nasionale Klerefederaasie, het onlangs in 'n onderhoud met Sake-Rapport gesê dat 'n klerevervaardiger 'n ooreenkoms met 'n tekstielvervaardiger moet aangaan, ingevolge waarvan die pryse van die tekstielware voorsien van vaste verkoopprijs. 'n Firma waarmee maande daarna word die pryse van die tekstielware verhoog, maar die klerevervaardiger het reeds die ware aan 'n kleinhandelaar teen 'n vasteprys verkop. Mnr. Jocum se dat die klerevervaardiger ondervind dan probleme om sy pryse aan die kleinhandelaar te verhoog.

Die tekstielbedryf het egter dieselfde probleem, aangesien die pryse van grondstowwe soos olie ook baie wissel.

Die probleme in die tekstiel- en klerebedryf sal verder skeep deur 'n raadgevende komitee bespreek te word, wat uit verteenwoordigers van die tekstiel- en klerebedryf en die kleinhandel bestaan.

Sake-Rapport verneem dat die verskaffing van klere- en tekstielware in die pryse inringend beïnvloed word. Skomelinge in pryse veroorsaak 'n ongewone toestand wat met tot wrywing kon lei, het 'n klerevervaardiger gesê.

In ander probleem wat die klerebedryf het, is die verskaffing van produkte aan die binnelandse mark. Na verwagting sal die uitvoermark van jaar sowat R30 miljoen beloop. Die vervaardigers moet sorg dat hulle op datum is met uitvoerkontrakte.

Terselfdertyd moet die produkte uitgebrei word om in die behoeftes van die binnelandse mark te voorstien.

Volgens Mnr. Jocum moet daar ingedinge ondersoek na die vrye handel met Rhodesië kom. Na verwagting sal die klerebedryf in die land binne 'n jaar op sy bane kom, wat beteken dat miljoene rande 'n klere na Suid-Afrika sal vloe.

Die ware sal na verwagting goedkoper as die Suid-Afrikaanse produk wees, en deel van die binnelandse klerevervaardigers sal tekstielware goedkoper gaan kry. — Flip Meyer
Foschini in TVL drive

Own Correspondent
CAPE TOWN. — Foschini is preparing for major growth, including plans to expand in the Transvaal. In a related move to boost working capital, it has negotiated a R4-million long-term loan and a further loan is contemplated, says the chairman, Mr Stanley Lewis, in the annual report.

The new northern headquarters in Johannesburg — R2 250 000 project which will be completed in August — is the key administrative base for the projected Transvaal growth. "We are starting our drive into the eighties in the north and the Isando complex represents the groundwork that has been done. It has been set up and planned to allow considerable room for expansion."

The directors' report shows that the terms and conditions of the R2-million loan with the Old Mutual have been renegotiated. The term has been extended and Old Mutual has relinquished any rights or options it had to acquire ordinary shares in Foschini.

The loan has a 13.25% coupon and is repayable in 15 equal annual installments from December 31, 1989.

The new loan — a R4-million facility at a 10.65% rate — is repayable in 15 installments from December 1989. The group also has a long-term arrangement with Barclays under which the bank purchases accounts receivable. At the year-end, R6 500 000 (R6-million) had been used.

Foschini's turnover last year was R12 304 000 — a 14.6% increase on 1978. The 1979 pre-tax income of R12 012 000 was 17.7% ahead of the previous year's R1 059 000. Net income attributable to ordinary shareholders of R7 507 000 (1978 R6 403 000) showed an increase of 16.6%.

Earnings per share increased by 14.6% to 76c (60c). The dividend was 25c (25c), making the total distribution 51c (50c). The dividend is covered 2.4 times by earnings — the traditional cover.

Lewis Foschini Investments (Lefico), whose major asset is its 29% shareholding in Foschini, reflects the latter's results with net income after tax at R1 546 000 (1978 R1 302 000).

Total attributable earnings (including those retained by Foschini) amounted to R3 762 000 (R3 159 000), to give earnings a share of 78c (67c). Lefico's final dividend has been raised to 26.1c (22.5c).
'Sjambok on workers and pay docked'

A BLACK worker at Trident Steel in Germiston complained to POST about the treatment of black workers by a company official, Mr B Noordman.

The employee alleged deductions from their pay-packets and that people who objected were either fired or asked to resign.

It was also claimed that Mr Noordman carried around a sjambok that he uses on workers.

He uses words such as "kaffir" to employees, said the complainant.

POST was also told that there were workers in the company who buy liquor for Mr Noordman and others who work in his garden and that this group of workers are treated well.

Mr F Behr, the company director, told POST some allegations had been made before and were found to be untrue.

He said a year ago the foreman deducted money from the workers' wages for late-coming and that he (Mr Behr) had put a stop to that practice.

PLASTIC

He admitted that Mr Noordman carried a plastic rod about, but that he only toyed with it.

Those who work in his garden are not forced to do so and they get paid for it. They don't do the man's garden during working hours," said Mr Behr.
BERKSHIRE

Nico legs

Activites: Manufacturers women's business, business, clothing and home wear. Berkshire International is 51% of the capital.

Chairman: J. A. Clifton, chairman director of M. I. Stone.

Capital structure: 10,000 ordinary shares of 50 pence each, with a nominal value of 50 pence each. Capitalization: £100.

Financial Year: End of December 31st.

Dividend: 100 per cent dividend paid on the ordinary share capital.

Current assets: £23,572, current liabilities: £10,000.

Turnover: £1,000,000.

Profit and loss: £23,572.

Berkshire SA has taken handsome advantage of the consumer sales upswing over the past year and the announcement of a more liberal dividend policy from now on makes the shares look cheap at the price.

Turnover of the clothing manufacturer rose by 40% in the year ended December 31st, while pre-tax profitability managed an 87%, advance in 1980 indicating that the company's efficiency has been heightened as spare capacity is taken up. However, there are some grounds for doubting whether this rate of increase in profitability can be sustained.

Financial M. A. April 4, 1980
Full booked

City may get

A Technical College

Note:

Workers Tech

Clothing

BY TOM GOOD

From the New York Times

The center trains people to enter new occupations in light manufacturing, \textit{etc.}, including in the past for example in the garment industry, as well as in the new occupations in the field of electronics, which are depot jobs for the future. The training includes both a technical area and a general education component.

At least 2000 new jobs

2000 jobs

2000 jobs

Workers in the electronics field can enter the training program to prepare for new occupations in this field. The program includes both technical and general education components. It is designed to provide workers with the skills needed to enter the electronics industry.

Polytechnic: East - Grower's - Columbia

In clothing and textiles, college specializing in technical college.

Purchased: 1985

Technological: East - Grower's - Columbia
A new life for undies?

Staff Reporter

MANUFACTURERS of underpants may soon be asked to provide them with replaceable elastic bands instead of stitched elastic, if the Caledon Circle of the Women’s Agricultural Union have their way.

A Caledon newspaper, the Caledon Venster has reported that the Caledon circle of the union decided that the South African Consumer Council should be asked to encourage manufacturers of underpants to do this.

The decision was taken by way of a draft resolution passed at a recent conference of the circle in Napier.
As a result of the collapse of the existing five-year international Multilayer Agreement (MFA) under the auspices of GATT, SA clothing and textile men expect SA to become the target of the low-wage and state trading exporters who have brought the US and Western European clothing and textile industries to their knees.

It is understood, too, that clothing manufacturers raised the sensitive question of Rhodesian clothing exports, Rhodesian clothing manufacturers buy their fabrics, fully rebated, in the cheapest markets and because the existing 1964 trade agreement is favourably weighted for Salisbury, hit domestic garment makers where it hurts most — in the high-volume cheaper end of the market.

This argument is unlikely to wash with government trade officials who say that the lifting of sanctions and Salisbury’s return to legality should reduce not increase the importance of the SA market to Rhodesian exporters. In any event, the 1964 agreement subjects Rhodesian exports of certain types of garments to a system of quota limits.

But while it is in Pretoria’s best interests to maintain a discreetly pervasive stance towards imports from Rhodesia, it is clear that strong action will have to be taken ahead of the international clothing and textile clinics.

More than a million workers in textile-related industries in Europe have lost their jobs, many thousands more will do so before the next GATT MFA is concluded, in 1982. Chances that the 1983-1987 MFA will be more protectionist than the current one are said to be slim.

Pressure from developing countries for markets for their own industries, which are labour intensive and give a valuable boost to an unsophisticated economy, is becoming increasingly hard to resist.

European analysts now reckon that by 1986 as much as 25% of all EEC textile activity will have been transferred elsewhere and that 60% of all clothing manufacture will have been suppressed by imports.
SIGMA Power Corporation intends to protest strongly through NAAMSA, the vehicle manufacturers' association, at the company sees it, the latest exorbitant levels of protection which are planned to cushion the Atlantis diesel engine plant.

The Minister of Industries announced that the locally assembled or manufactured engine is to be protected by an excise duty of 30% on the manufacturers' wholesale price of the completed vehicle.

Sigma Power's argument is two-fold. Firstly, by basing the duty on the total wholesale price of the vehicle, the true level of protection is being disguised. In the case of the Mitsubishi range of trucks, this duty is effectively 30% on the imported cost of the engine.

"Even imported luxury built-up cars are only taxed at a rate of 100%," says Jim Knight, a director of Sigma.

"I don't believe the transport industry fully appreciates the exorbitant level of protection that is being given to Atlantis. This must be the highest level given to any local industry."

Sigma's second grievance is that such duty protection actively discourages further local content in truck manufacture.

"Manufacturers will be paying a 30% excise duty on locally manufactured components. Taken to its logical conclusion, a 100% local truck with an imported engine, will bear a 30% tax on the total cost," says Mr. Knight.

"This is an illogical way to discourage imports and encourage local manufacture. Local components usually bear a premium over imported ones, because of the relative volumes.

"And now we are being taxed on that premium. If we fit, for instance, a local transmission and axle, costing some R15,000 more than the imported one, to a truck with an imported engine, then we pay a R450 additional tax for the privilege of using the local components."

By Vera Beljakova
**Health warning by union leader**

Labour Reporter

"All possible health precautions and the strictest government supervision should be applied at the asbestos textile factory under construction at Philippolis, according to a local labour leader.

"We welcome any move to boost the economy of the Western Cape, but we don't want a boost at the expense of human lives," said Mr. Norman Daniels, general secretary of the Textile Workers' Industrial Union.

He was reacting to an Argus report on the proposed asbestos factory and the hazard of working with asbestos, a known cause of lung cancer.

"The factory is a full success, but all the people going to work there should be fully aware of the risks they might run," Mr. Daniels said.

**MEDICAL HISTORY**

"Although I have been assured by officials that all health and safety precautions will be applied, I still fear that the health of workers will be endangered," Mr. Daniels said, the medical history of workers should be closely followed after they leave the factory.

Workers could pull something up which might show itself only in five or 10 years' time."
Flood of Far East clothing imports feared

A FLOOD of clothing imports from the Far East is forecast by the National Clothing Federation.

It is asking the Government to step in and raise tariffs on imported cheap clothing to protect the South African industry and its 125 000 workers.

'Buyers of large groups are in the Far East increasing their imports in the knowledge that import control is to be dismantled,' says the federation in a submission to the Board of Trade and Industries.

200 pc MARK-UP

Profits from cheap imports were 'tremendous' with a mark-up of 200 percent compared with 90 percent on local goods and no benefit to the consumer.

'If the present tariff structure continues with import control relaxed, everyone would be importing including our manufacturers.'

Import control has ensured the growth and progress of South Africa's clothing industry, says the federation.

'We expect new import duties on textiles to be gazetted in the next few weeks,' says the federation's president, Mr Simon Jocum.

'This is all the more reason why the clothing industry requires drastic protection on cheap imports as 20 percent of our fabric requirements are bought here and the other 20 percent will have to be imported at very high prices.'

'We have only to look at the United States, Britain and Europe, where the Far East has wrecked the clothing industries of the Western world.'

'Importing clothing from low-wage countries amounts to importing unemployment. We have a duty to look after our own employment.'
ENSIGN

Cutting its losses

Activities

For Ensign African Clothing Manufacturers a wide range of garments under various trade marks, such as Samson Workwear, Deliah Ladies Workwear Evonnis Schoolwear and Shalloy Leisurewear. Directors directly and indirectly control 47% of the equity.


Capital structure: 600,000 ordinary shares of 50c. 185,000 6½% preference at R2. Market capitalisation: R1.2m.

Financial Year to December 31, 1979

Balance sheet


<table>
<thead>
<tr>
<th>Year</th>
<th>Return on 100c.</th>
<th>14c.</th>
<th>17c.</th>
<th>19c.</th>
<th>15c.</th>
<th>16c.</th>
<th>17c.</th>
<th>18c.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1976</td>
<td>40%</td>
<td>41%</td>
<td>42%</td>
<td>43%</td>
<td>44%</td>
<td>45%</td>
<td>46%</td>
<td>47%</td>
</tr>
<tr>
<td>1977</td>
<td>11%</td>
<td>12%</td>
<td>13%</td>
<td>14%</td>
<td>15%</td>
<td>16%</td>
<td>17%</td>
<td>18%</td>
</tr>
<tr>
<td>1978</td>
<td>24%</td>
<td>25%</td>
<td>26%</td>
<td>27%</td>
<td>28%</td>
<td>29%</td>
<td>30%</td>
<td>31%</td>
</tr>
<tr>
<td>1979</td>
<td>47%</td>
<td>48%</td>
<td>49%</td>
<td>50%</td>
<td>51%</td>
<td>52%</td>
<td>53%</td>
<td>54%</td>
</tr>
</tbody>
</table>

Return 1977: 100% Announced.

The company's situation has undoubtedly improved but against the backdrop of the much rosier picture in the clothing industry in general, the results were disappointing. The pretax trading loss amounted to R17,000 against R5,120,000. Fortunately, no ordinary dividends were available for the second successive year.

Performance was much better in that a sales rise of 11.8% was recorded compared with a decline of 4.5% in 1978. The rise was not matched in higher stocks which remained stable at R2,000 after rising 19% the previous year. This had given rise to a sharp increase in the overdraft part of which was converted into a long-term loan of R150,000 in the form of a mortgage bond over the Hyde Street, Cape Town property.

Thus total gearing was higher at 42.8% (17.7%) while the debt equity ratio increased to 29.6% (17.6%). Interest charges were appreciably higher at R15,000 (R2,000) which illustrates the extent of outside financing required during the year.

