MANUFACTURING.

PAPER & PRODUCTS.

APRIL - AUG. 75

FEB. - NOV. 77.

JAN. - OCT. 78.

10. Arteriosclerotic, degenerative and
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PREMIER PAPER FM 20/10/78

Rights ahead (194)

Activities: *Produces and distributes packaging papers. Tissue papers are made by a wholly-owned subsidiary, Southern Paper Industries at Bellville, Cape. Holds 51,8% interest in Rhopulp. Ultimate holding company is AFC.*

Chairman: *I Mackenzie; managing director: J W Mackenzie.*

Capital structure: *1,3m ordinaries of R1; 100 000 5,5% cum prefs of R2. Market capitalisation: R2,5m.*

Financial: *Year to June 30 1978. Borrowings: long and medium term, R5,0m; net short term, R3,6m. Debt:equity ratio: 59,1%. Current ratio: 1,3. Group cash flow: R1,9m. Capital commitments: R492 000.*

Share market: *Price: 190c (1977-78: high, 200c; low, 80c; trading volume last quarter, 36 000 shares). Yields: 21,3% on earnings; 9,5% on dividend. Cover: 2,3. PE ratio: 4,7.*

	'75	'76	'77	'78
Return on cap %	14,9	9,7	6,5	8,0
Turnover (Rm)	18,5	19,4	19,0	24,1
Trading profit (Rm)	3,3	2,8	2,6	3,0
Gross margin %	14,5	10,2	8,7	8,2
Earnings (c)	94,2	51,4	28,0	40,5
Dividends (c)	28	28	18	18
Net asset value (c)	562	602	833	824

Re-establishment of profitability during the second half of the year under review meant a marked recovery in the fortunes of ordinary shareholders. At the halfway stage they were bearing a loss of R255 000. At the year-end they had, with no tax to pay, an attributable profit of R469 000. On earnings of 40,5c (28,0c), the dividend was maintained.

Before deduction of the share of minority interests, the profit was R877 000 (R624 000). The improvement seems to have been reflected unevenly in the divisions of the group. Rhodesian Pulp & Paper contributed 56% of the total. Results of the Klipriver Mill improved, while Southern Paper Mills "operated profitably."

Intense competition faced by the Southern Products paper tissues division during its first full year of operation resulted in no profit. However, there was "gratifying improvement in market penetration and steady reduction in losses" during the second six months. In the current year, a small profit is in prospect from this source.

Chairman Ian Mackenzie mentions again in his report the attractions of achieving "a better balance between long and short term loans and shareholders' equity." He also points out that the R877 000 profit represents only 3,6% of turnover. Replacement of some portion of the interest burden of R1,1m with equity would certainly help this ratio, albeit less meaningfully from the point of view of shareholders when profits begin to attract tax as investment allowances fall away.

At the same time, outside shareholders may not be too keen to acquire further risk bearing equity while more than half the profit derives from Rhodesia.

In general, Mackenzie's particularly Delphic choice of terms offers little aid to assessment of prospects for the current year, especially when he appears to intend a rights issue. He does suggest that the rate of return on sales will improve in the next few years — which might, of course, be the result of a rights issue — and that "the upturn now evident in the South African economy will result in the group materially improving its position," which might refer to the same thing.

Certainly, the element of high gearing in this capital-intensive group has just proved that earnings can improve swiftly. Nonetheless, without bettering of political prospects in Rhodesia, it is hard to foresee substantial further immediate improvement in the price of the shares.

David Ross

PREMIER PAPER (194)

Second-half turnround

FM 8/9/78

Premier Paper has turned a first-half loss into a higher overall profit for the year to June 30. Earnings rose to 36c (28c) and the 18c dividend has been maintained. At end-December the loss attributable to shareholders amounted to 20c a share.

Sales for the year were up 27% to a record R24,1m. Pre-tax earnings improved 41% to R877 000 and no tax was paid (1977: tax of 3,4%) because of investment allowances on new plant. Tax is expected to remain low for at least the first half of the current year.

The improvement stemmed largely from a 93% profit rise at 51,8%-owned Rhopulp. Prospects for this company may improve even more with the recent rise in newsprint prices in Rhodesia. But overriding this is the apparently fast deteriorating security situation in the country.

In the year to June 30 Rhopulp earned R846 000 (R461 000). It resulted in R491 000 (R239 000) contribution to Premier's pre-tax earnings of R491 000 (R239 000), equivalent to 56% of pre-tax profits.

Premier's paper and tissue operations contributed about R416 000 (R385 000) to pre-tax earnings.

Despite scepticism about the hopes for an unchanged annual dividend at the half-way stage, the market has not responded to the prelim. The shares are unchanged at 165c, yielding 10,9%.

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REED/BARPAK (194)

~~Tying~~ up the package

FM 25/8/78

Tying up Barlow's takeover of Reedpak, Reedpak is buying Barlows' paper and packaging interests (Barpak) for R18,75m. Barpak will be rationalised and merged with Reedpak to form Nampak, which will be by far the largest paper and packaging group in SA. The combined group will have a market capitalisation of R139,4m.

The R18,75m consideration is to be paid by the issue of 2,8m Reedpak shares at 500c and R4,75m in cash. The deal

If the market falls apart ...

Old Mutual is paying 430c per share, which is a 17% discount to the current Reedpak price of 520c and a 14% discount to the issue price of 500c. But when the deal was first negotiated Old Mutual agreed to pay the current market price. Old Mutual will then become the second largest single shareholder, with a minimum of 3,1m shares. If Reedpak minorities accept the standby offer of 430c per share, which runs until September 8, Old Mutual could be committed to a further outlay of R38m.

There are no rational grounds why the standby offer will be accepted by Reedpak holders, but a break in the market could change matters. Non-resident holders of Reedpak may be tempted to accept the 430c standby offer as they will be allowed to remit the proceeds in free rands as opposed to security rands where the present discount is about 37%. In sterling terms, the shares are worth 257p via the standby offer, but the equivalent is 196p via the discount. About 400 000 shares or 1,5% of Reedpak's equity is held by non-residents.

Of the total consideration of R64,6m Barlows is paying for Reedpak, R18,05m will be self-financing. Barlows is raising about R40m in overseas loans and R25m through a rights issue. It will receive R13,3m from the sale of shares to Old Mutual and R4,75m from Reedpak for the purchase of Barpak. This gives Barlows a cash inflow of about R18,05m over and above the R64,6m it will raise. This will be used to reduce local borrowings and partly offset the rise in the group's total debt.

Based on the projected earnings for Barpak for the year to September 30, and Reedpak's earnings for the year to end-June, the acquisition will increase Reedpak's earnings on the enlarged base by about 3c per share. This implied that Barpak's taxed profits are around R3,2m, which in addition to Reedpak's taxed profits of R18,1m for the year, gives earnings of about 78c per share.

The acquisition of Barpak will reduce Reedpak's nav by about 16c from 325c to 309c per share. On a strict accounting basis, taking into consideration the market premium over net asset value, Reedpak is buying assets worth R9,6m, and paying about R9m goodwill. However, ignoring the premium over net assets (which the paper and packaging sector as a whole seems to command) the goodwill factor comes down to R3,8m.

Market talk is that Reedpak will be on the look out to purchase paper mills to increase its vertical integration. But Reedpak's chairman Bas Kardol says: "We haven't had time to sit down and formulate any joint strategy yet, but I don't see any reason to want to integrate backwards."

Meanwhile with Old Mutual underpinning the share price at 430c, Reedpak holders should sit tight as they should be in for a good ride.

Gail Pemberton

The Secreta

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DELIA

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Loesung:

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PACKAGING ~~232~~ 194

The wraps are off

FM 11/8/78

The merging of Reed Nampak, with its 50 or so packaging subsidiaries, and Barlow's packaging interests into a composite to be known as Barpak (see *Fox*), means that the new company, in turnover terms, will be almost twice as big as its sole major rival, Kohler Brothers.

In fact, industry estimates suggest that between them Barpak and Kohler will account for around three quarters of the packaging business. That is, discounting other major areas such as glass and cans and focusing on the wood pulp sourced products and plastics on which both groups concentrate.

At the risk of putting a few noses out of joint it's fair to say that very few packaging companies of any real consequence will remain outside of the two major camps. Lion Match's Interpak, Robinson's and Cape & Transvaal Printers come to mind. For the rest it's left to a host of smaller printing houses and so on to fight over the thin end of the business.

In short, three quarters of the packaging business will now be split something like 65:35 between the two majors with Barpak taking the thick end of the action. This is also reflected in each group's estimated turnover of R200m and R120m respectively.

The packaging industry structure is such that pulp and paper materials continue to dominate (at an approximate 80%) over plastics usage. Within that framework Barpak is likely to remain retail and consumer orientated while

Frage: Wozu mussten sich die Gefolgsleute dem Koenig gegenueber verpflichten ?

Antwort:

4.) Der deutsche Koenig reiste im Lande umher, und er wohnte in "Pfalzen", in Koenigsburgen. Eine eigentliche Hauptstadt hatte er nicht.
Frage: Wo wohnte der deutsche Koenig ?
Antwort:

5.) Otto I. wurde 962 in Rom zum Kaiser gekroent. Damit begann das Heilige Roemische Reich.
Frage: Was begann mit der Kaiserkroenung Ottos im Jahre 962 ?
Antwort:

6.) Die Autoritaet des Kaisers erreichte ihren hoechsten Punkt im 11.Jahrhundert, als die fraenkische Familie der Salier regierte.
Frage: In welchem Jahrhundert erreichte die Autoritaet des Kaisers ihren hoechsten Punkt ?
Antwort:

7.) Der Bussgang nach Canossa war eine schwere Demuetigung fuer den Kaiser, und noch heute redet man von einem "Canossa-Gang", wenn man schwere Demuetigung meint.
Frage: Wann redet man heute von einem Canossa-Gang ?
Antwort:

8.) Die Kultur der Ritter war tiefreligioes wie die der Moenche, aber da die Ritter nicht im Kloster lebten, musste ihre Kultur weltlich sein.
Frage: Warum musste die Kultur der Ritter weltlich sein ?
Antwort:

Abschnitt 3 - Barbarossa

Wie lautet der Superlativ ?

Beispiel: Heinrich der Loewe baute einen grossen Dom.
Loesung: Heinrich der Loewe baute den groessten Dom.

CARLCOR (194) FM 4/8/78

Tissue profits

Better capacity utilisation rather than steeply increased sales caused operating profits to rise 43% off an admittedly low base to R4,2m. Interest savings made the pre-tax improvement 64% to R3,7m but a higher tax rate reduced the earnings improvement to a still impressive 59%. Taxed income was R2,2m (R1,4m) and earnings 14,2c (8,9c).

Six months ago the tissue and paper wadding market was looking badly over-supplied. Carlcor and Southern Paper had installed vast and expensive new tissue making capacity just as Stanger commissioned its big new plant. To exacerbate matters, recession caused sales to slump. Profits throughout the industry reflected this, not least Carlcor, which dropped 41% to R2,6m in 1977.

Carlcor's experience of the past six months, however, has been that demand for more sophisticated and more profitable products such as double ply toilet tissue, paper nappies and sanitary towels increased. These products use more tissue than single ply toilet tissue and the trend has had the effect of using up much of the supposed surplus capacity in Carlcor. Cost savings and productivity drives also contributed to the better figures.

So, while Carlcor's sales rose only 5% to R26,7m (R25,5m) in the half year, margins improved from 11,4% to 15,6%.

Last second half Carlcor earned 7,8c. If it merely level pegs this year, earnings will be 22c, compared to 16,8c last year. But this looks a conservative forecast. With consumer sales still improving and Christmas ahead, Carlcor should increase sales and hold margins in the second half. Earnings of 10,8c or 25c for the year look within reach. Policy is dividend cover of 2,1c which suggests a 12c payout for the year.

The current price of 150c puts the share on a prospective yield of 8%, about average for the industrial market. The gross for net argument is very pertinent to Carlcor, so there is plenty of further recovery potential. But from here profit growth should be slower and so should movements upward in the share price, which has risen 40c or 36% since end March.

The improvement at Carlcor should be helpful to Sappi. If Carlcor does achieve 25c or R3,9m in earnings this year, it will contribute R1,5m or 5,4c per share to Sappi. This compares with the R1m or 3,6c contributions to Sappi's 44,6c earnings of last year.

David Carte

194

FM 4/8/78

REEDPAK/BARLOWS

Structuring the deal

Acquisition of Reed's 62% of Reedpak would make Barlows the biggest paper manufacturer in SA. Barlow Packaging Investments produces corrugated packaging and the group also owns C E Hudson, retailing packaging machinery and systems; Cosmos Paper Products, manufacturing tissue paper products; and Peters Papers, merchandising paper.

Total turnover of these interests was R38,1m (R32m) in the year to September 1977 for pre-tax profits of R3,8m (R3,6m), and an average pre-tax margin of 9,9%. This compares with Reedpak's pre-tax margin of 17% last year, which will be higher this year, with sales likely to reach R190m and profits R19m.

Reed's 62% stake in Nampak, brought in via the securities rand in 1976, cost R58,4m or an average of 392c per share, and has yielded R6,7m in total dividend income. The present share price is 520c backed up by a net asset value of 288c. The chances are that Reed would sell at a discount to the market, so Barlow would not have to make an offer to minorities.

The bulk of the deal would probably be funded by Barlows paper. If the price for Reedpak was 450c and Barlows bought only 51% control, the deal would cost R55m, or 13,6m Barlow shares at the present price of 403c assuming they could be underwritten for cash at this level. Reed can repatriate its funds via the securities rand market.

Once Reedpak has been sold, Reed is left with Stanger and quoted Spicers as its major investments. It will also have Palladium Stationers, Tension Envelope, Pipekor, Twyfords, Allied Brass and Reed Irrigation. These apparently have a total turnover of about R50m. It seems likely that they will also come onto the market in due course. *Gail Pemberton*

(194) FM 4/8/78

Barlows' purchase

Barlows is set to become SA's biggest paper manufacturer once its control of Reed Nampak is confirmed. Final details will be announced this week, but the betting is on a Barlows offer of 450c for 51% control compared with Reedpak's pre-suspension price of 520c. Reed International's problem now is how to remit its funds overseas without flattening the securities rand.

Family income group			Average family income month (R)	Average income per person month (R)
8D - HOUT BAY				
0-99	63.	3.16	65.97	20.88
100-199	10.	3.60	136.40	37.89
200-299	3.	4.33	216.00	49.85
300-399	0.	-	-	-
400-499	0.	-	-	-
500-599	0.	-	-	-
600-699	0.	-	-	-
700-799	0.	-	-	-
800-899	0.	-	-	-
900-999	0.	-	-	-
1000+	0.	-	-	-
Totals	76.	3.26	81.16	24.87
8E - ZEEKOEVLEI				
0-99	63.	4.22	60.46	14.32
100-199	44.	5.59	132.89	23.77
200-299	19.	7.26	234.32	32.26
300-399	6.	8.50	327.17	38.49
400-499	1.	7.00	434.00	62.00
500-599	0.	-	-	-
600-699	0.	-	-	-
700-799	0.	-	-	-
800-899	0.	-	-	-
900-999	0.	-	-	-
1000+	0.	-	-	-
Totals	133.	5.32	124.10	23.31
8F - PHILADELPHIA				
0-99	66.	3.44	62.65	18.22
100-199	30.	4.87	127.50	26.20
200-299	10.	6.40	254.20	39.72
300-399	1.	4.00	314.00	78.50
400-499	0.	-	-	-
500-599	0.	-	-	-
600-699	0.	-	-	-
700-799	0.	-	-	-
800-899	0.	-	-	-
900-999	0.	-	-	-
1000+	0.	-	-	-
Totals	107.	4.12	101.08	24.53

SIGNIFICANT RISES IN EXPORTS

SUN TRIB 23/7/78 (194)

Pulp and paper dodge the worst

By JOHN GILMORE

THE pulp and paper industry's sales and output were not seriously affected during the last two years' recession — good news indeed for a business so vital to Natal.

And this despite agonised noises from segments of the industry, which accounts for about four percent of South Africa's total manufacturing output.

Overall production held its own through significant rises in exports, and also import replacement.

There is no doubt, however, that ill-timed capacity expansions have resulted in large excess capacity in several sectors of the industry and led to pressure on company profitability.

Though the recession did catch up with the industry last year, since the beginning of 1978 the volume of unfilled orders and production have risen again in line with the broadening recovery in the economy.

Of the significant increases in capacity during the past two years, Standard Bank economists find that much of the expansion has been concentrated in the tissue paper sector where production potential has risen from about 55 000 tons a year to around 85 000 tons. Because of the recession, though, little or no growth occurred in demand and domestic offtake is still only around 55 000 tons a year. This implies surplus capacity in the region of 35 percent.

However, the packaging paper segment is considerably better off and despite large increases in production capacity, utilisation is running at around 85 percent as a result of substantial exports.

Overall industry exports rose substantially during 1975 and 1976 and the bank calculates they now account for 15 percent of total pulp and paper sales.

Major successes have been achieved in the exportation of chemical wood pulp, as well as imitation kraft and semi-chemical paper and paperboard. An important market has proved to be the Far East which South African producers have been able to penetrate on account of the Japanese need to import its raw materials.

In addition, the yen's appreciation against other currencies, particularly the dollar and consequently the rand, has made paper relatively cheap.

Local manufacturers have also been able to compete in South America, because of high transport costs from the US, and in Britain through price and quality factors.

Import relacement has also partly compensated for poor local demand. The paper industry obtains almost all its raw materials from domestic sources while imports of finished products such as tissue paper, newsprint and uncoated fines are negligible at present.

Despite local capacity expansions, however, imports of packaging papers are still significant, as are those of coated fines. But these are limited primarily to types and grades of paper which local manufacturers cannot make economically for the small market.

The industry's outlook, according to the bank, will be significantly shaped by the behaviour of the economy during the coming months. As the economy expands, so the volume of advertising will increase and thus push up demand for newsprint, packaging, fines and tissue papers.

The potential for further exports exists. But world prices are currently too low to be attractive. In the longer term any firm growth in domestic demand will place some constraints on export capabilities unless capacity expansions take place in those industry sectors which currently produce at relatively high utilisation rates.

REED NAMPAK (194)

Rerating continues FM 21/7/78

The packaging industry is an excellent yardstick to measure the economy's progress, and provides one of the first indicators of a turnaround. First Kohler and now Reed Nampak have announced excellent results, for the six months to June 30, confirming that the economy is well on its way.

Kohler announced a 51% pre-tax profit increase, up R2,3m to R6,8m for the half year. And now Nampak's pre-tax profits are up R3,6m, or 34%, to R14,3m for the same period. Nampak's comparable figures have been adjusted to include the attributable earnings of the printing and packaging interests acquired from Reed Corporation in November 1977 with effect from January 1977.

Like Kohler, Nampak is an example of marginal profitability. The packaging industry is very much a volume business.

FM 7/7/78 (194)

LION MATCH

Status change ahead

Activities: *Manufactures and distributes matches and razor blades. Also has packaging and printing interests through Interpak. Owned 65% by Wilkinson Match (UK).*

Chairman: *H A Williams; managing director: R W Harker.*

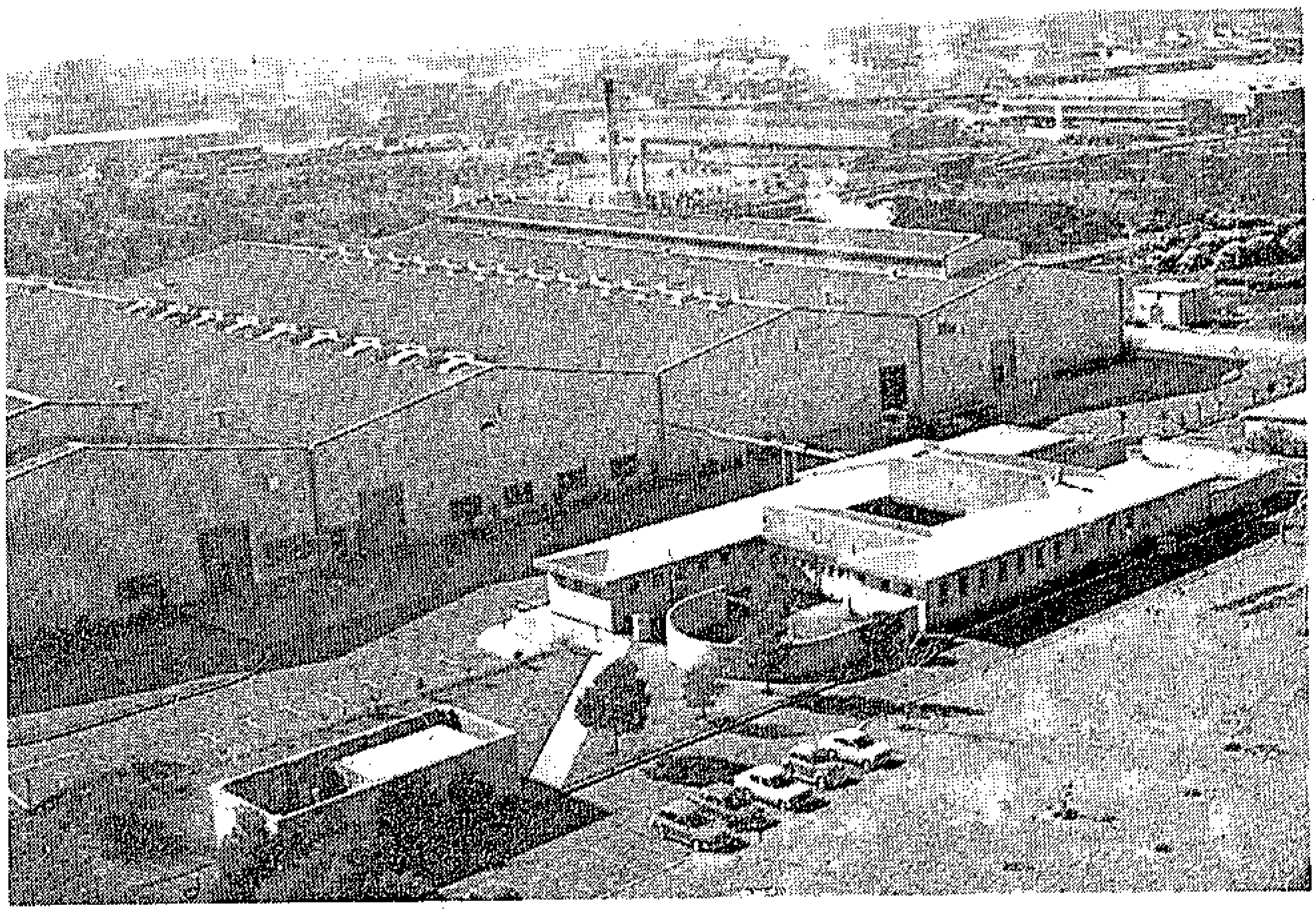
Capital structure: *8,7m ordinaries of R1. Market capitalisation: R17,8m.*

Financial: *Year to March 31 1978. Borrowings: long and medium term, R181 000; net cash: R2,3m. Debt:equity ratio: 2%. Current ratio: 2,3. Net cash flow: R2,5m. Capital commitments: R82 000.*

Share market: *Price: 205c (1977-78: high, 210c; low, 120c; trading volume last quarter, 27 000 shares). Yields: 16,9% on earnings; 8,5% on dividend. Cover: 2. PE ratio: 5,9.*

	'74	'75	'77*	'78
Return on cap %	17,1	18,1	17,7	21,3
Turnover (Rm)	23,7	27,8	30,0	35,7
Gross profit (Rm)	4,5	4,6	4,7	5,4
Gross margin %	18,9	16,4	15,7	15,2
Earnings (c)	30,9	29,3	27,7	34,6
Dividends (c)	12,0	13,0	15,2	17,5
Net asset value (c)	214	235	261	270

**15 months annualised*



Lion Match's Rosslyn factory . . . now part of a US conglomerate

What Lion Match needs is a decent size acquisition. Since December 1974 it has rapidly degeared itself from an initial debt ratio of 35% to a net cash position of over R2m. Having virtually saturated the match market, there is little scope for increasing investment in its traditional field, and anyway management recognises the need to broaden the earnings base. Already over a quarter of earnings source from packaging, personal products, tools and houseware.

It has the financial resources to take the non-match content of earnings close to 50%. This is on the assumption that it could find a R10m acquisition on a 20% earnings yield. Fully geared, such an acquisition would only restore the debt ratio to 35%, the level of three years ago, so it is well within Lion's compass.

It is no secret that Lion is looking hard both at potential acquisitions and for additional consumer product lines to graft onto its fledgeling personal products division. As yet, the right company has not appeared, but shareholders should bear in mind that the potential of such a major acquisition would be to boost earnings by as much as 40%.

Another important factor that could have a bearing on Lion's future, and adds interest to its investment qualities, is the effective change in its ultimate controlling company. The US conglomerate, Allegheny Ludlum, has bought Swedish Match's 30% holding in the parent Wilkinson Match, and then, in a highly controversial manoeuvre, reversed its own subsidiary, True Temper Corp, into Wilkinson Match for more shares. This took Allegheny's shareholding to 44%. Being controlled by a US conglomerate introduces a new element of fluidity to Lion's future, which did not exist under the previous status quo.

Profit performance last year was highly satisfactory, due in the main to an increase in the match price. Because of the irregularity of such adjustments in the controlled price, Lion utilises a smoothing mechanism to report profits. A R1,85m pre-tax transfer to the "match price stabilisation fund" reduced reported earnings by a quarter and provides fat for the lean years ahead of the next price increase. Still, net earnings were up 25% from 27,7c to 34,6c.

But while profits are deferred, cash flow is not. Retained earnings last year were R4,3m, which explains the rapid repayment of borrowings and cash build-up. If no outlet for the cash is found this year, Lion could have nearly R5m in cash by the end of this financial year.

Slightly higher group profits are expected this year and with the established policy of increasing dividends at least in line with inflation, a minimum payout of 19c can be expected. This provides a 9,3% prospective yield at the current price of 205c. This in itself is cheap, but the added spice that Lion could become a status change stock, suggests that the shares should be bought at these levels.

Richard Stuart

In conclusion, as a result of our perhaps necessarily sketchy and impressionistic survey, we feel that we have canvassed the opinion of a sufficient... reliable, those cour... the propos,

SAPPI (194) FM 19/5/78

Change at the top

Inquiries this week at the Sappi HQ for long-serving MD, Ron Day, were transferred through various extensions and ended up with director Peter Stratten.

Stratten would say no more than "Mr Day resigned on Monday and we're very sorry that he's left us." Day himself, tracked down at home, was little more forthcoming, relying on that hardy perennial: "Personal reasons."

Whatever the cause, it appears to have been one of those desk - cleared - and - gone - at - 5pm - never- -to - return affairs, a sad end to a career with Union Corporation group dating back 24 years, and with Sappi itself to 1961. He became MD of Sappi early in 1973.

The Unicorp director with responsibility for industrial interests, Basil Landau, was out of town as the *FM* went to press, and could not be contacted.

However, there have been those who expected that Landau, who joined Union Corporation in 1976 after an eventful career mainly in the motor industry (he was, at different times, MD of both Leyland and Toyota) might strike sparks off those imbued with the more traditional mining house way of life.

If this is what happened, it's ironic that the clash should be with the MD of one of the mining industry's more successful diversifications. Sappi had a turnover last year of R197m and a net profit of R14m. Started from scratch by Union Corp in 1936, it now produces 430 000 t a year of paper products, and owns 87 000 ha of plantations.

Not surprisingly, 46-year-old Day has not had much time yet to think about his future. "There are lots of options open to a man in my position, and I have no future plans."

Only two months ago, lengthy negotiations aimed at a rationalisation [illegible] pulp and paper industry under the [illegible] umbrella, which would have in[illegible] Kohler Bros (another Unicorp com[illegible] the troubled Stanger Pulp & [illegible] (owned jointly by Reed Internation[illegible] C G Smith & Co before Reed t[illegible] over after the main negotiation[illegible] through) and Reed's listed SA subsi[illegible] Reed Nampak, broke down.

If Stanger's new owner is now lo[illegible] for another solution to the Stanger [illegible]lem, it would make a lot of sense to snap up a man like Day, well [illegible] in, and highly regarded by the indus[illegible] would be a real twist of fate if Day[illegible] assignment turned out to be trying [illegible] right one of his erstwhile competitor[illegible]

194 FM 5/5/78

C G SMITH

The aftermath of Stanger

Reed Corp predicts that Stanger Pulp & Paper will break even at the end of the year. CG Smith & Co, its erstwhile partner in the loss-making paper-from-bagasse plant, is prepared to write off R32,8m to get out.

Which of these two highly divergent views on the viability of Stanger is right only time will tell. But CG Smith's R32,8m knock must be some kind of record. Only the banks have absorbed losses in this league and stayed solvent.

The mechanics of the deal are that CG Smith is to hand over its 50% stake in Stanger, including its R11,4m in loans, to Reed, for R1. And it is paying Reed R16m in cash to do so. Stanger was financed by R10m of equity, partners' loans of R22,8m, and outside loans and leases of R40m. The equity was wiped out by a R14,2m loss in its first year.

As a result, CG Smith's net asset value has been knocked a whopping 37% from R397 to R250 per share. And this year's dividend is expected to be R22 compared to R32 last year. Apart from the blow to net assets, CG Smith's once clean balance sheet will now have assumed substantial debt. Hardly a pleasant prospect going into a world sugar recession.

Chief losers in the deal will be the major shareholders in CG Smith: Standard Bank, together with its pension fund holds about a third of the voting equity; CG Smith has 42%; and Crookes 5,4%.

CG Sugar valued its CG Smith shares at R320 in the last balance sheet. On a 10% yield they would now be worth R220. In other words net assets of R130m are reduced by R9,4m or 7%. Assuming the CG Smith dividend is cut by R10, CG Sugar will lose R937 000 of dividend income equivalent to 6,3c a share.

CG Smith Investments is isolated from the Stanger debacle. It only suffers to the extent that CG Sugar might alter its dividend. Stanbic holds 16,9% of CG Smith, so will sacrifice R380 000 in earnings which is insignificant in the context of earnings of over R20m. Crookes will lose R121 000 in dividend income or nearly 5c a share. Other lesser shareholders in CG Smith & Co are Nedsual and Guardian Liberty.

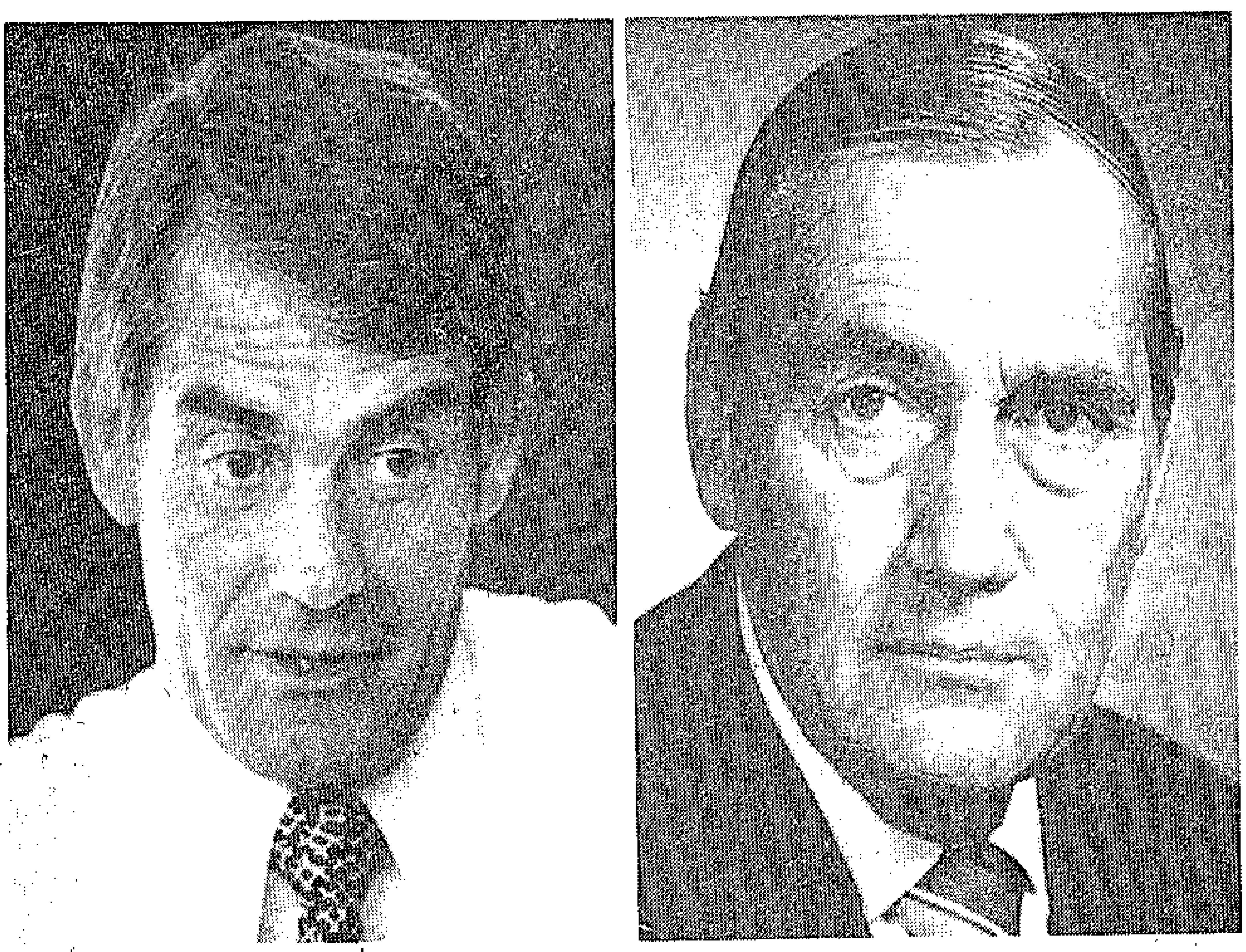
The deal is still subject to certain conditions — mainly Reserve Bank and Bank of England approval.

Does Reed think it can turn Stanger around?

Chairman Bas Kardol explains that from the outset it was CG Smith that was most anxious to get out of Stanger. He points out that losses are declining. They were R14,2m last year and in the first quarter of this year had declined to R2,2m. Stanger is now running at operating breakeven, before finance charges which came to R4,3m last year. The R16m from CG Smith will bolster the balance sheet and save R2m a year in interest.

The loss this year will be "far less" than R8,8m — the R2,2m first-quarter loss annualised. Financial breakeven, that is including finance charges, "will be reached by the end of this year or by January at the latest," according to Kardol.

Fortunately, the listed Smith companies have diluted their dependence on the unlisted master company in recent years. CG Smith Investments includes the successful Romatex group, while CG Sugar recently expanded its equity base when buying Illovo. Both these companies have exceptionally strong balance sheets, and while the Stanger stinger has an adverse rub-off on the whole group, the listed companies have suffered no cash outflow as a result. *David Carte*



Reed's Kardol and Smith's McGough . . . both losers, or is one a winner?

(194) FM 28/4/78

STANGER: THE CENTRE OF ATTRACTION

Stanger Pulp & Paper, the part of the Reed package that nobody apparently wanted, very nearly changed hands this week. Reed, and particularly C G Smith, are still anxious to divest themselves. A deal, involving Sappi/Union Corporation came desperately close to being consummated on Wednesday.

But now it's off. Reed Corp's Bas Kardol tells me that Reed is now definitely not selling its Stanger shares to Union Corp or anyone else.

Performance of the mill itself is looking up. The R76m plant is now "breaking even," earlier than previous indications that this would be achieved by end-1978. Break-even, in this instance, refers only to operating costs. It does not take financial costs into consideration.

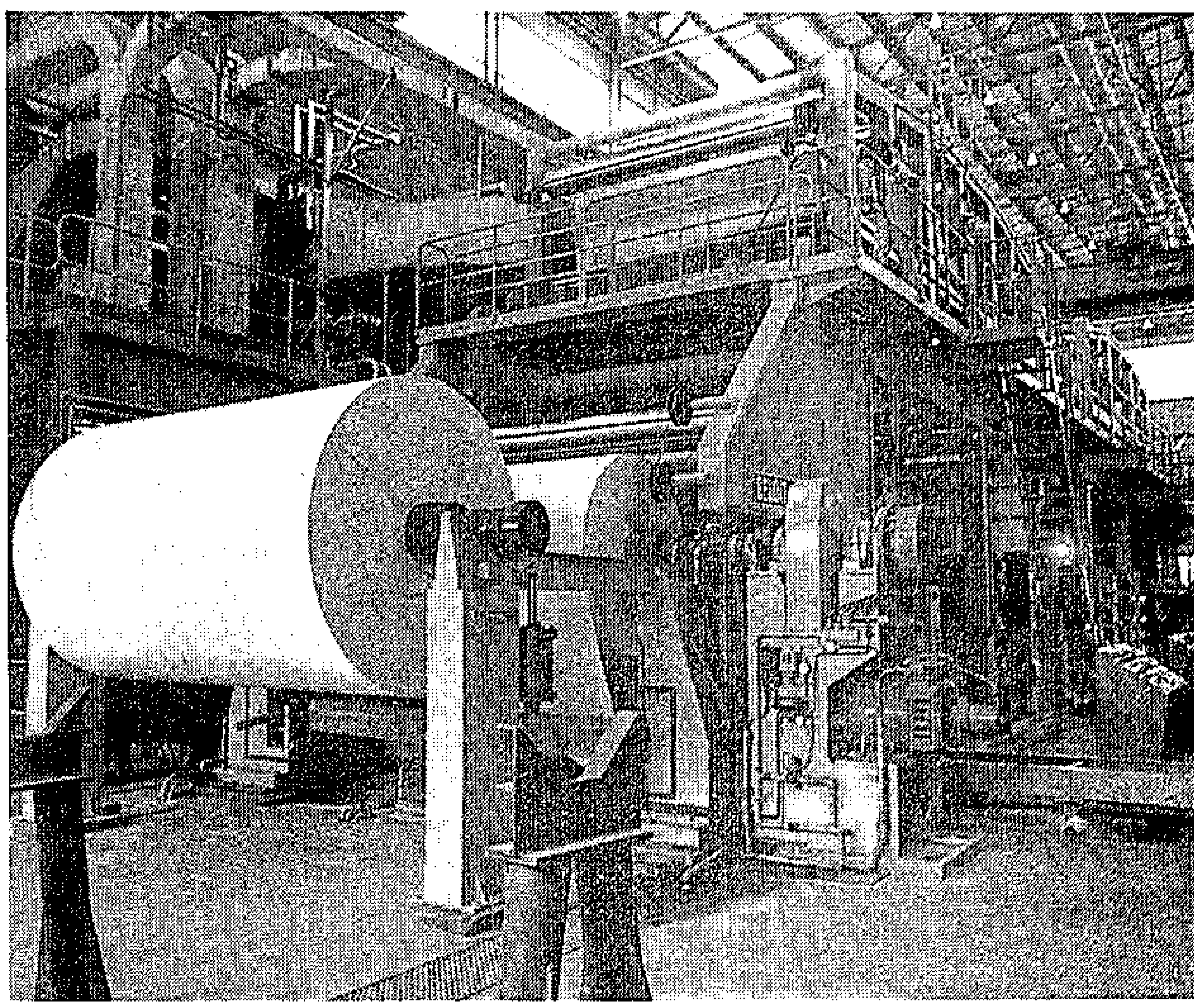
For the six months to end-June, start-up costs and teething problems helped produce an R8m loss. Financing costs must be at least R5m annually, and though it is now operating at break-even, it is not clear whether it has moved into positive cash flow yet. Considering the big depreciation charges, positive cash flow can be achieved before profit break-even is reached.

Although the mill has been termed "a dead albatross" by market competitors, it seems that it is not nearly as dead as some competitors would hope. According to financial director Gordon Partridge, "Stanger is currently working at full capacity on the coated paper side and its total coated paper capacity is fully booked for the next three months with further orders on hand. Having reached this stage, it should not be difficult to maintain full production, so there is certainly light at the end of the tunnel for both Reed and C G Smith."

Despite this more cheery scenario, Reed and C G Smith would probably be quite happy to give away their Stanger shares if their other financial obligations in the form of guarantees went with the free gift.

After all, the subscribed share capital in Stanger is only R10m and that has probably been lost by now. Where the deal probably broke down was not on a price for the shares, but how much the purchaser had to be paid to take them on.

Richard Stuart



SAPPI (194)

Waiting for the pay-off

FM 31/3/78

Activities: *Manufactures pulp, paper, newsprint, cardboard, creped tissue and chemicals and owns 87 000 ha of forests. Owns a 39% beneficial interest in Carlton Paper which it consolidates. Holding company is Union Corporation.*

Chairman: *E Pavitt; managing director, R T G Day.*

Capital structure: *28,6m ordinaries of R1. Market capitalisation: R47,2m.*

Financial: *Year to December 31 1977. Borrowings: long and medium term, R33,5m; net short term, R1,4m. Debt:equity ratio: 42%. Current ratio: 1,7. Group cash flow: R24,1m. Capital commitments: R42,4m.*

Share market: *Price 165c (1977-78: high, 198c; low, 145c; trading volume last quarter, 212 000 shares). Yields: 27% on earnings; 12,1% on dividend. Cover: 2,2. PE ratio: 3,7.*

With the exception of fine papers, the local market for its other products, tissue, newsprint and packaging grades, was "decidedly weak." Viewed against this backdrop Sappi's 7% fall in trading profit must be considered satisfactory especially as this decline was all in the first half. But perhaps the most encouraging aspect of the accounts is that despite the R32m spent on fixed assets during the year, the balance sheet actually improved.

	'74	'75	'76	'77
Return on cap %	26,5	21,7	18,3	17,4
Turnover (Rm)	113,7	113,4	176,7	197,1
Pre-tax profit (Rm)	22,8	21,1	24,5	22,7
Gross margin %	20,0	18,6	13,9	11,5
Earnings (c)	58,5	48,6	42,5	44,6
Dividends (c)	20	20	20	20
Net asset value (c)	252	278	255	275

The expansion of the pulping and bleaching facilities at the Enstra mill cost R25m, with a further R10m to come this year. Certain of the new facilities were commissioned during 1977 and the rest should be in use during the first half of 1978. The first stage of the Tugela Mill expansion also got under way. Of the total R29m to be spent on this mill, R5m was spent in 1977. The biggest single portion of the scheme, the continuous digester, should be commissioned towards the end of 1978. But unless there is a considerable turnaround in demand for kraft paper, Sappi will have substantial surplus capacity.

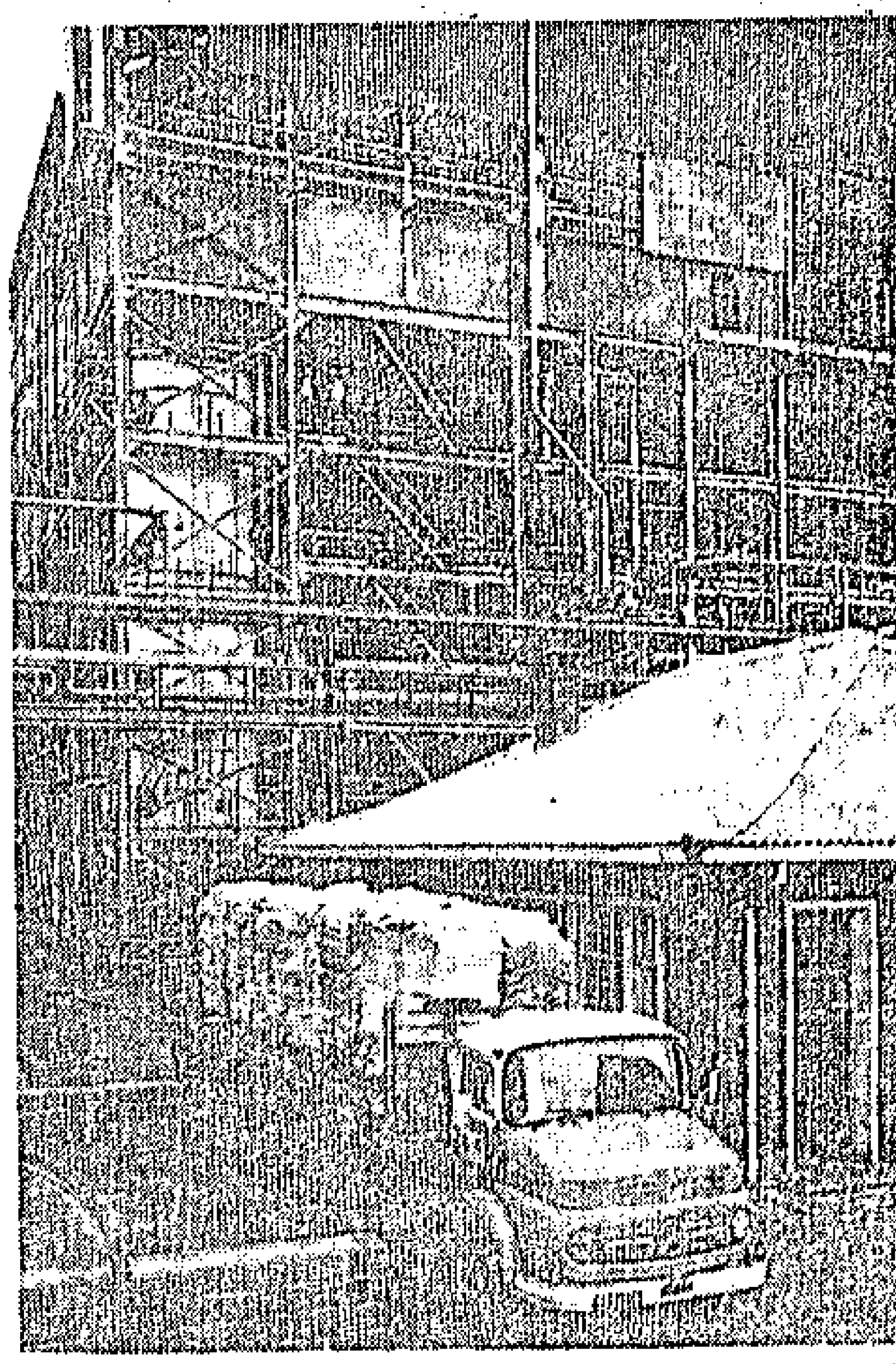
The fine paper market was buoyant, particularly towards the year end when delivery dates lengthened. Managing director Ron Day explains that the surplus stocks built up in 1974 and 1975 have now been used up throughout the system, and the upturn is now reflecting normal demand.

The 11% increase in turnover was due more to price improvement than volume. Energy and transport cost increases negated the savings achieved in manpower and materials usage. Higher unit costs squeezed gross margins from 13,9% to 11,5%.

Despite the heavy capital expenditure during the year total borrowings are down to R37,4m (R39m). The ratio of current assets to liabilities has dropped from 2,2 to 1,7, but this is mainly due to the expansion programme absorbing last year's substantial cash balances.

The group's tax rate is 30%, (36%), with Sappi's own rate being about 23%, but subsidiary Carlcor's rate rose to 40% (23%). However Sappi will continue to benefit from investment allowances in 1978, so will again have a tax cushion. Meanwhile initial wear and tear allowance and plantation expenditure exceeded the depreciation provision which meant a R3,4m (R3,3m) transfer to deferred tax.

If the one-off provision against investments and the contribution from Carlcor is ignored, then Sappi's own profits



At Enstra . . . building up capacity

actually advanced 15% — which is good going especially as no interest is being capitalised against the expansion programme.

Return on capital has dropped from 18,3% to 17,4% and will probably drop again next year if production facilities remain underutilised. At 165c the yield is 12,1% reflecting frustration that the heavy capex programme of the last few years has made no impact on profits. The dividend has been pegged at 20c for the last four years and there is little likelihood of it rising off this plateau in the current year.

Gail Pemberton

Chairman's Statement sappi limited

E. Pavitt

RE-ORGANISATION

Early in 1977, Sappi re-organised the conduct of its pulp, paper and forestry affairs by creating three subsidiary management companies. These are Sappi Fine Papers (Pty) Limited, Sappi Kraft (Pty) Limited, and Sappi Forests (Pty) Limited. Each is responsible for the market and operations area implied in its title. Sappi Fine Papers handles printing and writing papers and newsprint. It manages the Enstra and Ngodwana mills. Sappi Kraft deals with packaging papers and has the Tugela and Adamas Mills under its control. Sappi Forests is responsible for the Group's sylvicultural and pulpwood collection activities in the Eastern Transvaal, Natal and Zululand. Carlton Paper Corporation Limited is not affected by these moves.

The objectives of the re-organisation are to focus management attention sharply on each of the business sectors in which we operate and to develop the quality of our general management to the full so as to achieve the optimum in performance and results. A good start has been made towards these goals.

RESULTS FOR 1977

In 1977, the value of Group sales rose by some 11% to R197 000 000 but this was due more to price improvement than volume, which was little changed in most grades. Newsprint experienced slack demand and there was a static situation in packaging papers. Fine paper sales were good and prices firm, but Carlcor was faced with competitive discounting in tissue markets.

Once again, it was only possible to recover through pricing action a percentage of the cost increases imposed on our industry during 1977. Energy and transport cost rises negated the savings achieved by management in manpower and materials usage. As a result, Group pre-tax profit fell from R24 529 000 in 1976 to R22 679 000 in 1977.

The Group tax charge in 1977, including R3 419 000 for deferred taxation, was R7 024 000 against R8 777 000 for 1976. Sappi itself had the benefit of investment allowances on its Enstra expansion programme, part of which was commissioned towards the end of the year. Carlcor's effective tax rate, on the other hand, rose to 39% in contrast to a rate of 23% in 1976.

After taking taxation into account, the Group profit for the year at R15 655 000 was approximately the same as in 1976. Profit for the year attributable to Sappi shareholders, i.e. after deducting the interests of minorities, was R14 013 000 compared with R12 573 000 in 1976. This 11% improvement can be regarded as satisfactory in the light of the economic difficulties of the past year.

THE PULP AND PAPER INDUSTRY

The past year was a poor one for the pulp and paper industry internationally. Stocks, particularly pulp, continued to increase and prices of most pulp and paper products came under considerable pressure. North American producers began to offer more tonnage on the European markets and this seriously affected producers there. Many Scandinavian and European paper companies have reported losses for 1976/77.

The continued weakness of most European economies and the hesitant recovery in the U.S.A. and Japan are contributing to general uncertainty about the future. Relatively high levels of unemployment suggest that consumption of paper and board will not grow much in 1978, leaving surplus capacity in relation to demand. Producers are, however, cutting back on output and there may be some decline in stocks and a slight firming of prices this year. It is already clear, however, that 1978 will at best bring only modest improvement to the industry.

THE SOUTH AFRICAN MARKET

In spite of the presence of ample capacity in the country, Sappi enjoyed a reasonably full order position for fine paper throughout the year. Towards the end of the year, demand on the company's machines began to exceed their supply capacity and delivery dates lengthened.

This situation was not matched in other areas of the company, however, and market conditions were and remain decidedly weak for tissue, newsprint and packaging grades. In the latter sector there has been a slight strengthening recently.

During 1977 an increasing but still not significant proportion of output went into export markets and we expect this trend to continue in 1978. In current conditions prices on overseas sales do little more than cover direct manufacturing costs.

The frequent large increases in administered prices for energy and transport are particularly onerous in view of the fact that some 20% of the Group's expenditure goes on these items.

Management is facing the challenge to maximise productivity in order to increase margins to more acceptable levels.

TIMBER INDUSTRY

The South African timber industry remains depressed and supplies of timber as logs remain plentiful. Sappi has not been able to take up all its contracted commitments for pulpwood due to the poor state of many of its markets. The company's buyers try to maintain an equitable distribution of orders among our various suppliers and have reduced the off-take from our own plantations at the cost of thinning some stands to waste. In the circumstances, increased prices cannot be justified for pulpwood.

We understand the difficulties facing the timber industry, but in a free enterprise economy we cannot accept that the solution to the present difficulties will be achieved through government involvement as is proposed in draft legislation now before a parliamentary Select Committee.

The two Transkeian companies in which we have a 30% interest again made losses on their sawmilling operations in 1977. The outlook for their return to profitabiltity in the short term is not good. We, therefore, accepted the need to create a provision against a possible irrecoverable loss. It is our hope, however, that these important providers of work in Transkei can be made viable in the medium term.

EXPANSION PROGRAMMES

Work on the Enstra R35,0 million pulping and bleaching scheme is approaching completion and certain plant came into use towards the end of 1977.

A start has been made on the Tugela development programme and nearly R30,0 million has been voted for this work. It is planned to commission the 750 tons per day nominal capacity digester towards the end of 1978 but late arrival of some basic material may cause a delay.

There was no change during the year to the financial arrangements made by the Group for the completion of the current expansions and other work of a capital nature.

SALIENT FEATURES

- ★ Group sales rose 11% to a record R197-million.
- ★ Profit after tax and minority interests was R14 013 000, compared with R12 573 000 in 1976, an increase of 11%.
- ★ There was a reasonably full order position for fine papers throughout 1977 and towards the end of the year demand began to exceed the group's capacity to supply.
- ★ Market conditions for tissue and newsprint remain decidedly weak. There has been a slight strengthening in packaging demand recently.
- ★ More output is going into the export market but currently prices do little more than cover direct manufacturing costs.
- ★ The South African timber industry remains depressed and supplies of timber as logs remain plentiful. Increased prices for pulpwood cannot be justified.
- ★ Work on the R35-million pulping and bleaching expansion scheme at Enstra is nearing completion.
- ★ R30-million has been voted for the Tugela development programme and the 750-ton-a-day digester should be commissioned towards the end of 1978.

NEGOTIATION WITH REED INTERNATIONAL AND C.G. SMITH AND COMPANY

During 1977, C.G. Smith and Reed International approached us with a proposal that Sappi should take over their respective interests in Stanger Pulp and Paper (Pty) Limited and the interest of the latter in Reed Nampak Limited.

After long and complex negotiations in which all aspects of the companies to be acquired were thoroughly examined, in the final analysis, it was not possible to structure terms acceptable to all the parties concerned. The negotiations have therefore been terminated.

OUTLOOK

While 1978 may see some revival in the South African economy, there seems little reason to suppose that anything other than a very modest growth rate will eventuate. The Group's management will continue to give the lead to its staff and employees in our programmes to achieve both job satisfaction for all and an efficient operation.

I wish to thank Mr. M.E. O'Hara, who resigned as a director after 22 years on the Board on reaching our mandatory retirement age in April last. He served the Company as Commercial Director, later as Managing Director, and continued to give us the benefit of his experience after vacating the latter post in 1972.

In conclusion, on behalf of my fellow directors, I would like our customers and suppliers to know how much we value the business they place with us and the attention they give to our needs.

E. PAVITT 17th March 1978

sappi limited

VZ2765

24/3/78 (194)

STANGER – AS YOU WERE

After seven weeks of negotiation it was obviously disappointing to all parties concerned that Sappi and Reed could not agree on terms. For the record it should be noted that Reed approached Sappi, offering Reedpak and Stanger as one indivisible package. Sappi never actually came back with a firm offer, finding it impossible to structure a deal to match Reed's terms.

The shares of all three listed companies involved, Reedpak, Sappi and Kohler lost ground when relisted though in the main this was probably an adjustment in line with the general pullback in the market over the period of the suspension.

By failing to come to terms with Sappi, Reed has severely limited its options and in the process frustrated C G Smith, the passive partner in Stanger. Reed's next move depends on the acuteness of the liquidity problem in the parent. At present, Reed's Bas Kardol maintains that there are no plans to interest any other party in the SA assets. But then there is no reason to. The fact that Reed is a seller has been pretty well advertised by now.

Landau, Kardol . . . no deal after the paper chase

The generally held belief that Stanger's immediate problems are daunting, if not insurmountable, is not shared by Kardol. He maintains the market position and technical performance of Stanger is improving rapidly and that it could even reach profitability by the end of the year.

But even if this is an optimistic assessment, Stanger could soon cease being a cash drain. Taking into account the heavy depreciation charges, Stanger will reach positive cash flow well before profit breakeven. If this is achieved, it won't be such a sweat sitting it out.

But the partners' basic intentions remain unaltered. They want out. And by eliminating Sappi, there aren't many other takers for a highly geared loss-making paper mill which is having difficulty establishing markets for its products. The only alternative that readily comes to mind is Anglo but some pretty definite opinions on Stanger's problems are held in that quarter.

Meanwhile C G Smith is actively pursuing its remaining options. If none work out, it will just have to continue following its investment and ponder on the risks of undertaking major capital projects.

Richard Stuart

In the next 15 years...

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STribune 19/3/78

THE NEXT 15 years will see the opening up of the African market to South African goods, whatever the political developments are.

This is the opinion of Ron Day, Sappi's managing director. Speaking at the annual prizegiving of the association of Paper Distributors, held in Johannesburg recently, he said that paper consumption in this country would nearly double over the next 15 years. In the recent past the average growth rate has been 7 percent a year.

He said: "While it is a fact that present growth is very slow indeed in our own domestic market, I believe we can expect growth rates for printing and writing and packaging grades of about 5 percent per annum. But newsprint consumption growth will be rather less."

Mr Day points out that paper consumption is definitely related to economic activity and, therefore, it is a matter of concern that world real annual economic growth, which averaged 5½ percent in the early 60's, dropped to 4½ percent in the early 70's.

Forecasters predict even lower growths for the 80's but not less than 4 percent.

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waarde aan werker

Carlton Paper hit by costs

STAR 15/2/78 (194)

Carlton Paper Corp — the holding company for maufacturers of disposable paper products — was hit by escalating costs which hacked its profit margins, despite a four percent rise in turnover, in the year to December.

Taxed income for the year was 41 percent lower at R2,6m (R4,5m) which chops the eps from 28,5c to 16,8c. Another reason for the sharp profit drop was a 40 percent tax rate compared with the previous 23 percent.

The final dividend however has been maintained at 7c.

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SUNDAY TIMES, Business Times, February 5, 1978.

SA newsprint sales drop, exports up

By TONY KOENDERMAN

MONDI Paper's decision to almost double exports of newsprint this year indicates the size of the alarming gape that is opening up between capacity and declining local demand.

The two newsprint producers, Mondi and Sappi, between them have the ability to produce 360 000 tons a year — while domestic demand is projected at only 125 000 tons this year. Moreover, local demand is not expected to rise very much above this level for a couple of years yet.

Mondie is to export about 110 000 tons, including 20 000 tons on behalf of Sappi, earnings about R25-million in foreign exchange.

Last year's export earnings were about R16-million according to managing director Reg Donner.

The reason for the arrangement with Sappi was that freight costs are saved by Sappi taking over part of Mondi's inland supply commitment to newspapers in return for Mondi handling Sappi's exports.

Local consumption of newsprint fell from 184 000 tons in 1975 to 176 000 the following year, and in the first half of last year was 84 000 tons. This year's projected 125 000 tons represents a drop of nearly 30 per cent.

But Mondi, meanwhile, has been expanding its capacity to meet what a couple of years ago was expected by the newspaper industry to be a strongly rising demand. Its third newsprint machine, commissioned in Durban in 1976 at a cost of R40-million, took its capacity up to 260 000 tons a year.

The newsprint sector is not the only part of the industry with its troubles, though it was probably worst hit by the slackening of domestic demand.

But in the industry as a whole, there is plenty of room for import substitution. Imports still provide 25 per cent of South Africa's paper consumption, most notably in mechanical printing paper, paperboard and printing and writing papers.

The paper industry's total production in the first nine months of last year was, at 743 000 tons, some 12 per cent higher than in the same period of 1976.

The full year's production should be about 980 000 tons, compared with 903 000 in 1976.

The other leading export sector is fluting (used in the manufacture of corrugated board and boxes). The main exporter is Ngoye Paper Mills, which exported 27 000 tons of fluting in 1976.

Stanger Pulp & Paper announced this week that it has slashed its export programme because of the success its high-gloss paper has had on the domestic market.

Capacity at Stanger is 35 000 tons a year of fine coated paper and 17 000 tons of tissue.

Raw material production capacity in the whole industry has fallen behind the increase in demand in recent years, a situation which should be rectified with the doubling of Sappi's bleached pulp capacity at Enstra.

Fin Mail 3/2/78

(194)

PAPER

Troubled industry

As Stanger Pulp & Paper, the joint C G Smith/Reed paper-making venture on Natal's north coast (see *Fox*), comes up for its first anniversary of manufacture it does so in an industry beset by problems of falling demand and rising prices.

Nowhere is that better illustrated than in the newsprint sector. Two years ago consumption was running at around 184 000 t a year. Then, as now, the bulk of that demand was being met by Sappi (controlled by Union Corporation) and Mondi (by Anglo) with the latter getting the thick end of a 60/40 market split. Yet, projections for this year forecast consumption of less than 125 000 t a year.

Much the same over-supply situation is true in the tissue sector. Demand for packaging materials, too, is hardly at an all-time high.

More specifically, Stanger's intrusion into the marketplace created even more waves. Its *raison d'être* was, and still is, to make coated papers from otherwise waste sugar cane fibre (bagasse) as opposed to the rest of the industry which uses woodpulp and waste paper.

Stanger's capacity for coated and uncoated papers is 34 000 t a year with an additional capacity for producing 17 000 t a year of tissue. Technically, Stanger's bagasse-sourced coated papers compare favourably with wood pulp counterparts. Problem is price — particularly when compared to imported Finnish papers.

So, either Stanger continues to get hefty import or tariff protection or it diverts production effort into uncoated paper and tissue production. Such a move would obviously pose grave problems for the other majors in those sectors (see table).

It's such a threat, as much as straight financial considerations, which lead both Sappi and Mondi to be in on the mooted sale of the Stanger plant.

The table illustrates how Stanger fits into the general industry matrix. However, such is the complexity of the industry that the table should be considered only as a guide.

Another dimension is caused by the demands of the packaging industry which draws on at least four of the sectors illustrated. For example, the packaging industry consumes between 500 000-600 000 t a year of paper products. This includes liner board and flutings (cartons and so on), other craft (paper sacks/bag craft for example), paper board and printing papers.

In general terms the lion's share of that consumption (say, something around 500 000 t a year) is taken by just three companies — the rest going to sundry printers around the country. They are Reedpak (which takes an approximate 45% of that lion's share), Kohler (40%) and Barlows Packaging (15%).

Thus, if Reedpak and Kohler should fall into the same camp the packaging industry will have a veritable giant in its midst. Not to mention the other ripples around the paper producing industry.

PAPER PULP

(around 1Mt pa)

176 000 t	IEWSPRINT (Sappi, Mondi)
58 000 t	MAGAZINES and MECHANICAL Mondi, (imported)
192 000 t	LINER (Sappi, Huletts, PPI, Premier, Mondi) and
100 000 t	FLUTING (Huletts, Sappi, Mondi)
100 000 t	OTHER CRAFT (Sappi, Premier)
123 000 t	PRINTING and WRITING (Sappi, Mondi, Stanger)
161 000 t	PAPER BOARD (Mondi)
7 000 t	FIBRE BOARD (Sappi)
41 000 t	OTHER PAPER

umption 1976

FM 3/2/78

(194)

REED INTERNATIONAL

Cash is the key

The rationale behind the contemplated sale of Reedpak and Stanger Pulp by Reed International and C G Smith can be found in Reed's balance sheet. And it's not based on political considerations. Sappi (and perhaps Kohler), supported by parent Union Corporation, is the prospective buyer.

As Reed chairman Alex Jarratt told the *FM*: "The sale is purely for commercial reasons connected with the parent company's finances and not for political reasons."

Reed is highly illiquid and is being forced to degear from the excesses of the Ryder era. Last balance sheet it had total borrowings of £485m against shareholders' funds of £412m — a debt:equity ratio of 118%. Of the borrowings, £213m were repayable within five years, against cash and short-term deposits of £50m and net cash flow of £43m. The leasing and interest bill was covered only 2,3 times by pre-lease gross profits.

The most recent results, released this week, for the nine months ended December 31 in the UK and to September 30 outstide the UK, show operating and pre-tax profits up 7% but taxed attributable profits down 17%. So Reed can certainly use the cash.

All parties to the negotiations currently under way in Johannesburg are tight-lipped and it's impossible to even start speculating about a price for the package. Nevertheless, Reed looks set to incur a large capital loss on the deal.

Reed's Alex Jarratt . . . the past is catching up

Stanger's the major problem. It has cost R78m and in its first six months of operation lost R8m. Its very viability seems a matter of opinion. Reed's local chairman Bas Kardol is confident it can

Union Corp's Basil Landau . . . a paper tiger by the tail

be turned around but other sources in the industry have grave doubts.

Worldwide, they say, bagasse pulp has yet to prove itself a viable feedstock. While eminently suitable for tissue making, there are problems with its use in fine paper. Furthermore, Stanger's 35 000 t annual capacity seems modest in relation to capital cost.

Stanger has been financed by guaranteed loan capital totalling R54m, a R14m plant leaseback and share capital of R10m. Reed and C G Smith will be lucky to get away with a transfer of assets and liabilities. Whether the share capital will be salvaged is extremely doubtful. C G Smith's Tony Norton won't be drawn on the subject but there is little doubt C G Smith wants out.

There's only one prospective buyer, and that's Union Corp. Neither Anglo, nor Barlows, the obvious alternatives, are interested, except at a very low price.

Reed looks to be in a rather weak bargaining position but is by no means a forced seller, so will not be giving the package away. Especially with the successful Reedpak in as the sweetener. Reedpak contributed £3m or 16% of Reed International's taxed attributable earnings last year. And that included only eight months SA earnings and on a 52% holding. The holding is now 62%, boosted by Oscar Fruman's holding which Reed was committed to buy at 545c a share.

Reed's 62% stake in Nampak cost R58,4m or an average of 392c per share, compared to the pre-suspension price of 310c and net asset value of 298c. The price paid is equivalent to about six times current earnings, which seems a lot to expect from Unicorp. One thing is sure: Reedpak minorities will never see Oscar's 545c.

Reed came into Nampak via securities rand and will presumably exit that way as well. It will have picked up Nampak at about a 30% discount. If its exit is sudden, the securities rand rate is likely to fall — reducing Reed's net realisation.

This makes an all-cash deal unlikely. Reed will probably extricate itself slowly from SA selling off Unicorp, Sappi or any other SA paper that it might accept for the deal. After all, the bulk of its borrowings are not immediately due.

Reed could negotiate the remittability of part of the proceeds in free rands — if it can persuade the Reserve Bank that the acquisition is in the national interest. Such free rand proceeds might also be slow in getting out. They would be released bit by bit, in line with SA's foreign reserve position.

The takeover will create a near monopoly in the SA pulp, paper and packaging industry (see *Business* p 313) but neither Anglo nor Barlows, the remaining contenders in the game, are likely to complain. Giants seldom complain about other giants.

Reed has another R20m of net assets in SA quite apart from Reedpak and Stanger, according to Kardol. This represents Spicers, Palladium Stationers, Tension Envelope, Pipekor, Twyfords, Allied Brass and Reed Irrigation.

Jarratt says these are not for sale, though this is hardly likely to deter local acquisitors.

David Carte

Paper talks hold benefits for everyone

SUN. EXP. 29/1/78 (194)

● Basil Landau .. masterminding a R250-m paper and pulp giant.

Financial Editor

THERE is little doubt that there will be advantages all round should the Union Corporation negotiations for Reed Nampak and Stanger Pulp and Paper succeed.

Although, on current information, the immediate advantage will lie more the way of the sellers, Reed and C G Smith, than Unicorp.

Both Reed and C G Smith will be relieved to find a buyer for the giant loss maker, Stanger. It has been touted about town for some months without success to date and has absorbed around R60-m in capital.

Although there are suggestions that Stanger is about to see brighter days, it has been a severe drain on the resources of the cash-strained Reed group and C G Smith, with the sugar price languishing at at low levels, could well be glad to be rid of its 50% stake in Stanger.

But how to sugar the pill for it's improbable that Unicorp would have itself set its cap at Stanger? The scenario may have read: If you take Stanger we'll throw in Reedpak.

Such bait could well have interested Unicorp for Reedpak is a nice company. Last year its turnover topped the R80-m mark and the group earned a comfortable R15,7-m before tax.

Reed's may have been prepared to throw in Reedpak to ease its cash flow problems. The group has after all been offloading certain of its interests recently in an attempt to generate cash and it is doubtless still recovering from the R45-m it had to pay for the acquisition of Reedpak.

What is surprising some observers is why Reed wants out of Reedpak so soon after acquisition.

The acquisition of Reedpak would make sense for Unicorp. Not only will the group help generate cash, it will give Unicorp a stronger position in the paper market.

However it is unlikely that Sappi would take on Reedpak, a major Sappi customer. It would make more sense for Unicorp itself to take on Reedpak or for the group to slot Reedpak into the Kohler Brothers operation.

As far as Sappi is concerned, the absorption of Stanger would make sense in the long term for perhaps Sappi's experience in the pulp field can set the Natal North Coast plant to rights.

Working behind the deal is Unicorp director Basil Landau and more than likely, Kohler's managing director Tony Crosby, an ex-Reedpak man.

TOILET PAPER CONTROL

24/1/78 (194)

Mercury Reporter

TOILET paper is falling to standardisation. From March 15 the rolls will be 500 sheets of single-ply or 350 sheets of two-ply.

The price is likely to rise, but a spokesman for the R25-million-a-year industry, said that every producer had undertaken to increase the price only in proportion to the extra sheet count.

Sheet sizes are also standard. They will be 110mm by 100mm.

The new move was started by the producers who went to the Bureau of Standards. They were referred to the Department of Weights and Measures. From February 1 the three primary paper manufacturers and other concerns will have to obey the new rules.

PREMIER PAPER (194) FM 4/11/77

Ah-tissue!

Activities: *Produces and distributes packaging papers. Tissue papers are made by wholly owned subsidiary, Southern Paper Industries at Bellville, Cape. Holds 51,8% interest in Rhopulp. Ultimate holding company is AFC.*

Chairman: *I Mackenzie; managing director; J W Mackenzie.*

Capital structure: *1,27m ordinaries of R1. 100 000 5,5% cum prefs of R2. Market capitalisation: R1,6m.*

Financial: *Year to June 30 1977. Borrowings: long and medium term, R5m; net short term, R4,9m. Debt:equity ratio: 64,9%. Current ratio: 1,15. Group cash flow: R1,54m. Capital commitments: R441 000.*

Share market: *Price: 125c (1976-77: high, 270c; low, 125c; trading volume last quarter, 17 600 shares). Yields: 22,4% on earnings; 14,4% on dividend. Cover: 1,6. PE ratio: 4,5.*

Though there were no doubt good medium-term reasons for establishment of a tissue converting operation, the short-term effects on turnover and earnings have been pretty rough. Major cus-

Financial Mail November 4 1977

ners, now competitors, have cancelled ders placed with Southern Paper Indu- ies, and this caused a serious decline in nover and profitability for the full ar. Coupled with the reduced output of opulp, total turnover fell 2%.

	'74	'75	'76	'77
urn on cap %	15,9	14,9	9,7	6,5
iover (Rm)	14,0	18,5	19,4	19,0
ding profit (Rm)	2,9	3,3	2,8	2,6
ss margin %	16,3	14,5	10,2	8,7
nings (c)	74,1	94,2	51,4	28
dends (c)	24	28	28	18
asset value (c)	489	562	602	833

Rhopulp's pre-tax profit fell to $355 400 (Rh$389 000) and to pre- ve liquidity its final dividend was sed. With stagnant demand in Rhode- there seems little prospect of an early resumption.

Consideration was given to deconsolidating Rhopulp, but the idea has been shelved for the time being. Rhopulp's cap issue (one of many in Rhodesia) absorbed Rh$4m of reserves as plant and machinery were brought to account at depreciated replacement cost. The effect has been to increase book value of assets and presumably has been done in part as a pre-emptive move in case possible nationalisation in Rhodesia is compensated on book values.

The Klipriver mill performed satisfactorily despite a small drop in tonnage sold. But a new fluting developed promises to give better market penetration and increased profit this year.

Any major improvement in group profits depends largely on how well the tissue market can be penetrated. Competitors are not going to sit by while a newcomer carves out a large chunk of the market for itself. Price competition is going to remain intense for some years and certainly while overcapacity remains.

The squeeze on profits from falling margins is compounded by the fast-rising interest bill. It increased to R1,04m from R761 000. There is a need to reduce borrowings, especially at the short end, but the time is inappropriate for raising equity capital. A medium-term loan of up to R0,8m has been arranged with AFC and bank facilities are available.

There should be no liquidity problems in the near-term but this means that the best to be expected is maintenance of the lower dividend. Distributions are now to be made only once a year and a further dividend cut looks probable. Cover has dropped to 1,6 times and the historic 14,4% yield is not attractive. The shares are only for investors prepared to take a view into the early Eighties. For these, better buying opportunities are possible this year.

Jim Jones

SUNDAY TIMES, Business Times, October 16, 1977.

(194)

PAPER INDUSTRY FOLLOWS ECONOMIC TREND SO . . .

Price war brewing in the paper industry

Edited by Jeremy Woods

HOLLARD STREET

BATTLE lines are being drawn up by three industrial groups for a showdown in a little known but key sector of the paper and packaging industry that could result in a price war.

The big names set to do battle are Sappi, run by Union Corporation, the Mondi paper interests of Anglo American and the Huletts Corporation paper business.

The paper and packaging markets are at the best of times extremely competitive, but an economic downturn such as this country has been experiencing, makes the competition worse.

Sappi is perhaps the most exposed to this situation for it has big shares of the market to defend.

The group came into the Union Corporation fold when Unicorp made its controversial takeover of Geduld Investments almost a year ago.

After a good year to December 31, 1976 when pre-tax profits rose from R21-million to R24,4-million, the 1977 interim results were disappointing.

Net profits fell from R8,1-million to R7,2-million and the company said business condictions had not improved. Profitability suffered from "severe administered cost increases", particularly for energy and transport "which pricing action has not so far been able to absorb."

After discussions this week with some top executives from the paper and packaging industry, it seems clear to me that if current economic conditions prevail for much longer, competition is going to get rougher with profit margins coming under increasing pressure.

Of particular consequence in this respect is the kraft liner market. Kraft liner is a thick brown paper or board used mainly in packaging. Within this field it has many applications and is used, for instance, to manufacture the boxes that SA Breweries delivers its beer in.

Kraft papers and boards are important products for Sappi. In the last accounts chairman Pavitt says: "In retrospect the level of demand we experienced through 1976 was remarkably good in the current circumstances especially in kraft where our market share remained high. The continued slackness in the economy must be expected to have an adverse influence on kraft order books over the next few months but our products have earned and will maintain their dominant position with the South African converters."

This may be so. But Sappi's "dominant position" in the kraft market is about to come under sharp attack from a couple of other big guns in the industry.

Anglo American's Mondi paper mill and Huletts' Ngoye Paper Mills have also set their sights on getting a slice of this market. Mondi is currently doing test runs before beginning its planned kraft production, while Huletts has rebuilt its Piet Retief paper machine and will start production in January.

With Sappi defending its market and the paper interests of Anglo and Huletts trying to take a significant part of it, the stage looks nicely set for a gloves-off price war.

"Should this happen," Mr C. van der Pol, managing director of Huletts Corporation told me this week, "I hope that some sort of order will prevail." He made the point that at the end of the day only the customer benefited, and then only for a limited period, from a price war between manufacturers.

Be that as it may, there is reason to believe that customers are anxiously awaiting some price competition from the manufacturers. After all, prices of kraft have risen about 5 per cent during the year and further increases have been announced.

Nevertheless, so long as demand for industrial shares is buoyant Sappi will attract buyers for it is a top industrial share that can make excellent profits under the right business conditions. But until there is firm evidence of quickening business activity, I would refrain from buying Sappi shares at the moment.

(194) FM 2/9/77

PREMIER PAPER MILLS LIMITED

Preliminary Profit Announcement

The unaudited group financial statements for the year ended 30 June, 1977, reflect the following figures:

	Year ended 30.6.77 R	Year ended 30.6.76 R
GROUP PROFIT BEFORE TAXATION	623 500	1 217 000
Less: TAXATION	20 700	418 400
– Current	20 700	88 600
– Deferred		329 800
GROUP PROFIT AFTER TAXATION	602 800	798 600
Less: Outside shareholders' interest	227 800	150 600
Profit attributable to premier	R375 000	R648 000
Post tax earnings per ordinary share (cents)	29,5	50,9
Dividend per ordinary share (cents)	18,0	28,0
Dividend cover (times)	1,6	1,8

PROFITS:
Contrary to the optimism expressed in the interim report there was a further drop in profits during the second half of the year. This was due to the continued deterioration in business conditions in that period. The profit improvement expected from Rhopulp did not materialise because of the severe decline in demand resulting from the prevailing political uncertainty in Rhodesia. The results of Southern Products were affected by a more highly competitive situation than anticipated, aggravated by unforeseen cost increases, particularly in railage rates. The results of the Kliprivier and SPI mills were according to forecast. A review of the past year's operations and of future prospects will be given in the annual financial statements which will be posted to shareholders early in October.

DEFERRED TAXATION:
In view of the capital intensive nature of the paper industry it is the Board's opinion that taxation in excess of the current rate from time to time will not be payable in the foreseeable future. Consequently no further provision has been made for deferred taxation and the provision previously made has been written back to distributable reserves. As a result the figures for the year ended 30th June, 1976, are not strictly comparable as deferred tax amounting to R329 800 was provided in that year.

DIVIDEND:
Arising from the drop in profitability and the investment made in Southern Products, necessitating conservation of cash resources, the Board has decided to reduce the final dividend to 6 cents per share (1976 — 16 cents) making a total distribution for the year of 18 cents per share (1976 — 28 cents).

DECLARATION OF ORDINARY DIVIDEND NO. 56

NOTICE IS HEREBY GIVEN that ordinary dividend No. 56, being a final dividend of 6c (six cents) per share in respect of the year ended 30 June, 1977, has been declared payable to ordinary members registered in the books of the company at the close of business on 16 September, 1977. The dividend is declared in the currency of the Republic of South Africa and becomes due on 29 September, 1977.

Warrants in payment of the above dividend will be despatched to members on or about 7 October, 1977.

The transfer books and register of ordinary members will be closed from 17 September to 23 September, 1977, both days inclusive.

In accordance with the provisions of the Income Tax Act, 1962, as amended, a non-resident shareholders' tax will be deducted at the applicable rate from dividends payable to members whose registered addresses are outside the Republic.

By order of the Board,
AFRICAN FINANCE CORPORATION LIMITED
Secretaries
per: I. R. Kemp

Registered Office:
86 Main Street
Johannesburg

Transfer Office:
AFC Registrars Limited,
71 Fox Street,
Johannesburg.

1 September, 1977.

Sun. Trib.
Business
Brief 7/8/77

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THE FIRST production run of a special security paper, totally developed and made in South Africa by Sappi Fine Papers, will be used, appropriately enough, for the printing of another South African first — the new SA Defence Bonds.

RDM 1/8/77 (194)

Business Mail

Premier Paper profits halved

By HAMISH FRASER

PREMIER Paper Mills has slashed its dividend for the year to June 30 from 28c to 18c.

Pre-tax profits halved from R1 217 000 to R623 500 and only a change of policy in the treatment of deferred tax prevented a total rout at the attributable level.

Tax of R20 700, compared with last year's R418 000 (including R329 800 in deferred tax), left shareholders with R375 000 (R648 000) after a porportionately higher approporiation for the Rhodesian Pulp minority of R227 800 (R150 000).

The shares earned 29,5c compared with last year's 50,9c.

Full details of the year's disappointments and the prospects for this year will have to await the annual report, scheduled for release in October.

In the light of the optimistic predictions in last year's annual report and in the interim statement that the dividend would be maintained at 28c, the directors have much to explain.

At this stage, the reasons given for the absence of the expected improvement in the second half are superficial.

Business conditions deteriorated further, Rhopulp did not deliver the expected second half improvement because of the political uncertainty in Rhodesia and the new tissue division ran into greater competition than expected.

My reading of Prem Papers performance is that it was the last factor — the tissue division of Southern Products — that hurt the most.

In the first place, and against the background of a finite market for tissue products, Prem Paper's entry coincided with the expansion of its competitors' production capacity.

In the second place, the competition made Prem Paper's debut as uncomfortable as possible by slashing prices and in the third place, railage rates rose by about half at launch time.

Prem Paper is believed to be budgeting for a profit from Southern Products this year, although the turn will probably only come towards year-end.

It also seems logical for Prem Paper to deconsolidate Rhopulp this year and take dividends only when received. Rhopulp has substantial distributable reserves and it would not be surprising to find an issue of bonus shares in the pipeline along with deconsolidation.

On the home front, Prem Paper has to find a place in a market which is becoming increasingly dominated by the big millers in the Anglo American and Union Corporation stables. It believes that by being smaller it can be more flexible and that therein lies its strength.

But until Prem Paper can be shown to have turned its tissue operation around, the shares, which yield just 12% on the reduced dividend, have little attraction.

It should be possible for the dividend to be maintained at 18c but the frailty of the cover suggests that no increase in the dividend should be expected this year.

The dividend is back to its 1973 level after a steady five-year rise.

...not only an offence
...n outside Rhodesia)
... main urban areas)
... in employment.
... men, but the Minister
... The 69 000 foreign
...ld appear to be those
...hey constitute 35
... workers in 1975.

18 130	221 788	696 663	105 177	801 840
18 461	220 448	733 497	119 487	852 984
18 418	217 752	766 055	123 373	889 428
18 296	214 021	861 482	127 158	928 640

FOREIGN AFRICAN WORKERS IN RHODESIA

1956-75

...r	Number	% of Total
...6	309 775	50,8
...1	278 373	45,4
...9	229 154	34,0
...2	221 788	27,7
...5	214 021	23,0

Source: Rhodesia, Final Report on the September 1961 Census of Employees, C.S.O., Salisbury; Rhodesia, 1969 Census of Employees, C.S.O., Salisbury, (mimeo); C.S.O., African Employees By Country of Origin, DL/978/15, Salisbury, (mimeo)

As an ....

R7m leverage lease for paper tissue plant

Sun. Times 31/7/77

(194)

By NIGEL BRUCE

THE largest leverage lease written so far in this country, a R7,166-million six-year contract with Stanger Pulp and Paper, was concluded in April by Nedfin Bank's leasing arm.

This is only the sixth time that a large leverage lease — which usually offers returns of between 20 and 30 per cent to those participating in the equity consortium — has been written in this country.

It is the second one written by Nedfin Lease Underwriting (in which US Leasing has a 20 per cent stake) with Stanger Pulp. The first was for R781 000 to finance the acquisition of process control equipment.

Other large leverage leases were R5-million for a large industrial company and a similar amount for Iscor, both arranged by NLU, and R5,4-million for Pietermaritzburg, arranged by UDC Bank/GATX and Magnum Leasing.

In theory, a leverage lease is one in which about 70 per cent of the cost of capital equipment is provided by institutional investors (at about 13 - 14 per cent a year) for a lessor or equity consortium, which itself provides the remaining balance.

The equity consortium, which purchases the equipment to be leased, is able to benefit as the owner from investment allowances which are tax deductible. Hence it is able to lease the equipment on very favourable terms.

In the case of the latest Stanger Pulp lease, the com-

• To back Page

fraction in the soil. Tl … e confines of
Werger's (1973) Eragrosti … nity.

This community has … ues, of 4,4 and
4,7 per cent in plots 151 … as a low total
cover of 2,6 per cent, du … by the high
values of Eragrostis gumm … e may be based
on colours varying from li … greyey-yellow-
Brown (gyyBr) and the situ … on.

5.2.1. (iii) Eragrostis … co-dominant
grassland community.

… become
… during dry periods. Elionurus
contortus are also present though with very
… ea encouraging the spread of Eragrostis chloromelas
to the exclusion of other species and although the
… critical, being 3,6 per cent. There is an
invasion of invading species such as Nolletia ciliaris, Aptosimum depressum,
Hermannia bertohifera, Helichrysum dregianum, Trichoneura grandiglumis,
Sporobolus iocladus, and Aristida congesta indicating a break-down of the
… Eragrostis plana and Scirpus burkei grow successfully
here.

The continuous presence of stock results in the aerial portions of grasses being very short and gives the photo image a very smooth texture. The hue takes on a greyish appearance as the bare earth shows through.

A similar community type, though probably with different origins, was sampled in plot 150. The soil form being Clovelly and its position on the landscape suggests that it belongs to the Eragrostis chloromelas – Elionurus argenteus – Heteropogon contortus community; however, it lacks two of the dominants and all the accompanying species and has in their place Eragrostis lehmanniana.

FM 22/7/77

194

C G SMITH & CO

Paper problems

C G Sugar chairman, Frank Jones, told shareholders at the company's agm on Wednesday that the unlisted C G Smith and Co earned R11,9m (R13,9m) and maintained the dividend at R32 per share for the past year.