Yet again a net cash outflow was recorded but at R17,000 that was much improved on the previous year's outflow of R40,000.

The sale of property in Belville South which realised a net R197,000 is shown in

Financial Mail: April 26, 1980
the current accounts although payment was only received after the year end) will further ease the liquidity position.

On prospects, the outlook is promising. In fact a return to profitability was achieved in the final quarter of 1979, and with the prevailing healthy economic conditions, there is every likelihood of this trend continuing. The directors expect "further improvement" this year, so a dividend could be on the cards.

The market has responded to the enhanced recovery prospects, with the shares rising 94% from R0.90c to R1.75c over the year, compared with an 81% improvement in the JSE Actuaries clothing index in the same period. At this level the narrowly-based stock looks fully priced.

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**definitions**

<table>
<thead>
<tr>
<th>Term</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross profit</td>
<td>Pre-tax profit plus all interest paid</td>
</tr>
<tr>
<td>Debt equity ratio</td>
<td>All interest bearing debt as a percentage of total shareholders funds</td>
</tr>
<tr>
<td>Total shareholders' funds</td>
<td>The total of ordinary minority and preference shareholders' funds adjusted for the market and/or directors valuation of investments less intangibles (eg goodwill)</td>
</tr>
<tr>
<td>Return on capital</td>
<td>Gross profit as a percentage of capital employed</td>
</tr>
<tr>
<td>Capital employed</td>
<td>Total shareholders' funds plus deferred tax and all interest bearing debt</td>
</tr>
<tr>
<td>Gearing</td>
<td>Total interest bearing debt plus preference share capital as a percentage of net asset value</td>
</tr>
<tr>
<td>Net asset value</td>
<td>Net assets attributable to ordinary shareholders after adjustment for market and/or directors valuation of investments less intangibles</td>
</tr>
<tr>
<td>Return on equity</td>
<td>Pre-tax profit less preference dividends as a percentage of total shareholders funds less preference</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Term</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current ratio</td>
<td>Current assets divided by current liabilities</td>
</tr>
<tr>
<td>Cash flow</td>
<td>Group net profit plus depreciation, net retained earnings plus depreciation</td>
</tr>
<tr>
<td>Capital commitments</td>
<td>Contracted and authorised commitments</td>
</tr>
<tr>
<td>Gross margin</td>
<td>Gross profit as a percentage of turnover</td>
</tr>
<tr>
<td>Stock turnover</td>
<td>Turnover divided by the year-end stock figure</td>
</tr>
<tr>
<td>Market capitalisation</td>
<td>Number of ordinary shares multiplied by latest market price</td>
</tr>
<tr>
<td>Earnings per share</td>
<td>Net profit after tax minority interests and preference dividends, and after adjusting for non-recurring items divided by the weighted number of ordinary shares in issue</td>
</tr>
<tr>
<td>PE ratio</td>
<td>The number of years purchase of latest earnings per share divided by the current share price</td>
</tr>
<tr>
<td>Cover</td>
<td>Earnings divided by ordinary dividends paid</td>
</tr>
</tbody>
</table>
Garment workers seek 2nd increase

By Sieg Humbig

Trade unions representing almost 20,000 garment workers on the Front have appealed in their numbers to remain calm and await the outcome of a special request for wage increases.

The unions have asked the National Clothing Manufacturers' Association for a 12.5 percent rise in July instead of the 7.5 percent increase negotiated before the economic upswing.

"The increase in the cost of living last year alone was twice the increase granted to workers last year," said Senator Anna Schepers, president of the Garment Workers' Union of South Africa.

She said neither the unions nor the workers were satisfied with the increases granted in the last agreement. There were "totally inadequate."

"The union appeals to all workers not to be impatient and take matters into their own hands," she said. "They should be calm and wait until the proposals are duly negotiated in June."
Clothing import threat

CAPE TOWN.—A threat of clothing imports from the Far East is forecast by the National Clothing Federation and it is asking the Government to raise tariffs to protect the South Africans' clothing industry and its 125,000 workers.

"Buyers of large groups are in the Far East increasing their imports in the knowledge that import control is to be dismantled," said the federation in a submission to the Board of Trade and Industries.

Profits from cheap imports are tremendous, with a markup of 200% compared with 60% on South African goods and no benefit to the consumer.

"If the present tariff structure continues with import control relaxed, everyone would be importing, including our manufacturers," said the federation.

The federation said import control had ensured the growth of South Africa's clothing industry.

"We expect new import duties on textiles to be gazetted in the next few weeks," said the federation's president, Mr. Stenum Jocum.

"This is all the more reason why the clothing industry requires drastic protection on cheap imports as 60% of our fabric requirements are bought here and the other 30% will have to be imported at very high prices.

"We have only to look at the United States, Britain and Europe, where the Far East has wrecked the clothing industries of the Western world. Importing clothing from low-wage countries amounts to importing unemployment. We have a duty to look after our own employment."

—Lexa.
Clothing barriers sought

CAPE TOWN — A heed of clothing imports from the Far East is forecast by the National Clothing Federation and it is asking the Government to step in and raise tariffs on imported cheap clothing to protect the South African industry and its 125,000 workers, according to a statement released by the federation in Cape Town.

"Buyers of large groups are in the Far East increasing their imports in the knowledge that import control is to be dismantled," said the federation in a submission to the Board of Trade and Industries.

Profits from cheap imports were "tremendous" with a markup of 400 percent compared with 80 percent on local goods and no benefit to the consumer — Sapa

1100 TIME-SHARING LXL C • • • • • VERSION 33R1726 • • • • •
Call to act on cheap imports

CAPE TOWN — The National Clothing Federation is to ask the Government to step in and raise the tariffs on imported cheap clothing to protect the South African industry and its 125,000 workers.

"We expect new import duties on textiles to be gazetted in the next few weeks," the federation's president, Mr. Simon Jocum, said.

"This is all the more reason why the clothing industry requires drastic protection on cheap imports as 80 percent of our fabric requirements are bought here and the other 20 percent will have to be imported at very high prices."

"We have only to look at the United States, Britain and Europe to see how the Far East has wrecked the clothing industries of the Western world."

"Importing clothing from low-wage countries amounts to importing unemployment. We have a duty to look after our own employment," he said.

DDC.
Workers went on strike for an increase in wages last week. The strike was called by the union, where they met with management to negotiate a new contract. However, there were no agreements made.

We have heard that the American workers have not been granted an increase in wages. This has led to a lot of frustration among the workers, causing them to go on strike. The strike has been ongoing for several weeks, and there is no end in sight.

The local union is still trying to negotiate a new contract. They are hoping to get an increased wage for the workers, which would benefit them in the long run. The management, however, is not willing to give in to the union's demands.

We hope that the negotiations will be successful, and the workers will be able to get a fair wage for their work. It is important that workers are treated fairly and given the wages they deserve. This will help to keep the economy strong and ensure that everyone is able to support themselves and their families.
80,000 Cape workers to get increase

PAY HIKES and order allowances have been granted to more than 80,000 clothing and construction workers in the Cape to compensate for higher bus fares.

The week-long bus boycott has had a negligible impact on worker attendance.

The secretary for the Industrial Council for the Clothing Industry, Mr. Hardin Nel, said that the pay increase in the industry was originally 7.5 percent, due from December 18. In view of the higher bus fares and other increases in the cost of living, however, the Garment Workers' Union had appealed to employers to grant an immediate 10 percent increase.

Mr. Nel said that the announcement of higher pay for 51,000 workers in the industry would appear on the government gazette soon and would take effect shortly from July 1, but most firms had agreed to implement it immediately.

Attendance at factories normal

Worker attendance at factories was normal. Obviously, more people are showing up late, said one clothing company director, but given the circumstances we think they've been absolutely tremendous.

A spokesman for the 30,000-member Industrial Council for the Building Industry said employers had agreed to double the hourly travel allowance from R1 to R2 from last Monday to offset the bus fare increase.

Since a nine-hour day was normal in the construction industry, the new travel allowance would mean an extra R2 a day.

The chief executive of the largest construction group in the Cape, Mr. Geoff Johnson, said the bus fare increases affected all workers and the group was taking a "very hard look" at a pay increase for monthly transport staff who were not members of the Industrial Council. A decision was expected next week.

A spokesman for the Transporters yesterday said the bus company did not want to comment on the financial implications of the boycott.

SAPA reported on Johannesburg yesterday that the basic salaries of officials, foremen, and clerical staff was the Chamber of Mines would, on average, be increased by 16 percent from the June pay month.
A group of Soweto women are making school uniforms to compete with, and provide an alternative to, the high prices many city outlets demand, reports DEE RISSIK.

Occasionally a cheerful song rises above the steady hum of electric sewing machines, above the sporadic slip-drop as deft knitters catch the cilloes from side to side and slowly the store room fills with school uniforms.

It's a minor industry run by Soweto women. Their aim was to coordinate the efforts of the women's sewing groups and channel it all into a major project -- school uniforms at a reduced price.

The cost of school uniforms for black children in city outlets is very high, considering the standardisation throughout the schools. A black gym shirt, white shirt and black jersey, sometimes with the school colours around the cuff and neck with a patch in school colours are the norm.

Until recently few shops stocked uniforms, and there was little or no competition between the stores.

With help from the Council for Voluntary Service the "Soweto Co-ordinated Women's Self Help Club" was formed.

Although the project started in a small way, financial help from a woman living abroad and the involvement of the Urban Foundation meant that more centralising and better equipment had to be found.

Research

With a loan of R8 000 the women bought 10 knitting and 18 sewing machines. The manufacturer trained 50 women to use them.

The women have done a great deal of research into what was in greatest demand and decided to begin with the project making black school gym and jerseys. Nine Soweto schools have promised to buy uniforms from them.

Socks and belts are next on the list and they also hope to make shirts in the future.

Mr Dave Mills, business development coordinator for the Urban Foundation, is helping the women run their project in a business-like manner. He helps them:

- Make contacts with various wholesale organisations.
- Work out the business implications of their projects (for example, buying correct quantities of material).
- Work out a costing structure.
- Get all discounts that are available to a business.

Advice

With a further grant of R5 800 from the Foundation the women were able to buy materials in bulk.

Three members attended a business training course with the Centre for Developing Business.

Mr Mills said he hoped to see the Urban Foundation become less involved in the project.

"As it is I don't do anything for them -- I merely advise them in areas still foreign to them," he said. "Very soon the women will run the whole thing on their own."
stage 4.16

Day talks at

Recent workers unrest

The government's economic policies have been criticized for causing widespread job losses and reducing workers' wages. The recent strikes and protests are a response to the perceived lack of government action on these issues.

The government has responded by highlighting its efforts to implement measures to stabilize the economy and create new jobs. However, the ongoing unrest suggests that these efforts may not be enough to address the workers' concerns.

The Workers' Union has called for a meeting with the government to discuss its demands for better working conditions and higher wages. The government has agreed to meet with the union but has expressed concerns about the potential for further disruptions.

The situation remains tense, with both the government and the workers' union insisting on their positions. The outcome of these negotiations will have significant implications for the economy and social stability.
Police act
to halt
to halt violence

 Own Correspondent

About R5 million damage was caused when the Meema-
more Knitting Mills in Epping was set alight in a night of violence, looting
and arson in the Cape.

Earlier an unidentified
man was shot dead and
another wounded when
they allegedly tried to set
Tudor Motors, Military
Road, Retreat, on fire.

A 26-year-old man is
under police guard in
Tygerberg Hospital after
being shot in the hand
and back after throwing a
stone through the wind-
screen of a police vehicle.

Shortly before midnight
a 55-year-old man was
wounded with birdshot
during a burglary at
Rescience bottle store,
Drakenstein Circle, Bishop
Lavis.

A 16-year-old man was
arrested in Robot Super-
market, Fountains Road,
Matroosfontein, after he
allegedly set fire to some
of the items in the super-
market.

Two men, aged 19 and
21, were arrested after a
group of men set fire to
Pep Store’s branch in
Lavis Avenue, Bishop Lavi-
s at 9 am yesterday.
HEPWORTHS LIMITED

ANNOUNCEMENT OF
AUDITED TRADING RESULTS
YEAR ENDED 29th FEBRUARY 1980

The audited results for the Group for the Financial Year ended 29th February 1980, are.

<table>
<thead>
<tr>
<th></th>
<th>1980</th>
<th>1979</th>
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</thead>
<tbody>
<tr>
<td>Net Income (Loss) Before Tax</td>
<td>R</td>
<td>R</td>
</tr>
<tr>
<td>Company</td>
<td>124 458</td>
<td>(308 953)</td>
</tr>
<tr>
<td>Group</td>
<td>132 377</td>
<td>(266 412)</td>
</tr>
<tr>
<td>Net Income (Loss) After Tax</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Company</td>
<td>109 395</td>
<td>(359 293)</td>
</tr>
<tr>
<td>Group</td>
<td>114 770</td>
<td>(331 254)</td>
</tr>
</tbody>
</table>

The Company income of R109 395 is arrived at after making an additional R40 000 provision for bad and doubtful debts.

It is most gratifying that we have managed to attract executives of outstanding quality and calibre which bodes well for the future of the Company.

In order to take maximum advantage of our new marketing, advertising and merchandising strategies which are being put into operation, all outlets should be refurbished within the next 6 months.

With a combination of our new policies, effective management and a continuation of the current economic conditions the profits for the coming year should be substantially increased.

In order to conserve funds for the expansion of the Company's operations, earnings will be retained and hence it is not possible at this stage to indicate when the payment of ordinary dividends will resume.

A detailed report on the Company's affairs will be contained in the Chairman's Report and Audited Financial Statements which will be posted to Shareholders.

Signed on behalf of the Board
T. Rudack
M. Levi
Directors

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 86th Annual General Meeting of the Shareholders of Hepworths Limited, will be held at The Board Room, 10th Floor, The Corner House, Commissioner Street, Johannesburg, on 25 June at 9.30 am.

By Order of the Board
R.B. Dyamond
Group Secretary
30 April 1980

Registered Offices
Hepworths Limited,
Riebeek Square
Cape Town

Transfer Office
Hill Samuel S.A. Limited
Ground Floor
The Corner House
63 Fox Street
Johannesburg
NINIAN & LESTER
Well supported

Activities: Durban-based knitwear and clothing manufacturer Protea Knitting Mills, Consolidated Jersey and Elmar are wholly-owned subsidiaries. Directors hold 81% of the equity.
Chairman: M R McElwight, managing director: D M Drysdale.