But the future does not appear so rosy, particularly for the 50% owned Stanger Pulp and Paper Co, owned in association with Reed International. Quoting from Smith's chairman's statement: "Whilst your board has every confidence in the paper project in the long term, there is no doubt that in the current year considerable losses will have to be brought into account. The financial requirements of the project also seem likely to inhibit our dividend capability in the short term. Cost escalations in civil works, increases in shipping costs and in exchange rates have caused the capital cost of this project to exceed the original estimates by a substantial amount."

C G Sugar has also reduced its estimated sugar production by 11 000 t to 585 000 t (still 64 000 t up on last season). "Milling and processing performances for the season to date show marked improvement at all four of our mills. With the exception of Pongola, sucrose levels are well up on last year which, coupled with good processing results, are giving considerably higher recoveries."

Jones noted that no increase in dividends from C G Smith and Co had been budgeted for in the current financial year. Nevertheless he repeated the prediction that C G Sugar's dividend could be maintained thanks to the company's liquidity.

Michael Brown

Jim Jones

FIN. MAIL 29/4/77 (194)

Stanger's paper money problem

Within the next few weeks the Stanger Pulp & Paper mill on Natal's north coast will have to decide how best to protect its R65m investment. Having made, by world standards, a technological breakthrough and manufactured coated papers and tissues from sugar cane waste (bagasse) it's having problems in marketing its product.

Sounds strange, but while the market accepts that the Stanger product is technically every bit as good as its wood pulp counterpart it, not unnaturally, prefers to go for cheaper imported papers. No one mentions the word "dumping" but the industry's trade press has long pointed out that overseas mills, principally those in Finland, are selling close to cost. As a result, imported Finnish papers enjoy something like a 20% price advantage.

In short, the C G Smith/Reed Group enterprise either has to get tariff protection or switch to the production of uncoated papers, where it would have a price advantage but where, unfortunately, the market is oversupplied. To do this would risk sparking off a price war with SA's two other paper producing giants, Anglo's Mondi and General Mining's Sappi. And that would hardly suit anybody.

Stanger is SA's *only* producer of coated papers. Its total paper capacity is around 35 000 tpa — either coated papers, uncoated papers or a mixture of both. In addition, it can produce up to 17 000 tpa of tissue.

Currently, the coated paper market is running at around 42 000 tpa with Stanger accepting that it can only look at, perhaps, 34 000 t of that — the rest either being of types it can't make or where specialised demand doesn't justify production.

Stanger's coated papers could save the country upwards of R18m in foreign exchange. That is, calculated on an import replacement of some 34 000 tpa at a rounded average of R535/t. Further, it could supply upwards of 20 000 tpa of bleached short fibre pulp, saving the country a further estimated R5m in foreign exchange.

On the other hand, imported wood pulp costs about R350/t while Stanger's bagasse equivalent would, potentially, go for about 20%-25% cheaper than that.

Even so, the comparative figures are intriguing. A 1 000 t of raw sugar cane produces, in round figures, 100 t of sugar worth, say, R185/t. That same amount of field cane would produce around 40 t (plus whatever goodies such as wood pulp and so on need to be added to the mix) worth an estimated R600/t.

No one's suggesting making paper and, as it were, throwing the sugar away but the financial bonus is that same bagasse would otherwise be burnt in the boilers of the Gledhow Sugar Mill just across the road from the Stanger site.

Stanger's marketing problem is far from unique. Embryo industries have usually enjoyed some form of protection from government. Big question now is whether it wants to protect SA's only producer of coated papers and to promote the development of unique skills.

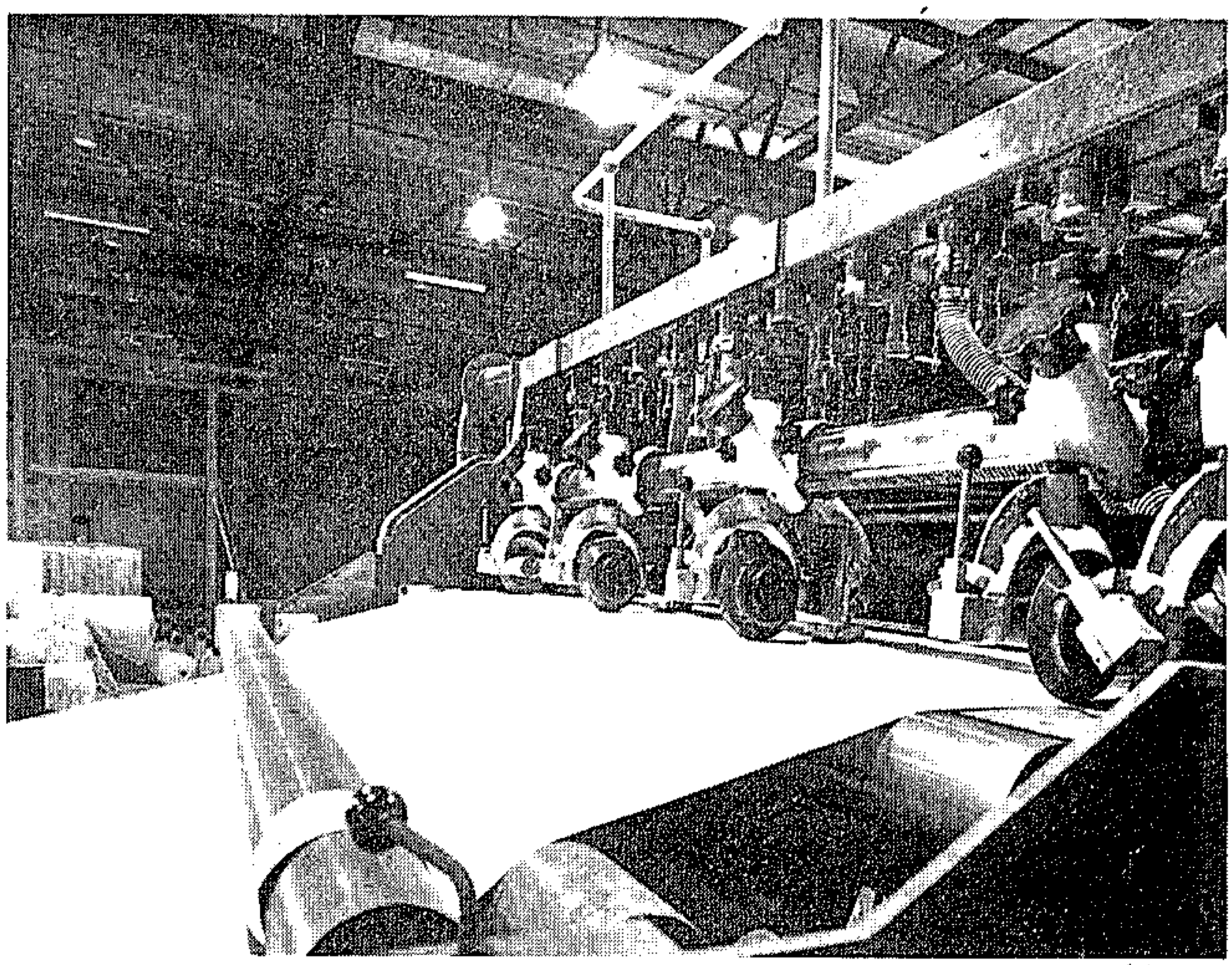
Pretoria's dilemma is that to do so could provoke a consumer outcry — and some loud squeals from foreign suppliers.

One intriguing thought is why didn't Stanger sort all this out before spending R65m?

Stanger's bagasse mill . . . sweet smells of success?

(194)

Carlcor's Barry Upfold ... "self-sufficiency next year" and (right) more of the paper chase



INSIDE INDUSTRY

Paper aplenty

SA's paper industry is beginning to find its feet. But self-sufficiency has its price

F/M MAIL 25/2/77

SA's great export paper chase has begun, with Mondi securing export orders worth R25m.

This week Mondi MD Reg Donner left for overseas to tie up details of 80 000t of exports. Overseas prices vary but on the whole are higher than the local price of around R306/t. Donner thinks that Mondi has a good chance of maintaining lucrative foreign markets — though paper's not exactly in short supply overseas.

Mondi has, says Donner, an 80 000 t surplus of newsprint.

Another important development in the paper industry is this week's appointment of Chris Griffiths to the chairmanship of Mondi, part of Anglo's industrial empire.

He is on record as saying that all he needs to wrap up Anglo's paper interests is R250m. This apparently is to build a bleached chemical pulp mill (its present mill outside Durban is a dry pulp mill).

But while Mondi's future plans have still not been spelt out, things at Sappi are a little clearer.

A new major expansion scheme, costing about R80m, is on the cards at Tugela Mill at Mandini in Zululand. It's additional to the development currently being undertaken at Sappi's Enstra Mill at Springs, where bleached pulp output for fine papers, newsprint and tissue making is being doubled.

The extension project says Marketing Director Bob Garden, will take between eight and 10 years to complete. Tugela is already the largest pulp and paper mill in Africa. In a decade's time it would be a world competitor.

Apart from Tugela (currently producing 250 000 t/year of locally consumed kraft paper) the company also has:

- Ngodwana — a pulp mill producing approximately 90 000 t/year;
- Enstra — 70 000 t/year of newsprint, with a capacity of 55 000 t/year of fine paper; and
- Adames Mill, near Port Elizabeth — 150 000 t/year of fine paper, 10 000 t/year of imitation kraft and 5 000 t/year of fibre board.

Garden confirms that the Enstra Mill is not working flat out — in fact it's down to 48 000 t/year.

Against the background of capital injections (Sappi) and the hunt for more capital (Mondi) there's the intrusion of Stanger Pulp & Paper, a joint venture between Natal's C G Smith and the UK's massive Reed Group (effective owners of Britain's left-wing daily newspaper, *The Daily Mirror.*)

Already there's a R64m capital and working investment in the project.

Aim is to make quality coated paper from bagasse supplied from the nearby Gledhow Sugar Mill. What was once a "waste" product of the sugar industry is now a vital ingredient for the Stanger Mill. The project comprises two parts: first, a pulp mill (42 000 t p/a capacity) and a fine coated paper mill with a capacity of 35 000 t p/a. In addition, a tissue mill is now ticking over (annual capacity in the region of 17 000 t p/a).

But Stanger seems to have been plagued by problems since the joint

Anglo's Chris Griffiths . . . reaching for R250m

Smith and Reeds venture was first thought of in 1973.

Late last year a boiler and coal handling plant was installed (at a cost of around R2m) but there's been constant trouble with the boiler. Says Stanger

Sappi profits R6,8m for six months

Cape Times 7/8/75

JOHANNESBURG.—In spite of a reported weakening demand for Sappi's products in the early part of this year their after-tax profits for the half year ended June 30 rose to R6 861 000 compared with R6 496 000 for the same period last year, according to an interim report published yesterday.

Earnings per share rose from 23,9c for the first half of last year to 25,2c.

The directors reported that the strong demand for the company's products experienced in 1974 dropped off and by the second quarter of this year the sale of fine papers were sharply down with kraft and newsprint also slackening.

The directors attributed the improvement in profits to the higher prices of paper and, in particular, newsprint.

As regards future prospects, the fine paper market had improved but was still below last year's level while the Newspaper Press Union had indicated that there would be a 23 per cent cut in newsprint requirements for its members for the second half of the year.

The directors reported that in spite of company savings it was not expected that the second half earnings would match those now reported.—Sapa

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Sun Trib (Fin) 27/7/75

Govt may have to act in packaging feud

By ESMOND FRANK

A SIMMERING feud between sectors of the R400-million packaging industry threatens to burst into war if the Government does not force a settlement.

The conflict, if allowed to continue, could mean catastrophe for some container and other packaging manufacturers and hit the petro-chemicals, dairying and even synthetic rubber industries.

In the long term it could increase the price of milk and Bantu beer.

Plastic container manufacturers allege unfair competition from the manufacturers of polythene-coated cardboard containers, both widely used for packing milk, Bantu beer and fruit and other juices.

They say that while the cardboard carton makers are allowed to import board from the United States and Sweden, plastic-container-makers are forced to buy polythene locally at uneconomical prices.

The major suppliers, AE and CI and Safripol, are forced to buy the basic raw material, ethylene, from Sasol which, 16 months ago, increased the price of ethylene by more than 383 percent, from R75 to R287 a tonne.

South African polythene is said to be the highest priced in the world.

Plastic container-makers feel they are being unfairly forced to subsidise the price of Sasol petrol, which, by comparison, rose only by 28 percent because of pressure by oil producers in the Middle East.

Local

Sasol is unable to dispose of its ethylene because of the high price. The local polythene polymer producers, says an informed source, have been forced to revert to full production in the face of falling demand to prevent the closure of one of Sasol's two ethylene crackers.

The aggravated build up of static polythene inventories by the polythene polymer producers have had to be financed by the Government with public funds.

Figures show Sasol's two ethylene crackers have a total annual production capacity of 140 000 tonnes. About 130 000 tonnes is destined for further processing by the local polyethylene industry.

Domestic

However, the real demand by polythene polymer manufacturers is said to be as low as 70 000 tonnes a year. If domestic demand is not soon stimulated, Sasol could again face closure of one of its ethylene crackers.

While ethylene is a by-product of Sasol's naptha crackers, it is a vital element since it heavily subsidies the production of Sasol's petrol.

If Sasol is forced to close a cracker, it will lead to a big question mark about the economic viability of the 180 000-tonne-a-year capacity cracker designed for Sasol II.

Market

While polythene-container-makers hold 65 percent of the single-trip Bantu beer container market a few years ago, my informant tells me that 95 percent is now held by the makers of cardboard cartons who import their board from the United States.

Units

The demand for single-trip containers is 105 million units a month, of which 65 million are bought by the state-owned Bantu beer industry. The rest are bought by the dairy industry.

About 80 million units of the monthly demand are polythene-coated cardboard cartons.

Because the cardboard carton sector accounts for 95 percent of Bantu beer containers, the Bantu beer industry is almost dependent on imported materials for the distribution of its beer, sales of which are said to be R100 million a year.

Capacity

And because little new carton board capacity is contemplated by overseas producers, the expected upturn in the western economy will mean board will become scarcer and, perhaps, more expensive.

This, in turn, may cause an increase in the price of milk and Bantu beer, both described as "important political currency in South Africa today".

The Government, however, appears unwilling to either impose an effective duty on imported board or to permit the importation of polythene to allow local plastic-container-makers to compete on a fairer basis for state business.

The coated-board industry is fighting shy of state intervention because it could hit returns on capital it plans to invest in two factories for the conversion of imported material to meet increasing domestic demand.

Footnote: High-density polythene produced in South Africa costs R740 a tonne. Plastic-container-makers claim it can be imported for R440 a tonne.

Sun. Times 15/6/75

(194)

Natal paper mills cut production

By G. R. NAIDOO

PAPER mills in Natal and Zululand are cutting production and retrenching workers because of a world-wide recession in the pulp and paper industry.

This cut-back will also affect timber growers and collectors of waste paper. Some smaller waste paper collectors may even go bankrupt.

Last year the paper and pulp industry enjoyed buoyant conditions. These were marked by a substantial increase in the price of newsprint and a subsequent building up of stock. The industry is now suffering because of a shortage of orders.

Mr Ted Orzechowski, chairman of the Association of Pulp, Paper and Board Manufacturers of South Africa, yesterday confirmed that there was a cut-back in Natal's paper production.

"Some workers have been retrenched, but there is no panic," he said. "Ours is a cyclical industry, and like all other industries we have our ups and downs. We are now in a down period, but we are sure of a brighter future by the end of this year.

"The economy generally has slowed down in the past two months. A few months ago we expected an upturn by the end of this month, but this has not materialised. There will be no major improvement until the end of this year."

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TIMBER MEN LOOK FOR BIGGER CHOP

By Desmond Healey

PAPER INDUSTRY TO REVIEW PRICES

TIMBER growers in Natal are out to cut through the woods to a better price for the logs supplied to the paper making industry.

Negotiations are due to open within the next few days between the Natal Timber Growers' Association and South African Pulp and Paper Industries aimed at setting a new price for logs and growers hope to obtain the increase before the end of June.

The last price increase was granted in January when Sappi lifted it to R13,60 a tonne of timber delivered to its paper mill at Mandini, Zululand. At that time it undertook to again review the price in June, because of sharply rising costs in the forestry industry.

Mondi Paper Company, of Merebank, Durban, pays virtually the same price for its timber, but growers in the Natal Midlands — the principal area of supply — obtain a higher return because railage charges from the Midlands to Merebank are lower than those from the Midlands to Mandini.

In seeking a new price, the Timber Growers' Association points out that the majority of Midlands growers are being squeezed by rising labour costs and that the return on investment has shrunk from around 8 percent three years ago to about three to 5 percent today, while the rate of inflation has gone up from 6 percent to close on 13 percent.

Owned

Most of the timber which Sappi uses for the manufacture of newsprint — the paper you are holding now — originates from forests which it owns or from very large syndicates.

Timber supplied by the smaller private growers goes into the manufacture of chemical wood pulp.

Virtually all timber supplied to Mondi Paper Company, which owns only a negligible area of forests at present, goes into newprint production and though the specification for logs — length, cleanliness, water content and the like — is more stringent the return to the grower is higher.

HUNDREDS IN TEXTILES AND PAPER LOSE JOBS

Argus 26/4/75

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See also UNEMPLOYMENT

HUNDREDS of workers in the textile and paper industries have lost their jobs, with Natal worst hit. Textile workers of the Western Cape have been among the casualties.

Huletts Corporation announced yesterday that it would close its R5-million Hulsakane board factory at Amatikulu and this threatens the jobs of 100 men of all races. However, the group will try to place them in other jobs.

On Thursday 260 workers at the Masonite plant at Estcourt were paid off and have little chance of finding alternative employment.

A further 300 workers at Mooi River's textile plant have been laid off and the remaining 93[illegible] workers have been put on short time until the market for textiles improves.

In the Cape, 20[illegible] workers — 15 percent of the workforce of Pan Knitwear — were retrenched last week because the large amounts of knitted goods imported into the country had severely affected sales by the company.

The company is part of the South African Nylon Spinners group.

Dr R. J. Howe, technical and personal director of the group, said there had been various redundancies within the group since last September.

These had been caused mainly by the large imports of cheap polyester fabrics which were undercutting local products.

At Worcester, Hex River Textiles last week paid off 100 workers when they reduced their spinning shifts from th[illegible]

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MANUFACTURING - PAPER + PRODUCTS

24. 1. 79

22. 12. 79

Prem Paper expects 94c a share from SA

RDM 24/1/79 (194)

By HAMISH FRASER

PREMIER PAPER Mills, whose direct investment in Rhodesia has been cut to a 19% stake in the enlarged Hunyani Pulp & Paper, says it will earn 94c a share from its South African operations alone in the year to June 30.

No exact split between South African and Rhodesian earnings will be possible until Hunyani announces its interim results in about three weeks' time.

But it is possible, working backwards from the minority interests shown in Premier's interim figures, to estimate the South African earnings in the six months to December 31 at 47c a share out of full earnings for that period of 69c a share.

Premier's 94c a share projection for the full year is not directly comparable with last year's 36c a share because the comparative figure consolidated Hunyani.

Premier will in future bring to account dividends from Hunyani when they are received.

Premier's report for the first half, in which Hunyani is still consolidated, shows earnings of 69c a share compared with a loss of 2c a share in the corresponding period of last year.

Premier's directors say in the interim report that "the results of the South African group for the second six months of the current financial year will equal or exceed those for the first half year". This puts full-year earnings from South Africa at a minmum of 94c a share based on the current issued share capital.

As for dividends from Hunyani, Premier says "there will be no immediate material change". In the past full year, Premier's dividend recepits from Hunyani, net of tax, came to R148 000 — equivalent to 11,6c a share.

A clearer picture of Premier's overall profit prospects for the year, and possibly some indication of the likely level of the annual dividend, is expected to emerge late next month when Premier's circular to shareholders detailing the terms of the recently announced rights issue is released.

PREMIER PAPER

New package

(194) 28/1/79

But for the closing of the JSE on Wednesday and Thursday, Premier Paper (PPM) would probably have reacted very favourably to its recent interim announcement, which forecast 47c second half earnings from SA operations and at least 94c for the full year before taking into account the proposed rights issue later in the year.

According to the interim for the six months to December 31 1978, PPM's first half earning rose to 69c (2c loss), of which 22c came from its Rhodesian subsidiary, Hunyani Pulp & Paper Industries, which was still at that stage being consolidated. However, due to the Rh$10,9m deal between Nampak and Hunyani, PPM will in future bring only Hunyani's dividends to account.

The deal, which will involve Hunyani issuing 15,5m shares to Nampak for a 100% stake in two Rhodesian subsidiaries, Amalgamated Packaging Industries (Rhodesia) and Rhodesian Packaging, has reduced PPM's stake in Hunyani to 19% (51,8%). While it is possible that the broader operation could ensure dividend continuity, the interim points out that Hunyani's dividend payments amounted to a mere 11,6c per PPM share and no immediate change is expected. Nevertheless, bringing the first-half 22c earnings contribution from Hunyani to account, PPM's earnings could rise to 116c this year. However, on SA earnings alone a traditionally twice covered dividend of 47c is possible.

Peter Pittendrigh

Prem Paper forecasts 25c minimum dividend

(194)

Mercury Correspondent

JOHANNESBURG — Earnings of 95 cents a share and an annual dividend of 25 cents a share are the minimum which shareholders of Premier Paper Mills can look for in the year ending June.

The forecasts come in a formal document issued yesterday for PPM's double rights issue of ordinary and convertible preference shares.

The document shows that of the 69 cents earned in the six months ended December, 50 cents came from operations within South Africa and only 19 cents represented PPM's attributable share of earnings at Hunyani Pulp and Paper Industries in Rhodesia.

Merger plan

Hunyani is itself in the throes of a merger that will reduce PPM's holding from 52 percent to 19 percent of Hunyani's enlarged share capital.

PPM will thus in future bring to account Hunyani dividends as and when received, but no material change is anticipated in dividend income in the short term and there should be an improvement in the long term.

The PPM directors say that the "rising trend in profits generated in South Africa" is continuing, and expect a trading profit of at least R705 000 in the current half year, against R648 000 in the first half.

R1,6m tax loss

No tax is payable on these local earnings because there was an assessed tax loss of R1,6 million at June 1978. By the end of the current financial year, the unutilised tax loss will stand at about R750 000.

14. Structural Draughtsmanship
15. Mechanical Draughtsmanship
16. Civil Engineering Draughtsmanship
17. Building Surveying
18. Engineering Surveying
19. Topographical Surveying
20. Analytical Physics
21. Physics: Radioactive Isotopes
22. Physical Metallurgy
23. Meteorology
24. Geology
25. Oceanography
26. Munitions (Explosives)
27. Chemical Technicians
28. Analytical Chemistry
29. Chemical Plant Operation
30. Clinical Biochemistry
31. Chemical Technology(Plastics)
32. Paint Science
33. Brewing Technology
34. Microbiology
35. Food Technology
36. Sugar Technology
37. Meat Technology
38. Agricultural Microbiology
39. Horticulture
40. Water Purification Technology
41. Health Inspectors
42. Community Health Nursing
43. Medical Laboratory Technology
44. Public Health
45. Radiography
46. Physiotherapy
47. Veterinary Technology

b) National Certificate for Technicians or National Certificate in:

48. Electrical Engineering (Heavy Current)
49. Electrical Engineering (Light Current)
50. Telecommunication
51. Mechanical Engineering
52. Structural Engineering
53. Mechanical Draughtsmanship

PREMIER'S RIGHTS

More new paper

On news of the interim results and the two proposed rights issues, the market pushed Premier's share price from 280c to 360c. But on the release of the offer document this week sanity appears to have been restored and the price is back down to 280c. This still represents a handsome premium over the subscription price of 225c for the ordinary shares. And both issues seem certain to be fully subscribed.

The rights issues are totally separate but shareholders may subscribe for either, or both. The terms are: one ord for every four held, at 225c per share; and for every 100 ords held 120 11,3% convertible cumulative R1 prefs, convertible in June 1982 and 1983, on the basis of 28 ords for every 100 convertible prefs. The effective conversion price is 357c in 1982 and 1983, after which time the option to convert lapses.

The issue of the ords should raise about R736 000 and the prefs R1,58m, to make a total of R2,3m, which is probably about as much as the group could safely go for, bearing in mind its capitalisation of R3,6m.

Premier's earnings for the year to end-June are expected to be 95c, with a 25c dividend. This puts the ords on a prospective earnings yield of 42,2% and dividend yield of 11,1%. Buyers of the rights will be entitled to the 25c dividend for the six months to end June. For the man in the street the ords are probably the best bet, as the yield differential between them and the prefs is a mere 0,2%. For the institutional investor, the prefs are the more attractive.

Reverse takeover

Earnings of 95c include Rhodesian-based Hunyani's contribution for the six months to end-December. But from the beginning of 1979 Hunyani's results will not be consolidated and dividends will be accounted for as and when they are received.

Hunyani is in the process of what is effectively a reverse takeover. In exchange for 15,5m of its shares, it is acquiring paper converters Amalgamated Packaging and Rhodesian Packing, from Nampak, to form a vertically integrated group. Meanwhile Premier's holding in Hunyani will be reduced from 52% to 19%. However this reduction is not expected to reduce the dividend income, which should amount to about R252 000 per annum.

Prior to the latest interim results the bulk of Premier's profits have come from Rhodesia. It contributed 56% of taxed profits in the year to June 1978. But in the last six months the local operation provided 52% of operating profits leaving Rhodesia to contribute the remaining 48%, still a substantial portion. At the earnings level this translates as 19c from Rhodesia, leaving 50c from SA.

Now with the proposed deconsolidation it is expected that the local operations will easily make up the operating profit shortfall — R700 000 is forecast for the second half — and next year Premier will also receive the Hunyani dividend, worth about 16c on the enlarged share capital. How this dramatic improvement is to be achieved is not spelt out in any detail in the document. But the group will not have to pay tax for some time, having tax losses of R1,6m to offset.

Until recently Premier had been struggling to break into the consumer market and gain market share. In doing so margins were cut to the bone, hence the very low profit contribution. Now management feels the company has consolidated its market share and should go from strength to strength, hence the optimistic forecasts, and the rights issues.

Proceeds from the rights issues will enable Premier to restructure its debt. After the deconsolidation of Hunyani the debt equity ratio is 76,8%. This is obviously a heavy burden, bearing in mind that to gain market share, margins will have to remain competitive. After the rights issue the debt:equity ratio drops to 46,4%.

No profit predictions have been made for next year, but if Premier can maintain its turn-around, the share looks attractive.

Gail Pemberton

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50c. Market capitalisation: R26,7m.

Financial: *Year to December 31 1978. Borrowings: long and medium term, R4,1m net short term, R3,2m. Debt:equity ratio: 38%. Current ratio: 1,3. Net cash flow: R3,8m. Capital commitments: R1,1m.*

Share market: *Price: 170c (1978-79: high, 185c; low, 85c; trading volume last quarter, 292 000 shares). Yields: 16,0% on earnings; 7,6% on dividend. Cover: 2,1. PE ratio: 6,2.*

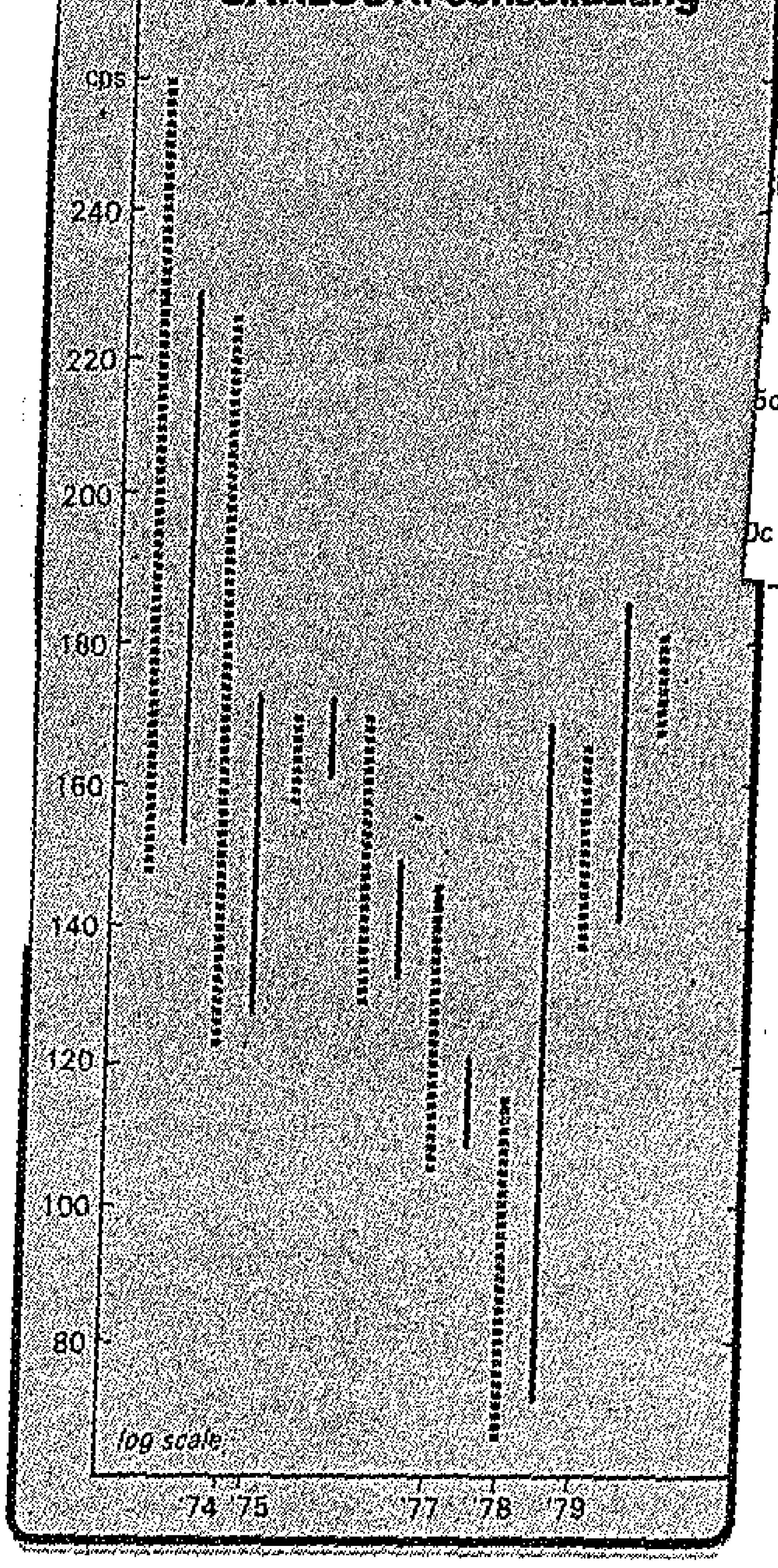
	'75	'76	'77	'78
Return on cap %	25,2	21,7	20,0	26,4*
Turnover (Rm)	41,8	49,3	51,3	59,9
Gross profit (Rm)	6,1	7,0	5,6	7,8
Gross margin %	14,6	14,1	11,0	14,5
Earnings (c)	22,6	28,5	16,8	27,3
Dividends (c)	11	11	11	13
Net asset value (c)	85	103	109	122,1

Leased assets and liabilities included.

"**We wanted** shareholders to have the whole picture," says financial manager, Bobby Kantor, explaining why the company has included leased assets and liabilities in the balance sheet.

If the precendent is followed by others, particularly by lease-intensive operations such as the stores groups, it will be a great service to shareholders. At present the true gearing of many companies is not disclosed and some have a higher rating than they deserve. With many companies having little to gain by bringing their leases on to the balance sheet, it

CARLCOR: consolidating



RLCOR

leasing

(194)
FM 23/3/79

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Jean Moon

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...profit. ‡=Annual.

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...ES OF LETTERS

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Nevertheless, an earnings ...ment is expected this year. Thi... relief to shareholders after t... seesaw of the past four years... sumer revival in the wake of a... sionary Budget should keep the ... line in an upward direction. ... would be interested in expand... diversifying by acquisition but th... a burning imperative. Th... Kimberly-Clark the group has ac... US tissue technology and product... than industry diversification loo... most likely prospect. The twice c... dividend looks eminently safe and, ... ing 7,6% against the market's 6,5%... managed Carlton still holds promise...

Davi...

Papermaker to the nation

(194) FM 13/4/79

Traditionally, economists have regarded a nation's consumption of paper as a fairly reliable guide to its development and prosperity. By this yardstick, SA still has a long way to go. Its per capita consumption of 40,3 kg per year ranks ahead of Russia (34,0 kg) but is way behind that of the US (273,1 kg) and Germany (137,4 kg). Of the EEC countries, it lags behind even Eire's 74,0 kg.

In the African context, however, it is way ahead. Our major producer, Sappi, is not only the largest pulp and paper group on the continent, but ranks 91st in the Top 100 of the world's leading paper producers in terms of 1977 turnover statistics. In this list, International Paper of the US has for the first time in many years been toppled from the top spot by Georgia Pacific, which had a turnover of US $3,7 billion and earnings of $260m. By comparison, Sappi earned R14,4m on sales of R205m in the year to December 31 1978.

Sappi owns four large mills with 11 paper machines and three board machines. It was started from scratch in 1936 by Union Corporation and now produces 430 000 t of paper and board a year, cultivating 87 000 ha of forests with roughly 120m trees. It employs 9 000 people and consumes annually 1,6 Mt of pulpwood, 755m units of electricity and 461 000 t of coal, and supplies 42% of SA's needs.

Newsprint for the inland market is produced at its Enstra mill in Springs on one refurbished and computer controlled paper machine. Enstra specialises in fine papers and newsprint and is a major producer of chemicals, such as chlorine and caustic soda, both used in the pulping and bleaching sequences.

The Mandini mill in Zululand is a 130 000 t-a-year kraft facility. It also has a semi-chemical pulping line for handling hardwoods like eucalyptus and wattle with an annual capacity of 92 000 t. The Tugela mill is the largest on the African continent, producing some 700 t of paper a day. Its products are used mainly by convertors making corrugated boxes, paper bags, sacks and other industrial papers.

The other mills are located at Port Elizabeth (Adamas), and at Ngodwana in the eastern Transvaal. The latter is primarily a pulp mill feeding Enstra with kraft chemical pulp for subsequent bleaching and is ideally situated to minimise transportation of pulpwood.

While Sappi's size has led to overseas recognition, it is in the technical field that it is best known. As a measure of its innovative ability, Sappi was the first in the world to develop and use an oxygen bleaching system in 1970.

The process has been patented and so far 10 licences have been sold, including one to Russia and to Japan. The latest to use the process is Procter & Gamble's Flint River mill in Georgia, which will have a capacity of 850 t a day.

One of the main advantages of O_2 bleaching, besides quality and economy, is the drastically reduced pollution levels. Pollution in North America is politically a very hot potato.

Locally, the pollution lobby is not nearly so vocal. Nor does it have to be. By and large, Sappi has a relatively clean bill of health. As Eugene van As, Sappi's group MD, puts it: "We have never had a situation within our group of discharging effluent directly into any waterway." Which is what still happens in North America. Also, by comparison, Sappi's mills are fairly clean because they are more modern.

All kraft mills, however, have odour and aqueous effluent problems. "We have managed to come to grips with the aqueous problem at Enstra and are now fairly close to chemical oxygen demand and suspended solids objectives set by the Department of Water Affairs."

At Enstra, the R39m current expansion programme now coming to fruition was not only to update plant but also designed to reduce effluent concentration. But it has not been plain sailing. Sappi has had more than the normal teething problems at Enstra and this led to a 73% drop in operating profit at Sappi Fine Papers. Van As says that the problem stems from a too big fluid bed reactor (one of the largest in the world) but that an interim solution has been found and there are hopes of rectifying the problem in the near future.

Eugene van As . . . aiming for 20% return on assets

Another pointer to Sappi's modern approach is the continuous digesters installed at Tugela. The latest is a 750-ton-a-day monster which will shortly replace 11 old batch digesters, with double their capacity.

Giant feller-bunchers

On the forestry side, Sappi just does not have anything as sophisticated as the giant harvesters and feller-bunchers which are fast mechanising overseas harvesting in the woods.

"We have looked at this sort of equipment, but with our relatively low labour costs, we cannot justify the expenditure. Also, our harvesting techniques are complicated by the fact that we operate as cutters not only for ourselves, but we also harvest State forests. We cut and haul most of the wood they sell to us. This tends to be restricted to small pockets or to thinning (cutting every second or third tree). For optimum use of mechanical harvesting systems, you have to go for clear cutting. Instead, we use the traditional chain saw gang for felling and delimbing but have recently tended to use specialised winches, forwarders and skidders to get the wood to the landing. Also, overseas, it is much more difficult to tempt labour into the woods."

Sappi is well placed with respect to its raw material (our pines mature in about 20 years compared with 50 to 70 years in Canada) but it is at a disadvantage when it comes to transport distances. Paper producers are particularly sensitive to energy and transport costs and Sappi is bound to be adversely affected by the recent hikes. For example, it takes 1 400 kwh to produce a ton of newsprint compared to only 550 kwh to process scrap to pig iron. Sappi's energy bill is roughly R18m a year, representing about 9,5% of total operating expenditure. In the past three years alone, rail freight charges on timber have more than doubled.

To help reduce costs, the group has begun to look more closely at burning waste products.

In establishing its forestry philosophy, Sappi has yet to decide the ultimate balance between supplies drawn from State forests, its own resources and from a host of small, independent loggers. Currently, the State supplies roughly 33% of group timber requirements, 20% comes from Sappi forests, and the balance from the independents.

In Canada, for example, the forest resource is regarded as a national asset, with most land owned by the Crown. There, the major pulp and paper companies are tending to decline the burden of reforestation because of low returns. With their slow wood maturation rates, they are in effect planting for their grand-children. This is not the case, however, in countries such as the US, Australia and Brazil, which are fast developing major forest resources through private investment.

In SA, Sappi is in the happy position of planting more than it is cutting. This does not imply increasing acreage, but rather better use of existing land, since it still has 12 000 ha suitable for planting.

Sappi's organisational structure has undergone radical changes since May 1977. At that point, the goup's management was split up into three operating entities, Sappi Fine Papers, Sappi Kraft and Sappi Forests. Fine Papers took on the job of handling the printing and writing papers as well as newsprint, and manages the Enstra and Ngodwana mills. Kraft is responsible for all packaging grades (Tugela and Adamas), while the forest division takes care of all silviculture in the eastern Transvaal, Natal and Zululand.

A primary aim of the reorganisation was more effectively to bring management objectives into focus and to define responsibilities and accountabilities more sharply. With one exception, says Van As, this has worked well. One change has been to revert to centralised staff functions such as personnel. Now the forest division, for example, is a profit centre, charging the going rate for its products and services. This is also a reason for wanting to define clearly the return available from forestry.

More recently, Sappi's upper management echelon has undergone considerable

Felled trees . . . their replacements grow faster here

change. Picking up from Ron Day, who resigned unexpectedly as MD in May last year after 24 years service, Van As has overseen a host of appointments — and several departures, such as Bob Garden, who has retired as MD of Sappi Fine Papers. His position has recently been filled by Ken Lechmere-Oertel, formerly operations director of Lion Match.

Lon Wayburne is due to retire at the end of this month (Van As emphasises that these retirements have all been "normal" in the sense that the people involved have reached mandatory retirement age) and his position as group technical director is to be taken by Alec Rodger, currently technical director of Sappi Kraft.

Mike Struwig has come in as MD of Sappi Kraft (he was formerly a group manager at Protea) and John McManus, formerly financial director of Reed and Nampak, will fill the top financial slot at head office.

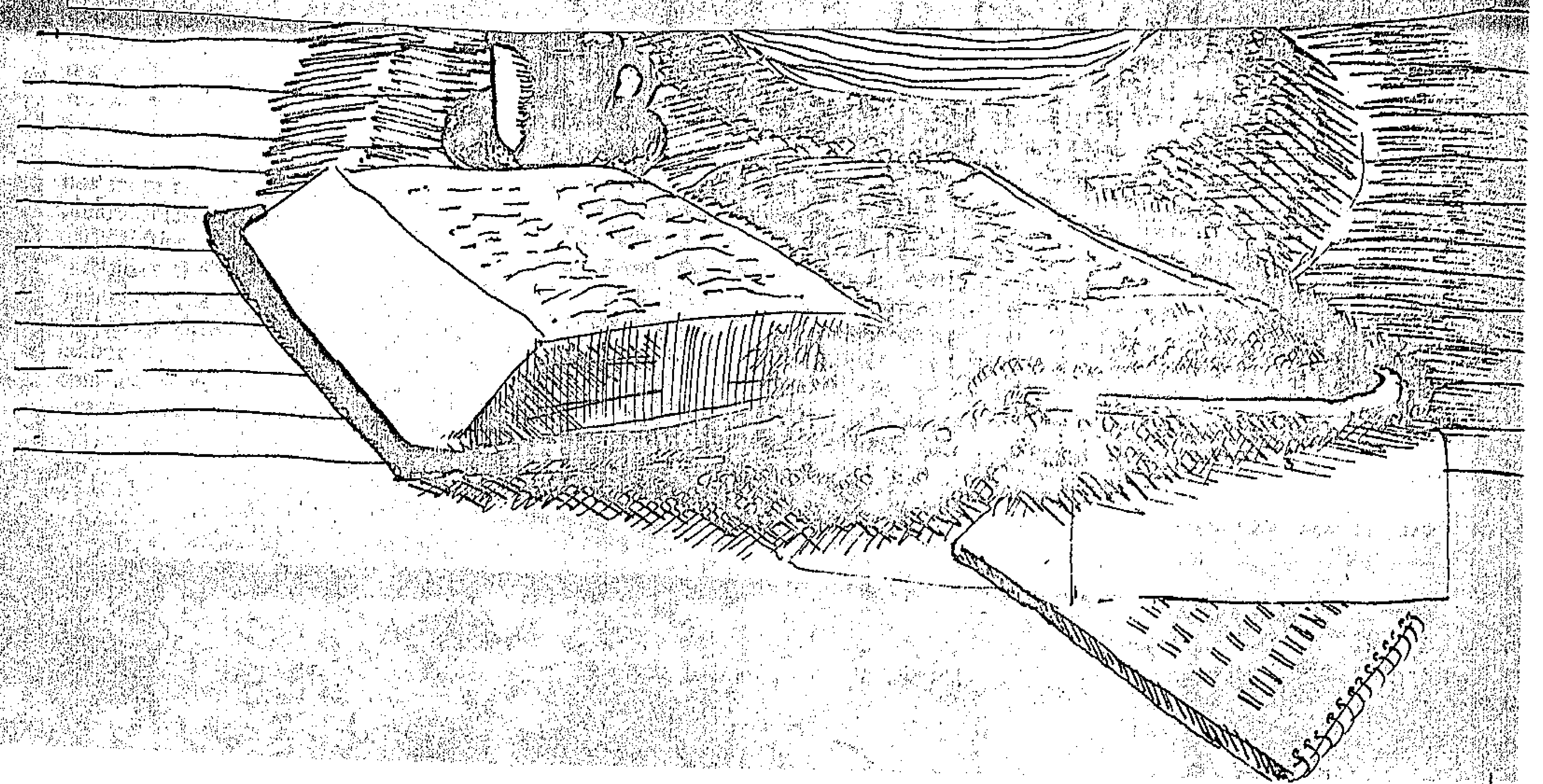
During the past three years Sappi has been squeezed between weak markets for its newsprint and packaging grades and extensive capex. In retrospect, it did well to maintain its dividend at 20c as earnings slipped from 58,5c in 1974 to 44,6c in 1977. Despite a 13% decline in trading profit for the year to December 31 1978, taxed attributable earnings rose 3,1%, thanks to Enstra's tax cushion, which led to a tax rate of only 14%. The attributable interest of 39,1% in Carlton Paper also helped offset much of the setback.

Sappi has now established a new base for future growth both in terms of management and up-to-date plant. Indeed, in the past few months, Sappi's mills have been running at 98% of capacity. But, since an additional 15% of fine paper capacity, and 10% more kraft, will progressively come on stream this year, Sappi is well placed to benefit from any additional consumer expenditure.

Overall, the outlook for Sappi is brighter than for some time, even allowing for capex this year, including R20m for the Milnerton recycling plant. Chip in better results from Carlcor, and earnings could well rise to 75c a share and the dividend to 30c within the next three years, if the group's objective of a 20% return on total assets is achieved.

For the future, Sappi plans to diversify within the forest products industry, producing a broader range of chemicals and diversifying into solid wood products. It is also looking at further replacement of imported papers and should continue expanding exports, which now total some 5% of total production.

John White



SAPPI 194 4/5

Attractive prospects

Activities: *Integrated forest product group manufacturing and selling pulp and paper products. Also sells chemicals and crude tall oil. Owns [illegible] ha of forestry land in Natal, Zululand and Eastern Transvaal. Owns [illegible] of Carlton Paper which it consolidates. Holding company is Union Corp (54%).*

Chairman: *E Pavitt, group managing director, E van As.*

Capital structure: *[illegible] ordinaries of R1. Market capitalisation: R90,1m.*

Financial: *Year to December 31 1978. Borrowings: long and medium term, R44m. Net cash: R2,9m. Debt:equity ratio: 42%. Current ratio: 1,3. Net cash flow: R18,5m. Capital commitments: R19,9m.*

Share market: *Price: 315c (1978-79: high, 315c; low, 160c; trading volume last quarter, 368 000 shares). Yields: 16,2% on earnings; 7,0% on dividend. Cover: 2,3. PE ratio: 6,2.*

	'75	'76	'77	'78
Return on cap %	21,7	18,3	17,4	14,7
Turnover (Rm)	113,4	176,7	197,1	205,1
Pre tax profit (Rm)	21,1	24,5	22,7	19,7
Gross margin %	18,6	13,9	14,0	12,5
Earnings (c)	48,6	42,5	44,6	51,1
Dividends (c)	20	20	20	22
Net asset value (c)	278	255	290	321

Paper consumption is particularly sensitive to economic conditions. As such, Sappi's results for the year to December 31 should be viewed in the light of minimal growth in demand — and some major problems experienced in commissioning the new bleaching and pulping facilities at its Enstra mill in Springs.

This caused a severe setback in Sappi Fine Papers' profitability, which dropped by some 73%. As a result, the group had to resort to imports of pulp to keep Enstra's paper machines going. Evidently the problems at Enstra are well on the way to being solved and Fine Papers can look forward to a good year.

Although the other two operating entities of Sappi, Kraft and Forests, did well, they were unable to make up the shortfall. And, in the end, it was the consolidation of the 39% in Carlton Paper that led to Sappi's results being so reasonable.

While turnover rose above R200m for the first time, the 4% increase was accompanied by a 13% decline in pre-tax profit to R19,7m. But, due to the low tax rate of 14% (31%) flowing from extensions to Tugela and Enstra, taxed profit rose by 8% to R16,9m. Total borrowings reflected a rise from R35,4m to R46,2m and the returns on capital employed and margins again slipped.

During the year demand for fine papers was steady, although deliveries were hampered by problems at Enstra. Newsprint demand was slack and orders for packaging grades were so bad that at one point the Tugela mill operated at only 40% of capacity.

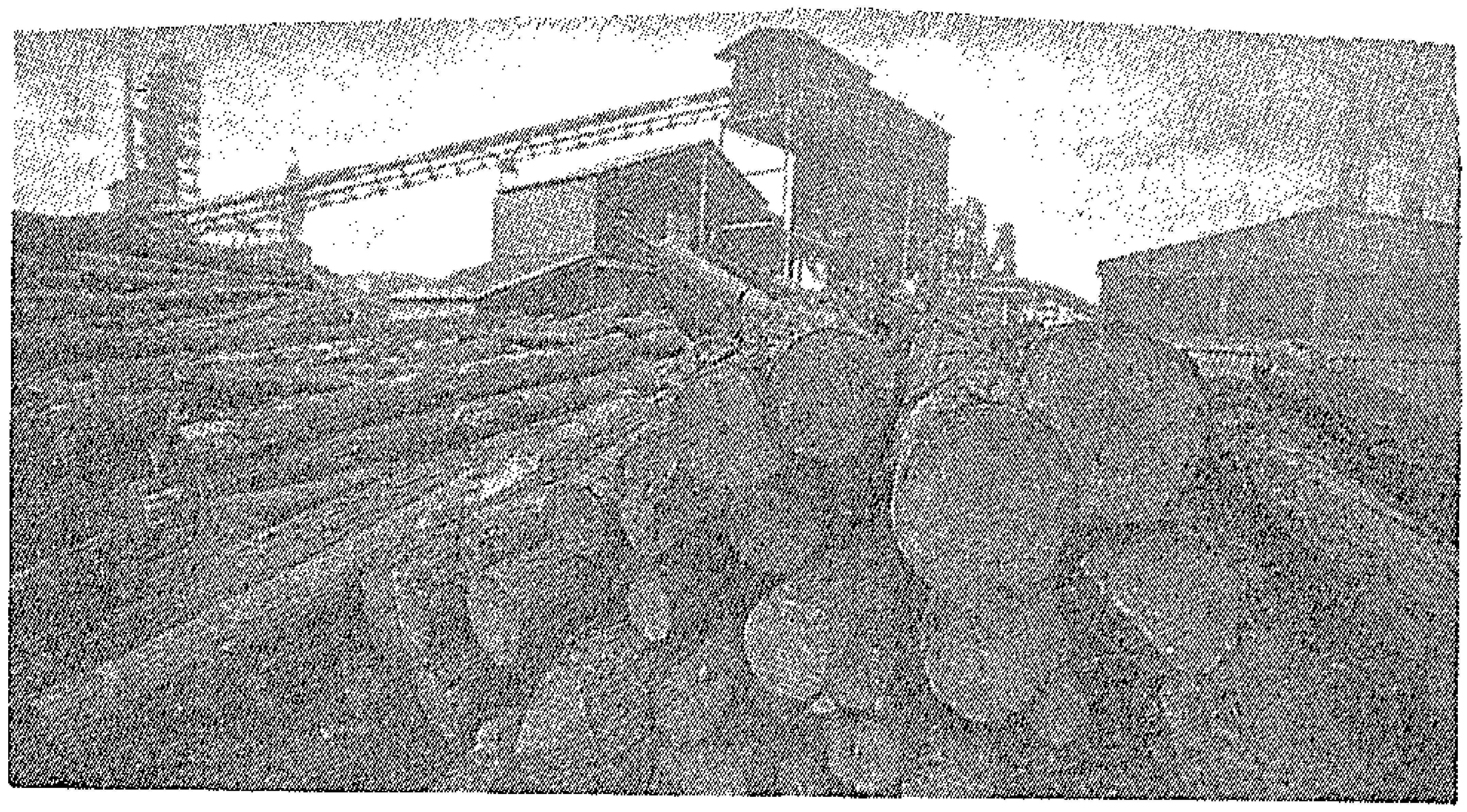
To pick up the slack, exports were successfully pursued and the group is now committed to a programme which should lead to consistent exports of between 5% and 10% of Tugela's capacity. Prices, however, are low, and exports will contribute only marginally to profit. But at least fixed overheads will be covered.

Chairman Ted Pavitt is expecting strong demand for Sappi's products this year. Indeed, all its mills have been operating at virtually full capacity in the past few months. He is concerned, though, with rising costs, but the recent 12% increase (posted in March) should go a long way to offsetting higher transport, energy and freight costs. And with the market so buoyant, there is unlikely to be a drop in volume sales.

Sappi is on record as having set an objective of earning not less than 20% before interest and tax on total assets within three years. It also intends diversifying into solid wood products, producing a broader range of chemicals as by-products and is investigating further replacement of imported papers.

Having broken the back of its hefty capex programme of the past decade, this should not be an impossible achievement. And if the fluid bed reactor at Enstra is soon brought to full capacity, earnings this year could reach 66c, with 75c and a 30c dividend possible in the following year.

From a chartists' point of view, Sappi's relative strength continues to outperform the *RDM 100*. In the past two years, the share has moved ahead of the index by 36%. Both Sappi and the *RDM 100* regained bull trends in August 1977, although the share's low came approximately two years after that of the index.



Sappi's raw material . . . base for further diversification

Star 9/6/79 (194)

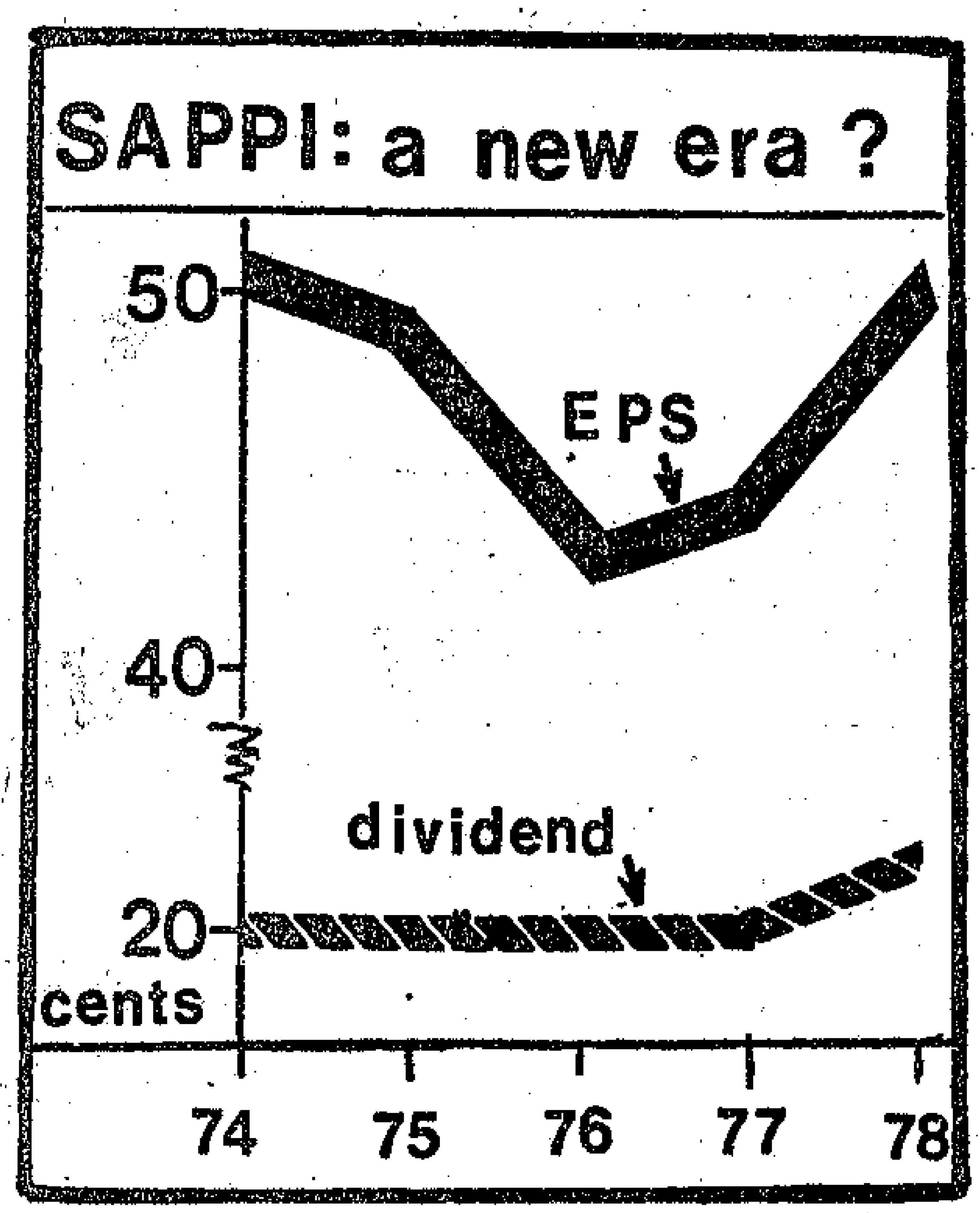
After Stanger deal take another look at Sappi

The shares of Sappi deserve to be re-rated. This week's deal to buy Reed's interest in Stanger Pulp and Paper for a cash outlay of R3,5m should bring with it all kinds of benefits which in time should make today's share price cheap.

Colin Campbell in the market

The way the deal has been structured, there is no strain on Sappi's balance sheet or cash flow—only benefits. The groups net asset value rises by about 70c to 410c a share; Sappi will now be able to defer some of its earlier announced hefty capital expenditure programme; it obtains a modern mill whose products have found greater market acceptance; and there are vast assessed tax losses which Sappi can use.

Because the Stanger operation is situated on the coast, there should be various railage savings, and there will be various areas for rationalisation.



In last year's annual report, Sappi laid out its objectives for shareholders. It said:

"The group aims to earn a return of not less than 20 percent before interest and tax on total assets within three years, and to achieve earnings which will not be less than 20 percent on shareholders' funds within the same time span.

"The group aims to sustain a compound dividend growth rate of not less than the rate of inflation over the next three years, and to achieve earnings which will maintain a dividend cover of 2,5 times."

Following on the Stanger deal, Sappi is now looking for its timetable on the above projections to be brought forward—possibly by a full year.

At the May annual general meeting, chairman, Mr Ted Pavitt, told Sappi's shareholders that despite certain difficulties, pre-tax profits for the first quarter of the current year were well above those of the comparable period in 1978, and that year end results "will be significantly greater . . ."

Though no immediate impact on the earnings of Sappi is expected this year, there should be a decided boost in 1980.

Given the encouraging statement at this year's annual meeting—well before the Stanger deal—that earnings should rise significantly, I expect Sappi's total dividend to rise this year.

Perhaps the increase will not be that great at the interim stage, but come year-end when the Stanger operation is running side-by-side, and the final should be good.

F.M. 13/7/79 ~~FM 13/7/79~~ (196)

PAPER

Exports catch alight

A R55m paper export boom (tonnages rose 33,5% last year) coupled with greater local consumption, has revived the R700m-a-year industry. Paper makers are predicting a 3% to 5% growth over the next few years and have embarked on expansion programmes worth R124m.

Total production last year was up 3,9% to over 1,02 Mt on 1977, while consumption increased 5,2% to 1,04 Mt. At the same time imports dropped 1,9% to 145 686 t and exports rose a massive 33,5% to 171 173 t. In 1976 exports totalled 79 113 t.

Mondi MD Reg Donner agrees that "the market certainly has gone ahead", and attributes the surge in exports to what he terms the Japanese syndrome. Industrial countries, such as Japan, are moving away from primary production and reproduction (importation of chips and pulp for local manufacture of paper — SA exports for these materials were worth R62m in 1978) as pulp mills become obsolete in the face of latest technology and costly to replace. A plus for countries such as SA is that adequate raw materials exist for expansion on the scale necessary to support the enormous capital outlay. Timber matures on about a 14 year cycle in SA compared with 60-70 years for northern hemisphere producers such as Canada and Scandanavia.

Mondi will be spending about R62m on new papermaking equipment for its Durban factory to expand existing production 50% to 400 000 t a year, and reckons that the additional output will enable it to push exports up 25%. With a planning lead time of four years, the expansion reflects Mondi's "confidence in future growth on both local and export markets" says Donner. Meanwhile, Mondi paperboard subsidiary, SA Board Mills is spending R23m on expansion at its Durban and Springs factories.

Major foreign customers are Latin America, Japan, Europe, the Middle East, Hong Kong and the US, while Donner hints at export negotiations "with a country which would surprise a few people".

Recent shipments included 8 500 t of newsprint worth R3m, bound for the west coast of the US, while total Mondi exports rose 66% to 110 000 t worth $40m in 1978. Other exports include fine papers (R6m is being spent on machinery for magazine papers) and computer paper to Australia and the US.

Dependent on petrol and diesel in its forestry operations, the industry has not been unaffected by the fuel price hike. Newsprint prices recently went up about 2%, and the other major producer, Sappi (which is spending R39m updating and expanding its Enstra plant), has announced a 5% increase for paper packaging materials to "meet escalating tree harvesting and transport operating costs". Chief executive Eugene van As says the withdrawal of the agricultural diesel subsidy granted for forestry operations has seriously affected the timber industry. "Harvesting and transport costs account for 75% of the cost of pulpwood, while only 25% of the cost relates to the actual growing of trees," he points out.

When Sappi increased writing and printing paper prices in March, it announced that it hoped to hold prices firm until the end of 1979. Van As, however, now says that while no immediate increase for fine papers is in the offing, an increase in the last quarter can't be ruled out.

F.M. ~~14/11/79~~ 14/9/79

184

192

PER

ng returns

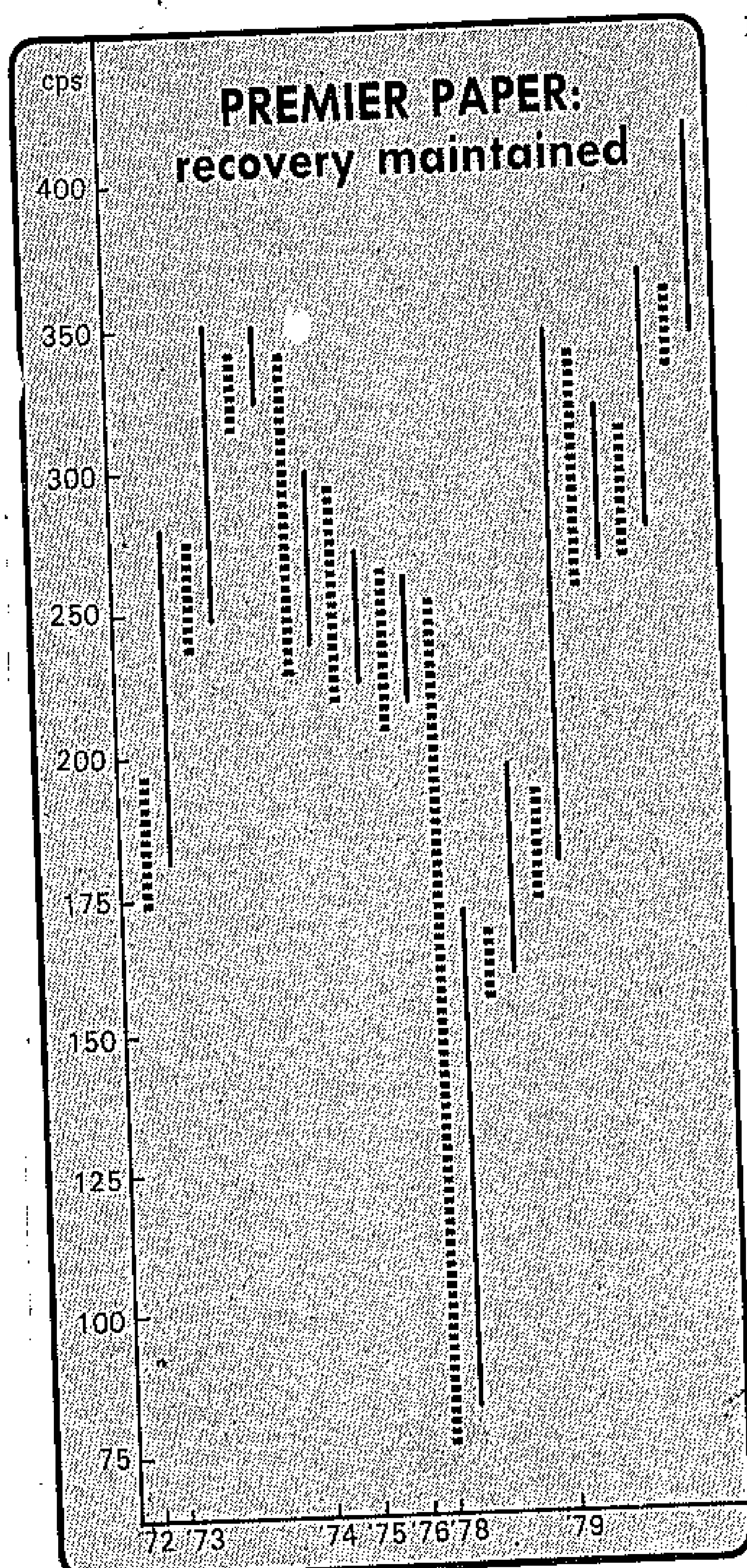
·oduces and distributes ..pers. Tissue papers are ..holly-owned subsidiary, ..per Industries, at Bell- . Has a 19% stake in ..C holds 60% of the ord-

..n Mackenzie.

..ture: *1,6m ordinaries of 5,5% cum prefs of R2; convertible cum prefs of capitalisation: R7,3m.*

Year to June 30 1979. : long and medium term, short-term, R2,4m. ratio: 41,3%. Current Net cash flow: R2m. ..mitments: R2m.

..t: *Price: 455c (1978/79: ..low, 80c; trading volume last quarter, 76 778 shares). Yields: 23,5% on earnings; 6,6% on dividend. Cover: 3,6. PE ratio: 4,3.*



	'76	'77	'78	'79
Return on cap %	9,7	6,5	8,0	19,7
Turnover (Rm)	19,4	19,0	24,1	24,6
Trading profit (Rm)	2,8	2,6	3,0	3,8
Gross margin %	10,2	8,7	8,2	15,4
Earnings (c)	51,4	28,0	40,5	107,0
Dividends (c)	28	18	18	30
Net asset value (c)	602	833	824	769

Premier's results underline the benefits of high gearing. With the debt:equity up at about 60% at the start of last year, the efficient utilisation of expanded capacity boosted adjusted trading profit from R3m to R3,8m on a 1,8% increase in turnover.

During the year, however, gearing was reduced by a R2,2m rights issue which was used to reduce borrowings, and interest paid is down from R1,1m to R816 000.

Chairman Ian Mackenzie says that, although modern practice encourages companies to report contributions as to turnover and profit by division, "I believe that such disclosure would not be in the best interests of Premier Paper at this stage." Just what damage could be done is obscure.

Mackenzie does record, however, that Kliprivier Mill earned a record profit and that, while Southern Products increased market penetration in consumer and industrial fields, the "price war" eroded margins.

Premier, as planned, elected not to follow the recent Hunyani rights issue, so that the company's stake dropped from 52% to 19%. Future income from Hunyani, previously consolidated, will be taken into the books only when the dividends are received. Consolidated in the 1979 accounts, Hunyani contributed R4,3m (R8,4m) towards turnover. The profit contribution, to an unadjusted R1,8m, was R280 000, equivalent to about 20c a share. Premier's fortunes are now firmly based in SA, compared to the 50:50 turnover split in 1975. The retention of a small stake in Hunyani gives Premier an attractive foot in the door to higher profits when conditions improve north of the Limpopo.

Mackenzie says stability is returning to the domestic tissue market and excess capacity is now being used for exports. "This change could have beneficial results for the industry as a whole," he says. To take advantage of improved conditions, Premier will be spending R2m on capital expansions this year.

On conservative assumptions, Mackenzie forecasts a taxed profit of R2m for the current year. This gives prospective earnings of about 126c. Dividend cover last year was historically high at 3,6, but is understandable in view of the cash requirements for expansion and maintaining market share. And the profit dip in the 1976/77 years set the retained earnings growth figure back. But, with a note of optimism from the chairman, it is not improbable that cover will be fixed at a lower 3-times figure, giving a prospective payout of 42c, and an attractive prospective yield of 9,2%.

Ian Muil

(c) to know the effectiveness of a given amount of money when spent on different objectives, so that choices can be formulated in terms of the alternatives we might afford - so many geriatric day care centres, so many child welfare clinics etc.

..en into account. ..son with the alter- ..costs involved in ..nd incentive costs ..t for any given

..of care of the aged?

Pr.. ..me budgeting, then, ent.. ing out from the multiplicity of decisions those which can be made on the basis of administrative or economic, together with medical-technical criteria, and those in which the role of the public through political

Overall criteria are needed, and they have to be expres.. way that they can guide these detailed questions. Ess.. problem is not only to relate resources used to objecti.. to relate the various objectives to each other.

There are various means of doing this; but all of them expenditure be accounted for by the ends it is expected..

2.1 Programme Budgeting

Programme budgeting, also known as budgeting by objective.. presentation of expenditure data according to the objecti.. is directed. Thus, projects to combat TB would be groupe.. geriatric problems, sanitation programmes, etc.

This is necessary:

(a) to know the cost of pursuing each objective;

(b) to group together activities with the same objectives which can be compared by cost-effectiveness analysis;

The married quarters at

• From Page 1

Low pay by Anglo

Post 10/4/79

room, while the married are given two rondavels per family — a bedroom and a kitchen.

In the one room we entered, we found a man sleeping on one bed while another was cooking a meal in a wood fire in the corner.

They buy their own furniture.

10 1914

Some ea… an R40

An… pay peanuts

Post 10/4/79.

By JOE THLOLOE

WORKERS at an Anglo American Corporation plantation in Natal say some of them earn less than R40 a month.

The plantation in Hilton, near Pietermaritzburg, is part of the Natal Tanning Extract, a member of the Anglo American Industrial Corporation.

When POST asked the company's chairman, Mr Chris Griffith, about the workers' allegations, he told us: "There are both inaccuracies and misinterpretations in your telex."

He "suggested" that we submit our draft article to him so that he could check the information it contained — "thereby avoiding a one-sided story."

We asked for answers to our questions and refused that he edit our story.

The workers alleged:

- They are paid R1,85 a day to load a quota of logs on lorries, and if they fail to make the quota the amount drops R1,60 a day.

They alleged that their pay varies between R29 and R41 a month.

(Calculated at a generous 27 working days a month, R1,85 a day works out to R49,95 a month).

- The handful of women working at the plantation are paid R1,00 a day. They get this amount only on meeting their quota of work.
- They get rations of meat, mealie meal, sugar and bread every Monday. But they have to use most of these up early in the week because they have no fridges.
- There are three communal taps for the "compound", which has just over 300 people. The water from one of these taps — drawn from a nearby dam — is muddy. Every time they wash white stuff in it, the stuff turns red.
- They use communal pit toilets.
- They work Saturdays too, except for one Saturday a month when they are allowed to go shopping.

NTE is the second Anglo American Industrial Corporation company refusing to answer allegations from workers.

Last month we published a story on De Hoek Saymills, where some women alleged they earned R28 a month and men a minimum of R52 a month.

The de Hoek personnel manager, Mr Mike Markey, refused to answer our questions, alleging that we had got our information from an employee or a former employee.

The de Hoek plantations are in the Northern Transvaal.

When we visited the NTE plantation in Hilton, we were turned away by an induna and a watchman, who threatened to arrest us.

People we tried to talk to at the "compound" said they would get into trouble if they spoke to us without the permission of the induna. A white man on the plantation also turned down our request that we go to the compound.

Workers who felt strongly about their "low wages" followed us out to tell us about the plantation.

The "single" men are housed one or two to a

• To Page 2

VII DISEASES OF THE CIRCULATORY SYSTEM

	W		A		C		B	
	M	F	M	F	M	F	M	F
0-1	0,51	0,33	1,10	0,21	1,80	1,59	0,13	0,10
1-4	0,05	0,06	0,02	0,10	0,15	0,17	0,02	0,04
5-24	0,07	0,06	0,09	0,10	0,14	0,17	0,11	0,13
25-44	1,09	0,44	1,31	0,70	1,54	1,27	0,73	0,78
45-64	9,75	4,44	14,76	10,70	10,33	8,25	4,61	5,01
65	42,19	32,93	55,30	47,72	43,12	40,90	13,55	14,21
ALL	4,70	3,81	3,22	2,25	2,74	2,69	1,14	1,20
NO.	9752	7926	1135	804	3114	3140	2390	1921

VIII DISEASES OF THE RESPIRATORY SYSTEM

	W		A		C		B	
	M	F	M	F	M	F	M	F
0-1	2,90	2,22	7,81	4,85	32,20	28,78	13,54	14,15
1-4	0,22	0,28	0,90	0,69	5,32	5,45	2,46	2,13
5-24	0,05	0,06	0,17	0,11	0,21	0,23	0,18	0,16
25-44	0,20	0,12	0,37	0,33	0,94	0,72	0,66	0,52
45-64	1,46	0,92	3,33	1,85	4,88	2,14	2,75	1,72
65+	11,52	7,89	16,51	13,42	20,07	10,49	9,32	6,19
ALL	1,12	0,97	1,22	0,79	2,87	2,22	1,37	1,24
NO.	2336	2019	430	282	3270	2588	2858	1951

IV DISEASES OF BLOOD AND BLOOD-FORMING ORGANS

	W		A		C		B	
	M	F	M	F	M	F	M	F
0-1	0,02	0,03	0,20	0,21	0,06	0,16	0,06	0,06
1-4	0,01	0,01	0,02	0,00	0,02	0,04	0,01	0,01
5-24	0,00	0,00	0,01	0,01	0,01	0,01	0,01	0,01
25-44	0,01	0,01	0,01	0,02	0,00	0,01	0,01	0,01
45-64	0,02	0,02	0,03	0,03	0,06	0,04	0,01	0,03

PE labour unrest hits new peak

Labour Reporter

Port Elizabeth's black labour unrest hit a new peak today as 200 workers from a previously unaffected industry walked off the job.

The stoppage by 200 shift workers at the SA Adamas paper mill followed the sacking of 700 workers at Ford and 600 workers at the General Tire and Rubber Company.

The paper workers gathered in the factory grounds, protesting against low pay, their liaison committee, no bonuses, and a quick turn-around of Sunday shifts.

It appeared that there was no trade union membership of any significance among the paper workers.

Meanwhile the national organiser of the black United Automobile Workers' Union, Mr George Manase, told The Star's correspondent today that those who walked out were "all losers."

They had undermined the influence of the union which could possibly have solved their problems diplomatically.

	W		A		C		B	
	M	F	M	F	M	F	M	F
0-1	0,52	0,18	0,50	0,41	2,02	1,56	1,26	1,20
1-4	0,05	0,05	0,02	0,07	0,45	0,26	0,23	0,18
5-24	0,03	0,01	0,05	0,04	0,09	0,06	0,09	0,07
25-44	0,03	0,01	0,04	0,05	0,23	0,09	0,13	0,06
45-64	0,07	0,07	0,21	0,11	0,36	0,13	0,26	0,07
65+	0,18	0,13	0,00	0,15	0,47	0,18	0,44	0,15
ALL	0,06	0,04	0,07	0,06	0,25	0,14	0,17	0,12
NO.	128	85	26	23	289	164	366	187

ROM 24 04/11/79 ROM 194

Another strike hits PE

PORT ELIZABETH. — More than 200 workers at the Adamas Paper Mill (Pty) in Port Elizabeth refused to go on shift yesterday in protest over a wide range of grievances.

The strike was the second at the plant in two weeks and brings to three the number of major plants in Port Elizabeth affected by industrial unrest in recent weeks.

Among grievances are low wages, a rejection of liaison committees and a demand for union representation, and no bonuses being paid.

Some workers said they were demanding the 75c an hour minimum wage be increased by 20c.

Paper mill officials refused to comment on the stoppage.

Meanwhile dismissed Ford company workers yesterday threatened to take legal action to get bonus pay they claim the company owes them.

Seven hundred workers paid off after a walk-out on Wednesday were due to meet in New Brighton again yesterday to discuss strategy and formally decide on legal action on bonuses.

Pay-outs at the company's Struandale plant proceeded quietly yesterday.

The General Tire plant in Port Elizabeth was quiet yesterday after the mass dismissal on Thursday of the plant's 625-strong black work force which followed a three-day wild-cat strike in demand of union recognition. — Sapa.

IV DISEASES OF BLOOD AND BLOOD-FORMING ORGANS

	W		A	
	M	F	M	F
0-1	0,02	0,03	0,20	0,2[illegible]
1-4	0,01	0,01	0,02	0,0[illegible]
5-24	0,00	0,00	0,01	[illegible]
25-44	0,01	0,01	0,01	[illegible]
45-64	0,02	0,02	0,03	[illegible]
65+	0,11	0,11	0,13	0,1[illegible]
ALL	0,01	0,02	0,02	0,0[illegible]
NO.	30	34	7	

VI DISEASES OF THE NERVOUS [SYSTEM]

	W		A		C		B	
	M	F	M	F	M	F	M	F
0-1	0,52	0,13	0,50	[illegible]				
1-4	0,05	0,05	0,02	[illegible]				
5-24	0,03	0,01	0,05	[illegible]				
25-44	0,03	0,01	0,04	[illegible]				
45-64	0,07	0,07	0,21	[illegible]				
65+	0,18	0,13	0,00	0,15	0,47	0,18	0,44	0,15
ALL	0,06	0,04	0,07	0,06	0,25	0,14	0,17	0,12
NO.	128	85	26	23	289	164	366	187

VII DISEASES OF THE CIRCULATORY SYSTEM

	W		A		C		B	
	M	F	M	F	M	F	M	F
0-1	0,51	0,33	1,10	0,21	1,80	1,59	0,13	0,10
1-4	0,05	0,06	0,02	0,10	0,15	0,17	0,02	0,04
5-24	0,07	0,06	0,09	0,10	0,14	0,17	0,11	0,13
25-44	1,09	0,44	1,31	0,70	1,54	1,27	0,73	0,78
45-64	9,75	4,44	14,76	10,70	10,33	8,25	4,61	5,01
65	42,19	32,93	55,30	47,72	43,12	40,90	13,55	14,21
ALL	4,70	3,81	3,22	2,25	2,74	2,69	1,14	1,20
NO.	9752	7926	1135	804	3114	3140	2390	1921

VIII DISEASES OF THE RESPIRATORY SYSTEM

	W		A		C		B	
	M	F	M	F	M	F	M	F
0-1	2,90	2,22	7,81	4,85	32,20	28,78	13,54	14,15
1-4	0,22	0,28	0,90	0,69	5,32	5,45	2,46	2,13
5-24	0,05	0,06	0,17	0,11	0,21	0,23	0,18	0,16
25-44	0,20	0,12	0,37	0,33	0,94	0,72	0,66	0,52
45-64	1,46	0,92	3,33	1,85	4,88	2,14	2,75	1,72
65+	11,52	7,89	16,51	13,42	20,07	10,49	9,32	6,19
ALL	1,12	0,97	1,22	0,79	2,87	2,22	1,37	1,24
NO.	2336	2019	430	282	3270	2588	2858	1951

SUNDAY POST, November 25, 1979

140 160 130 152 194

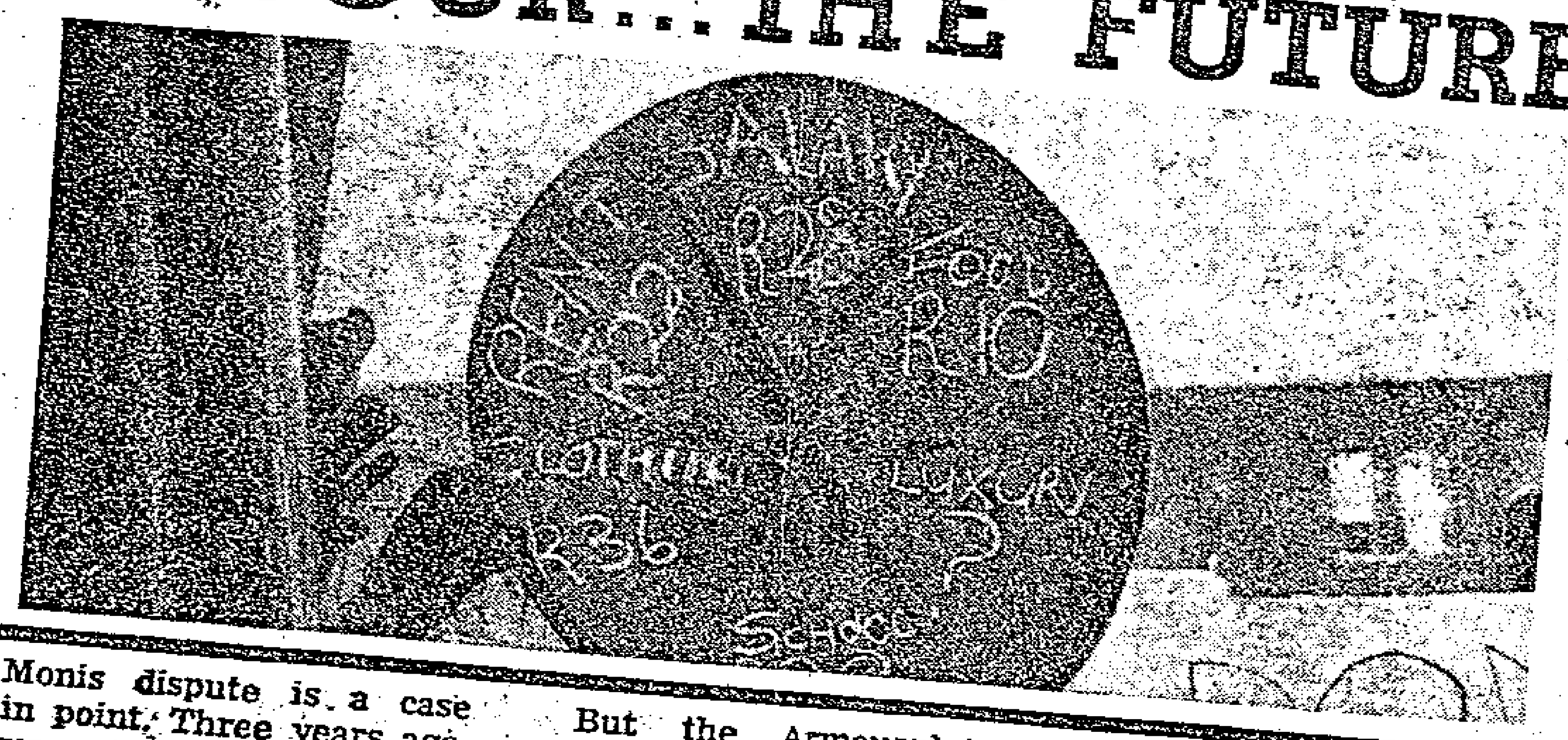
needed and there are not enough white hands to go around.

That is why bosses and the Government are saying that Africans should be allowed to do skilled work. This does not necessarily mean that Africans will be able to compete with whites for jobs. But it does mean that, as whites move up into more skilled jobs, Africans will take their place lower down on the scale and in jobs which they have not been allowed to do before.

Some people argue that this will create an African "labour elite" which will be happy to turn their backs on their fellow-Africans in exchange for better jobs and more money. Others believe that being allowed to do more skilled

BLACK LABOUR... THE FUTURE

Today SUNDAY POST carries the last of a three part series, written by our Special Labour Correspondent, on the future of South African workers and trade unions.



work will give many African workers greater power.

At the same time, there is little doubt that African workers are becoming stronger on the factory floor. The Fattis and Monis dispute is a case in point. Three years ago, many observers were surprised when African workers at Armourplate Safety Glass in Springs stayed on strike for nine weeks.

But the Armourplate workers lost. At Fattis and Monis, the workers won despite having to live on R15 a week for nearly seven months. They all got their jobs back at the same pay they were getting when the dispute began.

The last two weeks' events at Ford and General Tyre in Port Elizabeth provide further evidence of this. For the first time workers rallied behind a political leader and struck in support of him. Then workers struck twice more — once about overtime and then over an alleged racial remark by a white foreman.

Among other things, the strike showed that African workers in the Eastern Cape are not prepared to take what they see as insults to their dignity lying down.

What makes Ford more interesting is the fact that the company recognised an African union. But many of the workers seem to have felt that the union was not political enough and turned to the Port Elizabeth Black Civic Organisation (Pebco) and its leader Thozamile Botha.

Most employers try to avoid having anything to do with African unions — particularly the stronger ones. The union at Ford, the United Auto Workers, is a member of Fosatu and many Eastern Cape companies want nothing to do with it.

They must, therefore, have been surprised — and more than a little shocked — to discover that some workers find even these unions too "tame", because they are not directly involved in politics. And what happened at Ford is that workers decided to bring political issues onto the factory floor and to rally behind a political organisation there.

This doesn't mean that trade unions are going to be replaced by political organisations in the factory. Workers at Ford agreed that the two have different roles. The unions, they say, must represent workers in the factory. Organisations like Thozamile Botha's Pebco should represent them outside of it.

Ford shows that all unions will have to make sure that they are in touch with their members' feelings and that they push their case strongly. Otherwise workers will lose faith in the union and look elsewhere.

So African workers are beginning to show their muscle and African unions are likely to become stronger as a result. Many people believe that this is why the Government wants to recognise African unions. It will bring them into its new system, control them, and in this way make sure that only a "tame" union movement survives, say some trade unionists.

Some employers realise that African workers must have unions to represent them. If they don't, they will turn to other, more radical bodies.