Capital structure: 2.1m ordinary shares at 50c: Market capitalisation: R4.8m.

Financials: Year to December 31 1979
- Borrowings: R1.1m
- Debts: Equity ratio: 15%. Current ratio: 1.9
- Net cash flow: R2m. Capital commitments: R1.2m.


<table>
<thead>
<tr>
<th>Year</th>
<th>Return on cap %</th>
<th>Turnover index</th>
<th>Gross profit (R000)</th>
<th>Earnings (c)</th>
<th>Dividends (c)</th>
<th>Net asset value (c)</th>
</tr>
</thead>
<tbody>
<tr>
<td>'78</td>
<td>12.4</td>
<td>133</td>
<td>1,019</td>
<td>28.1</td>
<td>207</td>
<td>205</td>
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<td>'76</td>
<td>24.6</td>
<td>158</td>
<td>2,520</td>
<td>74.6</td>
<td>348</td>
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</tr>
<tr>
<td>'79</td>
<td>29.8</td>
<td>222</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*Ninian & Lester has left its 1977 losses far behind and is achieving turnover growth commensurate with consumer spending trends. But the gains have yet to be fully passed on to shareholders.

The company operates in the highly-competitive knitting industry, where manufacturing and raw material costs are rising steeply. The 76% improvement in pretax profits was attained by increased throughput and operating savings. Of the various divisions, the "Leading Lady" fashionwear division, which achieved record turnover and profits, acquired the "Elmar" group in June 1979. The underwear and sportswear operations, but its profit contribution is not revealed. At the time of the takeover, it was stated that there would be no immediate impact. However, a full contribution this year is expected to increase both turnover and profits.

The combination of higher turnover and the acquisition of Elmar has increased working capital requirements. This is reflected in an increase in stocks and debtors to R10.5m (R6.4m) and net working capital to R5.1m (R3.5m).

Finance for the acquisition and increase in working capital has come from the R10m sale of a factory in Industria Company policy appears to be to keep borrowings as low as possible. But while this resulted in a strong balance sheet (there is no long-term debt), it is questionable whether the present financial structure is the most beneficial from the point of view of shareholders.

Short-term debt represents only 15% of equity funds. With a gross return on capital employed of nearly 29%, there is clearly room for additional gearing.

If, for example, the R2.5m net additional investment in stocks and debtors had been financed by loans, the interest charge would have been increased by about R250,000. Earnings would have fallen to 60c. But, with less need to retain funds, the dividend could have been 22c rather than the 17c actually paid, still with a conservative cover.

The annual report again contains a supplementary current cost income statement, optional in South Africa but now compulsory. In the UK, its main aim is to take turnover figures and try to assess the real profit earned when the cost of these sales has been adjusted to reflect current replacement value. These adjusted figures highlight three points: firstly, earnings fall from 76c to 32.1c. Secondly, it is confirmed that dividend payments are adequately covered by real earnings and are not paid out of capital. Finally, the limited use of loan finance means that shareholders are penalised as the amount charged to maintain the real value of assets must also be financed internally. Cover of 4.4 is highly conservative and may be attributable to the financing of all ventures with retained earnings. Or else it is prompted by the awareness that in inflation-adjusted terms, the dividend is covered by earnings of only 32.1c. Either way, the company seems determined to build up sufficient reserves to weather another possible slump in the knitting industry.

At 230c the share yields an historic 7.4%. The share price has risen fairly steeply since mid-1978, and, the contained rise over the past two months may have been the market's reaction to year-end results released in February. If so, the share is likely to stabilise around 280c, where it offers above-average yields.
Suits boost Dugson

DURBAN.—Men's suits — the Connemara and Pierre Cardin lines — were primarily responsible for last year's big turnaround in Dugson Holdings profits, but its Druty lines for women and children made at Isithbe in Kwa-Zulu have the greatest potential, says Mr J A Rogan, the group's chairman.

After three years of losses, Dugson returned to profitability. In 1979 with a profit attributable to ordinary shareholders of R22 000, equal to 367c a share. Five-sixths of those profits came in the second half.

Mr Rogan says: "Our troubles largely came from our move of women's and children's wear to Isithbe. We underestimated the training problems, which we are now largely overcome. The factory is operating at near full production and we have now got what we believe is a very good management producing quality articles."

The group intends to repatriate its assets in Zimbabwe, which last December came to 6% of total group assets. Being now in the form of Government special 4% registered bonds, they could be repaid over six years.

"They can be more profitably used here," he says.
Three members of the workers' liaison committee negotiating on behalf of an estimated 6000 Framex Group strikers were arrested on the premises of the Framex factory in New Germany last night, as they left a meeting with management representatives.

EMEINE SPRACHEKUNDE...IN JOHANN SEVERIN VATER.

ANDLUNG, 70AP.

1812 DEALS WITH AFRICA.

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MISSIONARY MAGAZINE 2...

THE KAFIR LANGUAGE, COMPRISING A SKETCH OF ITS...
CLOTHING PLANT BEATS SHORTAGE OF WORKERS

ELLEN ARTHUR, manufacturer of women's clothing for Woolworths, is overcoming the critical shortage of skilled labour by training its own staff and offering them better facilities.

The firm opened its new R450 000 factory in Enslin Road, Ottery, yesterday and has turned its old premises in Wetton into a planting plant.

Mr David Boers, managing director, told Business Argus: "We wanted to update our production methods and offer the staff better facilities."

"To get and retain the best workers, we have to train our own staff and look after them."

"We attribute the success of the firm to the combined efforts of a motivated management team and workers."

Mr Boers, who started work in the clothing industry as a trainee manager after his army service, bought Ellen Arthur five years ago when he was 27.

Since then the firm has more than doubled its staff from 110 to 250. Turnover has risen from R196 000 to R1.5 million.

The firm, which began to export to England under the Sanit Garam, ...
SA's largest clothing centre

By Simon Jocum, president of the National Clothing Federation

THE South African clothing industry has proudly held the position of providing consumers with the best buy over the last generation.

It continues to supply the consumer with quality clothing products at prices which have increased less than any other major component in the Consumer Price Index.

The tremendous competition within the clothing industry has provided an effective control on prices which benefit the South African consumer.

The search for improved methods and equipment goes on and it is reasonable to expect that higher productivity will continue to contribute to price stability for clothing.

The industry offers variety and quality on a par with and even better than that found in the major cities of the world.

Contrary to popular belief, clothing imports do not offer considerable savings to the consumer because of higher markups taken on imports.

The greatest benefit from clothing imports from the Far East goes to the importer, not the consumer. If imported clothing can be kept to existing levels then 5 000 additional jobs could be created each year.

The clothing industry is essential for South Africa's economic development because any increase in unit sales increases employment by a similar percentage. The textile, fibre industries and cotton and wool farmers all benefit from increased activity in the industry.

The clothing industry has an enviable reputation for harmonious labour relations. There is no lack of technical know-how. World fashions, styles and colours are introduced into South Africa within six months.

Labour agreements are negotiated every three years under the auspices of the various industrial councils - these councils are composed of 50 percent employers and 50 percent employees.

The industry runs a provident fund and sick fund incorporating numerous services and benefits. The employees' interests are represented by well-organized trade unions.

In an effort to increase exports, the industry has constantly appealed to the Government to provide more meaningful export incentives. It is felt that all labour-intensive industries should receive priority treatment to encourage exports and, in turn, create employment opportunities.

Factories are working to full capacity and many are working overtime from now until Christmas. However, owing to increased productivity and plant utilization there are ample supplies of clothing to meet the increased demand.

The National Training Scheme has made great strides in increasing productivity throughout the country. All machinist training schools are booked up for the year. Machinists, mechanics and supervisors courses have been organized throughout the country. In-factory training schemes are being improved to meet minimum standards.

The industry is optimistic and expects a five percent growth rate for 1980. This growth is expected to come mainly from the black market, owing to increased employment opportunities.

The national training scheme has established diploma courses for design, pattern-making, clothing technology and production of technofabrics in Cape Town and Durban. Bursaries are offered to students as well.

Every manufacturer pays a compulsory 10c levy a week per employee, which finances the national training scheme.

A major reason for the acceptance of these programs by the industry is the fact that they were created for the industry by the industry with the basic objective of creating highly skilled and talented individuals who are at home with the practicalities of high quality, high productivity and competitively priced apparel for an industry vital to the South African economy.

Under the auspices of the Textile and Clothing Advisory Council there is a close working relationship between the clothing, textile and retail sectors to iron out delays and problems for a more advanced and better planning.

Over 80 percent of the clothing industry's purchases are made locally. Importations are restricted by effective import duties.

To protect the industry from the disruption of cheap imports from the Far East, the National Clothing Federation intends applying for increased tariffs on imported cheap clothing.

Inflation and cost increases of raw materials have depleted the present tariffs. Importing clothing from low-wage countries is tantamount to importing unemployment with all its social consequences.

The clothing industry has no objection to imports from any country provided they are produced at land at below the cost of the equivalent garment made in South Africa.

Our objections are against cheap imports and dumped goods when certain countries find themselves in recession and resort to dumping goods at uncompetitive prices into other markets.

The Cape clothing industry is the largest clothing centre in South Africa, employing 300 people. It is the largest secondary industry in the region with regard to wages paid to employees.

The annual wage bill for 1980 will be R60 000 000. The leading clothing centre of the Cape is the largest in the Southern Hemisphere and the fifth largest in the world.

The labour force is predicted to be over 60 percent of the workers employed in the clothing industry, which is the highest in the world.
Cash generation

Activities: Industrial group with interests in timber, steel, engineering, building products and instrumentation.

Financial: Year to February 29, 1980

Share market: Price 550c (1979-80)

High 57c, low 40c, trading volume last quarter 265,000 shares

Yield 15.1% on earnings, 6.2% on dividend cover 2.1 PK ratio 6.8

Return on cap % 11.6

Turnover (Rm) 134,620,16

Pre-tax profit (Rm) 7,11,1

Net asset value (Rm) 518,455

Excludes company income for 12 months and HILH for 12 months

Financial: Year to February 29, 1980

Chairman: A. M. Hiphorn, managing director.

Capita: 12m ordinary of R1

Market capitalisation: R54,6m

Return on cap % 11.6

Turnover (Rm) 134,620,16

Pre-tax profit (Rm) 7,11,1,1

Net asset value (Rm) 518,455

Excludes company income for 12 months and HILH for 12 months

After exceeding market expectations last year, Hunt Leach & Hiphorn is looking for another significant earnings advance this year. And with plans to raise R10m to finance the expected increase in business, there will be little restriction on dividend growth in the year ahead.

HILH derives the largest proportion of its income from timber, which last year contributed 47% (49%) of pre-tax profits. Mining and 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 diverse building operation surpassed management's expectations and new facilities commissioned last year should provide substantial stimulus this year.

Timber provides the backbone of current operations, the best profit improvements last year came from steel and building products divisions. Turnover in the steel operation increased 23% to R12,1m (R10,2m), while pre-tax profit rose to R4,9m (R3,4m). A 10.9% hike. Building products turnover was R3.5m (R3.1m), while pre-tax profit increased sharply to R1,9m (R1.4m).

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 its turnover. The building products operation, though still a relatively small contributor to group profit, looks set to build 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 export division, were also slated to improve this year. Export divisions account for some 10% of group turnover, and new markets are being investigated.

Though last year was successful, the group is still focusing on management attention on turnover and capital employed. Last year, the total return on capital employed rose to 14.9% (19.8%). MD Chris Perry told the AGM 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 R44,6m total. However, there is no pressure for this as the annual cost of servicing this debt, plus the leasing bill, was covered by a fairly comfortable 4.5 times gross profit. And total borrowings could be repaid out of less than three years of group cash flow.

The shares, at 4.50c, yield relatively high interest at 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.
Clothing fears Far East dumping flood

By SIDON WILLSON
Industrial Reporter

THE EXPIRY next year of the Multi-Fibre Agreement (MFA), which regulates textiles trade between industrial and developing countries, will trigger large-scale dumping of cheap clothing on the South African market unless the Government acts.

This is the prediction which Mr Frank Whittaker, executive director of the National Clothing Federation (NCF), brought back from the international MFA conference in Brussels.

The gloomy world textile trade prospects set out at the conference will be used as additional ammunition in the NCF's campaign to get the Board of Trade to impose heavier formula duties on clothing imports from the Far East before the MFA's demise.

"All the indications are that the next MFA will tighten up considerably on Western countries' quotas on Far East clothing. The Eastern countries' next move is obvious — they will transfer all the exports which are shut out of Europe and the United States to countries outside the MFA like South Africa," says Mr Whittaker.

The NCF has lobbied the Board of Trade for higher tariffs on imported cheap clothing, citing the Government's commitment to dismantle import controls as an open invitation to South African buyers to increase imports from the Far East.

Now the perceived threat from the MFA's approaching hard line towards the Orientals has given the NCF's cause extra urgency.

NCF members met in Johannesburg at the end of the month to make final the leading points of their approach to the Board of Trade.

Clothing manufacturers want a revision of the formula duties introduced in 1974.

The 1974 provisions stipulate a 30% basic duty on imported garments, or a sliding scale of charges on every 100 grams of the different fabrics, less 55% of the f.o.b. price.

This was designed to weed out the lower-priced items and thump them with a heavier duty than the more expensive garments.

The NCF wants the 35% duty to remain the same, but with a more stringent set of sliding charges.

But would the answer not lie in South Africa's joining the MFA and being one of the 'Western' countries in the agreement which are uniting against the threat from the East?

Apparently not, according to Mr Whittaker.

"There are several problems about our joining the MFA. Firstly, although South Africa is classified by Gatt (the General Agreement on Tariffs and Trade) as a developed trading nation, we are still a low-wage economy from the MFA point of view, so we could not join on the right side of the agreement," Mr Whittaker says.

"Secondly, the Board of Trade is again against membership as it would tie our hands in our trade policy. As things stand now we are free to do what we see as appropriate.

"Also, individual countries tend to make unilateral deals within the agreement which distort its effectiveness."

He is confident of a positive response from the Board of Trade to the NCF's proposals which, he says, will advocate a move away from quotas — which South Africa cannot use against the Far East because of the non-discrimination rules of Gatt and towards the more selective formula duties.
With turnover growth only marginally above last year's inflation rate, Burlington appears to have relied on a lower tax rate to boost earnings. But chairman Philip Kawitzky says that turnover figures for the first four months of this year are promising and he optimistically forecasts "further improved results for operations" in 1980.