But, instead of dealing with strong, democratic trade unions, they are seeking to replace them with some of the tamer "parallel" unions — or in some cases, unions started by the employer himself. Many of the independent unions, such as those in Fosatu and the Consultative Committee of Black Trade Unions, fear that some employers want to deal only with unions which will not cause problems for them.

Some labour sources are gloomy about the future of the trade union movement because of these trends. Both the new labour system and the growth of "parallel" unions, they fear, will make sure that the existing independent African union movement will either die, as those which have gone before it have, or become yet another "tame" union movement.

If workers have grievances, they say, they will try to do something about them. If their unions are strong and democratic, they will try to solve their problems by negotiation through the union leaders. But if the unions cannot help them — and they insist most of the "parallels" can't — workers will find other ways to express their views.

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25/11/79

PE unrest 'will continue'

AS LONG as management and black workers remain at odds further industrial outbreaks can be expected in Port Elizabeth, warn politicians, unionists and churchmen.

The warnings follow the mass walkouts involving more than 2 000 black workers at the Ford Cortina plant, General Tire and SA Adamas Paper Mill.

"Until the dominance of race in industry assumes a lesser role we can expect further outbreaks," Dr Alex Boraine, an Opposition labour spokesman in Parliament, commented after a visit to Port Elizabeth this week.

Dr Boraine called on management to exercise patience, understanding and skill.

Sunday Post 25/11/79 194

A leader of the National Union of Motor Assembly and Rubber Workers, Mr Fred Sacks, said unless adequate trade union facilities that had the support and confidence of the black workers were created conflicts like those experienced in Port Elizabeth would continue.

He said the management-dominated liaison committee could never represent black workers in shop-floor situations. Because of the laws which prevented blacks from registering their unions over the years the unions were unable to adequately represent the people.

Mill 22/11/79

Star 26/11/79

Strikes in PE show signs of breaking

Own Correspondent

The strike by more than 1 500 black workers at three Port Elizabeth companies seemed to be breaking today.

About 1 000 workers turned up at Ford and General Tire to seek employment to replace the 1 300 black workers who lost their jobs because of last week's strikes.

And 100 of the 170 workers in the first shift at the Adamas Paper Mill also resumed work.

The remaining 70 were sacked in keeping with a company ultimatum.

At Ford's Struandale plant, where 700 lost their jobs, about 400 turned up today. Only a handful were Africans, about 10 of them from the ranks of the strikers.

The leaders of Ford's strikers today reaffirmed their determination to hold out until their grievances were resolved.

At General Tire all the strikers turned up to seek re-employment, according to a spokesman for the workseekers.

Mill workers were 'intimidated'

PORT ELIZABETH. — Intimidation of black employees of the Adamas Paper Mill in Port Elizabeth has been reported after an announcement by the Adamas management on Monday that workers would be reinstated yesterday.

The managing director, Mr A C N Malkin, said yesterday the majority of shift-workers failed to report for duty on Monday afternoon and night.

Workers had arrived at the factory, but had been accosted by blacks outside and had left, Mr Malkin said.

On Monday 85% of the day staff had turned up but many had left after reports that their families would suffer and their homes would be set alight.

Mr Malkin said 40% of the day staff arrived for work yesterday.

Meanwhile the Ford Motor Company has received about 900 job applications since the dismissal of about 700 black workers at its Cortina plant last Wednesday. Forty appointments have been made, including 20 of the workers who walked out on Wednesday.

Ford's public relations director, Mr Dunbar Bucknall, said it was expected that a further 60 workers, including a number of those involved in the walkout, would be appointed today.

The workers appointed on Monday resumed work at the Cortina plant yesterday. — Sapa.

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~~152~~ ~~134~~ 186

8pm 28/11/77

~~186~~ ~~192~~

Another 150 get the sack

28/11/79

SA ADAMAS Paper Mill in Port Elizabeth yesterday dismissed a further 150 black workers bringing to nearly 1 500 those who have lost their jobs through industrial disputes in the last two weeks. (194)

Management confirmed yesterday that dismissals continued throughout Monday and yesterday as workers refused to report for their shifts.

Early yesterday Adamas workers lined the street in front of the plant and refused to go on shift.

Many said they had been among those who had returned to work on Monday but downed tools again yesterday in sympathy of fellow workers who had been dismissed for failing to report for work on the early morning shift.

Statements by management that employees had been intimidated were rejected by workers who said they had acted in sympathy.

Management said it had not yet begun employing staff although a number of those sacked had indicated they were prepared to return.

Workers said they had been told to return today to collect their severance pay. Among issues originally raised by the strikers was low pay and a demand for union recognition.

In a statement released yesterday general manager Mr C Malkin said that approximately 40 percent of the work force reported for duty yesterday morning. He again said intimidation was responsible for the stayaway.

At the two other Port Elizabeth industrial troubled spots — Ford and General Tire — employment continued yesterday as the firms sought to fill the vacancies left by the 1 300 workers sacked.

A spokesman said nearly 500 work-seekers had applied at all plants on Monday and another 400 yesterday.

The spokesman said that Ford was not consciously adopting a slow employment policy to give former workers time to return but was looking for experienced workers.

Yesterday at least 40 people were employed of whom half were former Ford employees. Another 60 are likely to be taken today.

Star 29/4/79 (~~192~~) (194) (~~139~~) (~~152~~) (~~1600~~) (~~337~~)

PE labour troubles are foretaste of the 1980s

The industrial troubles that have erupted in Port Elizabeth are a fore-taste of the delicate problems that can come in the wake of mean-ingful change in South Africa, writes GRAHAM FYSH. They con-cern the problems of the 1980s.

Twenty-nine-year-old Johnson Ngodwana at first cannot explain why he went on strike at Ford's Struandale plant in Port Elizabeth. Pushed for an answer, he finally says with a touch of bitterness: "The white foreman was rude to me."

His revealing remark goes right to the heart of the industrial trouble plaguing the "friendly city" — trouble that has led to mass walkouts involving 1 300 workers at Ford, General Tire and Adamas Paper Mills.

These are not regular industrial disputes. For one thing, they do not concern pay and working conditions as much as they concern political and racial clashes.

FAR AHEAD

Few deny that the Ford plant out of which Ngodwana and 700 of his co-workers walked last week is one of the most advanced in South Africa as far as labour practices are concerned.

The director of the Midlands Chamber of Industries, Mr Brian Matthews, asserts that Port Elizabeth employers — and notably Ford — are three to four stages ahead of their Transvaal counterparts when it comes to pay and working conditions.

"The Pretoria-Witwatersrand-Vereeniging area has still to go through that," he says. "We have an industrial council and all we have to do is to accommodate the black trade unions into the existing system. That's a lot easier than starting from scratch.

"We have been working with the unions and their aspirations for a long time. And equal pay for equal work has always been accepted by the employers."

IRONIC

Ford's Mr Fred Ferreira, director of industrial relations, assets: "We have what is recognised as very enlightened practices, including substantial training programmes, including promotional prospects for non-whites and including encouraging people to see one another as people and not members of a particular race group."

It's in tune with Wiehahn and Riekert. It's the mood of the 1980s.

But, ironically, it is this

Mr Thozamile Botha ... given "ultimatum."

very enlightenment that is the reason for Ford's troubles.

Encouraged by their advancement, blacks want to advance even more quickly. To quote an unidentified black speaker at a recent Port Elizabeth meeting: "My children have been in darkness for such a long time, now that they see the light they are almost blinded by it."

STIRRED

But whites see the advancement that has already taken place as too fast. They are frightened and angered by what they see as preferential treatment for blacks. They resent black promotions, viewing them as a threat.

Rising black expectations meet white fears and prejudices on the factory floor. The heady mixture is stirred by militants and reactionaries to create a boiling political cauldron.

Comments Mr Ferreira: "It is in a way tragic that the company that has been in the forefront of viewing people as people has been caught — possibly as a consequence of its own actions, in the sense that it engendered expectations that cannot be fulfilled overnight in any society.

"On the other hand, people see themselves as having been deprived for many years and consequently they want more immediately."

Mr Mathews sees the situation as a reflection of the changing political situation in South Africa between black and white.

Dr Alex Boraine, MP, Progressive Federal Party labour spokesman, who made a special study of

Parent company unlikely to act

The Star Bureau

NEW YORK — The American parent company of Ford in South Africa has not yet received the plea for help which black workers have reportedly sent it.

But it seems unlikely that the US company will agree to be drawn too far into the matter.

Mr W R Prutow, personnel and organisation manager of Ford's Middle East and Africa Division, said last night: "We cannot react fully until we have seen the letter.

"But our initial position is that the management of Ford of South Africa represents Ford Motor Company in this matter.

"Ford of South Africa has already indicated its willingness to consider any former employee who applies for rehire.

"The management of Ford of South Africa remains ready to discuss any job-related grievances through established union channels and will continue to investigate and participate in resolving employee relations issues."

Mr George Marase ... aim is "liberation."

the Port Elizabeth industrial situation, says: "What is coming through is that what starts as a normal grievance in a plant assumes much wider implications in terms of other grievances at home and in politics.

"It is not simply a labour matter."

An examination of the incidents that triggered two black walk-outs at Ford reveals the nature of the discontent.

The first came after black civic leader Mr Thozamile Botha ("the Dr Ntatho Motlane of Port Elizabeth") resigned from his work at Ford. Mr Botha, head of the recently formed Port Elizabeth Black Civic Organisation (Pebco), was told he wa[s] taking too much time of[f]. He interpreted this misun[der]derstanding as an ultimat[um] um that he abanton Peb[co] co or leave Ford.

He chose to leave Ford. A meeting was held th[e] next day to patch up th[e] dispute and Ford believe[d] it was successful and th[e] misunderstanding ha[d] been cleard up. But th[e] Pebco leader persisted i[n] his assertion that he ha[d] been forced to resign.

It was then that 70[0] workers left with him.

This, then, was a mas[s] walk-out in support of political leader.

REACTION

The men later returne[d] to work, but walked ou[t] again following reporte[d] remarks by whites at th[e] factory that were disp[a]raging of blacks. One re[mark] mark was said to be tha[t] blacks could not behav[e] themselves in the inte[grated] grated canteen.

In both cases the issue[s] were more political tha[n] industrial. The white re[marks], marks, particularly, wer[e] a reaction to enlightene[d] practices which, in turn, prompted a reaction fro[m] the blacks who no longe[r] are prepared to tolerat[e]

45-64	1,46	0,92	3,33	1,85	4,88	2,14	2,75	1,72
65+	11,52	7,89	16,51	13,42	20,07	10,49	9,32	6,19
ALL	1,12	0,97	1,22	0,79	2,87	2,22	1,37	1,24
NO.	2336	2019	430	282	3270	2588	2858	1951

[illegible]	0,07	0,07	0,21	0,11	0,36	0,13	0,26	0,07
65+	0,18	0,13	0,00	0,15	0,47	0,18	0,44	0,15
ALL	0,06	0,04	0,07	0,06	0,25	0,14	0,17	0,12
NO.	128	85	26	23	289	164	366	187

The objective ...

Adamas mill takes back 80 workers

194

ROM 30/11/79

Own Correspondent

PORT ELIZABETH. — A total of 80 workers dismissed by Adamas Paper Mill after strikes have been re-employed by the company, the general manager, Mr C Malkin, said yesterday.

"I've been quite encouraged by the reponse. This is helping considerably to get things back to normal.

"Judging by the reaction of those who have returned, we expect a lot more to come back," he said.

Applications were being processed as fast as possible, he said.

Meanwhile, the mill was yesterday still paying off workers who were laid-off or fired earlier this week.

At another trouble spot, the Ford Motor Company, the recruiting programme continued yesterday with many dismissed workers among those being taken on.

Mr Thozamile Botha, chairman of the Port Elizabeth Black Civic Organisation and one of those fined last week, said it was up to individual workers to decide whether they wanted to reapply for their jobs.

He said he was confident a letter sent by former employees to Ford's American parent company in Detroit, asking for a commission of inquiry to investigate worker grievances, would bring some response.

He confirmed that Pebco had had discussions on Monday with the Cape Town based United States Consul, Mr Chuck Ohlgren, and a senior labour attache from the embassy in Pretoria when the men visited Port Elizabeth this week.

Mr George Manase, national organiser of the United Automobile and Allied Workers' Union, said he also met one of the officials.

Asked if Pebco support was as strong now as at the height of labour unrest, Mr Botha said it was, in fact, growing all the time.

Mr Manase said the union had decided to seek a mandate from former Ford union members to take up their case with management.

"It is up to the members to decide whether we should represent all the dismissed workers or only the union members," he said.

Members had approached the union to find out what actions it could take.

In a statement issued yesterday, Ford management said the company was continuing its investigation into grievances with the full participation of the union.

The company viewed the union as the official channel of communication with workers.

"But we are prepared to enter into discussion with any other body which is representative of workers, provided the union participated in these discussions," it said.

The statement said the company was prepared to re-employ former workers and, in fact, gave them preference over new workers.

The company's only knowledge of the letter sent to America by former employees was through Press reports and it could therefore not comment on it, the statement said.

forced into the upper parts of the space-time box by ignoring several of the original definitions. As more examples of such forcing occurred, so the original definitions of the slots were loosened and expanded to contain an ever-increasing variety of artifacts. Survival of the revised framework was soon threatened again because the boundaries between the large, block-shaped subdivisions had become too blurred. Also, quantitative analysis was beginning to permeate archaeological procedures (Mason 1957) and the urgent need arose for numerically undistorted samples, complete artifact

Wonderwerk, Roso Cottage, and several other miscellaneous assemblages including the long-ignored "Coarse Stillbay" reported from between the Second Intermediate and LSA in the pioneer excavations at Peer's Cave (Keith 1931). Although a few categories have been tentatively isolated, such as the Robberg Industry (Deacon 1977), an increasing number of assemblages remain vaguely labelled (e.g. "Early LSA") and floating uncertainl within the gross subdivisions of the Middle and Later Stone Ages.

To avoid the ambiguities inherent in even these large categories, n increasing number of authors have recently turned to terms such as locene and Upper Pleistocene to define broad units. Thus a third sytem being introduced into the literature. The time-axis of the framework is early in the throes of its fourth major crisis.

evelopment of the space-axis

It is hardly surprising that the space-axis of the framework has ndergone similar episodes of strain during the course of its development, ut the causes were not always the same as those outlined above. W.D. Gooch 1881) was the first to recognize the need for subdivisions in South Africa. lthough the classifiers of his times in Europe appear to have avoided this pproach. By subdividing his field observations into five geographical egions, Gooch anticipated that we should not expect the Stone Age continuum o advance in an orderly progression of contemporary phases throughout the ubcontinent. However, the later accumulation of field results showed that s regional/landscape slots did not covary with "culture-areas" represented mapped distributions of similar-looking stone artifacts. Although Goodwin 946b) was attracted to regional subdivision, he seems to have realized is and the units known as Cultures and/or Industries became the common proach to both spatial and chronological subdivision of the three one Age blocks.

Inevitably, new Cultures tended to spring up wherever a pioneer chaeologist happened to be located - either because of his place of loyment or because of his personal field interests. The first ones to ear in the literature tended to cluster around Cape Town, Grahamstown, Kalkfontein dam on the Riet River, the diamond-diggings on the Vaal, so on. By the time of the 1929 meetings of the British Association, t uncharted regions still existed between these oases of research.

(194) 30/11/79 DD

80 sacked workers get their jobs back

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Mr George Manase, national organiser of the United Automobile and Allied Workers' Union, said he also met one of the officials.

Asked if Pebco support was as strong now as at the height of labour unrest, Mr Botha said it was in fact growing.

Mr Ohlgreen confirmed yesterday that American diplomats had discussed the Port Elizabeth industrial unrest with the Ford Motor Company, but this was not why they had come to Port Elizabeth.

In a telephone interview, Mr Ohlgreen said he and another senior diplomat had discussed other matters and visited other firms.

"It is part of my work to regularly visit branches of American mother companies in Port Elizabeth," he said.

Mr Ohlgreen confirmed that he had met Mr Thozamile Botha.

"I met Mr Botha at a social gathering. We spoke informally and the strikes were not specifically mentioned." — SAPA-DDC.

Post
5/12/79

Normal work returns to strike-hit firms

AFTER three weeks of labour unrest in Port Elizabeth, work at the three unrest beset plants is returning to normal, largely owing to many dismissed workers returning to seek re-employment.

Adamas Paper Mill has been back to full production since the weekend while Ford's Cortina plant is on low level production.

General Tires plant is believed to be back in production though no one at the plant or at head office was either available for or prepared to comment.

The public affairs director of Ford, Mr Dunbar Bucknall said yesterday that since the recent walk-out of 700 Cortina plant workers 263 workers had been employed there. Of them 177 had been former employees.

The recruiting programme was continuing. Production would be in full swing again once enough people had been recruited. Applications were still flowing in, and preference was given to former employees.

He said the United Automobile and Allied Workers Union would report back to the black workers at 12 noon after meeting yesterday and on Monday with Ford.

He said he believed the response to what the unions reported back would probably influence the number of former employees still to return for re-employment.

One of the issues negotiated by the union is re-instatement of all dismissed workers without forfeiture of benefits.

Mr Backnall said white workers union and other representatives were also present at meetings with management to resolve grievances.

DISMISSED

He said about 600 workers would be employed to replace the 700 dismissed workers. The smaller number would enable the plant to return to a five instead of a four day working week.

The managing director of Adamas Paper Mill, Mr Clive Malkin, said in an interview yesterday that at least 200 of about 250 workers dismissed had been re-employed. No new people were taken on.

Although more former employees were being taken on, the number would eventually be less than 250 because of rationalisation.

No grievances had formerly been presented to the company and he believed the walkouts were politically motivated and largely caused by intimidation. However, the company was meeting the liaison committee with a view to resolving possible grievances.

He said a new wage agreement of which negotiations started before the unrest was coming into effect at the end of the month and had probably contributed to workers' return to the company.

No spokesman was available at General Tires plant in Port Elizabeth where 625 workers were dismissed after a walkout. The managing director, Mr R G Nicholson, was not available for comment at the Johannesburg head office.

When the secretary treasurer, Mr F Wilde, was approached, he said he did not know what was going on at Port Elizabeth plant and nobody else at head office did.

It is believed, however, that the plant is in full production and that most of the 625 dismissed workers were re-employed.

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(194) Post 6/12/79

500 to stay out at Ford

500 sta[y] ou[t at] Fo[rd]

BLACK WORKERS dismissed at Ford Motor Company's Cortina plant, a fortnight ago yesterday reaffirmed their stand of staying away from work unless all fired workers are reinstated.

The decision was taken unanimously at a special meeting attended by more than 500 workers at the Holy Spirit Church Hall, Kwazakhele. The workers also decided that their fringe benefits, in bonuses, pension and medical aid, should be guaranteed. However, they were prepared for management to consider their grievances when they were at work.

From POST Correspondent

The decision by the workers has dashed hopes by the United Automobile Workers Union and Ford management that the long-drawn-out dispute could be resolved this week under the auspices of the trade union

Yesterday's meeting was also attended by workers from General Tire and SA Adamas Paper Mill, two other plants affected by the industrial strife during the past two weeks, was convened to discuss a report by the trade union from the management which was spelt out to the workers at another meeting in Gelvandale yesterday.

At a lengthy meeting in Gelvandale on Tuesday, the Ford employees unanimously expressed themselves in favour of continuing with their demands that the company reinstate them all without loss of benefits.

SHARP

The meeting was characterised with some sharp attacks on union officials.

The workers also disapproved of the decision by management reached with union officials that workers should reapply individually for their jobs.

Mr George Manase, national organiser of UAWU, who convened the Tuesday meeting, spelt out Ford's refusal to reinstate all workers and said the company was prepared to re-employ as many as possible of the former Cortina plant workers.

Mr Manase also disclosed that Ford had undertaken not to employ any worker any longer until the dismissed workers had given their decision.

He said the union was more than 90 percent sure" the workers would get their bonuses, a sore point among the more than 700 workers who walked out.

Mr Freddie Sauls, secretary of the National Union of Motor Assembly and Rubber Workers of South Africa, had appealed to the workers to go back to Ford so that his union could put pressure on Ford from inside.

"There can be no pressure on Ford from outside," he said. The workers were stronger inside the plant.

So far, about 177 of the 700 Ford dismissed workers have been re-employed, but the situation is far from normal.

At yesterday's meeting, the workers decided to appeal to those workers who have returned to their jobs. However, they made it clear that as from today, no workers would report to Ford Cortina plant.

One of the workers dismissed by General Tire reported to the meeting that of the 625 who were dismissed, 38 have not been re-employed.

The situation at SA Adamas has returned to normal, although workers claimed that several have been victimised by management.

The workers have referred the matter back to management through union officials.

Another workers' meeting will be held in the Holy Spirit Church Hall tomorrow starting at 10 am.

PAPER AND PACKAGING

Risky, but rewarding

F.M. 7/12/79

(194)

In one form or another paper and packaging touches the lives of everyone. The products range from toilet rolls to share certificates, from cigarette packs to cement sacks. As such, it is particularly sensitive to changes in consumer expenditure. Not surprisingly, in the past 12 months the JSE's paper and packaging sector has advanced 50,5% compared with an industrial market appreciation of 57,6%. But it was a rise in a year of relatively low demand and excess capacity in the industry. Even so most companies reported strong profit growth, largely as a result of internal rationalisations and acquisitions.

The next 12 months, however, could see the sector out-performing the industrial market. According to a recent report on the South African paper and packaging industry by BIS Market Research, prospects are brighter than at any time since 1973. And the industry has more cause to be optimistic than was the case early in 1978.

Demand growth in 1978 was slow, averaging a mere 3,8% to 537 000 t. This could be an understatement, however, as the figure does not take into account destocking during the year, particularly by corrugated converters. Corrugated and paper sack converters had a particularly good year, and, on the whole, the mills recovered from what was a very depressed 1977. The outlook for 1979 is growth of some 4,5% to 561 000 t.

BIS cautions that the projected growth rate for corrugated packaging materials over the next five years may be a little illusory because of a low 1978 base. Destocking may have meant a higher base and therefore a realistic growth projection over the five years to 1983 is probably 5% annually. It also notes that sack bag producers would have been hardest hit by the events in Iran, and, despite efforts to find other markets, lower tonnages could be sold in 1979. Longer-term, however, an upturn in the cement industry should underpin any fall.

Industry's capacity is still under-utilised particularly in the corrugated materials, folding carton and paper sack sectors. This capacity could be sufficient to meet demand through to 1990 concludes the BIS report.

Nampak and Kohler are SA's largest paper and board packaging producers. They have embarked on extensive rationalisation programmes in the past two years, which have resulted in strong profit growth. However, there is a limit to large scale rationalisation in SA as transport and cost factors necessitate maintenance of factories in some remote areas to serve seasonal requirements. For example, apple packing factories may be far from main centres and idle during the off-season.

An added cause of surplus capacity, particularly in the corrugated material sector, is the advent of a number of new producers — often operating in conjunction with non-paper producers such as Metal Box. The folding carton market is similarly faced by competition from new converters, resulting in pressures on margins.

This should lessen the need for extensive capex in the next few years, although competitive pressures dictate the need for modernisation.

Though there is scope for eventually reducing excess capacities, the increasing number of new competitors, the need to hold market share and potential cost increases are drawbacks. "Margins look like being squeezed," says Kohler MD Tony Crosby.

Major supplier Sappi, for example, increased prices in January this year by an average 9%, and Huletts' Ngoye Paper Mills lifted fluting and liner prices between 8,5% and 12%. Paperboard prices jumped 15,5% last year, while non-white lined and white lined grades rose 11% and 14,5% last January. And in mid-year, both Sappi and Ngoye lifted prices another 5%.

The raw material supply side, which has hamstrung packaging companies recently, also shows little real sign of improving in the near term. Nampak chairman Bas Kardol says suppliers who have strong export markets sometimes struggle to satisfy local demand. Understandably, they are loath to pass up exports for fear of being unable to replace them should local demand fall. Kardol says these problems were also caused by technical hitches and closures for modernisation or expansion. Nampak has been on a set allocation since June, and while this has not led to extensive difficulties, no supply improvement is likely before March next year. The recent acquisition of Premier Paper should provide some relief.

Local packaging companies cannot easily obtain import permits, so they are subject to the availability of local raw materials. As happened last year and is continuing at present, this means periodic shortages. At one stage in 1978, for example, this problem became so acute that Sappi imported 3 000 t unbleached kraft linerboard and 2 500 t from Spain of unbleached extensible sack kraft to ease the situation. MD Basil Landau feels there could be some improvement as Sappi, for one, is not chasing exports until local demand can be satisfied.

New companies entering the industry will not alleviate supply problems. But, generally, these new operations could be at a disadvantage in the longer-term. They do not have the financial muscle to hold the large stocks needed to offer a complete packaging service. Packaging is a fairly high-risk industry, and says Tony Crosby, higher returns are justified. But "nobody will reimburse us for stocks bought ahead of, say, the apple season when the crop turns out a disaster."

Newcomers may, however, battle to compete in terms of product innovation because the large local groups have technical arrangements with overseas companies to keep up to date with latest packaging marketing concepts. Says Crosby: "It's not only that we spend a lot on R&D itself, but most of our budget goes on trials and testing ideas from overseas and suiting them to local conditions. Not all foreign packaging products are suitable for SA.

Non-paper market leaders Cons Glass and Metal Box also have close ties with overseas corporations. Cons Glass MD Jan Robbertze says his group has a major knowhow agreement with Owens Illinois, a major US producer that spends $50m a year on basic research.

After the past two year's growth, all the major companies are looking for further gains in 1979-80. Basil Landau is confident of reasonably well sustained economic growth for SA, with packaging activities growing in tandem. This would mean demand growth of something like 5%. He says: "Packaging is now a total marketing concept. The expertise of local packaging operations is such that a user can have a pack designed and printed to meet his needs almost overnight."

Crosby is confident of the industry's future. He says the industry is underrated, which is its own fault, while the average user tends to penny-pinch on packaging, which is short-sighted. "On a supermarket shelf it is not the staff that does the selling, it's the packaging. If the packaging was not there it would require a larger staff to sell, and possibly there would be more pilfering."

Kardol agrees competition is not lessening, with Metbox entering the market with its minority stake in Independent Packaging and two smaller operations expected to begin trading soon. But Nampak intends to stay ahead as SA's largest packaging company through rationalisation, modernisation and improved efficiency. Last year's acquisitions of Rubenstein Plastics and Foamshire will add further to 1979-80 prospects, as will the Premier acquisition if it is approved. Kardol expects the market will grow by about 6% this year, with Nampak at least maintaining its share.

FORECAST APPARENT CONSUMPTION IN 000 t

	Year-end December 1978	June 1979	% Change 1978-79
Corrugated materials	312	320	+8,0
Cartonboards	14[illegible]	148	+4,3
Sack papers	66	60	—6,5
Bag wrappers	19	19	—
Wrapping papers	20	20	+5,3
Total	661	673	+4,6

BIS MEDIUM-TERM FORECAST

	1983	Increase 1978-83 (000 t)	Average annual % Increase
Corrugated materials	383	+94	+5,8
Cartonboards	170	+31	+4,1
Sack papers	80	+8	+2,6
Bag papers	19	—	—
Wrapping papers	22	+3	+2,9
Total	674	+137	+4,7

Crosby says continuing rationalisation benefits plus diversification will keep Kohler growing. For example it has bought three plastic packaging companies in the past year, Trident, Lindale and Blopak. And Nampak, he says, can supply fast. "About 95% of the orders we have in hand have to be fulfilled within 10 days."

Even if the economic recovery is not as strong as forecast, Crosby is confident. Tougher economic conditions mean more smaller packaging items. And there is still the black market. In a developing country packaging is a growth area as consumers buy smaller lots, each of which requires to be packed. "Packaging must be a winner," he says.

After three plastic acquisitions, he is not fazed by recent huge price increases in plastics raw materials. He says for weight and distribution reasons, as well as for marketing, plastic packaging must grow. Most industry managers agree. Cons Glass chairman Jan Robbertze says his group's plastics plant is running very close to capacity and plastic's advantages meant little switching to other products when raw material prices jumped by around 35% earlier this year.

Metal Box holds something like 90% of the beverage can industry, and despite continuing huge losses at its Walvis Bay factory, expects higher profits this year. This group has seen large diversification recently into Metrol and Bartons, and new products, like the two-piece can, should keep the company ahead of its competitors. MD Derek Jacobs told the *FM* (*Fox* November 23) the group was more than satisfied with the start of the packaging operation, which began producing after only six months.

Cons Glass, which boasts a lower-cost product, is Metbox's major competitor. Glass and metal are mutally exclusive in certain uses, but in the beer and soft drink markets the battle will rage. The two-piece can was matched by the screw-top dumpy, and further product competition cannot be far off.

Cons Glass, SA's largest glass maker with interests in plastics, is looking for a good year with demand for its products outstripping the industry average. But, as with the paper packaging companies, competition in every sphere of business is intense, says Robbertze. However with improving efficiency, he hopes Cons Glass will not have to raise selling prices more than 10% before mid-1980.

The outlook for costs is not as formidable perhaps as for other packaging sectors since Cons Glass relies more heavily on natural fuels like coal gas, and prospects for soda ash are not too bleak in view of the US recession.

Capex to stay ahead will increase as the glass and plastic factories are running close to capacity. Robbertze expects demand for glass will grow by about 8%-10% next year, which is ahead of forecasts for the economy. Growth in Cons Glass' plastics division is forecast around 12,5% compared with an 8% industry average.

Although the packaging market has already shown strong gains, further advances are on the cards. There are downside risks, but share prices are supported by attractive yields.

Des Kilalea

194 152 142 140

Strikers claim victimisation

FORMER employees of two of the major plants hit by strike action in Port Elizabeth recently have claimed victimisation by management in the re-hiring process.

At a packed meeting of dismissed Ford, General Tire and Adamas workers this week an Adamas worker claimed that he had not been rehired because of his role in negotiating with management during the strike.

The worker — who refused to be identified — said he had been told he was an "agitator" by a foreman when he re-applied for work with his fellow strikers.

Also at the meeting were a number of former General Tire workers who said that more than 30 of them had been excluded from re-engagement when the firm took on 600 of its former employees last week.

On of the workers who played a leading role in presenting the workers case to management said that he had been told that he would not be re-employed as he was a "troublemaker".

Other workers who claim they were not involved in the leadership role in the strike have meanwhile claimed that General Tire is leaving them in suspense.

An elderly employee of eleven years' service said that the firm had not yet fully dismissed him and expected him to report to the factory gates every morning on the off-chance of employment.

"Why can't they just tell me straight, whether they want me or not. I have seven children and can't afford this up and down bus ride."

Mr A Malkinson, manager of the Adamas mill refused to comment on allegations of victimisation in the rehiring process but admitted that a "rationalisation" programme had been followed. He said that 200 Adamas workers dismissed for wildcat strike action had been taken back although it appeared that a number of workers had "decided to take an ·ly vacation" and and not re-apply.

A General Tire managing director, Mr R G Nicholson was unavailable for comment yesterday but in the past has said that selective re-employment of the dismissed workers was the firm's prerogative.

Meanwhile Ford Motor Company management was yesterday back in discussion with the United Automobile Workers Union over the fate of the more than 500 dismissed Ford workers still boycotting employment offices at the company's Cortina plant.

A Ford spokesman repeated yesterday the company's stand that it was prepared to offer employment to the workers individually but would reject the workers demand that they all be re-instated.

A two day moratorium agreed to by the company ended yesterday and the spokesman confirmed that the company would continue recruiting as before.

The period of grace was allowed by the company to give an opportunity to the dismissed workers to discuss with their union the management stand. So far 177 of the original 700 dismissed workers have gone back.

The Ford spokesman also claimed that the attendance figure of the workers who have returned to work was normal yesterday despite indications that a mass meeting of dismissed Ford workers yesterday that they might come in for some intimidation.

Workers still wash in the open

Post 12/12/79

114

Women workers washing themselves after a hard day's collecting of dirty waste paper at Lyons Cartage Company in Industria.

Story and pics by Peter Setuke

LYONS Cartage Company (Incorporating Reef Waste Paper Collectors) still have black women washing in the open as there are no washbasins, safety-lockers and cloakrooms.

The women workers were found with buckets in their hands and facecloths used as towels while some of them were in a long queue awaiting their turn at the only washbasin in a dilapidated lavatory in the yard.

Mr Harvey Lynn, the manager of the firm, was not available for comment. The director of the company, Mr K G Restall, said: "The women are in a better position than those who worked for this company some fifteen years ago, when one comes to recall that the firm is now thirty years old.

"We have already received our plan from the local factory inspectors, but building contractors are on holiday as firms are closed for the festive season, meaning that we have to wait for next year to erect change rooms for our women workers.

Mr Restall added: "There will be lockers for the safekeeping of the workers' personal belongings and the new rooms will have showers with hot and cold water, where the women can bath in privacy.

EXPENSIVE

"But this will be a very expensive project as we wish to accord our workers the best of working conditions and the utmost comfort they deserve, while we wish to increase the staff as the firm is expanding. This will take time," said Mr Restall.

The women workers complain that they have to wash in the presence of men, who are not their husbands and "this unholy practice" is not even done in their own homes.

They said that since **POST** revealed their poor working conditions, the management has only gone so far as to provide them with an empty room without curtain for any privacy and they are embarrassed by the men who peep at them through the uncurtained big windows.

The women complain that this room is too small for all of them and it is useless since they have to go and carry water in buckets from the tap of the only washbasin in a dilapidated lavatory in the yard.

They said they keep their clothing and personal belongings under a shed in the yard as there are no lockers.

IV DISEASES OF BLOOD AND BLOOD-FORMING ORGANS

	W		A		C		B	
	M	F	M	F	M	F	M	F
0-1	0,02	0,03	0,20	0,21	0,06	0,16	0,06	0,06
1-4	0,01	0,01	0,02	0,00	0,02	0,04	0,01	0,01
5-24	0,00	0,00	0,01	0,01	0,01	0,01	0,01	0,01
25-44	0,01	0,01	0,01	0,02	0,00	0,01	0,01	0,01
45-64	0,02	0,02	0,03	0,03	0,06	0,04	0,01	0,03
65+	0,11	0,11	0,13	0,15	0,13	0,15	0,03	0,03
ALL	0,01	0,02	0,02	0,02	0,02	0,03	0,01	0,01
NO.	30	34	7	7	21	31	23	21

VI DISEASES OF THE NERVOUS SYSTEM AND SENSE ORGANS

Huletts gets all Hypack

RDM 22/12/79

(194)

By ELIZABETH ROUSE

HULETTS Corporation has announced an R11-million internal deal whereby Hypack Products will become a wholly owned subsidiary of Huletts Investments.

Huletts Investments, which holds 49% of Hypack, will acquire the rest of the share capital from S & T Investments (Pty), the holding company of Huletts.

The acquisition will be satisfied by the issue to S & T of 2 300 000 Huletts shares. Based on Huletts market price of 480c on December 7, the date on which the proposal was submitted to S & T, the price put on the deal is R11 040 000.

If the proposal is approved, Huletts will enjoy the benefit of the profits of Hypack from April 1, 1979, except for the interim dividend of R276 000 for the year to March 1980, which will be paid by Hypack to S & T.

Hypack's taxed profit for the year to March 1980 is estimated at R2 625 000.

The Huletts ordinary shares to be issued to S & T will not rank for the Huletts interim dividend of 12c to be paid in February 1980, but they will participate in the final dividend.

Hypack makes paper sacks, balers and bags for use in the sugar industry and for industry in general at Rossburgh, Durban. The constitution of Hypack as a wholly owned subsidiary of Huletts will expand the group's interests in the packaging field and facilitate development of this division.

Consolidation of Hypack in Huletts results for the current year will have an insignificant effect on earnings calculated on the historic cost basis but will increase marginally earnings calculated on the replacement value basis.

Huletts net asset value of 315c a share, determined on historic cost, will be reduced by about 5,2c and its net asset value of 658c on a replacement value basis, by about 42,6c a share.

Huletts shares rose by 50c to 550c yesterday.

194

MANUF. Paper

1-1-80 - 31-12-80

	W		A		C		B	
	M	F	M	F	M	F	M	F
0–1	0,51	0,54	2,10	1,24	7,00	6,86	19,69	19,83
1–4	0,04	0,04	0,21	0,35	0,75	0,77	2,58	2,48
5–24	0,01	0,01	0,09	0,06	0,08	0,03	0,21	0,23
25–44	0,05	0,05	0,28	0,17	0,42	0,31	0,72	0,78
45–64	0,44	0,18	1,73	1,04	1,73	1,02	3,80	3,64
65+	1,84	1,95	8,32	6,56	8,55	5,71	14,69	14,84
ALL	0,22	0,23	0,56	0,38	0,83	0,65	1,80	1,96
NO.	463	485	199	134	943	761	3765	3145

XV

Star 30/1/80

Concern over paper rise

By Pieter de Vos

There is concern over the 20 percent rise in the price of printed matter and paperboard packaging since the end of last year.

The ripple effect could push up prices over a broad front — from breakfast cereals to cigarette cartons to books, magazines, letterheads, company statements and brochures.

South African Board Mills — major manufacturer of products widely used in the packaging industry — has announced price increases of between 14 and 15 percent for their range of products from January.

Sappi Fine Papers and Mondi Paper Company have also recently advised price increases averaging about 14 percent on the various paper grades manufactured by their mills.

These price rises are added on to a 6 percent rise in paper merchants' prices over a wide range of materials. It was claimed that the merchants had to push up their prices because the mills changed their rebate structures.

The Printing and Allied Industries Federation, however, is seriously concerned about the rises which are, according to Mr Jim Vivian, president of the Southern Transvaal branch, out of line with last year's rises of about 12 percent.

The federation does not want to "appear to be 'climbing in on a boom period,'" he says.

The federation hopes that its members will contain further price rises this year, he says, but there is no guarantee that they will.

65+	1,26	0,71	1,34	0,91	2,19	0,90	[illegible]	[illegible]
ALL	0,95	0,33	0,95	0,29	1,91	0,56	0,89	0,20
NO.	1973	677	333	104	2175	652	1868	324

ALL CAUSES

	W		A		C		B	
	M	F	M	F	M	F	M	F
0–1	21,76	16,18	40,44	27,11	133,70	119,02	91,30	88,18
1–4	1,17	0,94	2,42	2,39	17,22	16,21	10,23	9,93
5–24	1,05	0,46	1,31	0,74	2,26	1,25	1.64	1,12
25–44	3,02	1,47	4,33	2,48	8,80	4,96	4,78	3,70
45–64	17,46	9,49	26,27	18,72	24,27	17,87	18,06	15,57
65+	73,62	54,55	92,20	82,93	96,90	71,79	53,38	45,89
ALL	9,44	7,40	8,03	5,51	14,62	11,00	8,77	8,13
NO.	19600	15374	2828	1967	16632	12847	18348	13062

PREMIER PAPER (1924) FM, 1/2/80

Improved prospects

Bright prospects for the packaging industry, Premier Paper's main customer, together with this month's paper price hike, should help the company better its first-half profit improvement. In the six months to end-December, Premier increased its earnings by 7,5% to 62c.

However, this masks a 27,5% attributable profit increase to R1,1m (R792 000), the erosion being due to a rise in the number of shares in issue, to 1,6m (1,3m). Turnover increased 16,0% to R11,3m (R9,5m).

The comparative earnings figure has been adjusted to take account of Hunyani's contribution, which was limited to dividends at the beginning of last year when it ceased to be a subsidiary. In the previous period, earnings amounted to 68c if Hunyani were consolidated.

As promised, Premier paid a 30c interim, and it appears that a second interim of that order could be paid. This will probably be followed by a 10c final for the last three months to the new September year-end following Nampak's acquisition of a controlling interest.

Assuming that profit growth improves and the company decides to maintain a 3.5 times cover due to its capex programme, earnings in the current six months could be around 65c, implying a not unrealistic 32% attributable profit improvement.

During the remainder of the year, Nampak could broaden Premier's market and rationalise its operations. But any criticism that Nampak, as a consumer, could call the shots regarding Premier's pricing seems unfounded. Premier is still operating autonomously, with essentially the same board and management. As it is, demand for packaging paper should rise, putting pressure on suppliers to raise prices.

Another advantage of the takeover is that Nampak will be better able to cope with increased capex at Premier, which will probably need to replace and renovate [illegible]

[illegible]

short term prospects.

[illegible]

Kohler's huge new Epping factory

14/3/80

CONSTRUCTION has started at Epping on Kohler Brothers new corrugated container factory, which will be among the most advanced of its kind in the world when it goes into production later this year.

The factory is being built at a cost of R5,5m of which more than half is being spent on a corrugated board manufacturing machine which will be unique in the southern hemisphere and one of only a few in the world.

The machine, an R2 fingerless single facer, is a high speed production unit which is also capable of lowering glue and speed consumption while increasing the physical strength of the containers.

The machine can be run at maximum speed regardless of paper quality or flute type, which means that it will be able to convert waste grade paper into board in an efficient manner.

This feature is expected to prove particularly useful when Sappi's proposed waste mill in the Cape comes into production.

The new factory will cover an area of 14,000 sq m under roof on a site adjacent to Kohler's existing Genpak factory in Epping Industria.

The new complex will also include a three-storey office and services block.

Other features of the production process, which is computer-controlled throughout, are a new method of reel stacking by overhead crane which will save space and improve productivity, a double-facer with a variable weight control system which eliminates the warp problem in the manufacure of board and a powered accumulator conveyor system whih has been specially designed for the plant.

The Cape factory forms part of a R16m capital expenditure programme recently announced by the Kohler group.

STAR 17/3/80

194

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Nampak gets 51 pc of Prem Paper

By Jean Moon

With some help from African Finance Corporation (AFC), Nampak now holds a 51 percent stake of Premier Paper.

To gain control, Nampak bid for 834 000 shares of Premier (51 percent) and received acceptances totalling 704 000 (43,1 percent).

A further 84 000 shares were tendered and all tenders have been accepted.

Nampak also made a bid for 51 percent of Premier's 11,3 percent preference to ensure that it retained control after the conversion.

Out of a total of 1,6m of these preference shares in issue acceptances totalling 668 000 was received. A further 264 000 were tendered and accepted by Nampack bringing the holding of the preference to 61 percent.

Once the conversion has taken place in June 1982 or June 1983 Nampak's holding will increase from 51 percent to 53 percent.

As it stands at the moment, Nampack has 51 percent of Premier, AFC 26 percent and the rest is held by minorities. Premier's listing is therefore about to go back on the boards.

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

15026 B.A./LL.B.

STUD NO	SURNAME	FIRST NA		
133011C	SCHWEITZER	ANTONY GIDEON		
134965B	SMITH	ROBERT TRAVER		
135195B	SMUTS	PETER WEBSTER		
100311J	SNYMAN	GRAHAM THEODU		
132288R	SONNENBERG	GRAHAM JOHN		
138545T	STRAUSS	JENIFER SUSAN		
133262A	TEE	RICHARD JOHN		
139650U	THOMAS	HELEN CAREN	105105	LATIN ELEMENTARY
101563V	WILLERS	JOHAN MARITZ	105104	LATIN I

* TOTAL NUMBER OF STUDENTS 28

DEAN

194 FM 28/3/80

PAPER INDUSTRY

A'tishoo, a'tishoo

Rationalisation of the R90m-a-year tissue paper market won't be welcomed by consumers who will have to brace themselves for a round of price increases. This month's takeover of Premier Paper by Nampak puts 95% of the market into the hands of two giants: Barlow Rand's Nampak and Union Corporation's Carlton Paper.

The market currently totals 50 000 t a year. Toilet rolls make up 40 000 t, facial tissues 4 000 t, and paper towels and industrial tissue the rest. Over and above this, about 6 000 t of paper for fruit wrapping is produced each year.

Nampak pushed up its market share to about 30% when it engulfed Premier Paper, and now seems to have reached a point of accommodation with Carlton, which holds 65%. Says Nampak MD Ray White: "The whole industry is still recovering from the murderous situation of the past few years, and we will soon start increasing prices to catch up with the cost increases we have absorbed."

Barlows started in the tissue business in 1972 when it bought Cosmos, a small independent. It later bought Nampak and API, and merged the tissue operations of these two companies with Cosmos, under the Nampak umbrella.

Barlows' attack on the market could not have come at a worse time for Carlton and the small companies already in it. Consumption was hardly growing because the recession had just started, and a number of newly commissioned tissue paper mills, costing around R20m apiece, provided an annual production capacity of 84 000 t in a market which consumed less than 50 000 t.

Partridge . . . no wild cards in the pack

In the seven hard years that followed, Barlows cut the small operators' market share from 10% to 5% and Carlton's from 90% to 65%.

According to Keith Partridge, MD of Carlton, Barlows was given a boost when the big retail chains decided to stock its products as a check to the power of the almost-monopolistic Carlton.

Another factor in Barlows' favour was that it did not own a paper mill. This allowed it to shop around for the best prices from the mills of its competitors which were desperate to cut one another's throats for volume sales.

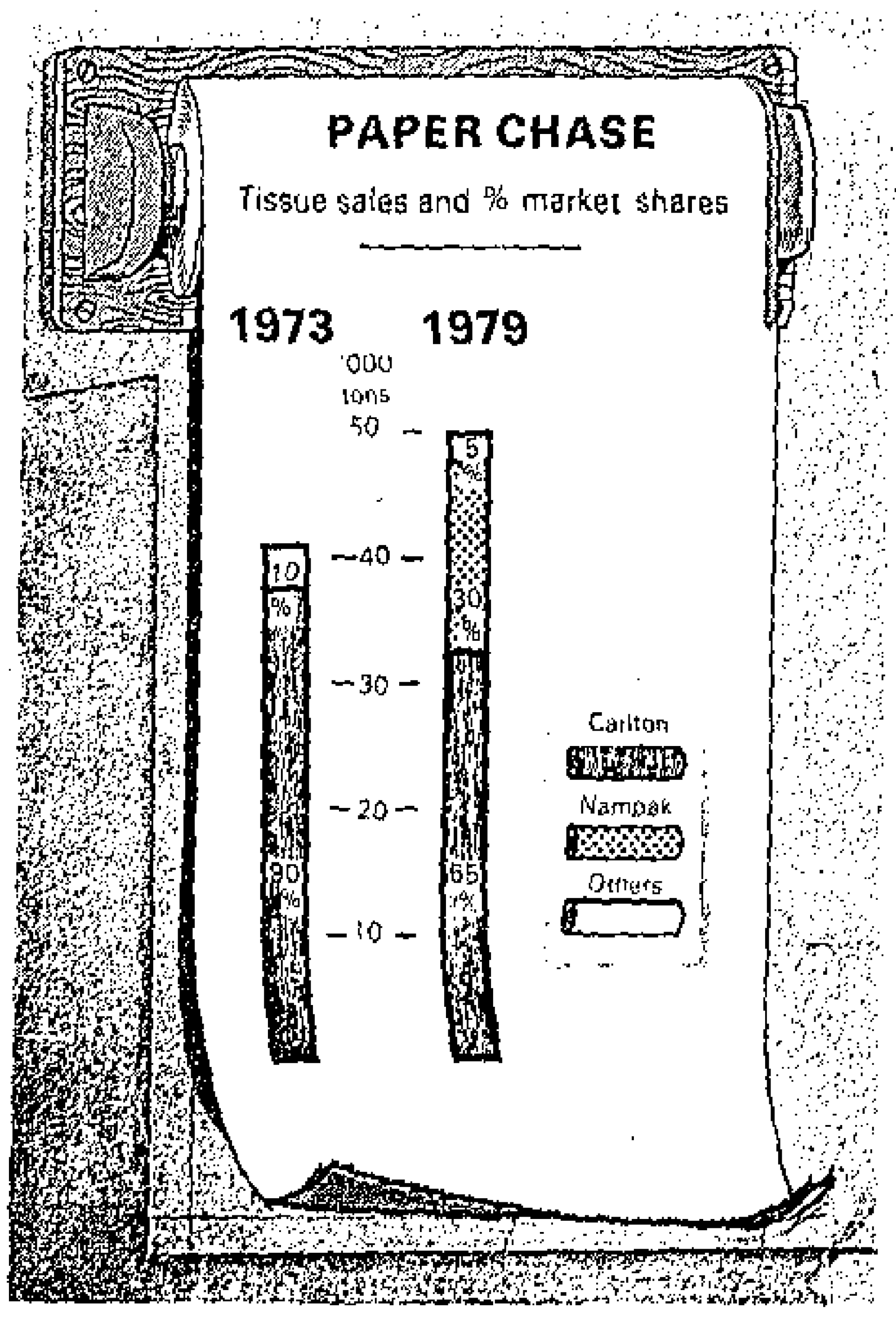
Over the past five years, Carlton's profits have stagnated, but Partridge is optimistic for the future in spite of Nampak's gains. "We are now exporting all our surplus capacity," he says, "and have to a large extent made up for our losses in tissue sales with sales of paper plates and aluminium foil, and new products such as feminine protection products, diapers and industrial tissue products. Besides, although our total tonnage sales of tissue paper dropped, we shifted emphasis to more profitable tissue lines."

Partridge sees the chance for more profits for both companies now that unprofitable companies have been pushed out of business. Says he: "When you have four companies in the market and two are not making profits, the market is spoiled. When there are only two in the market and they both want to make profits, there are no wild cards in the pack."

Words like these raise the suspicion of collusion between the two giants. But Partridge says: "Our American shareholder would go to jail if it ever came out that we were fixing prices. Besides, with only about 8m of the country's 26m people using tissue products, we are less interested in fixing prices than making the market grow."

Before 1973, the market grew at 10% a year in volume, but since then, when the market reached 41 000 t, growth rate was between 2% and 3% a year. This is due partly to the introduction of new, stronger lightweight paper, but mainly to economic conditions, which caused a real drop in sales of facial tissues.

"Now that the economy has improved, we will concentrate on winning back the lost facial tissue users and developing the black market which is almost untouched," says Partridge. He is not giving away



marketing plans for his main brands, Kleenex and Carlton, but is clearly sceptical of the advertising campaigns, based on an economy appeal, for Nampak's Twinsavers and Jumbo 700.

Despite this, Partridge acknowledges the close relationship between sales and disposable income, and refers to the setback in the development of the black market during the recession. "When times are hard," he says, "it seems a waste of money to buy a toilet roll when you would rather have a packet of cigarettes."

STU13-9 EXAMINATION RESULTS IN FACULTY ARTS AS AT 29 02 80 PAGE 3

13010 BACHELOR OF ARTS YEAR : 1 13010

STUD NO	SURNAME	FIRST NAMES	COURSE	DESCRIPTION	SYMBOL			
~~160942M~~	~~FOLLETT~~	~~MARGARET JANE~~	~~103202~~	~~SOCIAL ANTHROPOLOGY I(PRE 13~~		~~(51)~~	~~1~~	~~160942M~~
157568V	FRIEDLANDER	RAE DEVORA	107101	ENGLISH I (PRE-1980)	3NX		1	157568V
~~150296Q~~	~~GARISCH~~	~~SONYA IRENE~~	~~115102~~	~~FRENCH INTENSIVE~~	~~F~~	~~(43)~~	~~1~~	~~150296Q~~
158290E	GARNETT	DIANNE SYBELLE	905101 911101	CHEMISTRY IA CH. 102 MATHEMATICS I M102	ABS ABS		1	158290E
154026V	GEFFEN	BENITA	109102	HEBREW INTENSIVE	F		1	154026V
154362K	GIANNAKAKIS	ASPASIA	115101	FRENCH I	UP	(55)	1	154362K
153981W	GILL	CHRISTEL KAROLA	117101	POLITICAL SCIENCE I	UP	(55)	1	153981W
155173R	GILL	JUDITH MARY	107101	ENGLISH I (PRE-1980)	3NX		1	155173R
159186D	GOSS	JOANNE ATHERSTONE	115101	FRENCH I	UP	(55)	1	159186D
158211U	GREEN	JANET FAY	004101	PSYCHOLOGY I	UP	(60)	1	158211U
153855J	GROSSE	KIRSTIN CHARLOTTE GERDA	106102	ECONOMIC HISTORY I	ABS		7	153855J
162285X	HALLIER	SUZANNE COLLINGS	106103	ECONOMICS IA	UP	(50)	1	162285X
161662V	HANCOCK	EDWINA ANNE	107101	ENGLISH I (PRE-1980)	3NX		1	161662V
162109F	HARRIS	GWYNETH JULIA MARY	114101 ~~116120~~	RELIGIOUS STUDIES I ~~DRAMA I~~	F ~~UP~~	(49) ~~(50)~~	1	162109F
155641A	HART	TIMOTHY JAMES GRAHAM	004101 107101	PSYCHOLOGY I ENGLISH I (PRE-1980)	2- 3NX	(65)	1	155641A
115954M	HARVEY	MARGARET JOANNE	911101	MATHEMATICS I M102	ABS		1	115954M
159604H	HEESE	SUSAN MARGARET	102101 ~~114101~~	AFRIKAANS ~~RELIGIOUS STUDIES I~~	UP ~~UP~~	(50) ~~(65)~~	1	159604H
161491J	HENECK	TREVOR RONALD	117101	POLITICAL SCIENCE I	F	(48)	1	161491J
~~152126E~~	~~HENSON~~	~~RONALD ALAN~~	~~115101~~	~~FRENCH I~~	~~F~~	~~(37)~~	~~7~~	~~152126E~~
155720L	HOPPEN	UTE	115101	FRENCH I	ABS		1	155720L
~~152889J~~	~~HUDSON~~	~~SALLY~~	~~116120~~	~~DRAMA I~~	~~ABS~~		~~7~~	~~152889J~~
155148P	JERVIS	JOSEPHINE ALEXANDRA	004101 107101 ~~115101~~	PSYCHOLOGY I ENGLISH I (PRE-1980) ~~FRENCH I~~	3 3 ~~3~~	(57) (59) ~~(56)~~	1	155148P

UCT

Barlows gets Spicers

194

28/3/80

Financial Reporter

BARLOWS has acquired the paper merchants, Spicers (Pty), from the Reed group. The price is not disclosed.

The company will operate under the chairmanship of Mr Bas Kardol, executive director of Barlows and chairman of Nampak, and Mr Frits Waldeck, who was appointed managing director in 1978.

Spicers, which has offices in Johannesburg, Durban, Cape Town, Pretoria and Bloemfontein, trades in South African-made paper and is a substantial importer of high-quality paper.

The company also supplies graphic sundries, such as blankets for litho printing, various ranges of backcloth and takstrip to the printing industry, and has started a book-binding section.

(194) Star 1/4/80.

Sappi to spend R500m

SAPPI LTD will spend R500m over the next five years to modernise and improve facilities, chairman Ted Pavitt said in the annual report.

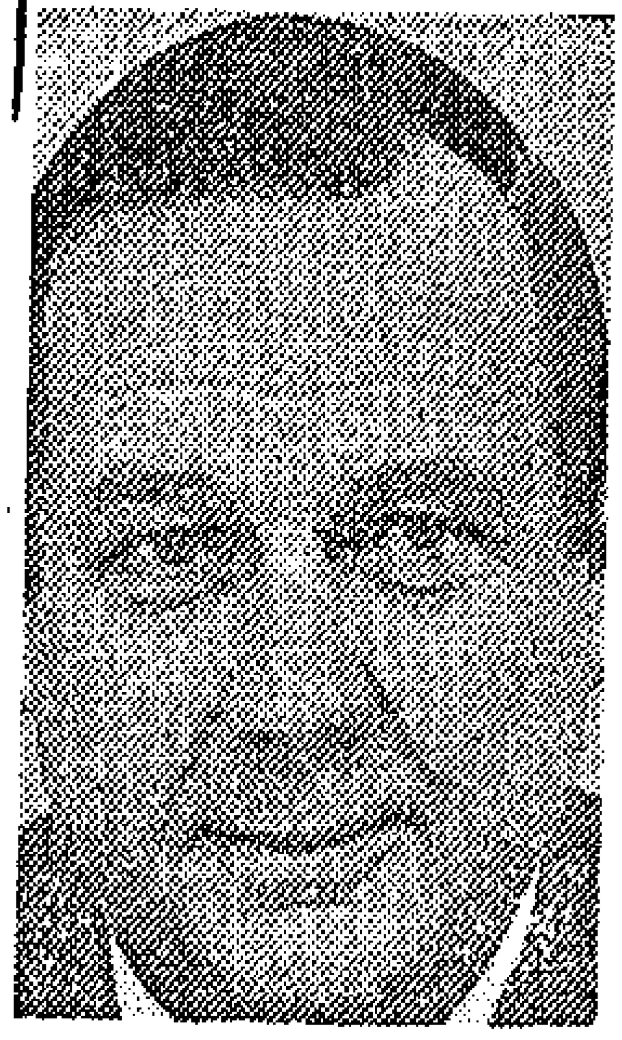
He said Sappi has reviewed and updated its corporate strategic plan which covers a 10-year period, and it highlights substantial opportunities for the group flowing from its expectation that per capita paper consumption will rise faster than South Africa's gross domestic product.

Mr Pavitt said spending will include installing two new paper machines, one for fine papers and the other for craft papers, and substantially increasing pulpmaking capacity.

The objective is to optimise the return on trees used by the group, and feasibility of erecting high speed sawmills next to pulp mills, plus extracting additional by-product chemicals from pulping processes is being examined, he said.

Products thus obtained will be aimed at local and export markets, and initial indications are that such investments will be highly profitable, he added.

Mr Pavitt said South Africa's economic upswing is expected to continue through 1980, and accordingly improved profits are expected.



Ted Pavitt . . . improved profits expected.

NM 2/4/80

Mondi Paper's earnings up 99 pc

(194)

Deputy Financial Editor

MONDI PAPER maintained exports at approximately 90 000 tons during 1979 and increased earnings for the year by 99 percent to R22,69 million.

A fourth paper machine is expected to come on stream in late 1980 and a fifth has been planned for start-up in mid-1981.

Mondi will then become one of the biggest single mill complexes in the world, with an annual production capacity of some 450 000 to 500 000 tons of paper product. It is expected that Mondi's performance will improve further in 1980.

South African Board Mills increased its net earnings by 110 percent over the previous year as a result of improved prices for many of its products and because of operating efficiencies.

Higher earnings are forecast for 1980. Amic sold its 2,9 percent interest in Romatex during the year.

South African Forest Investments experienced a substantial profit turnaround from the loss of R975 000 in 1978 to profit of R5,29 million in 1979 following a recovery in demand for timber products and an improvement in selling prices.

Timber exports

Timber exports contributed to stability in the industry and exports by the Safi group of 81 000 cubic metres of timber represented approximately 60 percent of total estimated South African 1979 timber exports.

Safi continues to experience a strong market for its timber products and this, together with increased prices and further improvements in operating efficiencies, should result in higher earnings in 1980.

TABEL 2.4A: DIE STRUKT ... IN DIE WES-KAAP

... NG PER NYWERHEIDSHOOFAFDELING

... SEKTORE

SEKTOR		Blank % van sektortotale MAN	VROU	TOT.	% van MAN	Swartes % van sektortotale MAN	VROU	TOT.	Sektor totaal % van sektortotale MAN	VROU	TOT.	Totale % van sektortotale MAN	VROU
322	Klerasie	18.6	2.8	5.0	73.9	5.2	.0	.7	100.0	100.0	100.0	13.8	86.2
311	Voedsel	13.8	3.8	8.9	38.2	47.5	7.6	27.9	100.0	100.0	100.0	50.9	49.1
321	Tekstiel	14.4	4.9	9.8	69.3	15.9	.6	8.5	100.0	100.0	100.0	51.7	48.3
000	Motorhawens	32.5	30.1	32.1	53.5	13.1	2.1	11.3	100.0	100.0	100.0	84.2	15.8
381	Metaalprodte	24.9	28.5	25.3	56.5	18.2	.1	16.2	100.0	100.0	100.0	88.7	11.3
383	Elek.Masjne.	40.9	16.5	33.5	51.1	7.8	.0	5.4	100.0	100.0	100.0	69.7	30.3
342	Drukkerye	37.2	29.7	35.3	59.5	3.0	.0	2.3	100.0	100.0	100.0	74.7	25.3
331	Houtprodukte	14.4	26.5	15.4	68.0	17.4	.0	15.9	100.0	100.0	100.0	91.4	8.6
356	Plastiekprd.	17.4	5.5	12.1	73.3	8.9	.0	5.0	100.0	100.0	100.0	56.2	43.8
352	Chem. Prodte.	22.3	19.7	21.6	45.9	31.5	.0	23.5	100.0	100.0	100.0	74.4	25.6
324	Skoeisel	6.6	1.5	3.7	91.5	1.8	.0	.8	100.0	100.0	100.0	43.4	56.6
390	Juweliersware.	31.4	10.9	23.9	62.6	5.3	.1	3.4	100.0	100.0	100.0	63.5	36.5
385	Vervoertoerst.	34.5	55.4	35.2	49.1	16.2	.0	15.6	100.0	100.0	100.0	96.7	3.3
341	Papierprodte.	18.4	24.1	19.8	66.6	14.7	.0	11.1	100.0	100.0	100.0	75.6	24.4
332	Meubels	12.5	19.2	13.5	81.1	5.9	.0	5.0	100.0	100.0	100.0	84.2	15.8
384	Motorvoerte.	21.2	47.7	23.6	76.6	2.0	.4	1.9	100.0	100.0	100.0	90.9	9.1
382	Masjinerie	43.3	61.6	45.7	50.3	6.1	.4	5.3	100.0	100.0	100.0	87.2	12.8
369	Nie-met.prodte.	14.5	42.9	16.1	31.6	53.6	.0	50.5	100.0	100.0	100.0	94.2	5.8
313	Drankaywerhede	24.1	22.5	23.7	40.8	33.9	.0	25.8	100.0	100.0	100.0	76.3	23.7
361	Erdewerk ens.	7.1	11.7	7.9	23.0	69.9	.0	57.9	100.0	100.0	100.0	82.8	17.2
310	Diverse Voedsel	18.2	17.6	18.0	34.8	46.5	.3	31.6	100.0	100.0	100.0	67.7	32.3
323	Leerprodukte	10.8	4.9	7.8	66.7	22.1	.3	10.9	100.0	100.0	100.0	48.5	51.5
362	Glasprodukte	17.8	19.8	18.0	59.0	23.1	.0	20.5	100.0	100.0	100.0	89.1	10.9
351	Nyw.Chemikalieë	28.2	71.5	32.1	24.8	47.0	.0	42.8	100.0	100.0	100.0	91.0	9.0
371	Bas.Yster & Stl.	18.6	68.2	19.4	33.9	47.5	.0	46.7	100.0	100.0	100.0	98.3	1.7
314	Tabakprodukte	23.9	99.1	32.2	65.7	10.0	.0	8.9	100.0	100.0	100.0	89.1	10.9
355	Rubberprodukte	15.4	18.7	16.1	69.4	14.9	.0	11.8	100.0	100.0	100.0	79.0	21.0
386	Wetensk.Toerust.	44.6	22.1	37.0	53.7	1.7	.5	1.3	100.0	100.0	100.0	66.2	33.8
372	Nie-yster prodt.	20.2	4.5	13.4	71.7	8.1	.0	4.6	100.0	100.0	100.0	56.8	43.2
312	Geursels/Veevoer	13.8	85.7	15.6	13.4	72.8	.0	70.9	100.0	100.0	100.0	97.5	2.5
	TOTAAL	23.3	8.6	17.6	55.9	20.3	1.3	12.9	100.0	100.0	100.0	60.8	39.2

... BEVOLKINGSGROEPE BINNE SEKTORE

SEKTOR		Blank % van groepto... MAN	VROU	Asiërs ... groeptotaal VROU	TOT.	Swartes % van groeptotaal MAN	VROU	TOT.	Totale bevolking % van groeptotaal MAN	VROU	TOT.
322	Klerasie	3.4	13.4	69.4	47.4	1.1	1.2	1.1	4.3	41.4	18.8
311	Voedsel	6.1	6.8	3.2	6.5	24.0	87.5	26.6	10.3	15.4	17.2
321	Tekstiel	4.6	6.2	9.8	8.5	5.9	4.5	5.8	7.5	10.9	8.8
000	Motorhawens	17.0	12.3	5.1	12.4	7.8	5.6	7.7	12.2	3.5	8.8
381	Metaalprodte	11.1	6.8	1.5	4.1	9.3	.1	9.0	10.4	2.1	7.1
383	Elek.Masjne.	8.9	6.5	1.2	1.8	2.0	.0	1.9	5.1	3.4	4.4
342	Drukkerye	7.8	8.9	.3	1.1	.7	.1	.7	4.9	2.6	4.0
331	Houtprodukte	2.6	1.9	.0	1.0	3.6	.0	3.5	4.2	.6	2.8
356	Plastiekprd.	1.9	1.9	2.5	2.3	1.1	.0	1.1	2.5	3.1	2.8
352	Chem. Prodte.	3.2	4.0	.1	.8	5.1	.0	4.9	3.3	1.8	2.7
324	Skoeisel	.5	.6	.0	.1	.2	.0	.2	1.8	3.7	2.6
390	Juweliersware.	3.3	2.8	3.0	3.2	.6	.2	.6	2.5	2.2	2.4
385	Vervoertoerst.	5.4	1.2	.1	.5	2.9	.0	2.8	3.6	.2	2.3
341	Papierprodte.	2.2	3.9	1.4	1.7	2.0	.0	1.9	2.8	1.4	2.3
332	Meubels	1.7	2.0	.2	1.5	.9	.0	.9	3.1	.9	2.2
384	Motorvoerte.	3.0	2.8	.0	.6	.3	.2	.3	3.3	.5	2.2
382	Masjinerie	5.2	4.5	.2	1.0	.8	.2	.8	2.8	.6	2.0
369	Nie-met.prodte.	1.9	1.4	.1	.7	7.9	.0	7.6	3.0	.3	1.9
313	Drankaywerhede	2.3	2.8	.0	2.2	3.7	.0	3.6	2.2	1.1	1.8
361	Erdewerk ens.	.7	1.1	.0	.0	8.3	.0	8.0	2.4	.8	1.8
310	Diverse Voedsel	.9	1.7	.8	1.0	2.6	.2	2.5	1.1	.9	1.0
323	Leerprodukte	.4	.8	.0	.3	.9	.3	.8	.8	1.3	1.0
362	Glasprodukte	.9	.5	.3	.3	1.3	.0	1.3	1.2	.2	.8
351	Nyw.Chemikalieë	1.3	1.4	.0	.0	2.6	.0	2.5	1.1	.2	.7
371	Bas.Yster & Stl.	.7	.2	.0	.0	2.2	.0	2.1	.9	.0	.6
314	Tabakprodukte	.7	1.5	.0	.3	.3	.0	.3	.7	.1	.5
355	Rubberprodukte	.4	.5	.1	.3	.4	.0	.4	.6	.2	.5
386	Wetensk.Toerust.	.6	.6	.1	.1	.0	.1	.0	.3	.2	.3
372	Nie-yster prodt.	.2	.1	.6	.3	.1	.0	.1	.2	.3	.3
312	Geursels/Veevoer	.1	.1	.0	.0	.7	.0	.7	.2	.0	.1
	TOTAAL	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

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SAPPI

Target returns

Activities: *Integrated forests products group manufacturing and selling pulp and paper products. Owns 87 000 ha of forestry land in Natal and the Eastern Transvaal. Owns Stanger Pulp & Paper and 39% of Carlton Paper which is consolidated. Union Corporation holds 54% of the equity.*

Chairman: *E Pavitt; managing director E van As.*

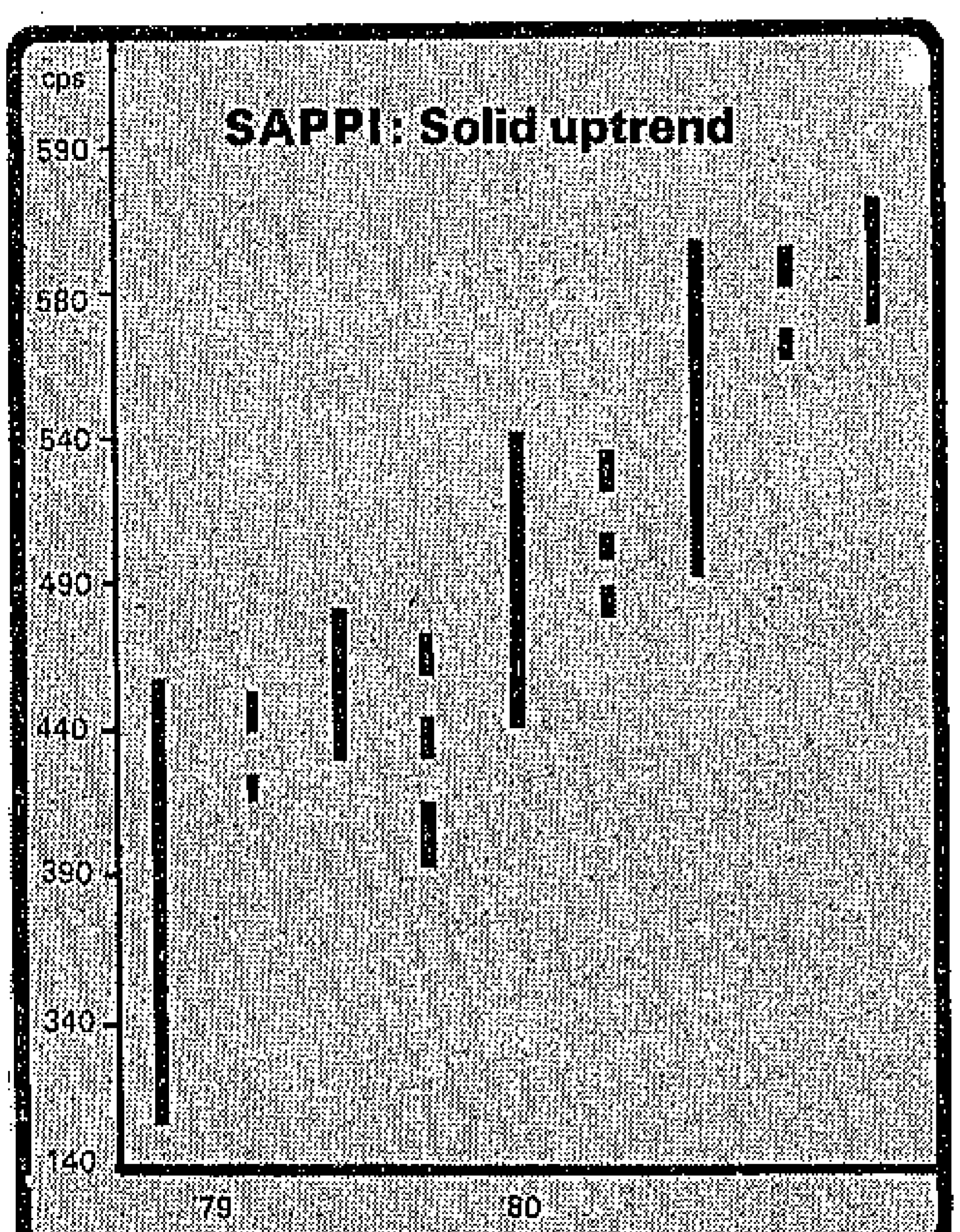
Capital structure: *28,9m ordinaries of R1. Market capitalisation: R188,2m.*

Financial: *Year to December 31 1979. Borrowings: long- and medium-term, R59,3m; net short-term, R15,5m. Debt:equity ratio: 43,3%. Current ratio: 1,3. Cash flow: R30,6m. Capital commitments: R29,7m.*

Share market: *Price: 650c (1979-80: high, 650c; low, 255c; trading volume last quarter, 331 000 shares). Yields: 14,0% on earnings; 5,5% on dividend. Cover: 2,5. PE ratio: 7,2.*

	'76	'77	'78	'79
Return on cap %	18,3	17,4	14,7	14,6
Turnover (Rm)	177	197	205	262
Pre-tax profit (Rm)	24,5	22,7	19,7	31,3
Gross margin %	13,9	14,0	12,5	14,6
Earnings (c)	42,5	44,6	51,1	90,7
Dividends (c)	20	20	22	36
Net asset value (c)	255	290	321	490

After four years of disappointing profits and declining returns, Sappi seems to be firmly back on the road to increasing profitability. Last year pre-tax profits advanced 57,9% to R31,1m (R19,7m) while earnings rose 78% to 90,7c (51,1c) and the dividend total was 36c (22c). Judging by the group's targets for 1980 and chairman Ted Pavitt's annual statement, shareholders should have no cause for complaint this year. Buoyant demand is expected to continue, and with the gradual elimination of the technical hitches at the Enstra mill, and expansion at Tugela, a further dividend advance is on the cards.



The profit advance arose largely from improved efficiency in a more buoyant market. The problems which plagued the new expansions at the Enstra mill are now all but overcome, and by end-1980 planned full output is expected. And now the new digester has been commissioned along with rising output at Tugela, Sappi expects to increase its output at its kraft and fine paper divisions.

Other bull points for 1980 are the acquisition of Stanger Pulp & Paper, acquired from Reed Finance in 1979. Stanger's results were only consolidated for seven months of the year, but Sappi "was delighted" with its R2,9m operating profit, says Pavitt.

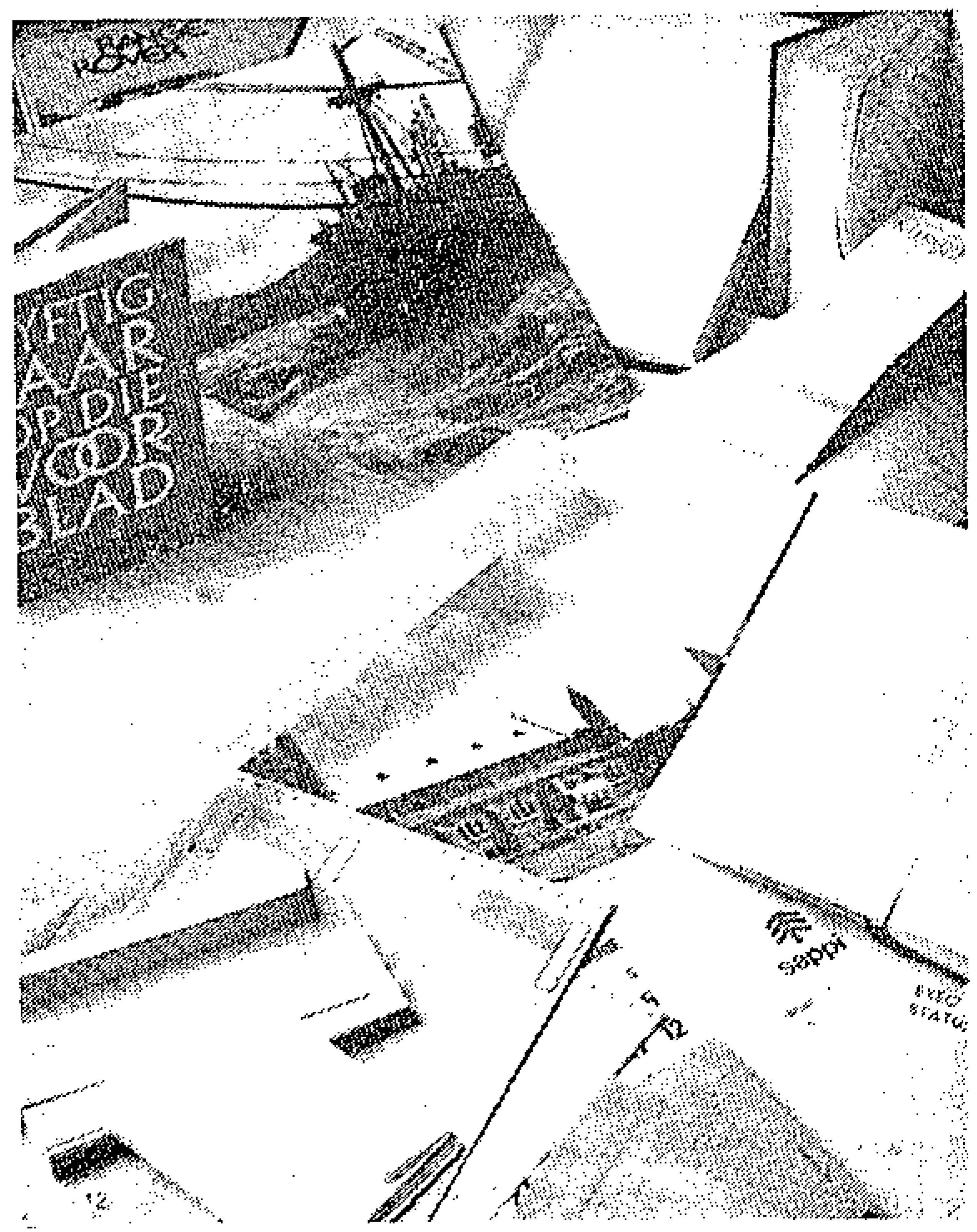
This company has been incorporated into Sappi Fine Papers, and, besides the operating profit contribution, had a favourable impact on group tax last year. Stanger was the major reason why Sappi returned only 12% (11%) on total assets compared with a target by 1983 of 20%. The inclusion of the total book value of assets and only seven months income adversely affected this annual return ratio. As a result Sappi has revised its target date to 1984 when a 20% yield is anticipated.

Sappi had also set a target return on shareholders' funds of 20% over the three years to end-1981. But with the tax benefits flowing not only from Stanger's previous assessed losses but also the significant capex programme, after-tax profit advanced more strongly than pre-tax earnings. The resultant return on equity was 18% (16%) and this year 20% is expected.

Future developments include the coming on stream in mid-1981 of the new waste-paper mill in Cape Town for which R15m capex is still to be spent as part of the R30m in the books at end-1979. As with other Sappi expansion plans, the minimum return required is a 15% discounted cash flow return on assets. Pavitt says this mill should meet group return criteria in its second full year of operation. To meet its raw material needs Sappi recently acquired a Cape Town waste-paper company, Herby Taylor.

Longer-term Sappi expects the per capita consumption of paper will rise faster than the growth in GDP. Thus the group's 10-year plan has pinpointed opportunities expected to arise, and as a result R500m has been earmarked for capex over the next five years to modernise and improve facilities. This will include installing two new paper machines — one for fine papers and one for kraft — and substantially increasing pulping capacity. Pavitt says the improvement in cash flow before capex and dividends should continue, so financing these plans should not present a problem within Sappi's 50% debt:equity target. Last year's stated debt:equity ratio was within this ceiling at 38%.

Last year total borrowings increased to R77,9m (R52,2m) reflecting Stanger Pulp & Paper's R19m borrowings, excluding redeemable prefs. At end-December Sappi had R19,3m in cash and on call with subsidiaries, which will be used in 1980 on the capex programme. There will also be further emphasis on lease finance (included in borrowings) because of the tax benefits. A R13m lease was used to finance the digester for the Tugela mill at an effective rate of 0,5% a year, according to the directors.



The paper flood boosts potential

Carlton paper (39%-owned) reported a 7% increase in earnings for the year. However, chairman Basil Landau expects "meaningful" growth in markets served by the company, including the benefits from continued exports to Europe. Performance for the first two months of Carlcor's year is ahead of budgets.

In the past year the Sappi share price has more than doubled to 650c to yield an historic 5,5%. Another hike to 20% in the return on equity promises earnings growth based on an opening net worth of 10%, which, though highly conservative on the prospective nav for the current year, would suggest a payout of at least 40c for a minimum prospective yield of 6,2%. At its current price Sappi does not appear to have fully discounted earnings growth in the next few years.

Des Kilalea

CARLTON PAPER

194

Profit stasis

FM 11/4/80

Activities: *Makes and distributes tissue products. Kimberly-Clark SA holds 78% of the equity, and is itself owned 50,1% by Union Corporation subsidiary Sappi.*
Chairman: *B Landau; managing director: K Partridge.*
Capital structure: *15,7m ordinaries of 50c. Market capitalisation: R42,4m.*
Financial: *Year to December 31 1979. Borrowings: long- and medium-term, R3,7m. Net cash: R494 000. Debt: equity ratio: 23,3%. Current ratio: 1,4*

Carlcor's Landau . . . improved expectations

cash flow: R3,4. Capital commitments: R1,1m.
Share market: *Price: 270c. (1979-80: high, 275c; low, 150c; trading volume last quarter, 112 000 shares). Yields: 10,4% on earnings; 5,9 on dividend. Cover: 1,8. PE ratio: 9,6.*

	'76	'77	'78	'79
Return on cap %	21,7	20,0	26,4*	25,5*
Turnover (Rm)	49,3	51,3	53,9	58,6
Gross profit (Rm)	7,0	5,6	7,8*	7,5*
Gross margin %	14,1	11,0	14,5*	12,8*
Earnings (c)	28,5	16,8	27,3	28,2
Dividends (c)	11	11	13	16
Net asset value (c)	103	109	122	134

* Leases capitalised from 1978

Of all the Union Corp paper and packaging companies Carlton Paper was by far the worst performer last year, reporting a pre-tax profit advance of only 1,2% to R6,9m (R6,8m). However, this year chairman Basil Landau says the acceleration in 1979 second-half earnings and the above-budget performance in the first two months of the current year augur well for 1980.

First-half earnings fell 16,9% to 11,8c (14,2c) as consumer spending lagged expectations. The decrease was partly a reflection of the higher 1978 results which were boosted by pre-gst purchases. In the last quarter of 1979 sales picked up "considerably" leading to an overall 3,3% rise in earnings to 28,2c (27,3c).

Landau explains that much of the 9% turnover increase to R58,6m (R53,9m) resulted from the company's export contracts to Europe. These contracts reduced the average tax rate to 35,5% (39%) which helped earnings grow faster than pre-tax profit. With costs increasing and a lower interest charge the gross margin fell last year.

The lower interest R657 000 (R999 000) bill follows reduced total borrowings of

Sappi's profit outlook bright

RDM 15/4/80

THE upswing which occurred in the second half of the year resulted in increased demand for all of Sappi's products, ensuring near full capacity operations at all mills, Mr E Pavitt says in the company's annual report.

In his chairman's statement, Mr Pavitt says it is expected that these conditions will continue through 1980, and that the company can accordingly look forward to another year of improved profits.

"We will strive to further improve the return on shareholders' funds as we make progress towards achieving our longer-term objective of not less than a 20% return on total assets.

"However, the continued high rate of inflation remains a cause for concern and as counter-measures, we shall remain vigilant in controlling costs and continue to improve the productivity and skills of our people," Mr Pavitt says. — Sapa.

EVELYN HADDON (194) FM 24/4/80

Capacity boosts

Activities: *Supplier of paper, machinery and allied materials to the printing industry. Union Corporation controls 53% of the equity.*
Chairman: *H A Smith; managing director: P A McGurk.*
Capital structure: *2,8m ordinaries of 50c; 80 000 6% cum red prefs of R2. Market capitalisation: R13,4m.*
Financial: *Year to December 31 1979. Borrowings: long- and medium-term, R4,8m; net short-term, R5,7m. Debt: equity ratio: 69,9%. Current ratio: 2,3. Net cash flow: R1,7m. Capital commitments: nil.*
Share market: *Price: 480c (1979-80: high, 480c; low, 280c; trading volume last quarter, 6 000 shares). Yields: 19,0% on earnings; 7,3% on dividend. Cover: 2,6. PE ratio: 5,3.*

	'76	'77	'78	'79
Return on cap %	22,8	16,4	17,8	20,2
Turnover index*	102	121	147	192
Pre-tax profit (R000)	2 600	2 402	3 054	4 453
Earnings (c)	55,9	48,9	65,7	91,1
Dividends (c)	23	24	27	35
Net asset value (c)	368	343	477	540

* 1975=100

Evelyn Haddon's return to profit growth after the 1976 decline seems well-based. Last year, earnings grew 38,7% to 91,1c (65,7c) and for the current year chairman Hugh Smith expects another advance as the company moves to a greater asset utilisation, and prepares for further expansion.

Last year's 30,3% turnover increase followed strong demand for all the company's products. Smith says the paper division was "extremely busy" and more than justified the expansion in warehouse facilities. And the machinery division continued to reap the benefits of modernisation and expansion in the printing industry, receiving substantial orders for new equipment.

Subsidiary Nasionale Skryfbehoeftes maintained its dividend last year, but Mander Kidd again reported lower earnings and paid a smaller dividend. This company makes printers' inks and Smith says it operated in a "highly competitive" market.

The higher turnover was accompanied by an improvement in operating margins. Smith says expenses rose sharply in line with the increased volume of business and inflation. Even so, operating profit increased faster than turnover by 48,7% to R4,3m (R2,9m). This year, as better use is made of new warehousing facilities, margins could improve again. Last year, the Springfield warehouse was completed and extensions to the Bloemfontein property were occupied in mid-year. An R86 000 warehouse was acquired in Pietermaritzburg while surplus land was sold in Salisbury for R37 000.