The group is involved in both domestic and export markets, and is facing keen competition in both. In the UK, recession and inflation have added to the problems caused by cheaper imports from the East. Domestically, Burlington has an advantage in the well-established shirt and leisurewear label, Marlboro, and is currently increasing market penetration in ladies' knitwear with the Goldknit label, Epon.

Last year, turnover increased by a disappointing 16% and, due to tighter margins, saw a 5.6% rise in pre-tax profit to R168 406 (R159 439). However, a reduction in the tax rate to 25% (33%) arising from export allowances and a tax loss brought forward resulted in earnings growth of 19%.

If expansion is necessary to meet increased demand, the group could be restructured by its current 119% debt equity ratio. By year-end, net working capital had increased by R50 000 financed largely by a short-term loan increase of R60 000. Capital commitments of R82 000 for this year are to be financed by hire purchase and any other near-term expansion will have to come from internal resources.

This partly explains the higher dividend cover which will probably continue its gradual rise in the face of a pegged dividend. However, if the 30% turnover increase measured in the first four months of the year is maintained, an earnings figure of 28c is possible and even a cover of three times would allow for a higher payout. Unless such improvements materialise, though, the tightly held share remains unattractive.
**Burlington order books are healthy**

Financial Reporter

BURLINGTON Industries' turnover for the first four months of 1988 reflects an annualised increase of about 30% in each factory and order books are well ahead of last year, says the chairman, Mr Philip Kawitzky, in the annual report.

'He is, therefore, confident that profits will show a further improvement but is alert on dividend prospects.'

Burlington's dividend total stock at 7.5c in the past year on higher earnings of 20c (16.6c in 1979), mainly because funds were needed to expand its knitting division.

Its women's knitwear division, Goldspot, made a larger contribution to profits in the past year and its market image is good.

On the other hand, the shirt and leisure-wear division, which markets under the Marlboro label, has been hard hit by competition and profit margins were squeezed.

The export drive is also facing competition, mainly in Britain where goods from the Far East and general recession and inflation are adversely affecting sales.

Burlington's dividend has been pegged at 7.5c for some years and the share is rarely traded. There are more attractive investments in the clothing sector.
Factories

For the 2nd/11
warned

Clothing factory
managements have been war-
ned that low wages are
causing wide discontent
and that yesterday's strike
by more than 100
household factory workers
could spread.

This warning was issued
today by Dr Anna
Scheepers, President of
the Garment Workers
Union, who said that in
the present climate any
walkout could prove very
contagious.
Cape clothing workers more productivity needed

walked out after learning that workers at a nearby factory had received a 5% wage hike which had preempted other Western Cape clothing manufacturers.

Petersen believes that this strike "upset employers no end" and that workers would have recovered an increase higher than the agreed 10% had it not occurred.

The 10% wage increase will add another R7,5m a year to the wage bills of Western Cape manufacturers. And as it has occurred sooner than expected manufacturers are saddled with expenses for which they had budgeted only from December.

"I've already cost me goods until Christmas," says Jocum in his capacity as director of Peerless Shirts. Other Western Cape manufacturers say that the brought-forward increases amount to an unresolvable amount which can never be recovered.

All we can do is hope for increased efficiency and productivity," says several employers. Many have introduced incentive schemes and bonuses to this end.

Both efficiency and productivity are crucial to the success of a butt export promotion for Cape-manufactured clothing organised by a committee headed by Dee's Mike Gelf. Present the Western Cape enjoys 60% of the R12m clothing export market. The idea is to further increase exports by pooling knowledge and by presenting a highly professional image of the Western Cape as having a world-class clothing industry.

Questionnaires were used to assess which factories were both willing and able to export on a long-term basis. Top quality brochures containing details and quotes of participating companies are being produced for distribution abroad.

Cape's tight fit

At the 52,000 garment workers in the Western Cape are back at work after a 10%-two-day stayaway which cost R2m.

The industry's problems are not yet solved. Labour disputes aside, an inflow of cheap imported garments is threatening the existence of many firms. And manufacturers will soon be asking the Board of Trade for greater import protection.

Especially affected are manufacturers of knitwear, shirts, pyjamas and underwear.

"If clothing imports could be kept to existing levels, then 5,000 new jobs could be created each year," wrote Simon Jocum, president of the National Clothing Federation in an article recently published in Cape Town.

According to his predictions, the clothing industry is buoyant, and will continue to be so well into 1981. The expected growth rate of the industry for this year is 5%. This is normal growth. Previously it's been nil," he says.

This growth has created new jobs for 500 new garment workers in the Western Cape alone this month, to swell the total number to close on 52,000. But imports could escalate as the result of government's policy of relaxing import controls, and reverse this growth.

On April 24, the general secretary of the Garment Workers' Union of the Western Province, Louis Petersen, appealed to employers for an extraordinary wage increase to counter the massive bus fare hikes and general living cost increases. He noted that the biggest disruption ever to hit the industry in the Western Cape was caused by previous bus fare rises in 1969.

A 7% increase in wages had already been fixed for December, but Petersen requested a minimum increase of 10% to be immediately effective. This was agreed in principle by manufacturers. While it was being discussed, 600 workers of Rex Trueform, reputedly the largest clothing manufacturers in the southern hemisphere and the fifth largest in the world,
Wage dispute is boiling at Veka

Labour Reporter

A WAGE dispute is simmering at the Newcastle plant of Veka, the largest clothing manufacturer in the area.

Black workers have rejected a management pay offer of a R1.30 a week increase and the company is to tell workers on Friday whether it is to increase its offer, according to a spokesman for the Black Allied Workers Union (Bawu).

The spokesman described the situation at Veka as "serious." Company spokesmen could not be contacted for comment.

Bawu, a general union for black workers which supports the black consciousness philosophy, has been active in the Newcastle area for some time. According to the spokesman, most Veka workers are members of Bawu.

Newcastle is a border area in terms of the Government's decentralisation policy and there is no minimum wage legislation for its industrial area.

Wages in the area have tended to be substantially lower than in urban areas.

According to Bawu, the wage dispute at Veka has been simmering for some time. Last week, a delegation from the union was scheduled to meet management but the meeting was cancelled because company representatives said they had to attend a meeting elsewhere.

This week management offered the workers the R1.30 a week but they have rejected this increase.
Pay increase for garment workers

JOHANNESBURG — An immediate 12.5 percent pay increase for most of the Transvaal’s 21,000 garment workers yesterday ended the second wildcat strike in a week.

The president of the Garment Workers Union of South Africa, Dr. Anna Setshoes, said all qualified workers, representing 99 percent of the work force, would get a 12.5 percent pay increase with effect from yesterday.

Employers unable to adjust their computers for the increase this week would make up the shortfall next week.

It was agreed with the Industrial Council for the Transvaal Clothing Industry that the scheduled five percent increase next July would be doubled to 10 percent. — Cape Times
Strike ends as garment workers get 12.5pc rise

By Sieg Haunig

An immediate 12.5 percent pay increase for most of the Transvaal's 28,000 garment workers today defused an "explosive" situation and ended the second widest strike.

"I am very pleased because failure to reach agreement would have added to the unrest already prevailing in the country," said Dr Anna Scheepers, president of the Garment Workers' Union.

She said all qualified workers, representing 90 percent of the work force, would get a 12.5 percent pay increase from July 1 instead of the 7.5 percent previously agreed to.

Those employers who were not able to adjust their computing to the pay increase this week would make up the shortfall next week.

In addition, it was agreed at today's meeting of the Industrial Council for the Transvaal Clothing Industry that the scheduled five percent increase next July would be doubled to 10 percent, Dr Scheepers said.

The new increase was still slightly below that of the Consumer Price Index, but it would mean a lot to the workers, she added.

"An explosive situation has been defused," Dr Scheepers said.

The agreement followed two meetings in Johannesburg last night at which about 800 members of the Garment Workers' Union and 500 to 600 shop stewards of the National Union of Clothing Workers stood firm on their pay demands.
100 fired after stoppage

Mercury Reporter

About 100 workers at the Veka clothing factory in Newcastle have not been re-employed after a two-day stoppage over a wage dispute.

Mr M.J Kumalo, president of the unregistered Black Allied Workers Union, claimed that this was because they were members of the union.

But the manager, Mr Dawid van der Merwe, denied this and said the company was unable to re-employ all the workers because they had been overstaffed.

The workers went on strike on Monday.

On Tuesday Mr van der Merwe explained that strikes were illegal and that all workers were no longer employed by the company.

Paid

"On Wednesday we re-registered 281 of the original 1,021 workers. We told the rest that we would be unable to take them on again but that they could come back on Friday when we might take on another 50. About 50 demanded to be paid right away and left," Mr van der Merwe said.

He said he did not believe "in dealing with the Black Allied Workers Union" because they were unregistered and were not representative of the clothing industry only.

I am prepared to deal with any trade union that is registered and purely representative of the industry," he said.

Mr Kumalo said when the workers returned to work management told about 100 of them that they were fired.

I have drafted a letter containing statements from the workers to the Department of Manpower Utilisation asking them to investigate the matter," Mr Kumalo said.
Workers stop briefly

Labour Report

A FORUSBURG clothing manufacturer, Van-Neths Clothing, was affected by a brief work stoppage at the weekend.

According to the National Union of Clothing Workers to which the workers belong, they stopped work early because of an internal grievance.

But all workers returned to work today.

A union official, Mrs Sarah Chatja, said she visited the factory after hearing of the strike.

She said the workers had an "internal grievance" prompted by dissatisfaction with a fellow worker who was supervising them.

This had led a group of workers on the Saturn shift to knock off early in protest.

Mrs Chatja said, however, that the dispute had now been settled and all workers had returned to work today.

"Management were very cooperative. It was never a serious problem," said Mrs Chatja.

A company spokesman said there had been no strike at the plant. "I don't know where people get this story from," he said.
Under pressure, the government of the U.S. is forced to take actions that are not in the best interest of the people. The current administration has been accused of neglecting the needs of the American people, particularly the poor. As a result, the economy has suffered, and unemployment rates have risen. The government has been criticized for its handling of the pandemic, with many deaths and infections occurring due to lack of resources and inadequate testing. The government has also been accused of corruption and inefficiency, leading to a loss of trust among the American people.

The situation is dire, and urgent action is needed to address the issues facing the country. The government must prioritize the well-being of its citizens, and work towards creating a more equitable society. Only then can the United States move forward and prosper.
DELSWA

Depressed margins

Activities: Manufactures women's and children's clothing and knitwear
Joe-Salem Investments holds 47.8% of the equity.
Chairman and managing director: S. L. Joe-F

Capital structure: 699,300 ordinary shares of 60c, 100,000 5.5% cum. pref of R2
Market capitalisation: R2.7m

Financial Year to April 30 1980:
Borrowings long- and medium-term, R108,000; net short-term, R2,400
Debt equity ratio 48.6%; Current ratio 1.8; Net cash flow R45,000

Share market: Price 410c (1979-80)
high, 410c; low, 150c; trading volume last quarter, 13,000 shares, Yields 17.5% on earnings, 7.3% on dividend
Cover, 2.4; PE ratio 5.7

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Despite a more than three-fold increase in Delswa's earnings over the past two years, the accounts still show extensive signs of the ravages caused by the recession. This is most clearly evident from the fact that the recovery does not appear to be complete. The decline in earnings is significant, but it is not as drastic as the decline in turnover. The company has managed to maintain a stable balance sheet, despite a 39% increase in working capital (narrowly defined as stocks and debtor less creditors), which was 1.8 times the increase in turnover. While stock control was good, debtors jumped 46% and the company apparently had no luck in passing any of this onto its own creditors.

All theory, maybe, but nevertheless revealing in the way margins can affect corporate performance and financial structure.

The income statement has yet to reflect the full impact of these increased borrowings, judging by the low average interest rate of 7.5% last year. But despite this, and the fact that borrowings will almost certainly increase further in the current year, chairman Sam Joff is confident that the profit up trend will continue.

On this basis, the share should have some attraction for the income-conscious. Despite a 141% appreciation over the past year, the historic dividend yield is still 7.3% at 410c, and the prospective yield must be in excess of 10%. Pyramid Jade, which earned and paid 7c last year, will
Yves Saint Laurent franchise Rembrandt has a 97.2% interest.
Chairman S.R. Back, managing director P.F. Brink.
Capital structure 96m ordinary shares of no par value. 100,000 8% cumulative preference of R2, 150,000 9% 2nd cumulative preference of R2.
Market capitalisation R857,6
Share market Price 69c (1979-80 high 75c, low 67c, trading volume last quarter 318,000 shares).

Most investors who jumped to buy the share in 1976 on the news that Rembrandt was taking control of this ailing company must long since have become disillusioned. A few diehards remain but in the wake of October’s 13c shrinkage in share capital they have been reduced to only 3% of the total equity. As the company reported an operating loss again last year, it seems possible that Rembrandt could make another attempt to buy out the minorities. If it did become a wholly-owned subsidiary it could be re-formed as the 16th of Rembrandt subsidiaries.

Despite last year’s 19% increase in turnover, chairman Ruben Back continues in voice optimism about the current year. He expects unproved financial results because of the strengthened shareholding equity the reputation of the company’s garments and the increased orders resulting from the economic upswing. But it is difficult to share his optimism on examination of both the industry and what the company would have to achieve in staging a recovery. The number of clothing manufacturers has risen since the beginning of the upswing, sharpening competition. And margins have dropped due not only to competition, but also to labour costs increases and inflation.

Of far greater significance is the financial state of the company after more than four years of losses. In the short-term the company would need to turn its R1.7m net loss into a similar profit to achieve a 20% net return on capital. And turnover growth would have to be even larger to offset lower margins.

The balance sheet looks marginally better after the October 1979 rights issue. Thus raised about R6.2m which is being
Clothing prices will soar

Industrial Reporter

CLOTHING prices in South Africa will rise by 15% to 30% in the next six to 12 months, according to Mr Jessel Sundy, merchandise manager of Frasers, the clothing retailers.

In a statement, Mr Sundy said little relief could be expected from the abolition of the 7.5% import surcharge because the increase in costs of many processes in the manufacture, transport and handling of textiles would absorb any price reduction.

"Over the next few months a certain amount of stabilisation will result from the withdrawal of the surcharge, but spiralling overheads will force prices up within three months," he said.

"Although there have been some increases in import duties on certain categories of textiles, several applications for additional duties on other categories have been made."