This year extensions are planned at the Cape Town and East London branches to "cope with higher volumes", says Smith, though there are no capital commitments yet. Recently the company was appointed agent for Goss printing equipment.

Last year's dividend cover increased to 2,7 (2,4) to fund the additional working capital requirements needed for the anticipated higher level of business.

The higher level of activity led to increased borrowings of R10,6m (R6,7m), of which 55% (88%) was short-term. The annual interest/leasing bill was, however, covered a comfortable 6,4 times by gross profit. Since the year-end, R5m in 11,75% unsecured notes have been issued to convert part of the company's short-term loans into longer-term borrowings.

With an improving outlook for the printing and paper industries, at 480c the share is a good medium-term income buy.

Des Kilalea

Reed onttrek belange finaal uit Republiek

Deur FRANZ ALBRECHT

RAPPORT 27/4/80

REED INTERNATIONAL se onttrekking van sy destydse meer as R150 miljoen se belange in Suid-Afrika — wat 'n paar jaar gelede begin het — is onlangs voltooi. Sy laaste noemenswaardige plaaslike belang — dié van Spicers — is sowat 'n maand gelede aan Barlow Rand verkoop.

Spicers is handelaars in papier en grafiese materiale. Met hierdie transaksie het Reed International van Brittanje die wêreldwye ontrekking van sy oorsese belange afgehandel.

In Australië is belange met 'n veel groter waarde as dié in Suid-Afrika verkoop. Die oorgrote meerderheid van sy Kanadese belange is ook in die afgelope paar jaar verkoop.

Hoewel Reed International hom nou uit Suid-Afrika onttrek het, sal die groep se muurpapierprodukte — wat 'n vername afset in Suid-Afrika geniet — steeds aan plaaslike handelaars beskikbaar gestel word.

Die Suid-Afrikaanse belange wat in die afgelope paar jaar van die hand gesit is, sluit in vername maatskappye soos Nampak, Pipekor, Stanger Pulp and Paper, Twyfords, Reed Stationery, Reed Insulation, Tension Envelope Company, Palladium Stationers en Spicers.

Die rede waarom Reed International van sy oorsese belange ontslae geraak het, is omdat die moedermaatskappy 'n paar jaar gelede geweldige probleme met sy skuldlas ondervind het. Om enigsins die rente op en die terugbetaling van sy skulde te kon finansier, was hy verplig om kontant te bekom.

Die onttrekking van sy beleggings het die gewensde uitwerking gehad en tans is die moedermaatskappy se balansstaat baie gesond.

Al wat van Reed in Suid-Afrika oorgebly het, is 'n paar eiendomme — van ondergeskikte belang vir die moedermaatskappy — en 'n regsuitgewersaak in Durban. Die Durbanse maatskappy is regstreeks aan Reed International verantwoordelik.

Daar is geen rede waarom die orige geregistreerde maatskappye van Reed in Suid-Afrika — Reed Finance en Reed-Korporasie — op die lange duur sal bly voortbestaan nie. Tans is al hul bedrywighede uitverkoop en bestaan daar geen doel in om hulle te behou nie.

Die destydse plaaslike hoof- uitvoerende beampte van Reed International, mnr. Bas Kardol, is reeds lankal in die Suid-Afrikaanse sake-wêreld ingeburger. Hy is voorsitter van Nampak — die grootste enkele belang destyds van Reed in Suid-Afrika, wat ook aan Barlow Rand verkoop is — en hy is onlangs as 'n uitvoerende direkteur van Barlow Rand aangestel.

Mnr. Kardol het wortel in Suid-Afrika geskiet vóór hy in 1977 deur Reed International gevra is om hul belange in Suid-Afrika te behartig. Hy was vroeër tien jaar lank aan die meubel- en musiekinstrumentbedryf in Suid-Afrika verbonde.

...ld be fished from shore ... e social total is two fish ... rson, joins him on the

4,008 fish. But whatever is done, at least a third person could profitably switch to the boat, as is indicated by Figure 9-1. That would increase the

Table 9-1. Catch of Fish on Board*

Number of Men on Board	Total Catch (on board)	Marginal Product (on board)	Average Product (on board)	Net Social Marginal Product	Social Total (Shore plus boat)
0	0	0	0	0	4000 + = 4000
1	6	+6	6	2	3996 + 6 = 4002
2	16	+10	8	6	3992 + 16 = 4008
3	24	+8	8	4	3988 + 24 = 4012
4	30	+6	7.5	2	3984 + 30 = 4014
5	34	+4	6.8	0	3980 + 34 = 4014
	36	+2	6	−2	3976 + 36 = 4012
	36	0	5.14	−4	3972 + 36 = 4008
	32	−4	4	−6	3968 + 32 = 4000
	27	−5	3	−9	3964 + 27 = 3991
	21	−6	2.1	−10	3960 + 21 = 3981

...from shore catches four fish, and there are 1000 people.

Waltons raises final

194 RDM 2/5/80

Financial Editor

WALTONS Stationery increased taxed atributable profit by 49% in the year to February 29 from R1 005 000 to R1 500 000.

An increase in the issued shares, however, diluted the rise in earnings to 37% from 40,9c to 55,9c.

The final dividend has been raised from 12c to 15,5c to give a total of 26c (21c).

The directors say the dividend cover has been increased from 1,9 to 2,2 because of inflation and that unless there is a material reduction in the inflation threat, cover will have to be further increased.

Turnover was up from R18-million to R25-million.

The directors say the year was "one of satisfactory progress in all aspects". They expect further dividend rises this year even with the higher cover policy.

COMMENT. At yesterday's 270c sellers' price Waltons Stationery shares yield an appetising 21,8% on earnings and 9,6% on dividend.

The share seeems to have suffered from its fringe association with the Info scandal — it has changed its name from Hortors Walton — but now that all that is out of the way it could be rerated by the market.

Nampak full of punch

194

RDM 6/5/80.

Financial Editor

NAMPAK, the packaging group in the Barlow Rand stable, has increased taxed attributable profit by 34% from R11 901 000 to R15 895 000 for the six months to March 31.

The interim dividend has been raised from 18c to 21c.

Earnings a share, on slightly increased capital, are up from 43,8c to 57c.

Turnover rose from R116-million to R155-million.

The chairman, Mr Basil Kardol, says: "These very satisfactory results were achieved despite increased competition and non-recurring costs arising from the further rationalisation of a number of the group's operations.

"Trading conditions remained buoyant throughout the period in line with the general upswing in the economy."

On prospects he says: "The group's efforts to rationalise manufacturing facilities in various sectors to improve efficiency are continuing.

"Certain rationalisation programmes have been successfully concluded and positive benefits have already emerged from the rationalised operations.

"These factors, together with the expected continuation of favourable trading conditions should place the group in a position to achieve better results during the second half of the financial year than those recorded for the same period last year."

Sappi heads for record

TDM 7/5/80. 194

SAPPI would achieve a material increase on 1979's record earnings of 89c a share, said the chairman, Mr Ted Pavitt, at the annual meeting in Johannesburg yesterday.

Sales and profits were on target for the first quarter of the financial year that started in January, and demand for group products was at record levels, Mr Pavitt said. Order books were full.

Operational efficiency continued to improve at the Enstra mill, and operating profits were a record in March. The mill was expected to make a significant contribution to group profits this year.

"Due to drought conditions in Natal, growth of sugar cane is being seriously affected in some areas, and this is limiting the availability of bagasse — a by-product of sugar milling that is the main raw material for Stanger.

"Purchase of bagasse from other sugar mills is being negotiated, and storage facilities at Stanger are being enlarged to ensure that sufficient bagasse can be held in stock to see the plant through the period between sugar-milling seasons.

"The second effect of the drought is on the supply of water to Stanger mill from the Umvoti River. The installation of a cooling tower, which will halve the usage of water, is being undertaken as a matter of urgency. Commissioning is expected towards the end of this month, and will make the mill far less vulnerable to water shortages," Mr Pavitt said.

Commitments for capital expenditure on these and other projects at Stanger, amounting to more than R6-million this year alone, would help to ensure that customer expectations were met.

In the year ended December, turnover rose by 28% to R262-million and profits attributable to equity shareholders by 77% to R25 600 000. Earnings a share were up by 77% from 50,5c to 89,2c. This enabled the dividend total to be raised from 22c to 36c a share while increasing the dividend cover from 2,3 to 2,5 times.

Yesterday's forecast from Mr Pavitt confirms his annual report statement that shareholders "can look forward to another year of improved profits" in 1980. The report for the six months January to June will be published in August.

NAMPAK Fm 9/5/80

Growth package

(194)

The boom in paper and packaging companies continues, with Nampak reporting a 34% rise in turnover to R154,9m for the six months to end-March and a 36,9% pretax profit improvement to R26,9m. As a result, the interim dividend was raised to 21c (18c), and prospects are good for a final of at least 26c (20c), giving a 47c (38c) total.

First-half profit was stated after writing off the R1m costs for the major rationalisation in the Transvaal operation and during a period of increasing competition, says chairman Bas Kardol. The improved pre-tax profit margin of 17,3% (17%) resulted from a more favourable product mix, tight cost control, as well as the rationalisation and switch to a national product management structure.

Earnings for the period increased to 57,0c (43,8c) — a 30,1% rise — reflecting the increased number of shares in issue as well as minority charges for Premier Paper, of which Nampak acquired 51% last year. Since then 17% has been sold to Kohler at 700c a share as it was considered "expedient" to allow a major Premier customer to gain an interest. Kardol says in the half-year Premier contributed only a small percentage of Nampak's results.

The 16,7% increase in the interim dividend to 21c (18c) for a 2,7 (2,4) times cover should not be taken as an indication the group intends reducing the percentage distribution in order to finance capex, says Kardol. He said in his last annual report that Nampak should pay a 2,5 times covered dividend, which aim has not changed. He believes there will be profit growth in the second half, and this is despite the substantial improvement in the comparable previous period.

At end-March, Nampak had capital commitments of R10,5m (R5,7m), and over the next two years R25m capex is planned for new and modernised equipment. Kardol says dividends will not be restrained as result of these commitments, and cover will remain around 2,5 times. Nampak had a debt:equity ratio of 12,6% at end-September 1979, which was "too low" says Kardol. "Our maximum debt:equity ratio is 50%," which offers great scope for financing expansion. In addition there is the dividend income from Premier to boost cash flow.

The second half should see a completion of Nampak's major rationalisation programmes in Durban and Port Elizabeth, where two factories in each centre will be consolidated under one roof, promising cost savings in the following year. Kardol says the non-recurring costs in this phase of the rationalisation should be less than in the Transvaal operation.

Demand growth of 5%-6% in real terms is expected this year and next, though raw material cost increases of up to 15% will have to be partially absorbed through increased productivity. Intense competition in most markets served by Nampak prevents all cost increases being passed on to customers. Besides the entry of Kohler to the multi-wall paper sack market, Nampak must cope with smaller operators who are capable of harming the majors on short-term price grounds.

Other developments include the tie-up with Nasionale Pers through subsidiary Keartlands in a 51/49 joint venture to print magazines, catalogues and advertising material in the Transvaal, though profits will have no major impact on the group near-term.

Assuming only 15% earnings growth in the second six months, total eps for the year could be in the region of 116c (95,5c) — 22% growth. On the basis of the 2,5 times cover a final of at least 26c is well within reach though 28c is probably a better target. On what is probably a conservative 47c (38c) payout, the share at 780c yields an attractive prospective 6,0%.

Des Kilalea

FM 2/5/80

Nampak Limited

(Incorporated in the Republic of South Africa)

19¢

INTERIM STATEMENT OF RESULTS FOR THE SIX MONTHS ENDED 31 MARCH 1980

	Unaudited Half year to 31 March 1980 R'000	Unaudited Half year to 31 March 1979 R'000	Audited Year to 30 September 1979 R'000
Turnover	154 876	115 622	239 967
Income before taxation	26 913	19 658	42 792
Taxation	9 797	7 666	16 427
Income after taxation	17 116	11 992	26 365
Attributable to outside shareholders in subsidiaries	1 190	60	293
Preference dividends	31	31	61
Attributable to ordinary shareholders	15 895	11 901	26 011
Number of ordinary shares on which earnings per share is based	27 887 229	27 140 894	27 226 389
Earnings per ordinary share – cents	57,0	43,8	95,5
Ordinary dividends – cents	21,0	18,0	38,0
Dividend cover	2,7	2,4	2,5
Capital commitments			
Fixed assets – contracted	7 178	3 234	5 277
– approved	3 352	988	1 917
Shares in subsidiaries – approved	-	1 500	–
	10 530	5 722	7 194

This expenditure will be financed from internal resources and borrowings.

COMMENT

Review of results

The unaudited results for the six months ended 31 March 1980 reflect a significant improvement over those for the same period last year. Earnings attributable to ordinary shareholders rose by 33,6% while the earnings per ordinary share at 57,0 cents, represent an increase of 30,1% over the comparative six month period last year.

These very satisfactory results were achieved despite increased competition and non-recurring costs arising from the further rationalisation of a number of the group's operations.

Trading conditions remained buoyant throughout the period in line with the general upswing in the economy.

Acquisitions

Shareholders were advised of the offers made by the company to acquire at least 51% of the ordinary and of the 11,3% convertible cumulative preference shares in Premier Paper Limited ("Premier"). As a result of these offers, Nampak has acquired, through a group subsidiary, 51% of the ordinary and 61% of the convertible cumulative preference shares in Premier. However, it was felt expedient to allow another of Premier's main customers to take up an indirect one-third interest in the shares acquired by Nampak, thus reducing Nampak's effective holding to approximately 34% without affecting control.

It was recently announced in the press that Nampak, through its subsidiary, Keartland Press (Pty) Limited, and Nasionale Pers Beperk, through its subsidiary, Nasionale Koerante Beperk, have formed a company situated in Johannesburg to print magazines, catalogues and advertising material by the web offset process. This new venture, in which Nampak has a 51% interest, will provide Nasionale Pers with a wider national coverage in respect of this type of printing and will considerably expand the activities of Keartland Press in this area.

Two property owning companies in Durban and Port Elizabeth have been purchased for a total consideration of R2,2 million to house the joint operations of certain product divisions which are presently being conducted from separate sites.

Shareholders were advised of the transactions between Barlow Rand Limited and C.G. Smith & Company Limited, in terms of which Nampak has become a subsidiary of C.G. Smith & Company Limited. However, it was stressed that the transaction did not affect the shareholders of Nampak, which will continue to be controlled by Barlow Rand Limited.

Capital expenditure

In line with the programmes of rationalisation and planned modernisation it is expected that the group will spend approximately R25 million over the next two years to maintain its leading position in the market segments which it serves.

Future prospects

In the 1979 Chairman's Statement, reference was made to the change in Nampak's management structure from a regional to a product divisional structure. The new structure, geared for national management and marketing of the group's products, has settled down exceptionally well.

The group's efforts to rationalise manufacturing facilities in various sectors to improve efficiency are continuing. Certain rationalisation programmes have been successfully concluded, and positive benefits have already emerged from the rationalised operations.

These factors, together with the expected continuation of favourable trading conditions, should place the group in a position to achieve better results during the second half of the current financial year than those recorded for the same period last year.

Dividend

An interim ordinary dividend of 21 cents per share has been declared for the six months ended 31 March 1980. This dividend is 16,7% higher than the 18 cents per share interim dividend declared for the 6 months ended 31 March 1979.

On behalf of the board

B. Kardol, *Executive Chairman*
A. S. Smit, *Director*

5 May 1980

DECLARATION OF INTERIM ORDINARY DIVIDEND NO. 23

NOTICE IS HEREBY GIVEN THAT an interim dividend of 21 cents per share has been declared and is payable to shareholders registered in the books of the company at the close of business on 6 June 1980. The ordinary share transfer register will not be closed for purposes of this dividend.

Cheques will be posted on or about 16 July 1980.

Non-resident shareholders' tax at the rate of 15% will be deducted from dividends payable to any shareholder whose address in the share register is outside the Republic.

By order of the board,
F. J. Franck, *Group Secretary*

Johannesburg
5 May 1980

Registered Office:
5 Girton Road
Parktown
2193
(P.O. Box 189, Johannesburg, 2000)

Transfer Office:
Hill Samuel Registrars (S.A.) Limited
The Corner House
63 Fox Street, Johannesburg, 2001
(P.O. Box 62318, Marshalltown, 2107)

Now — Kellerprinz in the box trend

CDM 13/5/84 194

By SIMON WILLSON
Industrial Reporter

AUSTRALIAN technology is still a large feature in Stellenbosch Farmers Wineries' newly-launched flagship in the boxed "cask" wines, Kellerprinz, which came on to the market recently.

The Kellerprinz range, which has already proved its worth in glass, will now be dispensed in five-litre tots from aluminium bags as the latest drink to be packaged in the increasingly popular "wine-in-a-box" form.

But the bags and the valves which dispense the wine are currently being imported from Australia, where the cardboard "cask" wine containers were first introduced about 12 years ago.

Amalagamated Packaging Industries (API) are importing the materials from a company in Western Australia, ACI Liquitainer. At the moment all the materials are imported, but within two months API hopes to manufacture the bags in South Africa from imported materials.

Eventually the intention is for API to manufacture the valve in South Africa as well.

The valve is really the secret of the whole boxing operation. It was patented in the United States, and is named the Fattori valve. It has no moving parts, and dispenses the wine without allowing air into the bag.

SFW first went into boxed wines last year with the Autumn Harvest range, but this was regarded as a test run prior to the introduction of the more popular and market-proven Kellerprinz Tassenberg brands in boxes.

The boxed Tassenberg first hit the shops — without publicity — on May 1 and sold 65 000 litres on the Reef in two days, breaking the 100 000-litre mark after four days and breaching 200 000 litres in six.

Nampak's R18,9m deal

(194)

RDM 22/5/80

NAMPAK has bought all of Paper & Packaging Industries, of Pretoria, for R18 900 000. PPI, the last large privately owned packaging company in South Africa, manufactures corrugated papers, corrugated board and corrugated boxes at its Rosslyn plant from wastepaper.

Settlement will be by the issue of provisional renounceable letters of allotment for 2 450 000 Nampak shares at 770c each, the closing price of Nampak shares on April 30, the date agreement was reached.

The new shares will not qualify for the interim dividend payable to shareholders registered on June 6.

Because they want cash, the vendors have renounced their rights to the letters of allotment to C G Smith & Co, which holds 55,4% of Nampak. C G Smith has agreed to renounce 44,6% of the provisional allotment in favour of the other shareholders of Nampak.

Nampak minorities will be able to take up the new shares at 770c on the basis of nine new shares for every 100 shares they hold.

The acquisition of PPI and the issue of the shares is not expected to affect Nampak's earnings or net asset value.

FM 30/5/80 (1964)

CNA INVESTMENTS

Increasing cover (35)

Activities: *Owns the CNA chain of retail stores. Main support activities are: property investment; magazine and book distribution; manufacture and sale of stationery products; marketing and retailing of data processing and electronic sound/visual equipment.*

Chairman: *L E A Slater; managing director: J A Mackness.*

Capital structure: *3,37m ordinaries of 50c; 500 000 5% cum prefs of R2. Market capitalisation: R15,2m.*

Financial: *Year to February 29 1980. Borrowings: long- and medium-term, R6,4m; net short-term, R5,6m. Debt: equity ratio: 50,4%. Current ratio: 1,6. Net cash flow: R3m. Capital commitments: R3m.*

Share market: *Price: 450c. (1979-80: high, 465c; low, 170c; trading volume last quarter, 89 600 shares). Yields: 21,6% on earnings; 7,3% on dividend. Cover: 2,9. PE ratio: 4,5.*

With retail price maintenance to be scrapped on books in July, CNA expects further earnings growth from the book sector. Couple that with the healthier outlook for its other operations with increased consumer spending, and the medium-term profit picture looks particularly bright. But higher retentions could restrain near-term payments to shareholders.

Last year's 21% turnover increase, from R64.7m to R78,5m, resulted in a 56,8% growth in earnings. Since 1975, when the company discontinued the unprofitable CNA Electronics and CNA Publishing, margins have generally been on an upward curve. Central Data Systems, which was nursed through its "sometimes troubled formative years" has been turned round and had a successful year with its newly introduced Prime computers. The better margins have thus resulted in earnings of 97,1c (62,8c). Even so, net return on shareholders funds, at 17%, is low by industrial standards.

	'77	'78	'79	'80
Return on cap %	13.6	12.3	15.8	19.0
Turnover (Rm)	61	61	65	78
Pre-tax profit (Rm)	2.6	2.4	3.4	5.2
Gross margin %	7.0	6.2	9.1	9.3
Earnings (c)	33.7	32.3	62.8	97.1
Dividends (c)	20	23	25	33
Net asset value (c)	434	485	523	607

Turnover is expected to increase substantially this year if consumer spending is maintained. Last year 21 new stores were opened and a further 20 or so are planned for this year, ranging from 2 000 m^2 to 5 000 m^2. The group also acquired 19 speciality record and tape outlets in December, and moved into photographic services in conjunction with Kodak.

Cash reserves are currently low. Because 99% of the retail chain's sales are for cash, the company is not concerned with maintaining high cash resources. But, with creditors twice the level of debtors, and R3m capital commitments to be financed from retained earnings, it is not surprising that dividend cover has been increased from 2.4 to 2,9. And, depending on earnings, the company would like to raise cover to three times this year.

At 445c, to yield an historic 7,4% the share still has upside potential. Increased earnings could enable the dividend to eventually move up in line. *Fiona Halse*

NAMPAK FM 30/5/80

Tying up supplies

(194)

Although it may not seem so at first glance, Nampak is financing its R18.9m purchase of Pretoria-based Paper & Packaging Industries by what amounts to a 9-for-100 rights issue at 770c.

Officially, the consideration is 2,45m Nampak shares, but the vendors of PPI — the Raimondo family — are renouncing their rights in favour of C G Smith & Co. Smith in turn, is renouncing its rights (to the renounced rights of the Raimondos) in respect of 44.6% of the shares to be issued in favour of Nampak minorities.

The effect, therefore, is of a rights issue underwritten by Smith, and if everyone follows their entitlements the shareholding structure of Nampak will remain unchanged. But by the same token, if mmer-ities do not take up the additional shares, Smith could increase its stake in Nampak to about 59% from the present 55,4%.

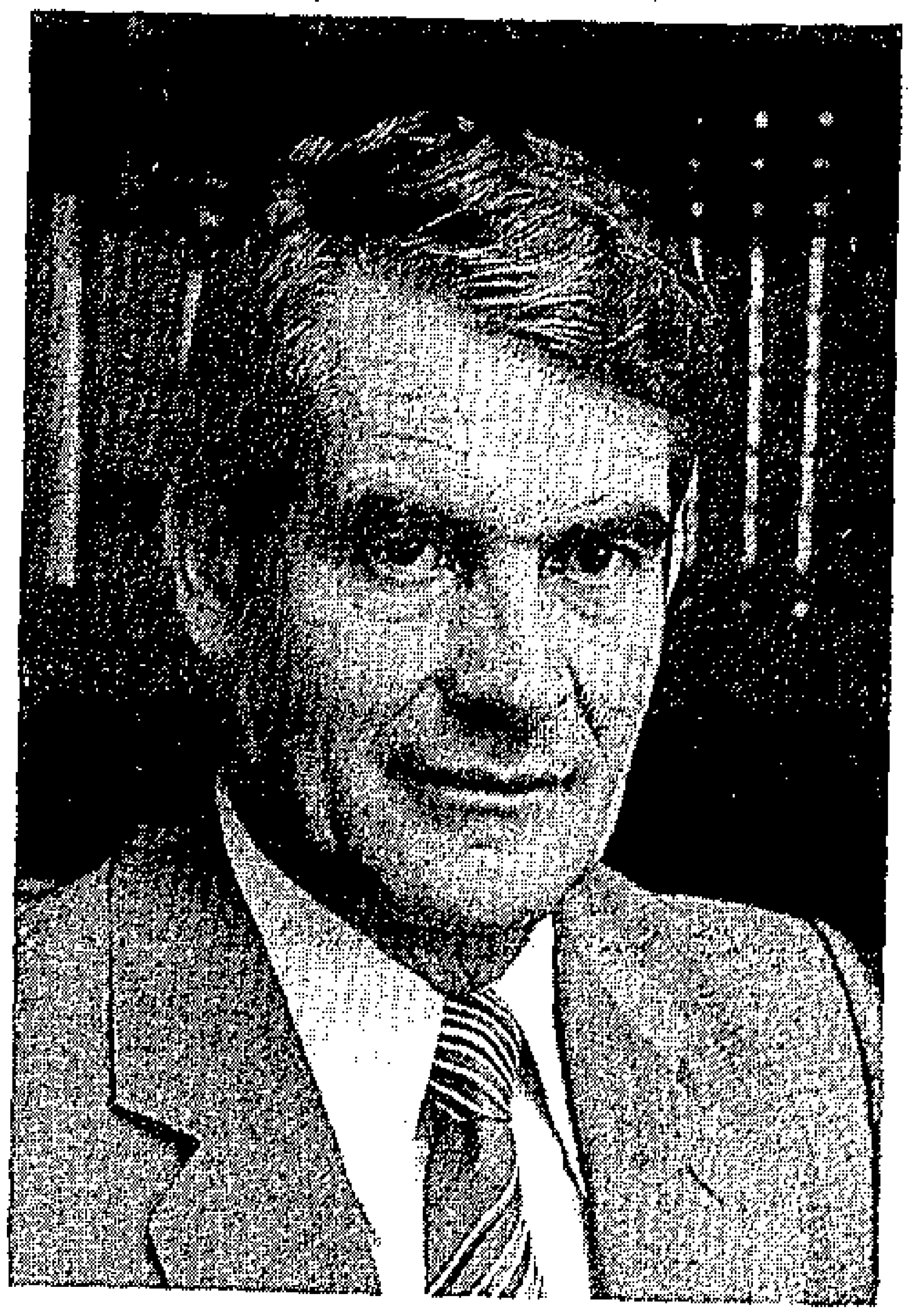
Why the round-about way of raising the funds? For a number of reasons: one is that the 770c issue price, which is the same as the price on April 30 when the deal was concluded, is probably higher than would have been possible through a "normal" rights issue which would consequently have had to be larger. Even after the 80c share price rise to 850c since April, the 9,4% discount might be considered a little narrow.

Secondly, Smith was prepared to put up the full R18.9m purchase consideration in exchange for new Nampak shares, but it was accepted that this would not be fair to minorities who have accordingly been given the opportunity of maintaining their proportionate interest in the company.

Finally, there is a slight time advantage in this method compared with the normal schedule of a rights issue.

An amusing side-line to the deal is that Nampak sold back a 44,2% interest in PPI to the Raimondo family in 1978 for R3.1m — the present purchase price is effectively 165% more after allowing for the R400 000 in prefs which Nampak is also buying. The group is, however, happy with its purchase. A major benefit is that it is tying up supplies of strategic raw materials on a permanent basis, whereas the existing supply agreement with PPI was due to end this year.

Brian Thompson



Nampak's Kardol . . . tying up a supply base

Malbak fires on all cylinders

(194)

RDM 9/6/80

By DAVID CARTE
Deputy Financial Editor

A SURGE in demand for agricultural machinery in the second half improved packaging, plastic and motor profits and a full year's contribution from new acquisitions, Maccabee and PCI, lifted Malbak to a record 50% earnings increase in the year to March 31.

Earnings a share for this low-key industrial conglomerate in the first half were 20% ahead at 19,1c. Second-half earnings surged 78% to 31,3c for a total of 50,4c to give Malbak its 12th consecutive earnings and dividends record.

The latest results mean that earnings a share have grown at an average compound rate of 17,2% a year since Malbak's creation in 1969 in spite of murderously tough times in motors and agriculture in recent years.

Group sales for the year rose 28% to R129-million, pre-tax profit 57% to R9 100 000 and earnings for shareholders 50% to R5 280 000. The dividend was raised 33% to 18c (13,5c). Dividend cover has long been conservative, averaging 2,6 since the group's inception, but this year's 2,8 is a high. Still, with Malbak already earning nearly 25% on shareholders' funds with better to come, few will object.

Bakke, which makes and sells packaging, plastic products and mining supplies, contributed 42% of earnings and Maccabee, the light engineering division, 15%. Other contributions by division were: Malbak Motor Holdings 8%, Malcomess 13%, and Group Services, boosted by PCI, 22%.

Malbak is firing on all cylinders pretty well for the first time since its creation and things look bright for all divisions in the immediate future. It is a tightly run, conservative operation, which should do even better than it already has. At 300c the tightly held shares yield 6% on the new dividend, which is attractive.

There seems little danger that even in an acquisitive climate such as this that a predator will move in on Malbak. Most of the shares are scattered among a number of heavywieght institutions.

STAR 30/6/80

Paper mill workers go on strike

194

Staff Reporters

Black workers at Premier Paper's Klip River mill went on strike this morning, demanding more pay.

Work was resumed shortly before noon after management had told workers that it would reply to their demand on Friday.

One worker said none of the several hundred blacks employed by the mill went to work this morning.

The minimum wage was given variously as R28 to R29 or about R30.

A company spokesman said senior management of Premier Paper had been sent to the mill to establish the cause of the problems.

Malbak hopes to beat profit record

(30) (1991) (199)

RDM 30/6/80

MALBAK is confident of achieving further earnings growth in the 1980-1981 year, says the group managing director, Mr Grant Thomas, in the annual report.

"Stimulated by exceptional gold sales, abundant liquidity and a growth-encouraging Budget, the business climate in South Africa seems fortunately to be out of step with major Western economies and there appear to be adequate reasons to anticipate that favourable conditions will prevail throughout the forthcoming year. All group divisions should benefit from a year of above-average growth."

Having produced record earnings of 50,4c a share in the year to March, the growth target for this year may well be substantially above the historical average of 17,2% compound rate achieved since the group was formed 12 years ago.

If a 20% improvement can be achieved, earnings will rise to almost 61c a share and a total dividend of 22c would be possible without disturbing the near 2,8 times cover of last year.

One of the past year's features was the 24,6% return on ordinary shareholders' funds. This was a 39% improvement on the 17,7% return of the previous year.

Although margins within certain group operations came under pressure, the 28,2% rise in turnover to R129-million was not the sole influencing factor in the pre-tax profit rise of 58,2%.

Central to the improvement in the position this year was the part played by recent acquisitions, PCI and Maccabee.

Other significant features of the accounts include the improvement in net asset value from 204c to 230c and the intact 48,3% ratio of shareholders' funds to total assets in spite of the year's cash-funded acquisitions.

Of the five major divisions — all of which are autonomously managed and financed — Bakke remained the single largest source of profit, contributing 42% of the net total. This packaging, plastic products and mining supplies division achieved the same profit as last year in spite of higher raw material costs and the greater than expected costs associated with rationalising its two injection moulding companies.

There are signs that material costs in the current year will level out and there is little likelihood of supply problems.

Maccabee, which became a wholly owned subsidiary and which is now the light-engineering division, accounted for 15% of the profit total. The contribution — representing 7,5c a Malbak share — arises from earnings for only nine months, so the current year will be the first in which a full contribution is recorded.

The motor retailing division, Malbak Motor Holdings, was influenced by a difficult trading climate, particularly in the first half of the year and thus contributed only 8% of the total profit.

Stemming from higher petrol costs and speed restrictions, the structure of the division was reappraised, resulting in the absorption of certain one-off costs associated with the closing of several outlets.

The slimmer operation, coupled with expected benefits to flow from the integration of the BMW franchise in the Free State last year, should result in more acceptable profit levels in the current year.

Malcomess, the farm machinery division, showed a strong recovery from 1979's profit slump and made up 13% of the total 1980 profits.

Certain administrative problems within the division remain to be overcome, but buoyant trading conditions are expected to continue throughout the current year.

Group services, embracing the recently acquired process control instrumentation, contributed the 22% balance of total profits.

PCI's profits surpassed budget and the company's advantageous position in the instrumentation industry should allow for further operational developments and profit growth.

Malbak's pre-tax profit rose to a record R9 100 000 (R5 500 000) and net profit attributable to ordinary shareholders totalled nearly R5 300 000 (R3 500 000). Earnings a share were 50,4c (33,5c) and a total dividend of 18c (13,5c) was paid.

Cape Times 1/7/80

Paper mill workers down tools

JOHANNESBURG. — Black workers at Premier Paper's Klip River mill downed tools yesterday morning to demand more pay.

Work was resumed shortly before noon after management had told workers that it would reply to their demand on Friday. One worker said none of the several hundred blacks employed by the mill went to work this morning.

Another estimated that about 400 blacks were employed at the mill. The minimum wage was given variously as R28 and about R30.

A company spokesman said senior management at Premier Paper had been sent to the mill to establish the cause of the problems.

The spokesman was not able to say when the strike started or how many workers were involved. — Sapa

Kohler lifts interim to 35c

194

RDM 4/7/80

By DAVID CARTE
Deputy Financial Editor

AFTER INCREASING earnings 31% in the six months to the end of June, Kohler Brothers forecasts "very satisfactory" yearend results.

Kohler pushed up sales 26% to R69-million, pre-tax profit after lifo 30% to R9 531 000 and attributable profit 34% to R6-million in the first half and hoisted earnings a share 31% to 71,7c. The interim divided has been raised from 27c to 35c.

Profits are stated after adjusting for the lifo method of stock valuation, which reduces stated profits, but saves tax and enhances cash flow.

The good results, in spite of "intense competition", are ascribed to "higher sales resulting from a continued improvement in business conditions and further benefits from improved productivity".

Most of Kohler's packaging is used for food, drink and household products, which are less cyclical than semi-durables, such as clothing.

While it is still big in corrugated containers, this low margin, low technology type of packaging is not its mainstay. Kohler is big in plastic bottles and Masterform has virtually cornered the market for credit card and computer forms — all high growth areas today.

Packaging tends to outstrip gross domestic product and is highly geared to consumer spending, which should boom in the second half. The generous interim dividend, despite a R16-million capital expenditure programme, suggests that Kohler expects to be even further ahead at the end of the year

Earnings growth of 40% by the yearend would not be surprising and given Kohler's almost excessively liquid position, dividend cover seems unlikely to change.

This suggests earnings of 175c a share and a dividend of 88c, giving a most attractive prospective yield of 7,4%.

Paper firm raises pay

STAR 4/7/80 (194)

The minimum wage of about 340 black workers at the Premier Paper Mill at Klip River, near Alberton, has been increased by 15 percent to 90c an hour after Monday's strike.

This was confirmed today by a company spokesman.

He said the lowest paid workers were getting increases of 12c an hour and higher paid ones increases of 10c an hour — effective from July 1.

Most of the firm's black staff was involved in Monday's stoppage which ended when strikers were told that management would reply to their demands for more pay by today.

The announcement of the increases came yesterday and work proceeded as usual.

Carlcor lifts interim

(194)

RDM 10/7/80

By HAROLD FRIDJHON

THE interim dividend of Carlton Paper Corporation for the six months to June 1980 has been raised from 6c a share to 11c as earnings a share have risen from 11,8c to 20,6c.

For the year to December 1979 earnings a share were 28,2c and dividends amounted to 16c.

Sales for the first half of the current financial year have rocketed; they have grown from R26-million in the first six months of last year to R35 600 000. In the second half of last year, the turnover was R30 554 000 so the improvement which started in the second half of last year is continuing.

Taxed profit is 73% higher at R3 240 000. The tax rate dropped from 33% to 29% as a result of export incentives and increased capital expenditure

The chairman, Mr Basil Landau, tells shareholders in the interim report that the board is confident of a continued improvement in performance.

"The long-awaited improvement in consumer spending has commenced and we anticipate that this will continue through the balance of 1980. The export orders . . . will also continue through the remainder of the year at the same level as in the first half."

Carlcor is a leading producer of disposable tissue products, such as toilet tissue, facial tissue and roller towels.

KOHLER

F M 11/7/80

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Productivity gains

In line with Kohler's diversification strategy within the packaging and printing industry, a 17% stake in major raw material supplier Premier Paper was acquired in the half-year to June 1980. And in view of its currently strong financial position, the group is looking for further growth or acquisition opportunities in the second half which could further broaden its product range.

Careful choice of ventures has enabled the group to achieve operating economies and thereby strengthen profitability. First-half turnover increased by 26% to R66m (R52m) due largely to continued improvement in business conditions, but the 34% increase in attributable earnings for the half-year could be an indication of higher productivity within the group. Despite the issue of 214 000 new shares which marginally diluted per share earnings, the R6m (R4,5m) profit figure was equivalent to 71,7c (54,8c) a share. That represented a 31% increase in real terms.

The group ended the first six months with an improved cash flow due largely to the Lifo adjustment of R1,8m (R1,7m) which translates into a 10c tax saving per share. Its mid-year tax rate of 36,4% (38,4%) may also be an indication of the tax benefits accruing from the current R16m capex programme for new factories at Robertville on the West Rand, and in the Cape.

As the additional funds have been "helpful in funding the expansion programme," it is likely that the R4m increase in long-term borrowings could be utilised in part for working capital to meet current demand. Improved gearing should therefore push up earnings even further at year-end.

In the present phase of the economic upswing, paper and packaging may emerge as one of the more exciting sectors as increasing demand in both consumer and industrial goods is reflected in sales figures. Kohler's share price to some extent confirms this interest, having moved from 780c last July to its current 1 400c. The company's interim results reveal a 19,4% return on capital.

During the coming six months, turnover will continue to rise. But it is unlikely that the 1979 pattern of 44% in the first half and 56% in the second half will be repeated because of the sharp increase in activity experienced during the final six months of last year. On this basis, year-end earnings twice those reported in the interim could be expected, bringing earnings to a possible 143c. A 2,1 times covered dividend of 68c puts the share on a prospective 4,9% yield. *Fiona Halse*

Sappi earnings up 85% in bumper first half

(194) RDM 16/7/80.

By DAVID CARTE

Deputy Financial Editor

SPURRED BY booming paper sales, enhanced plant use and internal efficiencies, Sappi, South Africa's biggest paper manufacturer, lifted earnings 85% in the six months to June.

The interim report says that although this rate of growth is unlikely to be maintained for the year as a whole, there will be a "material" improvement in the full year's results.

Sappi warns that dividend cover is to be increased from 2,5 last year to roughly three times to help fund the company's R500-million investment programme. But it expects the total dividend for the year to to "not less than" 45c.

This suggests that earnings are expected to be at least 135c — a 50% improvement on last year's 89,2c.

The interim report shows sales up 39% to R163 300 000, operating profit up 67% to R25 700 000 and pre-tax profit 80% ahead at R22 600 000. The tax rate fell to 6% from 7,5%, with the result that taxed attributable profit was even further ahead at R19 253 000 (1979: R10 435 000).

Earnings a share in the half-year were 66,5c against 36,5c in the first half of 1979, and the interim dividend was lifted from 10c to 15c.

The tax rate is abnormally low thanks to allowances on exports and Sappi's heavy investments, but is not expected to rise above 10% in the next few years.

All profit and earnings figures are stated after valuing stock by the lifo method, which reduces stated profits but saves tax, enhances cash flow and gives a less inflated profit and asset picture.

A balance sheet provided with the interim report shows that Sappi is attaining its financial objectives. Taxed return on equity was an annualised 24,5% (18% last financial year), while debt: equity was reduced to 35% (38% last balance sheet).

Sappi's chairman, Mr Ted Pavitt, says the new paper mill at Milnerton in the Cape is expected to be in production in the first half of 1981 and two wastepaper companies have been acquired in Cape Town to ensure a supply of waste paper to the mill. The major expansion plans for pulp and paper announced last year-end are well advanced.

Mr Pavitt says a buoyant economy is expected for the rest of the year and increased capacity installed at the end of last year should reach full output in the second half. Enstra mill is expected to further improve its performance and with further attention to cost control and productivity, "there should be a material improvement in profit in the second half".

Sappi has had a blinding past 18 months and the spectacular share price performance reflects this. With 300 000 tons a year of kraft capacity coming into operation in the kraft-starved Cape soon, and further mileage to be extracted from internal efficiency, there is undoubtedly better to come for the next year or two.

But some investors may remember that in the more distant past the pulp and paper industry has once or twice completed large expansion just as the pulp and paper market took a dive. In this capital-intensive industry, profits are highly geared to sales. So it is not surprising that the papermakers have sometimes looked sick in bad times.

The only negative question one can raise about Sappi is: will this R500-million of additional capacity be completed three or four years from now when the pulp and paper market turns down?

The group is less exposed on this score than it once was. Today Sappi is a vertically integrated operation. Its products are more diverse and, more important, Sappi has a useful foothold in export markets, which run contracyclically to the domestic market.

With wood, pulp, energy and labour cheaper in South Africa than abroad, it stands at a useful comparative advantage to its foreign competitors. So fluctuations in fortunes in future should be less severe.

At 840c, Sappi yields 5% on the projected minimum 45c dividend for the current year, which, bearing in mind the quality of earnings behind the dividend, is not expensive.

FM 18/7/80

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sappi limited

Consolidated income statement

	*Six months to 30.06.80 R000's	*Six months to 30.06.79 R000's	% change	Twelve months to 31.12.79 R000's
Turnover	163 321	117 464	+39	261 562
Operating profit	25 731	15 459	+67	37 651
Net interest paid	3 183	2 961	+11	6 340
Profit before taxation	22 548	12 498	+80	31 311
Provision for taxation	1 361	933	+46	2 731
Profit after taxation	21 187	11 565	+83	28 580
Attributable to outside shareholders in subsidiaries	1 934	1 130	+71	2 995
Profit attributable to Equity shareholders	19 253	10 435	+85	25 585
Earnings per share (cents)	66,5	36,5	+82	89,2
Dividends per share (cents)	15,0	10,0	+50	36,0

Consolidated balance sheet

	*30.06.80 R000's	*30.06.79 R000's	% change	31.12.79 R000's
Funds employed				
Shareholders equity	157 279	121 804	+29	142 601
Outside shareholders interests	39 008	36 748	+6	38 018
Deferred taxation	4 919	19 689	-75	4 766
Long term borrowings	54 668	58 007	-6	59 281
Total funds employed	255 874	236 248	+8	244 666
Employment of funds				
Fixed assets	229 251	215 211	+6	223 584
Current assets	89 500	80 275	+11	88 434
	318 751	295 486	+8	312 018
Current liabilities	62 877	59 238	+6	67 352
	255 874	236 248	+8	244 666
Ordinary shares issued '000	28 949	28 620		28 949
Long term debt to total funds employed	21,4	24,6		24,2
Current ratio	1,4:1	1,4:1		1,3:1
Net asset value per share – cents	543	426		493

*Unaudited

P.T.O.

interim results 1980

Comment on results

Group turnover increased 39% and pre-tax profit by 80% over the corresponding period last year.

Demand from local and export markets for all the Group's products has remained strong throughout the first half of the year and all manufacturing units have operated well.

In particular there has been a substantial improvement in the performance of the Enstra Mill which has, in recent months, consistently reached planned output levels.

The results of the Stanger Mill are included for a full 6 month period whereas only 1 month's trading results were included in the corresponding period last year. Stanger contributed R25,8 million to the sales growth and R3,0 million to the pre-tax profits during this period.

The severe drought conditions in Natal continue to be a cause for concern for the operations of the Stanger Mill. Measures have been taken to reduce the water consumption of the mill by 50%. In spite of this there is still a risk of intermittent stoppages of the pulp plant until the summer rains commence. This situation is not expected to have a material effect on Group profits as the Tugela Mill is not affected by the same circumstances.

Carlton Paper Corporation had an extremely successful half year with sales up 37 % on the same period last year and earnings rising by 75 %. Carlton has contributed R1,2 million to consolidated earnings of the Group.

Development

The new paper mill at Milnerton in the Cape is expected to be in production during the first half of 1981 and work is progressing well. Two wastepaper companies in Cape Town have been acquired to ensure a steady supply of waste paper to the Mill.

The major expansion plans for pulp and papermaking announced at the end of last year are well advanced and a further announcement will be made in this connection in due course.

Balance sheet

The substantial reduction of the provision for deferred taxation from R19,7 million at June 1979 to the current level of R4,9 million results principally from a change in the basis of accounting at the 1979 year end which was fully explained in note 13 to those accounts.

Future prospects and dividend

It is anticipated that the economy will remain buoyant for the balance of the year and the increased papermaking capacity which was installed towards the end of last year should reach full output levels in the second half year. Enstra Mill is expected to further improve its performance and with further attention to cost control and increased productivity there should be a material improvement in profit in the second half year. It is however not anticipated that the same percentage improvement will be maintained in the second half year as was maintained in the first.

In view of the continued improvement in results your board has decided to declare an interim dividend of 15 cents per share (1979 – 10c). Having regard to our future expansion plans the board considers it appropriate this year to increase the dividend cover to approximately three times for the year. The total dividend however is not expected to be less than 45 cents per share.

Signed on behalf of the board — E. Pavitt, Director; E. van As, Director

Dividend announcement

The directors have declared an interim dividend No. 47 of 15 cents per share payable on or about the 28th August 1980 to shareholders registered on the 1st August 1980. The transfer books of registered members of the company will be closed from 4th to 8th August 1980, inclusive.

UNION CORPORATION LIMITED
Secretaries
Per : D.J. O'Connor

15th July 1980.

General Mining
Union Corporation
Group

SPP 5326

SAPPI

FM 18/7/80

Solid growth

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Sappi's results for the six months to end-June confirm that high local and export demand has enabled the group to benefit substantially from improved plant use. In anticipation of such an upswing, increased papermaking capacity was installed towards the end of last year and it should reach full output levels in the second half. But chairman Ted Pavitt warns that even though material profit improvements will be achieved in the coming six months, the same high growth rate may not be maintained.

Even with a slowdown in the growth rate, the interim results will go a long way towards making 1980 a good year for the group. Earnings rose by 85% to R19,3m (R10,4m) on a 39% sales rise to R163,3m (R117,5m). The improvement in margins from 13,2% to 15,8% was partly due to the recovery of the formerly troublesome Enstra mill.

Whether margins can be maintained for the rest of the year depends in part on the cost increases, but also on the severity of the Natal drought as current water shortages are threatening to cause intermittent stoppages of the Stanger pulp plant. The group has, however, denied this will materially affect group profits as the Tugela Mill is not affected by the same circumstances.

Pre-tax profits were boosted from R12,5m to R22,5m for the first half. Stanger mill, consolidated for a full six months compared to one month in the corresponding period last year, contributed 13% of the R22,6m but this percentage may fall if drought fears are confirmed.

The tax rate continued to fall, reaching 6% (7,5%) due to increased export allowances as the group established new markets in a number of African and overseas countries. Capex allowances and tax losses also contributed towards the low rate, and the group plans for a rate no higher than 10% in the medium term.

Due to an increase in the number of issued shares, attributable earnings of R19,3m (R10,4m) were diluted slightly, giving an 82% increase in eps from 36,5c to 66,5c. An interim of 15c (10c) was declared but with expansion plans for pulp and papermaking plant in the pipeline, dividend cover is to be increased to 3 times to fund expansion.

On this basis, a total 45c being forecast for 1980 would be backed by earnings of 135c per share. Despite the pleasing interim results, the share at 840c yields a prospective 5,4% which indicates that the market is already discounting a fair measure of future growth.

Fiona Halse

PAPER AND PACKAGING

All wrapped up

(194) FM 25/7/80

Consol Glass' MD Jan Robbertze's view that "the packaging industry is a fast responding barometer to the economy" has been borne out by the performance of the sector. During the past 12 months, the 82,7% appreciation in the *RDM* Packaging index from 437,8 to 800,0 has been in line with the 83% improvement in the *RDM* Industrial Index. And the attitude of those involved in the industry is that the barometer is set fair for at least another 18 months.

Being closely linked to spending trends of both consumers and manufacturers has not always helped the industry, and the growth rates now being reported must be seen against the doldrums of 1978 and early 1979. But now, the packaging companies are characterised by relatively low debt, high cash flow and excess capacity. Acquisitions by the larger groups during the past few years have added to their capacity without the need for heavy capex. And if expansion does become necessary in the near future, gearing should continue to boost earnings growth for a further period.

New concepts

As producers of a wide range ot packaging, industry majors often have one division competing against another for market share. Because of the large number of participants and the highly technical nature of the industry, R&D divisions are hard at work to find more competitive products, preferably lighter and easier to make.

Last year, the result was an array of new concepts, including bag-in-a-box wine containers, 2*ℓ* plastic cold drink bottles and "sesame" openers on dry goods cans. Few of the companies fund their own research in SA, mainly because of the high costs involved. Consol's Robbertze maintains that "we don't want to be sitting out here re-inventing the wheel" so his company draws on expertise from US-based Owens Illinois, which spends an annual $60m on R&D. Metal Box also receives technical aid from its UK parent while both Kohler and Nampak keep up with overseas innovations.

But constant efforts to make better products may not be enough in this fiercely competitive industry. Nampak's Bas Kardol warns that "margins will continue to be eroded as market share is defended." But the packaging companies are prepared for the fray. None of them is short of capacity. They have either anticipated the current packaging boom and completed expansion well in time, as did Kohler, or they have reached only about 80% utilisation across the board like Nampak.

For Metal Box, running at 70% on average, the new Rosslyn "two-bit" can line represents updating of equipment with newer technology. Consol Glass will probably exercise the option of putting in larger furnaces in its regular replacement process.

The only possible threats to future growth and profitability in the industry are short supplies and escalating costs of raw materials. The threat is more acute in the manufacture of some materials than others.

Supplies of paper for corrugated board processing are still scarce and the acquisition of Premier Paper by Nampak has not alleviated the pressure as two thirds of its output was in any case previously bought by Nampak and one third by Kohler. Major supplier Sappi is reportedly encouraging new entrants into the industry which are more likely to build up large stocks, resulting in the rest being kept a little short. And when the boom really materialises, it will be the companies with raw material stocks which will profit.

Plastic materials have risen with the oil price, and tin-plate increased in line with steel hikes. Glass manufacturer Consol appears to have fewest problems — it mines its own silica sand and the price of imported soda-ash could decrease as demand lessens on the world market. Consol has also switched from the use of furnace oil to coal-produced gas. But for the rest of the industry the raw material threat remains and during the next few years, price hikes and scarcity may well affect the relative cost-competitiveness of some packaging materials.

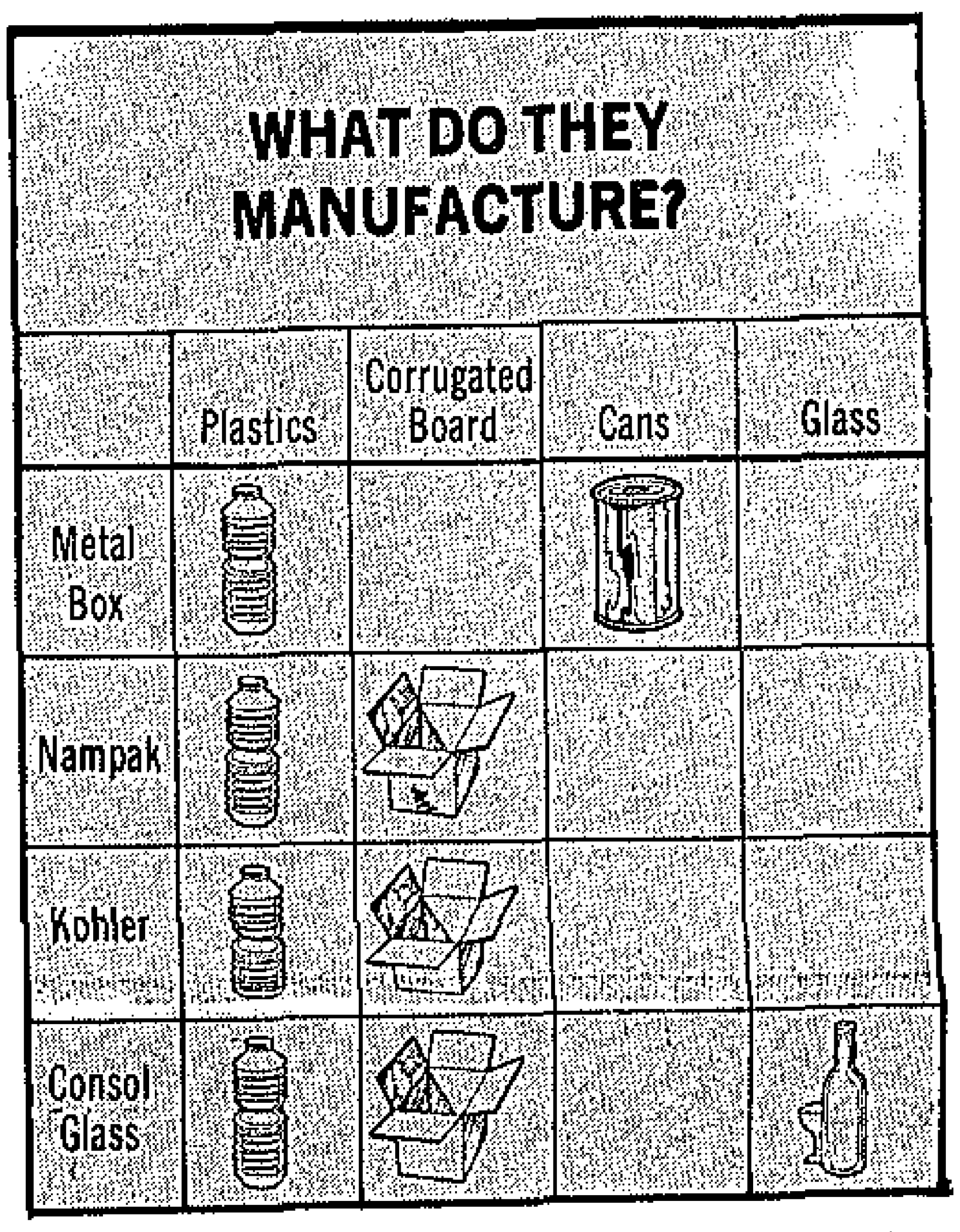
Packaging . . . growth in tandem with consumer demand

When asked to comment on medium-term prospects for the industry, most manufacturers referred to the following favourable trends: an increasingly healthy economy; greater consumer spending in both white and black sectors; and the ability of the industry to cope with increasing demand.

Nampak's Kardol sees prospects "very healthy deep into 1981." As the company boasts a track record of steady growth even in bad times, he expects it to live up to its reputation this year.

A 21c (18c) interim was declared in March backed by earnings of 57c, (43,8c) and assuming the same growth in the second-half, a total of 45c could be paid this year. At 850c, the share yields a prospective 5,3%, indicating that the market has already acknowledged its long-term worth.

Following its stronger orientation towards marketing during the last two years and extensive reorganisation of divisions, **Metal Box** has increased market share and management believes it will continue to hold its own against smaller undercutting competitors. The company, geared up to 44% of equity, should realise higher profits with the expected increases in sales over the coming six months. Forecasts for the year to end-March indicate a total dividend of 36c (30c) which puts the share at 520c on a 6,9% prospective yield. On this basis, it has upside potential.

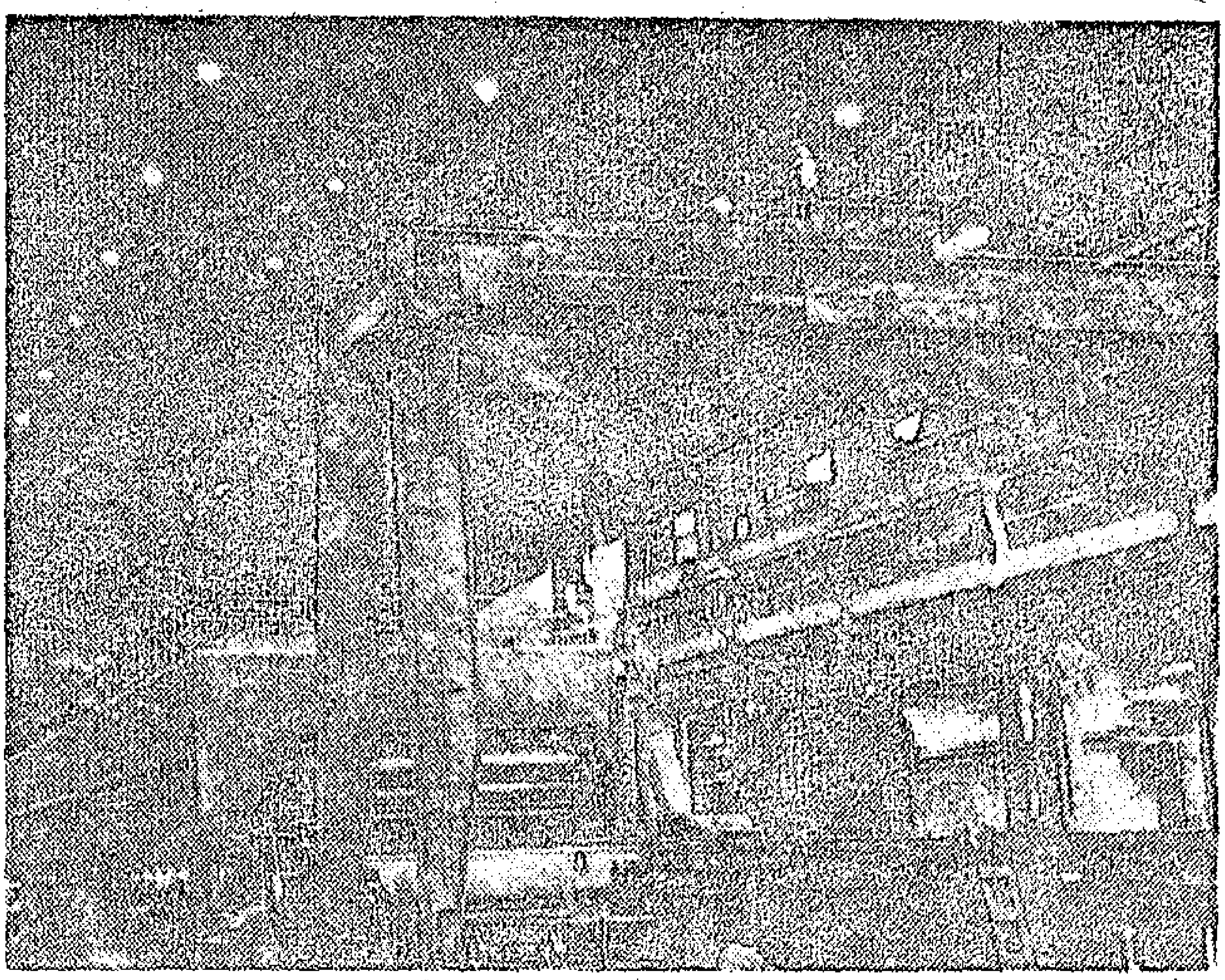


Leading the field in earnings growth over the last four years, **Kohler** expects the real upswing to boost profits in the second half of this year and into 1981. MD Tony Crosby attributes the company's growth record to "productivity, rationalisation, and profit consciousness" and confirms it will be on the lookout again this year for suitable acquisitions into which it can channel excess cash flow.

The share strengthened from 780c last July to 1 400c, and if interim earnings of 71,1c (54,8c) grow to 170c (125c) at year's end, the share could yield a prospective 6,1% on a 80c (61c) payout.

Although **Consol Glass** has the distinction of being SA's sole manufacturer of glass packaging, it has not limited itself to this field, diversifying into plastics, glass tableware and, more recently, corrugated board. Management is highly aware of the need for productivity within the company and has achieved earnings growth of 22% during the last four years while reducing the number of employees from 6 000 to 4 000.

Results for the year to end-June are as yet unavailable, but Robbertze asserts that "the trend in the interim has been strongly maintained." This could indicate earnings of 195c (135c) and a three-times covered dividend of 65c (40c) for 1980. At 935c, the share yields a prospective 7,0% and although capital investment over the next few years may push up cover, the strong balance sheet leaves scope for gearing up from the current no-debt situation.



The No 3 paper machine at Mondi's Merebank site near Durban.

Mondi is to increase its fine paper capacity

29/7/80 Star

Mondi Paper is to convert its No 3 paper machine from the production of newsprint to the production of fine paper following an upsurge in demand in South Africa for all grades of fine printing and writing papers.

The rebuild of the machine at its Merebank site near Durban will involve the installation of a size press as well as additional chemical pulp handling and refining capacity. Capital expenditure on the conversion will amount to R4-m and the machine is expected to begin manufacture of some of Mondi's fine paper grades during September. This will ease the existing tight supply situation for fine paper which has developed locally as a result of the up-turn in the economy.

The No 3 machine, a Beliot Walmsley, was commissioned at the end of 1976 at a cost of R42-m and is capable of producing 100 000 tons of newsprint annually. Its conversion will enable Mondi to increase production of fine paper by up to 90 000 tons a year. The new capacity for fine paper will be used to keep pace with market demand as well as for exports, and will ensure that the Republic is self-sufficient in fine papers for many years to come.

Mondi's fourth paper making machine is expected to come on stream later this year while a fifth machine will be in operation in mid-1981. Mondi will then be one of the largest single mill complexes in the world with an annual production of 450 000 to 500 000 tons.

Prem Paper raises profit 52%

(194) RDM 31/7/80

By DAVID CARTE
Deputy Financial Editor

WITH DEMAND for paper buoyant, Premier Paper lifted pre-tax profit 79% to R2 745 000 in the year to the end of June, says the second interim report.

Taxed attributable profit, excluding extraordinary items of R111 000, rose 52% to R1 834 000. Because of the increased number of shares in issue — 1 636 000 against 1 364 000 — earnings a share rose 19% to 105c (88c). A special dividend of 20c has been declared, bringing the payout in the past 12 months to 40c (30c).

To bring its financial year into line with that of its new controller, Nampak, the company will report for a 15-month period to the end of September.

The company has resumed deferred tax accounting and has adjusted comparative figures accordingly. During the year under review, not only was Premier Paper taken over by Nampak, but it sold Hunyani and Southern Products.

Premier has easily exceeded the forecast attributable profit of R2-million before deferred tax made at the time of its takeover by Nampak and trading in the second half seems to have been better than in the first, with sales up 10% on the first half to R12 379 000 and pre-tax profit up 60% to R1 688 000.

Main reasons for the improved performance are a healthier paper industry generally and the sale of Southern Products. The company reports order books full and the market strong.

COMMENT: At 780c the share yields 5,1%, which is a full price considering the dominant position of Nampak, Premier's main customer, and the limited marketability of the share.

NEWSPRINT FM 15/8/80

Reversing the trend.

(194)

After five years of depression, newsprint consumption is on the upswing again, with the two major manufacturers of the material working at full capacity to supply the demand.

Recent figures released by the Newspaper Press Union (NPU) reveal that newsprint consumption will reach an estimated 85 788 t during the last half of this year, 21% higher than the first six months' consumption of 70 872 t and almost equal to the rate consumed during the heady days of 1975, when 179 405 t were consumed.

The advent of TV aggravated the newsprint slump, because much advertising revenue was siphoned away. This trend has recently been reversed, and should cause newsprint consumption to be around 10% higher than last year's depressed 142 240 t, and well above the 136 066 t of 1978, the year in which advertising first appeared on TV.

The NPU, on behalf of member newspapers, orders newsprint twice a year from the two manufacturers which currently share this sector of the pulp and paper industry, Sappi and Mondi.

Sappi, which can supply a limited 70 000 t a year, is currently running at full capacity and cannot meet any further rise. Consequently, consideration is being given to increasing capacity. MD Ken Lechmere-Oertel points out that the bulk of newsprint usage is inland and that Sappi is well-placed geographically to supply the demand.

Mondi, a member of the Amic group of companies and a major exporter of newsprint, is absorbing the increased demand. MD Reg Donner says exports are being phased back to allow increased domestic supply, as the company's priority is the local market.

The export market has been particularly strong in recent times, and Mondi has been supplying up to 17 foreign customers including Israel, the whole of South America, Europe, Canada, and Hong Kong. When the local market was depressed during 1978, exports rose by 66% to 110 000 t.

At the moment, Mondi is pushing ahead with an ambitious R150m expansion, which will result in its having a 500 000 t capacity and being one of the largest mills in the world. Two new machines are under construction, with one 130 000 t plant coming on stream in October and the other following a year later.

Another union wins recognition

Work

STAR 194 27/8/80

The independent labour movement has made a further breakthrough in its drive for recognition — a second industry has decided to allow unregistered unions "stop-order" facilities.

The decision — which yill allow for the deduction of union dues at source — was taken at a meeting of the Industrial Council for the Paper and Pulp Manufacturing Industry.

It follows a similar move last month by the employers' association for the engineering industry, Seifsa.

According to a source close to the council registered unions in the paper industry "unanimously" favoured the step.

The conditions for the extension of stop-order facilities to the unregistered unions would be the same as those stipulated by Seifsa, he said. They would have to apply for registration and demonstrate majority worker support.

The concession has been welcomed by both the unregistered Paper, Wood and Allied Workers' Union and the Federation of South African Trade Unions to which it is affiliated.

"We are committed to independent trade unions, which implies financial independence," said the Transvaal regional secretary of Fosatu, Mr Taffy Adler.

"Access to stop-order arrangements will give our unions the beginnings of a secure financial base."

Pulp industry gives nod to black unions

By STEVEN FRIEDMAN
Labour Reporter

THE paper and pulp industry yesterday became only the second to approve the granting of "stop order" facilities — a form of limited recognition — to an independent black trade union.

A meeting of the industry's industrial council agreed yesterday to allow employers to grant these facilities to a Fosatu-affiliated unregistered union, the Paper, Wood and Allied Workers Union, provided the union complied with certain conditions, according to informed sources.

These are identical to conditions recently imposed on unregistered unions applying for stop orders by the steel and engineering industry's industrial council.

Although official confirmation of the decision could not be obtained yesterday, sources on the industrial council confirmed that the union's application had been approved.

The granting of "stop orders" means that an employer agrees to deduct union dues on behalf of the union from the pay packets of workers at his plant. Unions regard them as both a limited form of recognition and an important source of financial stability.

Yesterday's decision does not automatically entitle the union to "stop orders" from all employers in the industry. However, it means that employers who wish to are now entitled to extend these facilities to the union and it is expected that most will do so.

The steel and engineering industry recently became the first to extend stop orders to independent unregistered unions (unions which do not have links with non-black registered unions in their industry.)

It imposed certain conditions on the granting of "stop orders" which, it is understood, have also been imposed by the paper industry.

The conditions were:

- The union must lodge its constitution with the industrial council;
- It must provide proof that it has applied for Government registration;
- It must give a written undertaking that it will apply to join the industrial council once it has obtained registration;
- The exemption allowing the union to enjoy "stop order" facilities is valid for six months.

Union stop orders may not be issued on behalf of foreign black workers, although those from the "independent" homelands are eligible.

A spokesman for the PWAWU welcomed the decision last night and said it would enable the union to expand significantly.

"The union's support in the industry is growing and the granting of stop orders will hasten this process," he said.

The union had already complied with a number of the conditions and would comply with the rest, he said.

Factory fires 25 employees after refusal to work

S Post 31/4/80

By Z B MOLEFE

TWENTY-FIVE workers from the East Rand, employed at an Industria West factory were paid off on Friday afternoon after they had refused to begin their shift.

The workers, who were transferred two weeks ago from Fuchs in Alberton to Amalgamated Packaging Industries (API) in Industria, told SUNDAY POST that they had found working in Industria "impossible".

The workers, whose wages ranged from R24 to R35 a week, said that originally they were on the 6 am to 6 pm shift, but this week they were informed that they would be split into three shifts. These would be 6 am-3 pm; 3 pm-10 pm and 10 pm-6 pm.

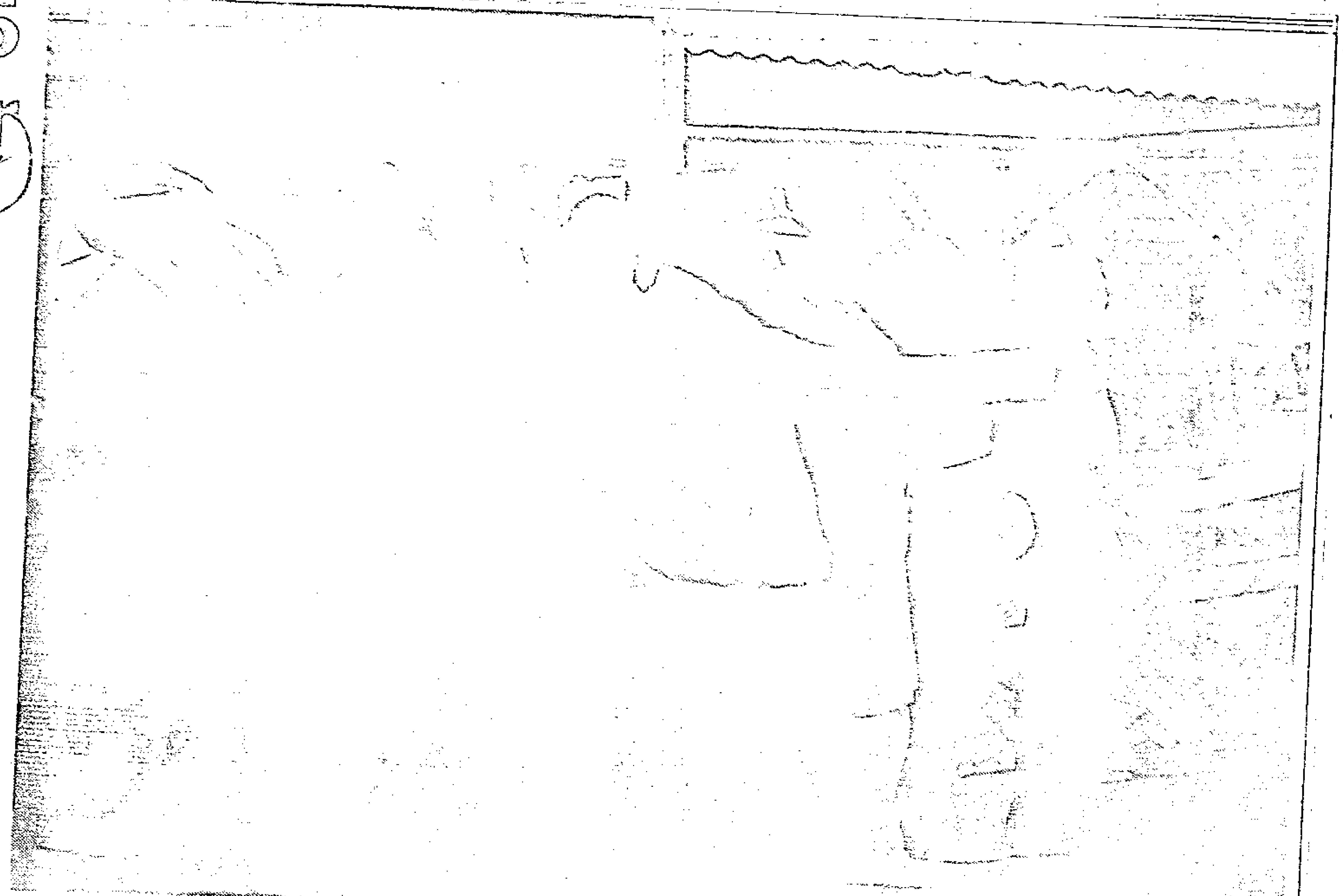
According to Mr Raphael Mayoyo, this arrangement inconvenienced them. "The main problem here," he said, "was that we have no transport. The factory was not prepared to provide us with transport."

Instead, he said, the factory suggested that the East Rand workers be provided with hostel accommodation at R20 a month.

"This was unacceptable. Some of us have families in Thokoza. So in the end it was just impossible to work in Industria," he said.

It was not possible to ascertain exactly how many workers were paid off, as some of the workers claimed others were paid off on Thursday.

Mr Matthew Cooper, spokesman for API management was unavailable for comment.



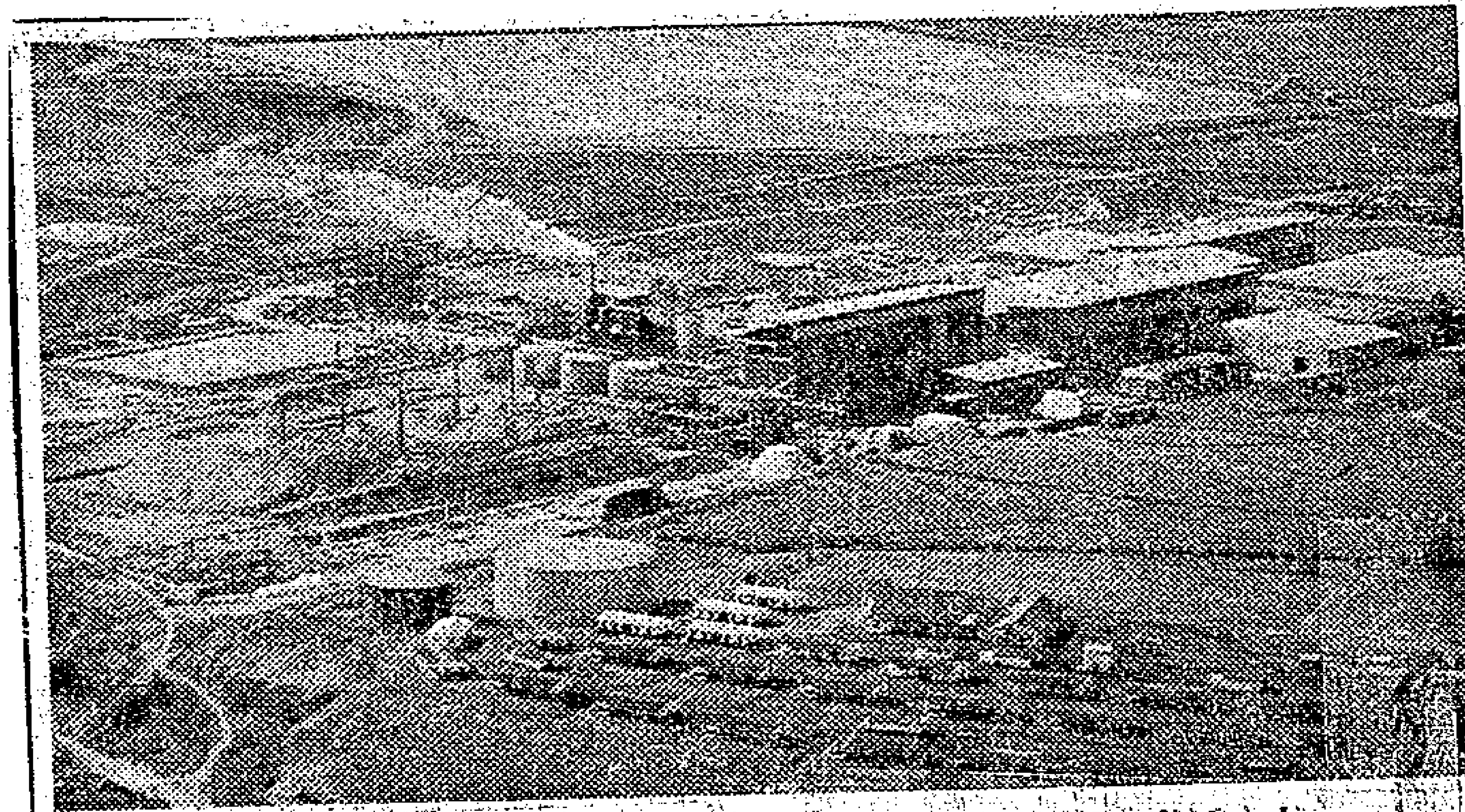
A factory security officer directs some of the workers who refused to go on their shift at an Industria factory as they are about to be paid off.

cents a share previously — so a hand-some increase in the final dividend can be expected.

SASOL

Sasol Limited has beaten its prospectus forecast by R25 million for the year ended June 28, 1980.

Group turnover was well over the billion mark, at R1 330 million, and taxed profit was R122 million equal to 32.4 cents a share. This



The Stanger mill . . . quick thinking kept the wheels turning

S. Tribune Finance 1.4.
3/8/80

ANGER PAPER MILL FROM DROUGHT DISASTER

go, 30 months pened, has not ast sums of reducing the ulnerability to "though there ural initial ex- that we would with hefty ex- to import raw als from says Eugene hief executive of Sappi.

"Then we looked for alternative solutions, and found that if we drew on our group-wide technical and raw material resources there could be an alternative approach — one that would both cost less in cash terms and ensure that Stanger would not be vulnerable to a repetition of the drought conditions.

"We found we could use wood pulp from the Eastern Transvaal to supplement bagasse pulp.

"Part of the process of coming up with the solution was luck," Van As concedes, "but an awful lot of our success comes from the early warning we received of Stanger's problem, and from a belief that there had to be a better solution than simply throwing money at the problem."

Being a large timber grower, Sappi monitors rainfall most carefully. "The figures started worrying our staff in Natal as early as February," says Van As.

"We put in a cooling tower at a cost of R100 000 and tightened up all round on water losses," says Ken Lechmere-Oertel, managing director of Sappi Fine Papers.

"At the beginning of this year we were drawing 30-million litres of water a day from the Umvoti, using it in our plant, cleaning it and returning it to the river downstream. Today, we are producing just as much paper, but only need to draw 13-million litres a day. The other 17-million litres are recycled," he said.

DRG's solid profit

194 185 183 Cit 20/9/88

By DAVID CARTE
Deputy Financial Editor

DRG (SA) the packaging, stationery and plastics group that was listed on the JSE in November last year, achieved solid profit growth in the six months to June 30.

The interim report released today shows pre-tax profit up 43% to R4 381 000 on a 61% increase in turnover, which was R45 089 000. With the tax rate up slightly and the minority slice down, earnings were 51% better at R2 319 000.

This was equivalent to 19c a share, on which an interim dividend of 8c was declared. The company says the reconstruction of DRG's capital base makes earnings and dividends incomparable on a per share basis.

According to the report, John Dickinson Stationers, Sparro Wholesale Stationers and Tension Envelope improved results in a competitive market. Palladium Business Stationers has opened five new "service centres", while DRG Flexible Packaging and DRG Plastic Moulders benefited by improved demand.

DRG Sacks has maintained a satisfactory performance and DRG Sellotape has moved into a new factory at Isando and will soon be ready to penetrate new markets.

COMMENT: The second half is traditionally better and the company expects year end earnings to be more than double the interim 19c. Earnings of 42c should be no sweat. Last year the dividend cover was 2,1 and the prospectus said it would be roughly 2. This suggests a total dividend for the year of about 20c. At 270c, the shares yield an interesting 7,4%.

NAMPAK (194)

Still growing

FM 26/9/80

Another part of the plan to reorganise the C G Smith group (*FM* August 8) was initiated this week with the proposed consolidation of a number of packaging and related companies under the Nampak umbrella.

The proposals cover two separate deals. The first — and most important — is Nampak's absorption of Hypack and Containem, the one-time Huletts packaging subsidiaries acquired by Smith (Nampak's immediate parent) last month as part of the deal in which the Barlows group sold its interest in Huletts to Anglo.

But while it was obvious from the start that these companies were destined to go to Nampak as part of a general reshuffle of Smith, an unexpected aspect is that Nampak is buying them at a far more favourable price than that first paid by Smith. As an inter-group deal, however, it has been structured so as to have a minimal effect on the earnings of the principals, which accounts for the difference.

Nampak is issuing 2m new shares to its parent at 825c and is also paying R9,5m cash. The total price tag of R26m is 33% less than the R38,7m received by Huletts from Smith, but is still well above the book value of assets — this is reflected in the fact that Nampak net worth reduces from 405c to 373c a share.

From Smith's point of view, the only impact is that the R12,7m book loss on the sale reduces the total capital profit realised through the sale of its interest in Huletts from R84m to around R71m. The group makes the point, however, that this has already been taken into account in the proposals whereby Smith Sugar is bidding for the total issued capitals of Smith & Co and Smith Investments.

The second deal involves the sale of three Hulamin subsidiaries to Nampak for just under R5m. Rotoflex, the most significant, makes a wide range of aluminium foil, plastic film and paper and packaging products. Alpack is a small distributor of aluminium products, and Aluminium & General Products, even smaller, is virtually a shell.

Hulamin vice-chairman, Norman Duncan, confirms that the sale is not expected to have a material impact on either earnings or net asset value of the group.

During the August negotiations, it was rumoured that Barlows had its eye on the whole of Hulamin but it looks as if this is all they will get. Although the three companies will doubtless complement Nampak's operations, it seems likely that it will have paid something of a premium for a piece of the group, and that any benefits will therefore be long-term.

Fiona Halse

NM. 7/10/80

Optimism for the future

214 | 214 | 214

OPTIMISM depends as much on yesterday's performance as on hopes about tomorrow. Three of the major facets of General Mining Union Corporations' (Gencor) continued investment in Natal and KwaZulu emphasize this.

They are the vast coal resources being mined by the group, the re-structuring and modernisation of its shipping interests and the massive investment being pumped into forestry and paper-making.

These are far from the only interests the group holds in the province, but they illustrate the faith that Gencor - which administers or controls companies round the world with turnover of more than R3,2 billion annually - has in the area.

Modern techniques are being applied to expand and develop all three: to a resource that has taken millions of years to evolve; a traditional mode of transport being harried by high fuel costs; and an industry which depends as much on the elements and the seasons as it does on technical and chemical knowhow.

So, without discounting the importance of Gencor's substantial other investments in the Natal region - investments which range from construction and engineering to beach sands and packaging - it is on these three aspects that we focus.

'We are modernising existing facilities at our Natal coal mines and new seams are being mined to supply Iscor with coking coal of a quality unavailable elsewhere,' says Mr George Clark, a general manager of General Mining.

The group has three coal mines operating in the Natal area, Northfield and Kilbarchan in the Glencoe-Newcastle district, and Hlobane near Vryheid.

It is at Hlobane that the major investment is to take place.

The plans are for the existing infrastructure and plant to be modernised by pumping in up to R90m. This represents a tangible faith in the future of the colliery and the region.

An extension of this faith in coal is to be found in a further - and more recently announced - investment by the group.

'We are the biggest single participant in the next expansion scheme at the Richards Bay coal export terminal,' says Mr Clark.

'We are in for R72m of the total R230m cost of this development.'

This expansion scheme on which work is to begin immediately, two years earlier than previously planned, will raise the capacity of the existing coal terminal from 24m tons annually to 44m tons a year by mid-1984 and should bring an additional R1 billion in foreign exchange to South Africa's coffers every year.

This figure is also likely to rise.

Coal is at present fetching around $30 a ton on export markets, but this is likely to be 50 percent higher by the mid 80s and should reach $100 per ton by 2000.

Unicorn Lines has embarked on a programme of further modernisation of its fleet. The company, a subsidiary of Gencor, has gone through a phase of major modernisation and rationalisation in the wake of the rapid climb in fuel prices and the impetus given to containers in recent years.

The fleet of containers increased during 1979 from 3 327 units to 3 437 units, most being supplied from South African sources.

These containers currently represent a replacement value of R11,2m and the expectations are that futher requirements will also be filled through local sources.

In addition, two new ships were added to the fleet in December 1979.

One, a 8 750 DWT vessel with a 308 container capacity is operating successfully on the Indian Ocean Island trade, while the other 15 648 DWT *MV Umfolozi* capable of lifting 407 containers, was purchased for employment on the South African to Israel trade.

Further replacement tonnage for vessels sold because they were found uneconomic is also under consideration.

Back on dry land, Sappi, the largest producer of pulp and paper on the African continent, has earmarked R500m for investment over the next five years - a portion being destined for Natal.

The Stanger mill, which produces fine coated papers from sugar cane bagasse, was Sappi's major acquisition in 1979.

Amounts of R4,2m for the installation of four boilers for the Stanger plant to produce its own steam and R1,5m for a 20 percent increase in output of bagasse pulp, have already been invested at the mill by Sappi.

In addition to this money will go into the updating and modernisation of the Tugela mill at Mandini and the continuing implementation of Sappi's policy of developing its forestry reserves in KwaZulu and Natal midlands.

Three widely differing industries; one below ground, one above and one on the high seas.

But all three point to the good returns Gencor has received in the past from Natal and KwaZulu and to its optimism about the future of the regions.

NOTE CAREFULLY

1. The answers only on the right hand pages will be marked. The left hand pages may be used for rough work, but no credit will be given for such work.
2. Enter at the top of each page and in column (1) of the block on this cover the number of the question you are answering.
3. Blue or black ink must be used for written answers. The use of a ball point pen is acceptable. Red or green ink may be used only for underlining, emphasis or for diagrams, for which pencil may also be used.
4. Names must be printed on each separate sheet (e.g. graph paper) where sheets additional to examination book(s) are used.

WARNING

1. No books, notes, pieces of paper or other material may be brought into the examination room unless candidates are so instructed.
2. Candidates are not to communicate with other candidates or with any person except the invigilator.
3. No part of an answer book is to be torn out.
4. All answer books must be handed to the commissioner or to an invigilator before leaving the examination.