"This has further aggravated the situation as many manufacturers import textiles to supplement their range. Higher import duties on textiles are expected to result in price hikes of between 30 and 50%.

"The wages and other increases will, in themselves, cause a 10% to 20% increase," Mr Sundy said.

He said certain manufacturers who had quoted prices in March were now requesting an increase in the price of merchandise already booked, to avoid taking the full brunt of wage increases.

It appeared, he added, that local mills could not supply the industry as clothing manufacturers were not able to quote on fabric for delivery within the next three months.

This was because many textile mills were quoting delivery times well into the latter part of this year, and some were quoting delivery in 1981.

"It therefore appears that textile mills, by the size of their order books, are presently rather booked up. As a result, clothing manufacturers are not likely to be able to satisfy the demands of the months ahead," said Mr Sundy.

"The lead time to import fabric is up to six months and thus, together with the very high duties and certain labour problems currently being experienced, will surely retard delivery efficiency.

"Particularly hard hit are the Cape Town clothing manufacturers, who had to grant wage increases in July to offset increases in bus fares. This, coupled with the coming 10% wage increase in December, will certainly inflate prices further," he said.
Time ripe for clothing exports

CAPE TOWN. — Several important factors had caused a favorable climate for clothing manufacturers to look anew at the export market, said the executive director of the National Clothing Federation of South Africa, Mr. Frank Whitaker, in Cape Town.

He told a trade fair there were many advantages in the export trade which could make a commitment to exporting worthwhile.

Seasonal differences between South Africa and the northern hemisphere could make possible the extension of manufacturing runs or specialisation in producing for one or other season.

"In the same way that we are half a season behind Europe and America for geographical reasons, we are also half a trade cycle behind them for economical reasons.

"At present we are going up and they are going down, but by the end of next year this will probably be reversed," said Mr. Whitaker.

By developing a healthy export business, some of the re-greens of the trade cycle could be avoided through the spreading of the risk of reduced orders and bad debts when things were bad at home.

Mr. Whitaker said perhaps the most compelling reason for getting into exports was that it might be the only way to expand business. There was widespread unemployment and it was uncertain what proportion of the growing population would become effective consumers.

Exporting could also help to increase a manufacturer's share of the domestic market, but this would be at the expense of those who did not export, as exposure to the keener competition of world markets was the best way to improve productivity in all departments of business. — Sapa
CLOTHING

Stifled by red tape

The textile and clothing industries are concerned about government's proposed moves to phase out import quotas and rely solely on tariffs to control imports. Reason: Because of cumbersome bureaucracy, it often takes two years for an application for new tariffs to be processed and approved — by which time they may be too late to do any good.

Textile Federation executive director Stan Shlagman says a request for new tariffs was formulated two years ago. New tariffs were finally announced in June. "It's below what was asked for. There's never at any time been a stage where duties were anything but retroactive in their effect. They can't deal with new and rapid developments."

At the moment, says Shlagman, new tariffs for clothing are currently being considered and the question of import control as a whole is under review. "We want reasonable tariffs which are effective and we want reasonable quotas. It's been found all over the world that tariffs alone are never sufficiently effective to protect a local textile and clothing industry."

Shlagman firmly rejects allegations from clothing wholesalers that new duties are going to push up local clothing prices substantially. "New textile tariffs will only affect clothing prices marginally as only that portion of goods which are still imported will feel the impact." SA clothing manufacturers use 80% locally manufactured fabrics.

And, as Simon Jocum, president of the National Clothing Federation of SA points out, "Increases of 10%-15% maximum can be expected over the next year. Price increases in fibre and fabric are in the vicinity of 10%. Wage increases average 10%-15%. But overheads are reduced by long runs and working at full capacity."

Jocum, with more than 950 factories, competition is tremendous. "That keeps prices down," says Shlagman. "The clothing industry's rate of inflation has traditionally been substantially below that of the consumer price index."

...
Protection could create more jobs

By Jack Brickhill

More protection against imported goods is needed to create jobs.

This is the view of Warren Clowes, executive director of Barlow Rand and chief executive of C.G. Smith and Company, who addressed the Chartered Institute of Secretaries in Durban this week.

"I know of some companies — heavy employers of labour — which, if given the high-breda of a consistent duty protection at a reasonable level, could meaningfully expand their activities," he says.

The argument that imports keep industry more efficient now applies in fewer cases. "Nothing is as important as devoting all our efforts, skills and resources towards underpinning and upgrading existing jobs and establishing as many new jobs as is practicable."

He says the desperate shortage of skills has hampered growth. "This hardly does credit to those who, in the past, had the responsibility for this vital area."

Black unemployment could be as high as two million, but even one million would be high during these buoyant times. Corporate profit increases of 40 percent a year are now commonplace. There is nothing to stop companies from taking immediate steps to improve the lot of black workers. These include:

- Guarantees of retirement benefits
- Upgrading company hostels' standards and housing.
- Providing career guidance to black youths who are not aware of the opportunities open to them
- Stamping out injustice and victimisation and respecting the rights of employees to decide how they wish to be represented.

There is a "compelling need" to pay the rate for the job and close the wage gap at a faster rate than perhaps was envisaged even a year ago.

The Government should give more meaningful tax benefits in the rural areas, making incentives virtually impossible to resist. The country must also become more export-conscious "if we are really serious about creating new jobs."

Clowes says the sugar industry is well organised and has the expertise to help settle more people on the land and make better use of the land.

The black farmer has already been encouraged to establish cane lands, but the time has come for the industry to consider another major development.

There is potential to increase cane supplies to existing mills and in time new mills might be established in new cane areas.
Exports aid Rex True to beat the recession

Own Correspondent
CAPE TOWN. - Booming export trade and heavy tax allowances enabled Rex True to beat the recession and push profits up 26% in the past year.

The dividend has been raised by 5c to 35c.

Trading profits were less than R300 000 ahead at R6 200 000 in 1981 but a low tax rate of 12.2% as against 26% cut tax to R271 000 from the previous R1 200 000 leaving net-income of R3 890 000 as against R3 800 000.

This was equivalent to earnings per share of 130.15c as against 103.25c.

The results are of course historic and interest will be focussed on the current six months ending December.

‘Rex’ says that production is fully booked and forward orders for the Winter 1981 season are most encouraging.

The decision to bring additional production into operation in the near future underscores the demand for the group’s products.

Rex wisely has stressed the

export market in the past year when the domestic trade was in recession but the emphasis is likely to be reversed this 12 months.

Presumably margins should rise over the next year with demand increasing locally, although with most of Europe in recession, export growth may not match the exceptional sales of the past year with a resulting climb in the tax rate.

The board says there has been a marked improvement in trading conditions on the domestic market and a ‘very much improved level of consumer confidence now prevails throughout the country.’

The start subsidiary I’Uomo which sells under the Polo label further entrenched its market position the past year and a satisfactory profit was received. Rex has a half share in the company.

As usual the dividend is well covered this year, 3.7 times and Rex has a blue chip reputation for steady dividend growth rather than speculative investor appeal.

The results of the other men’s clothing manufacturers will be awaited with interest as margins appear to have been under heavy pressure the past year in the highly competitive market.
Labour plus for Delswa

BY HAROLD FRIJDKHON

THE good relationship which has been built up over the years between Jaff and Company and the independent representatives of labour, the Garment Workers Union, will stand the company in good stead during this period of changing conditions, says Mr. Sam Jaff in his Delswa chairman's statement.

Mr. Jaff recalls that when the company moved its operations to Kimberley and Kroonstad in 1948 these areas were out of the jurisdiction of the Industrial Council.

The Garment Workers Union was invited to organise the labour which consisted of blacks in Kroonstad and coloureds in Kimberley and to negotiate on their behalf wages and conditions with management.

A long established channel has been maintained which has enabled the company to know and understand the requirements and attitudes of its employees and for them, in turn, to appreciate the company's problems as a decentralised industry.

In the year to April 30, 1980, Delswa's taxed profit has increased from R344,000 to R688,000 from turnover which was 26% higher in the previous year.

Earnings per share rose from 71.85c to 17.8c a share. Dividends were increased 30c.
Buy now and pay later?

You know that classic little navy number with the R100 price tag sticking from one sleeve that you've been staring vacuously at for all month? Now may well be the time to succumb - the message from the fashion industry seems to be buy now, or you'll pay later.

While inflation in general is sitting at around 15 percent, it seems in the clothing industry it's coiling up for a really mammoth leap of up to 30 percent within the next six to 12 months. At least, that's the word from wholesalers and retailers like Jesse Sundy, Cape Town-based Group Merchandise Manager of one of South Africa's largest wholesalers and retailers of clothing, who breaks it down like this:

- Increase in import duties on textiles 20 - 30 percent
- Increase in wages and other areas 10 - 20 percent

Durban to follow suit?

Although the Durban clothing industry has not seen as many wage increases as Cape Town, an increase of about 17 percent was granted to the city's clothing workers in January and they will receive a similar increase next July, as a whisper around local boutiques which use mostly imported fabrics confirmed that similar price increases were already in the offing here.

In fact, Durban designer and boutique owner Sue Mallett said that the price of fabrics had already gone up by around 30 percent this season, and she thought it would continue to rise.

I personally think Durban's had it too good too long - maybe the wage structure allows for it, because it seems workers are better paid in Cape Town and Johannesburg, but fabric is the main factor. I've been absorbing increases, because of competition in the clothing industry in Durban, but at some stage they're going to have to be passed along.

And even certain large-scale manufacturers who deal largely with local fabrics anticipate increases. SA Clothing director Dennis Solomon echoed Sue when he said: 'The industry's been absorbing the majority of cost increases incurred by rises in the cost of everything from fabric and labour - the major expenses - to rent, rates, cotton and the 30 percent and the industry is now on record as not making a fair profit.'

He said an increase of from 15 to 30 percent was in the pipeline 'just to keep going.'

But before you launch into a full-scale spending spree, you might like to consider the more conservative predictions of the likes of Simon Jacum, president of the National Clothing Federation of South Africa. He foresees increases of only 10 - 15 percent over the next year.

He agrees, in a report in the Financial Mail, 'that wage increases will average 10 percent.'

Mr Sundy predicted, but he believes prices will be reduced by long runs and working at full capacity, and that the tremendous competition between the country's more than 900 factories will keep prices down.

Perhaps most significantly, he puts increases in fibre and fabric at only 10 percent. For, as Textile Federation executive director Stan Shagman put it in the same report, he believes that any new duties on imported textiles will push up local clothing prices only marginally, because South African clothing manufacturers use 80 percent locally manufactured fabrics.

Food for thought

And further food for thought before you rush out and buy several local designers and boutiques owners have no great increase, even though some, like Anne Miller-Smith, say they use 90 percent imported fabric. 'We've had no import increases in the high price category which I mainly deal with, and some of the European fabrics are even fractionally less than this time last year, perhaps because European factories have been short of work because of a general depression there.'

She did not, however, care to look into the future. Another boutique owner-designer, Nancy Scherzer, actually insisted it was 'not that difficult to keep prices down. We have increased the wages of our staff three times this year, and our rents have just gone up, but many of our prices haven't changed in three or four years.'

But she admitted this was possible because she had bought a large quantity of cloth about four years ago, when it was out of fashion and prices were low. Chances are the increases when next she buys will be all the greater for this.

Well there you have it - and whether or not you go along with the 30 percent-predictors, remember that ordinary 15 percent inflation will push that little navy number into the R15 price range in not so many months more.

Glynis Horning
THERE was a four percent increase in the number of factories in Natal up to June 1979 and their number now stands at 5,469. But the number of workers increased only fractionally in the same period to 36,149 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 5,209 registered with the department this year compared with 5,584 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 (190 in 1979). The 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 100 operators out of work (101).

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 (60) registered as unemployed.

Clothing is very busy at present and there is still a great demand for machinists. The number of machinists increased by about 40 in the past year and since job reservations ended there has been a marked increase in blacks joining the industry. There were 187 (276) unemployed in July 1980.

Motor sales have also been strong. 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 skilled workers in various capacities. There were 2,642 (1,411) unemployed.

NM 7/10/80
Tej off to a good start (124) in Transvaal

Mercury Correspondent NM 7/10/80

CAPE TOWN—Tej, the Cape Town knitting group, is achieving improved market penetration in Transvaal and says that orders on hand are well above last year’s levels.

Chairman R M Jacobs reports that prices have had to be raised substantially but both units and value are ahead.

‘Much will depend upon the extent to which sales, and prices to major groups are increased during the remainder of the financial year.’

The board hopes that the development work in sales and marketing will produce more favourable results and Tej is off to a good start in the Transvaal.

A Transvaal sales director has been appointed and improved performance in this key area has already been achieved and should continue.

Tej was severely hit in the second half of last year by delays in the supply of raw materials and this led to pre-tax profits slumping from R225 000 last year to R79 000.

The dividend was again passed.

Critical stage

Mr Jacobs says the group was forced to cancel orders at a critical stage in the selling period, although a broad spectrum of yarn stocks had been especially built-up as a safety measure.

'It was unfortunate that the area most severely affected was one of the more profitable sectors of the company’s trade.

‘Apart from order cancellations considerable quantities of garments were returned due to late deliveries. Both of these factors resulted in decreased sales and increased stocks, with inevitably adverse results on profits for the year.

‘In spite of the early promise indicated by the reception accorded to the garment range, the company has failed to achieve its target figures for production and sales.

‘Tej has set up an export subsidiary — Tej Sales Ltd — based in the United Kingdom, which should lead to demand in the South African off-season allowing improved factory throughput.'
Consolidation gains

Activities: Clothing, textile and retailing conglomerate with motor spares, mining supplies and scrap metal subsidiaries. Owns Tri-ang, 56% of World Furnishers and jointly controls Bradlows

Chairman: M Simchowitz, managing director P H Jacobson

Capital structure: 4.8m ordinary of 50c, 981 000 11% cum red prefs of R1; 150 000 6% cum red prefs of R2, 4m 7.2% (variable) red prefs of 1c plus 99c premium Market capitalisation R32.9m

Financial: Year to June 30 1980: Borrowings long- and medium-term, R17.9m, net short-term, R6.1m
Debt equity ratio 69.7% Current ratio 2.2 Group cash flow, R8.7m
Capital commitments R316 000

Share market: Price 685c (1979-80 high, 706c, low, 210c; trading volume last quarter, 169 000 shares) Yields 16.9% on earnings, 5.8% on dividend. Cover, 2.8 PE ratio 6.2

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<th>Year</th>
<th>Return on cap (%)</th>
<th>Turnover ($m)</th>
<th>Pre-tax profit ($m)</th>
<th>Gross margin %</th>
<th>Earnings ($c)</th>
<th>Dividends ($c)</th>
<th>Net asset value ($c)</th>
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With two exceptions, W & A’s operations performed exceptionally well last year. Major subsidiaries Bradlows and World increased their contributions by more than 20%, while other divisions reported a sharp improvement as the economy picked up and losses were curtailed in certain areas.