Any dishonesty will render the candidate liable to disqualification and to possible exclusion from the University

194 FM 17/10/80

PAPER

An industry on the burn

Development plans costing at least R1 000m are in the pipeline for the pulp and paper industry, threatening to outstrip supplies of timber. Should the projects all come to fruition, a serious shortage of timber could develop within the next few years.

Among the developments planned are:

- Sappi's five-year R500m programme to modernise and improve its mills around the country.
- A possible R400m pulp mill at Richards Bay for Mondi, which currently imports 100 000t of pulp a year. No final decision to go ahead has been taken.
- Meanwhile, the company is spending R150m on two additional paper machines at its Durban plant, which will take production up to about 500 000t a year. One machine will come on stream by the end of this year and the other by mid-1981.
- Another R28m is being spent on expansion by the Mondi subsidiary, SA Board Mills.
- Saiccor, the rayon pulp producer at Umkomaas which is owned by Courtaulds and the IDC, has just completed a R20m programme to increase capacity by 100t/day to an annual output of 363 000t of pulp requiring 1,1m t of timber to produce.
- Then there is Central Timber Co-operative's planned R10m plant at Richards Bay, from which wood chips will be exported to Japan. It is currently exporting 500 000t of chips a year and has been given permission to export another 200 000t annually up to 1992. Exports out of Richards Bay will begin in 1982 and will make CTC the biggest single exporter of wood chips in the world.

Although, after some years of surplus, the supply and demand for most types of timber is roughly in balance, there could be a serious shortage of timber within the next few years, according to Craig Anderson, chairman of the SA Timber Growers' Association. At this week's annual congress in Pietermaritzburg, he again urged growers to plant for all they're worth.

Bruce McKenzie of the Forest Owners' Association, which represents the big growers, believes the decision to go ahead with some of the larger projects may well hinge on the availability of timber.

He points out that, even with the phenomenal growth rate of commercial exotics, it takes at least 10 to 15 years before a tree planted now becomes usable. Afforestation has been a comparatively slow process with the area under trees, including Transkei, rising only from 1 029 333 ha in 1971/72 to 1 140 120 ha in 1978/79 — the latest figure available.

Demand for timber land has increased and prices, depending on area, have risen by about 12% in the past six months, estimates Pat Mills of Measured Farming in Pietermaritzburg. He says valuations have become more difficult than ever, with values changing almost from week to week.

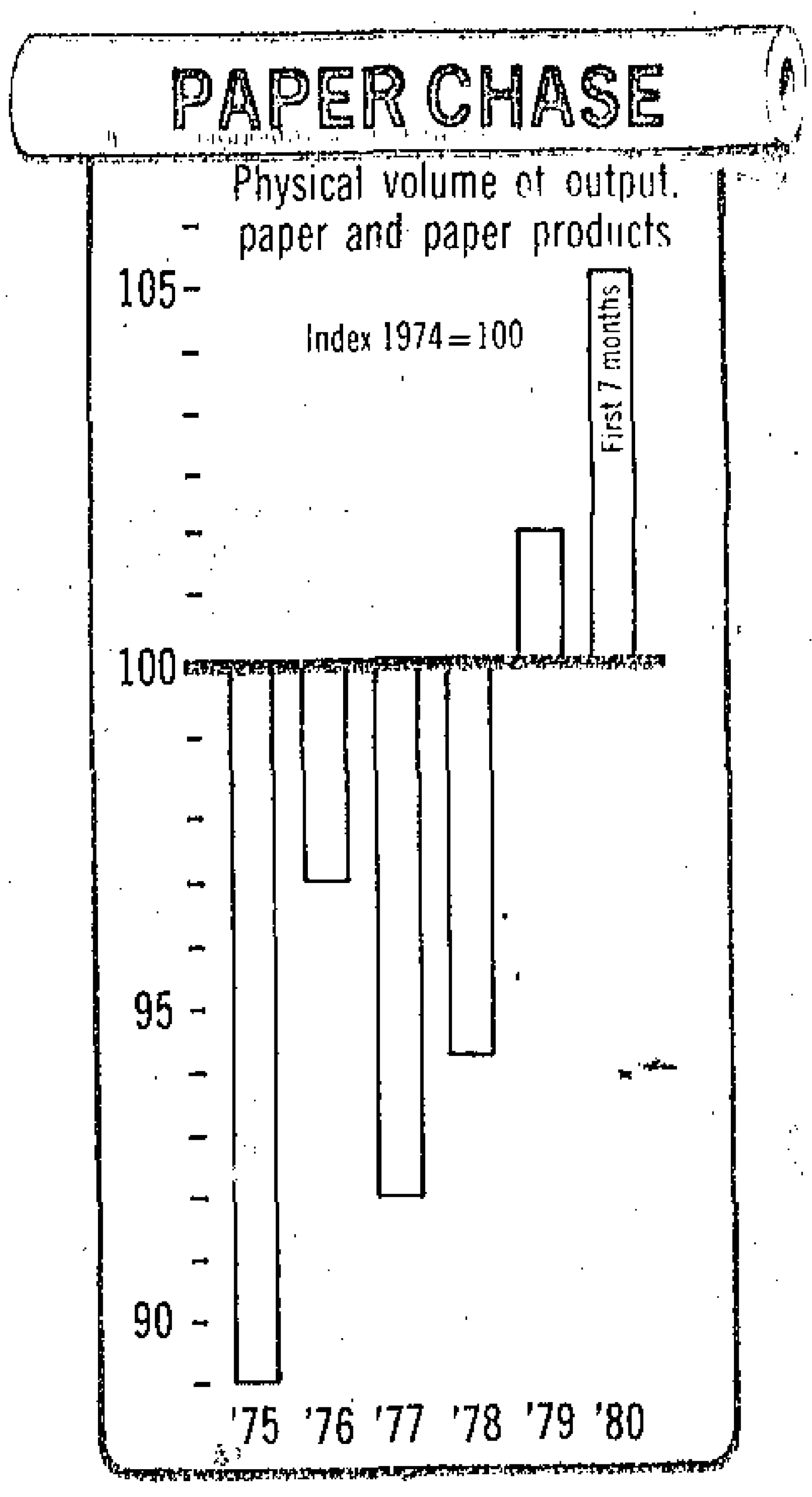
In marginal to fairly good areas, timber land is fetching around R250/ha whereas prime land in the northern Transvaal would fetch between R800 and R900 a hectare. He cautions that timber land values depend on a wide variety of variables such as rainfall, temperature, soil type and aspect, and nearness to railheads or processing plants, so generalisations tend to be misleading.

Current demand, believes colleague Clive Henderson, is due to a combination of causes including availability of money from expropriations for black areas, a better timber market and a more buoyant economy. He makes the point that current timber prices allow the grower a marginal return on capital and that big companies would only invest in timber land if they could see a satisfactory return.

A survey just published by the Association of Pulp, Paper and Board Manufacturers of South Africa shows that consumption increased by 9,6% to 1,1Mt in the three years to the end of 1979. Exports increased spectacularly by 121% to 174 812t to exceed imports, which fell by 11% to 154 430t.

The proportion of imports to total consumption dropped to 13,9% in tonnage and 18,65% in value. Consumption of paper and board advanced marginally to 39,76kg per capita — ahead of Russia (37kg), many Eastern Bloc countries, all of Africa and most of South America, but far behind the US (274kg), UK (130kg) and West Germany (142,7kg).

The report states that productivity in the industry has increased greatly, with sales value per employee rising from R15 151 in 1975 to R32 667 in 1979. With capital expenditure in the industry at the end of 1969 approaching R500m, it looks as if developments over the next decade will at least treble that figure, and SA may have to resort to importing timber and/or pulp to keep the mills going.



year although Kardol cautions that economic activity is forecast to slacken and that packaging companies are very sensitive to changes in business conditions. It seems, therefore, that while the initial months may be buoyant, overall results for fiscal 1981 will not necessarily see an improvement on last year's 26% earnings growth rate. This is not exceptional by present standards but with a prospective dividend yield probably around 6,5% Nampak looks a solid income stock.

Brian Thompson

NAMPAK (194) FM 7|11|80

Rationalising costs

On the face of it, Nampak's growth slow-down in the second half of the year to end-September is a little disappointing. After a 37% improvement pre-tax in the first six months, the April-September period produced an increase of only 22,5% — some way short of the 26% achieved by competitor Kohler Brothers for the six months to June.

But the company has probably done itself an injustice by not spelling out the non-recurring costs incurred in a number of major rationalisation programmes and the restructuring of the group into product divisions. Chairman Bas Kardol says that in addition to these costs, the group was faced with increased competition, particularly in the corrugated container division and also plastic conversion where there have been a number of new entrants to the market. Furthermore, the group was also operating from a higher profit base in the second half, having already started to feel the benefits of increased economic activity in the same year-ago period.

Nampak's Kardol . . . caution on growth

But it is clear that the slow-down was mainly attributable to the non-recurrent costs. Kardol said after the first six months that R1m had been written off in the rationalisation of the Transvaal operations. No figure for the full year is available, but bearing in mind that reorganisation affected the whole group in the second half, a figure of R3m for this period may not be too high. The total for the year would thus be R4m. If so, pre-tax profit growth in real terms for the full year would have been about 38,5% instead of the 29% indicated by the published figures, and the 14,5 percentage point slow-down during the April-September period would have been halved.

There would still, however, have been some deterioration in margins, presumably reflecting the competition aspect, although the cost to the group in terms of profits for the six months would probably not have been more than R750 000 to R1m.

And as for working from a higher profit base, it is noteworthy that the group nevertheless managed to push its turnover growth up from 34% in the first six months to nearly 39% in the second.

With a more effective structure now established, this bodes well for the current

PAPER FM 28/11/80

In short supply

194

Local mill under-capacity in producing certain grades of paper, as well as import restrictions, have resulted in an extremely tight supply of paper on the SA market. Printers are absorbing paper as fast as it becomes available.

Supplies of high grade papers and products that are not produced by SA mills are easily available from the US and Europe, claim importers. However, the problem lies with the restrictions placed on imports of grades of paper equivalent to grades produced locally.

A spokesman for Peters Papers (a subsidiary of Barlows) says the boom has taken up the capacity of local mills. Both he and Pat McGurk, MD of Union Corporation's Evelyn Haddon, note that Sappi — which, with Mondi, is a leading manufacturer of quality paper in SA — has not planned for adequate new machinery.

Says McGurk: "The boom situation has caught up with us. A problem here is that Sappi hasn't installed new machines for years. It hasn't put in a new paper machine for 16 years — and that was for newsprint. And it hasn't put in a new fine-paper machine for 20 years."

He notes that Mondi has also lapsed in catering for present paper requirements. According to McGurk, Mondi intended to convert one of its machines to produce higher quality paper. But it decided to keep it running a few months longer for newsprint, for which it has an export market.

However, both groups have taken steps to improve their capacities and ostensibly to raise the grades of their manufactures. Sappi has a five-year R500m programme aimed at modernising and improving its mills around the country. Its high capital investment is aimed at increasing output of existing grades, as well as manufacturing grades that are not at present made locally.

Ken Lechmere-Oertel, MD of the Sappi Group, acknowledges McGurk's statement: "It is factually correct that we have not installed a new machine for 16 years. But he overlooks the fact that by spending moderate amounts of money, it is possible to increase capacity on existing machines.

"Sappi has increased its output of fine paper by 15% in Springs and by 25% in Stanger," Lechmere-Oertel says, defending Sappi's ability to cater for growing paper demands without new machines.

He adds: "It is fair to say certain grades of paper are in tight supply, but the situation will be alleviated in due course. The problem is not insurmountable and not critical at all."

And Mondi is spending R150m on two new paper machines at its Durban plant. This should increase its production to 500 000 t a year — 60 000 t short of the current output of Sappi.

Reg Donner, Mondi's MD, was unavailable for comment on paper supplies and his company's proposals for meeting demands in the future.

With the "very dramatic increase" in the demand for paper this year, stockpiling has been impossible and merchants have been low in stock of certain grades. Printers have had to make do with available supplies and a certain amount of substitution and flexibility has come into play.

PREMIER PAPER (194)

Slotting in

FM 28/11/80

Activities: *Produces packaging paper and tissue wadding. 54% of the equity is held by Paper Industries, which is 67%-owned by Nampak and 33% by Kohler.*

Chairman: *B Kardol; managing director: J W Mackenzie.*

Capital structure: *1,6m ordinaries of R1; 100 000 prefs of R2; and 1,5m convertible prefs of R1. Market capitalisation: R11,1m.*

Financial: *15 months to September 30 1980. Borrowings: long- and medium-term, R230 000. Net cash: R1,2m. Debt:equity ratio: 4,7%. Current ratio: 1,7. Group cash flow: R3,5m. Capital commitments: R769 000.*

Share market: *Price: 680c. (1979-80: high, 780c; low, 230c; trading volume last quarter, 40 000 shares). Yields: 18,5% on earnings: 5,9% on dividend. Cover: 3,2. PE ratio: 5,4.*

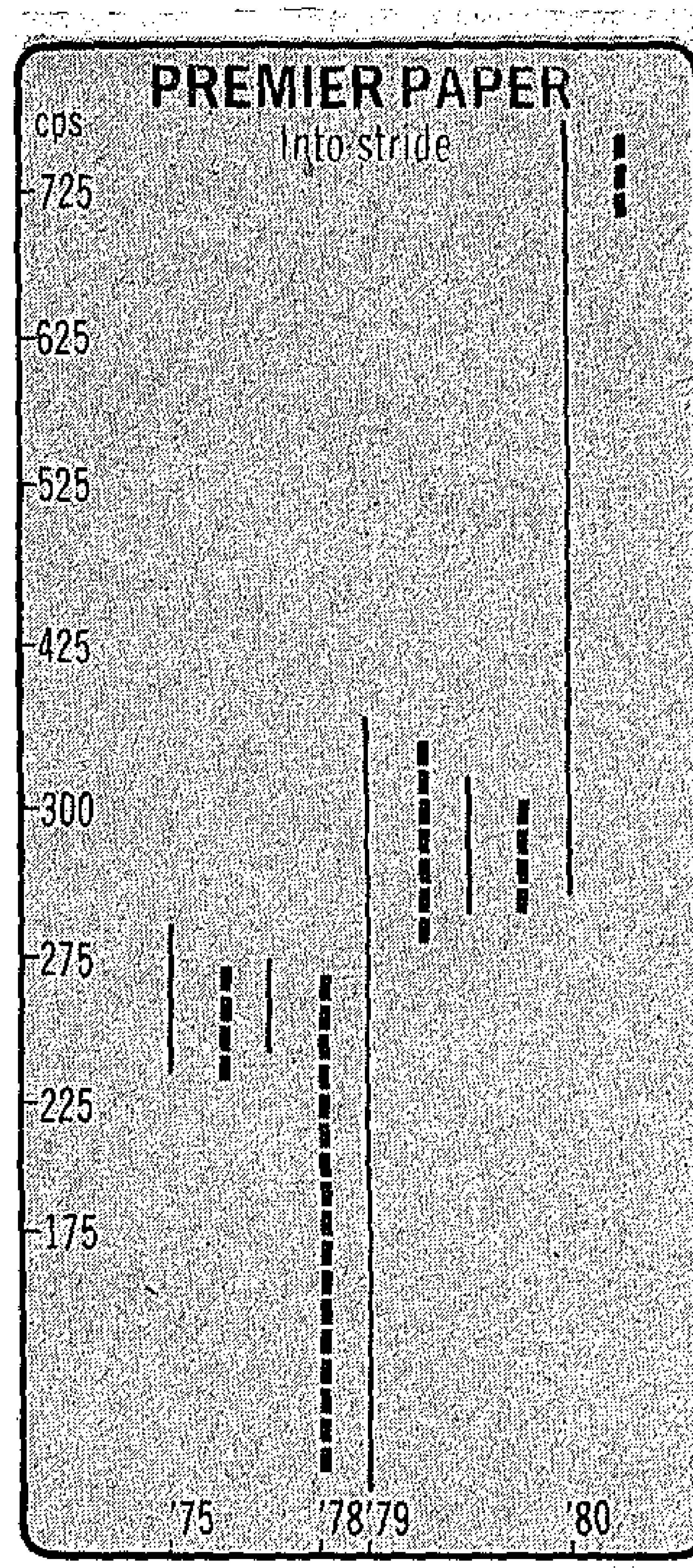
	'77	'78	'79	'80
Return on cap %	6,4	3,9	16,1	†27,4
Turnover (Rm)	19,0	24,1	24,6	30,0
Pre-tax profit (R'000)	619	935	2 171	4 070
Gross margin %	8,7	8,2	12,1	14,9
Earnings (c)	28,5	23,6	90,0	†126
Dividends (c)	18	18	30	†40
Net asset value (c) .	833	824	769	573

* = 15-month accounting period
† = Annualised

With control passing to Nampak in March, Premier Paper's 15-month accounting period to end-September was largely a time of reorganisation so as to slot its activities more effectively into Barlow's paper division.

One of the main changes was the sale of the company's Zimbabwean subsidiary, Hunyani, to former controlling shareholder, African Finance Corporation. The tissue converting and marketing division, Southern Products, was sold to Nampak Tissue Products, while Premier Paper took direct control of the activities of Waste Paper Collections and Southern Paper Industries (tissue manufacture) which are now run as divisions rather than as wholly-owned subsidiaries. The object was to achieve better management and reporting control within a group whose activities are now confined to paper manufacture.

The major impact so far has come from the sale of Hunyani, which increased cash flow by over R2m. These additional funds enabled the group to repay almost 90% of its remaining borrowings. The resulting



interest saving contributed materially to the 50% gain (annualised) in pre-tax profits.

Considering that most of the output is absorbed by Nampak and Kohler, turnover growth from SA operations was a relatively modest 19%. This reflects the fact that both the group's mills continued to operate at full capacity and increased output was achieved only through improved efficiencies.

Turnover growth was matched by the improvement in gross profits (before tax and interest), but the drop in interest charges added 30 percentage points to the pre-tax rise. Further down the line, profits were also enhanced by the elimination of minorities. Against this, however, were factors such as a higher tax charge — assessed losses having been fully utilised — a full year's dividend on the new pref shares and a 20% increase in the effective ordinary share capital. The result was that earnings per share were up only 44% on an annualised basis and the dividend total was raised by one-third.

Shareholders might be disappointed with the conservative payout, which is covered three times, especially as the group had sufficient funds available not only to repay most of its borrowings, but also to build up cash resources to R1,1m. But new chairman Bas Kardol comments that while there may have been surplus funds last year, future capex could be

Unions 'driven off shop floor'

By Drew Forrest

The Federation of South African Trade Unions, which represents about 25 000 workers nationwide, has accused a growing number of companies of attempting to force black unions into the "bureaucratic mould" of their white counterparts.

In a statement released yesterday Fosatu attacked these companies, in the paper, biscuit-making and chemical industries, for seeking to drive trade-unions off the shop-floor and into industrial councils, where all negotiation would take place.

Fosatu unions have opted for registration, which would give them access to industrial councils. But they are adamant that the latter should not replace bargaining structures at plant level.

There was a further worrying trend towards the revival of the "discredited" official committee system as a substitute for elected committees of shop-stewards, the statement said.

Fosatu would fight these trends, as they were "in the interests of employers and a minority of skilled white employees, while ignoring the needs of the mass of black workers."

Of particular concern to Fosatu is the Sappi paper plant in Springs, to which the Fosatu-affiliated Paper Wood and Allied Workers' Union had effectively been denied access.

Sappi public relations officer Mr B Cradock could not be traced for comment yesterday.

NAMPAK

Taking breath

(194) FM 5/12/80

Activities: *Manufactures a broad range of packaging products, including paper, corrugated board and plastic containers. Subsidiary of C G Smith.*
Executive chairman: *B Kardol; deputy chairman: L Wilder.*
Capital structure: *30,7m ordinaries of 50c; 100 000 6,5% cum prefs of R2; 400 000 6% cum prefs of R2. Market capitalisation: R246m.*
Financial: *Year to September 30 1980. Borrowings: long- and medium-term, R27,6m; net short-term, R8,6m. Debt:equity ratio: 28,3%. Current ratio: 2,1. Group cash flow: R43,5m. Capital commitments: R7,3m.*
Share market: *Price: 800c. (1979-80: high, 885c; low, 545c; trading volume last quarter, 254 000 shares). Yields: 14,7% on earnings; 5,8% on dividend. Cover: 2,6. PE ratio: 6,8.*

	'77*	'78†	'79	'80
Return on cap %	29,0	24,4	37,1	29,8
Turnover (Rm)	142	128	240	327
Pre-tax profit (Rm)	24,7	24,5	42,8	55,3
Gross margin %	17,7	19,7	18,3	17,8
Earnings (c)	66,9	58,3	95,1	117,7
Dividends (c)	29	25	38	46
Net asset value (c)	288	312	371	435

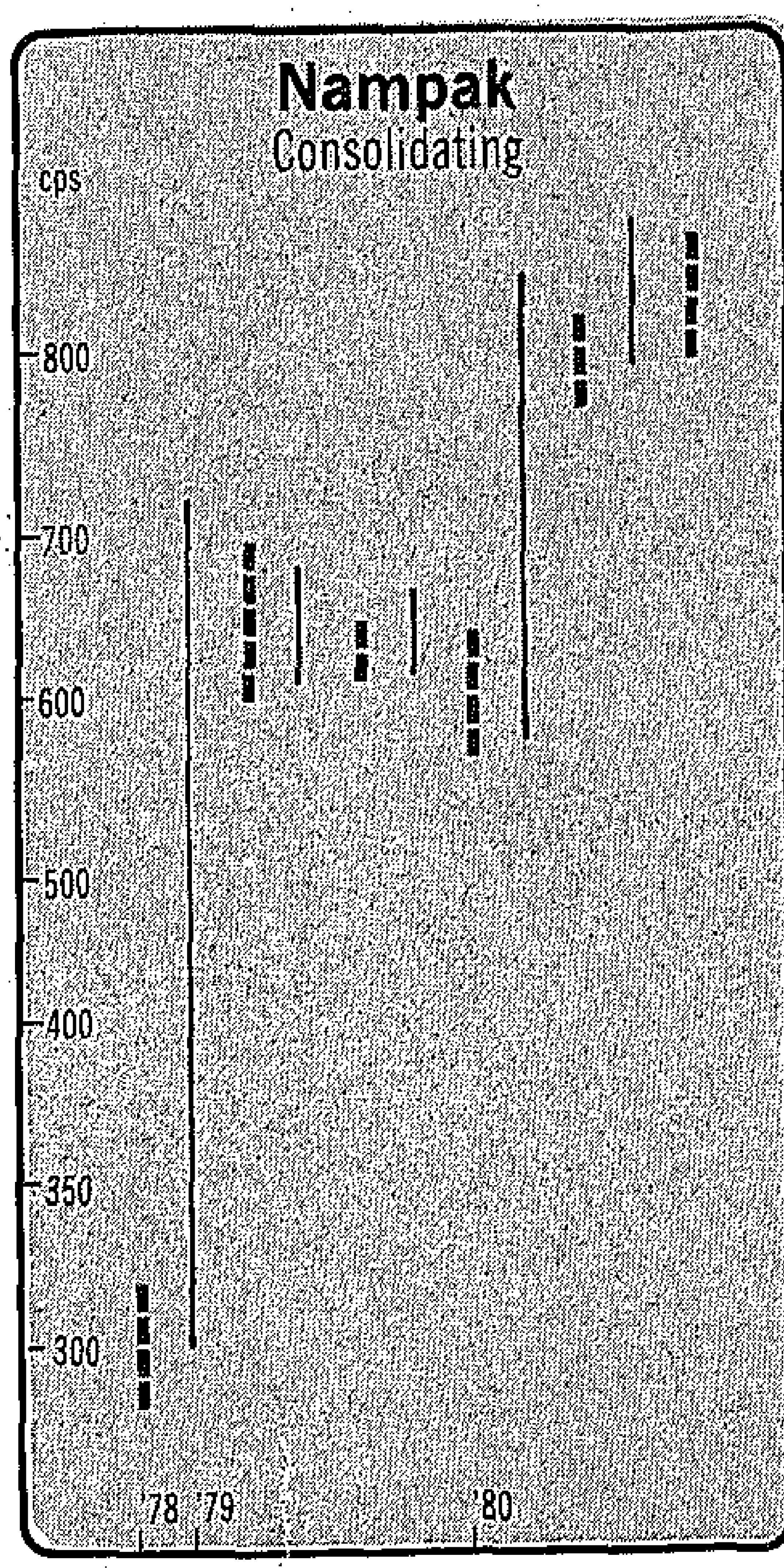
* Year to end-December † Nine months to end-September

The flurry of rationalisation and acquisition activity at Nampak is just about over for the time being. Its one-off costs and management involvement, which restrained growth to some extent last year, should now be relieved. And as the group is now operating off a larger, broader base with a more streamlined operation, prospects for the current year are good.

Chairman Bas Kardol says there is still some minor internal tidy-up to be done and, with the Hypack/Containem and Alpack/Rotoflex groups being consolidated since the year-end, management obviously has a lot to digest. As a result, further acquisitions or reshuffling are probably out of the question right at the moment.

Kardol adds that last year's take-over strategy, which was aimed at lessening the group's dependence on the difficult corrugated paper division, while also securing raw material supplies, has to some extent been fulfilled. Opportunities for further expansion along these lines are limited.

While some of the benefits of last year's activity will certainly become evident during the current financial year, the group may not be able to capitalise on them fully until fiscal 1982. Presumably this has been management's deliberate policy — to



[b]uild up the base and optimise the group's [o]perating structure while the heat is off.

Not that there has been any significant [illegible] of market conditions. Kardol [illegible]. New competitors [illegible] the [illegible] with short-term damaging [illegible] while price competition from the [illegible] equally stiff [illegible] says Kar[dol] [illegible] during the current year [illegible] despite the higher [illegible] of [illegible] capacity in [illegible] divisions [illegible] should have resulted in greater [illegible] efficiencies.

[Kar]dol says that [illegible] targets remain [illegible] though he adds that there [illegible] at present [illegible]

[illegible]

(194) FM 5/12/80

MONDI AND FINE PAPER

In a *Business* note on the supply of fine paper (*FM* November 28), it was claimed that Mondi had lapsed in catering for present paper requirements. This statement overlooked the fact that Mondi has commissioned a No 4 machine at Merebank, is well advanced in the construction of No 5, and is also on schedule in converting No 3 for the production of fine paper. As regards the supply of paper, chairman Chris Griffith points out that Mondi will be able to service — "more than adequately" — all paper requirements in the near future.

10/12/80 (194) C.T.

Kraft mill for Milnerton

Staff Reporter

SAPPI, Africa's largest paper-manufacturer, is establishing a R20 million kraft mill in Milnerton which they claim will help to clean up the environment.

In a press release, the company said that it has already collected a substantial quantity of waste paper to be processed when the mill is commissioned in June next year. The plant will employ about 100 people.

The mill will provide the packaging industry with linerboard and fluting, used to make corrugated boxes.

"The plant will supply a quarter of the Western Cape's total need," says Mr Basil Landau, Sappi's new chairman.

1981 PROSPECTUS ENTRY TO REPLACE THE "GENERAL INFORMATION" CHAPTER ON PAGE 118 OF THE 1980 PROSPECTUS

The B.Com. is intended for students who wish to acquire a three-year business degree, which includes liberal subjects as options, and offers the possibility of further study at Honours level, in various directions. It has Accounting as a compulsory major, and caters for:-

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* those wishing to enter the business world with a background in accounting and other subjects
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Students intenting to proce... should take Economics 1A. Economics 1... urse and does not lead on naturally to Econon... students who wish to change to another curric... rst year may apply to the Head of the De... cs for permission to proceed to Economics II

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Major new strategic plans for Sappi

141/180 S. Times 8

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By Vera Beljakova

SAPPI is widening its operations to become the country's first company to integrate pulp, paper and timber production — a standard practice in North America.

Sappi will achieve this through its new division, Sappi Timber Products (STP), which aims to gain a 20% share in the R150-million local timber market by 1985, says Basil Landau, the group's recently appointed chairman.

STP is to supply sawn timber to local and overseas markets as well as chips to Sappi's own pulp mills, according to Eugene van As, the group's chief executive.

The group, whose 1980 turnover is likely to exceed R300-million, has already bought a new sawmill at Elandhoek, Eastern Transvaal, and is to construct a R6-million sawmill in Natal, which is to become the country's third largest and be operational by 1982.

Meanwhile, Sappi has been planting more trees than it fells, thus providing ambitious afforestation plans for the future and embarking on a natural extension of its business by combining sawmilling with pulp-making for greater profit.

Consequently, revenue per tree can be doubled to the pulp-mill stage. This calculation is based on the fact that about 45% of a log can be converted into sawn timber and the balance can be chipped and conveyed to a pulp mill, while sawdust and bark can be burnt to provide energy.

MANUFACTURING – PAPER + Products

21 JAN. 1981 — 18 Dec. 1981

STAR 21.1.81 (94)

Strike hits paper firm

Sappi Fine Papers, at Enstra in Springs, became the latest company to be hit by the current wave of strikes when about 300 black workers downed tools today.

Workers from three different shifts gathered outside a staff canteen to demand an increase in their minimum wage.

Worker militancy was increasingly difficult to restrain, a Sappi spokesman said.

Management had been warned of this earlier this week.

The spokesman said about 300 workers had downed tools but a worker source put the figure closer to 1 000.

Strikers go back to work at Sappi

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Star 27/11/81

By Drew Forrest

The strike by at least 300 black workers at Sappi Fine Papers at Enstra, Springs, has been settled with the company agreeing to negotiate new minimum wage rates with their union.

This represents a major breakthrough for the Fosatu-affiliated Paper, Wood and Allied Workers' Union, which has a strong following at the plant.

Last year, Sappi was publicly attacked by the union for insisting that all negotiation take place at industry rather than plant level, and for refusing the union access to company premises.

A recent union meeting on Sappi property was dispersed by Security Police.

According to a union spokesman, the tension which had been building up for several months had come to a head at the weekend over the minimum wage issue.

The new minimum for labourers was R1 an hour — a 10c increase over the previous rate.

BACK ON JOB

Worker militancy had been increasingly difficult to restrain, the spokesman added, and management had been warned of the necessity to negotiate with the union.

The strike began on Tuesday morning when workers from three different shifts gathered outside the Sappi staff canteen to demand a minimum wage increase.

Sappi's managing director, Mr K Lechmere-Oertel, said about 300 workers had downed tools.

However, a worker source put the figure at closer to 1 000.

All workers were now back on the job, after a management undertaking to negotiate wages with a 12 man team consisting of union officials and shop stewards, the union spokesman said.

RDM 23/11/81 (152) (194) (139) (143)

Sappi meets workers to discuss grievances

Staff Reporter

WORKER representatives from the Enstra Mill in Springs met the management of the South African Pulp and Paper Industry (Sappi) yesterday to discuss worker grievances.

Sappi management agreed to negotiate with the workers' representatives after virtually all black workers at the mill downed tools on Wednesday, demanding more pay.

A Sappi spokesman said the meeting had taken place after workers had agreed to elect representatives to present their grievances to the company. Management had held talks with two representatives from each of the six departments at the mill and a representative of the Paper Wood and Allied Workers' Union.

The spokesman said workers had demanded a minimum basic wage of R3 an hour, but later reduced this demand to R2 an hour.

Other grievances were:

- That the 10% increase earlier this month had been eroded by pension deductions which rose proportionately with income.
- That meal hours were too short.
- That the cost of hostel accommodation had been increased to R2,70 per week.

Management refused to grant permission for the union to hold a report-back meeting of all workers at the Enstra Mill.

"As there are some 2 300 employees at the mill, this request was refused," the Sappi spokesman said. "But the company offered an alternative venue for the report-back meeting on a company-owned soccer field."

Negotiations are expected to be resumed on Monday.

FINE ART & ARCHITECTURE

ARCHITECTURE

Cape Provincial Institute of Architects' Prize
For the best student in :-

Sixth Year
P F Dunckley

Helen Gardner Travel Prize
For a student who has satisfactorily completed 1st, 2nd and 3rd major courses.
P A Rappoport

Molly Gohl Memorial Prize
For the best woman student in third year.
Miss C Tredgold

David Haddon Prize
For the best student of Architecture (or Quantity Surveying) in the subject of Professional Practice.
D H Pryce Lewis

General J B M Hertzog Prize
For the best final year student.
S A Read

Osbourn Prize
For the best work in fourth year.

Billion for expansion as paper giant roars ahead

S. Times
15/2/81
194

Sappi profits leap by more than 75%

By Stephen Orpen

MORE than R800-million in finance has already been arranged for expansion plans worth more than R1 200-million for the pulp and paper industry.

This emerges from talks with financial institutions this week — and coincides with breathtaking annual results from Sappi, the country's largest pulp and paper group.

Having already revealed that their organisation alone will be spending more than R500-million in expansion and modernisation over five years, Sappi chairman Basil Landau and chief executive Eugene van As explained to me on Saturday that they were particularly pleased that much of the company's dramatically improved performance has come from higher productivity and the elimination of production and other problems.

"The improved economic climate naturally contributed. But better efficiency in pulp and paper manufacture, and related areas, at our Tugela, Enstra and Stanger works, were also a key factor."

The consolidated results for 1980 show turnover up to R347-million from 1979's R262-million.

Operating profit jumped from R37,7-million to almost R60-million and pre-tax profit from R31,3-million to R53,4-million.

Timber being felled to add more grist to the Sappi mills

Tax was almost unchanged at around R2,6-million. The benefit of the tax losses acquired through the purchase of the Stanger operation is dramatically reflected in the fact that the tax rate has declined to only 5% from some 28% in 1976.

Tax losses and investment losses brought forward also depressed the interest bill by 13%, despite the fact that the Stanger debt had to be serviced for the first time for a full year.

After-tax profit climbed some 78% to R50,8-million from R28,6-million and ordinary shareholders' profit to almost R46-million from R25,6-million.

Earnings per share rocketed to 158,5c (89,2) and the dividend has been lifted from 36c to 57c, to give an earnings yield of 23% and a div yield of 8,4% on a share price of 680c.

Mr Landau expects the buoyant conditions to continue this year.

A revaluation of land and buildings for the first time in nearly 40 years virtually doubled net asset value from 493c a share to just under 1 000c. Reserves were likewise increased by no less than R112-million.

Output was lifted by 70 000 tons to just under 600 000 tons, and Mr Van As attributes 50 000 of this to increased productiv-

● To Page 3

A paper giant roars ahead

S Times 15/2/81

(194)

From Page 1

ity in the broad sense.

Despite the fact that Stanger was hit by drought, which effectively reduced Bagasse production by 60% while it lasted, this operation contributed R4,8-million to group profits and the potential is now open for a contribution of at least R7-million a year.

Remembering that this plant was bought for a mere R43-million, along with a taxed loss of R62-million, it is beginning to look like a very good buy.

Sappi will not comment, but I gather that many of the group's operating units have been backed into Stanger for tax loss recovery purpose.

By my calculations the debt-equity ratio is now some 0,3:1 (0,54:1), a low gearing which suggests much scope for future fund-raising for the R500-million expansion.

I also understand that the banks have been eager to help with financing — through leverage leasing as well as loans.

Mr Van As will go no further than to point at the note about expansion in the statement of results. This says simply that "good progress has been made with the plans for our major expansion project and full details will be made known in the annual report".

Investigations through other parties suggest, however, that the R500-million has already been "accessed" and will pay for a mill with a capacity of at least 260 000 tons a year.

The cost of the new mill will depend on its siting, financing mix and so on. But it is whispered that finance at only some 7% has already been tied up with suppliers.

Gross cash flow (profit and depreciation less tax) I estimate to have jumped from some R55-million to R75-million.

Sappi currently enjoys the lion's share of the overall paper and packaging markets in which it operates in SA and expects this to remain little changed, or even to decline, as competitor Mondi Paper brings in its new paper machines, plus possibly its own pulp mill, at a cost of at least R400-million, at Richards Bay — saving the necessity for Mondi to import pulp.

Thereafter, however, Sappi's market share should push ahead again.

DM 12/3/81 (194)

Carlpaper to spend R11m

By HAROLD FRIDJHON

CARLTON Paper Corporation, a Sappi subsidiary manufacturing tissues and other paper products, plans to spend R11-million this year on expanding and modernising its production facilities, says Mr Basil Landau in his chairman's review.

This will enable the company to meet the expected increase in SA demand and continue with exports. It will also enable the group to launch new products.

He says Carlpaper's long-term success depends on three principal factors: growing consumer expenditure; the exploitation of new and improved technologies; and having a well-trained and motivated labour force.

The growth in the economy which started in 1980 is forecast to continue through this year, although possibly at a slower rate. This indicates further expansion in Carlton products.

Capital expenditure will improve productive facilities and extensive training will help the company to better its performance, although possibly not at last year's rate.

In 1980 all major markets grew, but Mr Landau points out that Carlpaper was able to increase its market share and achieve a real growth of 16%. This growth in SA demand, together with exports, enabled plants to operate at full capacity. These productivity gains helped to offset "the spiralling costs of labour and raw materials", says Mr Landau.

COMMENT: An indication of the improved productivity is reflected in the return on shareholders' funds. In 1979, the return was 16,2%, but the figure rose steeply to 23,3% last year.

Taxed income of the group rose from R4 427 000 to R7 078 000, resulting in earnings rising from 28,2c a share to 44,9c. The dividend was raised by 10c to 26c. At yesterday's price of 290c this gives a yield of 8,9%.

Carlton is a well-managed, tightly controlled company. With an expanding market for the range of paper products, growth this year should result in a further upward movement in dividend payments.

The shares are tightly held, but they are worth bidding for.

shares which has been evident on the JSE in recent months and is 21% below the 1980 high of 380c.

But while one could logically argue that the consumer durables market may be close to saturation after the surge in sales of cars and white appliances, the same need not necessarily apply to disposable products such as those produced by Carlcor.

The share accordingly looks underpriced, although potential buyers should note that it is a counter which is difficult to trade.

Brian Thompson

CARLTON PAPER (194)

Rapid expansion

FM 20/3/81

Activities: *Manufactures and distributes tissue products. KCSA Holdings owns 78% of the equity and is itself 50,1% owned by Sappi, a Gencor subsidiary.*

Chairman: *B Landau; managing director: K J Partridge.*

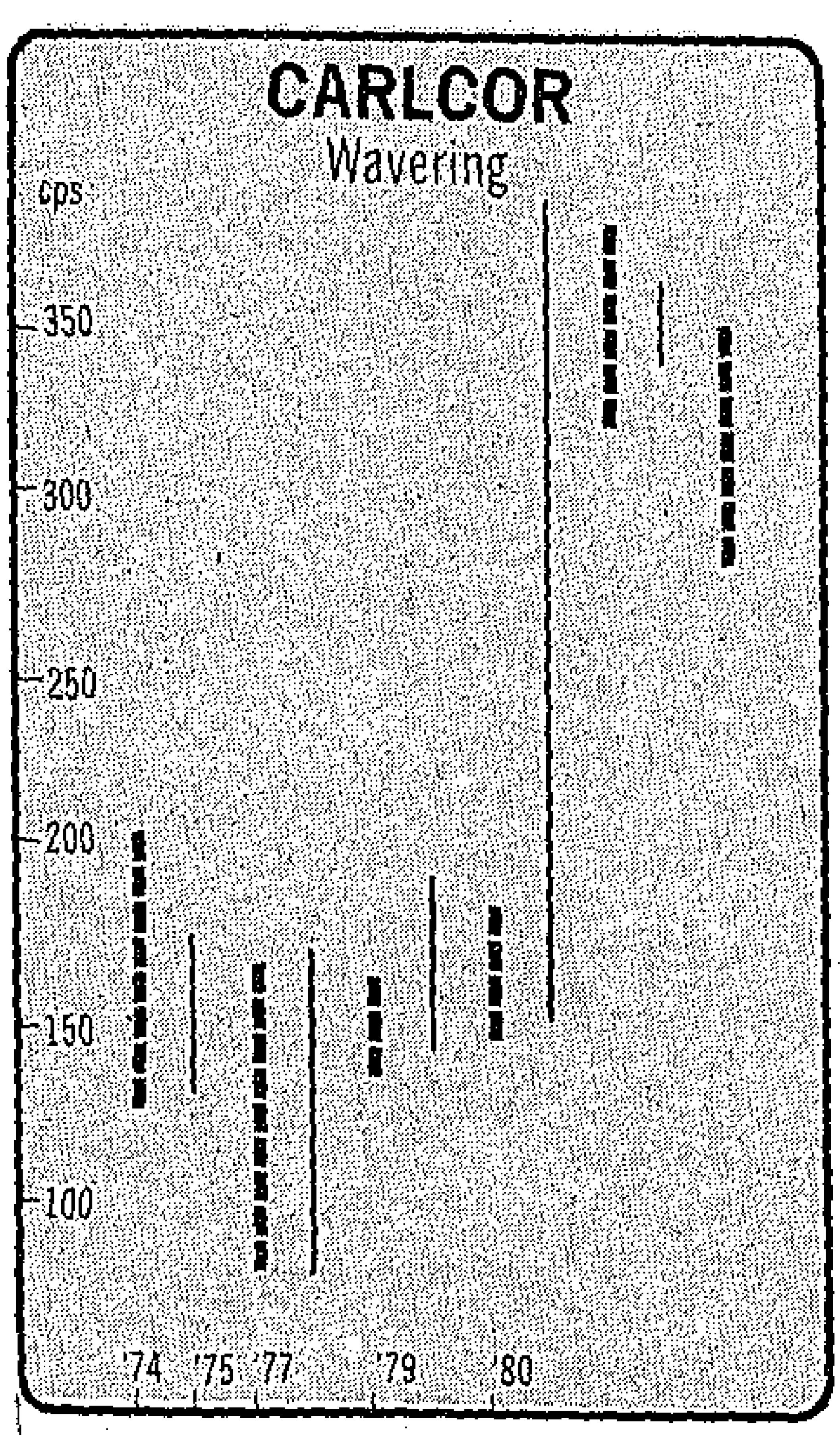
Capital structure: *15,7m ordinaries of 50c. Market capitalisation: R47,1m.*

Financial: *Year to December 31 1980. Borrowings: long- and medium-term, R3,2m; net short-term, R1,9m. Debt:equity ratio: 23,7%. Current ratio: 1,5. Group cash flow: R8,6m. Planned capex: R11m.*

Share market: *Price: 300c. (1980-81: high, 380c; low, 215c; trading volume last quarter, 60 000 shares). Yields: 15,2% on earnings; 8,7% on dividend. Cover: 1,7. PE ratio: 6,6.*

	'77	'78	'79	'80
Return on cap %	20,0	26,4	24,7	32,2
Turnover (Rm)	51,3	53,9	58,6	77,2
Pre-tax profit (Rm)	4,4	6,9	6,9	10,6
Gross margin %	11,0	14,5	12,8	14,4
Earnings (c)	16,8	27,3	28,2	45,6
Dividends (c)	11	13	16	26
Net asset value (c)	109	122	134	153

Although Carlcor does not expect to maintain the 60% earnings growth rate of 1980, indications are that the company should continue to achieve results ahead of the industrial sector average for some years to come.



As far as the current year is concerned, consumer spending, particularly for disposable products such as tissue, is expected to remain high. Also, first benefits from the new non-woven fabric production facility commissioned last year will be realised. Chairman Basil Landau comments that this "exciting new technology" has opened up additional business opportunities both in the consumer and commercial markets.

Attributable earnings should also benefit from a lower tax rate as investment allowances on the R11m capital spending slated for the current year are brought to account. There should, in addition, be some profit contribution from new plant, although the full effect will not be seen before 1982.

According to MD Keith Partridge, the tax rate should remain low for a number of years as the company plans to maintain capital spending at the 1981 level through 1982 and beyond. The implication is that over the next two or three years the present fixed asset base could double, while profit growth from the additional capacity created, and new products introduced, should remain strong.

Partridge says that about R7m of this year's R11m expenditure will be related to new products. One of the group's longstanding objectives has been to increase commercial sales, so reducing dependence on the more fickle consumer market, and it can be assumed that a good deal of attention is being given to this in current spending plans.

The high level of capex is not expected to affect the liberal dividend policy (cover at present is only 1,7) because, as Partridge points out, cash flow is strong and this has led in recent years to a considerable degearing of the balance sheet. At December 31 the debt:equity ratio was under 24% (including inter-group loans) and borrowings could therefore be increased by at least R20m without any problems.

It seems likely that about half of this year's capex programme will be funded by additional borrowings and that, by the year-end, the debt ratio will be somewhere between 35% and 40%. In future years, however, the increase is likely to be slower because of the additional cash flow derived from new profit sources and increased depreciation charges on the expanded asset base.

Unless the authorities take steps to cool inflation by curbing consumer spending, Carlcor looks good for an earnings increase of at least 35% for 1981. With a corresponding increase in dividends, the payout should be in the region of 35c, yielding 11,7% at the current 300c market price.

The company has not escaped the general down-grading of consumer-orientated

KOHLER FM 20/3/81

Productivity gains

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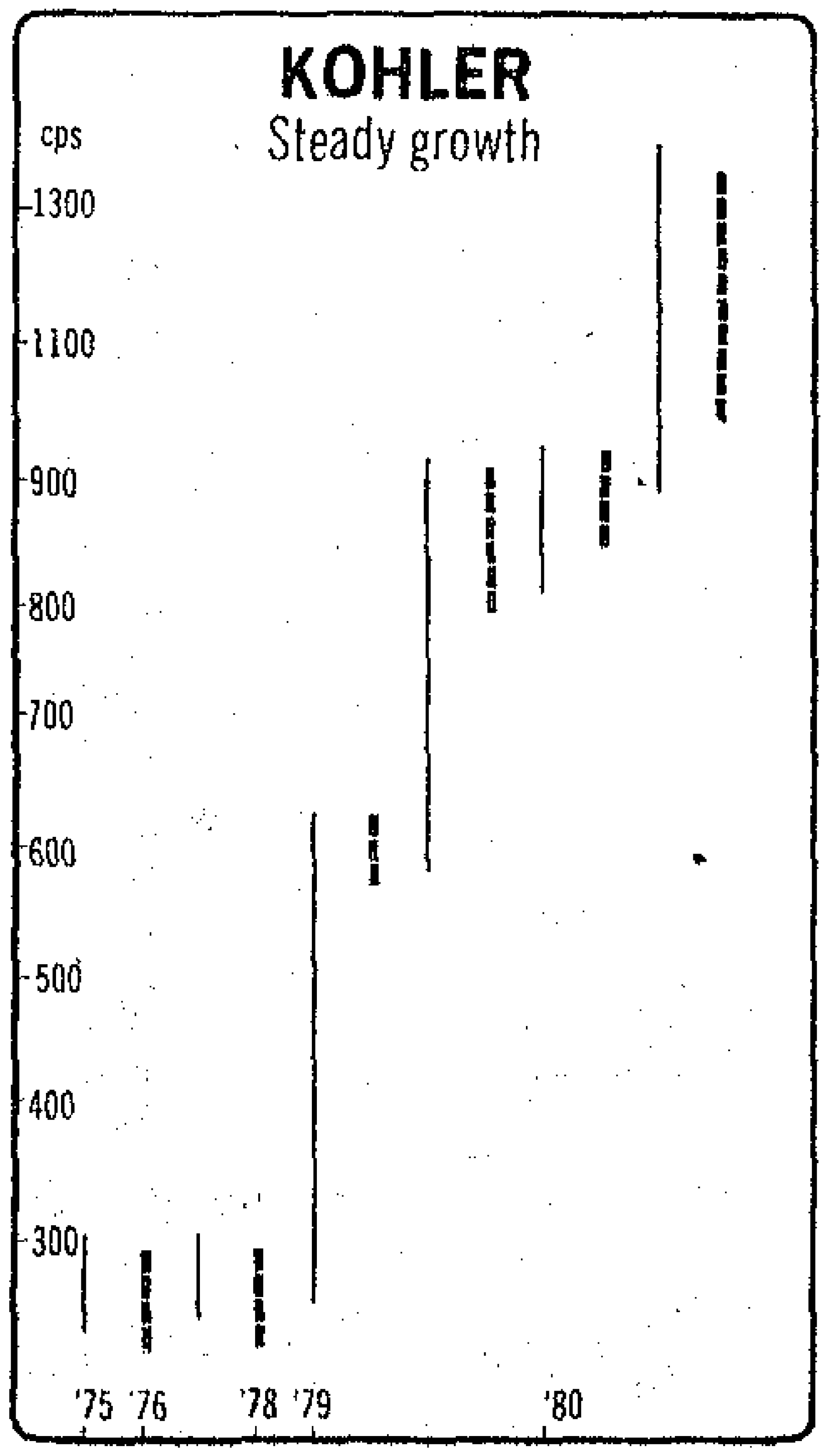
Activities: *SA's second largest printing and packaging group. Subsidiaries include Hayne & Gibson, Master Business Forms, General Packaging, Swisstool, Trident Plastics, Holdain Boxes, Union Corrugated Cases and TPI Cores & Tubes. Gencor holds 73% of the equity.*



Chairman: *B Landau; managing director: A A St Clair Gibson.*
Capital structure: *8,4m ordinaries of 50c; 225 000 6,5% cum prefs of R2. Market capitalisation: R86,1m.*
Financial: *Year to December 31 1980. Borrowings: long- and medium-term, R13,5m; net short-term, R8,4m. Debt: equity ratio: 44,1%. Current ratio: 1,8. Group cash flow: R16,2m. Capital commitments: R4,2m.*
Share market: *Price: 1 025c (1980-81: high, 1 400c; low, 915c; trading volume last quarter, 58 000 shares). Yields: 16,2% on earnings; 7,6% on dividend. Cover: 2,1. PE ratio: 6,2.*

	'77	'78	†'79	†'80
Return on cap %	24,8	38,6	34,1	30,6
Turnover (Rm)	77.0	92,2	113,4	142,3
Pre-tax profit (Rm)	10,6	16,1	16,8	21,6
Gross margin %	15,6	18,8	15,7	16,2
Earnings (c)	79	120	126	166
Dividends (c)	26	50	61	78
Net asset value (c)	377	412	472	583

† Lifo

While many SA companies are beginning to sound warnings on future profit increases, Kohler chairman Basil Landau is brimming with confidence. In the annual report for the year to end-December, Landau says "there is no reason for pessimism at the current time and the company's budget for 1981 anticipates further profit growth at a very satisfactory level." This follows on annual compound earnings growth of 30,8% over the past five years, despite a switch to lifo in 1979 which pulled eps 14,2% lower that year.

Kohler's performance in 1980 disappointed certain investors when compared with the more sparkling gains from other industrial companies. Earnings, which benefited from the capex tax shield, gained 33%, but this improvement was overshadowed by the other Gencor paper companies Sappi, Carlcor and Ev Haddon. None of the others, however, can boast the productivity-based five-year strength of Kohler.

Because of the switch to lifo, the only comparable statistics in Kohler's five-year record are turnover and dividends paid. Since 1975, turnover has advanced to an annual 20,7%, while dividends have increased 30% a year. And judging by Landau's comments, 1981 could produce similar growth to that reported in financial 1980.

A major reason for the past five years' strength is the emphasis on productivity. At the time of the preliminary announcement, MD Alan St Clair Gibson gave as an indication of the productivity improvements the fact that gross profit per employee had increased from R2 983 to R6 128 in four years. These improvements are expected to continue, helped to a large extent by new facilities commissioned towards the end of 1980.

This capital spending programme, which included a corrugated container factory in the Cape, a multi-wall paper sack plant in Natal and the Transvaal expansion at Robertville, meant a lower average tax rate of 34% (38,4%).

This year the tax rate is expected to move back towards 37%, but the new capacity will more than offset the adverse effect on earnings. In 1980 the additions to capacity and minimal revenue contribution meant a reduction in the group's return on capital. The situation should reverse in 1981 as new units contribute to earnings and help keep down the cost structure.

To finance part of its expansion, Kohler has geared up from its previously under-utilised base. Year-end borrowings rose to R21,9m (R10,5m) for a debt:total assets figure of 23% (16%). This gearing, in part, explains why the return on average equity in 1980 rose to 33% (29%) despite the lower gross return. With interest and leasing charges covered 14,3 (17) times by gross profit, there is still plenty of scope before the group runs up against its debt ceiling. This suggests that while 1980 results were completely reliant on organic growth, 1981 may see some of the financial capacity used for acquisitions. Initially, this will probably focus on the smaller companies in the printing and packaging industry, but longer-term a move into glass or metal packaging seems on the cards.

The new look and informative annual report highlights the strong financial and product base Kohler has built up. On the basis that the economy does grow around 5% in real terms, Landau seems more than justified in budgeting for "very satisfactory" growth. Earnings could improve around 25% in 1981 as new manufacturing units kick in and the benefits of gearing put in a stronger showing. With the likelihood of earnings around 210c this year, the dividend will probably be 100c, which makes the share look attractive at 1 025c.

Des Kilalea

MYSTERY SHARE BUYER IN HORTORS, TRIO-RAND DEAL

Argus 4/3/81 (194)

By Vincent Leroux

FINAL agreement on a possible takeover of Trio-Rand by Hortors — two of the country's biggest printing, packing and publishing groups — is believed to have been reached yesterday.

Details will be available early next week.

According to informed sources Hortors has been buying shares in the Cape based Trio-Rand without its knowledge and has built up a large block.

A large number of shares has also been bought recently by a mystery buyer.

Together these shares could give Hortors a controlling interest in Trio-Rand.

Early in 1980 the Argus group acquired slightly more than 25 percent of Hortors shares and after an invitation to Mr Layton Slater, chairman of Argus, to join the Hortors board, Argus raised its stake to slightly over 40 percent.

Hortors' latest annual report this week said the company entered into negotiations with Trio-Rand on March 19 which 'could result in the merging of Hortors' print and packaging graphics divisions with the Trio-Rand group.'

The only comment available from Hortors yesterday was that following the merger Hortors would be 'in control of the situation.'

Hortors' print and packaging division has its headquarters at Parow. The biggest of its local companies is Cape and Transvaal Printers.

During the past 15 months Trio-Rand shares have fluctuated between a low of 73c and a high of 325c. They now stand at 320c. Highs and lows for Hortors in the same period have been 105c to 185c and they are now at 165c.

Trio-Rand has recovered sharply since 1977 when it had a loss of R783 000. In its past financial year it almost trebled its profits from R660 000 to R1,9-million.

Hortors reports an increase in turnover to R39-million from R4,6-million in 1979. A dividend of 13c (10c) was paid.

The chairman, Mr Maurice Parrington, says comparison of profit with the previous year is not relevant due to the changes and increase in issued share capital. However, earnings a share were 31,3c compared with 14,5c in 1979 — up 115 percent.

The net income last year was R1,9-million against R333 201 the previous year. The share capital was increased from R2,5-million to R7-million.

Notes to Table 9

*Calculated on the basis that cost of medicine for one inpatient day is same as for one outpatient. For alternative assumptions see Table 10.

+ Assuming permanent clinic sees 1500 patients per annum.

Sources

1. Department of Health, Government of the Ciskei, 1977 cost.
2. Groote Schuur Hospitals Group Annual Report.
3. D.H.O. Head Office records, quoted in G. Raine, 'The Impact of the Day Hospitals on the Cost of Treatment', paper no.12.
4. Cape Provincial Administration records, & Director of Hospital Services Reports; quoted in J. Raine, op. cit.
5. Source, G. Westcott, 'Primary Health Care in Two Farming Areas of South Africa', paper no. 7, based on statistics from Divisional Council, Uitenhage.
6. O. Gish and G. Walker, loc. cit.

included. However one would expect current costs for clinics to be greater due to transport costs; and permanent clinics have larger overheads and staff costs than mobile services, resulting in higher costs per patient where utilization is less intense than the average mobile clinic.

Differences in costs between institutions are the result of so many factors that it would be impossible to identify them with so few studies. A few features, however, stand out. Salaries are a large proportion of costs (about 63% of inpatient costs of all the South African hospitals). The generally lower salaries for doctors in Malawi account in large part for lower costs there.

An influential factor in the cost of clinic and outpatient attendances is the disposition of doctors within the hospital/complex. In one Malawi hospital medical assistants ... clinics and outpatients sessions, and in others ... call. ... ents. ... the ... e in ... ng ... r of

Cape soon independent for packaging material

SA Industrial Week (194) 7/4/81

By James Lodge

CONSTRUCTION of a new R20-million factory to produce linerboard and fluting for the packaging industry is nearing completion at Milnerton in the Cape.

Production, with an initial target of 28 000 tons a year, is scheduled to begin in June.

Linerboard and fluting are used to make corrugated boxes and the completion of the factory, a Sappi undertaking, will represent a major strengthening of the packaging industry in the Western Cape. In the past, local packaging plants have had to bring in their linerboard and fluting requirements from other areas, mostly from Natal.

Local production will consequently mean a substantial saving in transport costs for the packaging industry.

Sappi, which produces about two-thirds of this material for South Africa's paper packaging requirements, expects that the new Cape Kraft mill at Milnerton will be able to supply about a quarter of the Western Cape's total needs for all grades of kraft products.

The principal raw material to be processed at the new mill will be recycled paper and this will limit output to certain grades of linerboard and fluting.

But, according to Sappi, it will be possible to increase the mill's output for a relatively small additional cost by 10 000 tons a year and the range of products could be expanded.

The basic infrastructure which will make expansion possible has been provided in the planning of the new mill and a second machine could be installed at a low cost.

The company has in the meantime collected a large quantity of waste paper for processing when the mill goes into operation.

When fully operational the mill will employ about 100 people under the general manager, Roland Mazery.

Sappi has for some time been recycling waste paper at its Adamas plant in Port Elizabeth and it also has a mill at Stanger using bagasse, the waste from suger cane, for the production of writing and printing papers.

The Natal Mercury 14/4/81

Sappi will spend more than R600m on expansion

(194)

JOHANNESBURG—The South African pulp and paper producers, Sappi, plans to spend more than R600-million on the expansion of its facilities, as rapid growth in the demand for paper in South Africa has already boosted Sappi's sales from R205-million two years ago to R347-million in 1980.

The chairman, Mr Basil Landau, says in the annual report published yesterday, that he expects paper consumption in South Africa (which has doubled over the past 10 years) to continue to grow at one of the fastest rates in the world.

He says: 'We plan to increase the pulp-making capacity at the Ngodwana mill by approximately 260 000 tons per annum and to install a new modern newsprint machine to supply the local market.

'Once this machine is commissioned it is planned to convert the existing newsprint machine at Enstra, near Johannesburg, to the production of printing and writing-paper grades.'

When the pulp plant expansion has been completed, a new Kraft linerboard machine is planned, also for Ngodwana.

Output

The project will increase Sappi's output by more than 40 percent.

By the nature of the project there will be an extended construction period which will last for approximately four years and the escalation component of costs is likely to be high.

However, Mr Landau says that satisfactory arrangements had been made with financial institutions for the funding of the expansion. He was confident that Sappi would be able to maintain its objective of showing a dividend growth rate in excess of the rate of inflation each year during the expansion period.

In the past two years Sappi has done much better than that. Earnings per share have grown from 50,5c in 1978 to 158,5c last year and dividends have jumped from 22c to 57c in spite of the increased dividend cover, which now stands at 2,8.

During the year, the new timber products division was established and the group also moved into the collection of waste paper to service the new paper mill it is building in the Western Cape.

Mr Landau says that waste paper supplies for this new R20-million mill, which is due to commence production trials towards the end of May 1981, were assured. — (Sapa)

FM · 17/4/81

EVELYN HADDON

Accelerating growth

Activities: *Supplies paper, machinery and allied materials to the printing industry. Gencor controls 53% of the equity.*

Chairman: *H A Smith; managing director: P A McGurk.*

Capital structure: *2,8m ordinaries of 50c; and 80 000 6% cum red prefs of R2. Market capitalisation: R18,8m*

Financial: *Year to December 1980. Borrowings: long- and medium-term, R7,7m; net short-term, R7,1m. Debt:equity ratio: 55,5%. Current ratio: 2,3. Group cash flow: R4,5m. Capital commitments: nil.*

Share market: *Price: 670c (1980-81: high, 750c; low, 465c; trading volume last quarter, 21 025 shares). Yields: 23,1% on earnings; 8,1% on dividend. Cover: 2,9. PE ratio: 4,3.*

	'77	'78	'79	'80
Return on cap %	16,4	17,8	20,2	30,2
Turnover (index)	100,0	121,6	158,4	214,2
Pre-tax profit (Rm) ..	2,4	3,1	4,5	7,6
Gross margin (ratio) ..	1,00	1,09	1,25	1,47
Earnings (c)	48,9	65,7	91,1	154,8
Dividends (c)	24	27	35	54
Net asset value (c) .	343	477	540	642

Evelyn Haddon's sustained profit improvement since 1976 was further enhanced during 1980, with pre-tax profit

Evelyn Haddon's Smith . . . benefiting from volumes

growth increasing to 69% from 45% in 1979. The group benefited both from the continued economic upturn and improved operational efficiencies. This is reflected in the fact that profit growth was almost double the 35% rise in turnover.

Although expenses rose significantly, particularly raw material costs, the higher volumes gave better overhead recovery and improved warehousing facilities in Maritzburg, Cape Town and East London also appear to have contributed favourably.

Chairman Hugh Smith comments, however, that the paper division was hindered due to problems in the supply of paper from local mills. This forced the company to import certain grades and it was also obliged to maintain stock at a higher level than would otherwise have been the case.

Thus, the balance sheet shows stock up 46% — 11 percentage points more than the increase in turnover. But, in terms of overall working capital requirements, the company scored from disproportionate increases of 23% for debtors and 42% for creditors, so that the rise in working capital remained in line with turnover.

Nevertheless, the additional R7,3m which the company had to invest in working capital may well explain why dividend cover was again increased. Over the past year cover rose from 2,7 to 2,9, while since 1976 it is up from 2,1.

However, working capital needs over the past year could just have easily been financed with borrowings. As it is, total debt declined slightly to R10m (R10,6m) and, with the growth of shareholders' funds from profit retention, the debt:

equity ratio dropped to 55,5% (69,9%). Given a gross return on capital of over 30%, this financial structure is very conservative for a trading company.

Evelyn Haddon should, therefore, be able to increase dividends in line with earnings growth. With demand still strong, earnings of 200c (155c) look possible for 1981, and the payout on this basis could be 69c (54c).

If this kind of performance is achieved, the share at 730c yields a prospective 9,5%. Smith says no significant reduction in working capital requirements are foreseen in 1981 but, with an improving outlook for the supply position, the share appears to be a stable investment.

Chris Wilson

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FM 17/4/81 &

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sappi limited

Statement by the chairman, Basil Landau

Against a background of healthy economic conditions in 1980 and thanks to the efforts of an enthusiastic management team, I am indeed fortunate in my first review as Chairman of Sappi to report on the excellent results achieved.

The 1980 profits have established a new record for the company.

Group taxed profits rose to R50,8 million, almost three times the profit figure of only two years ago. Earnings attributable to ordinary shareholders increased by 78% to 158,5 cents per share and notwithstanding an increase in dividend cover, dividends were raised from 36 cents to 57 cents per share.

The increased capacity created as a result of the implementation of plant improvements completed late in 1979 and in 1980 was put to good use to meet the strong market demand during the past year. The mills ran close to their maximum practical capacity and increased production by approximately 12% or 70 000 tons of paper, board and tissue. A portion of the increased output arose from the Stanger results being included for the full twelve-month period.

The expanded pulp plant at Enstra is now operating normally and has achieved a satisfactory profit-earning position. This had a significant impact on group results.

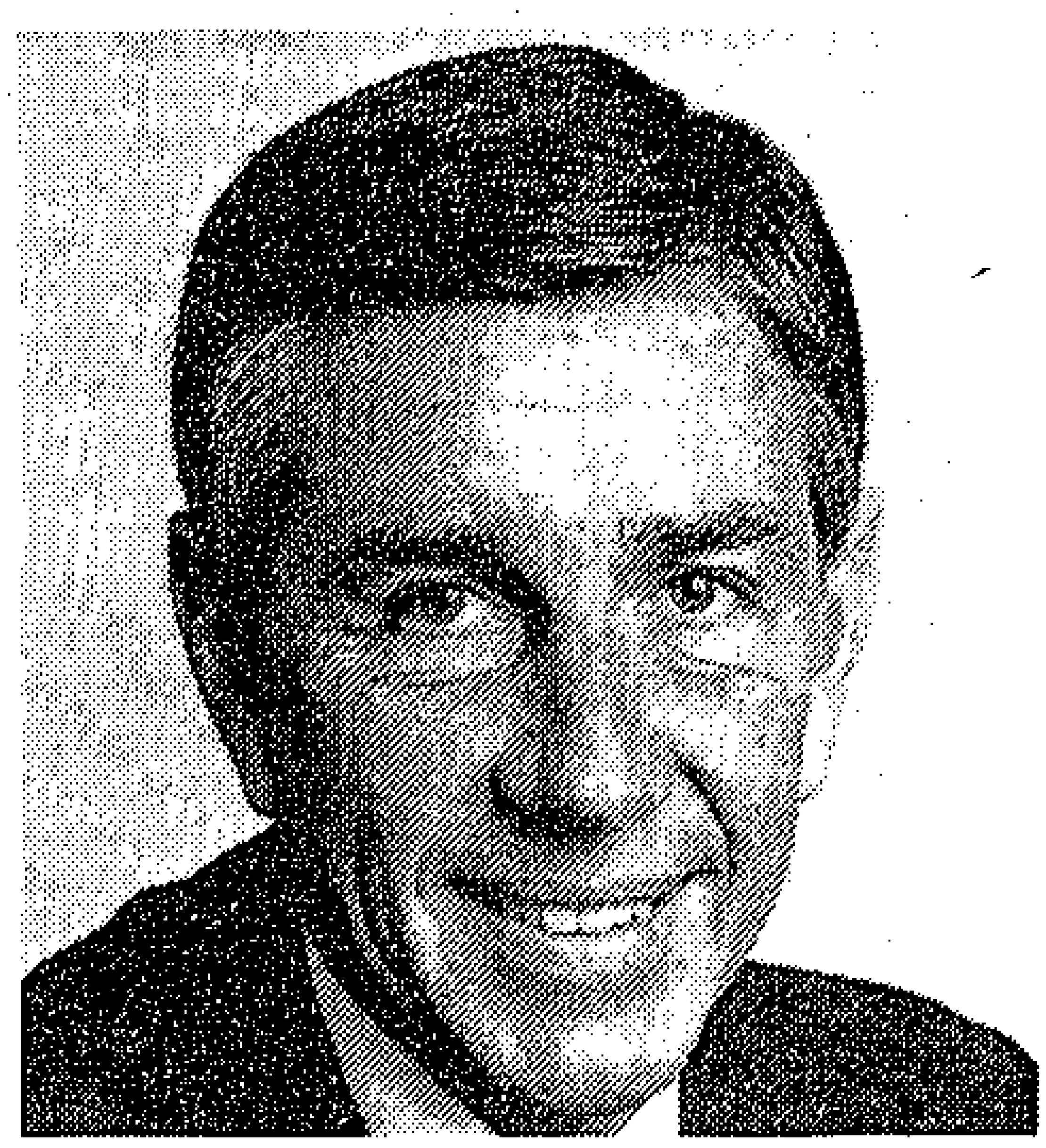
Carlton Paper Corporation in which Sappi owns a 39% share had an excellent year and after-tax profits increased by 60%. Carlcor contributed R10,5 million to the consolidated group profit (pre tax).

The acquisition of Stanger Pulp and Paper (Pty) Limited in June 1979 has been amply justified. The increased capacity has been invaluable to our group's activities and despite the severe drought in Natal, which caused an increase in costs of raw material as wood pulp was used to supplement the shortage of sugar cane fibre, we are well satisfied with the contribution to group profits from this acquisition.

Despite the increased local market demand, Sappi was able to maintain footholds in its established export markets. I believe that this is an important factor for the future and Sappi now has the potential to develop export markets, particularly in other African countries and in the Far East.

New paper mill in the Western Cape

The new waste-based kraft paper mill under construction at Milnerton near Cape Town is at an advanced stage of construction and we expect to commence production trials during May 1981. This mill represents another significant innovation for Sappi as it is our first mill entirely based on waste paper. The mill will cost approximately R20 million and will afford an on-the-spot source of kraft paper for the packaging converters in the Western Cape. With continually escalating transport costs this must ensure a saving for industries which require packaging in the Western Cape.



Acquisition of new forest land

Although we have been able to diversify our fibre requirements into waste paper and sugar cane bagasse, trees still provide raw material for most of our products. Unlike other natural resources, all the timber we use has been planted by man and we have the advantage over Northern Hemisphere countries of quick-growing trees. As part of our long-term planning and the expansion of our pulp-making capacity, we have acquired a further 24 000 hectares of forestry land at a cost of R10,6 m. This brings our total forestry holding to over 111 000 hectares, some 65% of which is under afforestation. Our planting programme has been accelerated and we plan to extend our forests by about five thousand hectares annually. This will necessitate planting some eight million saplings each year.

Timber products division

Sappi's plantations have now been established for many years and an increasing number of trees are now reaching maturity. This has enabled us to diversify into the solid wood products market as a natural extension of our forestry operations. The established practice of European and American pulp and paper producers is being followed by increasing the value earned from timber and the Sappi Timber Products Division has been formed to implement that philosophy.

Sappi Timber Products is able to profitably utilise about 45% of a log of timber and the remainder can be converted into chips for pulping. Thus the entire tree is used to best effect including bark and sawdust which can make a substantial contribution to our fuel requirements.

Sappi Timber Products has commenced operations with a small sawmill at Epsom in Sappi's Natal plantations and a larger sawmill at Elandshoek close to our Ngodwana mill. We are also going ahead with the construction of a modern high-speed sawmill adjacent to our Tugela operation at a cost of R6 million. As part of a planned major expansion of the Ngodwana mill a modern sawmilling operation will be established into which the present Elandshoek operation will in due course be integrated.

People

The total number of people employed by the group increased by 4,3% to 11 337 at the end of the year. The increase was largely as a result of the establishment of the Timber Products Division and the waste paper collection operation. At the same time turnover increased from R262 million to R347 million. There was thus a 27% improvement in productivity expressed in terms of sales value per employee. This substantial increase in productivity of our operating units is extremely encouraging and reflects the effectiveness of sustained training programmes and a more efficient organisation of our labour force.

Sappi supports the changes in labour legislation as a result of the recommendations of the Wiehahn and Riekert Commissions. We fully endorse the policy of providing opportunities and benefits corresponding to the abilities of all people who serve our company without discrimination.

A programme has been introduced to assist management and employees in their approach to industrial relations. This is particularly necessary with the rapid changes which have taken place in the South African labour environment. Our policy regarding trade unions has been redefined and the group accepts the right of all employees to become trade union members and to negotiate on a collective basis.

Expansion

Although South Africa's per capita paper consumption of 40 kilograms per annum is very much higher than the average for Africa, it is seven to eight times less than the United States. We anticipate that in the next decade, with increased education and higher standards of living for all people in South Africa, the demand for paper for printing, writing, packaging and for domestic use will continue to grow at one of the fastest rates of any country in the world.

Sappi has already reached near capacity levels in its existing pulp and paper making facilities. In order to cater for this expected continued rapid growth in the demand for paper products within South Africa a major increase in both pulp and paper making capacity is being planned.

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he major expansion is planned at Ngodwana where the imber resources, adequate water supply and the existing nill infrastructure offer considerable economic advantages.

Ne plan to increase the pulp making capacity at the lgodwana mill by approximately 260 000 tons per annum and to install a new modern newsprint machine to supply he local market. Once this machine is commissioned it is planned to convert the existing newsprint machine at Enstra near Johannesburg to the production of printing and writing paper grades.

When the pulp plant expansion has been completed a new raft linerboard machine is planned to meet the increase in emand of the local market. The capacities of these new nachines will exceed the expected requirements of the narket when they are installed and substantial tonnages vill be available for export. Agreements in principle have een concluded for the sale to overseas customers of both ulp and paper which will be surplus to local requirements.

he engineering investigations for the project are now well dvanced and the estimated total cost has risen because f the current rate of inflation and minor changes in scope o approximately R600 million in 1980 values. It is roceeding rapidly and the board will consider the timing nd cost of the project in the near future. By the nature of ne project there will be an extended construction period nd the escalation component of costs will be high. dequate arrangements have been made with financial nstitutions for the funding of the expansion.

lotwithstanding the magnitude of this expansion, I am onfident that Sappi will be able to maintain its objective of howing a dividend growth rate in excess of the rate of nflation in each year during the expansion period.

conomic conditions

he fall in the gold price, the rise in interest rates and the resulting fall in share prices have led to a degree of decline in the optimism which existed in South Africa in the latter part of 1980. Notwithstanding this, the real growth rate for 1981 is likely to be in the region of over 5% and this, after a year of exceptional growth in 1980, should see South Africa again being one of the fastest growing economies in the world. But this should not be seen as a foregone conclusion. To meet the forecast growth rate, management will have to face the challenge of overcoming the critical shortage of skilled labour and the harmful effects of inflation. These can be mitigated through better planning and the maximisation of our human resources by better training, thereby improving productivity – the ultimate solution to the inflation problem.

Import control

A matter for concern for primary producing industries is the Government's policy relating to import control. We welcome the stated intention of the authorities to progressively move away from import control and towards tariff protection. However, the current mechanisms available for establishing tariff protection are slow and cumbersome.

It is essential that tariff adjustments and anti-dumping duties can be rapidly applied if the current system of permit control is to be abolished. This is particularly true where major overseas producers in depressed areas are prepared to dispose of excess stocks by dumping them onto any available market.

The current tariff protection system offers little or no protection to South African industry. By way of example, coated paper products enjoy no duty protection whatsoever and Sappi, therefore, has to compete with international suppliers who sometimes supply these products into South Africa at prices below the domestic prices in their countries of origin. Sappi's application for tariff protection on these commodities, which has been outstanding for nearly two years, has still not been granted.

If local industries are to be encouraged to invest in future development, this situation will have to be corrected without further delay. This matter has been taken up with the Department of Industries, Commerce and Tourism and hopefully corrective action will be taken immediately.

Outlook

The demand for our products continues to be strong and I believe that we will continue to use all available capacity to meet local and export requirements. With the expected improved sugar cane crop and supply of bagasse we will be able to step up our production of pulp at Stanger. The new mill in the Western Cape will come on stream during the year adding 28 000 tons in capacity and, accordingly, I expect that profits for 1981 will show a further material improvement.

Board of directors

During 1980 Mr John E Henderson retired from the board and I would like to record our appreciation to him for his unfailing and enthusiastic support of the company over a period of more than forty years.

Mr Henderson began his association with Sappi as a chemist soon after the company's formation in 1936. He retired as chairman in 1977 after serving in that capacity for six years.

Mr E Pavitt, who handed over the chairmanship of the company to me last year, has remained on the board and I am grateful that we will continue to benefit from his experience and guidance. Also, I would like to express our appreciation to him for his considerable contribution to Sappi in the past years.

Four new board appointments were made in March 1981, namely:

Mr K R Lechmere-Oertel, managing director, Sappi Fine Papers.

Mr T C Rees, an assistant manager of Union Corporation Limited.

Mr A W Rodger, group technical manager.

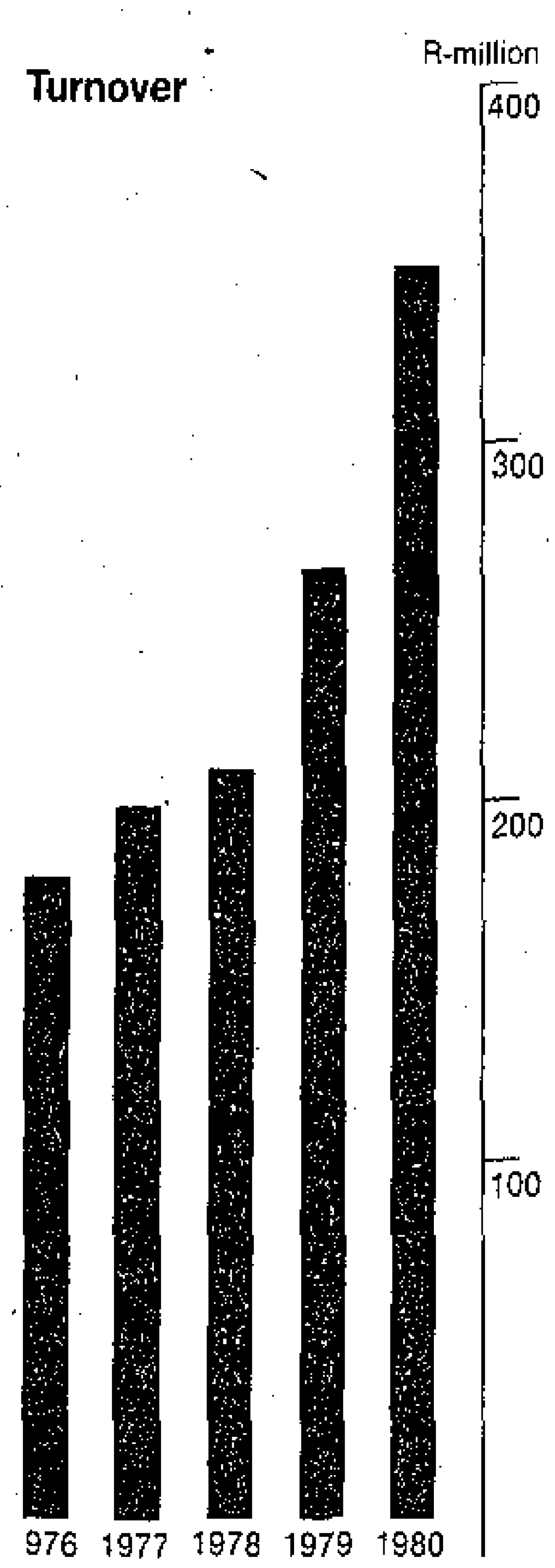
Mr I Willis, managing director, Sappi Kraft.

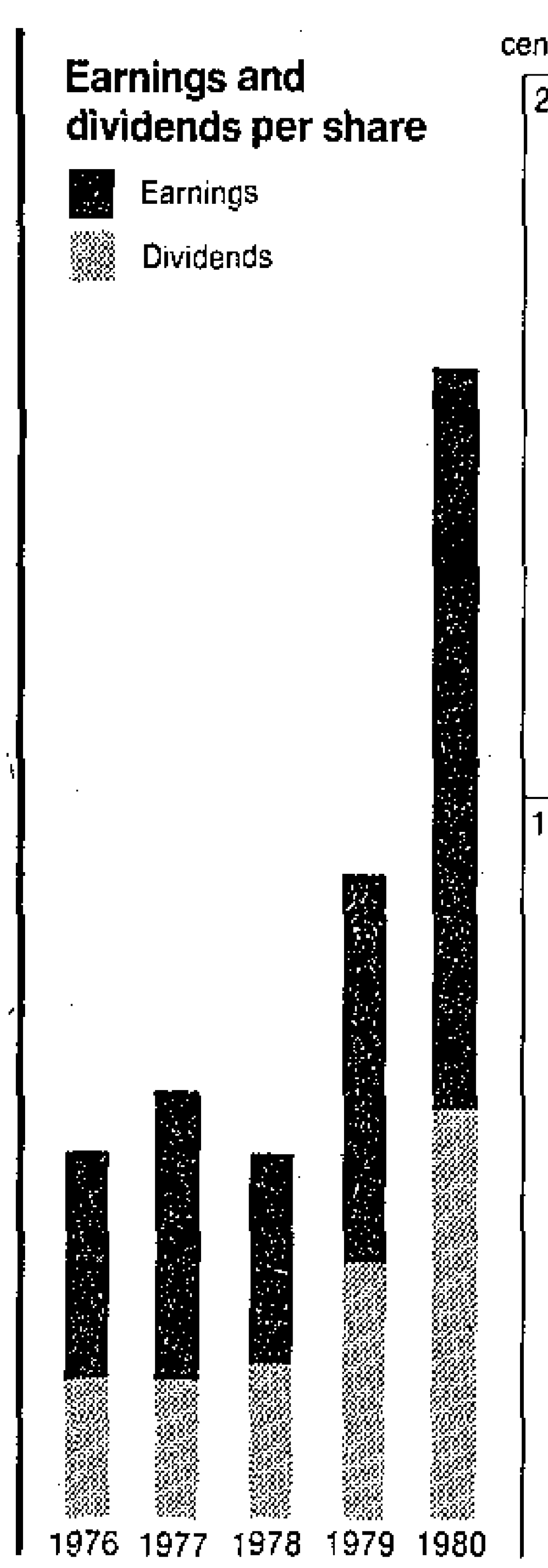
I welcome these gentlemen to the board and I am confident that they will make a meaningful contribution.

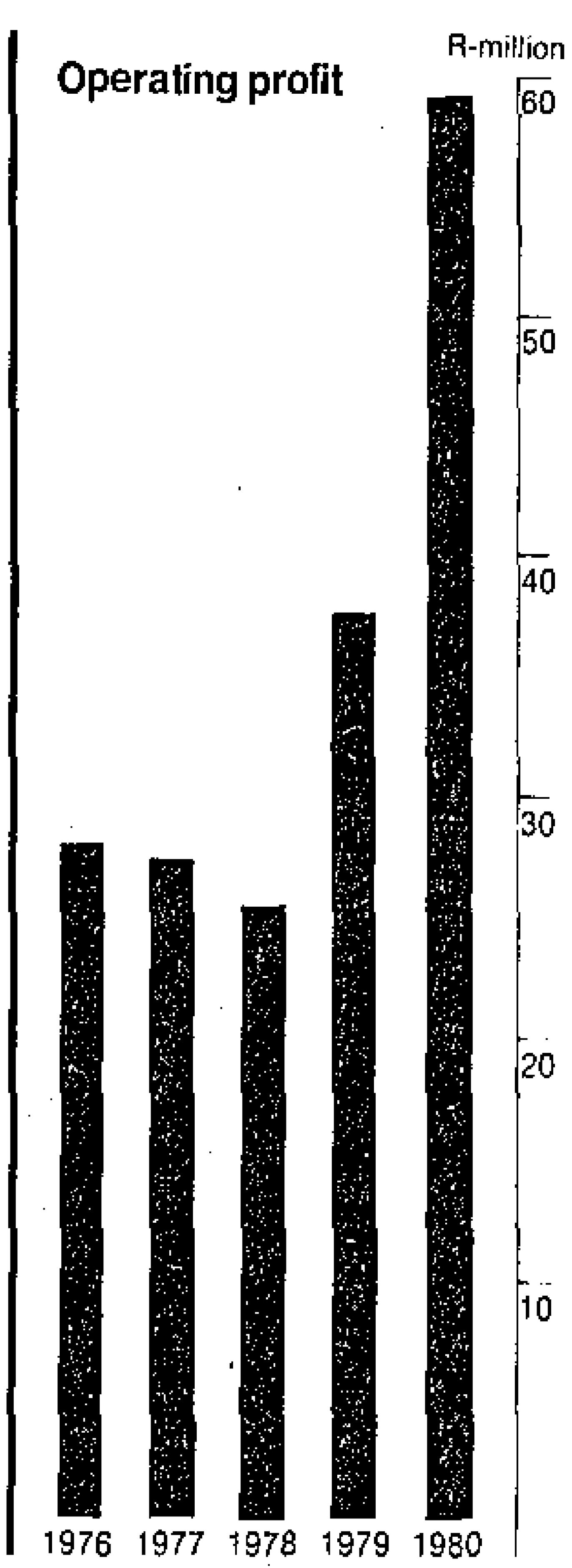
The board joins me in offering our sincere thanks to the group managing director, Mr Eugene van As, and all his colleagues who worked with dedication and enthusiasm to achieve the superb results which are a credit to them one and all.

Appreciation

A company's success is due to the support it receives from a multiplicity of people, including its suppliers of materials and services, the various Government departments, the members of the board of directors and especially its customers. To all of them we record our deep appreciation.







27 March 1981

Gencor Group

SAPPI 194 FM 24/4/81

Ready to expand

Activities: *Largest producer of pulp and paper in Africa, with an annual capacity of 600 000 t of paper and tissue. Carlcor is a listed subsidiary. Controlling shareholder is Gencor with 56,6% of the equity.*
Chairman: *B Landau; MD: E van As.*
Capital structure: *29m ordinaries of R1. Market capitalisation: R229m.*
Financial: *Year to December 31 1980. Borrowings: long- and medium-term, R46,9m; net short-term, R7,5m. Debt:equity ratio: 18,8%. Current ratio: 1,3. Group cash flow: R67,6m. Capital commitments: R48,7m.*
Share market: *Price: 790c (1980-81: high, 860c; low, 480c; trading volume last quarter, 409 000 shares). Yields: 19,6% on earnings; 7,2% on dividend. Cover: 2,7. PE ratio: 5,1.*

	'77	'78	'79	*'80
Return on cap %	17,4	14,7	14,4	15,1
Turnover (Rm)	197	205	262	347
Pre-tax profit (Rm)	22,7	19,7	31,6	53,0
Gross margin %	14,0	12,5	14,5	16,9
Earnings (c)	44,6	51,1	90,7	154,5
Dividends (c)	20	22	36	57
Net asset value (c)	290	321	490	977

* Fixed assets revalued.

With chairman Basil Landau forecasting that paper demand in SA will show one of the fastest growth rates in the world over the next decade, it is a little surprising to find Sappi trading at a 7,2% historic dividend yield. This effectively rates the share at a discount of over 20% to the industrial market.

Sappi's Landau . . . looking to strong market growth

One possible explanation is that the market might be a bit apprehensive about the effects on the group of the massive expansion which will be needed to meet this demand. With most divisions already operating close to capacity, Sappi is planning to spend R600m at current prices over the next four years to increase output by more than 40%.

And to put this into perspective, it is worth noting that existing fixed assets have an undepreciated value of only R466m, even after a R112m revaluation last year.

One quite frightening aspect of this expansion is the extent to which costs are escalating. Essentially, plans have not changed significantly since the group announced in the 1979 annual report that it would be spending R500m on expansion. So the extra R100m reflects mainly cost escalations, which work out at a rate of some R274 000 each day.

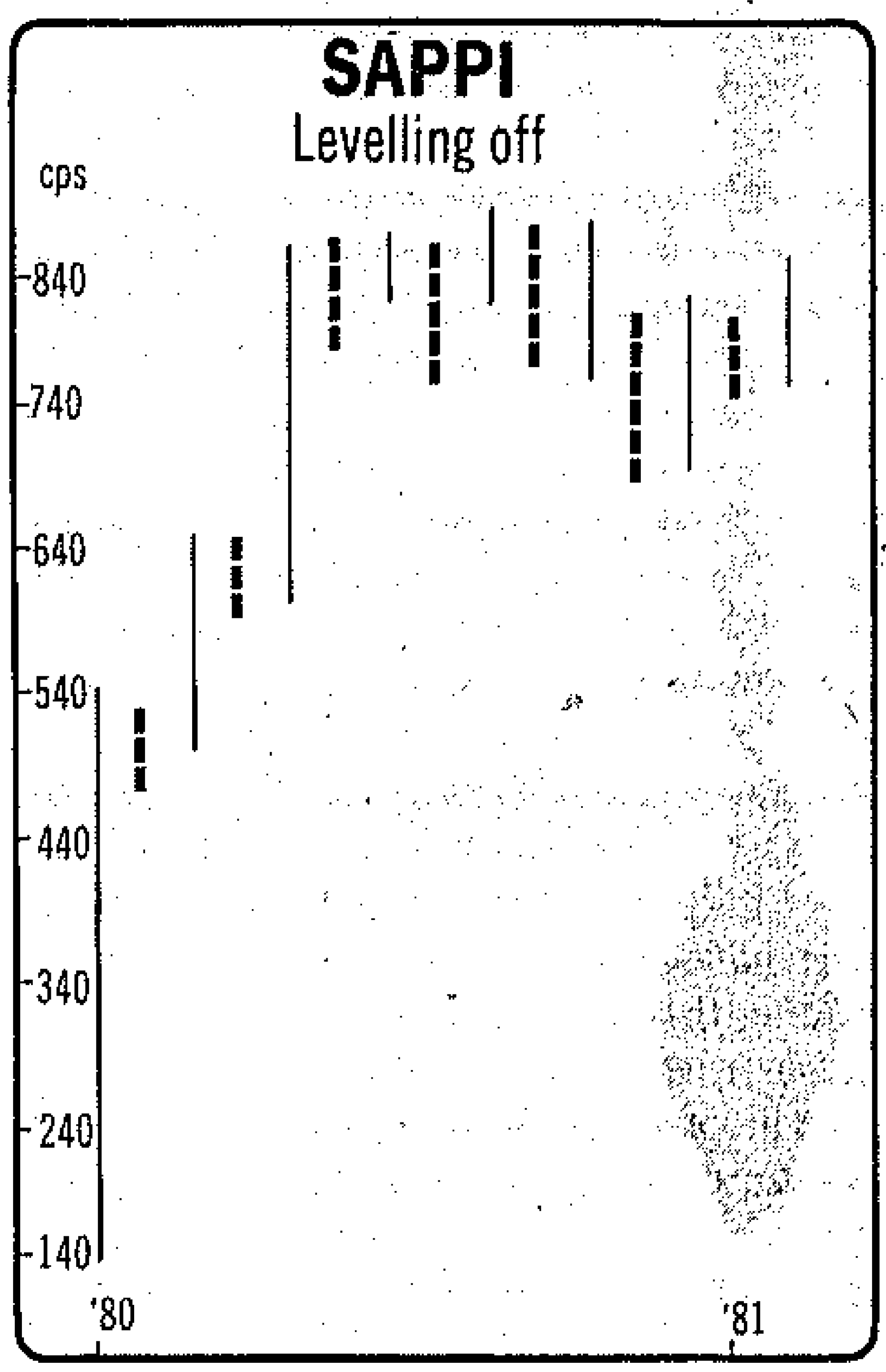
Fortunately, however, after a year of investigation and planning, the proposals are now close to the stage where they can be put to the board for final approval. And after that, progress is likely to be somewhat more tangible.

Not that the company has been dragging its heels. Last year, Landau's predecessor, Ted Pavitt, said the programme was scheduled for completion by the end of 1984, and this is still the intention.

A major portion of the funds will go to expanding the Ngodwana mill. Pulping capacity is to be increased by 260 000 t/year; a new newsprint machine will be installed; and kraft linerboard capacity will also be increased. Thereafter, the existing newsprint machine at Enstra will be converted to the production of printing and writing paper grades.

In all instances, capacity after completion will exceed projected local requirements and Landau says substantial tonnages will be available for export. Agreements in principle have already been concluded for the sale to overseas customers of surplus pulp and paper.

Financing this programme — the most likely area of market concern — should not present any major problems. Based on last year's cash flow, and allowing for a modest 15% annual escalation over the next four years, the group should be able to provide about half its capex requirements internally. And with the asset revaluation and further borrowing repayments in 1980, additional debt capacity over the same period should be in the region of R500m, working on a 1:1 debt:equity ratio.

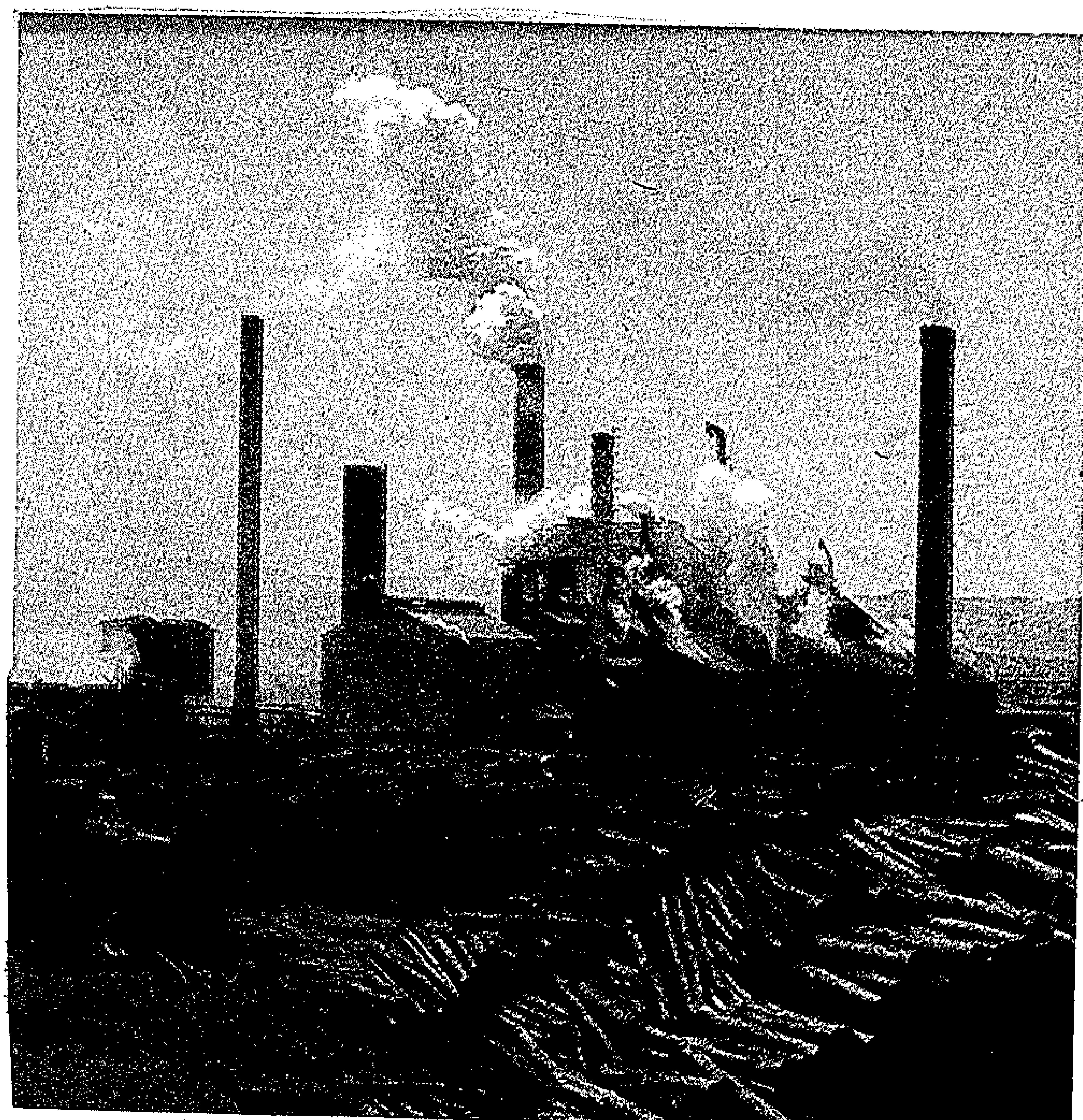


The market may, however, have been confused by a statement in last year's annual report that the group's self-imposed debt ceiling was only 50% of equity funds. This should, it appears, have been 50% of total capital employed, which is, of course, the same as a 1:1 debt:equity ratio.

For the current year, all divisions are looking to improved results. But the outlook appears most promising in the kraft sector, where additional capacity will become available when the waste-based mill at Milnerton, Cape, comes on stream towards mid-year. A material improvement is also forecast at Stanger, which was adversely affected last year by the drought in Natal.

Assuming even a 30% gain this year, the dividend total should not be less than 74c, which puts the share at 790c on a prospective yield of 9,4%. As the company does not expect dividend growth to be slowed by its expansion programme, this looks to be excellent value, given long-term growth prospects.

Brian Thompson



AFRICA's largest producer of pulp and paper, Sappi, plans to spend more than R600-million on the expansion of its facilities, including a new sawmill at the Tugela plant (left) at Mandini, Zululand.

SA Industrial Wk 28/4/81 (194)

Work has started on alterations to the No 4 paper machine which will increase the unit's capacity by some 26 500 t and will come on stream towards mid-1982.

Recently the re-building of the No 1 paper machine at Tugela was completed adding 10 000 t to the annual capacity. At the same time an enlarged effluent clarifier was commissioned at a cost of R2,5-million and this has considerably improved the mill's aqueous pollution control.

A new waste-based kraft paper mill is also under construction at Milnerton near Cape Town and production trials are expected to commence in May.

4) DETAILS OF HOUSEHOLD EXPENDITURE.

Food: Amount of money spent on milk, meat and eggs per month (Table Twenty Nine)

Response	Percentage of Total	Percentage of Malnutrition	Percentage of non Malnutrition
Nil	22%	54%	46%
R1-R5	46%	65%	35%
R6-R10	20%	20%	80%
R11-R15	6%		100%
R16-R20	4%	100%	

Food: Amount of money spent on all other food per mor (Table Thirty)

Nil	2%		100%
R1-R10	10%	60%	40%
R11-R20	56%	58%	42%
R21-R30	0%	0%	0%
R31+	4%	50%	50%
Unknown	2%		

Food: Per capita monthly expenditure on food (Table Thirty One)

Nil	0%		
0-R1	22%	63%	37%
R1.1 - R2	42%	43%	57%
R2.1.- R3	20%	80%	20%
R3.1. +	14%	14%	86%
Unknown	2%		

Total monthly expenditure on food, cleansing materials, fuel and other liabilities (Table Thirty Two)

R1-R15	18%	78%	22%
R16-R30	40%	55%	45%
R31-R45	32%	43%	57%
R46-R60	8%	0%	100%
Unknown	2%		

Per capita expenditure per month (Table Thirty Three)

Response	Percentage of Total	Percentage of malnutrition	Percentage of non maln.
R0-R3	64%	60%	40%
R4-R7	30%	34%	66%
R8+	2%		100%
Unknown	4%	100%	

Bearing in mind that the rural areas are increasingly becoming consumers rather than producers - the pattern of expenditure was considered to be a possible factor in malnutrition. The figures do indicate that households spending less money had a higher incidence of malnutrition.

Hortors acquires Trio Rand

RDM 29/4/8

(194)

By SUSAN DALLAS

HORTORS has acquired Trio Rand paper and packaging in a reverse take-over deal worth R10-million.

In terms of the agreement announced yesterday, Trio Rand will acquire all of Hortors' printing, packaging and graphic interests retrospective to January 1, paid for by the issue to Hortors of 3 185 143 Trio Rand ordinary shares.

At the current market price of 320c a share, Hortors will pay about R9 972 000 for the shares which amount to 50,4% of Trio Rand's voting share capital.

Effectively, this will make Trio Rand a subsidiary of Hortors.

Mr Maurice Parrington, executive director of Hortors said he expected increased production efficiency from the rationalisation of the companys' printing and packaging activities with substantial long-term benefits to the enlarged group.

The merger is not expected to have any immediate impact on earnings, dividends or the net asset values of either company.

The agreement — which is subject to the approval of shareholders of both companies — follows six weeks of official negotiations which included Standard Merchant Bank and Finansbank.

Comment: With soaring machinery replacement costs it seems more economical to aquire assets by expansion than to lay out new capital.

tities of amasi, and a wide range of vegetables including sorghum, millet, pumpkins, gourds, melons, yams, various tubers akin to the common potato, various nuts and indigenous beans and a wide variety of green herbs and plants. The diet Bryant describes is a very different proposition nutritionally to the various forms of porridge which forms the almost total diet of so many rural households living under present circumstances.

Foster points out the difficulties of the transition from a subsistent economy to a money economy in terms of diet: "Subsistence people are not aware that they have a balanced diet, or even that there is such a thing. They do not understand that they are making daily decisions that have an important bearing on their health.

When, however, such people are in situations in which a

Nampak sights on higher earnings

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STAR 12/5/81

By Mervyn Harris

Packaging group Nampak increased profit attributable to ordinary shareholders by 37 percent from R15,8-million to R21,7-million in the six months to March and forecasts higher earnings for the second half of the year.

The interim dividend has been raised from 21c to 25c.

Earnings a share were up from 57c to 66,4c on the increased capital. Sales jumped 38 percent from R154-million to R214-million.

Income before taxation increased from R26,9-million to R36-million. These increases include the results of the companies acquired by the group from October, 1980.

All major divisions reported improved profits in spite of increased competition. However, margins in certain divisions have been eroded by excessive and unexpected increases in the price of basic raw materials, which could not be recovered through increased selling prices.

ECONOMY

The group does not expect immediate returns from its capital-expenditure programme.

Group earnings for the second half of the financial year are traditionally better than the first half. Benefits from rationalisation should also help offset the lower expected growth in the economy this year.

The group thus expects the percentage improvement in earnings for the full year to be higher than those for the first half-year.

Kohler in major expansion

5. Two 24/5/81 (194)

By Andrew McNulty

CAPITAL expenditure by Kohler Brothers, the paper and packaging group, could total R36-million over the next three years.

The group managing director, Alan St Clair Gibson, said this week that spending is expected to continue at this rate over the next few years.

The Kohler group is aiming its expansion programme at raising production capacity by about 30% and also improving productivity through better efficiencies and economies of scale.

He said the group expects to achieve growth in the R1 200-million packaging market by grassroots ventures, which would have to include major projects to impact on the R130-million group.

"We have a number of these up our sleeves," he said.

Mr Gibson estimates growth of the packaging market at

● To Page 3

Bigger Kohler outlay

5. Two 24/5/81 (194)

● From Page 1

about 5% a year, or higher than the GDP growth rate.

Major attention will be paid by the group to the flexible packaging market, already a significant new market and considered the main growth area with a rate of about 19% a year.

Mr Gibson was interviewed at the opening in Cape Town of Kohler's new R6-million corrugated container factory, said to be the most advanced of its kind in the Southern Hemisphere.

An identical plant is planned for the Transvaal.

The current year's budget, which excludes the Cape factory, will be spent mainly in Natal, the most important component being a R4-million expansion of the flexible packaging plant at Pinetown.

IMPORT DUTIES (194)

Paper tiger (195)

FM 29/5/81

Publishers are up in arms over the imposition of a 20% duty on imported coated papers.

The protective duty was gazetted on April 16, 27 months after it had been applied for by Sappi, the country's sole manufacturer of this grade of paper.

Pieter Struik, production editor of C Struik, the Cape Town publishers, says the duty will jeopardise SA book exporters' hard-won position in foreign markets. He believes there is no provision for a rebate of duty on imported paper used for the production of books for export (although he would certainly qualify for export assistance under one or more of the four categories of assistance recently announced by the Minister of Commerce).

Sappi says that it applied for tariff protection because the domestic market had become a target for dumped paper from the Nordic countries. There had been a protracted period of international oversupply because of the recession and it had not been possible to apply countervailing duties because no tariff structure had been in existence for coated paper. The duty affects heavy grade paper in the range R265/t-R900/t and is favoured for the production of so-called coffee-table books, in which Struik seems to specialise.

In a statement to the *FM*, Struik says "government has constantly urged the small businessman to seek export markets. We have also been urged to fight inflation. As far as the publishing industry is concerned, the new duty will negate both these exhortations. Some publishing houses may even have to close down."

He gave the following example of how the duty will affect costing of a book about to be published: "Paper forms a very large part of a publisher's costs and the 20% duty has meant that the unit cost of this particular book increased by 40c a copy. With the royalty situation and booksellers' discounts this means an increase in the shelf price of R1,60 a copy."

To which a Sappi spokesman responds: "With that kind of value added, the book trade must be very lucrative."

Struik says his company relies heavily on exports (nearly R600 000 last year) to stay alive. Foreign buyers do not like Sappi's Dukuza fine papers.

Says Struik: "There is no way we will consider using the Sappi paper for our quality export books. Even with the increased cost of imported Danish paper arising from the duty we will continue to use it for export books. There is still very little difference in the price of Danish with comparable weight but poorer quality local paper. Danish is in fact still cheaper."

A Sappi spokesman said he failed to see what the fuss was about. If anything, Struik's statement confirmed that the protection given by government was not excessive.

Struik, however, says it is incongruous that Sappi should be trying to break into export markets with offerings of coated paper at $800/t, compared with a domestic selling price of R1 075/t. "This means that Sappi is either dumping its production on foreign markets, or it is making inordinately high profits on domestic sales." He understands Sappi made R396 000 from export sales last year, a figure Sappi will neither confirm nor deny.

SA books . . . will some publishing houses have to close down?

Pipeline 'depends' on pulping mill

144

Nm 5/8/81

Paper plant 'vital' to Govt planning

Mercury Reporter

THE construction of the Richards Bay pipeline — expected to cost about R33.5 million by the time it is completed in 1984 — now depends on whether Mondi erects a multi-million-rand pulping mill at the town.

According to the Director-General of Water Affairs, Forestry and Environmental Conservation, Mr J F Otto, the construction of the 12.2 km pipeline depends almost entirely on whether the giant pulping company decides to go-ahead with its plans to erect its plant at Richards Bay.

The plant is also seen as being vital to the Government's plans to attract industries to the town.

The Department of ~~Water~~ Affairs released an 'information document' this week giving details of the pipeline, its construction and the environmental effects of the effluent which will be discharged into the sea. According to the document the pipeline presents a major undertaking, involving cutting through dunes as well as excavating a channel on the sea bed.

The document shows that the land section of the pipeline — 8.2 km long — will have to cut across the Mzingazi Canal and through the coastal dunes. The dunes would be repaired and vegetated, it says.

The sea would be entered at a point 300 m north of the northern breakwater at the harbour entrance and the pipeline would then run south of east.

The submarine pipeline probably would be 4 km long. The Department of Water Affairs recommends that the diameter of the pipe should be about 1 200 mm. Apparently this size pipe would convey the forecast quantities of effluent and make provision for further increases in effluent volumes and not need boosting by pumps until about 1995. This would result in considerable savings in energy costs.

Two balancing or collecting steel tanks will be erected at the start of the land pipeline for solid, and slurry effluent. These would be duplicated at some later stage should the need arise.

The welded steel pipeline will lie in a trench about 3 m deep to provide for other large services to cross it without interference.

The pipeline will be buried well below the Mzingazi Canal to permit the passage of small boats and to allow dredging of the canal when necessary.

The pipes would be assembled near the seashore and probably be pulled into the sea by means of large barges anchored well offshore.

Preparation of the seabed to receive the pipeline would entail the excavation of a trench 800 mm deep in rock from the edge of the surf zone to the terminal point.

Special facilities for maintenance in the early stages of the operation would be neccessary because the flow would not be sufficient to drive the cleaning device, a so-called 'pig', continuously throughout the length of the pipeline. It would be necessary to provide additional water to complete the cleaning operation.

Pumping

Flow from the collecting tanks would push the 'pig' part of the way but only as far as the Mzingazi Canal, so it would then be necessary to establish a pumping station at this point to provide water to drive the 'pig' the remaining distance.

It is expected that the temperature of the effluent at the point of discharge would be approximately 45°C. This could attract a number of fish species to the area and could also create a different micro habitat in that vicinity. The extent of this effect would be small, however, and the effect would also be dispersed by water movement and currents.

many of the patients who at present go to general practitioners, "witchdoctors", homeopaths and other practitioners for their primary medical care.

The details are not important. What is important to note is that it is extremely difficult to determine manpower requirements, even of doctors. Neither comparative ratios nor calculations of service load give reliable results. All estimates of medical manpower requirements are guesses, some more intelligent than others.

Packaging sale helps

Own Correspondent

DURBAN — Huletts Corporation almost doubled attributable income for the year ended March 31 by making R24,83m from the sale of its packaging interests.

This enabled it to add R25,81m to reserves.

Earnings a share come to 109c, using historic costs, and 79,9c using replacement values, compared with the previous years 86,7c and 62,2. A final dividend of 42c will be paid in August.

s and nurses we
ry and look at

A. Doctors

At the end of 1975 South Africa had 13 347 doctors on the register.[4] On paper this gives a population to doctor ratio of 1900 : 1. However if one excludes 1088 doctors already giving overseas addresses in 1975, and another 624 doctors over the age of 70 years,[4] the ratio moves up to 2200 : 1.

Even so a ratio that is only four times that of Western Europe does not seem too bad. However the maldistribution of doctors in this country is appalling. In 1962 Professor

Snyman[5] gave South African population to doctor ratios as varying from 600 : 1 in Durban
(190 : 1 for whites in Durban)
to 40 000 : 1 elsewhere in the country.

Fifteen years later the variation in ratios was reported to be largely unchanged.[6]

The numbers of medical students are being increased rapidly but the numbers of doctors are not rising correspondingly. In the six years from 1970 to 1975 (quiet years politically) it is estimated that 14% of all our medical graduates and 50% of those from Wits and U.C.T. left the country permanently.[4] During the course of 1975 despite the fact that 469 new doctors graduated and another 178 immigrated into the country, the net gain of doctors to the country was only 111.[7] During 1977 the country had a net loss of 152 doctors.[7] Of the doctors remaining 20% practise as specialists[5] so that counting on even an extra 1000 doctors working in primary health care in the next five years seems unrealistic.

B. Nurses

In 1973 there were 36 931 registered nurses in South Africa, but 37% of these were listed as not practising.[8] This leaves us 23 266 nurses and a population to nurse ratio of 1100 : 1, five times the Swedish figure. Even if all these nurses were working in hospital wards, allowing for twenty-four hour cover, when on duty each registered nurse would be responsible for 33 beds. Teaching hospitals may consider themselves to be short of nurses but compared to this national "average"

Paper-and-pulp trade ready for huge expansion

146

10/6/81

S.Tim

By Frank Jeans

Industry is on a massive paperchase which has forced producers to embark on high-capital expansion plans to keep up with demand.

Indeed, it is estimated that total new investments over the next five to eight years could total R1 500-million.

This amount is scheduled to be spent in extending pulping capacity, the installation of large-scale paper machines and the modification of existing machines.

BANK FINDING

Looking at the big plans ahead for the paper industry, Standard Bank in its latest Review says three potential projects are under consideration which would increase chemical-pulp capacity by as much as 800 000 tons a year to 1 500 000 tons by the late 1980s.

Demand for pulp and paper has risen faster in recent years. After declining by 2,6 percent to 986 000 tons in 1977, paper consumption surged ahead last year by an estimated 12 percent to about 1,25-million tons.

Projected figures for this year point to a 16 percent jump in demand for fine papers and tissue wadding and a 9 percent rise in paper-packaging materials.

Paper production expanded to 1,2-million tons last year but local facilities have not been able to keep pace with the increasing demand, says Standard.

Pulp-and-paper producers usually follow a policy of building up inventories during a downswing so as to avoid the penalty of increasing costs as a result of lower production.

Paper inventories reached a peak of more than 92 000 tons in 1977. By last year, stocks had dropped to below 30 000 tons and, despite the availability of large inventories, the industry was compelled to rely increasingly on imports to meet future requirements.

In the first 10 months of last year, imports of paper products were 70 percent higher in volume and 60 percent in value terms than in the same period of 1979.

Consequently, imports accounted for an "unusually high" 18 percent of total domestic paper consumption last year.

TURNAROUND

Pointing out, however, that the paper market's long-term prospects are among the "most encouraging of any sector of the economy," Standard says that the new surge of investments will probably result in a turnaround of the import-reliance situation and that higher quantities of pulp and paper will become available for export in the next few years.

South African pulp and paper have several advantages over foreign competitors. Energy costs are relatively low because of the abundance of coal and the average hauling distance for timber from forests to mills is, in most cases, considerably shorter.

WALTONS 194

Increasing cover

FM 26/6/81

Activities: *Supplier and manufacturer of commercial stationery. Formerly Hortors Waltons after merger with Hortors stationery division.*
Chairman: *J M Parrington; managing director: F E Robarts.*
Capital structure: *2,7m ordinaries of 50c. Market capitalisation: R9,9m.*
Financial: *Year to February 28 1981. Borrowings: long- and medium-term, R4,5m; net short-term, R936 000. Debt:equity ratio: 88%. Current ratio: 1,8. Group cash flow: R2,5m. Capital commitments: R120 000.*
Share market: *Price: 365c. (1980-81: high, 390c; low, 250c; trading volume last quarter, 43 000 shares). Yields: 25,1% on earnings; 8,8% on dividend. Cover: 2,9. PE ratio: 4,0.*

	'79	'80	'81
Return on cap (%)	20,8	37,6	37,3
Turnover (Rm)	18,2	25,2	33,6
Pre-tax profit (Rm)	1,7	2,6	4,0
Gross margin (%)	10,4	11,2	13,0
Earnings (c)	40,0	56,4	91,6
Dividends (c)	21	26	32
Net asset value (c)	140	171	230

Waltons shareholders can expect dividend growth rate to at least be maintained in spite of the fact that cover rose from 1,9 times in 1979 to 2,9 times in the year to February 28 1981.

The debt:equity ratio of 63% in 1980 could have been one of the factors leading to the rise in dividend cover from 2,2 times in 1980 to 2,9 times; but the likelihood of a further increase to 3 times suggests the group has reached its internal borrowing target.

Chairman Maurice Parrington does not expect the rise in earnings to match the 63,8% improvement to 91,6c achieved in 1981. He anticipates only a "decent" profit increase in spite of the predicted downswing in the economy later this year.

Sales rose 33% to R34,0m (R25,2m). Better productivity led to an improvement in operating margins from 10,3% to 12,0%. New acquisitions in stationery and toy distribution and re-organisation of existing branches had a substantial effect on profit improvement, Parrington says.

Pre-tax profit rose 55,4% to R4,0m (R2,6m). Attributable income from newly acquired subsidiaries totalled R94 000.

Expansion this year will be largely internal although MD Frank Robarts says there are a few acquisitions in the pipeline.

According to Parrington, the group will concentrate on the growth of newly acquired stationery supplier Pirie Appleton and Akal Toys, the toy distribution company.

The increase of R3m in long-term borrowings to R4,5m was, says Robarts, the result of last year's acquisitions. This was the main cause for the debt:equity increase from 63% to 88%. The board is examining the possibility of strengthening the capital base, Parrington says.

The current ratio is up from 1,6 to 1,8 and Parrington views the liquidity position as being "satisfactory". Group cash flow was R2,5m in 1981.

Parrington does not expect Waltons to be adversely affected by the economic slowdown. "Stationery is not slump-proof, but it is a commodity which is always needed, whatever the economic conditions. Any fall-off this year should not be too great," he says.

Parrington's optimism is a guideline. Earnings could reach 119c this year and if dividend cover increases to 3 times, a payout of 40c would be on the cards. At 370c a share, the prospective yield is 11,0%. The market seems cautious, perhaps unjustifiably so. *Cathi Warmer*

Sappi's Ngodwana mill with the R800-million expansion, announced by the company yesterday, superimposed.

RDM 8/7/81

194

By SIMON WILLSON
Industrial Reporter

AIMING to capitalise on a predicted world pulp shortage, Sappi is to spend R800-million by 1985 on expanding its existing pulp mill at Ngodwana, in the Eastern Transvaal.

Sappi's paper, board and tissue export capacity will more than double when the new mill comes on stream and exports 20% of its 260 000-ton annual pulp output and up to a third of its 150 000-ton annual output of packaging material.

Agreements in principle have already been reached for packaging-material exports to customers in the Far East, and the company says a world shortage of bleached long-fibre pulp is expected to start in 1983, which the Ngodwana plant will be well-placed to meet.

The expansion project was mooted in the company's 1980 annual report, but was only given the final go-ahead last week, and announced by chief executive Mr Eugene van As yesterday.

In the annual report, chairman Mr Basil Landau said the anticipated cost of the project was R600-million. The extra R200-million the company expects to spend accounts for total outlay up to 1985, including an escalation allowance over the construction period.

Sappi currently supplies about half South Africa's pulp demand, and the new mill's output will push the company's total annual pulp, paper and tissue production to 860 000 tons.

This is more than enough in terms of meeting local demand, and will leave substantial tonnages available for export.

The existing Ngodwana mill is situated between Machadadorp and Nelspruit. Advantages of expanding there include the fact that it is already surrounded by plantations on which Sappi either has total ownership or cutting rights, or has existing pulpwood purchasing arrangements.

The company says that, when transport costs of both timber and finished products are accounted for, Ngodwana will have an advantage of about R40 a ton on paper sold on the Reef over a similar mill built at the coast.

Three-quarters of the R800-million outlay is expected to be spent in South Africa, with the rest going to foreign suppliers of specialised equipment.

The company says the project will create about 3 000 new jobs within Sappi and its suppliers, as well as 4 000 jobs on site during the construction phase.

Expansion has been divided into three phases so that revenue will start coming in at the earliest possible time to be ploughed back into the company.

Long-term finance from South African banks will contribute the biggest share — about half — of the R800-million in funds needed for the project. Suspensive sales, leasing and long-term loans will be balanced to maximise the benefit of investment allownaces.

Up to R100-million, at fixed rates of interest of about 8,5%, will come from export credits from foreign equipment-supplying countries.

Some Euro-currency loans will be used to take advantage of interest rates when possible, but the amount drawn on will be flexible in the R30-million area.

The rest of the capital cost is expected to come from the company's own cash flow, which was around R75-million last year and will grow over the five-year construction period.

Shareholders will also be offered a mix of convertible preference and ordinary shares in rights issues timed at the moment for 1982-84. The amounts to be raised by these issues will only be finalised when negotiations with the banks are over.

COMMENT: The magnitude of Sappi's investment decision is illustrated by the fact that it took about a year from the original announcement for the final go-ahead to emerge.

Given the unspectacular size of the South African paper market, the project's planned production is well in excess of local demand. But it is the export potential which most exercised the board's collective mind in the final decision, and here the company appears to be on safe ground.

Cheap domestic energy costs — when compared with northern-hemisphere competitors — leave Sappi with every opportunity to undercut other tenderers when the Western industrial recession comes off the bottom.

The predicted world pulp shortage within the next two years gives the new plant a market to aim at.

Our banks apparently think the project a sound move: they offered to finance the whole expansion instead of the half which long-term domestic bank finance is to provide.

Sappi says its "overriding consideration" in the finance package has been to stay within its self-imposed borrowing ratios and not exceed a debt:equity ratio of 1:1.

It has considered its shareholders by undertaking to make its 1982-84 rights issues in stages, and the effect should be to give maximum opportunity for earnings growth and dividend improvement, despite the huge capital outlay.

Star 8/7/81

194

Sappi mill will cost R800-million

By Ann Crotty

Sappi is to build an integrated paper and pulp mill at Ngcdwana in the Eastern Transvaal at a cost of R800-million.

It 's one of the largest single undertakings by private enterprise in South Africa.

The R800-million is the amount of money that Sappi actually expects to lay out, taking into account both inflation and the timing of payments to suppliers and contractors during the 4-year construction period which will begin in four weeks' time.

The project was originally calculated to cost R600-million in 1980 terms.

Three-quarters of the R800-million is expected to be spent in South Africa with the balance going to international suppliers of specialised equipment.

Sappi, which is 56 percent owned by Gencor, currently supplies half of South Africa's pulp and paper needs.

The additional output from the new mill will raise its overall capacity from 600 000 to 860 000 tons of pulp, paper and tissue a year.

It will make Sappi self-sufficient in pulp requirements and leave a substantial amount for export.

The Sappi group exports about 10 percent of its production of paper, board and tissue, earning the country approximately R17,5-million a year in foreign currency.

This will more than double when the new mill is on stream and exporting about 20 percent of its pulp output and up to one-third of the kraft liner and fluting output.

The overriding consideration in finalising the finance package will be, said a news release, for Sappi to stay within its borrowing ratios and to offer shareholders real growth in earnings and dividends a share.

There are five sources of funds:

- Long-term finance from South African banks which will be utilised in the form of suspensive sales, leasing and long-term loans. At about R400-million this will be the biggest part of the finance package. The rate of interest will be linked to the bank rate and because of the form of the loan will be effectively less than the prime rate.
- Up to R100-million in the form of export credits from countries supplying imported equipment which will be available at fixed rates of interest of about 8,5 percent.
- Cash flow, which was R75-million last year. Other capex requirements are not expected to use more than R30-million of this a year.
- Shareholders will be offered a mix of convertible preference shares and ordinary shares in rights issues to be made between 1982 and 1984. This will enable the company to remain within its 1:1 debt equity ratio.
- Euro-currency loans will be used to take best advantage of interest rates but the amount raised is unlikely to exceed R30-million.

QUANTITY SURVEYING

(Continued)

Bell-John Prize

For the best all-r

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P C Key

The Committee of t

Cape Chapter of Qu

Surveyors' Prize

For the student ob

the highest marks

Professional Pract

P R Swift

LTA Prizes

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URBAN & REGIONAL PLANNING

Boiler explosion at Mondi mill kills two

Star 9/7/81 ~~134~~ (194)

Own Correspondent

DURBAN — Two men were killed and nine injured, two seriously, late yesterday when a boiler which had been put out of operation by an Escom power failure exploded when an attempt was made to relight it.

The chief engineer of the Mondi Paper Company Mr B E Schindler said the accident happened at the Merebank mill. Damage is extensive but production has not been affected.

Mr Schindler said the two men killed were an Indian operator and an instrument handyman. A white man, a black and seven Indians were injured. At the time of going to press, their names were not available.

The accident happened after the power failure at about 1 pm yesterday after the mill had been brought to a standstill as ancillary equipment for operating the mill is powered by electricity.

When power was restored an attempt was made to reignite the boilers and the explosion resulted.

Mr Schindler said the exact cause was being investigated but it was possible that during the stoppage excess fuel had pumped into the boiler.

"It is obvious that that is what happened," he said.

The whole of Natal was hit yesterday by power cuts which came on without warning.

Due to technical problems Escom was short of 420 mW country-wide. Load sharing had been requested.

FINE ART & ARCHITECTURE

ARCHITECTURE

Cape Provincial Institute of Architects' Prize

For the best student in :-

Sixth Year

P F Dunckley

Helen Gardner Travel Prize

For a student who has satisfactorily completed 1st, 2nd and 3rd major courses.

P A Rappoport

Molly Gohl Memorial Prize

For the best woman student in third year.

Miss C Tregold

David Haddon Prize

For the best student of Architecture (or Quantity Surveying) in the subject of Professional Practice.

D H

dent.

FM 10/7/81

PULP PRODUCTION (194)

Sappi, the paper producer ~~which~~ supplies about half SA's paper, cardboard and tissue needs, announces plans to spend R800m by 1985 on expanding its pulp mill in the eastern Transvaal.

METAL BOX

Cash flush

(194)

FM 10/7/81

Activities: *Manufactures and distributes packaging containers, closures and components in metal, plastics and board; and machinery for the packaging and related industries. Makes and sells precision metal tubing and electrical accessories. Metal Box Overseas (UK) owns 57,8% of the equity.*

Chairman: *C Cilliers; managing director: D A Jacobs.*

Capital structure: *30,7m ordinaries of R1; 500 000 5% cum red prefs of R2; and 2m 10,5c div conv red cum prefs of 10c. Market capitalisation: R162,7m.*

Financial: *Year to March 31 1981. Borrowings: long- and medium-term, R29,9m; Net cash: R21,4m. Debt: equity ratio: 34,6%. Current ratio: 2,1. Net cash flow: R17,3m. Capital commitments: R8,4m.*

Share market: *Price: 530c (1980-81: high, 590c; low, 465c; trading volume last quarter, 330 000 shares). Yields: 14,9% on earnings; 7,4% on dividend. Cover: 2,0. PE ratio: 6,7.*

ifter more than doubling earnings in the ix months to end-September, Metal Box irned in a 58,2% earnings advance to ,8c a share in financial 1981. This was despite the R22m rights issue late last year.

	'78	'79	'80	'81
Return on cap (%)	14,9	19,2	28,7	27,1
Turnover (Rm)	168,4	215,3	273,6	340,7
Gross profit (Rm)	13,4	17,6	25,6	35,7
Gross margin (%)	8,0	8,2	9,4	10,5
Earnings (c)	25,9	31,4	49,8	78,8
Dividends (c)	22	25	30	39
Net asset value (c)	231	235	249	319

By comparison, taxed attributable profit rose 89% to R21,3m against R11,3m previously. The sharp increase was helped by a lower tax rate of 32,1% (38%) resulting from capital expenditure concessions and training allowances. Even so, last year's advance substantially exceeded the four-year compound growth average in attributable income of 49%.

Turnover was up 24,5% to R340,7m — a smaller increase than the previous year's 27% advance — but chairman Charl Cilliers says the fruit canning operations were adversely affected by severe flood damage to western Cape fruit farms. The rise in turnover was, however, accompanied by a 39% increase in operating profit to R35,7m, which resulted in a widening of overall gross margin to 10,5% (9,4%).

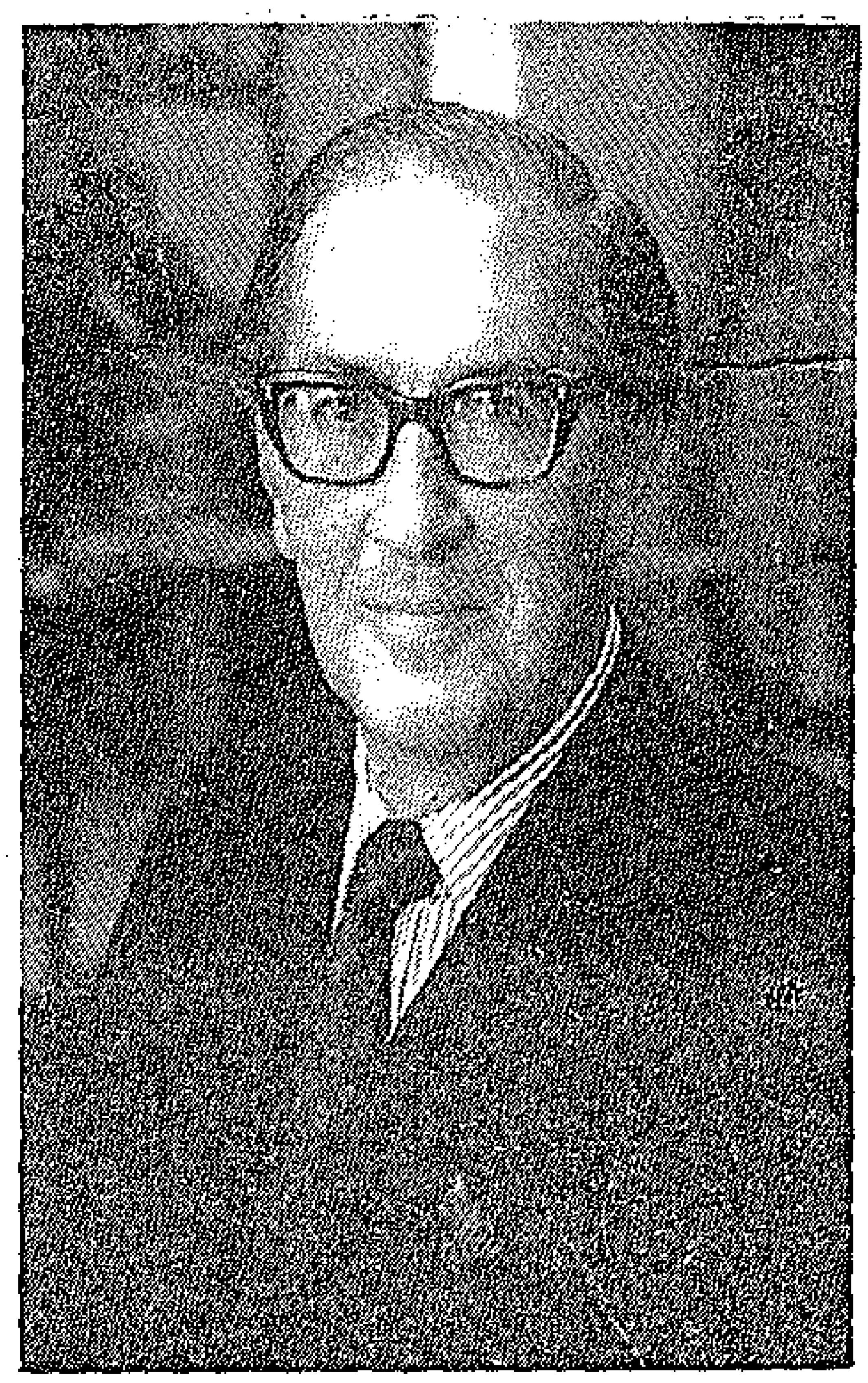
Overall profit was boosted by recovery in the machinery and engineering division, previously a loss-maker, partly as a result of income received for delayed contracts. Cilliers says, however, that the activities of this division are "outside the company's field of expertise and funds can be better utilised elsewhere." Consequently the division has been sold.

Cilliers says the group is particularly vulnerable in areas such as fruit canning and fishing. This is underlined by the collapse of the pilchard fishing industry. As a result, the food and beverage division closed its manufacturing operations in Walvis Bay and invested $4m in Fabrica de Envases (Fesa) — a Chilean can manufacturer listed on the Santiago Stock Exchange. Metal Box will supply technology to Fesa under a technical licensing agreement.

The electrical accessories division benefited from increased building sector demand and more particularly from the massive electrification programme in Soweto. The directors anticipate that benefits from the Soweto contracts will continue for several years and should help offset any decline in the private building sector.

The group bought 76% of Papercote Industries during the year. The new division will manufacture carbonless paper for printing and, though not expected to contribute to overall profit for the first few years of operation, the directors say long-term prospects for the division are "most encouraging."

This year's economic slowdown could spell problems for the group, but the diverse spread of activities should cushion any sharp divisional fluctuations. The

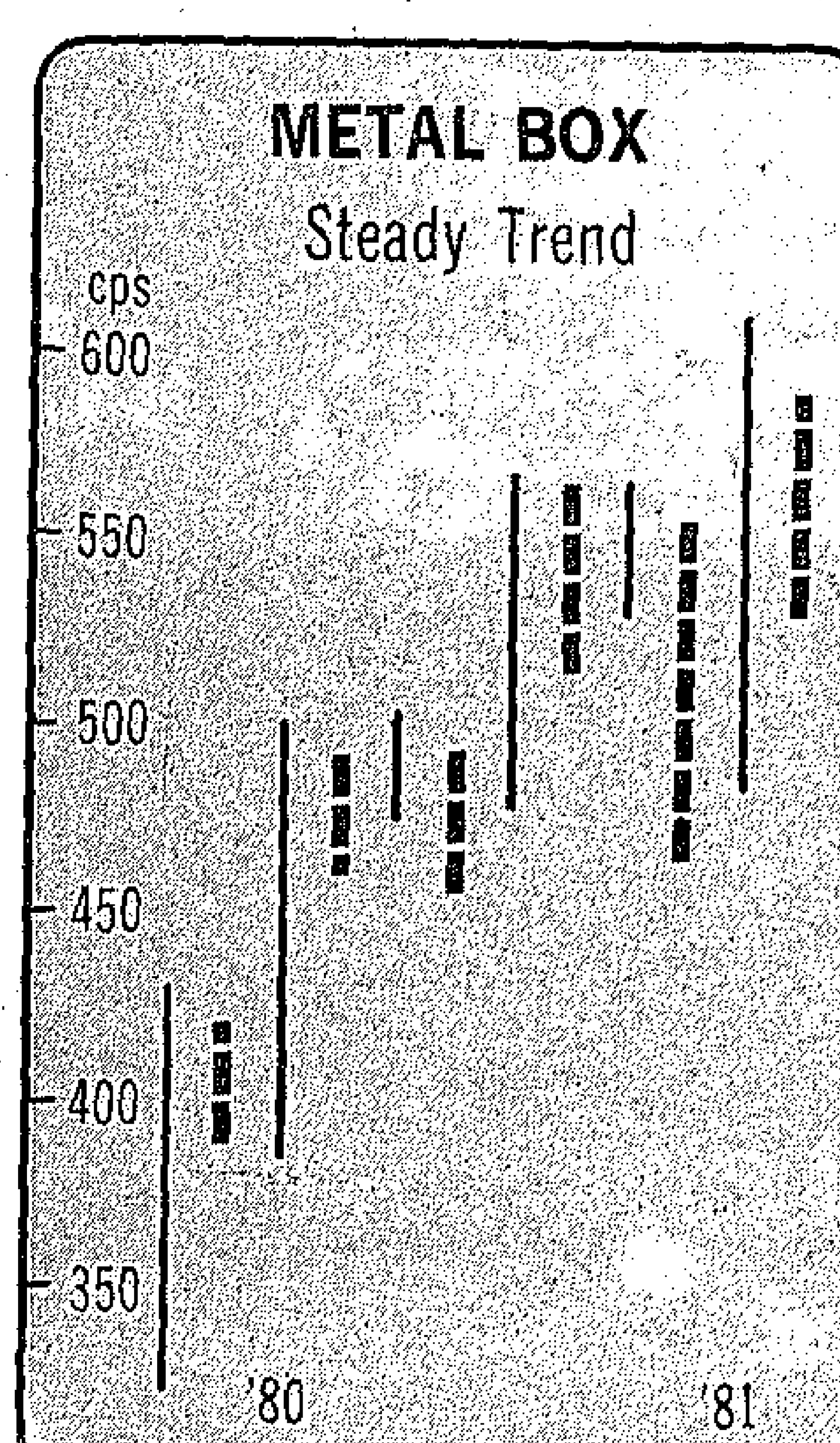


Metal Box's Cilliers . . . room for growth

rights issue has strengthened the balance sheet and pushed up liquidity. Loans were reduced slightly but the group has R21,4m cash on hand. Net cash flow is now R17,3m compared with R11,4m previously.

The strong financial structure allows the group to keep funding working capital requirements internally. In addition, there is ample room for gearing up since debt:equity is only 34,6% — well below the internal ceiling of 60%.

All in all a 25% earnings advance seems reasonable. With dividends likely to remain twice covered, shareholders could be



looking at a payout of 49c. At 530c, this gives the share a prospective yield of 9,3%; a bit high but probably a reflection of the bearish expectations for industrials.

Chris Wilson

SAPPI (194) FM 10/7/81

Paper chase

Sappi will spend R800m by 1985 on expanding its existing pulp mill at Ngodwana, in the eastern Transvaal. Among other things, it will enable the company to export newsprint for the first time in six years.

The project is one of the largest single undertakings by private enterprise in SA, and the largest single paper industry venture currently under way in the world.

Sappi, 65% owned by Gencor, supplies half SA's pulp and paper demand. The additional output will raise Sappi's overall capacity from 600 000 t to 860 000 t of pulp, paper and tissue a year.

This will make Sappi self-sufficient in pulp requirements, with substantial tonnages available for export.

The Ngodwana site was chosen for its proximity to plantations which Sappi either owns or to which it has cutting rights. And pulpwood purchasing arrangements exist in areas outside Sappi control.

Pulpwood can therefore be obtained within a 90 km radius of the mill, whereas expansion of the Tugela mill would have required timber transport of up to 500 km.

Ngodwana will thus have a cost advantage of about R40/t of paper sold on the Reef compared to a mill on the coast — nearly 10% of the selling price of the finished product.

Says Eugene van As, Sappi's chief executive: "We will be able to sell overseas in direct competition to other world producers, as well as supply local customers at the most competitive prices.

Sappi presently exports about 10% of its paper production, board and tissue, earning SA R17,5m/year in foreign exchange. This will more than double when the new mill is on stream, and Sappi will export 20% of its output. (See *Fox*.)

Carlcor's profits up 33 percent

SA 10/7/81

AMR (194)

Carlton Paper Corporation, the country's leading tissue producer, has announced a 33 percent increase in pre-tax profits on a 20 percent growth in sales.

Carlcor's total sales, helped by strong local demand, increased to R42,7-million from the 1980 figure of R35,6-million.

The greater local sales content which was met both by increasing productivity where possible and reducing exports, resulted in improved operating margins of 15,4 percent compared to the 13,8 percent margin for the six months to the end of June.

ERODED

Part of the improved margins was eroded by higher interest charges and a moderately increased tax rate which stemmed from reduced export allowances.

Net income was up 28 percent to R4,1-million.

Earnings a share increased 27,6 percent to 26,3c from 20,6c in 1980 — this was achieved on a slightly increased issued capital.

From these earnings a dividend of 14c a share was declared, an increase of 3c a share on the 1980 interim dividend.

The interim report forecasts that the profit levels in the second half will be at least as high as in the first half.

In view of an anticipated continuation in growth chairman Mr Basil Landau has announced that capital expenditure contracts totalling R6-million will be signed within the next eight weeks and commitments for a further R6-million may be undertaken before the year end. — Ann Crotty.

QUANTITY SURVEYING (Continued)

Bell-John Prize
For the best all-round student in any year of study.
P C Key

The Commitee of the Western Cape Chapter of Quantity Surveyors' Prize
For the student obtaining the highest marks in Professional Practice.
P R Swift

LTA Prizes
For the best student in each of the courses of Building Economics I, II and III ...th & fifth year
I : N
II : A
III : N

S A Brick
For the ... subject ...
C W von ...
For the ... in the subject ...ction.
K Strong

URBAN & REGIONAL PLANNING

CT 14/7/81 (214) (199)

Carlcor profits up 33 percent

JOHANNESBURG. — Reporting less than two weeks after the first half end, Carlton Paper Corporation, have announced a 33 percent rise in pretax profits on only a 20 percent growth in sales.

The chairman, Mr Basil Landau, told shareholders in the interim report the directors believed profits levels in the second half would be at least as high as in the first half.

The report shows that Carlcor's total sales, boosted primarily by strong local demand, rose to a record R42,7m (1980 R35,6m.) This greater local off-take — met both by increasing productivity where possible and reducing exports — resulted in improved operating margins of 15,4 percent (1980: 13,8 percent) for the six months to end June.

The benefit of these improved margins was fractionally eroded by higher interest charges and a moderately increased tax rate steming from reduced export allowances.

Nevertheless, net income rose 28 percent to R4,1m. Earnings per share on a fractionally increased issued capital rose from 20,6c to 26,3c. This level of earnings improvement filtered through to a matching dividend increase, boosting the payment from 11 cents per share to 14 cents per share.

In the full 1980 year Carlcor earned 44.9 cents per share and paid dividends totalling 26,0 cents per share.

The interim dividend of 14 cents per share will be paid on September 30 to shareholders on register at the close of business on September 4. — Sapa

QUANTITY SURVEYING

(Continued)

Bell-John Prize
For the best all-round student in any year of study.

P C Key

The Committee of the Western Cape Chapter of Quantity Surveyors' Prize
For the student obtaining the highest marks in Professional Practice.

P R Swift

LTA Prizes
For the best student in each of the courses of Building Economics I, II and III in the third, fourth & fifth years respectively.

I : N D G Sessions

II : A R Low Keen

III: No award

S A Brick Association Prizes
For the best student in the subject of Building Construction.

C W von During

For the second best student in the subject of Building Construction.

K Strong

URBAN & REGIONAL PLANNING

Mondi mill for Richards Bay

BDM 16/9/81

ANGLO American's Mondi is expected to expand its paper-manufacturing capacity with a pulp mill at Richards Bay at a cost of R300-million upwards.

One source has put the cost at as much as R500-million, although the figure is expected to be announced next week.

Mondi, a major exporter of newsprint and fine papers, has experienced an upsurge in demand in the past two years and has predicted that exports this year will reach R100-million.

Mr Harry Oppenheimer, chairman of Anglo American Corporation, says in his annual statement that as Mondi's paper-manufacturing mill in Merebank, Durban, has been developed to its full potential, Mondi is turning its attention elsewhere for growth.

He says: "The company is negotiating the acquisition of a site at Richards Bay where it intends to establish a large mill for the production of bleached kraft pulp.

"The planning of this development will provide for expansion, the rate of which would be determined by the availability of timber and local and international market opportunities."

Industry sources say the distance from suitable forests may be a problem facing a mill at Richards Bay.

In competition for timber in the area with Sappi, Mondi might have to pay high costs to ship timber to the mill.

shown
end

Unions to get tough over sackings

RDM 27/7/81

By STEVEN FRIEDMAN
Labour Reporter

OVER 100 worker representatives from 30 East Rand factories yesterday committed themselves at a meeting to a campaign against a Springs company, Stag Packings, which recently dismissed 90 workers.

The meeting — of shop stewards from five unions affiliated to Fosatu — decided to try to persuade other workers not to take jobs at the company and to raise money to support the fired workers.

Representatives of Stag could not be contacted last night for comment.

Fosatu believes that the 90 workers were fired because of their membership of the National Union of Textile Workers. The company says the workers were fired because they were unproductive.

Recently the NUTW took the company to court alleging that it had "locked out" the workers but lost when Mr Justice Nestadt ruled against it on a point of law.

The union has since announced that it will appeal against this decision and will institute other legal actions against Stag.

A Fosatu statement issued last night said that a shop stewards council of Fosatu unions on the East Rand had met in Benoni yesterday and had been addressed by dismissed Stag workers.

"The majority of these workers are still out of work and requested support from Fosatu shop stewards in the area," the statement said.

It added that the meeting had "unanimously condemned Stag Packing management and pledged their support to the workers."

They would follow through this support by "advising other workers in their communities not to take (the fired workers') jobs" and by collecting donations from Fosatu workers in the area on behalf of the dismissed workers.

According to the statement the meeting also demanded "that Stag Packing management re-instates the workers immediately".

The East Rand has been a centre of increased worker militancy of late and was hit by six strikes in the space of two weeks.

Unions in the area appear to be forging closer links with black community organisations.

The NUTW has attempted to mobilise a community campaign on behalf of the dismissed Stag workers.

Mondi go-ahead for R520-m expansion

Star 28/7/81

(194)

By Ann Crotty and Frank Jeans

News that Mondi, the paper-producing company of Anglo American, has received the go-ahead to embark on a R520-million expansion plan and the establishment of a giant pulpmill at Richards Bay was greeted with interest by dealers on the JSE today, but they said that as yet it was too early for any reaction from investors.

Mondi is part of the Amic group, which is the industrial holding arm of the Anglo group, so market reaction would be felt through this share. It generally sees little activity and is currently trading at a high price.

The Mondi venture will not only create one of the world's 10 largest pulpmills, but will result in an estimated R170-million a year gain in import replacement and export revenue.

Allied to this big expansion will be the start of a fifth paper machine at the Mondi plant at Merebank, Durban towards the end of the year, making it probably the biggest single-site mill in the world with a production capacity of 550 000 tons of newsprint and paper.

Anglo's further advance into the paper-producing industry follows the recent decision by the country's other major suppliers, Sappi, to build an R800-million paper and pulp mill at Ngcdwana in the Eastern Transvaal.

Announcing the Mondi expansion today, the company's chairman and managing director, Mr Chris Griffith and Mr Reg Donner, respectively, said that the bulk of the construction costs would be raised from certain banks, with the balance funded from Mondi's own resources and by an increase of R150-million in equity.

Amic, which holds 62,65 percent of Mondi's shares will probably take up a major proportion of the new stock.

The 385-ha site at Richards Bay will be the flashpoint of Mondi development over the next 20 years. The first phase will begin now and is scheduled for completion in 1984.

Other stages in the development will see the doubling of pulping capacity and increases in the sawmill lines and the installation of further paper machines.

The Richards Bay plant output of bleached herd and softwood pulp will be channelled into the big plant at Merebank for Mondi's subsidiary, South African Board Mills.

Not only will this new venture become a massive source of paper to meet future demands, but the mill will provide, initially, more than 1 000 jobs, and will create the need for satellite developments such as housing and training facilities.

The market was softer across the board in line with the weak gold price. It was fixed in London at 403 US dollars this morning. Dealers reported that investors were getting a little nervous.

T.e lower priced shares was in low volume.

Long-rumoured plan a reality

R520m for new Mondi paper mill

RDM 29/7/81 (194)

By SIMON WILLSON

AIMING to replace the imported pulp currently used at its Merebank paper mill in Durban, Mondi Paper is to spend R520-million on its long-rumoured new pulp mill at Richards Bay.

A Richards Bay mill was first mooted 14 months ago when a paper industry study carried out at the beginning of 1980 indicated how serious the domestic pulp shortage was.

Mondi, a 62%-owned subsidiary of Anglo American Industrial Corporation (Amic), announced the go-ahead for the Richards Bay pulp mill yesterday.

Completion of the first phase of the project, to be built from scratch on a green-field site, is scheduled for 1984.

Mondi managing director Mr Reg Donner ... waiting for "take off" in paper demand.

NGODWANA

It is the second big project announced by the paper industry this month. Three weeks ago Sappi confirmed its plans for an R800-million expansion of its pulp mill at Ngodwana in the Eastern Transvaal.

There were doubts about the availability of timber in the Richards Bay area, but Mondi's new mill will have access to the plantations of the company's subsidiary, SA Forest Investments, and other associated companies which own a total of about 200 000 ha of timber plantations.

The mill will use 1 500 000 tons of pine, gum and wattle timber a year.

Mondi has bought a 385 ha site at Richards Bay for R15-million, and the company says the construction of the mill and its infrastructure will be the focus of the company's development for the next 20 years.

RICHARDS BAY

The bulk of the R520-million cost of the mill will be raised from banks and the company's own resources. A R150-million increase in the company's equity is also planned to contribute to the project's funding.

A more detailed breakdown of the mill's financing package depends on the unfinished placing of contracts and the sourcing of its equipment requirements, which is also still to be finalised.

Richards Bay was chosen as a site because of its port facilities and its rail and road links with the Eastern Transvaal and coastal Natal.

The mill's projected annual output is 350 000 tons a year, of which at least half will go to the Merebank paper mill — its "captive customer".

NEW FOREST

The company says the substitution of Richards Bay pulp for the imported pulp now used at Merebank will save R170-million a year.

In the short term, the mill's excess bleached pulp will be exported but Mondi says the mill is intended to feed a series of large paper machines to be erected in the second phase of the Richards Bay development.

This would be followed by the doubling of the mill's pulping capacity, increases in sawmilling and the installation of more paper machines.

Extra timber for the eventual increased pulping capacity is planned to come from the mill's hinterland, where the company intends to encourage forest development.

Labour-intensive industries are expected to follow, which will help the development of KwaZulu.

TAKE-OFF

Mondi's managing director, Mr Reg Donner, yesterday predicted a 5%-7% annual increase in South African paper consumption over the next few years, and said Mondi's investment was safe because it would be able to sell all the pulp it wanted to.

He said domestic paper consumption would soon "take off", and his company's policy was one of setting up big plants and exporting surplus production until domestic demand increased its offtake of paper output.

COMMENT: Mondi's vote of confidence in the paper industry follows closely on Sappi's, and completes a bullish outlook all round on the industry's prospects by two of its major components.

Mondi's local-market bullishness is centred on a firm prediction that an expanding black middle class will suddenly send this country's paper usage through the roof.

The multiplier effect of the 1980 boom has still to work through to the spending power of the black bourgeoisie.

But when it does, Mondi expects to be in the happy position of having an expanded Merebank fully supplied with pulp to feed the local market, and a healthy production surplus to export.

And in its export ambitions Mondi could hardly be better placed.

QUANTITY SURVEYING

(Continued)

Bell-John Prize
For the best all-round student in any year of study.

P C Key

The Committee of the Western Cape Chapter of Quantity Surveyors' Prize
For the student obtaining the highest marks in Professional Practice.

P R Swift

LTA Prizes
For the best student in each of the courses of Building Economics I, II and III in the third, fourth & fifth years respectively.

I : N D G Sessions

II : A R Low Keen

III: No award

S A Brick Association Prizes
For the best student in the subject of Building Construction.

C W von During

For the second best student in the subject of Building Construction.

K Strong

URBAN & REGIONAL PLANNING

Student Planners Award
For the student who has shown ---test promise at the end

Mondi boost for building

8/01 30/7/81

(194)

By Frank Jeans

The R520-million Mondi paper project to be launched at Richards Bay will mean a further boost for the construction industry, with local companies involved in the building of the pulpmill.

The entire project will come under the banner of Mondi company Paper Board Development Services with tenders for the earthworks stage expected to be issued soon.

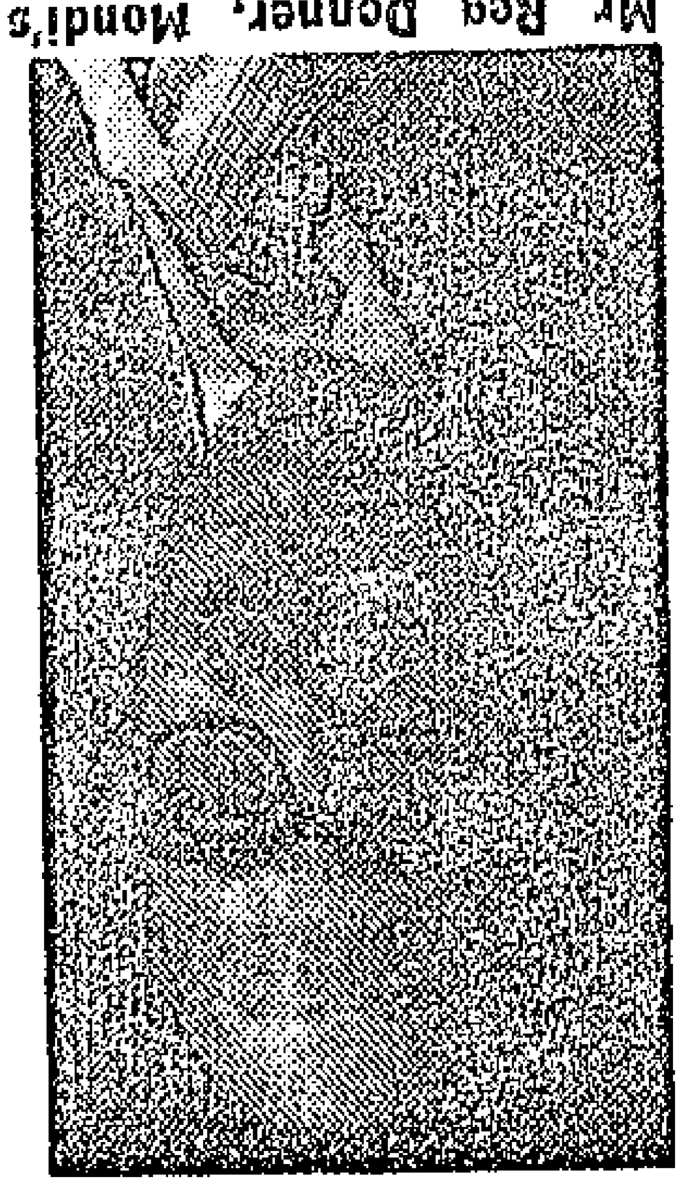
Meanwhile an assurance that the sea will be in no danger from pollutants has been given by the managing director of Mondi, Mr Reg Donner.

There has been controversy over the proposed pipeline to carry waste from industries in the area into the sea.

"In a sophisticated development such as this, every aspect of preservation has been studied," says Mr Donner.

"We are in touch with the health authorities at all times and our operations are monitored."

The risk of any effluent threat to the sea has also been minimised because seawater will be recycled through the pipeline and the outflow will be oxygenated at the end of the pipe.



Mr Reg Donner, Mondi's managing director — "no risk of pollution."

Timber stake for Mondi

Star 14/1/1981

The Hunt Leuchars and Hepburn group has announced that the Mondi Paper Company will acquire a 10 percent interest in its timber division with effect from September 1 and will increase its interest by a further 39 percent over three years.

Mr C B Perry, deputy chairman and chief executive of the H L and H group, said the link with Mondi would mutually benefit both groups.

In order to facilitate the purchase of shares by Mondi, H L and H will restructure its timber division — which is expected to have a turnover of more than R100-million in the current financial year — through the formation of a new divisional holding company to be known as H L and H Timber Holdings in which Mondi will acquire its stake.

Management of the company will remain with H L and H. — Sapa.

Mondi pulpmill plan brings an air of expectation to Richards Bay

S. Tribune 2/8/81

By DAVE McDERMOTT

194 ~~42~~

THERE is an air of expectation at Richards Bay following the announcement that Mondi will build a massive pulpmill in the area.

The commercial sector at the Bay this week welcomed the Mondi development with the general opinion: The more people the better for business.

Work on the R520-million pulpmill is expected to begin soon on a 385 hectare site. The development will initially employ more than 1 000 people which will be a significant boost to consumer purchasing power in the area.

In the long-term the Mondi development will provide employment for several thousand people with the construction of a series of large paper machines and an eventual doubling of pulping capacity.

The two shopping centres at Richards Bay are busy and offer a wide range of goods. Some residents still make monthly trips to either Empangeni or Durban to do extra shopping but it is generally hoped the Mondi development will encourage further commercial expansion so residents won't feel the need to shop elsewhere.

Checkers regional manager John Snyman says: "We are delighted Mondi is going ahead. It brings confidence to the area. Anything of this nature which can encourage growth is welcome.

"We have a new store there and we can only look forward to progress."

The Mondi move has delighted the manager of Jet Stores in Richards Bay, Peggy Adamson. "We've been waiting a long time for this. I think it's fabulous. The more industry that comes here the better for everybody."

Mrs Adamson has been in Richards Bay for three years.

"I can see the growth that has taken place. We have a good turnover and the people here spend well because many of them have subsidised rents. The growth potential is here and the targets for our store have been set accordingly. We're already finding this shop is too small for us."

A spokesman for a jewellery shop which has been open only three months said the turnover was good. "This is a busy shopping centre. We can't complain. I welcome the Mondi mill — more people means more business."

His sentiments were echoed by other small businesses at the entre.

The first phase of the Mondi operation is expected to be complet in 1984, but the Richards Bay site w be the focal point of Mondi's develo ment for the next 20 years.

Mondi will encourage the devel ment of forests in the hinterland, p ticularly KwaZulu, to provide timb for the second pulpline.

Service and associated industr for the Richards Bay complex will al create many new job opportunities.

(The Richards Bay housing crun — See Page One of Property section).

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BAY WAITS FOR THE MONDI MILLIONS BOOM

S. Tribune 2/8/81 (32) (92) (194)

By COLIN VINEALL
Property Editor

THIS WEEK'S announcement that Mondi was moving into Richards Bay in a big way means millions more rands will be poured into the building industry there.

Hundreds of homes will have to be built and shops, offices and service buildings will have to be put up to match industrial growth.

There are already signs of busy building activity in the town and one major industrial organisation is completing a scheme of 71 houses and is understood to be likely to build more.

Accommodation in the town is now difficult to find and expensive, when one does. Estate agent Johan Fischer of Heine and Fischer believes that prices now match those of Johannesburg, Durban and Pretoria.

He quoted the price of an average three-bedroom house on 800 to 1 000 square metres plot as about R50 000.

Rents too, are soaring and he said he had let a three-bedroomed house, with single garage and one bathroom at R525 a month.

Much of the housing in Richards bay, however, is still heavily subsidised and many families pay rents of a mere R50 a month — if the breadwinner is on contract with mines, the railways or other large industrial concerns.

Fischer said Richards Bay was faced with two big problems over housing.

One was supply. There are very few houses on the market, and those that were were difficult to sell because of the shortage of mortgage bond money. He said building societies were granting only one or two loans a month and the position could be even worse this month.

The second problem was the shortage of bricks: "They are almost unattainable," he said.

Suburb by suburb, Fischer said that thee was nothing in the desirable Meerensee area; little in Aboretum and the bulk of the development is taking place in Veldenvlei.

Fischer reported another large shopping centre on the drawing board which will be adjacent to the present Checkers Centre in the embryo central business district. A post office and other amenities are also planned for the area.

He believes that Richards Bay will still become the big city of the planners' dreams one of these days and is prepared to predict that the population will rise from 8 000 to 15 000 within the next two-to-four years.

However, he thinks the town may be a little over supplied with shops for the present population's requirements — one chain store had shut down recently.

It is understood that extensions are planned to the two hotels in the town.

The R520-million Mondi Paper project will also mean another boost for the construction industry, with local companies involved in the establishment of the new pulpmill.

The entire project will come under the banner of Mondi Company, Paper Board Development Services, with tenders for the earthworks stage expected to be issued soon. Contracts for civil and construction work will follow.

Published by the Computing Service, Un

Please address all correspondence to: The Editor

Union, company agree to bypass council

Pom. 3/8/81

BY STEVEN FRIEDMAN

TRADE union demands to negotiate wages and work conditions with employers outside the official industrial council system have received a major boost.

A Barlow Rand company, Premier Paper, has decided to negotiate on these issues directly with a Fosatu-affiliated trade union.

Premier, which is covered by an industrial council agreement, has confirmed that it took this decision against the urgings of other paper employers and the industry's employer association.

The agreement to negotiate wages and working conditions directly — taken after Premier had originally wanted these issues to be negotiated through the industrial council — is contained in a recognition agreement between it and the Paper, Wood and Allied Workers Union.

Premier's general manager, Mr Mike Walmsley, describes the decision as a "major concession". The agreement was signed on Friday and covers Premier's Kliprivier plant, where it employs more than 300 black workers.

A union representative hailed it as an "important breakthrough for all paper workers," adding: "We hope Premier's decision will convince other employers in the industry to negotiate directly with representative unions."

PWAWU said it would intensify efforts to win similar agreements from other companies.

It added that workers saw attempts to force unions to bargain solely through the councils as "a bid to foist toothless bargaining on them — which they reject".

The paper industry's employer association has insisted that PWAWU join the industrial council before receiving recognition from employers.

But it refused, charging that the council is "unrepresentative".

Mr Walmsley said yesterday that the agreement had followed "months of tough negotiations with several concessions being made on both sides".

The company had proposed a clause stipulating that pay and working conditions be negotiated through the council "in support of the industry as a whole" and the employer association, Mr Walmsley added.

It had decided to drop this clause while reserving the right to discuss matters of concern to the whole industry with the council and employer association.

It is understood that Premier took this decision after it became apparent that the union would not join the council.

Mr Walmsley added that PAWAWU had made concessions to the company on the role of shop stewards, a disciplinary code and its "right to manage its own affairs".

Paper-maker gets timber stake

Mondi links with HLH

232 1/4

19/4

7/8/81

By DAVID CARTE

HUNT Leuchars & Hepburn is to sell 49% of its R100-million-a-year timber division to Mondi, SA's second biggest paper-maker.

In the first step towards a timber partnership between giants, Mondi will acquire 10% of HLH Timber on September 1 and another 39% over the next three years.

No price has been disclosed, but timber industry sources speculate that the initial 10% will have been priced at about R11-million, putting a price tag of roughly R55-million on the total deal.

HLH's timber division expects sales of R100-million this year. Its annual report effectively forecasts a gross profit of about R14-million for its timber division.

Mr Chris Perry, managing director of HLH, says the deal holds substantial benefits for both parties.

Mondi is 63% owned by Anglo American Industrial Corporation, so the deal gives HLH's mining timber division improved marketing access to Anglo mines.

It also gives HLH access to greater timber resources, which will benefit all mining timber customers.

It will also enable whole-tree use and increase volumes, reducing unit costs at HLH's depots. In the past, the mining timber division often discarded off-cuts and the top third of trees. These can now be used in pulp-making.

Another benefit for HLH is that cash received over the next three years will reduce debt at a time of soaring interest rates.

The main benefits for Mondi, which is to spend R500-million expanding its pulp and paper mill, will gain access to HLH's pulp timber as well as its expertise in hardwood exploitation.

HLH recently sold Jessievale sawmills, its only softwood operation, to Mondi. Now HLH is to concentrate on growing, sawing and distributing hardwood, which is used mainly in mining and pulp.

It seems likely it will acquire certain Mondi or Amic hardwood sawmills and plantations so that Mondi will no longer be involved in hardwood.

The reason for specialisation is that hardwoods and softwoods are distinct industries. Hardwoods, mainly wattle and gum, have a growing cycle of only eight years, and softwoods, mainly pine, have a 27-year cycle.

The two types of timber go to different markets — hardwoods to mines and paper-makers and softwoods to the building industry.

Mr Perry said the deal would be effective for only six months of the current financial year, and would have little effect on HLH's earnings this year.

But next year he expects earnings to benefit. Mr Perry says there will be a capital profit in the transaction for HLH.

To facilitate its plan, HLH will restructure its timber division through formation of a new divisional holding company, to be known as HL&H Timber Holdings in which Mondi will eventually hold 49%.

Management of the company stays with HLH, with Mr Chris Perry as chairman, and Mr Neil Morris, as managing director. Other HLH representatives on the board will be Mr N Hancock, Mr A Hepburn and Mr G S Crossman. Mondi's men on the board will be Mr Chris Griffith and Mr R K Donner.

Asked it the present deal did not presage a bid by Anglo American Industrial Corporation for all of HLH — which nearly merged with Blue Circle last year — Mr Perry said this was a question for the major shareholders. He thought they were set on independence for HLH for the foreseeable future.

Sappi splits biggest SA lease deal

13/8/81

By HAROLD FRIDJHON

SAPPI has completed arrangements for financing the R470-million leasing portion of its R800-million extension programme involving construction of a pulping plant and paper mill at Ngodwana, Eastern Transvaal. (194) 408

Proposals were submitted by two consortiums.

The one, led by Trust Bank, includes Central Merchant Bank (Senbank), Santam Bank with Chase Manhattan (UK) involved.

The other consortium consists of Barclays National, Nedbank, Standard Bank and Volkskas.

Sappi, I am told, has decided to split what is South Africa's highest commercial leasing proposals in two and has awarded Trust Bank a lease contract which will provide finance up to R250-million.

The other banks will be involved up to R220-million.

It seems that the Trust Bank consortium would have had an even bigger share of the leasing contract if it had had a bigger tax base. The proposals of this group were a lot more imaginative than those submitted by the other consortium, I am told.

Sappi is said to be studying proposals for financing the balance of R330-million, but no decision is expected on how this will be done before the middle of next month.

There was an urgency about getting the leasing contracts worked out and signed before the Budget.

There had been talk in the leasing market that Mr Horwood would introduce restrictions on leasing practices and Sappi and the two consortiums had to work to a tight deadline.

They were right.

Mr Horwood said yesterday that legislation would be introduced to stop "certain undesirable practices in leasing whereby the costs of assets are articicifally increased in order to allow the lessee to reap the benefit of bigger investment allowances".

Mr Horwood was referring to the technique whereby part of the lease is on suspensive sale contracts on which the interest is capitalised and the new capital amount is then written into the major leasing contract.

Sappi rights to help pay for mill

RDM 15/8/81

Financial Reporter

SAPPI has announced details for the financing of the R800-million Ngodwana paper and pulping project. 196

It is envisaged that shareholders will be offered a mix of convertible preference shares and ordinary shares in a rights issues to be made between 1982 and 1984 to raise the balance of the funding. They will be timed to ensure continued growth of both earnings and dividends.

Sappi's cash flow should be adequate to meet dividend objectives and to contribute to funding the new mill.

As reported in Business Mail this week, R470-million will be supplied by two consortiums — up to R250-million from the Trust Bank consortium and up to R220-million from the big four commercial banks.

The funds, which will be drawn down over the construction period running from now to mid-1983, will be provided in the form of suspensive sales, leasing and long-term loans. Interest rates are variable, geared partly to the prime overdraft rate and partly to bankers' acceptance rates ruling over the term of the facilities.

In addition to the long-term finance from the South African banks, export credits of up to R100-million will be available from countries supplying equipment. Fixed rates of interest will be about 8,5%. The funds are in fact long-term loans.

Eurocurrency loans of up R30-million will be used to a limited degree to take best advantage of interest rates.

147. Cape Times, 20th June 1925.

148. Cape Standard, 27th February 1945, p.3, cols.1-3.

149. Muslim News, 12th May 1961, p.1.

150. Tatz, C.M. Shadow and Substance, pp.63-64.

151. An oral source who does not wish to be named.

152. Cape Standard, 2nd March 1943, p.9, cols.1 & 2.

153. Cape Standard, 27th April 1943, p.1, cols.1 & 2.

154. Cape Standard, 30th March 1943, p.1.

155. Cape Standard, 3rd January 1945.

156. Cape Standard, 26th January 1943.

157. Cape Standard, 8th May 1945.

158. Davenport, South Africa, p.260. Many people spoken to indicated that Harris was induced by the United Party to take this action.

159. Constitution of the Suid Afrikaanse Koorraad.

160. Muslim News, 31st March 1961.

161. Muslim News, 12th May 1961.

162. Muslim News, 16th June 1961.

163. Muslim News, 16th February 1962.

Leading banks back Sappi's new mill

Star 17/8/81 (194)

Two banking consortiums have signed contracts with Sappi for provision of up to R470-million of finance for the R800-million development of an integrated pulp-and-paper mill in the Eastern Transvaal.

The funds, which will be drawn down over the construction period running from now to mid-1983, will be provided in the form of suspensive sales, leasing and long-term loans.

The bigger part of the funds — up to R250-million — will come from a consortium of Trust Bank, Santam Bank and Central Merchant Bank. The Trust Bank consortium is working in association with the Chase Manhattan banking group.

The balance of up to R220-million will come from a consortium consisting of Barclays National Bank, Nedbank, Standard Bank and Volkskas. — Sapa.

6.3.3.2.2. Input of Real Type Data

For input numerical data to be represented internally as real type data, three conversion codes are available: the F, E, and G codes. Operation of these three basic field descriptors is identical for input data (their operation differs on output data).

The *basic form* of the external input field consists of an optional sign (optionally preceded by blank characters) followed by a string of digits and blank characters with one optional decimal point anywhere in the string. This basic form may be followed by an exponent, having any of the following forms:

- a signed integer constant
- the letter E followed by an optionally signed integer constant
- the letter D followed by an optionally signed integer constant

A decimal [illegible] errides the decimal point specified by the *d* designa[illegible]

Example:

A punche[illegible]

Position	[illegible]	30	40	50	60
	[illegible]	156789+3	-67.89E-3	-6789D10	-67.89D-2

and the f[illegible] ed:

	R,E,A,D,(,1 [illegible]	4,,A5,,A6	
1,0	F,O,R,M,A,T [illegible]	0,.3,,G,1,0,.3,,E,1,0,.2,,2,X,,G,.8,.1,)	

A1 is def[illegible]

A2 as 34[illegible]

A3 as 34[illegible]

A4 as -0[illegible]

A5 as -6[illegible]

A6 as 0.([illegible] sign is lost).

13/8/81

1 000 on strike at Natal plant

Own Correspondent

JOHANNESBURG. — Over 1 000 black workers at the Tongaat Group's sugar mill and animal feed plant at Tongaat, Natal, went on strike yesterday morning, as worker action hit several areas of the country.

The strike at Tongaat — apparently sparked by worker opposition to [illegible] legislation to freeze pension contributions — was still continuing late yesterday and a management spokesman said the company was trying to find out what had caused it.

In Pretoria about 500 workers at Packaging and Paper Industries downed tools over a pay dispute. Management said white artisans were keeping the plant running and hoped the workers would return today.

At Richards Bay [illegible] workers decided to return to work and about 80 percent of them had returned by yesterday. [illegible]

19/8/81

Talks with strikers — if they work

194

Own Correspondent

The training manager of Paper and Packaging Industries at Rosslyn, Pretoria, where about 500 workers walked out on Monday after demanding higher pay, said the company was prepared to negotiate with them if they returned to work.

Black workers, some said to be earning as little as R1,09 an hour, demanded an increase of R1-an-hour across the board.

They said a workers' council committee went to see the management but was told by the general manager, Mr T Meckey, that he was not prepared to negotiate.

Mr A Bannister, the training manager, said the workers had ignored grievance procedures. The management was prepared to negotiate — but only after the workers returned to work.

not be hit by the section as it was then worded. The 1959 amendments were intended inter alia to bring such transactions within the net of the section and based on the decision in Smith's case (supra) the amendment has achieved this result.

Rosslyn strike off

The three-day strike at Paper and Packaging Industries in Rosslyn, Pretoria, has been settled.

The 500 workers who struck on Monday in a demand for an increase of R1 an hour returned to work this morning after yesterday's talks.

The company's training manager, Mr Sandy Bannister, said workers had already received two increases this year totalling 18 percent.

not be hit by the section as it was then worded. The 1959 amendments were intended inter alia to bring such transactions within the net of the section and based on the decision in Smith's case (supra) the amendment has achieved this result.

2 500 out as strike at food company spreads

20/8/81

(194)

By STEVEN FRIEDMAN

THE strike at the Tongaat Group's food plants in Natal spread yesterday to the egg and mushroom divisions.

About 2 500 workers are now involved.

The black and Asian workers involved in the strike were yesterday given an ultimatum by management to return to work or face dismissal.

The strike follows unrest at the plants over proposed Government moves to freeze workers' pensions, which has prompted unrest in other factories this year.

In Pretoria a strike at Paper and Packaging Industries in Rosslyn was settled yesterday when 500 strikers agreed to return to work pending negotiations with management by their works council on pay and other demands.

Fosatu's Metal and Allied Workers' Union yesterday met managements of Grinaker and Murray and Roberts in Richards Bay following a week-long strike by their entire workforce, reports RIAAN DE VILLIERS.

A union spokesman said management was willing to recognise Mawu if it proved it was representive.

The union has raised several issues, including the position of arrested workers, reinstatement of all workers, worker allegations about police action during the strike and wage demands, which management said it would consider.

At Tongaat, riot police stood by yesterday as the company's managing director, Mr Alan Hankinson, addressed strikers and told them that if they were not at work today they would forefeit their jobs.

Mr Hankinson said later workers had also been addressed by the general secretary of the Sugar Manufacturing and Refining Employees' Union, Mr Selby Ntsibande, whose members appear to be the movers behind the strike.

The union has been accused of being funded by management, which Tongaat denies. Union sources claim it has taken a more militant turn of late.

The strike follows demands by workers that they be allowed to opt out of the company's superannuation fund to avoid Government legislation freezing pension contributions. Tongaat agreed to this.