Chairman Manny Simchowitz forecasts a 25% earnings improvement this year. At this stage it appears to be based on organic growth as sluggish group companies are scheduled to return to profits and consumer spending improves. Better results in major income sources World and Bradlows.

Last year’s 62.3% rise in turnover to R126.5m and a near doubling of pre-tax profit to R10.6m (R5.6m) reflects the first-time inclusion of Bradlows for a whole year. W & A bought joint control of Bradlows in March 1979 so that group’s contributions to turnover and income in fiscal 1979 were some R8.6m and R63.9m respectively. In contrast, 1979’s consolidated contributions were R33.1m and R33m. Attributable earnings of Bradlows for the period amounted to R634 000 (R12.2m) on W & A’s 33% (31%) effective holding in the company.

World’s contribution to W & A’s turn-over was R34.8m (R18.3m) with R2.9m (R2.3m) pre-tax profit. Attributable earnings rose to R87.9m (R68.9m) as World lifted taxed profit to R1.9m (R1.4m) and W & A raised its stake to 56% (47%).

Other W & A activities were responsible for R8m (R3m) of pre-tax profit — a 66.2% gain. This better than average improvement stems from an “outstanding” contribution from W & A Textile Converters, a return to profitability at H J Henochsberg and rising earnings in other subsidiaries. The merger benefits at Tri-ang and Hygiene are expected to continue while loss-makers Lovable and President Knitting are budgeting to move into the black.

The earnings mix

Acquisitions during the year included 50% in Glen Anl Investments and the balance of Lovable. Since year-end, W & A has sold 50% in Universal Metal to Cape Gate, which Simchowitz says, should benefit W & A longer-term.

Improved controls and consumer demand last year pushed stockturn to 7.5 times (8.6) while the average debtor re-payment period fell 24%. Gearing was not previously excessive but total borrowings have nevertheless fallen to 70% (76%) of equity, with greater emphasis on longer-term debt. In addition, the capital base has been broadened by the issue of 4m variable coupon redeemable prefs. At end-June 1981, W & A will redeem the outstanding portion of its 11% prefs having repurchased 931 000 in fiscal 1980.

Liquidity is also better with the current ratio at 2.2 (1.9) and cash of R1.8m (R1.5m) at end-June. Marketable securities were valued at R4.4m (R2.4m).

Achievement of a 25% earnings improvement would take earnings to around 138c from which a 50c (60c) dividend total should be possible. After annual compound earnings growth of 49% in the past nine years, growth in 1981 is likely to be more conservative. The share yields 7.8% prospective, at 652c, which is attractive relative to the market but does not preclude better buying opportunities short-term.

[Det Kolbe]
TRUWORTHS

Temporary setback

Activities: Manufactures and retails women’s fashion wear, and retails men’s wear. Operates 332 (362) stores under the Truworths, Topco, Top Centre and Hamells names. Fifty percent of its share capital is held by Bonmore, in which the directors hold a 49% interest.

Chairman: L Shawzin, managing director: A G W Williamson.

Capital structure: 1m ordinary shares of 50c, 500 000 6.75% cum prefs of R2, 297 200 7% red cum prefs of R1 market capitalisation R40m.

Financial: Year to June 30 1980 Borrowings long- and medium-term, R12,9m, net short-term, R13,3m. Debt equity ratio 81.8%, Current ratio 2:0. Net cash flow R5,6m. Capital commitments R3,3m.

Share market: Price 4 000c (1979-80 high, 4 100c, low 1 900c, trading volume last quarter, 14 000 shares). Yields 12.9% on earnings, 6.9% on dividend. Cover 2:2. PE ratio 7.8.

Return on cap % 20.7 23.5 21.7 18.6
Turnover (Rm) 812.2 906.8 102.0 118.5
Pre-tax profit (Rm) 87.6 87.2 88.8 88.9
Gross margin % 11.0 11.6 11.3 10.3
Earnings (c) 364 427 519 615
Dividends (c) 170 205 223 230
Net asset value (c) 2 269 2 489 2 799 3 074

Shareholders will agree with chairman Len Shawzin that “results for the year have been disappointing when viewed against the prevailing conditions.” Group pre-tax profit rose less than 2% for the year, as against competitor Foschini’s 51.7% improvement for the half-year to June. And turnover growth at 16% was barely above the inflation rate.

But the set-back is apparently of a temporary nature. The substantial decline in profit margins was occasioned almost entirely by the Truworths division itself, where seasonal factors resulted in stock having to be marked down to move it. Management stresses, however, that this is one of the risks of being in the fashion game, and that profit margins are already looking healthier three months into the current year.

The rest of the group did not have the same difficulties, and its satisfactory performance is expected to continue this year provided consumer spending holds up. Both the Topco and Top Centre chains posted record profits, continuing the recovery which began two years ago. And despite difficult conditions in the UK and Zimbabwe, these foreign divisions managed to pull their weight.

Profit contribution from the manufacturing arm is not quantified, but management confirms that it performed well. It is probably not exporting the competitive pressures of the rest of the manufacturing industry, as 95% of output is supplied directly to the group (which amount represents about 80% of total requirements).

So it seems likely that once margins are restored in the major Truworths chain, the improvement in all divisions will be reflected in group profits.

In addition to Shawzin’s forecast of a “substantial improvement” this year, there are two other factors which underlie the temporary nature of 1980’s setback. Firstly, expansion plans for the new year are ambitious. About 20-25 stores are to be opened, compared to last year’s net increase of only 10.

Secondly, the total dividend was boosted by about 9% to 240c (220c), despite stagnant earnings. A current cost set of accounts has been included in the financial statements to underline that the group has experienced a tough year; the adjusted income statement shows that the cost of the higher dividend actually exceeded profits on this basis by R16 000. But the dividend hike, in turn, affirms the group’s confidence in future prospects.

It seems that profits can be expected to improve by at least 25% this year because of last year’s dividend increase, however, the payout may not move in line. But even a 15% hike would give a 276c (240c) total.

This would allow holding company Bonmore to pay around 24.5c (21.5c) on a prospective yield of 6.4%, however, it is more expensive than Truworths on a prospective 5.8%.
al market average. Though demand looks like being strong this year, there is every indication that margins will remain under pressure.

Rex True has a well-developed export business and trades upmarket, while investors might expect the bulk of sales growth to be in lower income groups. This appears to be the only reason for the share trading at a discount to the clothing sector. Relative to the market, Rex True is a sound income hold at 55c.

Dr Kgoba

is being installed to meet future demand. The clothing sector on the JSE yields an average 5.6%, higher than 4.5% industrially.

Rex Trueform
Nearing the top

Chairman: S C Shub
Capital structure: 1.4m ordinaries of 50c, 1.4m 'A' non-voting ords of 50c.
140 000 6% cum prefs of R2 Market capitalisation R15.4m
Financial: Year to June 30 1980 Borrowings long- and medium-term, R9m Net cash R380 000 Debt equity ratio 52.7% Current ratio 4.1 Net cash flow R3.5m Capital commitments R449 000
Share market: Price 559c (1979-80 high, 620c, low, 220c, trading volume last quarter, 46 400 shares) Yields 23.5% on earnings, 6.4% on dividend Cover 3.7 PE ratio 4.3

Turnover index* 77 78 79 80
198 203 246 308
Pre-tax profit (Rm) 40 2.8 4.2 4.5
Earnings (c) 87 740 106.7 129.3
Dividends (c) 28 28 30 35
Net asset value (c) 516 583 941 730
* 1973-100

Shareholders were no doubt pleased with the record earnings for the year to end-June. But in contrast to most other sectors in the SA economy, the group's trading is being squeezed by increased competition and rising costs. The record earnings were, to a large extent, the effect of tax concessions arising from export business and factory expansion capex.

Turnover figures are not given, but total sales increased 15% last year. Operating income on the other hand increased only 5.7% to R4.1m (R3.9m). And had it not been for a lower 19.5% (23.6%) average tax rate, earnings would only have increased about 9% to R17c (10c).

Though the average tax rate fell, partly as a result of management's efforts on the export market, a tax-based earnings rise is hardly the most satisfying performance in a year, when the SA economy started growing strongly. But Rex True, along with most other clothing manufacturers, can do little to stave off the intense competition in local markets and has the advantage, during slack SA sales periods, of a well-established demand for its products abroad.

Chairman Stewart Shub says export sales grew strongly again in 1980. Since 1972, exports have been a feature of the annual reports. Probably ahead of most local clothing manufacturers, the group developed export markets which insulate profits and maintain a high level of capacity utilisation.

Last year, working capital was bolstered to meet current and near-term expected demand. A R2m medium-term loan was raised while greater use was made of short-term finance. Total borrowings at end-June were R11m (R7.1m), of which 22% (38%) was long- and medium-term. Total short-term borrowings were R2m (R119 000), and with a 46% increase in creditor finance to R3.8m (R2.6m) the current ratio fell to 4.1.

This gearing cut the cover on annual finance charges to 4.7 times (5.5) which still leaves ample room for additional gearing without harming dividend growth.

Shub's forecast for the current year is that group order books are "more than satisfactory and indications are that there should be further considerable consumer activity." A more important guide to the group's budgets is the build-up in stocks to R14.5m (R11.6m) at end-June, of which R8.5m (R6.7m) is manufactured products.

Printing what should be a boom year with a 25% more stocks, despite the long lead time in obtaining locally made textiles, indicates a strong sales budget.

Capital commitments this year are R449 000 (R380 000) after the commissioning in fiscal 1980 of a new distribution centre. Additional manufacturing capacity
PARIS — South African trade union leader Mrs Lucy Mwabolo, on a four-nation European fact-finding mission, said she sometimes had to defend herself from accusations that she was “a female Bishop Muzorewa”.

Mrs Mwabolo told a press conference in Amsterdam that a church minister had suggested several days ago she should “stop fighting revolution.”

She admitted to French journalists that similar criticisms were made against her by young people in Soweto, but claimed that “only a minority do so. Many others come to me to thank me for getting them a job.”

Mrs Mwabolo said the minister in Amsterdam had told her “You are being used just as South Africa used Bishop Muzorewa. You lost the elections because the people did not back you. Do you people back you?”

She had replied, “I am proud of my record. We do not want to get handouts as though we are cripples. We want to work and I organise work.”

She is vice-president of the International Textile Federation and represented her 20,000-strong National Union of Clothing Workers at the federation’s annual conference in Vienna. The union was founded in 1964 and Mrs Mwabolo joined the same year.

Mrs Mwabolo said she favoured the consolidation of blacks on condition that homelands were dissolved.

She has a number of engagements in Paris with French trade union leaders, businessmen and “members of several delegations planning to visit South Africa.”

She leaves Paris at the end of the week for Brussels before returning home.
Boom in Cape's clothing industry

Industrial Reporter

THE Cape clothing industry, shamed by the region's economy, has taken off with an unparalleled boom that has seen 10 new factories open in the past month alone.

Twenty-seven new clothing factories have gone on stream in the past 12 months, employment in the industry is up 13 percent in the same period, and existing plants are expanding to cope with overflowing order books.

"It's the largest industry in the region and it's certainly indicative of the reasonable state of our economy," said the secretary of the Industrial Council for the Clothing Industry in the Cape, Mr G J Nel.

Although Industrial Council figures show the industry's workforce is at a record 54,573, there are still "jobs galore" according to one personnel manager. A 10 percent pay raise scheduled for December 15 will pump an additional R3 million a month into pay packets and take the wage bill to nearly R60 million for a 45 percent minimum wage rate leap in 24 months.

Several of the big manufacturers intend recruiting hundreds of school-leavers in January to keep their traditionally high turnover labour complement up to strength.

Mr Nel yesterday said the new factories were starting up with full order books for the next three to six months. Employers in the industry must register with the council within seven days of taking on a workforce.

Many of the big producers were working "extensive" overtime, including full Saturdays, at double pay.

"The boom has become a cycle," said the joint managing director of Dension International Group, Mr Raymund Davies.

The group did not like to encourage overtime, but in common with the rest it had found it necessary to go into extra hours to meet critical deadlines for supplies. 

Mr Davies was looking at all possible sources of labour, including the schools, and it was doing "all in its power" to boost training.

Mr Davies believed much of the spin-off from improved consumer spending had only begun to be felt by the industry and a buoyant Christmas would only be reflected in two to three months' time.

The managing director of I.L. Back, Mr Francois du Preez, confirmed that the only constraint to clothing sales was factory capacity. "Whatever you can make, you can sell all of it."

But there was a danger that some firms would burn their fingers by gearing up for production levels that could not be sustained when the inevitable downturn arrived. Order books were full for the new winter season beginning from January but retailers could cancel, and would, if they felt a slump was coming.
Boom in Cape clothing industry

CAPE TOWN—The Cape clothing industry, mainstay of the region’s economy, has taken off with an unparalleled boom that has seen ten new factories open in the past month alone.

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Recruiting

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The boom has become a fact, said the joint managing director of Derske International group, Mr Raymond Davies. ‘It’s there.’

The group did not like to encourage overtime, but in common with the rest it had found it necessary to go into extra hours to meet critical deadlines for supplies.

Derske was looking at all possible sources of labour, including the schools, and it was doing ‘all in its power’ to boost training.

Christmas

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SAFINI [R] 311 to 30

Fire losses? [R]

Activities  Manufactures and distributes hosiery and knitwear under the "Maxmore" and "Lord Byron" brand names. Holding company Zwi Brothers Investments (Pty) owns 40.9% of the issued capital.