But workers say Tongaat insists they resign in order to remove their pension money. This, they say, means they will lose accumulated benefits.

Mr Hankinson confirmed yesterday that workers would have to resign. But he said this was a legal requirement outside company control.

He said the only benefit workers would lose was a long-service bonus bequeathed to them in terms of the will of one of the company's founders.

They would have to work another five years to again become eligible for the benefit.

FINANCE FM 21/8/81

Multi-sliced pie (194)

The country's five major banking groups have chosen to combine into two consortia to share the financing of Sappi's R800m integrated pulp and paper mill development in the eastern Transvaal.

The banks will contribute up to R470m of the total cost, the largest single financing exercise yet carried out by SA banks for a private sector project. The net burden on each is, however, modest compared to the two packages totalling over R1,6 billion arranged for Escom in the last year with Barclays and Standard, and Nedbank, respectively.

The two consortia consist on the one hand of Trust Bank, in conjunction with Santambank and Senbank and Chase Manhattan of London and, on the other, Barclays, Standard, Nedbank and Volkskas. The groups will be responsible for up to R250m and R220m respectivley.

The package consists of a mixture of suspensive sales, leasing and long-term loans, with variable interest rates geared both to the prime overdraft rate and to bankers' acceptance rates prevailing at the time. Facilities will be drawn down over the construction period, scheduled to last until mid-1985, with repayment periods differing over the different types of finance.

The balance of the project cost will be made up by:

- About R100m of fixed-interest export credits, effectively long-term loans, attached to various items of imported equipment.
- Eurocurrency loans, unlikely to exceed R30m.
- Cash flow, in 1980 at least R45m in excess of other capital expansion requirements.
- Shareholders' funds, envisaged as a mix of convertible preference shares and ordinaries, to be offered in rights issues between 1982 and 1984 and supported by controlling shareholder General Mining Union Corporation.

It is estimated that the expansion will create about 7 000 jobs spread across Sappi itself, its suppliers and construction contractors.

RDM 21/8/81 (194)

Workers return to paper firm

ABOUT 95% of the 500-strong black workforce returned to work yesterday at Paper and Packaging Industries in Pretoria, a company spokesman said.

The workers walked out this week over a wage dispute and other grievances.

The spokesman said the management had made it clear to the workers' council that it was not prepared to discuss disputes unless the men returned to work.

Talks would be held next week with elected spokesmen, probably the workers' council, he said.

The workers want a R1 an hour increase over and above increases granted.

Another grievance concerns the non-payment of travel allowances.

This was, however, reflected on a computerised paysheet which would have to be explained to them, the spokesman said. — Sapa.

Star 25/8/87

2nd strike in a week

194 (KO)

For the second time in a week, workers at Paper and Packaging Industries in Rosslyn, Pretoria, have downed tools in support of a R1-an-hour wage increase.

Only 50 employees had responded to a management deadline to return to work, a company spokesman said. The rest of the 300-strong day-shift had been fired, and would be re-employed selectively.

Police had been called in "to protect those workers who opted to return to work," the spokesman said.

Last week the company was hit by a two-day strike and the management agreed to review wage-levels "in specific cases."

	Instruction	Examination Equivalent
COMPULSORY SECTION: A selection from the literature of the 19th & 20th centuries.	2 lectures weekly	1 paper
Middle English Literature	1 lecture) till 1 tutorial) June	½ paper

i) Courses must be distributed equally throughout the year. Thus, a student who chooses three half-year options must take ONE of these in the first term (concurrent with the compulsory Middle English component), TWO, in the second term.

SOWETAN, Wednesday, August 26, 1981 Page 3

Cops move in as 500 strike

POLICE were yesterday called in to the Paper Packaging Industry (PPI) in Rosslyn when the firm threw striking employees out of the plant.

About 500 workers at the firm went on strike for the second time within a week after negotiations on wage increases between their emmisaries and management had failed.

The statement from the management of the firm read that police were called in to protect workers who wished to continue with their work.

Meanwhile a spokesman for the strikers said he could not understand why police were called because workers had just switched off their machines and staged a sit-in.

He said they decided to do so after dissatisfaction with the report-back by workers' council from management and asked for Mr Mockyn, their general manager, to come and address them.

"While waiting for him we saw several police entering the firm armed with rubber truncheons.

On Wednesday August 19 they returned to work and were, according to their spokesman, promised the outcome of the negotiations on their demands would be released late on Monday.

He said the representative of the workers' council reported back to the workers that management was not prepared to budge on the wage issue but would look into the matter in due course.

A spokesman for the firm said in a statement that on Monday they had successfully concluded certain points of the issue with the workers' council which later advised workers of the outcome.

Management refused to give figures either of those who left or those who remained.

ENGLISH II

TERM 2

	MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY
11.15	13. Romantic Poetry (TJB) 14. Four Romantic Poets (GNC) 33. Courtly Love in Medieval English Literature (RCB)	23. Modern Poetry: Eliot & Lawrence (RJB) 27. Modern British Drama (MMC) 30. Chaucer: Selected Poetry (JFC)	LECTURE	19. Conrad & James (GNC) 31. William Langland's *Piers Plowman* (JvdW) 35a. Shakespeare's Tragedies (DGG, JEH)	LECTURE
2.15	32. Sir Gawain & the Green Knight (NHF) 34. The Quest (REK)		17. The Novels of Thomas Hardy (LGM) 24. The Poetry of Frost & Dickinson (REK, NHF) 29. Introduction to Old English (JvdW) 36. Dev. of the English Language (BSL)	15. Coleridge etc. (JB) 16. Charles Dickens (MTB) 28. Saul Bellow & the Jewish Experience (IEG) 35b. Shakespeare's Tragedies (DGG, JEH)	
3.15	18. The Problem Self: Dilemmas for Romantics (JSC) 25. 20th Century English Poetry (MMC)		20. W.B. Yeats (DGG) 26. Contemporary British Poetry (IEG)	21. D.H. Lawrence: Creativity and Corruption (JSC) 22. T.S. Eliot (TJB)	

SOCIOLOGY (INDUSTRIAL): COURSE II (continued)

SECTION D: Video Research Project

Simon Burton
Bill Cowan

In a separate book, answer TWO of the following questions.

12. Briefly describe, and evaluate, the use of Video techniques as a method of social analysis. Use examples from a project that you have participated in.

13. Choose one aspect of the research project which you have participated in and outline why you see it as important. Relate this aspect to other issues studied in the project.

14. What major issues related to the project were not studied, and why? Discuss the theoretical importance of these issues within the area of study.

Rosslyn men strike again

Mail Reporter

THE majority of blacks employed by the Paper and Packaging industry at the paper mill in Rosslyn, near Pretoria, downed tools yesterday over a pay dispute.

On Monday last week the workers went on strike, but returned to work pending negotiations between the management and the works council.

A company spokesman said the entire morning and half the evening shift of black workers participated in the strike.

The workers are demanding R1 an hour more.

Paper mill strikers go back to work

RDM 7/8/84

Mail Reporter

MOST of the black workers who went on strike last week over a pay dispute at Barlow Rand Paper and Packaging Industry at Rosslyn, near Pretoria, returned to work yesterday.

According to the firm's spokesman, Mr A F Bannister, 60% of the morning and afternoon shiftworkers who went on strike last Tuesday had returned to work and he expected 90% of the workforce to arrive today.

Workers downed tools when the management and the works' council failed to reach an agreement over a R1 an hour increase demanded by the workers.

According to one employee, who refused to be named, strikers agreed to report to the factory today to find out if if the management was willing to grant their demand.

But early yesterday, some of the strikers were seen waiting at the factory gates. They were allowed to move into the factory one at a time.

Policemen were at the factory when the employees left but there were no incidents.

Mr Bannister said no discussions were held between the management and the strikers who returned to work.

He said all employees who returned asked to be allowed to work.

A spokesman for the South African Typographical Union (Satu) said in Pretoria his union did not back the strikers because the union did not believe in strikes as a way of solving disputes.

He said he believed the strikes were instigated by political activists.

Not satisfied

The spokesman said the parties were brought together to negotiate the pay dispute after 500 workers went on strike.

The workers were not satisfied with the agreement and, in particular, the fact that they would not receive any pay for the days they had been on strike.

Negotiations would start when conditions at the factory returned to normal.

SAPPI FM 28/8/81

Cape paper chase

194

The commissioning of Sappi's R20m new Milnerton paper mill last month could well put the western Cape's R50/year packaging industry firmly on the road to self-sufficiency.

The Cape Kraft Mill — to be officially opened in November — will produce 28 000 t/year of linerboard and fluting, utilising 100% waste fibre (recycled waste paper). It will eventually supply about a third of the western Cape's demand for 100 000 t of kraft a year.

Although the mill is designed to feed paper to local packaging converters (eg Nampac), its machines are set specifically to produce paper to fit the new corrugator at the Kohler plant.

This gives Gencor — of which Sappi and Kohler are subsidiaries — a big lead in regional kraft and packaging paper production. The SA Board Mill plant (a Mondi subsidiary) produces folding box board which is not used for the same applications.

Converters will still need to "import" two-thirds of their requirements from the north coast of Natal. But Sappi's mill is the first step towards making the western Cape self-sufficient in packaging paper.

One important saving will accrue from cutting down paper damage caused by excessive handling on the way from Natal. Such damage estimates run as high as R1,5m (3%) a year for the industry countrywide.

Says Sappi MD Eugene Van As: "The cost of damaged goods will be drastically reduced, and customers will not need to stockpile so much. We can supply at short notice within the production capacity of the mill."

Converters will also reap the benefits of substantial savings on escalating transport costs and insurance.

Because Cape Kraft's paper is made from recycled waste instead of wood, quality will not meet SABS export specifications.

The mill therefore will supply local markets. Paper quality meets specifications of the SAR & H among others. But the mill is basically designed to service the fruit, wine, textile, canning and clothing industries of the western Cape.

By using recycled paper, Sappi will save 4 000 t of wood (12 ha of planted forest, or 1 000 trees) for every 1 000 t of paper made from waste fibre.

A separate company, Saveall Paper, has been formed to collect waste cardboard and brown paper from the likes of box makers and supermarkets, and a large quantity of the area's waste will be recycled into packaging.

According to Van As, the factory has been designed to employ only 102 workers, and will achieve the highest productivity rate in the country.

Sappi will consider further expansion if current venture proves successful. Chairman Basil Landau says that for a relatively small additional cost, total output could be increased by 10 000 t/year. And opportunities exist for expanding the product range.

If the western Cape is to become totally self-sufficient, however, three times the production capacity, or a new plant, will be necessary.

PACKAGING (194)

In the bag

FM 25/9/81

It's big and booming — a description given by a market monitor to the bag-in-the-box packaging market. The SA business environment has not, in his view, seen anything as hot in a long time.

Total production of bag-in-box packages to date is around 12 m — and volumes are approaching 500 000/month. Growth for 1982 is put as high as 40%.

Since the launch of the bag-in-the-box in the wine market two years ago, this innovative form of packaging has grabbed 16% of the wine package market business and around 5% of fruit juice packaging.

Success has been even more impressive in the medium-priced wine sector where it has captured 40%.

Boxed beverages ... an uncontained growth market

When launched there was a single brand on the market. Now every major producer is marketing one or more ranges. The co-ops have also climbed on the band-wagon.

Although growth in the wine market is strong at present, it is levelling off and future potential is expected to favour fruit juices. However, while growth is slowing, it must be borne in mind that current figures are calculated on an expanded base.

Yet the wine market as a whole has grown and most traditional wine packages have kept pace. Glass jugs are an exception. In the 12 months to end-March 1981, bag-in-the-box consumption rose from 8,8% to 16,2% over the previous year, whereas sales of glass jugs fell from 18,3% to 13%.

Year-on-year total natural wine sales, according to industry figures, have increased by 7%.

On the fruit juice side Fruit Tree has bagged the packaged market to date, but competitors are anticipated.

As with any innovation, there are teething problems. Leakages and split cartons are being reported by retailers, yet product failure is relatively insignificant.

Costs of production are higher than the traditional forms and consumers pay for the convenience of the pack. Clearly wine drinkers accept that, but some product types will not bear the premium.

How are the alternative package products meeting the challenge? "We are busy with the launch of two new products," says Consol Glass's Keith Fisher. "They are aimed at the consumer looking for convenience."

Consol's new products are a 250 ml single service winette which is non-returnable, and a returnable 5l glass flagon with a dispenser. More competition for the local bottling industry at last? Here's cheers to that.

UNIVERSITY OF CAPE TO

DEPARTMENT OF ACCOUNTI

TAXATION AND ESTATE DUTY I

COURSE OUTLINE/READING LIST - 3rd

LECTURE DATE	LECTURE NO.	TOPIC	THE INCOME TAX ACT	...RATIVE ES	TUTORIALS
31 August	20	Tax Planning for Asset Acquisitions - leasehold improvements - lease or buy decisions - leverage leasing	ss.1 'gross income' definition paras.(g), 11(f),11(g),11(h),12 8(4),8(5)		T.1319 T.1409 T.1411
VACATION - 5 S...				0 1	
14 September	21	Tax Planning for Business Acquisitions - partnerships and joint ventures (briefly) - acquiring assets and liabilities - acquiring shares - interest payable on acquisition	ss.11(a) 22,22A,2...	2,1 103	
21 September		REVISION			
EXAMINATION - OCTOBER					

N.B. THE TUTORIALS REFER TO 'QUESTIONS ON S.A. INCOME TAX 1980' AND TH... ARE UPDATED BY ONE YEAR.

Star 1/10/84

194

Pension pay-out strikers back at work in Mandini

Labour Reporter

Striking workers at the South African Pulp and Paper Industries (Sappi) plant in Mandini, Zululand, returned to their jobs early today after management agreed to look into their pension grievances.

The workforce of about 1 650 workers went on strike on Wednesday demanding that management repay their pension contributions.

However, Sappi told workers that they could collect their contributions only if they were fired or had resigned.

A return-to-work deadline was extended by Sappi until today and workers returned to the early shift on the basis of management's promise to negotiate the pension issue.

Workers apparently fear impending legislation affecting pension pay-outs and the transfer of pensions.

A spokesman for the Fosatu-affiliated Paper, Wood and Allied Workers Union which represents a large part of Sappi's workforce, said workers feared and mistrusted the legislation and also criticised the presence of police at the plant.

DEMANDS

Sappi has reportedly agreed to look into three worker demands:

- Bank guarantees for the pension contributions which would be paid out when workers leave the company.
- For union representatives to travel to Pretoria to meet the Registrar of Pensions and discuss legislation.
- No worker dismissals as a result of the strike.

Sappi officials from the company's five Natal paper mills are meeting to discuss the pension issue.

Pension-related strikes have also hit other firms in the Eastern Cape and Natal and more recently several plants in the Huletts group.

Fears of more strikes hitting in Natal

RDM

Labour Reporter

ABOUT 1 700 workers at a KwaZulu paper mill went on strike yesterday in reaction to the Government's proposed pension legislation.

Labour unrest in Natal has spread to rural areas amid fears that the province is to be hit by a wave of strikes.

At Sappi's paper mill at Mandini, KwaZulu, workers struck early yesterday and have been told they will be fired if they miss two consecutive shifts.

Sappi's managing director, Mr C van As, said yesterday it was "likely" all 1 700 black workers at the mill had struck.

Mr Van As said workers had demanded to withdraw from the company pension scheme as they wished to avoid the effects of planned legislation to preserve employee pension fund contributions.

No guarantees

Management had held talks with shop stewards of Fosatu's Paper Wood and Allied Workers Union and had assured workers that until the Bill became law they could withdraw paid pension contributions.

"The law allows for this. But we obviously can't give any guarantees about money paid in after that because we don't know what the law will stipulate," Mr Van As said.

He added that workers who missed two shifts would "dismiss themselves".

Our Durban correspondent reports that more than 300 workers at the Vryheid municipality struck yesterday in support of wage demands, but the strike was settled after a few hours.

In Durban, a strike at a chainstore Game Discount World spread to a second branch and now involves about 170 workers, according to Mr Vivian Mtwa, Durban organiser of the Commercial, Catering and Allied Workers Union (CCAWUSA).

The strikers were defying an ultimatum to return to work or be fired. Mr Mtwa said the Beare group, which owns Game, had said it refused to deal with unregistered unions. Workers were demanding recognition of the CCAWUSA and wage increases.

"They want a minimum of R220 a month and R60 a month increases for all workers. Management claims no worker earns less than R160, but workers dispute this," he said.

A company spokesman referred queries to Game's managing director, who was not available.

Five strikes have been reported in Natal this week and, although a strike by stevedores at the Durban harbour has ended, management and union sources have warned it could flare anew.

1 200 stop work over pension fund demands

C.T. 11/10/85 (194)

Own Correspondent

DURBAN. — More than 1 200 workers at Sappi Kraft's largest pulp and paper mill at Mandini, Zululand, refused to work yesterday in support of a demand to have their pension contributions paid out, according to the group's managing director, Mr E van As.

If by midnight last night the final shift had not reported for duty, the total workforce of more than 1 600 men would be on strike.

Mr Van As said both the 8am and 4pm shifts had refused to start work. During the afternoon management and representatives of the Fosatu-affiliated Paper, Wood and Allied Workers' Union held meetings at which Sappi management arranged for a bank to guarantee refunds of all pension contributions to all black workers as of yesterday.

"It appears that workers had been led to believe that their pension fund contributions would be frozen from today. This is not the case — it is company policy that pension contributions are paid out when workers resign, and in the last three days eight men have resigned and have been paid their pension contributions."

In terms of the R1 500 000 guarantee from the bank, whatever happens in the future, pension fund contributions paid up to yesterday's date will be paid out together with accumulated interest to anyone who leaves the mill before retirement age.

Mr Bernard Chamberlin, general manager of the mill, said in a statement yesterday that the mill was operating with a skeleton staff.

He said negotiations between workers, representatives of the Paper, Wood and Allied Workers Union and management had taken place over the past three weeks concerning the Government's draft Preservation of Pensions Interests Bill. Workers were concerned that the legislation would prevent them withdrawing their pension contributions if they left their jobs.

The union could not be contacted for comment yesterday.

5 000 still away from work

Star 2/10/81

Labour Staff

Nearly 10 000 workers have been involved in a wave of strikes this week. More than half of these were still away from work today, either on strike or because factories have been closed.

The centres for the unrest are Natal—where workers at three sugar mills in the Huletts group went on strike yesterday over pension-related demands — East London and the East Rand.

The majority of strikes relate to proposed pension legislation affecting contribution payments, retirement and transfer of funds.

Workers have demanded immediate pay-outs, mistrusting the Government proposals.

Other strikes have involved issues of union recognition, worker dismissals and wage demands.

Springs

About 1 400 workers at the Telephone Manufacturers of South Africa (Temsa) plant in Springs lost their jobs today as the result of work stoppages over the dismissal of three of their colleagues.

The three were dismissed on Wednesday for playing cards while on duty and yesterday about 500 workers stopped work and called for their reinstatement.

They refused to meet management's return-to-work deadline and were told they had dismissed themselves. Early today more workers joined the stoppage and were also told to leave the plant.

Temsa's managing director, Mr Fred Williams, said the plant would probably be closed on Monday and re-engage staff on Tuesday. He added that about 2 000 workers were still at their jobs.

The Huletts walkouts at the Darnall, Amatikulu and Mount Edgecombe mills on the Natal North Coast follow hard on the heels of the pensions-related strike by 1 650 workers at Sappi's Mandini plant which was settled yesterday.

Sent home

Other outbreaks of labour unrest in Natal this week include strikes by 950 Sassco workers at the Durban docks and 170 employees at four branches of Game Discount World in Durban.

In East London the production of Mercedes-Benz vehicles at Car Distributors Assembly (CDA) came to a standstill yesterday as the plant's 1 600 black workers struck and the rest of the 3 300-strong workforce was sent home.

The dispute began on Wednesday when 288 workers in the CDA truck assembly department downed tools in protest against the dismissal of a workmate.

A four-hour meeting between management and representatives of Fosatu's National Union of Motor Assembly and Rubber Workers failed to settle the strike and the plant will be closed today.

A joint management-union committee has been appointed to investigate the incident which

~~To Page 3, Col 4~~

5000 are still away from work

Star 2/10/81

from page 1

touched off the strike and other union allegations of white worker mistreatment of black staff at the plant.

A spokesman for Huletts expressed surprise.

"We accept that workers have very real fears about possible pensions legislation," he said, "but they have pre-empted a meeting this afternoon of the industry's industrial council on the pensions issue.

"This involves the Sugar Manufacturing and Refining Employees Union which represents them."

On the East Rand most of the 400 workers who struck on Tuesday at Dorbyl Railway Products in Boksburg are back at work.

At another East Rand firm, H Lewis and Company in Kempton Park, about 550 food workers who struck on Tuesday in protest against the dismissal of a union committee member have been fired.

194

13

COMPREHENSIVE HEALTH CARE IN RURAL AREAS OF MATABELELAND

DR. A. O. PUGH

Introduction

The purpose of this article is to summarize the existing system of health care in rural areas of Rhodesia, with special reference to the Matabeleland province. The roles of medical assistants, health assistants, village health workers and other auxillary staff are outlined, and their duties described. The costs of the service are mentioned, and it is hoped that subsequent discussion will show that a comprehensive health service can be provided in a relatively inexpensive manner which is within the available health budget of a developing country.

Sappi workers go back

Own Correspondent

DURBAN. — Workers returned to Sappi's Tugela pulp and paper mill at Mandini yesterday, ending the work stoppage over pension fund contributions which started on Wednesday.

A spokesman for the mill said both the morning and afternoon shifts had reported for work and the mill was fully operational.

A statement released by the Sappi Kraft management said the Fosatu-affiliated Paper, Wood and Allied Workers' Union had put forward management's proposals to workers on Wednesday night.

Sappi has agreed to arrange a bank guarantee to refund pension fund contributions paid up to Wednesday to any black workers who leave the mill before retirement age.

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colleagues in urban areas.

The health problems in our rural areas are similar to those of other developing countries and the emphasis is on diseases prevalent where living standards are low and there is a lack of adequate water and sanitation. The health problems are grouped together under the following headings for convenience :

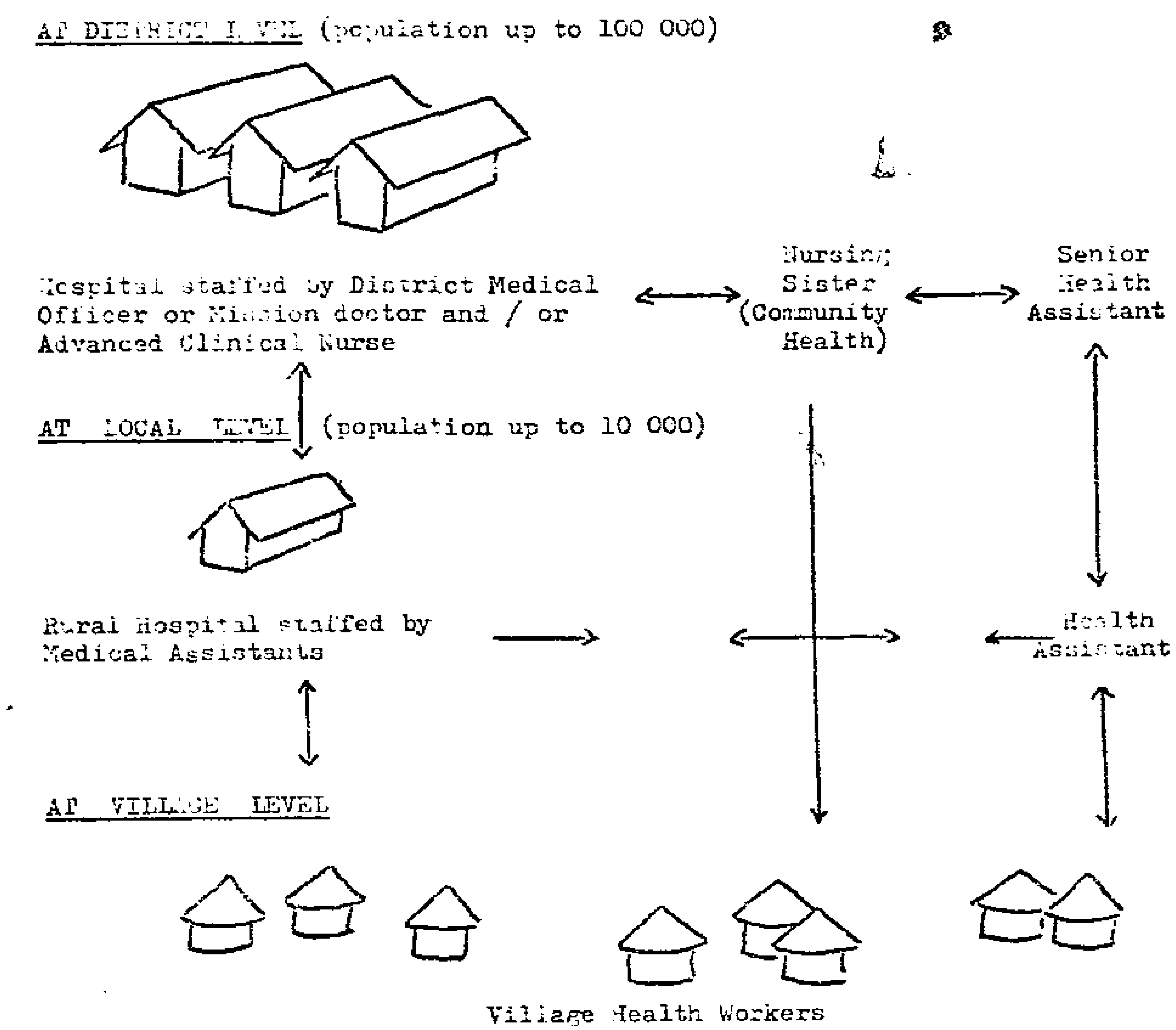
1. Nutritional
2. Infectious diseases
3. Parasitic diseases spread by vectors or intermediate hosts
4. Common ailments, injuries and social problems
5. Problems in pregnancy and childbirth
6. Emergencies of all types

We have analysed the health problems and we know what needs to be done to counteract them. Our challenge is to provide a system of comprehensive health care which will reach the people who need it most in ways which yield the greatest benefits, and yet are within the country's financial capabilities. By comprehensive health service we mean a system of health care (and I quote) which must "reach into the communities and homes, and influence patterns of living - the construction of dwellings, the protection of water, the delivery of babies, the feeding of children, the size of families". (Bryant 1971)

For convenience, the description of the system will be divided into the aspects of personal health care, environmental health services and costs.

I : Personal Health Care

The existing system may be represented diagramatically as shown (Fig. 1)



3/10/81 (194)

Workers return

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Motor firm hit by all-out strike

RDM 2.10.81

194

By STEVEN FRIEDMAN

LABOUR unrest escalated in various parts of the country yesterday as all 1 600 workers at an East London motor plant and more than 1 000 workers at three Huletts sugar mills in Natal struck.

On the East Rand, police stood by at the strike-hit milling company of H Lewis and management said all 560 striking workers had been fired.

In Durban union sources said a strike at Game Discount World had not been resolved.

However, all 1 700 strikers at Sappi's paper mill in KwaZulu have returned to work, according to the company, and strikers at Dorbyl Railway Products in Boksburg East returned to work late yesterday after a four-day strike.

Thirteen dismissed strikers at Cobra Brassworks in Krugersdorp were arrested yesterday and are expected to appear in court today, charged with "imtimidating" workers in an attempt to prevent them from returning to work.

Sent home

In East London, all 3 300 workers at the CDA plant, which manufactures Merecedes-Benz cars, struck or were sent home yesterday.

A company spokesman said the strike by about 300 workers on Wednesday had spread and all 1 600 black workers had downed tools yesterday afternoon. The 1 700 white and coloured workers were sent home.

The strike is a protest against the dismissal of a black worker who was involved in an altercation with a white foreman.

In a statement yesterday, CDA's managing director, Mr Leo Borman said he hoped the dispute could be "defused" in discussions with the union, scheduled for late yesterday.

In Natal, a Hulett's spokesman, Mr Ron Phillips, said about 1 100 black workers at three mills, Mt Edgcombe, Amatikulu and Darnall had struck yesterday in protest against proposed Government pensions legislation.

At H Lewis, a Tongaat group subsidiary, management said it had fired workers in terms of an ultimatum to return yesterday or be dismissed.

"We are already engaging new staff," Mr A G Crosby, chief executive of Tongaat Foods, said yesterday. He said management had been prepared to negotiate with the African Food and Canning Workers Union, but only after strikers returned to work. This had been turned down.

An AFCWU spokesmen said, however, that none of the strikers had yet been replaced. They still regarded themselves as company employees and refused to collect their pay, he said.

Demanding

Workers were still demanding that a fired worker, who they believed had been victimised, be reinstated. But the spokesmen said workers decided they would return before raising two other issues — wages and union recognition.

At Dorbyl Railway Products, workers returned yesterday after management had refused to accede to their demands for a wage increase over and above that granted in terms of the metal industries' industrial council

Star 7/10/81

Sappi order to UK firm

194

The Star Bureau

LONDON — The paper machinery manufacturer Beloit Walmsley has announced export orders of R22-million, including R17-million for a newsprint machine to Sappi of South Africa for its Ngodwana mill in the Eastern Transvaal.

The machine will be the first stage of an extensive expansion programme for Sappi's pulp mill at the site.

The four-year programme is expected to cost about R80-million.

Beloit Walmsley's other orders are for mills in Sweden and India.

TIMBER

Looking for growers

FM 9/10/81

The SA timber industry needs to expand production but is having difficulty convincing growers that there are profits to be made.

Low prices, cyclical demand and a high fire risk discourage new growers. Nevertheless delegates to the 25th annual congress of the South African Timber Growers' Association (Satga) in Pietermaritzburg this week, were told more trees had to be planted to meet future demand.

Surpluses would have to be built up to supply the needs of Mondi's new paper mill at Richards Bay and Sappi's upcoming colossus in the eastern Transvaal. Increased demand from the mining industry and other major users will also have to be met.

The industry's aim is to see 39 000 ha of new afforestation each year until the turn of the century. Satga director Bruce Ferguson believes this target could be met — especially if more small growers can be brought in.

But he adds that despite the recent timber price increases, farmers are still not entirely convinced that prices offer an attractive enough return.

"You can't tell people lightly to go and plant trees if you're not sure it's going to be reasonably attractive for them," Ferguson says.

He believes there is room for improvement in the current price structure and is confident that prices will get better as the urgency for more trees sinks in.

The industry is about to start a new round of price negotiations with the major users. Natal and KwaZulu hold 38% of the country's forest area with the eastern Transvaal the next highest producer.

Ferguson says a fair amount of land for possible afforestation falls into KwaZulu. The problem there, he says, is to overcome reluctance among the local population which is traditionally reticent to plant timber.

Another possibility is for the major growers to embark on more joint ventures with the homeland governments who would be given a slice of the equity in exchange for the land.

Tree-planting projects have an additional advantage for underdeveloped regions — they employ large numbers of unskilled and semi-skilled labour.

Capital investment per job created is substantially lower in forestry than many other industries. Despite previous experience, Ferguson says farmers can rest assured that they will be able to dispose of all the timber they grow.

THE STRIKE SITUATION

Strike fortnight leaves its mark on SA industry

EXPRESS 11-10-81

By CHARLOTTE BAUER

IN THE last two weeks more than 20 strikes have swept across South Africa and this week alone, 2 000 of 7 000 workers involved in work stoppages were sacked.

In an escalating wave of strike action that has gripped the country, the East London plant of Mercedes Benz Manufacturer Car Distributors' Assembly, was brought to a virtual standstill on Tuesday by its third strike in less than a week.

And three of the biggest sugar mills in Natal and Zululand, owned by the Huletts group, were forced to close for a day.

Since mid-September, a battery of country-wide strikes has been reported.

○ On September 22 more than 2 000 Black workers at Anglo-American's Scaw Metals plant in Wadeville went on strike.

The strike ended after management re-instated a Black worker who was fired after assaulting a White.

○ Following a wage dispute about 150 workers downed tools at a Grinaker construction site in Sarnia, Natal.

○ On September 23, 10 striking workers at a Captain Dorego fish and chips outlet in Johannesburg returned to work after they were promised R5-a-week bonuses.

○ Five days later more than 100 workers stopped work at Game discount stores in Durban, demanding higher wages. This resulted in the dismissal of 141 striking workers.

○ On the same day about 400 metal workers at the Dorbyl Railway Products plant in Boksburg went on strike for an across-the-board increase.

They conditionally returned to work two days later.

○ Striking stevedores employed by the South African Stevedores Services Company in Durban agreed to return to work after a shutdown at the docks.

The decision by the 950-strong workforce to return to work was conditional upon management meeting their liason committee to discuss grievances.

○ 230 workers at the SA Bottling Company in Port Elizabeth agreed to return to work after a walk-out over higher wage demands.

○ More than 500 workers went on strike at Power Steel in Wadeville, Germiston, demanding the re-instatement of a colleague they claim was unfairly dismissed.

They later returned to work.

○ Workers at the Dorbyl plant in Boksburg downed tools for the second time in a week after their demands for an across-the-board increase were refused by management.

○ On October 1 about 800 workers employed by the Sappi Paper Mill in Zululand refused to go on duty for the morning shift because they were dissatisfied with the new pension scheme.

○ At the milling firm, H Lewis and Company, a Tongaat group subsidiary in Kempton Park, about 560 workers, most of them members of the African Food and Canning Workers' Union, downed tools in protest at the dismissal of a colleague. All were fired.

○ On the same day 700 workers quit the Car Distributors' Assembly plant in East London.

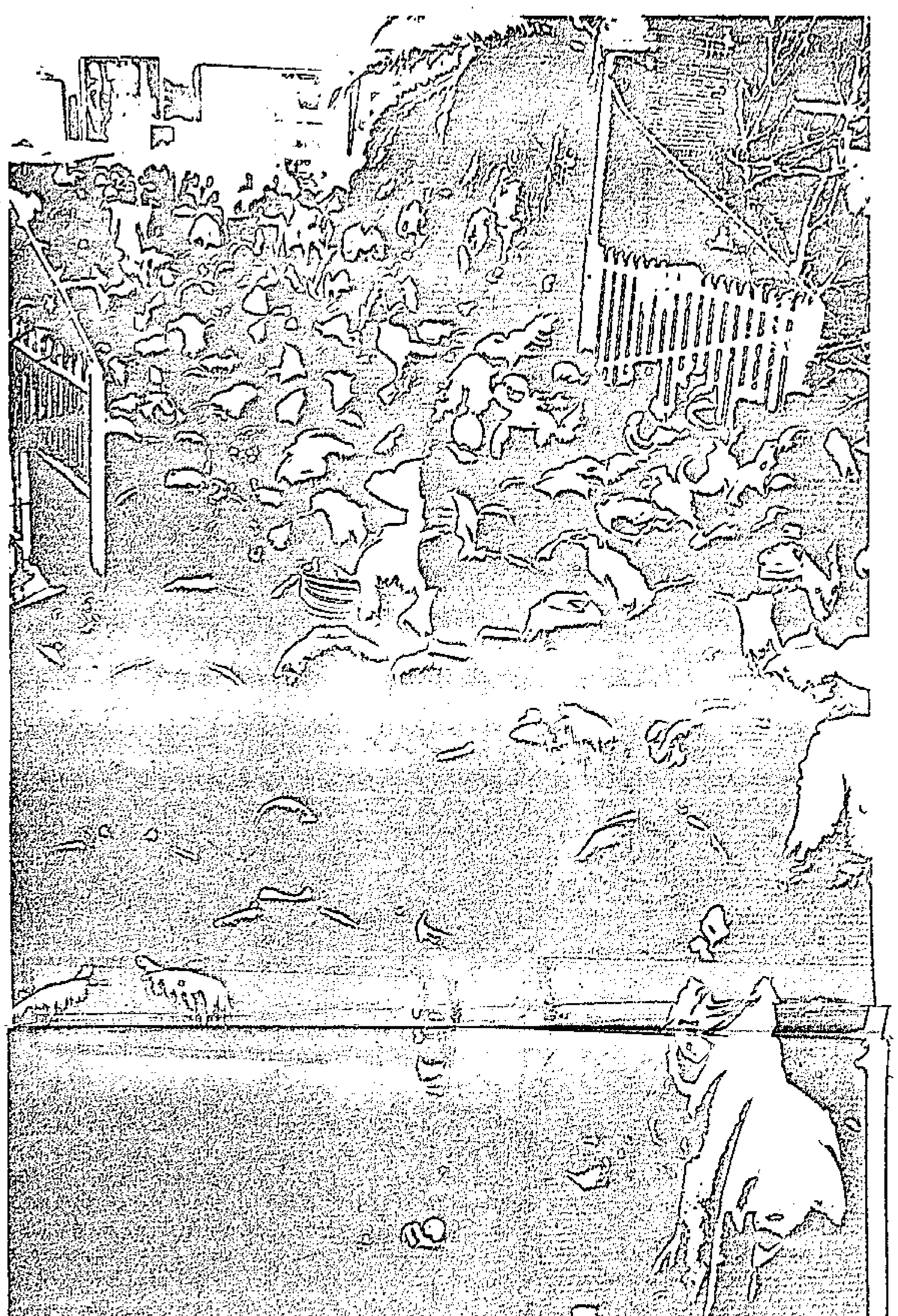
The action followed the dismissal of a fellow worker.

○ In Natal 800 Hulett's workers downed tools. The strike was sparked by protracted disputes involving pending pension fund legislation.

○ Striking workers at Telephone Manufacturers of SA in Springs caused the factory to be closed. The company sacked about 1 500 men.

Black unions — spearhead of change

JOHN KANE-BERMAN REVIEWS WORKER POWER IN 1981 — AND THE CHANGING ATTITUDES OF MANAGEMENTS



○ Last year's municipal workers strike brought the issue of industrial unrest into every White home in Johannesburg. This year the number of strikes has increased as workers realised their potential for change

JUST two-thirds of the way through, 1981 is already well on the way to being another "year of the worker" — like 1980.

There have been at least 115 reported strikes by Black workers, while Black unions report that new members are flooding [illegible]

At the same time, rivalry between Black unions is hotting up, with militant new groups poaching members from moderate unions.

More and more union leaders are talking of the need to become involved in broader community — as opposed to strictly factory — issues, while some even joined in public political protests against the Republic Day "festivities".

Not only are Black workers becoming increasingly conscious of their potential power as workers, employers are also now more sharply aware of it than ever before.

The hardline anti-union stance of the vast majority of employers so evident only a year ago is slowly beginning to be eroded by worker power.

Unions are finding access to factories easier than in the past, while the number of companies that have signed recognition agreements with Black unions has jumped from only two in 1979 to about 70.

Also significant is the fact that managements are becoming steadily less willing to toe the Government's line in handling Black unions.

At least one company ignored a specific urgent request by the Minister of Manpower, Mr Fanie Botha, not to recognise an unregistered Black union.

There is a growing trend among managements to regard a union's standing on the factory floor as the main criterion in deciding whether or not to recognise it, not whether it has official approval from Pretoria.

Growing numbers of employers seem to feel they simply cannot wait while Pretoria tries to sort out the mess it has made of the post-Wiehahn industrial law.

But although there is a new realism abroad among some

As Brian Matthew, executive director of the Midlands Chamber of Industries in strike-prone Port Elizabeth, puts it: "A wall has been built across the river. We've opened one sluice gate to reduce some of the pressure, but kept all the others closed. So it's inevitable that all the pressure will now come through this one opening.

What Black unions have achieved, they have won against tremendous odds.

Recently, for instance, the Chemical Workers' Industrial Union has been squaring up for a battle against Colgate-Palmolive in Boksburg.

The union, which is affiliated to the non-racial Federation of Soth African Trade Unions (Fosatu), had been trying for a year to be recognised by Colgate.

But the company would not agree to bargain about wages at plant level, arguing that this must take place in the industrial council for the chemical industry.

The company finally acceded to the union's demands after an overwhelming vote by the workers to strike in their support.

The significance of this was that the company capitulated to the threat of a strike before the union had to call a strike to demonstrate its strength.

Before a strike was due to start, a nation-wide boycott of Colgate products had been set in motion by Fosatu to back the union's demands, and thousands of "boycott Colgate-Palmolive" stickers were distributed with lists of the company's products.

Acting Transvaal branch secretary of the union, Chris Bonner, said Colgate could be highly vulnerable to the boycott since it was operating in an intensively competitive market.

And the union had decided on a strike levy on its 3 000 members across the country to help its Colgate members during the strike.

Officials and shop stewards of other Fosatu unions on the increasingly-militant East Rand reported at the time that their members were wearing boycott stickers on their overalls in other factories — sparking, they claimed, fears among other companies that a Colgate strike could spill into their [illegible]

first ever in South Africa — spread right across the meat industry in Cape Town in support of worker demands in one factory.

The recent strike in the motor industry in Port Elizabeth was another step down this road, for workers at General Motors and Ford downed tools in support of [illegible] at Firestone [illegible] earlier refused to handle Firestone tyres in the motor assembly plants.

Consumer boycotts also have precedents, the most successful being the boycott of Fattis and Monis products to back the Food and Canning Workers' Union's demand in 1979.

The company gave in after the boycott — which had backing among Black organisations all over the country, including Chief Gatsha Buthelezi's Inkatha movement — began to affect its share price adversely.

Success breeds success in the union movement.

Mrs Maggie Magubane, whose Fosatu-affiliated Sweet, Food, and Allied Workers' Union recently signed a historic agreement with Kellogg in Springs in terms of which the union will in future be consulted over retrenchments, says: "Workers and my township neighbours read or hear about our agreement and then come and ask us to help them organise a union that works like our union."

The two main exponents of "community-linked unionism" are outside the main groupings.

They are the Motor Assembly Components Workers' Union of SA (Macwusa), which is based in Port Elizabeth but now expanding to the Sigma motor plant in Pretoria, and the SA Allied Workers' Union (Saawu), whose power-base is East London.

Both say factory issues cannot be divorced from community issues.

Illustrating what "community-linked unionism" implies, Macwusa's Sipho Pityana says that if slum and disease conditions in the townships make a worker ill so that he takes sick leave, the employer must be aware of these community problems.

Both Saawu and Macwusa [illegible]

Mondi to pay R110m for Usutu

RDM 6/11/81

194

Pulp mill, huge Swazi forests in deal

MONDI Paper Company, Anglo American's pulp and paper giant, is to buy Usutu Pulp Company of Swaziland for R110-million.

By DAVID CARTE

The sellers are Courtaulds of the UK and the Commonwealth Development Corporation, each of which has 50%. Payment will be in cash over four years.

Besides a pulping plant capable of producing 175 000 tons of unbleached kraft pulp a year, Usutu has 66 000 ha of forest land in Swaziland.

Mondi plans to expand the enterprise and step up production to 200 000 tons a year.

The acquisition would brings Mondi's plantation holdings to more than 310 000 ha, Mr Chris Griffith, chairman of Mondi, told me yesterday.

It makes Mondi one of the biggest single private sector property owners in Southern Africa. Sappi, Mondi's chief rival, at last balance sheet had 111 000 ha.

A spokesman for Courtaulds, told Business Mail's London representative there was nothing political about the sale.

He said Usutu was an investment and not Courtaulds basic business. For this reason, Courtaulds was reluctant to invest needed capital in Usutu, which, to realise full profit potential, needed a bleaching plant.

Commonwealth Development Corporation became involved in Usutu at its establishment in 1959. CDC's major initial input was its forests.

Usutu at this stage makes only unbleached kraft pulp — no less than 10% of the world's total supply. It provides Mondi with its first access to the kraft market.

Mr Griffith said Mondi would have a ready market for Usutu's expanded production and by no means all of it would be exported, as in the past. Mondi could use 140 000t of Usutu's pulp a year locally but not in its present form. The unbleached pulp would be treated at Mondi's Richards Bay plant.

"Usutu also gives us entry to the browns or kraft market for the first time," he said.

Usutu Pulp last year made pre-tax profit of £2 900 000 on historical cost accounting and £2 100 000 on current cost accounting.

Courtaulds 50% interest in Usutu was in Courtaulds most recent balance sheet at cost of £6 500 000 and on current cost accounting basis at £27 900 000. A current cost valuation of the whole plant would thus have been £55 800 000, or about R100-million at the current commercial rand exchange rate.

Neither Courtaulds nor Mondi would say if the proceeds would be remitted through financial rands. If so, the sale of financial rands could depress the FR market for the four years of payment.

While the UK companies made their investment in Usutu Pulp long before financial or blocked rands were thought of, financial rand experts said the proceeds would probably have to be remitted through financial rand unless the Reserve Bank gave special permission.

This would reduce the sterling proceeds for Courtaulds and CDC by 26% at the current FR rate.

Mondi's move is the latest in something of a scramble for forest land. In August, Mondi announced the purchase of 49% of the timber interests — including vast forests — of Hunt Leuchars & Hepburn for an estimated R55-million.

Mondi says it is committed to a significant expansion in its pulp requirements which are currently imported.

"The linking of Usutu with Mondi will ensure the optimum utilisation of the resources of each enterprise. Integration can now be implemented with Mondi's forests at Piggs Peak, Swaziland, to increase pulp production within the Kingdom."

The company says stepping up production to 200 000t a year will require "substantial capital expenditure."

Usutu employs more than 2 000 and Mondi before this transaction 10 500. It says the deal is in the best interests of all the Usutu workers.

The deal is subject to consents and undertakings from the Swaziland Government and the exchange control authorities of Swaziland and SA.

Mondi last year had assets of more than R245-million and made a pre-tax profit of nearly R42-million.

DD 10/11/81 194

Natal unrest goes on despite bill being ditched

DURBAN — Pensions fund disputes still continued in Natal yesterday in spite of the government's scrapping of the proposed Pensions Bill.

A total of 450 workers from Ilco Homes in Isipingo were fired and about 800 workers from the Saiccor mill in Umkomaas still had not returned to work after disputes over pensions.

The registrar of Financial Institutions, Mr Naas van Staden, and the Director-General of Manpower, Mr Jaap Cilliers, announced on Friday that the Preservation of Pension Interests Bill would not proceed.

The bill had triggered off countrywide labour unrest with workers demanding the refunding of pension contributions — with Natal being the worst hit.

The managing director of Ilco Homes, Mr A. C. Demmers, said yesterday, the whole of the labour force — about 450 workers — at their Isipingo site had stopped work and demanded repayment of their pension money.

"If they start getting stupid like that there is nothing left to do but to fire them all.

"We gave them 30 minutes to get back to work, refusing even to discuss the issue and then when this had passed, we dismissed them all," he said.

Mr Sam Kikine, of the South African Allied Worker's Union (Saawu), said Ilco management had agreed to reinstate certain of the workers, but workers demanded unconditional reinstatement.

At the Saiccor rayon-pulp mill at Umkomaas, the workers, who downed tools on Friday after the management had refused to pay out their pension contributions, had not returned to work yesterday.

The workers yesterday again sat outside the factory demanding their pension contributions. Management told them to come back today for its decision.

Mr O. W. Tainton, the managing director, could not be contacted yesterday.

Trade unions contacted yesterday said although they welcome the government's decision to scrap the Pensions Bill, the labour unrest would not cease.

Mr Kikine representing Saawu's 25 affiliate unions, said the withdrawal of the bill would not solve the pension problem.

"Already we have had problems with both the building and steel industries who still have a preservation clause in their pension schemes."

A spokesman for the General Worker's Union said they strongly welcomed the withdrawal of the Pension Bill, but had the government paid attention to the early warning of the unions, the labour unrest would have been avoided.

"In the event of the government's failure to consult eith the worker's leaders has lead to an unprecedented wave of strikes that cost the jobs of thousands of workers."

The general secretary of the National Federation of Workers, Mr Mathews Oliphant said this should serve as a lesson to the government that workers should be consulted on any legislation that will effect them.

"But it will not stop workers demanding their pension contributions as it has highlighted certain issues involving pension funds.

"Workers are eager to know where their pension money is going to and are demanding to be represented on existing pension schemes," he said.

Mr B. E. Khumalo, general secretary of the Black Allied Workers Union saw the dropping of the Pensions Bill as a sign of "growing up" on the part of the government. — DDC.

Brief work stoppage halts production at Sappi paper mill

N. MERCURY 17/11/81 194

Mercury Reporter

A SHORT work stoppage took place at Sappi's Stanger paper mill yesterday involving about 300 black and Indian workers.

According to a spokesman, workers downed tools because of dissatisfaction with their pension funds.

Workers walked off the job yesterday morning, management reported.

Shortly before lunch the workers elected four representatives, who agreed after discussions to hold full talks with management on Wednesday.

The four representatives persuaded their colleagues to return to work.

Sappi is scheduled to hold talks on Novemver 24 *with the Fosatu affiliated Paper, Wood and Allied* Workers' Union about the pension situation at Sappi mills. The union is recognised at several Sappi mills, and talks are currently under way about recognition of the union at Stanger.

Brig John Visser, Divisional Commissioner of the South African Police, said that construction workers employed by Bester Home Builders *downed tools yesterday morning following a* dispute concerning wage increases.

The workers returned to the building site shortly afterwards, he said.

Bester Home Builders could not be contacted yesterday.

FM 27/11/81

GLASS PACKAGING PROJECT

(194)

As expected (*Business* September 25), the board of Nampak has given approval for a R30m glass container manufacturing project.

MD Bas Kardol says details of the proposed plant and projected output will be released soon. The intention is to proceed immediately, and production will come on stream not later than July 1983.

Asked to comment on the Nampak project, Piet Neethling, MD of Consol, which has held a virtual monopoly in glass packaging, says: "We firmly support free enterprise where progress and profitability are determined by expertise, quality, service and price. On this basis we expect to maintain our position as the foremost supplier of glass packaging in SA."

Nampak has indicated in the past that it aims for a Transvaal-based 40 000 t/year plant. Neethling says this indicates Nampak is aiming at "a relatively small and localised segment of the total market."

The effect of Nampak's potential penetration, he adds, "is at this stage hypothetical and will eventually depend on the acceptability of the product in the marketplace." He says 40 000 t/year represents roughly "10% of the national market."

Consol will commission a 50 000 t/year plant at Clayville in June 1982. Second stage production, one year later, will add another 50 000 t/year.

PREMIER PAPER

FM 27/11/81

All wrapped up

194

Activities: *Produces packaging paper and tissue wadding. 54% of the equity is held by Paper Industries which is 67% owned by Nampak and 33% by Kohler.*
Chairman: *B Kardol; managing director: J R Scholes.*
Capital structure: *1,6m ordinaries of R1; 100 000 5,5% cum prefs of R2; 1,5m 11,3% con cum prefs of R1. Market capitalisation: R9,1m.*
Financial: *Year to September 30 1981. Borrowings: long- and medium-term, R101 000. Net cash: R931 000. Debt:equity ratio: 9,2%. Current ratio: 1,5. Group cash flow: R3,6m. Capital commitments: R773 000.*
Share market: *Price: 571c (1980-81: high, 780c; low, 560c; trading volume last quarter, 5 700 shares). Yields: 28,5% on earnings; 9,5% on dividend. Cover: 3,0. PE ratio: 3,5.*

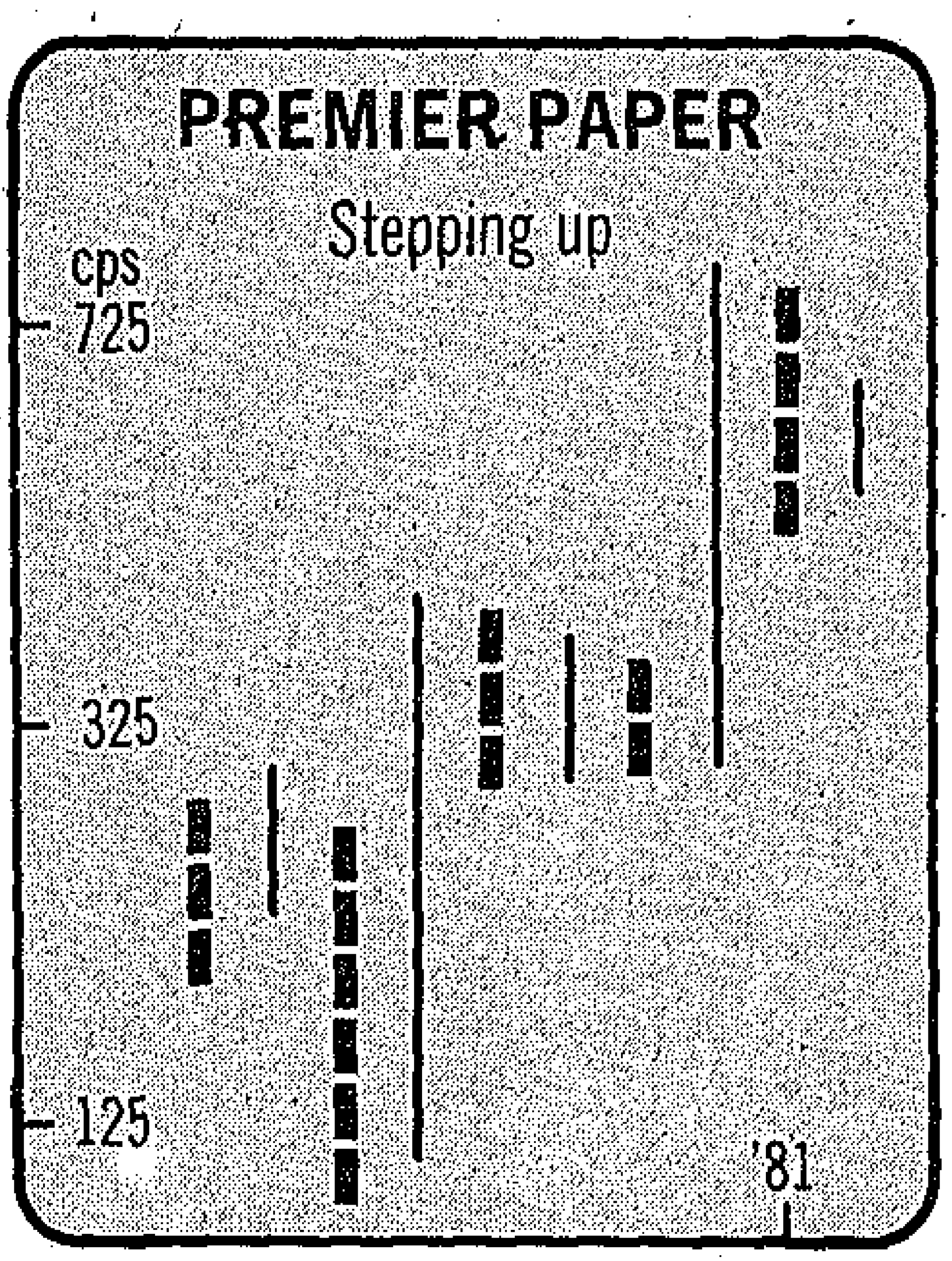
	'78	'79	*'80	'81
Return on cap (%)	3,9	16,1	†27,4	27,4
Turnover (Rm)	24,1	24,6	30,0	25,4
Pre-tax profit (Rm) ...	0,9	2,2	4,1	4,6
Gross margin (%)	8,2	12,1	16,6	19,0
Earnings (c)	23,6	90,0	†126,0	162,7
Dividends (c)	18	30	†40	54
Net asset value (c) ...	824	769	573	718

* 15 months. † Annualised.

The reorganisation of Premier Paper following the acquisition of control by Nampak in January 1980 is virtually complete. The result in the year to end-September was an earnings rise of 29% on an annualised basis and a more conservative financial structure. But for the current financial year the outlook is less pleasing as production economies will be more difficult to achieve while demand growth is starting to flag. In addition, the probable conversion of some of the cumulative prefs will dilute earnings growth.

Chairman Bas Kardol says 1981's results flowed from "better productivity" in the two mills operated by Premier Paper. These mills, Kliprivier and Southern Paper, "have been developed to their full potential." Kliprivier produced 33 495 t of paper last year compared with 29 706 t in 1980 while Southern boosted output to 13 585 t (13 091 t).

During financial 1981 Premier Paper entered into a joint venture, Nampak Recycling, with another Nampak subsidiary to rationalise waste paper collection. Premier holds 40% in the operation which "made a meaningful contribution to the group's profits."



With both Premier's mills at full capacity the scope for sharp earnings growth this year is slim. The economy is "heading for a downturn" so Premier is obviously not rushing to boost capacity. Hence, "little further improvement in output can be expected." Kardol's 1982 forecast is for "little real earnings growth."

Despite this cautious outlook, dividend potential is sound. Like parent Nampak, Premier is conservatively financed and very liquid. The debt:equity ratio is a mere 9,2% and the annual interest and leasing charge is covered 21 times by gross profit. The financial structure is somewhat different to the previous year as a result of the sale of subsidiary Southern Products to Nampak, and of Hunyani, which contributed R212 000 in dividends in 1980.

With this financial capacity, which will be enhanced by lifo accounting, and a dividend cover of three times, Premier should increase the payout at the same rate as earnings, even if the convertibles are exercised in June 1982. This, however, will mean the declaration of an interim dividend for the nine months to end-June.

At 571c the share trades on a 9,5% historic yield which discounts the prospects of slower earnings growth this year. *Des Kilalea*

NAMPAK

On to glass

194

FM 4/12/81

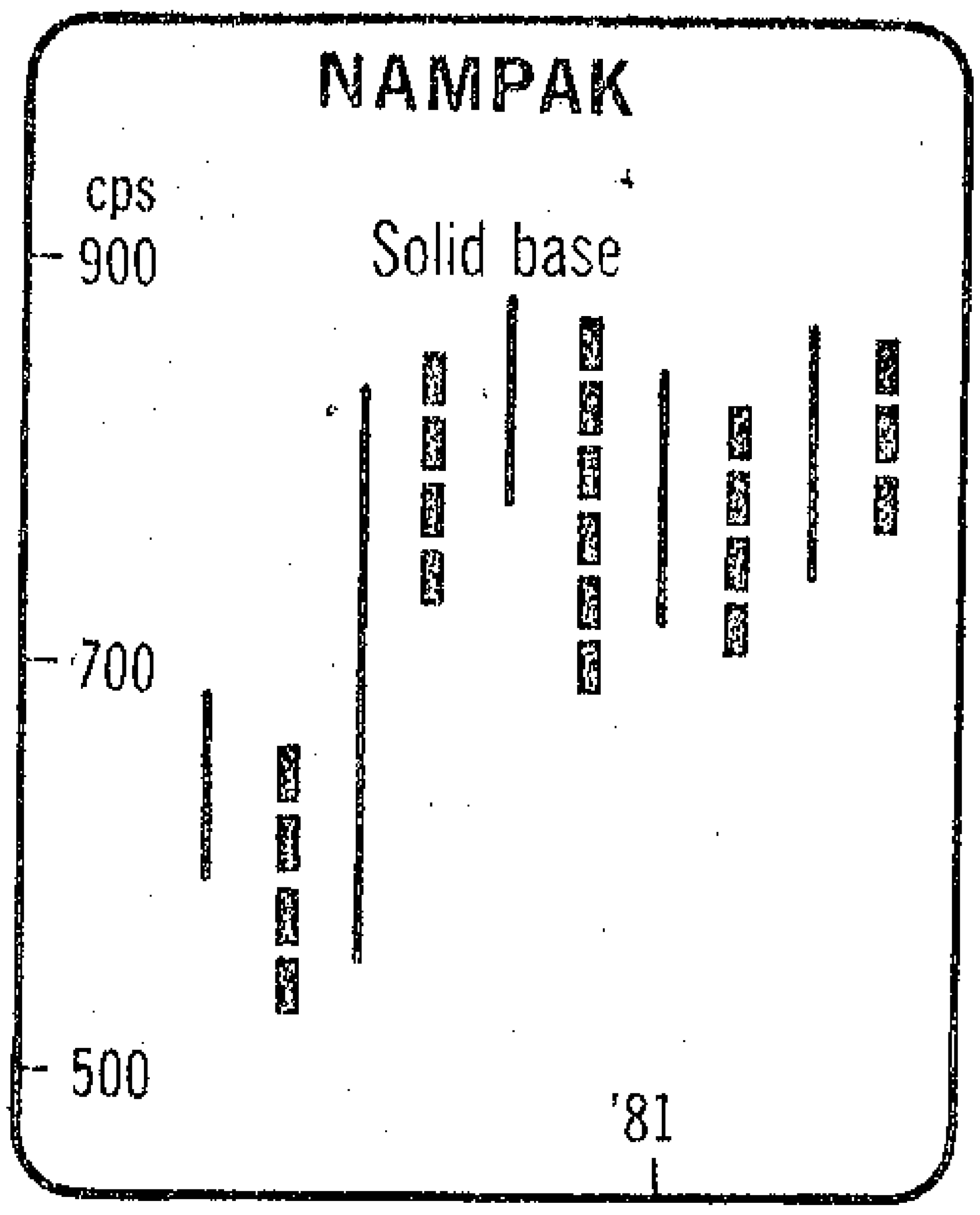
Activities: *Manufactures a broad range of packaging products including paper, corrugated board and plastic containers. Subsidiary of C G Smith.*
Chairman: *B Kardol; deputy chairman: L Wilder.*
Capital structure: *32,7m ordinaries of 50c. 100 000 6,5% prefs of R2, 400 000 6% cum prefs of R2. Market capitalisation: R261,6m.*
Financial: *Year to September 30 1981. Borrowings: long- and medium-term, R38,3m. Net cash: R1,4m. Debt:equity ratio: 22,5%. Current ratio: 2,3. Group cash flow: R61,3m. Capital commitments: **R19,8m.*
Share market: *Price: 800c (1980-81: high 895c; low, 700c; trading volume last quarter, 82 000 shares). Yields: 18,3% on earnings; 6,7% on dividend. Cover: 2,7. PE ratio: 5,5.*
** Excludes proposed glass factory capex.

	*'78	'79	'80	'81
Return on cap (%)	24,4	37,1	29,8	37,5
Turnover (Rm)	128	240	327	459
Pre-tax profit (Rm)	24,5	42,8	55,3	80,3
Gross margin (%)	19,7	18,3	17,8	18,8
Earnings (c)	58,3	95,1	117,7	146,1
Dividends (c)	25	38	46	54
Net asset value (c)	312	371	435	500

* Nine months to end-September.

At the time of Nampak's lacklustre interim report, the market declined to mark the share down too much. The confidence was to some extent justified in the second six months when earnings grew 26,3% compared with 16,5% in the October-March period. And the annual report goes further in explaining the share's yield.

In the past few years Nampak's profit growth has been less impressive than its major competitor Kohler as rationalisation and expansion took place. Now the group appears to be moving onto a sound growth path as these investments pay off. And, by July 1983, Nampak should have a R35m glass factory adding to growth.



Chairman Bas Kardol says "strong domestic demand" across the group's product range led to profit improvements in all divisions. And despite the cost of rationalisation and "excessive price increases in a number of raw materials purchased by the group," margins were healthier. So Nampak moved back onto the upward profitability curve it left in 1978 with the gross margin rising to 18,8% (17,8%).

This trading improvement and enhanced asset management as the group operated within its performance target meant the return on assets was well up on the previous year. The yield on capital employed moved over the 1979 high (see table) while the return on equity was 29,2% (27,1%).

Nampak consequently ended 1981 financially healthier. Liquidity improved with the current ratio at 2,3 (2,1), while total borrowings fell to R39,8m (R41,3m) – 22,5% (28,3%) of equity. In addition, the annual interest and leasing bill was covered 14,2 times by gross profit. Given a 60% self-imposed debt:equity target and a net cash position, Nampak has plenty of capacity to fund future growth.

This growth, which has in the past moved Nampak away from over-reliance on any one division, will be boosted from 1983 onwards by the glass factory. Funding the factory will be through foreign export credits and loans and the R35m project is expected to make a minimum 25% pre-tax, pre-interest return on gross assets.

Looking to this year Kardol expects growth to be much the same as that achieved in 1981. This suggests fifo earnings (the group is switching to lifo) of around 180c. Cover was lifted last year from 2,6 to 2,7 times; a rate which should be maintained in financial 1982. So a 67c total payout seems on the cards, placing the share, at 800c, on an 8,4% prospective yield. Growing diversification and past rationalisation and expansion suggest the share is a hold.

-9-

visible successes. What then are the invisible effect[s]
Some of these have been highlighted by Ivan Illich in
book Limits to Medicine.[11] The book is directed at t[he]
North American public but many of the points that he
are relevant for anyone examining or planning the hea[lth]
care system in South Africa.

Illich has three main criticisms to make. The first i[s]
the drugs and procedures used by doctors and nurses often
do more harm than good. Hospitalisation itself is traumatic,
especially for children. The dangers or "side effects" of
medical treatment are in fact well recognised in the United
States by the doctors themselves and by the patients and
lawyers who thrive on litigation. South Africans, both health
care workers and patients, are perhaps less aware of these
dangers than their American counterparts but the awareness
of these ill effects is growing and does not require further
amplification here.

The second criticism of health care workers
makes is I think his most significant. Here
the dangers of the increasing "medicalizati
points out that in most societies and certa
western societies there is an increasing in
and dependence upon the health care system.
aspects.

Firstly there is an increasing preoccupatio
Individuals are more preoccupied with their

HULETTS/MONDI F.M. 18/12/81

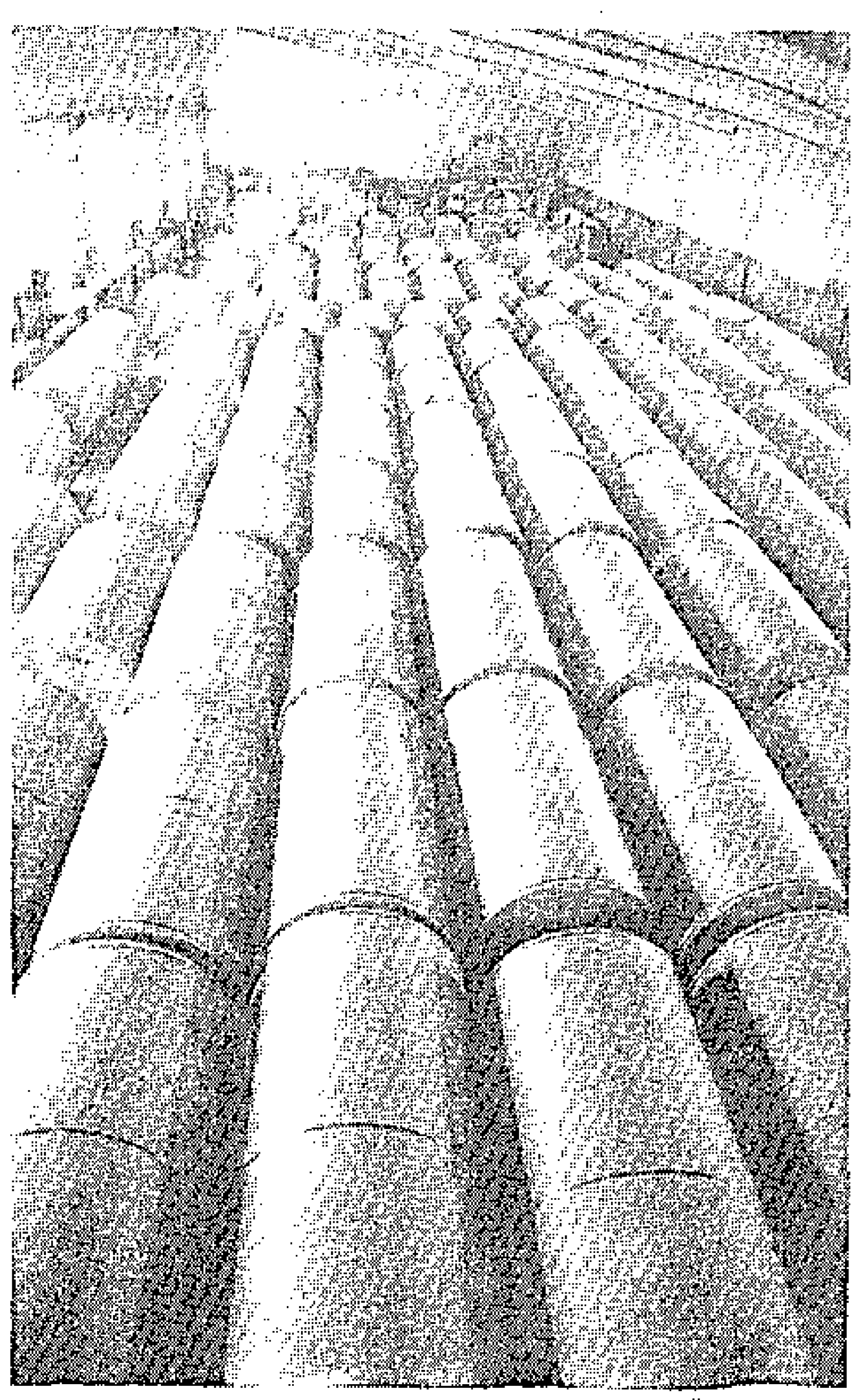
Paper deal (194) (232)

Huletts' sale of its 70% controlling stake in Huletts Paper to Mondi is the group's second major divestment of non-sugar interests in two years. The income equation makes the deal seem "fair," but the resultant increase in Huletts' proportional exposure to the sugar industry might not be in shareholders' best longer-term interests.

More importantly the sale could mean slowing dividend growth from Huletts unless dividend cover is lowered. Huletts normally distributes half of earnings before additional depreciation. This includes the attributable income of Hulpaper. And while the income on the prefs being received from Mondi will equate 1981's dividends from Hulpaper, consolidated earnings will drop. So, either cover policy changes or dividend growth slows.

Hulpaper has two corrugated cardboard mills at Felixton, Natal and Piet Retief in the eastern Transvaal. In the year to end-March 1981 both mills ran at full capacity and expected the same in financial 1982. The company contributed R6,3m to Huletts' after-tax earnings and had forecast maintained profit this year.

The sale to Mondi is based on Huletts' feeling that the substantial additional investment needed in the paper division would not generate an attractive return. The size and nature of the investment has not been detailed but the announcement says the income of the R22,4m in 10% redeemable prefs, which Huletts will receive for its stake in Hulpaper, will equal dividends from the subsidiary in financial 1981. Huletts will also receive R1,8m, being the final dividend expected from Hulpaper for financial 1982, and a R2,1m special dividend.



Huletts' Paper . . . the latest disposal

So the immediate return to Huletts for its controlling interest should not harm cash profits. But, in view of the substantial (17%) contribution the paper companies made to group earnings last year and the fact that sugar income can be greatly affected by the weather, the loss of a diversified interest must carry a large cost.

This sale leaves Huletts with its sugar and aluminium interests as the major profit sources. The sugar division is currently being expanded with a R110m (1981 money) mill due to come on stream in 1985-86. Finance for the mill had already been arranged, as had funding for the foil rolling facility required by Hulamin. In any case, the Huletts group is liquid. At end-March cash and near-cash totalled R84m before counting pre-payments. In addition, normal operations generated cash income of R33m gross on an annual basis. The group was also only geared to around 17% of equity. In other words, the R26,3m Huletts will receive for its stake in Hulpaper is not essential to improve capital structure for additional capital spending.

Most likely the deal was prompted by Anglo's desire to put all its paper interests in one basket. Being the major shareholder in Huletts and owning Mondi, Anglo was presumably faced with a conflict of interests which has been eliminated by acquiring Hulpaper. And the deal fits in with Mondi's expansion plans. It recently bought 49% of Hunt Leuchars & Hepburn's timber division for a reputed R27m and HLH's Jessievale sawmill for about R12m. The group also bid R110m for Usutu Pulp in Swaziland and has plans to spend R520m on a pulp mill in Richards Bay.

In Huletts' case avoiding investment sufficient to make Hulpaper competitive longer-term with the paper giants, also makes sense. But unless the cash is put to better use in the near future the sale could harm dividend potential.

In the final event, the end of the story may still have to be written. Speculation in Diagonal Street suggests that Huletts' next move could be into an embrace with Tongaat. Time will tell. *Des Kilalea*

MANUF. PAPER + PRODUCTS

4

1982 – JAN. — NOV AND

1983 — JAN — DEC.

(194)

Mercury 9/1/82

Mercury Reporter

THE killer disease, cholera, yesterday continued to rage close to Durban and a senior spokesman for the city's Clairwood Hospital said admission figures this week were much higher than last week.

The numbers have risen from the first four cases admitted on December 28 to 30 patients presently being treated in the Clairwood Hospital's isolation wards.

The spokesman said five more victims were admitted yesterday while 15 people were discharged after treatment.

According to another senior spokesman, Durban's King Edward VIII Hospital does not have the facilities or isolation wards to treat cholera patients.

The spokesman yesterday disputed reports that King Edward VIII Hospital had admitted several employees from the large Nampak factory at Mobeni who were believed to have been hit by cholera.

Isolation

'We do not have the isolation wards required to treat cholera patients here,' the spokesman said. 'We know nothing about any cholera cases from Nampak.'

Nampak's resident director, who did not wish to be named, said he was 'unaware of any suspect cholera cases'.

Meanwhile, Pinetown's Mariannhill Hospital is treating only one patient in the isolation ward.

A spokesman for Durban's State Health Department said yesterday various quantities of ordinary household bleaches containing hypochlorite could be used for purifying cholera-infected water.

He said one teaspoonful of bleaches such as Jik, Javel, Nomisol and Milton diluted with 25 / of water and left overnight would ensure 'germ-free water'.

He added that all these bleaches were available in 'practically all stores' and should be given to employees who planned to travel into cholera-infected areas.

January 1982

Company accused of victimising strikers

By STEVEN FRIEDMAN

A JOHANNESBURG company was yesterday accused of firing four workers who allegedly instigated a recent work stoppage — despite an assurance to the Commercial, Catering and Allied Workers Union of SA that no workers would be victimised.

But a representative of the company, Contract Packaging, denied the accusation yesterday. The company said only one worker was fired — and for reasons unconnected with the stoppage.

The dispute began on Friday, when the company's 25 to 30 workers, mostly women, were not paid. The company says this happened because the managing director was still en route to the factory from Cape Town and that he planned to pay workers on Monday.

The company said workers refused to work until they were paid on Monday. They were then fired.

A spokesman for CCAWUSA said all those fired were union members and that the union had taken up their case with management. The company had agreed to take all of them back.

Assurances

"We asked for assurances against victimisation and they promised us no-one would be victimised," he said.

But two of the workers were not taken back when they arrived at work on Tuesday and a further two were fired yesterday, he claimed.

"They were both told directly that they were being fired for being instigators. The company made no attempt to hide this," he said.

A Contract Packaging representative said yesterday that only one worker had been fired.

"The rest of them are all back in the factory. These claims are not true," she said.

"The worker concerned was incompetent and was due to be dismissed before the strike happened," she said.

Datsun fires 200

UNION officials are involved in intense negotiations with management at the Datsun Motor Corporation following the dismissal of 200 workers there.

The dismissal follows close on the heels of the similar dismissal of 507 workers at the Sigma Motor Corporation.

However, the Datsun workers, according to a spokesman for the company, are not to receive the same benefits as did their colleagues at Sigma. This is because Datsun did not possess the same sort of fund out of which such benefits could be paid, he said.

Instead, the dismissed workers are only to receive all those monies due to them.

A spokesman for the National Automobile and Allied Workers' Union said the treatment the workers had received at Datsun showed what could be expected when employees are not unionised.

30 SACKED IN DISPUTE

194 ~~150~~ 163

By JOSHUA RABOROKO

Sowetan 12/1/82

ABOUT 30 workers, mostly women, employed by the Contract Packaging Company in Johannesburg were yesterday dismissed from their employment when they refused work in protest over a wage dispute.

the workers, all members of the Commercial Catering and Allied Workers' Union of SA, told The SOWETAN that their boss, Mr Winter Kampman, sacked them after failing to pay their wages last Friday.

When they arrived at work yesterday they demanded their wages and were paid, but were told their services were no longer required.

The manager later told them to vacate the premises and threatened he would call the police if they did not do so. He also told them to reapply if they wished to resume duties.

Workers complained that they did not get fringe benefits, were subjected to insults from white employees, paid poor wages and were always threatened with firing whenever they voiced complaints.

A spokesman for the company said it was "regretted" that the workers were not paid on Friday. The boss was away on holiday and could not make it to Johannesburg in time.

He said because there were "instigators" among them, they had refused to work yesterday.

Workers taken back

Sowetan 13/1/82

~~162~~ 194

TWENTY-eight of the 30 Contract Packaging Company employees earlier dismissed after a wage dispute with management have been re-employed.

The regional organiser of the Commercial Catering and Allied Workers' Union of SA to whom the workers are affiliated, said two others have been sacked because they were accused of being "instigators" by management.

WAGES

They were not paid their wages on Friday, and on Monday when they resumed duties they refused to work unless they received their salaries.

Management gave them an option to return to work or go home. Their boss paid them and ordered them to leave the company's premises.

The workers were advised to re-apply and on arrival at the company yesterday 28 were taken on.

The CCAUSA organiser said the union deplored the action taken by the company and said they would fight for the reinstatement of the two.

He added that this type of practice would harm good relations between management and workers, because the sacked workers were dismissed after being accused of being "instigators."

Contract Packaging: ~~162~~ ~~193~~ 194 Sowetan 19/1/82

FOUR FIRED

By JOSHUA RABOROKO

FOUR workers at Contract Packaging have been fired for allegedly causing a work stoppage at the Johannesburg firm, the Commercial Catering and Allied Workers Union said yesterday.

The CCAUSA regional organiser told The SOWETAN that the union tried "all it could" to discuss the issue with the management, but to no avail.

The dismissal of the workers follows a work stoppage at the company when management failed to pay about 30 of its employees.

They demanded to be paid on a Friday and were told their boss was not available. On the following Monday they were paid, but later were all sacked.

The workers were told they could reapply if they wished to work again. When they reapplied two of the 30 were sacked and later two others were dismissed.

The four who were sacked were accused of rushing to the union and being instigators of the work stoppage.

The union spokesman said that after they were dismissed the members complained to the union. Contact was made with the company and the management promised that no one would be victimised.

However, he said, a day later two members said they were fired because of being alleged instigators and for rushing to the union and the Press.

The spokesman said repeated attempts were made to have the two reinstated when two others were sacked. Since then, the management has "deliberately ignored the union's calls."

A company representative said that no worker was fired "for being an instigator." One worker was dismissed and this had nothing to do with the misunderstanding concerning the workers' wages.

The company did all it could to help its employees and some of them have benefited from "the various schemes we have" here.

Daily Dispatch 7/2/82 194

Working effectively with black unions

DURBAN — Results in the giant C. G. Smith group are "very close" to budgets, the retiring chairman, Mr Mike Rosholt, said at the annual meeting in Durban.

He indicated that the budgets had been drawn up "envisaging a slowing down in the exceptional rates of growth experienced over the past few years."

He said Mr Warren Clewlow, executive vice-chairman, had been appointed chairman.

Mr Rosholt said the group was "addressing itself to the developing black industrial relations scene and acknowledged that we, as employers, have to work for effective negotiations with the increasingly organised and competent black unions."

The nature of future retirement benefits was an issue for such negotiation.

He noted that the majority of black workers in the sugar division had withdrawn from the pension fund and he believed that this was not in their or their families' best interests.

Mr Rosholt said the expected fall-off in consumer spending on semi-durables had affected many of the Romatex product lines.

The Nampack results were better than expected and they intended to go ahead with a R35m glass container project.

For the sugar interests good spring and summer rains had fallen; which augured well for next season's crop, but the world sugar price was still a cause for concern.

Earnings up again

With the tax bill in the cement division down to nil, Blue Circle shrugged aside a much higher depreciation charge to end 1981 with earnings up 34% to 109c (1980: 81.3c).

A final dividend of 27.5c has been declared, making 38.5c (32c) for the year to December — a gain of 20%. Cover has been raised to 2.8 (2.5).

At the interim, earnings were ahead by only 17%, which means they leapt 41% in the second half.

Blue Circle revalued its assets by R35 700 000 last year and this lifted the depreciation charge no less than 59% to R10 800 000. In addition, the interest bill virtually doubled to R8 930 000 (R4 480 000).

As a result, pre-tax profit was actually down 11% to R25-million (R28 100 000).

But thanks to investment allowances on its new Lichtenburg cement kiln, Blue Circle Ltd, the cement division, paid no tax.

As a result, the group tax rate plummeted to 7.2% from 37.8% and taxed attributable profit was R22 900 000, a gain of 34%. Earnings rose in line.

Turnover was 23% better at R321-million.

Blue Circle chairman, Mr Trevor Coulson, said this was the 9th year in which the group increased earnings. He said the group had achieved an average annual compound earnings growth rate of 29.5% in the past nine years.

Textile jubilee

Mooi River Textiles made a pre-tax profit of R5 190 000 in 1981 against R3 750 000 in 1980.

Tax was R1 260 000 (R1 200 000).

The final dividend has been raised from 30c to 75c to make a total of 105c (50c).

A special "jubilee" dividend of 150c has been declared. This special payment is said to mark the 25th anniversary o of the Dutch-owned group.

Mooi River has also announced that talks with another unnamed group on some kind of tie-up have been discontinued.

Earnings a share last year were 231.5c (150.1c).

The group is proposing a four-to-one share split with the 1 700 000 ordinaries being enlarged to 6 800 000.

The rise in earnings last year was 54%.

Turnover was R19 680 000 (R16 370 000).

Colliery profit

ANGLO-Transvaal Collieries raised its taxed profit by 32.4% in the six months ended December 31, to R2 251 000 from R1 700 000, equivalent to 133.1c (100.3c) a share.

Dividends on AT Colls fixed investment in Witbank Colliery rose to R2 258 000 from R1 720 000, while other income rose to R20 000 from R6 000 and expenditure fell to R19 000 from R24 000.

The market value of the company's listed investments at December 31 was R76 349 000 compared with R69 897 000 at the end of 1980, while the book value on both dates was R3 256 000.

Platinum projects

RUSTENBURG Platinum Holdings plans to spend a total of R40-million on capital projects in the year to August 31, said the chairman, Mr Gordon Waddell.

He told shareholders at the annual meeting in Johannesburg that R14-million would be spent this year on expansion and a further R26-million on the maintenance of capacity.

The R46 700 000 allocated for expansion at Rustenburg would be incurred in due course to meet the additional metal requirements arising from the company's various new contracts with the automobile industry.

Mr Waddell said further applications of platinum catalysts were being developed in the chemical and petroleum industries, in an attempt to increase efficiency and reduce energy requirements.

In the past year substantial progress had been made in developing a platinum catalyst for controlling emissions from diesel engines.

This technology was being developed primarily to meet proposed United States legislation, but also had application in specialised uses of diesel engines, such as underground locomotives.

A further extension of the use of catalysts on cars could occur in Europe after 1986, said Mr Waddell.

Developments in the glass industry were likely to extend the applications of platinum metals and result in increased use, said Mr Waddell.

Fuel cells were unlikely to be produced on a large scale during the next five years, but "as and when fuel cells prove to be competitive with alternative methods of power generation, demand for platinum for this use could become significant."

Working loss continues

An increase in tonnage and an associated drop in working costs were not enough to turn Witwatersrand Nigel's fortunes around in the December quarter, and the taxed loss was R466 283 compared with R487 081 in the previous quarter.

The State-assisted mine milled 82 598 tons of ore during the quarter compared with 76 142 tons in the September period, raising gold production to 295.2 kg from 274.5 kg in spite of a fall in average grade to 3.57 g/t from 3.60 g/t.

The directors say, the working loss before sundry revenue rose to R520 761 from R510 603, while sundry revenue was unchanged at R39 000 and there was a tax credit of R15 478.

Capital expenditure, which has been limited to essential projects, fell to R464 351 from R690 075, but the average rate for the past two quarters is expected to continue for the next two.

Wit Nigel received R450 000 in State aid during the December quarter, which reduces the net loss for the period to R16 283.

Analysing the first half performance, the directors point to the R14 341 a kg gold price required to cover working costs and capital expenditure under State aid conditions, against the actual R13 057 a kg received in the six months to December.

Without State assistance Wit Nigel required an average gold price of R17 034 a kg or $530 an ounce to break even.

Best year on record

The best year on record for Goodyear South Africa was 1981 thanks to buoyant economic conditions, a record year for motor manufacturers and a steady demand for industrial rubber products. And, although the motor industry expects a tail-off this year, Goodyear can expect another excellent 12-month period.

This is the view of the company's managing director, Mr W. F. Life.

He said all sectors of the motor industry — passenger car, light and heavy duty truck and tractor — reported record sales in 1981 and this naturally and a spin-off on the tyre and rubber industry.

"What we must not lose sight of is the fact that the excellent sales over the past two years — more than 856 000 units — augurs well for the replacement market," said Mr Life.

Turning to the mining industry, Mr Life said some operations had been cut back because of economic recessions in other countries.