Chairman: C Zwi

Capital structure: 1.4m ordinary shares of 25c. 250 000 7%cum. prof. of 20c

Market capitalisation: R3.8m

Financial: Year to June 30 1980

Borrowings: Long- and medium-term R810 000, net short-term, R43 000

Debt equity ratio: 37.4% Current ratio: 2.3

Net cash flow: R88 000

Capital commitments: R7m

Share market: Price: 270c (1979-80)

high, 300c, low, 140c, trading volume: last quarter, 54 000 shares. Yields: 23.1% on earnings, 7.4% on dividend. Cover: 3.1. PE ratio: 4.3

Return on cap: 16.6 16.1 17.9 20.9

Turnover: 89m 103m 105m 118m 132m

Pre-tax profit: 1 000, 875, 951, 1 141, 1 455

Gross margin: 12.3 11.7 12.2 12.6

Earnings (c): 30.7 42.2 49.0 62.6

Dividends (c): 15 16 17 20

Net asset value (c): 582 340 345 350

Profit margins were improved last year, with a 29.2% growth in pre-tax profit based on a 12.6% increase in turnover. "Chairman Charles Zwi attributes the improvement to increased sales and efficiency, but as sales growth was less than the rate of inflation, most of the savings must have come from higher recovery of fixed costs."

Results depend on all the factors that affect garment manufacturers with profitability relating almost directly to throughput volume. So, although the sales increase is not in itself impressive, it provides a more than proportional return in profits.

A marginally lower tax due to investment allowances led to a 35% increase in earnings per share. From 48c last year to 63.6c on the company's figures. The dividend of 20c (17c) was covered a higher 3.2 times (2.8 times) by these earnings.

Zwi has made no forecast for this year's earnings. He does, however, point out that liquidity and balance sheet ratios are very satisfactory, particularly when compared with the position four years ago. The current ratio is up from 1.7 in 1978 to 2.3, and debt equity down from 54% to 37.4% over a similar period.

In addition, a subsidiary acquired Gregory Socks' plant, machinery and stocks.
passed for the sixth year in succession.

Although the company’s performance over the past few years leaves much to be desired it takes exceptional circumstances to cause a significant earnings drop during a consumer spending upswing. And while Tej management does not place the blame entirely on suppliers, it points out that there were serious delays in delivery of raw materials — an industry-

quantities of garments due to late deliveries. Both of these factors resulted in lower sales in the second half, usually the more profitable, and increased stock levels.

According to other industry sources, this sort of problem is not uncommon. The local textile industry is protected and thus has no shortage of buyers. Consequently, late deliveries and bottlenecks are often the order of the day. And to counter these conditions, the company is attempting to build up yarn, material, and garment stocks (currently about 63% of current assets), which also affects operating profitability.

On the other hand, part of the responsibility for last year’s results must be laid at the door of the company itself. Attempts had been made to smooth out seasonal fluctuations in knitwear production by building up stocks ahead of time, but “orders received from major customers did not come up to expectations in regard to quantities and price levels.” This could reflect poor choice of lines by the company, and large quantities of this knitwear had to be cleared at cut-rate prices.

As management points out, it is difficult to predict earnings prospects for this year in the light of the past year’s experience. The export venture has imposed a degree of strain on resources, and returns will only become measurable later in the current year.

In the local market, much will depend upon the extent to which sales and prices to major groups are increased during the remainder of the financial year. And in the light of last year’s performance, many customers may be wary of placing big orders which will increase management’s planning problems.

The share price has dropped to 65c, and there is unlikely to appreciate materially until there is evidence of higher earnings and a return to dividend payments in the near term.

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**DATES TO REMEMBER**

**Last day to register for dividends:**

- **Friday November 7:** ABC 4c, Congella 6c, ERGO 10c, FS Geduld 4.75c, Grand Bazaars 10c, Hunt Leuchars 12c, MTD Mangula 4.34c, Marlin 5.5c, Metro Cash 30c, Mobile 16c, Pep Stores 25c, President Brand 37.5c, President Steyn 30c, Pretoria Portland Cement 33c, Scottish Cables 6.5c, Seardel 18c, Trench 40c, Welgedacht 16c, Welkom 150c, Western Hold 825c

**Meetings**

- **Monday November 3:** Carrig, Waverley Gold
- **Tuesday November 4:** Picard Canners (Cape Town), Trust Bank, World
- **Wednesday November 5:** Bankorp, Rand London
- **Thursday November 6:** Suncrush (Durban), Wits Nigel
- **Friday November 7:** Bradlow’s, Eddels (Pietersburg), Highveld Steel, Industrial & Commercial, Investors Club, Issues & Invest, Matheson & Ashley, Rhodesian Cables (Zimbabwe)

All meetings are in Johannesburg unless otherwise stated.

* = Net after non-resident shareholders tax.
500 fled dummy bomb

Crime Reporter

POLICE were yesterday investigating a "bomb" sent to the City headquarters of a large clothing firm last week by an advertising agency.

The arrival of the "bomb" — described by the police as a dummy stock of dynamite with a fuse — prompted the evacuation of the building of 200 personnel and the shutting down of the company computer.

The scare took place last week and was confirmed yesterday by a spokesman for the company, Truworths.

He said the device was received late last Thursday and the company's crisis control committee was called in. They decided immediately to evacuate the building and call in the police.

The company regarded the incident as a "very serious threat," and said it caused great disruption — not only to the company itself but also to the police, traffic police and ambulance service who were called in.

"The contraption was very real," he said.

A spokesman for the advertising company confirmed yesterday that the device had been sent out as a "self-promotion" stunt. He described the contraption as an "empty firecracker."

Brgadier D B Nothangel, Divisional Commissioner of Police for the Western Cape, said yesterday police were investigating the case fully. "If it is found that an offence has been committed, it will be placed before the prosecutor. If not, the matter will be dropped," he said.
The emperor's new clothes?

The clothing industry is well known for the continuing struggles between its cotton growers, textile manufacturers, garment manufacturers and retailers. Although there have been a number of attempts among some of the parties to work together as one industry (during the leaner years), it looks as if the current economic upswing could destroy these ties. And the reason is that "the rich are getting richer," while others are having profit margins tightly squeezed.

While each branch of the industry is vehemently stating its own case, the figures paint a fairly conclusive picture.

The most recent results from textile manufacturers indicate that higher throughput has led directly to better recovery of overheads and improved profit margins. Their only real source of concern is the amount of overseas fabric sanctioned for import during the year, as they fear flooding of the market by Far Eastern "dumping." The import bill for the first nine months of 1969 was around R400,7m compared to R380,7m for the same period in 1979.

At the other end of the process, the large retailers are gleefully announcing that sales are burgeoning and profits good. Edgars had a gross margin of 14.8% (before life adjustments), Foschini 13.2% and, even in a relatively difficult year, Traworths reported 10.3%.

But the middlemen, the garment manufacturers, are not reporting profit performances in line with the economic upswing. Even though turnover is up in most instances, margins are being more and more tightly squeezed.

The tables on the following page show the highest return on capital and gross margin rates achieved by the companies during the last boom period (through 1973 to 1976) compared to the figures reported during the current "boom" period. Average return on capital is almost half what it was in the earlier upswing 12% compared to 25.7%. And gross margins have fallen even further, averaging around 41% of those of the previous period.

The reasons for this disappointing performance are linked to the nature and size of the local market, other factors which affect the garment manufacturers' profitability, and their relationship with both fabric producers and retailers.

The local market is small in relation to those served by the overseas clothing.

(b) calculate the amount on which a deferred tax asset or liability may arise at 30th June 1977.

(F.Q.E. - 1978)

(50 marks - 60 minutes)

(Out)
Among the better performers was Rex Trueform, which announced record earnings of £129.3m (106.7c) per share. They were to a large extent the effect of tax concessions arising from export business and a sharp increase in sales of their packs. So the dividend was raised by only 16% to 35c (30c). The share’s 6% yield at 500c indicates a slight weakness on the market.

Delaws also looks undervalued at 420c, where it yields 7.1%, probably due to the sagging of its export sales. However, despite the move in the dividend, the payout level of its earnings is still below the 42.5c paid in 1976.

Of the three manufacturers with December year-end, Marchmore has more reason to believe that its current year’s earnings will exceed those of the previous year. But the other two, Delaws and Veka, are not looking so promising.

Delaws’s interim earnings fell from £12.3m last year to £7.3m, and the directors do not rule out a decline in profits for the year. And despite Bugson’s starting interim profit increase to £16.5m (R45 000), it has moved from such a low base that a dividend that year looks unlikely.

That leaves TEJ to end off the dismal review of earnings for the year fell from £14.8m in 1979 to £8.5m, and the divi-

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**RETURN ON CAPITAL**

<table>
<thead>
<tr>
<th>Company</th>
<th>1974/75/76</th>
<th>High 1979/80</th>
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<td>11.6</td>
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<tr>
<td>Duben</td>
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<td>20.6</td>
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<tr>
<td>Bugson*</td>
<td>16.8</td>
<td>9.0</td>
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<tr>
<td>Rex Trueform</td>
<td>32.2</td>
<td>17.4</td>
</tr>
<tr>
<td>TEJ</td>
<td>20.2</td>
<td>4.7</td>
</tr>
<tr>
<td>Veka*</td>
<td>17.1</td>
<td>11.9</td>
</tr>
</tbody>
</table>

* December year-end, where figures may not fully reflect current economic upswing

**GROSS MARGIN INDEX**

<table>
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<th>'78/80</th>
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<td>50</td>
</tr>
<tr>
<td>Veka*</td>
<td>100</td>
<td>60</td>
</tr>
</tbody>
</table>

* December year-end, where figures may not fully reflect current economic upswing

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Ponzi Hefner
The National Clothing Federation of SA has applied to the Board of Trade and Industries to increase import tariff on foundation garments, especially bras and complaints are bursting out.

There has already been criticism of the clothing industry for its continual import tariff requests which have resulted in higher prices for consumers.

In this case it has been claimed that if the application is successful SA women will have to pay up to 50% more for the cheaper ranges of bras.

Says Don Campbell, chairman of Frasers: "Our complaint is that the industry applied for increases on the whole range of foundation garments, but there are no local manufacturers producing for the lower end of the local market."

Frank Whitaker, director of the federation, retorts: "We refute this statement. The lower end of the market certainly is catered for."

Scala Foundations in Cape Town manufactures lower-priced bras. There are ranges besides Gossards and Lovable.

Says Frasers merchandising manager, Jesse Sunde: "The public will be forced to purchase the higher-priced, locally manufactured article."

It would be preferable if government restricted import permits for certain categories of merchandise and thereby controlled the amount imported for the lower end of the market, as opposed to the current application.

He says the proposed new duty structure will mean garments will carry a duty of R1 on a home cost of R1.

He says that because manufacturers are faced with escalating fabric costs and higher labour costs they are moving away from the lower end of the market.

Whitaker disagrees. But what is certain is that the women who buy cheaper bras might have to do with less support.
Looking for a balance

National Clothing Federation president Simon Jocum says SA should become a signatory to GATT's Multilaterial Agreement (MFA). This would permit government to add import quotas to the existing system of tariff protection - without fear of reprisal from the world trade watchdog.

House of the current Multilateral Agreement which comes to an end next year has begun in Geneva. The current agreement has 85 signatories. It was signed out of the MFA says Jocum - we will become the target of all the frustrated exporters in the low wage countries who have been barred from other markets by the tougher MFA.

The first MFA was signed in 1953 and renewed in 1977 after the European council of ministers insisted on tougher terms to control the flood of third world imports which, in the period 1973-1976, resulted in 4,280 business closures and the loss of 280,000 jobs in the community.

The first agreement guaranteed a 6% annual growth rate in imports by industrialised countries of third World clothing and textiles. This turned out to be an invitation to exporters to make a massive assault on European markets in order to establish a large base from which to grow at 6% a year.

At the 1977 MFA review, community ministers got a clause written into the new deal allowing for "reasonable departures" from the 6% guarantee for short periods and in emergencies.

With northern clothing and textile industries in endemic distress, community countries were able to limit Third World imports to an effective 4% growth rate after 1977, compared with 25% a year between 1973 and 1976.

Third World exporters are now claiming breach of trust because countries outside the community used the reasonable departures clause. They fear the US will use it too.

Their pleas are unlikely to wash. What seems clear is that the 1982 MFA is going to be a lot tougher than the existing deal.

The first MFA was a departure from GATT provisions which forbade imposition of import growth rates and import curbs affecting specific suppliers instead of all suppliers.

Then the "reasonable departures" clause was added. These, and other, arrangements now appear certain to become a permanent feature of the MFA. To stay out of the arrangement would therefore surely invite dumping which no level of countervailing duty tariff protection would keep out.

In any event they would have to be so high that they would incur condemnation of GATT.

Says Jocum. Thus we recognise the necessity for a quota control on garment imports and, with rather less enthusiasm, we realise that there will also have to be quotas on the importation of textiles.

However, it must be emphasised that there is a difference between quotas on consumer goods which can be supplied in full by local industry and quotas on the raw materials of that industry which cannot be supplied from local sources.

"We hope that if we can persuade the authorities to accept the principle that there must be some permanent system of import control over textiles and clothing (100,000 jobs), then there will be detailed consultations with the private sector on the form that such controls will take.

If the control is too constricting, the cure might be as bad as the disease and the loss of jobs would still occur in the clothing sector.

Unduly strict controls will not save jobs in the textile industry. If we cannot sell our products because our raw materials are not keeping up with fashion trends, the weavers and knitters will not be able to sell their products either. And yarn producers won't be able to sell theirs.

The problem is one of a delicate balance between what is reasonable and what is excessive."
Clothing industry is facing problems

In the midst of a boom, all is not well with the clothing industry.

At its presidential address to the Transvaal Clothing Manufacturers' Association, Mr Albert Hirszwitz said that the difficulties which faced the industry last year had not disappeared.

Not only had inflation continued unabated, additional customs duties on manufactured fabrics came into force for which import permits were still required, demands from the Garment Workers' Union continued notwithstanding the existence of a three-year agreement which had been met.

The Board of Trade was approached about a price control involving prices on clothing, nothing had materialised.

Duties were again increased on both knitted and woven fabrics with effect from June 6. This was the fourth adjustment of duties on textiles in little more than four years.

Mr Hirszwitz suggested that the textile industry, which is enjoying full order books should give still greater attention to improving qualities as well as ensuring more prompt deliveries to meet the minimum requirements of clothing manufacturers.

IMPORTS

In a few cases the quality of the local product had been so poor that it was unmarketable in the better grades of clothing and he said the import control authorities should disregard such mills as suppliers when applications for import permits of the relevant fabrics were considered.

Local deliveries had become so extended that winter goods were being offered in summer for the usual standard prices.

On protection for the clothing industry, Mr Hirszwitz referred to the likelihood of the relaxation of import controls.

The clothing industry was advised to apply to the Board of Trade and Industries for increased duties on imported ready-to-wear garments to protect the industry for the effects of aggressive competition, mainly from Far Eastern countries.

More intense competition may result following the expiry of the Multi-Fibre Agreement next year.

In the first five months of this year, imports reached 14m units or 32.8 percent above the 10.2m imported at the same period the year before.

JEAN MOON looks into the clothing industry

price of imports increased to R22m compared with R18m.

On wages, Mr Hirszwitz said that a three-year agreement was concluded in July 1979 providing for a revision of the increases due in 1980 and 1981.

He said a gesture of goodwill on the part of the association giving a counter-offer as a special increase this year and a further increase in January 1981 was rejected by the union. An agreement was finally reached in July this year for an additional increase from that date followed by another in July 1981.

DEPRESSED

The Transvaal still provided the highest minimum wage in the country and the union had undertaken not to make further demands before the expiry of the agreement in June 1980.

Despite a holding company whose subsidiaries manufactured and sold women's and children's outerwear and sportswear under the trade names of Delova, Crazy Horse, Jade, Marchesa and Tottoo, still did not enjoy the same level of return on capital employed as it received a few years ago. Along with many others in the clothing trade, its margins remained depressed, despite the economic boom.

At its current share price the share yielded just over 7 percent with the dividend covered 2.4 times by earnings.

EXPORTS

Grob and Inngs' activities included the sorting, carbonising and combing of wool and mohair.

In order to meet demand, the group spent R1.9m in its last financial year on buildings, machinery and equipment.

Though group turnover was only 47 percent higher, earnings rose 15 percent. A high percentage of South Africa's wool and mohair was exported.

The share price's buoyancy of international markets.

Though recent events currently experienced by some trading partners did not look good for Gubb and Inngs, the drought in Australia was likely to cut that country's production by 5 percent. This should allow South Africa to maintain its exports at last year's level.

Gubb and Inngs shares currently yielded 8.2 percent, and the dividend was covered 3.5 times by earnings. There seemed no problem in maintaining distribution this year.

DROP

There was not much you could teach Berkshire about lean times and fat times. Up until 1976, the company was on a growth streak, but the following year profits dropped 70 percent. Through 1977 to 1975, the company flourished. Then it hit the brakes as cashing in on the denier craze, and squandered much of its energy away from its base to Lee Denims. Since then the company had not looked back, as the denier craze had never subsided, things looked good for the future.

At its current price the share yielded nearly 6.5 percent, which was covered 4.1 times by earnings.

TOO LATE

Mooi River Textiles was a vertically integrated textile mill which spun cotton and cotton/polyester blends of medium to fine-count yarns for the weaving and knitting trade and weavers, dyers and finishers of cotton and cotton-polyester fabrics.

Mooi River also had its share of problems. Back in 1975, profits crashed as a result of manufacturers overstocking, and heavily importing stocks rather than buying from local producers. Though Government action was taken by increasing tariffs, it came too late to bail Mooi River out of its predicament.

six months to June profits were 47.6 percent ahead.

It's well-stocked order books led to a R38m investment in the expansion of production capacity. The share yield was a handsome 6.2 percent at its current price, which was more than adequately covered 2.6 times by earnings.

In the year to June, Resco Trumfs achieved a record earnings (120.9c a share) on a 25 percent rise in turnover.

At its present price the share yielded 7 percent which was covered 2.7 times by earnings.
Imported clothes warning

Financial Editor
Clothing manufacturers who import garments from the Far East are importing unemployment and this must stop before it becomes a serious threat to the total internal security of our country.

This is the opinion of Mr H Yorke-Mitchell, chairman of the Natal Clothing Manufacturers Association, who spoke at the annual meeting yesterday.

He said that clothing was the largest employer of labour, with nearly 250,000 people.

Full employment was an urgent necessity if any form of political idealism was being propagated.

Mr Mitchell said unemployment in the clothing industry was the guaranteed acceleration for any mischief makers in South Africa.

While the imported percentage of clothes sold was low, this was a similar pattern to America and Europe, where the clothing industry had been brought to its knees.

Since 1973, in the EEC 700,000 jobs had been lost and in America 150,000 as a result of cheap imports.

Last year 9,3m garments valued at R6,2m came from Hong Kong at an average price of 66 cents a garment. Taiwan supplied 8,2m garments worth R5,8m or 90 cents per garment.

Between Hong and Taiwan and Zimbabwe the three countries accounted for 50 percent of imports.
Slowdown seen in food, clothing, wine production

THREE key manufacturing industries in the Western Cape — food, clothing and wine — are showing signs of slowing down after a year of one of the best growth performances in the country's economic history.

This is one of the conclusions of Trends, the quarterly statistical analysis by the Stellenbosch Bureau for Economic Research.

In consumer goods manufacture, a disquieting trend to stagnation is shown in food production, says Mr Willem Roets, compiler of Trends.

Clothing production is slackening off at a record high level, while liquor production, in growth terms, is definitely slowing down.

Metal products are recording their best growth performance, textiles are faltering slightly but machinery production has shown no growth this year.

Clothing and textiles are probably encountering problems in expansion on the export market. Partly due to the increase of conditions overseas and worsening terms of trade for overseas buyers as a result of the increasing strength of the rand.

Food exports, particularly canned fruit and vegetables, were hit by the appreciation of the rand and increasing competition from South American countries.

Trends in liquor consumption are gradually being influenced by changing social precepts associated with improving standards of living of the lower and middle income groups.

These changes seem to be favouring beer in preference to both wine and brandy.

People from black spots, under the homestead consolidation section, removes of labour tenants and squatters and in trust areas, those with less have received cash compensation (1/2 hectares) have been allotted to a smaller area of land.

This act, as also the act under which homestead consolidation takes place, badly structured, African owned land has been expropriated whereas winning mining at least 20 morgen.

Thus act is also the act under which homestead consolidation is intended to reduce the size of their labour force. Visual farmers to reduce the size of their labour force. These have superseded the allotment of the labour tenant under the act, labour control boards have been appointed.
SA se klerebedryf bedrywig, maar...

SUID-AFRIKAANSE klereverwarmingers benut nou hul volle produksievermoë en die bedryf se opleidingsinrigting is tot middel aanstaande jaar vol bespreek, sê die voorsitter van die Nasionale Klerefederasie, mr. Simon Jocum.

Terselfdertyd is die klerebedryf besig om sy produktywiteit te verhoog vanweë die voordeel van 'n skaleeconomie wat spruit uit toenemende bestellings van kleinhandelaars.

Die uitvoersyfer vir die eerste ses maande van jaar was 1.17 miljoen teenoor die 835 miljoen van die jaar eind December 1979. Die uitvoer van die eerste jaar was dus gehandhaaf te mede van die redaksie in sommige oorsese lande.

Volgens sy aas van klere was die instygeryse besig om sy produktywiteit te verhoog om in die gevorderde voorsien.

Hoewel die klerebedryf bedrywig is, toon dit nie 'n gesonde opbrengs op kapitaal nie. Die een of ander vorm van automatisering sal in die toekoms gevind moet word. Dit sal egter baie kapitaal verg.

Die inflasiekoers beïnvloed die klerebedryf hoofstrooms, want klere is 'n produk met 'n baie elastiese vraag. Indien die inflasiekoers die verbruiker se koopkrag wegreek, sal dit noodgedwonge 'n negatiewe invloed op die vraag na klere hê.

Om die momentum in die klerebedryf te laat voortduur, moet die Regering nie invue beheer beëindig nie. (Hij verwys na die invoer van goedkoop klere uit die Verre Ooste.)

Mr. Jocum sê voorts dat die nuwe verhoogde tariewe so gou moontlik in die Staatskoerant gepubliseer moet word sodat die een of ander vorm van kwantisatiewe beheer behandel kan word.

Die klerebedryf kan nie groei sonder billiklike tariewe en kwantisatiewe beheer nie. Om net op tariewe alleen staat te maak, sal daartoeë lei dat dit so hoog sal wees dat dit net die opproduktiewe onderneming beskerm.

Die klerebedryf moet skakel om te verseker dat geen versteurings voorkom nie. Die klerebedryf het die ideale posisie bereik waar 'n arbeidstintensiewe bedryf op 'n vlak van volle indienisneming is.

As die klerebedryf deur invoer gekruip word, sal dit noodwendig 'n invloed op die tekstiel, die tekstielvleis-en katoenbedryf hê. Meer as 250 000 mense word deur al die bedrywe in diens geneem.

Volle indienisneming in die klere- en die tekstielbedryf beteken ook meer sake vir kleinhandelaars.

Naarlyn moet daar toegelaat word dat invoer in 'n sekere mate plasem vind, maar dit moet verduidelik beheer word sodat dit nie 'n bedryf kneel wat gevoelig vir invoer is nie. Onderwysing het geleer dat goedkoop ingeworwe produkte nie die verbruiker teen 'n goedkoop prys bereik nie.

Suid-Afrikaanse klere is steeds goeie waarde vir geld. Die pryse van klere het die afgelope teen jaar teen 'n laer koers toegeeneem as elke ander produk vanwee. Die feit dat die klerebedryf uit meer as dusdruk fabriekse bestaan en dus straawe mededinging ondervind.

Vrye handel is goed en wel as ander geleentheid gevind kan word om die werkloosse werk te gee. In Suid-Afrika is daar Derde Wêreld-probleme. Ek kan dus nie insen dat Milton Friedman se teorie van vrye handel hier kan werk nie, sê mr. Jocum.
Clothing industry and import protection

I refer to the article "Controls boost local industry and prices" (The Star, December 2) and believe that Charlene Bertram's look at import protection misses the point of why the clothing industry has had to apply for a revision of the duties on imported garments at the present time.

Although the article refers to the dropping of import controls causing manufacturers to apply for protective tariffs, it does go on to disparage our application on the ground that the industry has shown remarkable growth since 1976. It is not disputed that the clothing industry, like the rest of the economy, is experiencing an upturn at present, but this will not last if import controls are withdrawn and tariffs remain at the 1974 levels.

The reporter refers to a possible 200 percent price increase to the consumer being caused by our application, but I think she has overlooked the fact that the duties are in most cases "less than 65 percent of the fob price," which means that only a disproportionately underpriced garment would pay a duty of 300 percent.

It is to prevent such a disruption that the application has been submitted. It is not last year's imports from Taiwan that are relevant but next year's, and we can give the assurance that the subject of Far Eastern imports is not being overlooked.

Already the local industry manufacturing leather goods is being put out of business by South Korean goods imported at less than the cost of their leather locally.

Since 1973 more than a million jobs have been lost in the clothing industry in Western Europe and North America, and in Britain, for instance, two shirts out of every three sold are imported.

Our Prime Minister referred recently to the necessity of creating two million new jobs in South Africa by the year 2000 and with this formidable task before us, it would be foolish to place in jeopardy the 250,000 jobs of the people already employed in the clothing industry and textile industries.

That is why a check on disruptively priced imports is necessary, whether it be through tariffs or quota controls.

The consumers employed in these industries also want a fair deal.

The article says that "some" businessmen question the attitudes that see import restrictions as the sole way of combating the economic revolution in the Far East and that "most" businessmen are against the clothing sector being granted further protective tariffs.

I can state that there are a thousand manufacturers in the clothing industry and some hundreds more in the yarn producing, weaving and knitting industries who are not against our application.

Y H Whitaker

(Director, National Clothing Federation of SA),

Johannesburg.

The article was based on the views of interviewed economists, senior Government officials, organised commerce, organisations such as the Clothing Federation, and businessmen heading large retail outlets.—Editor
Clothing plant starts up again

By Tom Hood

BERGETTE Creations plans to re-open its clothing factory in Maitland in January—six months after a fire wrecked the building.

The fire also destroyed machinery, stocks of fabric and clothing and the company's records and orders.

Within a month of the blaze Bergette was back in business, operating from the first floor of a building in Voortrekker Road nearby and doing work for other clothing companies.

The managing director, Mr Norman Berger, was overseas promoting exports at the time of the fire.

SAFE OPENED

"Police found the safe had been opened and almost every document, account book and order book since we started eight years ago, was destroyed," he said this week.

The company's new range of children's winter clothes was also destroyed. Orders for 60,000 garments had to be cancelled.

Faced with this situation, Mr Berger says he was advised by many people to give up.

START AGAIN

However, he decided to start again and his accountants set about the task of trying to reconstruct the business records.

He recalled machinery that had been lent out to help other companies. Then, thanks to the boom, he was able to get cut, make and trim jobs from other factories.

"But a lot of valuable workers could not be employed and the staff had to be cut from 140 to about 40.

Business is slowly building up again and the staff has doubled to 80.

Export orders from Germany and Britain have been signed up and work on them will begin in the new year. And selling has started for the 1981 summer season."
End to Quincor speculation

From Pago 1

the current market price of a, assuming three times
The company's yield would be comfortably above 2%, on the
Current market price.
The rights will involve a 2
101 offering of about 8 million
Quincor shares and on the dividend
convertible cumulative
premises both at an agree price of
the share.

Central Merchants Bank and
Mackars will underwrite the
rights and Quincor's controlling
shareholders - Nater, Holdings
De Jager and Turner -
hold 30% of the issued
outs, have undertaken to follow
their rights.

Net asset value per Quincor
share will depend on how the
mix of options and the earn-
ting exercise pans out but
should be around 90.

Henderson makes and distribu-
tes a wide variety of metal
ware products, offers furniture
building panels and specialized
containers. The group's future
management has agreed to re-
main with the company.

Under the agreement, the
parties have warranted that the
group will earn after-tax prof-
its for the year to May 27 1981
at least 10 million.

Pending the outcome of the
rights offer and the combina-
tion of ordinary and cumulative
premises both at an agree price of
the share.

Quincor shares will be con-
mulated on the stock market
from tomorrow. The group will
move from the form-
ture to the industrial bond-
section of the market.

Takeover rockets Quincor earnings

By Stephen Orops

A MOUTH watering injection of
earnings has ended weeks of
speculation about the cash
dollars. Quincor.

The injection comes via the
acquisition of the 118-million
Henderson metalware group by
Quincor.

This is the first phase of the
Quincor strategy to re-
structure its operations and
provide significant further
appreciation - provided overall
industry conditions allow.

Quincor managing director
Geoff de Jager and financial
director Charles Turner ex-
plained that the company's new
large-scale operation, the
new product, the new market
will be launched in 1982
and the first quarter of the
year will be "long at

1. Introduction of a new six-
semester half course

2. Incorporation of the following changes:

a. From 1981, the attached new CTA curriculum will apply.

b. Change to the CTA curriculum 1981

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