The major exception was the coal mining industry, which had shown rapid expansion which was likely to continue through 1982.

"Within these mines, Goodyear has found an excellent market for its range of conveyor belting," he said.

students

By CHERYL VAN EYSSEN

THE shortage of social work-ers was extremely critical, he president of the Society of Social Workers of South Africa, Mrs Sheila Hefert, said yesterday.

Universities enrolling so-cial work students had re-corded a 50 percent drop in he registration of first year students, she said.

"The recruitment of social workers and how effective hey are is handicapped by the totally inadequate sala-ries. And of prime impor-tance is that racial discrimi-nation in salary scales should be abolished."

Of further importance was he inconvenience to social workers in having to deal with three different Govern-ment departments in their day-to-day work.

These were the depart-ments of Health and Welfare, Internal Affairs and Co-oper-ation and Development, she said.

She suggested that social workers should be required to deal with only one department.

Mrs Hefert did not want to comment on the submission by Dr L A P A Munnik of a social workers' memoran-dum, spelling out all these problems, to the Commission for Administration, without taking direct action himself.

This year, a 50 percent drop in the number of first-year students registering in social sciences was exper-ienced in most universities except the University of the Witwatersrand.

The memorandum pointed out that 14,2 percent fewer women and 33,3 percent few-er men were entering practice.

The imbalance between men and women in social work was blamed on the poor salaries.

It was pointed out that the classification of blacks in the professional divisions of the Government was not the same as for whites, and that black social workers were not "free to move" from one administration board area to another.

At the Reef meeting of so-cial workers on Tuesday, great indignation was ex-pressed at the fact that Dr Munnik had not replied to their memorandum, but had sent it to the Commission of Administration in Cape Town instead.

Crackdown

MOSCOW. — Soviet authori-ties are cracking down on shopkeepers in some cities who hoard food and sell it at above market prices. The campaign follows the third consecutive poor Soviet grain harvest. — Sapa-AP.

Strikers are defiant over pensions

RDM 4/2/82

THE number of workers who have struck in the past three days rose to more than 3 000 yesterday as new strikes were reported at two large plants — one in Durban and one in Johannesburg.

By STEVEN FRIEDMAN

Workers at the Defy Indus-tries plant in Jacobs, Durban, have struck on pension de-mands for the second time in a few months, and a Johan-nesburg firm Krost Brothers was hit by a strike yesterday over demands that union shop stewards be recognised.

Earlier this week, 500 workers at Corobrik in Bed-fordview struck in support of union recognition demands and an Edenvale plant, Nam-pak Recycling Industries, was hit by a wage strike.

A Nampak spokesman said the strike had been settled.

A Corobrik statement said 300 of the 500 had returned and the rest were "provided with company transport to the nearest railway station".

Return

At the Krost Brothers plant in Heriotdale, Johan-nesburg, the firm's 1 300 workers struck yesterday morning but are expected to return to work today.

A spokesman for Fosatu's Metal and Allied Workers Union said workers agreed to return after the company said it would recognise union shop stewards and sign a written recognition agree-ment with Mawu "as a mat-ter of urgency".

The firm's managing di-rector, Mr Cecil Krost, said the strike had come after talks with Mawu on recogni-tion had commenced. The company had agreed to re-cognise the union because it represented a majority, but "we still have a lot to discuss".

Late last week the com-pany had received a petition from workers calling for their liaison committee to be disbanded and replaced by union shop stewards. It listed other grievances.

Mr Krost said the company agreed to disband the com-mittee, but had asked work-ers to elect a new one until the union was recognised, at which stage the committee would be replaced by Mawu shop stewards. "But we told them we could not recognise the stewards yet."

He added "They did not come back to us on this, but struck this (Wednesday) morning demanding that we recognise 10 workers they had chosen as shop stewards.

"After calling in union offi-cials, we agreed to call the representatives' shop ste-wards and continue talks. I expect workers to return to-morrow (Thursday)."

At Defy, all 1 400 workers struck on Monday over de-mands that their pension money be refunded.

A company spokesman, Mr Brian Gavin, said workers were still on strike and nego-tiations were continuing.

Defy is covered by the metal industries' pension fund which has the same pro-vision for freezing workers' pension contributions as the Government's proposed pen-sions Bill, which was dropped after worker unrest last year.

The company has been urging the Steel and Engi-neering Industries Feder-ation to amend the fund's rules.

Building societies take a hard line

By PENNY CUMMINS

WHEN the next increase in the mortgage rate is an-nounced, probably at the end of the month, home-owners will have to dip deeper into their pockets to keep up bond instalments.

Mr Hendrik Sloet, presi-dent of the Association of Building Societies, says the societies will not extend the repayment period on loans, and borrowers will have to increase monthly repayments.

He predicts the interest in-crease will be as much as 1 percent.

The new rate will also af-fect house-buyers, as they will have to satisfy higher in-come requirements to obtain a loan. The building societies calculate bond repayments should not exceed 25 percent of gross income, and a wife's salary is not always taken into account.

The last time the mortgage rate went up was in August, also by 1 percent.

Thank

Borrowers can thank their lucky stars that the views of Mr Henri de Villiers did not prevail. He is the managing director of the Standard Bank, which incorporates the Standard Building Society.

Mr De Villiers believes there should be a steeper dif-ferential than now in mort-gage rates, and people who can afford the bigger bonds should pay a minimum of 16 percent interest.

A property economist, Mr Neville Berkowitz, says a 1 percent increase still keeps mortgage rates below the 17% interest payable on a bank overdraft.

In the long run, says Mr Piet Badenhorst, joint man-aging director of the United Building Society, the in-crease in rates will mean more money becoming avail-able for loans, since higher interest rates will attract in-vestors back to the building societies.

"It is often elderly folk whose savings are financing the young home-buyers. Home-buyers are winning hands down as they are using cheap money to buy a house which is appreciating in val-ue," says Mr Badenhorst.

Even with the projected in-crease, the interest rate on mortgage loans will be lower than the general rate of infla-tion, running at about 15 percent.

Inquest on former world champion

Mail Reporter

AN INQUEST into the death of Arnold Taylor, South Afri-ca's former world bantam-weight boxing champion who died in a Johannesburg road accident in November, is ex-pected to be held today in the Johannesburg Magistrate's Court.

Taylor, 38, was killed early on November 22 while riding his daughter's motorcycle to their home at Mayfair, after visiting friends. He was taken to hosapital, where he was certified dead on arrival.

He became world bantam-weight champion in Novem-ber 1973 when he knocked out Mexican Romeo Anaya in a world title fight in Johannesburg.

He lost the title on points six months later when he was beaten in Durban by a Kore-an, Soo-Hwan Hong.

Taylor fought 49 bouts dur-ing his boxing career and won 17 on knockouts. He lost only eight fights.

His first boxing success came in May 1969 when he won the South African feath-erweight title by beating for-mer Empire flyweight cham-pion Dennis Adams.

More than 200 friends, rel-atives and former boxers at-tended his cremation.

Taylor is survived by his wife Regina and three daughters.

A spokesman for the De-partment of Justice said at the Johannesburg Magis-trate's Court yesterday he expected the inquest to be held today.

NPU rejects Press curbs

Political Reporter

ORGANISED resistance to proposed statutory clamps on the Press mounted yester-day when the executive coun-cil of the Newspaper Press Union (NPU) rejected the main recommendations of the Steyn Commission at a special meeting in Johannesburg.

In a statement after the meeting the president of the NPU, Mr Peter McLean, said: "The NPU unanimously rejected outright the pro-posed register of journalists, and certain provisions re-garding ownership (of newspapers)."

He also announced the ap-pointment of a committee of NPU representatives and members of the Conference of Editors to analyse the

Call by Pressmen overseas

LABOUR

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Workers back on the job after strike

Star 4/2/82

By Tony Davis, Labour Reporter

The strike-hit Corobrik plants at Primrose and Bedfordview yesterday took back half the dismissed workers and started recruiting to fill the other vacancies.

About 500 workers were dismissed at the plants this week after striking over the issue of recognition for the Glass and Allied Workers' Union.

Corobrik management said the workers had "discharged themselves" by refusing to return to work.

Half the workforce in the two plants had returned to work without any loss of benefits and the remaining half would be paid out, according to Corobrik's managing director, Mr E C Rutherford.

He said workers would be recruited for the remaining jobs this week and dismissed workers could reapply.

The dispute saw talks between management and the union break down and union officials reject what they called "prerequisites" for recognition.

These included union membership in the industrial council, registration status and a willingness to hold joint talks with the National Union of Brick and Allied Workers.

Glass and Allied has described this body as an "in-company" union.

Glass and Allied's president, Mr Ronald Mofokeng, said the union would organise the new workforce and prove to management that its membership was representative.

He said the union would continue to try to negotiate with Corobrik despite the dismissals.

LABOUR BRIEFS

RECOGNITION

More than 1 000 workers were involved in a strike yesterday over a recognition dispute at a Heriotdale furniture firm.

Workers at the Krost Brothers plant downed tools and many left work during the day while talks were being held with management.

The Fosatu-affiliated Metal and Allied Workers' Union (Mawu) which claims to represent a majority of workers at the plant held talks about the recognition demand.

Union shop stewards had apparently called for the dismissal of the existing works committee at the plant and management countered with a call for new elections to be held.

A Krost spokesman said the workers were expected back on the job this morning and they had agreed with Mawu to negotiate towards a recognition agreement.

Wage negotiations between the management of Colgate-Palmolive and Fosatu's Chemical Workers' Industrial Union started this week.

The company's Boksburg plant was the scene last year of a major dispute after the union demanded that Colgate negotiate wages at plant level and not at the industrial council for the industry.

DEMANDS

Proposals being advanced by the union in the talks include increases of R1 an hour for hourly paid workers, a cost of living and service allowance, a one-month annual bonus, doing away with Saturday morning and Sunday night shifts, advance notice of any retrenchments and negotiations on the pension fund.

A Barlow Rand subsidiary, Nampack Recycling Industries in Edenvale, was hit by a one-day dispute over wages on Tuesday.

Workers had reported objections to recent wage increases and had demanded an increase of R1 an hour.

A spokesman for the Fosatu affiliated Paper, Wood and Allied Workers' Union, which represents many of the workers, said management had agreed to hold wage talks later this month.

FINANCES

The Vaal branch of the Engineering and Allied Workers' Union has called a special meeting of the branches on Sunday to discuss last year's finances.

The union's general secretary, Mr Calvin Nkabinde, said that at the annual general meeting in January questions had been raised about the Vaal branch's financial situation.

The planned meeting would help to resolve this problem, he said.

Nation readies for Aggett day

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RDM 11/2/82

by STEVEN FRIEDMAN

CHIEF Gatsha Buthelezi's Inkatha movement last night backed the call for a national half-hour work stoppage in mourning for Dr Neil Aggett at 11.30am today — as unionists reported tens of thousands of workers had affirmed support.

Unionists said only one major company was reported to have threatened to fire workers who participated, and the giant Anglo American Corporation indicated it would give sympathetic treatment to worker requests to observe the action.

Inkatha's general secretary, Dr Oscar Dhlomo, said the movement was "deeply shocked" by Dr Aggett's death and urged all workers to observe the stoppage.

The vice-chancellor of the University of the Witwatersrand, Dr D J du Plessis, told staff in a letter that the university would close for half an hour from 11:30am — when church bells on the Witwatersrand will toll.

Mass public meetings are planned in Cape Town, Durban and Pietermaritzburg.

Police said they were "prepared for any disturbances that might occur during the work stoppage".

The Transvaal Solidarity Committee co-ordinating stoppage action in the province said last night that police had confiscated stickers dealing with the stoppage.

The committee said a Vereeniging unionist, Mr Philip Mosia, had been held by police after distributing leaflets.

A spokesman for the Police Directorate of Public Relations in Pretoria said police would not comment on what they considered "routine work". He was unable to confirm that Mr Mosia had been held.

Endorsed

In a statement, the Transvaal Solidarity Committee said it had received "tremendous support" from union shop stewards on the Reef and in Pretoria and Vereeniging, and that worker meetings had endorsed the call.

Unionists elsewhere also reported a "good response" from unionised workers, although some said they had had insufficient time to contact members. In some factories, religious services have been arranged by workers.

Unionists said they expected few attempts by employers to "obstruct" the stoppage, although some said they would not pay workers who took part for that half-hour, and others asked workers to observe a shorter period of mourning.

Some companies have suggested bringing lunch-hour forward to accommodate the stoppage, but workers have opposed this.

It is understood that Port Elizabeth firms may be asked by employer representatives to observe a brief period of mourning.

Unionists in all centres said workers were being asked to observe the period of mourning in a "dignified and disciplined" way.

This means workers have been asked not to leave factory buildings and to disrupt production as little as possible.

'Threat'

The Paper, Wood and Allied Workers' Union, an affiliate of the Federation of SA Trade Unions, charged yesterday that the giant paper company Sappi had threatened to fire workers at its Reef plant who took part.

Approached, a Sappi spokesman said the firm expected its workers not to take part in the stoppage.

He said the company had told worker representatives it did not believe Dr Aggett's death "had anything to do with the relationship between Sappi and our employees".

In Natal yesterday, some of the province's major employers told Sapa they had assured workers they would not block the stoppage.

In Port Elizabeth, Fosatu unionist Mr Fred Sauls said he expected a show of mourning in all unionised factories in the city and in Uitenhage.

In Cape Town, a representative of the Food and Canning Workers' Union said there was strong worker support for the stoppage, even in some rural areas.

See Page 2

Chief backs move to mourn Aggett

~~1404~~ 194 ~~329~~ 821 ~~109~~

Mercury 11/2/82

Mercury Correspondent

JOHANNESBURG—Tens of thousands of workers throughout the country have responded to a call to stop work at 11 30 this morning to mourn the death of Dr Neil Aggett, unionists said yesterday.

The proposed stoppage received new support yesterday when Chief Gatsha Buthelezi's Inkatha movement backed the action.

Last night the giant Anglo American Corporation indicated it would treat sympathetically requests by workers to mourn.

But Fosatu's Paper, Wood and Allied Workers' Union said yesterday that the giant paper company Sappi had threatened to fire workers who took part at its Reef plant. A Sappi spokesman said only that the company had told worker representatives it did not believe Dr Aggett's death 'had anything to do with the relationship between Sappi and our employees'.

Assured

Mass public meetings are planned today in Cape Town, Durban and Pietermaritzburg.

In Natal yesterday, some of the province's largest employers told Sapa they had assured workers they would not block the planned half-hour stoppage.

Mr Barry de Wet, group industrial relations manager of Huletts, said: 'We see it really as unofficial protest action by concerned people and we would never oppose such action.'

Anglo American said in a letter it had noted its opposition to detention without trial and added that Dr Aggett's death had 'already had a serious impact on the industrial relations climate'.

'We do, however, understand and sympathise with the depth of reaction which has led to the proposed stoppage and requests for employers to observe the period of mourning will be treated accordingly.'

194 ~~1401~~ 159 ~~296~~

Fired blind workers threatened with arrest

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Mercury 13/2/82

Mercury Reporter

THE 59 blind workers dismissed from the Natal African Blind Society's factory at Enduduzweni on Wednesday following a dispute over an increase in deductions for food and lodging have been given until 10 a m this morning to vacate the factory's hostel or else 'they will be arrested', according to the institute's director, Mr J Randles.

Mr Randles also confirmed workers' claims that they had not been fed since Wednesday, saying that when the workers were dismissed their food supplies were withdrawn because they were no longer employed by the factory.

He refuted claims, however, that workers could not get home. The institute was prepared to transport any dismissed worker to the railway station and pay for his train fare home, he said.

The blind workers, who make cane products and weave work, downed tools last week when their deductions for food and lodging were increased by approximately R1,50 a week to R2,50 a week.

Loss

The Natal African Blind Society — a non-profit welfare organisation — justified the increase by saying that the hostel was running at a 'tremendous loss'.

Workers were unhappy with the new deductions, not because of the increase but because they were each being charged different rates for food and lodging and because their request to cook their own food, which would keep costs down, had been refused by management, according to Mr Herbet Barnabas, national organiser for the Blind Allied Workers' Union.

Mr Barnabas said: 'Workers all want to be charged the same rate for food and lodging. They are refusing to leave the hostel because they feel they have been unfairly treated and unfairly dismissed.'

Mr Randles said that because the blind workers were paid different wages, food and lodging fees were deducted accordingly. 'It works out that each worker contributes about an eighth of his weekly wage,' he said.

Timber

Meanwhile, the work stoppage at Mondi Timbers, Port Durnford, continued yesterday although the Fosatu-affiliated Paper, Wood and Allied Workers' Union indicated that workers would probably return on Monday if management agreed to hold negotiations with shop stewards and union officials on the Anglo American pension scheme.

A total of 125 workers downed tools early this month in a bid to have their pension fund contributions refunded.

According to a statement issued by the Mondi spokesman, Mr Rob Hudson, it is a condition of employment in the Mondi Group that all employees belong to the pension fund.

Pd

Injured man fired

WHEN a former employee of Nampak Corrugated Containers Company in Wadeville went to collect the remainder of his compensation money for injuries sustained in company time, he was told he was no longer entitled to the money.

Mr Steven M Johannes was awarded R2 130 compensation after an accident on August 7, 1980, when a company machine split his hand lengthwise.

According to Mr Johannes, his salary decreased after the accident, his employer objected to his frequent absences from work for medical treatment and he was accused of being drunk at the time of the accident and of sleeping on his job.

Finally, Mr Johannes claims, he was called into an office where he was questioned. "I tried to explain my problems but was told to only answer 'yes' or 'no'.

He was told he had been sacked because he used to clock his card on Saturdays even if he was not

He was given a form to fill in and sign. "I wanted to read the forms first but a man told me not to. I refused and that was the end," said Mr Johannes.

Personnel manager at Nampack Mr H Rundell could not confirm the reasons for Mr Johannes's expulsion but said Mr Johannes could fetch the money still owed to him.

But when Mr Johannes went to claim his money, he was told the money no longer belonged to him.

Sowetan 19/3/82

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23/3/82 (194) Sowetan

Nampak fires thirty workers

NAMPACK Polyfoil Company near Soweto has retrenched about 30 workers in an attempt to solve its financial problems.

Factory manager Mr C J Dickie told **The SOWETAN** yesterday that the company was going through a "tough financial time" and had no option but to dismiss the workers.

Mr Dickie said most of the retrenched workers had only joined the company in January this year.

The company was prepared to re-employ in the case of any of the present staff members resigning. They regretted that the company's financial position forced them to dismiss people.

He explained that the workers had been given one week's pay (45 hours) in lieu of notice and the normal pay as a gesture of appreciation for satisfactory service

Tension at Natal pulp mill strike

ARGUS 29/3/82

194 ~~1408~~

Argus Correspondent ~~132~~

DURBAN. — Tension was high early today after some 1 200 workers went on strike at Sappi's large Tugela pulp and paper plant in Natal over the arrest of two of their colleagues by police at the weekend for alleged assault.

The organiser for the Fosatu-affiliated Paper, Wood and Allied Workers Union, Mrs Pat Horn said workers' dissatisfaction at the Sappi plant over the food, and disputes over alternate pay arrangements, instead of continuing with the canteen facilities, came to a head last Friday when one of the workers was allegedly assaulted for breaking the boycott by accepting food.

BOYCOTT

'For two weeks the workers have been boycotting the food because they complained of the poor quality. They demanded they be paid an extra 30c an hour instead of continuing with the canteen facilities.

'One of the workers apparently reneged against this protest and was allegedly assaulted,' Mrs Horn said.

'Two of the workers are believed to have been arrested in connection with the incident, and when their colleagues offered to bail them out, this request was allegedly not granted.

ANGER

'The refusal is believed to have angered the workers, who decided to demonstrate by not going to work.'

Mrs Horn, whose union is recognised by Sappi, said a spokesman for the plant confirmed the stayaway of 'whole shifts.'

The mill manager, Mr B A. Chamberlain, was not available for comment, but his secretary said a statement would be issued later.

The chairman of the African Workers' Association, Mr Tizie Khumalo, whose members are recognised at the T and C chemical factory at Isithebe, said some of the workers at this plant had also joined the stayaway.

Province win game fishing

WESTERN PROVINCE were declared winners of the Cape Town international game fishing competition when bad weather on Friday stopped boats from going out and forced the final placings to be taken on the overnight positions.

World champions Austria finished ninth of the 11 teams which took part in the event which started on Tuesday and saw more than 2 500 long fin and yellow fin tunny boated.

Most fish were caught 10 to 15 miles off Hout Bay, but late on Thursday boats found shoals of tunny massed two or three miles off the Sentinel.

The outstanding catch was made by Dan Clark of Griquas who caught a 14 kg long fin on six kg breaking-strain line — bettering the world record for its class by nearly two kg.

Clark was fishing from Jannie Niewoudt's skiboat Nimrod and made his catch about 12 miles west of Hout Bay.

Competitors were restricted to using a maximum of 20 kg breaking strain line.

Final placings: Western Province (30 334 pt), Border (25 550), Natal (23 362), Eastern Transvaal (21 900), Southern Cape (17 625), Western Transvaal (16 555), Eastern Province (15 815), Southern Transvaal (15 512), Austria (12 912), Griquas (12 762) and Transvaal (11 987).

BA jumbo arrives

GEN

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Protest strike at Sappi

Star 29/3/88

Tensions were high today after about 1 200 workers went on strike at South African Pulp and Paper Industry's Tugela plant over the arrest of two fellow-workers at the weekend.

Several shifts did not report for work last night and this morning. Management said that operations were continuing with a skeleton staff.

The two men who were arrested were apparently members of a vigilante group operating in the nearby township of Sundumbile. The strikers have demanded their release.

A union official said that the arrested men had been involved in a dispute about canteen facilities.

Workers in the neighbouring Isithebe area also stayed away, possibly in sympathy with the strikers and their demands.

Police are reported to be present throughout the area in a bid to disperse roving groups of workers.

nministrator, Mr Stoffel Botha, ·e Chatsworth residents new Province would not sanction ɔuncil's controversial choice for roposed second access road unian viewpoints were heard, Mr r, a member of the Southern Affairs Committee, said last

a mem- :legation Associich held ·ritzburg and the ecutive various Indians

led by airman Stanger, Les van ing and f Pieter- Stoman udoo of sa Bhig- Mr A S :r. Mr M nd. Mr R vn. Mr D t and Mr istle. f Chats- ong the aised by the two- was the cond ac- sworth. ator and not only on a very ring but ear that the least milies to ie much- access

us he was many as s would e council build the

Province will hear Indian views on access road

road using the Umhlatuzana River and Chatsworth Main Road plan instead of the very much shorter and cheaper route through the Stainbank Nature Reserve.'

Mr Thaver said the delegation was heartened by an announcement by the Administrator that he intended paying a special visit to Chatsworth to see for himself.

'He told us he was not aware of complaints by residents of Umhlatuzana Township of monkeys from the Stainbank reserve causing constant nuisance to neighbouring families and damaging Indian-owned property.

'Mr Botha and the Exco members showed keen interest in a suggestion we put to them that the second access road should be sited on the border of the Stainbank reserve so that it will serve as an acceptable border and buffer strip betwen the reserve and Umhlatuzana.'

Riot police disperse strikers

Sappi management blamed for 'situation'

Mercury 30/3/82 194

Mercury Reporter

MORE than 500 striking workers were dispersed by riot police using tear-gas at Mandini yesterday.

Workers from the South African Paper and Pulp Industries' largest mill had congregated outside a supermarket close to their township.

Riot police ordered workers to disperse and when they failed to do so fired cannisters of tear gas, some of the workers told Mercury Reporter Ian Bissel afterwards.

The reporter watched as police vans patrolled the troubled township for most of yesterday morning after the workers were dispersed.

A police spokesman said last night that tear-gas had been used on a few occasions to disperse stone-throwing crowds.

Miss Pat Horn, an organiser for the Fosatu-affiliated Paper, Wood and Allied Workers Union, said she had entered the township in order to contact the union shop stewards.

'A large contingent of police with dogs had gathered in the centre of the square and were periodically chasing workers who responded by throwing

The workers, from the Sappi Tugela Mill, downed tools at midnight demanding that management procure the release of two of their colleagues who had been detained by the police in connection with alleged assaults.

A shop steward said the strike stemmed from a dispute with management over the quality of food being served in the canteen.

He said workers had been boycotting the canteen for the past two weeks and an alleged assault had occurred after a man had broken the boycott.

Police had arrested two men on Saturday and yesterday had asked shop stewards to find another man, Mr Skipper Mbaso, whom they also wanted to question in connection with the assault.

The two detained men, Mr Zulu and Mr Mgwabe, are members of a vigilante group set up in October to keep peace in the township.

The workers claim that the worker who was assaulted had refused to lay charges until persuaded to do so by a Sappi security officer.

Mr Bernard Chamberlin, general manager of the mill, said yesterday: 'The assaults came in the wake of police investigations into allegations that assaults have been carried out by a vigilante squad in the nearby township.'

Court

The number of alleged assaults could not be determined yesterday. The district commandant, Col Gijbers, was unavailable as he was out commanding the riot police, but it is understood that the two men are due to appear in the Inyoli Magistrate's Court today.

Mr Chamberlin said: 'There is no way Sappi can intervene in a police investigation.' But they would be willing to sit down with representatives of the workers at any time with the objective of bringing about a return to work.

A statement issued by the union said: 'Sappi management should take responsibility for this situation. By allowing the police to take control they have allowed things to escalate to the scale which has been reached.

Council approves R100 000 water gift

Municipal Reporter

DURBAN City Council has agreed to give R100 000 to the KwaZulu Water Development Fund and will urge other local authorities to contribute as well.

The Mayor has agreed to help promote the Sugar Association's campaign for funds and the council will ask the Natal Municipal Association to adopt the project and appeal to other local authorities to 'invest in the health of their ratepayers'.

Councillors Gys Muller and Stan Lange were the only two who voted against the donation at yesterday's council meeting.

Mr Muller said Press reports had indicated that the people of KwaZulu were not looking after pumps that had been donated last year.

'If you do something for them they should appreciate it. KwaZulu was given R690 million by the Government this year and they should come out on their budget,' he said.

Health

If KwaZulu had no water and no money he would support the donation but he did not see why Durban's ratepayers should have to provide for communities elsewhere in the country.

Mr Lange felt the responsiblity to provide water in KwaZulu was a Government one and not the city's.

Mr Donald Smith said in spite of legal definitions the people of KwaZulu were very much part of the city. 'They work here and we depend on their labour,' he said. It was very much in the ratepayers' interest to promote the health of these people.

He said a Sugar Association spokesman had explained that the first pumps had proved inadequate but these had been replaced. An education programme had also been introduced to teach people how to use and maintain the pumps.

Mr Peter Mansfield said R100 000 was a small donation in terms of the goodwill it would generate. KwaZulu needed 2 000 boreholes.

Mr Crispin Hemson — who had asked the council to repeat last year's R100 000 donation — said as a former KwaZulu employee he knew that the major portion of the R690 million budget was being spent on paying teachers' salaries. There was very little left over for developing the infrastructure.

TV

eaking than the rage TV

by any it. here was ther look of comtile musi- -teacher usic from d played the very

interesting six-continent cycle journey by three Americans — all in all quite a lot to pack into half-an-hour.

At this point I was ready to write off most of the balance of the English viewing, but this proved to be far from the case.

The last programme in the *Strike a Match* series was made interesting by the large prize won easily by the professional of the programme, Angus Mackintosh.

He has really done very well out of his encounters with Alan Field — nearly R2 000 in cash, a QE 2 trip and now an array of electronic marvels.

And still the evening went on providing good viewing with the well-photographed *Coast of Kingdoms*.

Then along came the best-yet episode of *A Settler's Tale*, well acted and with a clear story line.

What a change!

Later *Sulkerkaskenades* added a good laugh to the evening as top athletes got away from their own disciplines, but exerted great efforts nonetheless.

And Natal emerged the winner.

BILL FAILL

(194) RDM 30/3/82

Unrest hits Natal areas

By STEVEN FRIEDMAN
Labour Reporter

LABOUR unrest hit the northern Natal and KwaZulu areas of Mandini and Isethebe yesterday as 1 600 workers downed tools at the Sappi plant in Mandini and there was a widespread stay-away at plants in Isethebe.

Police dispersed a meeting of strikers at a Mandini supermarket and then dispersed another gathering in the nearby Sundumbili township. Police baton charged workers at the township gathering and workers responded by throwing stones at police, the Rand Daily Mail Durban correspondent reports.

It could not be established how widespread the stay-away had been in Isethebe, but Sapa reports that stoppages were widespread and sources in the area say most factories appear to have been affected.

The Mail Durban correspondent reports that a security police spokesman said a KwaZulu Government official was in the area attempting to intervene. He declined to comment on reports of clashes between strikers and police.

A representative of Fosatu's Paper, Wood and Allied Workers Union — which is recognised at Sappi — said the strike followed a boycott of canteen food by Sappi workers.

They had complained about the food and were negotiating with management for a pay rise in exchange for the food.

Matters came to a head when a worker defied the boycott and ate in the canteen. He was assaulted by two members of a vigilante committee in the township.

The two men had been arrested and workers were demanding that Sappi secure their release They were refusing to return until the men were released.

"The whole thing has developed into a community issue. The vigilante committee is popular in the township and this is why the workers in Isithebe are staying away until they are released," the union spokesman said.

"Management are negotiating with our shop stewards but there is no prospect of a settlement until they are released.

But Sappi has denied that the incident stems from the canteen boycott.

A statement issued by the company yesterday said management was attempting to get talks under way with PWAWU shop stewards

"We're willing to sit down with the stewards at any time in order to sort out a solution", the general manager of the company's Tugela mill, Mr Bernard Chamberlin, said.

Mr Chamberlin said none of the alleged assaults took place on Sappi property.

demands and expecta- tions of individuals as well as society at large.

Although South Africa was Western orientated,

ing pressurized by out- side forces, but with a view to the improvement of existing conditions in accordance with our own

of the many positive fac- ets to the South African scene today".

Mr Schlebusch added: "An example of the deter- mination to bring about peaceful and democratic change as far as it may be necessary, can clearly be seen in the establishment of the President's Council in 1980."

Public interest

He pointed out that the PC's function was not only to advise the State Presi- dent, at his request, on matters referred to the PC, but also to advise on any matter which in its (the PC's) opinion was of public interest.

"The establishment of the PC is a unique and sincere attempt to pro- mote co-operation, con- sultation and negotiations among the various popu- lation groups in the Republic.

"Although the Presi- dent's Council is obvious- ly not part of the deci- sion-making machinery of the South African Parlia- ment, it is clear that the council will, for some time to come, play an im- portant role in determin- ing the history of the country by way of its rec- ommendations," Mr Schlebusch said.

Cape Times 30/3/82

Riot police use teargas on strikers

Own Correspondent

DURBAN. — More than 500 striking workers were dispersed by riot police using teargas at Mandini near here yesterday.

Workers from the South African Paper and Pulp Industries' largest mill had congregated outside a supermarket close to their township.

Riot police fired tear- gas when workers failed to disperse, workers said later.

A union shop steward said workers then tried to gather in the square of the Sundumbili township but were again dispersed by police.

Workers from the Sappi Tugela Mill downed tools at midnight demanding the release of two col- leagues detained by police in connection with alleged assaults.

A large number of workers from the nearby Isethebe industrial area stopped work in sympathy with the Sappi workers.

A shop steward said the strike stemmed from a dispute with management over the quality of food in the canteen.

He said workers had been boycotting the can- teen for two weeks and the alleged assault had taken place after a work- er had broken this boycott.

The workers claim the assaulted man was per- suaded by a Sappi secur- ity officer to lay charges.

Two men are to appear in the Inyoli Magistrate's Court today.

A spokesman for the mill said they were pre- pared to sit down with worker representatives at any time to bring about a return to work.

A statement issued by the union said: "By allow- ing the police to take con- trol, Sappi management have allowed things to es- calate to the scale which has been reached.

"We feel Sappi manage- ment could have done much to keep the police out of the situation and thus keep the issue as one between themselves and their employees."

A From page 1

that province from throw- ing in their lot with the newly-formed Conserva- tive Party.

A press statement is- sued last night by the Prime Minister's Office, was couched in euphe- misms in an obvious bid to play down the signifi- cance of the event. "It is part of the tradition of the NP to call a federal con- gress from time to time to provide the provincial congresses with informa- tion as well as recommen- dations on matters of national interest.

"In the same way con- gresses were held in 1938, 1941, 1945, 1960 and 1964," the statement said. At the 1938 congress the race question came under the national spotlight for the first time and in 1960 Dr Hendrik Verwoerd called a federal congress to seek party unity on the decla- ration of a republic.

Big clout

According to sources the four provincial head committees have not con- ferred the powers of bind- ing decisions on the Bloemfontein congress. However, any recommen- dations passed by the congress will carry enor- mous clout and would give Mr Botha a mighty stick to hold over a poten- tially obstructionist Transvaal congress.

Admiral Edwards, h
the final few secon

Swapo testify US co

From JOHN MATISON

WASHINGTON. — Lutheran pastor in nor ern SWA/Namibia had cruited people for Swa a captured former Swa insurgent told the Unit State Senate's Dent sub-committee on secu ity and terrorism.

Mr Emanuel Hashik 27, said Pastor Jesaj W hongo of the Elok Lu eran Church in Edund had told him Swapo wa good organization.

Mr Hashiko said he l SWA/Namibia to furth his education, which h suffered because of ove crowding at schools. T influence of his past and Freedom Radi broadcast from Lusa had made him decide join Swapo and furth his education. Once Angola, Swapo officia had said the organizati "had no time for ac demic education — or military training".

Contact

On a mission in SWA/Namibia in Febr ary 1980 there was a "c tact" with the South Af can security forces, which Mr Hashiko w wounded in both thig and captured.

Mr Hashiko and Dickson Namolo, 25, te fied at the first day hearings on SWA/Na bia held by Senator Je miah Denton.

Mr Namolo said he l Swa/Namibia to rece an education, but agre to military training at Swapo base at Okash in Angola near the Za bian border.

His group infiltrat

New mo

Amic to spend R520m on new Mondi mill

30/3/82 (194) Mercury

JOHANNESBURG—Anglo American Industrial Corporation (Amic), S A's biggest industrial group, is to spend R1 500-million in the next five years — R520 million of it on the new pulp mill for Mondi. So says the chairman, Mr Gavin Relly, in his annual report.

He added that Amic may suffer a dilution in earnings a share in the current year but expects to raise its dividend by the inflation rate.

Mr Relly says it is clear that 1982 is likely to be a difficult year, with lower export prices in contracting world markets.

While consumer demand is being dampened, inflation goes on at a high rate and industrial companies are having difficulty containing costs and are paying record interest rates.

'Against this backdrop, it will be difficult for Amic's operating subsidiaries to achieve higher profits in real terms.

'However, the enlargement of the group has resulted in a very sound spread of investments across the economic spectrum and these new investments will contribute to 1982 earnings.

'As forecast at the time of the merger with Debincor, there may be small dilution in earnings per share but it is anticipated that the group will be able to increase the dividend by an amount at least equal to the rate of inflation.'

Mr Relly forecasts stringent monetary controls and significantly weaker domestic markets, with the greatest impact likely to be on consumer durable, residential construction and investment in private manufacturing.

'Some commentators have been quick to project this rather sombre short term outlook into the longer term.

'It has to be acknowledged that there are new elements in the fight against inflation, most importantly in the United States, and that both the duration and the outcome of the battle remain highly uncertain and will have profound implications for the Western world in general and for S A in particular.

'However, undue pessimism can all too easily arise if we lose sight of this country's diversified mineral and industrial recourse base.

'Ultimately, a period of sustained growth in the industrial world, associated with relativle stable prices, would greatly benefit all trading nations.

Benefits

'Alternatively, we are in the fortunate position to reap substantial benefits from earlier reflationary actions, if such a course is forced on Western leaders.'

The Mondi pulp mill is to be funded by equity subscriptions by shareholders, Mondi's cash resources and borrowings already arranged. The new mill will alleviate Mondi's chemical pulp shortage and generate substantial export revenue.

Last year Mondi commissioned a fifth paper machine and boiler plant at a cost of R88-million, while its timber interests were expanded through the purchase of Jessievale Saw Mills and 49 perecent of HLH's timber operations.

Negotiations for the purchase of Usutu Pulp and Paper for R110-million are continuing.

Breakdown

A breakdown of profits shows that iron steel and engineering contributed 29 percent (27pc) of earnings, timber 20 percent (24pc), mining tools and contracting services 22 percent (20pc), chemicals 9 percent (8pc) and motor and transport 5 percent (8pc).

Nearly 84 percent of group earnings came from S A, 6,6 percent (4,2pc) from the U S, 4,5 percent (3,5pc) from South America and Australia and 2 percent from the U K and Europe.

Shareholders' funds with subsidiaries and investments at cost on January 1 were R1 211-million and total capital employed R2 400-million. Total debt was R439-million.

Interest paid last year was R34 078 000. This was covered 7,8 times by pre-interest profit.

Sigma Motor Corporation, 38 percent-owned, lifted pre-tax profit 6,5 percent but a R8 800 000 tax charge knocked earnings by 22 percent to R23 200 000.

Hazell

Star

Dozens arrested in paper mill unrest

30/3/82 (F14)

Labour Reporter

Police were reported to have arrested dozens of people and used teargas in the Mandini area in Natal yesterday as the effects of the strike at the large Sappi pulp and paper plant continued to spread throughout the region.

About 1 200 workers went on strike at the Sappi plant yesterday morning, demanding that police release two of their colleagues arrested at the weekend for their alleged involvement in a vigilante group.

Other plants in the area also reported absenteeism and police went to nearby Sundumbile township to settle unrest.

Planned talks between Sappi and shop stewards of the Fosatu-affiliated Paper, Wood and Allied Workers' Union never started as the union called its members away from the plant.

In a statement, Sappi management said they were willing to hold talks with the union, which is recognised at Sappi, but were unable to influence the police about the release of the two workers.

The basis of the dispute appears to lie in worker demands to shut down canteen facilities and instead receive extra wages in its place.

According to union sources, a worker who broke the canteen boycott was assaulted by the other two men who were subsequently arrested.

There are 1 600 black workers at the Sappi plant out of a work force of 2 250. The plant's general manager, Mr Bernard Chamberlain, said operations were continuing with a skeleton staff.

The Natal Mercury, Wednesday, March 31, 1982

Sappi workers go back today

194

STRIKING workers and residents gather at the township square.

Mercury Reporter

MORE than a thousand workers from Sappi's Tugela mill at Mandeni last night decided to return to work today after a report-back meeting with shop stewards, according to a union offical, and striking Isithebe workers probably will follow suit.

This decision follows a two-day work stoppage which involved thousands of workers both from the Sappi mill and from a number of Isithebe factories.

Miss Pat Horn, an organiser for the Fosatu-affiliated Paper, Wood and Allied Workers' Union, said at a meeting with shop stewards yesterday afternoon that Sappi management had said they were willing to re-employ all the workers, but if they had not returned to work by midnight they would be dismissed.

The shop stewards said they would discuss the matter with workers before any decision was made to return to work.

The stoppage was sparked off by about 1 600 Sappi workers downing tools early on Monday and demanding that management procure the release of two of their colleagues who had been detained by the police in connection with an alleged assault.

The assault allegedly took place when a worker had broken a two-week worker boycott of the canteen at the Mandini Sappi mill.

A third worker was detained by the police late on Monday in connection with the assault.

Meanwhile, Mr Thembinkosi Mgwaba, 56, Mr Bhefika Mabaso, 45, and Mr Mbongeni Zulu appeared briefly before Mr P M van Zyl in the Inyoni Magistrate's Court on a charge of assault.

The hearing was adjourned to April 15 and the three men were released on warning.

They were then taken back to the township by the police where people gathered in the square and rejoiced at their release. The three men were carried round on the shoulders of some of the striking workers.

A large number of workers and township residents gathered in the square in Sundumbili early yesterday morning. A number of vans containing Riot Police continued to patrol the township.

The Eshowe District Commandant, Col J Gijsbers, said that the township was fairly peaceful yesterday because there was none of the intimidation that had been witnessed on Monday.

He said on Monday there had been an average 30 percent attendance at Isithebe factories and workers had complained to employers of intimidation.

But, Col Gijsbers said, the attendance at Isithebe factories had improved quite a bit yesterday.

He told the Mercury that police had used tear-smoke to disperse about 5 000 workers and township residents gathered on veld between the Mandini supermarket and the township on Monday.

Col Gijsbers said that unlike a gas, tear-smoke was just an irritant and had no real effect on people.

He said that, contrary to claims by the workers, 'the police do not take sides in any dispute as we have a law-enforcing function'.

Forty-two workers had been arrested on Monday and most had been fined R50 (or 80 days) for attending an illegal gathering, Col Gijsbers said.

He said a number of those arrested had been charged with possession of dangerous weapons and malicious damage to property.

The general manager of the mill, Mr Bernard Chamberlin, said production at Sappi had continued yesterday with a skeleton staff.

'Once the strike is over, we are ready to continue our talks with the Paper, Wood and Allied Workers' Union about their suggestion that the black canteen be closed and workers be paid a daily food allowance,' he said.

Miss Horn said management had agreed to pay out a 7 c food allowance but workers had argued for 30 c.

They claimed that the canteen had been serving third-rate maize meal and meat that was off, and that a number of workers had been sick because of the food.

Miss Horn said management had refused to agree to a 30 c food allowance because this would amount to a wage increase — interfering with wage talks.

Before the meeting with Sappi management, Miss Horn said representatives of Isithebe factories had called for a minimum wage of R2,50 an hour and domestic workers for a minimum of R60 a month.

She said the Mayor of Sundumbili had agreed to take the Isithebe workers' demands to a meeting of Isithebe employers which was held last night.

Two-day Sappi mill strike ends

(194) Star 31/3/82

Labour Reporter

About 1 200 workers at the Sappi pulp and paper mill in Mandini, Natal, returned to work today, ending a two-day strike.

The return followed a meeting last night of Sappi workers and officials of the Paper, Wood and Allied Workers' Union which is recognised at the plant.

The strike was the result of the arrest by police of two Sappi workers for their alleged membership in a township "vigilante group.

A third worker was also arrested in connection with the vigilante group and all three appeared in court yesterday and were released pending a further court appearance on April 15.

It is understood their release eased worker tensions and resulted in the return to work. The strikers had demanded their release.

Workers return at Sappi

ARGUS 31/3/82

(194)

Argus Correspondent

DURBAN. — There was a full return to work today at Sappi's Mandini plant after two days of labour disruption.

A spokesman for the firm said both the midnight and the 6 am shifts reported for duty. Indications were that today's remaining shifts would also return to normal.

Yesterday's ballot by the 1 600 workers to end the two-day stoppage followed the release on warning of three colleagues, earlier charged with assault when they appeared in the Inyoni Magistrate's court.

The three men, Mr Thembinkosi Mgwaba, Mr Bhefika Mabaso and Mr Mbongeni Zulu, alleged to be members of the Sundumbili township's vigilante squad, were remanded to reappear on April 15.

The workers' vote to return to work coincided with an ultimatum by the management that if they did not report for the next shift duty they would have been deemed to have resigned.

It's back to work

Mercury Reporter

(194) Mercury 14/1/82

Isithebe, Sappi men end two-day stoppage

STRIKING workers from Isithebe factories and the Sappi mill at Tugela returned to work yesterday — bringing to an end a two-day stoppage which affected the whole of Sundumbili township.

On Monday about 1 600 workers from the Sappi mill at Mandini downed tools, demanding that management procure the release of two of their colleagues who had been detained by the police in connection with an alleged assault.

The alleged assault stemmed from a two-week worker boycott of the canteen which workers said was serving 'disgusting food'. The man allegedly assaulted apparently broke the boycott.

The three men — another was arrested late on Monday — were members of an unofficial vigilante group started in the township in order to keep peace, according to workers.

The Sappi workers were joined in their stoppage by thousands of workers from Isithebe factories living in the Sundumbili township, who supported the call for the release of members of the vigilante group. Police have said intimidation kept many workers away from the Isithebe factories.

About 5 000 workers and township residents gathered outside the Mandini supermarket were dispersed by Riot Police using tear-smoke. For the rest of the work stoppage, the township was patrolled by Riot Police in vans 'in order to prevent intimidation'.

During the unrest in the township, which lies between Mandini and Isithebe, 42 people were arrested and charged with attending an illegal gathering. The majority of these were released after paying admission-of-guilt fines.

The release of the three men who appeared in the Inyoni Magistrate's Court on Tuesday was celebrated by both striking workers and township people who carried the men on their shoulders.

Meeting

But yesterday it was all quiet in the township, according to Col J Gijsbers, Eshowe's District Commandant, who said 'some of the Riot Police' had been withdrawn.

After a meeting in the township on Tuesday night, Sappi workers decided to return to work and from reports it would seem that most Isithebe workers followed suit.

Sappi workers said they would continue to negotiate with management over their demand for the closure of the canteen and the substitution of a 30c food allowance.

SUNDAY TRIBUNE, APRIL 4, 1982

4/4/82 S. Tribune P4

Now Sappi admits to calling in the police

By BARNEY MTHOMBOTI

SAPPI has admitted it called in the police who arrested two workers at its Mandini plant — an action which led to two days of labour and social disruption in the Mandini-Isithebe industrial complex.

At one stage, the Sunday Tribune was told, riot police were involved in a "running battle with more than 10 000 striking workers".

The two men Mr Thembinkosi Mgwaba and Mr Mbongeni Zulu, were arrested after another workers was assaulted for breaking a two-week-old canteen.

The workers are demanding an extra 30c an hour instead of the free meals which they claim are "rotten."

The company denied repeatedly in meetings with trade unions and community leaders that it called in police.

But this week Sappi personnel manager Nick Bantich told the Sunday Tribune: "We had an obligation to inform the police about an incident which happened on our property."

The arrest of the two men — members of the vigilante group in the nearby Sundumbili township which has succeeded in weeding out crime in the area — led to a walk-out by all Sappi's 1 600 workers. Workers in more than 40 factories at the Isithebe complex came out in sympathy.

About 42 strikers were later arrested and charged after confrontation with the riot police.

Chairman of the Sundumbili Town Council, Mr A. M. Gcaleka, told the Sunday Tribune the township looked like a fortress as riot police engaged in a running battle with more than 10 000 striking workers.

"The whole township was a mess," he said "Sundumbili has never seen anything like this before. This is a very quiet and peaceful place."

Mr Gcaleka said he was woken up by the police at 3am on Monday to go to speak to the Sappi workers who were refusing to work.

"I refused," he said. "I couldn't just go and tell people to go back to work when I didn't know the background to the conflict."

He said the strike affected virtually all the 20 000 homes in Sundumbili and about 45 factories at the near-by Isithebe complex, and added: "Even domestic workers didn't go to work."

On Monday morning all the striking workers congregated at a shopping centre near the plant and asked to speak to management representatives. They were dispersed by riot police using tear-gas.

Mr Gcaleka said this action had incensed the strikers. "From what I heard the police gave them two minutes to disperse before they threw tear-gas cannisters.

"The people had been very peaceful." He added: "When the riot police followed them into the township they retaliated by throwing stones.

"The people could not understand this." They had been told to leave the hypermarket because it was a white area — and then the police followed them with dogs, batons and tear-gas. They were bitter about it."

Pat Horn, organiser of the Paper, Wood and Allied Workers' Union, said the main feature of the strike was the police presence. "The thing in labour unrest is to keep the police right out of it."

BUSINESS

Kohler in R7m package deal

(194) S. Express 11/4/82

KOHLER Limited has acquired the flexible packaging operations of Wiggins Teape Ltd for R7 250 000 cash.

The operations involved are Wiggins Teape Flexible Packaging and its subsidiaries Wiggins Teape Custom Packaging, Welgar Investments and Packaging Centre SA, all of which will trade under the Kohler Flexible Packaging name.

The effective date of the acquisition is January 1, 1982.

Kohler already has a substantial presence in the field of flexible packaging through manufacturing facilities in Pinetown and Cape Town.

Until now, however, it has not had a Flexible plant on the Witwatersrand where the bulk of the market is concentrated.

SA PAPER FM 14/5/82

Dumping fears (194)

Falling international markets for paper and spare capacity in the major producing countries have generated fear of dumping on the SA market.

Sappi, the country's largest producer of kraft liner board, has petitioned the Board of Trade and Industries (BTI) for variable anti-dumping duties against foreign producers, whose export prices are lower than their domestic prices.

In effect, this will probably mean that the maximum normal duty will be about 15% on average, except in cases where dumping takes place. In that event, a countervailing duty will be applied against dumped paper to bring its price into line with the average international price in the major producing countries.

The Sappi application was lodged with BTI after evidence was uncovered that New Zealand producers were offering kraft liner board to the SA Citrus Board for nearly 40% less than the domestic NZ price.

It is understood that the deal has fallen through and that the Citrus Board has reverted to local supply.

In the meantime the Deciduous Fruit Board (DFB) has announced that it intends to buy liner board from a Chicago producer on highly favourable terms. It has also stated that it will oppose Sappi's application for an anti-dumping device.

It is understood that the DFB has already been given an import permit — one of the largest ever granted for paper.

The DFB is the largest consumer of corrugated boxes in the Cape. In the current export season, now drawing to a close, it expects to ship more than 23m cartons of fruit overseas, while domestic sales may require nearly as many cartons. The DFB says total packaging costs of fruit-growers may be as high as R40m this season. Its overall annual requirement of liner board for conversion to corrugated containers is about 7% of total SA consumption.

According to official trade sources, the DFB has not yet made much use of its import allocation, but because permits have an effective life of 15 months, it could well do so for the 1982/83 season.

US paper mills are desperate for business. So it's a fair bet that they would be keen to execute any foreign orders now during the recessionary period, and not in six months' time, when the business cycle may have begun to rise. On the other hand, the DFB may not wish to execute now and hold thousands of tons of liner board for six months. But this would depend largely on price.

The international price for kraft liner board is between \$460 and \$600/t. The SA domestic price is about R470/t in Natal and R520/t in Cape Town.

In the US, however, it is known from industry's so-called yellow sheet that liner board can be picked up for as little as \$340/t.

It is thought that the DFB deal may have been concluded at this level fob. On a cif basis, this would inflate to somewhere quite close to the domestic price. The DFB denies this and says its arithmetic indicates a substantial saving on the price quoted by domestic producers. For this reason, it says, it will oppose Sappi's application.

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4. Accommodation

The Department occupies the Snape Building, to which laboratory additions have been recently completed. Work has just begun on further Engineering extensions, from which the Department will gain by the addition of a drawing office and classrooms and the conversion of a present drawing office to staff offices.

At the completion of this work the Department will have adequate accommodation for an entering class of up to 100 students per year and 25 to 30 full time postgraduate students and junior staff members.

5. Equipment

Equipment for laboratory inst ... equires extensive duplication as a re ... aduate numbers over the past five o ... 0 students in each course. For lack of ... not been effected, and as a consequen ... been severely curtailed and the laboratory ... is alarmingly small.

The Department is replanning ... y instruction to arrive at a programme whi ... ime. Loan funds provided for equipment ... ns are now providing a means for accomp

6. Staff

The present established staf ... 2 Professors, 1 Associate Professor, 7 Sen ... unior Lecturers, ... Consolidation ... quested.

... g from a very ... because of the ... oratory instructio ... ese are all ... and individual ... on and marking. ... been used to ... rses. This has ... o staff members ... ands on senior

... ddition of Public Health Engineering under ... rengthening of certain areas, such as Soil ... mme offered in civil engineering has remained ... l have of course changed in detail and have ... stication, but because of difficulties in ... the present programme, changes which have ... e of civil engineering have not been reflected.

... uates of the Department enter the contracting ... ortion of the remainder find themselves in ... al activity within ten years, either in the ... public service. This distinction is important ... engineering work in South Africa has increased

Consol spends R42-m on plant

(NR) S. Times 16/5/82

CONSOL's position as the country's sole supplier of glass bottles will be entrenched with the commissioning next month of the new R36-million Clayville factory.

At the same time, Nampak managing director Bas Kardol tells Business Times that progress with his company's Roodekop glass-bottle factory is exactly on schedule.

Civil works have started, and the commissioning date remains July-August next year.

By Colin Bower

Turnkey contractor is Combrink Construction, and the total cost of the project, including land and escalation, is R40-million.

Phase 1 at Consol's Clayville factory will increase the company's output by between 10% and 12% to 450 000 tons a year.

Phase 2, scheduled to come on stream by about this time next year, will further increase output to 500 000 tons.

Hennie Roos, general manager of the company's glass division, says that by January next year the company will be able to meet South Africa's requirements without recourse to imported products.

This year Consol will import 10 000 tons of glass bottles.

While not venturing a remark about Nampak's foray into territory traditionally Consol's, the company's directors may well see Nampak's move (to some extent and provided that Nampak's market share does not exceed 10%), as serving Consol's purposes.

The company carries a burden as the country's sole supplier, insofar as it must meet requirements, sometimes irrespective of profitability. Imports, for instance, are sold at a loss.

A competitor will presumably be obliged to shoulder a portion of that burden by also carrying some of the less profitable product lines.

In addition, Consol is known to be keen to see the abolition of price control in the industry, and its submissions to the controller would carry a lot more weight if it were not in a monopolistic position.

The R125-million glass-packaging industry, which has seen growth of 20% a year for the past three years, is likely to achieve a 10% growth over the next 12 months, says Mr Roos.

(194) . and paper factory

S. Times 16/5/82

CONSOL is to build a R6-million factory near Cape Town for the manufacture of corrugated-paper containers.

Consol entered the corrugated container market two years ago when it acquired Time Packaging Corporation in Alberton.

Gert du Toit, general manager of Consol's paper packaging division, says commissioning of the new plant is planned for early next year, in time for the fruit-packing season.

"This investment," says Mr du Toit, "provides the company with a direct means of entering a lucrative, large corrugated container market, a major portion of which is aligned with the Cape fruit industry."

Initially the plant will provide employment for 150, and products will include all types of corrugated cartons and dividers for corrugated boxes.

With Consol diversifying into paper and plastics, Nampak making a bold move into glass and both Kohler and Metal Box keen on diversification, competition within the packaging industry is stiffening.

In the light of the state of the economy, the packaging giants may well have to pull in their belts over the next 18 months.

Transport & General Workers Union

Base Metal Industries and Manufacture of Fabricated Metal Products Machinery and Equipment

Amalgamated Engineering Union of South Africa
Amalgamated Society of Woodworkers
Black Allied Workers Union
Electrical and Allied Trade Union of S.A.
Electrical and Allied Workers Union of S.A.
Engineering and Allied Workers Union
Engineering Industrial Workers Union of S.A.
General Workers Union
General Workers Union of South Africa
Iron Moulders Society of South Africa
Metal and Allied Workers Union
Motor Assembly Components Workers Union of South Africa
Motor Industry Employees Union of South Africa
Motor Industry Combined Workers Union
Motor Industry Staff Association
National Union of Engineering, Industrial and Allied Workers
National Union of Motor Assembly & Rubber Workers of S.A.
Radio Television, Electronic and Allied Workers Union
S.A. Boilermakers, Iron and Steelworkers, Shipbuilders and Welders
S.A. Electrical Workers Union
S.A. Iron, Steel and Allied Industries Union
S.A. Tin Workers Union
South African Allied Workers Union (SAAWU)
Steel, Engineering and Allied Workers Union
Transvaal, Radio, Television and Allied Workers Union
United African Motor and Allied Workers Union

Nampak workers strike

Sowetan 19/5/88

By SELLO RABOTHATA

WORKERS at two companies in the Johannesburg area went on strike this week after making wage demands from management. In another incident, 95 other workers were fired after demanding the transfer of a white supervisor.

At Nampak Polyfoil, near Nancefield, over 200 workers downed tools after demanding a wage increase. The workers demanded a general increase of 85 percent.

A statement issued by Nampak management confirmed that no workers arrived at the factory on Monday and that the company was prepared to discuss the situation with the workers, but so far none of the workers has come forward to discuss the issue.

On Monday morning, 30 workers were also reported to have downed tools at Republic Brushware in Robertsham. A worker spokesman said they were demanding a wage increase. She claimed some of them were presently earning about R19 a week. A company spokesman, Mr D J Febba, yesterday told The SOWETAN that none of the workers had been involved in any stoppage.

About 95 workers employed by Cargo Carriers, in Booysens, were dismissed after they had demanded that their supervisor be transferred to another plant. The workers had downed tools alleging that the supervisor called them "kaffirs" and sometimes assaulted them. The supervisor, Mr Chris Zevenster, denied he assaulted or called workers "kaffirs". He con-

Meanwhile about 500 000 metal workers of all races will receive wage increases of at least 30 cents an hour in terms of an industrial council agreement between unions and employers. Minimum pay rates have been raised by between 16 percent for the top category of skilled workers and 26,5 percent for the lowest paid unskilled workers. The minimum rate in the industry will now become R1.43 an hour.

Unionists say strikes should be a last resort

Mercury 21/5/82 194

Mercury Reporter

WORKERS went on strike only in the face of an absolutely uncompromising management, Natal trade unionists said yesterday.

They were responding to KwaZulu's Minister for the Interior, Dr Frank Mdlalose's policy speech in the Legislative Assembly earlier this week in which he said that 'a strike should not be accepted as the only solution to industrial disputes, as some trade unionists appeared to think'.

Dr Mdlalose also said strikes could have far-reaching effects on both industries and workers and should be resorted to only after serious contemplation and consultation.

A northern Natal organiser for Fosatu, who asked not to be named, said that any astute unionist knew that strikes should be used as a last measure because of the possibility of people losing their jobs.

'Strikes only happen when management refuses to have anything to do with workers or, as was the case with last month's strike at Mandini, when management calls in the police.'

The strike at Mandini was sparked off by a dispute between workers and management at Sappi's Tugela mill, but they were supported by thousands of workers from the nearby 'border' industrial area of Isithebe.

She said it was quite evident in the dispute at Sappi that worker representatives had tried to negotiate with management in order to avoid a strike, but this had failed.

'In the face of complete intransigence, it then becomes difficult to contain worker militancy.

'The function of a trade union is to find negotiating channels and not to encourage wildcat strikes,' the organiser said.

Mr Magwaza Maphalala, the national organiser for the National Federation of Workers, who was involved in what Dr Mdlalose called 'an unfortunate incident', (the Richards Bay Minerals strike last year), said the union discouraged workers from taking strike action.

'Workers do not blindly go on strike but do so only when they get no response from management,' he said.

A Durban trade union organiser, who preferred to remain anonymous, pointed out that 'the workers know the price of strikes because they were the ones to bear the brunt of it' so they were unlikely to go on strike without just cause.

He added though, that it would be foolish to take away a worker's right to strike because it was the only weapon he had.

Blind meeting

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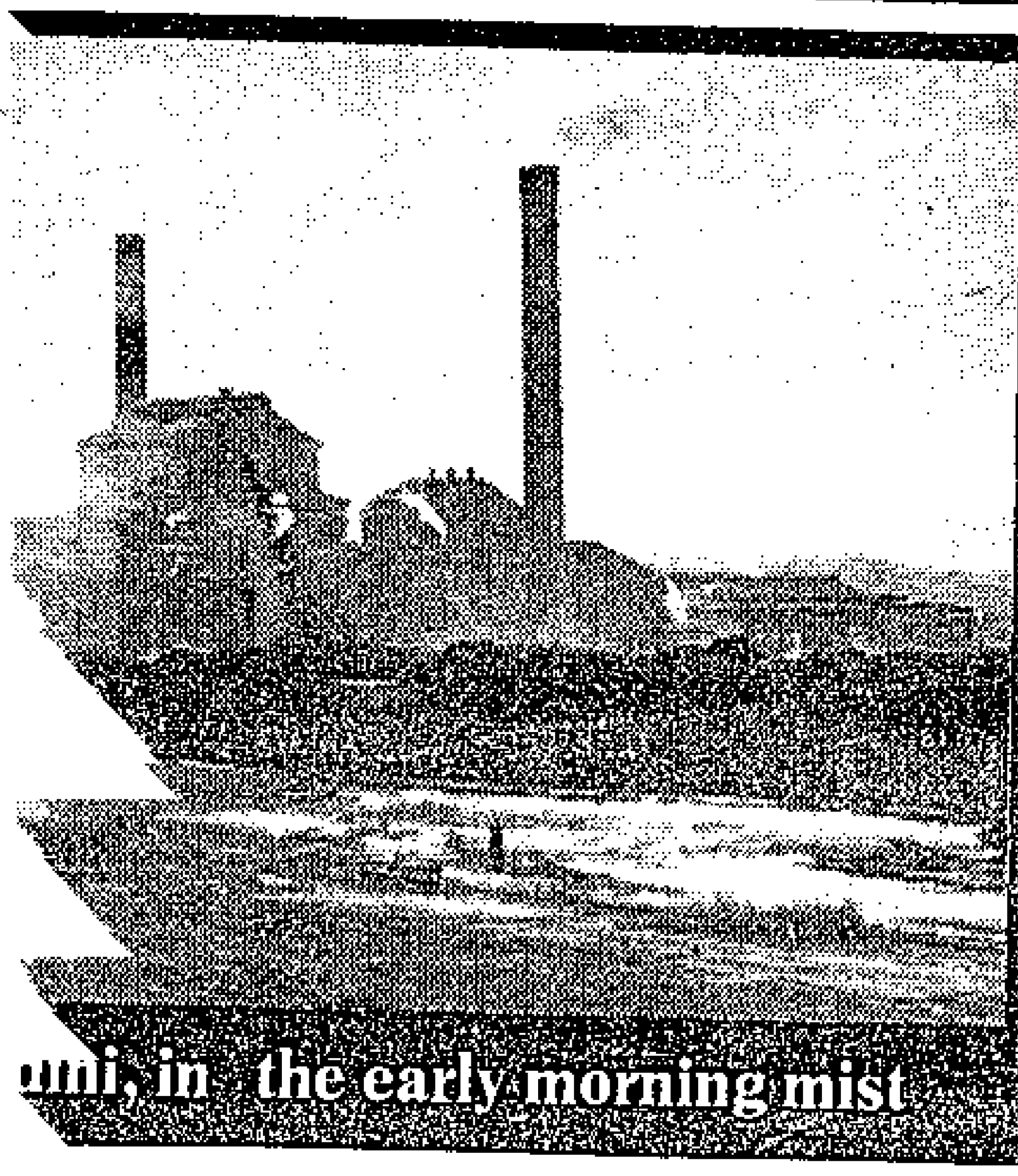

mi, in the early morning mist

Sappi keeps the paper rolling along

By PAT FARLEY

SA PULP and Paper Industries (Sappi) is currently in the throes of an R800-million expansion programme which will make the group one of the largest single undertakings by private enterprise in the country and the largest single paper industry project in the world now in progress.

Sappi already supplies half of South Africa's pulp and paper needs. A new mill at Ngodwana near Nelspruit, as part of the first phase of the expansion programme, will raise the company's overall capacity from 600 000 to 860 000 tons of pulp, paper and tissue a year.

It will make Sappi self sufficient in pulp requirements and still leave substantial tonnages available for export. In coming years the company will be able to meet the growth in local demand.

The expansion programme is split into three phases.

• PHASE ONE: This will see the installation of a machine at Ngodwana with a capacity to produce 140 000 tons of newsprint a year from mid-1983. Sappi's existing newsprint machine at Enstra will be converted to the production of fine papers.

The conversion will enable three existing fine paper machines at Enstra mill near Springs to be phased out. Timed to come on stream simultaneously in the second half of 1983 there will be additional plants at Enstra to produce bleached pulp for the production of fine paper. The Enstra part of the programme thus dovetails with Ngodwana and will absorb about R35-million of the R800 000-million.

• PHASE TWO: Development at Ngodwana will start at the same time as Phase One, but will take until 1984 to complete.

This will be the major part of the expansion programme, adding some 260 000 tons yearly capacity for producing unbleached pulp.

The additional pulp output will immediately replace imports that Sappi presently needs in order to keep existing paper and tissue manufacturing plants operating, will cope with market growth and will leave substantial tonnages of bleached pulp available for export to Sappi customers in Europe and the Far East.

• PHASE THREE: Will be completed in 1985, adding 150 000 tons a year capacity of kraft liner and fluting. Agreements in principle have been reached for the export of up to one third of this production to Sappi customers in the Far East.

The newsprint machine, on which Phase One centres, will produce offset-quality newsprint.

It will include a separate wood handling system for processing pine logs, which will be debarked and cut to 1,2 m lengths before being fed into the mechanical pulping system.

This will consist of eight conventional grinders, each powered in tandem by a 4 400 kW motor and two modern pressure grinders each powered by a 3 000 kW motor. Phase One includes a modern coal boiler which is also capable of burning bark so as to reduce energy costs.

The mechanical pulp produced by the groundwood system will provide about 85 percent of the pulp for the newsprint machine. This will be supplemented by semi-bleached long fibre chemical pulp supplied by the pulp mill to be constructed in Phase Two.

The paper machine itself will be a high-speed machine capable of producing at 1 080 metres a minute and will have a deckle of 6,68 m. It will incorporate the latest in twin wire technology in the form of a Bel-Baie unit. The machine has been ordered from Beloit Walmsley Limited of the UK and is scheduled for shipment later this year.

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PRINTING

Sappi's paper mill at Mandini, in the early morning mist

Sappi keeps the paper rolling along

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Sowetan 4/6/82

Union men threatened

(194)

TWO members of the Hotel, Liquor, Catering and Allied Workers' Union of SA have claimed that a white official of Success Pack Company in Krugersdorp threatened to assault them when they tried to negotiate on behalf of about 40 strikers at the plant.

The union's president, Mr Hamilton Makedama, told **The SOWETAN** yesterday that the two unionists were forced to leave the premises of the company when officials refused to talk to them.

The two members, Mr Oscar Malgas, national organiser, and Mr Sydwell Magam, education secretary, had gone to the plant to negotiate on behalf of the workers who had demanded higher wages and recognition of the union.

Mr Makedama said that a Mr Claassen had told him that all the workers had been sacked and refused to talk further with regarding their positions.

The unionists were then told to leave the premises, but they insisted that they represented the workers. They were then threatened with assault.

Mr J C Claassen, chairman of the company, said that he had no knowledge of the union members being threatened.

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Fired workers win historic reinstatement

Star 24/6/82

A labour law judgment described by lawyers as being "of international significance" has been handed down by a full Bench of the Supreme Court's Transvaal Provincial Division.

Mr Justice Kees van Dijkhorst upheld an appeal by seven dismissed employees of Stag Packings in Springs and Fosatu's National Union of Textile Workers against a Supreme Court ruling made last year.

The applicants had originally asked for an order declaring the dismissals null and void and securing the workers' reinstatement.

They had also sought an interdict preventing the company victimising the workers because of their union membership.

The application was refused by Mr Justice Nestadt. He drew on a long-standing common law principle that it is contrary to public policy to enforce the contract of employment by compelling an unwilling employer to re-hire dismissed employees.

On appeal the Supreme Court has ruled that this principle "had been falsely elevated to the status of a rule of law" and that dismissed employees are entitled, at court discretion, to normal recourse for breach of contract.

Mr Justice van Dijkhorst said the object of the Labour Relations Act was to give trade unions juristic personality and status so that they could be conducive to good labour relations.

The Wage Act, furthered similar aims and both laws sought to prevent victimisation of employees because of trade union membership, he noted.

Sappi pension fund rules amended

Mercury 7/7/82

Mercury Reporter

PULP and paper giant, Sappi, employing a black labour force of 14 000, has made significant changes to the company's pension rules following a year of negotiations with worker representatives.

Negotiations have been on the go since workers at Sappi's Tugela mill downed tools during last year's wave of strikes sparked off by the proposed Pensions Preservation Bill.

In the light of the discussions, the trustees of the fund have recently agreed to amend the rules in order to accommodate some of the grievances raised by Sappi workers.

The trustees raised the interest rates on members' contributions from 4 percent to 6 percent compound interest, the retirement age has been changed from 65 to 55 and a funeral benefit has been introduced which pays out R500 to the widow.

The company also agreed to make it possible for workers to get education and housing loans.

Addressing the problem of a three- to six-month delay in getting tax clearance before pension moneys can be paid out, the company agreed to pay a maximum of R600 to a worker immediately on leaving the company which would then be deducted from his pension money when cleared.

But, a union source said, a major worker request that the fund be made voluntary was refused by the company.

(194) S. Times. 26/9/82

R800-m Sappi spreads

By Elizabeth Rouse

SAPPI'S giant R800-million pulp and paper plant at Ngodwana, in the Eastern Transvaal, revealed plans this week to make it a force in the world pulp and paper market.

Sappi's managing director, Eugene van As, says the paper giant is taking a positive and optimistic view of its chances in the international market.

A proportion of Ngodwana's production has already been sold to markets in the Far East and pulp has been sold to a trading house, which operates in Europe.

Although there is currently a worldwide over-capacity in the industry, projections show that the market will turn around by 1985.

The Ngodwana mill will be able to start exporting in 1984, when phase two — the major part of development on the vast project — will be completed.

This will add 260 000 tons annual capacity for producing unbleached pulp, of which 200 000 will be converted to bleached pulp.

The additional pulp output will immediately replace imports that Sappi currently needs in order to keep existing paper and tissue manufacturing plants operating, will cope with market growth and will leave substantial tonnages of bleached pulp available for export to Sappi customers in Europe and the Far East.

By 1985, the third phase of Ngodwana will be in operation. Sappi's capacity will then have been raised from 600 000 tons to 860 000 tons of pulp, paper and tissue a year.

That will leave substantial tonnages of pulp available for export.

In addition, phase three will add 150 000 tons a year capacity of kraft liner and fluting. Agreements in principle have been reached for the export of up to one-third of this to Sappi customers in the Far East.

Mr van As believes that Japan offers the best export opportunities, although the European market "could be interesting".

The Japanese paper market is one of the largest in the world. Japan is phasing out its pulp mills, which have become totally uneconomic.

South African paper is competitively priced against European and US products, having the edge on costs of transport, energy and labour, plus the natural advantage of quick-growing timber.

Sappi has gone against the world trend by undertaking the Ngodwana project at this stage.

It is one of the largest single capital projects yet undertaken by private enterprise in South Africa and is one of the largest projects underway in the world.

At a cost of R800-million, the project is three times more pricey than the cost of establishing a gold mine.

PRIVATE ENTERPRISE

Sappi's R800 million venture

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Paper industry colossus rises in the Lowveld

Sappi's R800-million expansion programme at Ngodwana, with boilers the size of Johannesburg's Carlton Hotel, is one of South Africa's largest single private undertakings.

The site covers an area of 100 hectares — the size of a small farm — provides temporary accommodation for 5 000 people or the population of a medium sized town, and the 15 million litres of purified effluent to be pumped on to 600 hectares of adjoining farmland daily will provide grazing for 2 000 cattle — the envy of any farmer.

The world's largest single paper industry project currently under way, the new mill will make Sappi completely self sufficient in pulp requirements leaving substantial tonnage for export. Overall project director, Mr Peter Dixon, describes the Ngodwana project as "big according to any world standard."

Comparisons

But he says there is no means of comparing it with similar construction projects in terms of money or time. "The only real way of getting an idea of its magnitude is looking at the amount of concrete, steel and other building material going into it," he said.

Situated in the picturesque Elands River Valley near Nelspruit the original Ngodwana mill was built in 1966.

The present output is 100 000 tons of dry pulp per annum which is mainly transferred to a mill at Springs for bleaching and paper manufacturing.

Its proximity to forests and the available infrastructure were among the factors that decided Sappi to spend R800 million extending the plant and building an integrated pulp and paper mill.

The largest mill of its kind in Africa it will create 800 new jobs at Ngodwana and 500 new positions in the surrounding forests. Some 200 houses to accommodate the additional staff are being built at the township and a new school will be built shortly.

Work was started in August last year on site preparation and the first piece of structural steel made its appearance in March. Since then 6 000 construction workers have converged on Ngodwana where they are being housed in hundreds of temporary structures alongside the site.

Comfortable accommodation is provided for 4 500 blacks and 1 500 whites and coloured staff. The camp includes a modern kitchen, dining and recreation facilities.

Of the total workforce, fewer than 100 are not South Africans. "I have worked on large constructions all over the world but the Ngodwana project has gained the respect of the South African worker," Mr Dixon said.

"You have tremendous discipline here and I am convinced the project is running as smoothly as it is directly as a result of the high standard of the workers and their leaders."

Mr Dixon described the undertaking as very complex with difficult geological design. He had particular praise for the resident construction manager, Mr Norman Fernie, and general construction superintendent, Mr Corky Berg — both Canadians.

"This as I have stressed is a big project and these men have successfully managed to run it along

The world's largest paper industry project currently in progress will enable Sappi to supply the whole local market and leave substantial tonnage for export. CLYDE JOHNSON of The Star's Lowveld Bureau reports.

the KISS (keep it stupid simple) system," he said.

"The bigger the project the simpler it must be kept. People have the knack of complicating matters and that's when you start picking up problems."

To build the new mill will take 21 000 tons of structural steel, six million bricks, 2 000 kilometres of piping and 400 kilometres of electrical cable. More than 700 000 cubic metres of earth will have been removed, 3 800 piles driven and 110 000 square metres of concrete poured.

Huge buildings already dwarf the old plant and once the project has been completed it will be impossible to define the old boundaries.

Some of the bigger structures include a 120 metre lime kiln weighing 700 tons. Another is the 250 metre paper machine building that will house the 140 000 ton per annum newsprint machine and a 200 000 ton per annum liner board machine.

Impressive looking drum debarkers are capable of handling complete tree trunks.

The biggest structure, a 60 metre recovery boiler will be as tall as a 20-storey building. "I" beams in the paper machine house make a man look the size of a fly, and the giant liquor preparation tanks have a capacity of 16 million litres.

The pulverised fuel boiler — the biggest in Africa — is 60 metres high x 31 metres x 31 metres.

To ensure a continuous water supply a dam with a 10 000 million litres capacity is being built on the Ngodwana river. Situated near the township the dam is 3,5 km long, covers an area of 87 hectares and has a wall 40 metres high.

Once full it will enhance the beauty of the evergreen Elands River Valley.

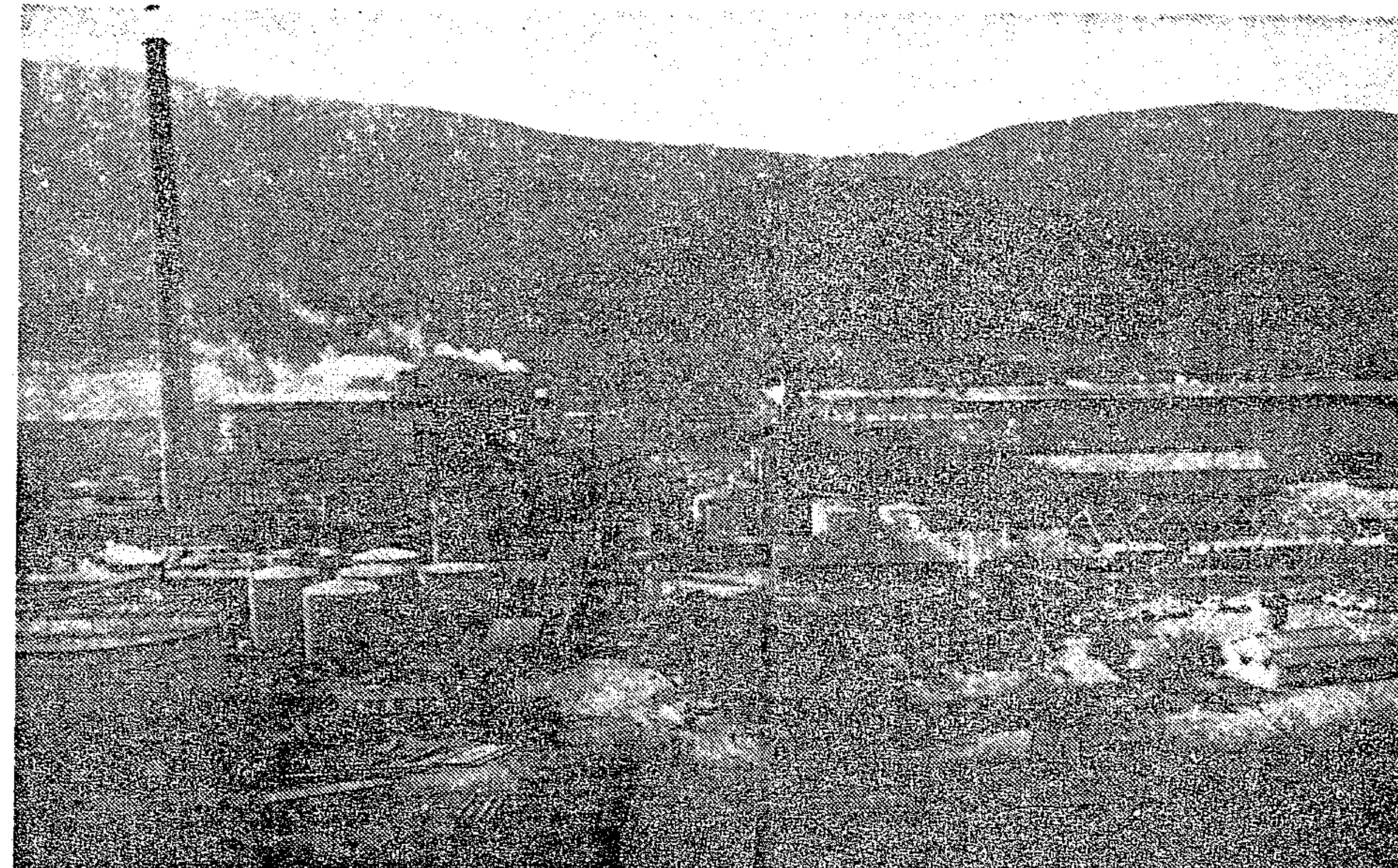
An important consideration in the project has been to avoid any damage to the environment.

The financing of Sappi's R800 million project will come from five main sources.

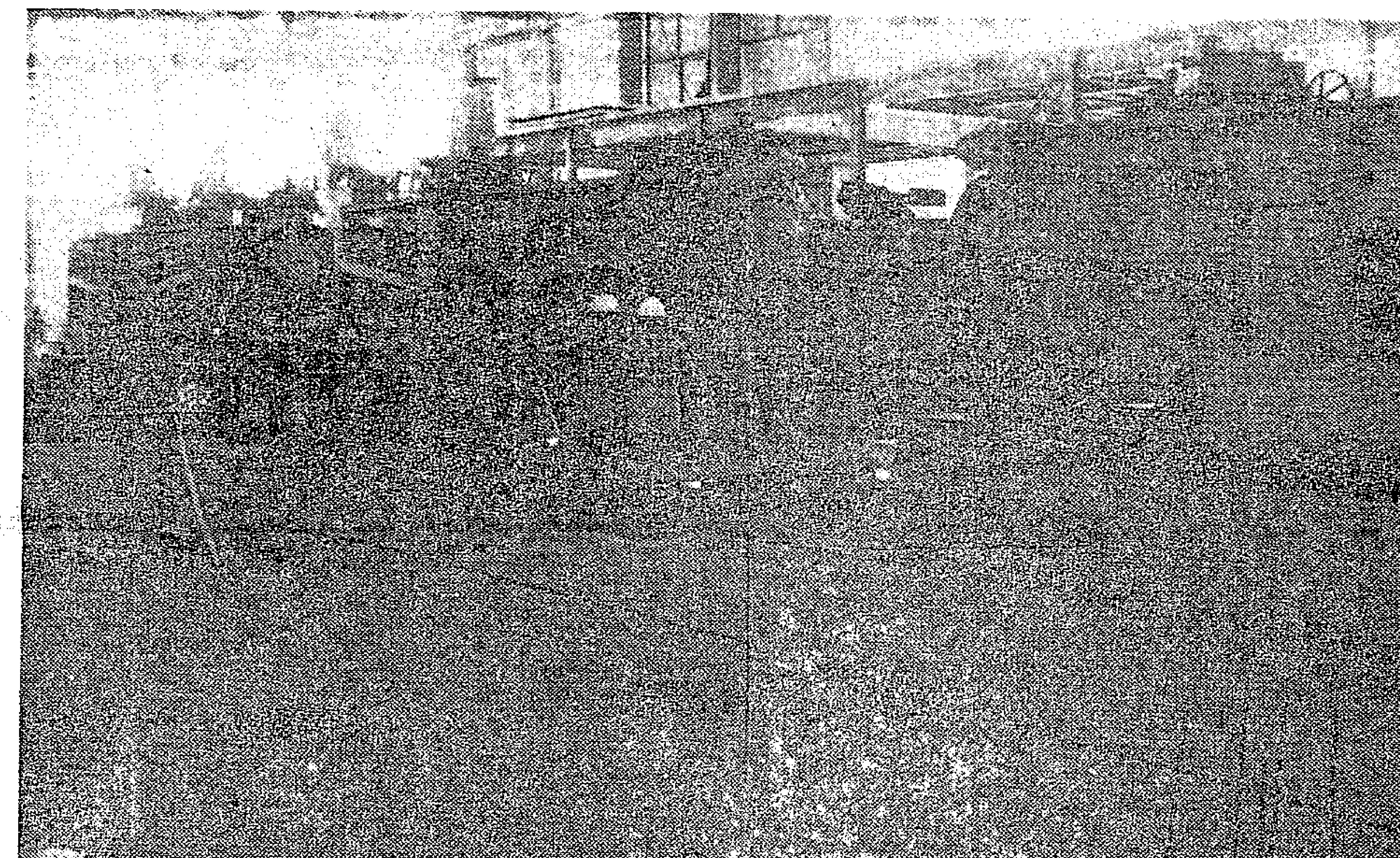
The biggest portion, about R400 million, will be on long-term finance from South African banks in the form of suspensive sales, leasing and loans. About R100 million will be utilised by way of export credit from countries exporting equipment and some R30 million will be used by way of Euro-currency loans.

Sappi's healthy cash flow which rose from R55 million in 1979 to R75 million last year is adequate to meet the group's capital expenditure requirements and dividend objectives as well as contributing towards the Ngodwana project.

The remainder of the funding will come from shareholders who will be offered a mix of convertible preference and ordinary shares in right issues between 1982 and 1984.



A general view of the building activity at the R800 million plant. Over 6 000 construction workers are in



Mechanical log grinders housed in one of the huge structures at Ngodwana. The biggest can handle one at a time.

R600 m found for pulp mill at Richards Bay

(194)

Mercury 27/10/82

MR Reg Donner, managing director of Mondi Paper Company.

Financial Editor

FINANCE for Mondi's R600 million pulp mill at Richards Bay has been secured, managing director Mr Reg Donner said yesterday during a Press tour of the site.

The share capital of the company, which is owned in the Anglo American group, is to be expanded by R150 million, with each of the current holders putting in their share of the new capital.

This will affect De Beers, Amic and Anglo American. The rest — R450 million — will be provided by Nedbank, Standard Bank, Barclays Bank and the Trust Bank group.

The mill will be able to take the full benefit of decentralisation incentives, Mr Donner said.

Half of the output will provide the existing mills (Mondi, Hulett and S A Board) with a supply of pulp which up to now has been imported, while the balance will be exported to bring in a further $100 million.

The massive site will be able to fit six of the Merebank developments (there are five mills there) with initial plans for another pulp plant and four future paper mills at Richards Bay.

Orders for equipment have been placed — many of them at highly favourable fixed price contracts — and tenders for the civil works are expected to be awarded soon.

The mill will generate 60 MVa, or two-thirds of its electrical needs, and will make its own chemicals on site from salt brought from Namibia.

Mr Donner said that environmental considerations had been closely monitored by the Department of Health who had laid down stringent requirements for the quality of the effluent pumped to sea and the air emissions.

He disclosed that the proposal to take over the Usutu Pulp mill in Swaziland had been shelved following the death of King Sobhuza, but that Mondi would continue to buy from them.

Mondi to export R200m annually from Richards Bay mill

27/10/83

(194)

By JOHN MULCAHY

RICHARDS BAY — Mondi Paper Company's exports should double to about R200-million a year when its new Richards Bay plant is completed.

The R600-million scheme, on which the basic infrastructural work is well advanced, is scheduled for completion in October 1984.

The sprawling 400 ha site lies about six kilometres from Richards Bay harbour and half the expected output of bleached pulp and lino board will be exported.

Mondi's earnings have grown to R37-million last year from R11-million in 1974, and in 1981 turnover was R325-million while total capital employed was R299-million.

Soon to be finalised is the contract for civil and construction work worth R45-million.

Mondi's managing director Mr Reg Donner said yesterday the contract would be awarded within a couple of weeks and an as yet unknown consortium is believed to be the leading contender for the huge contract.

Financing of the new plant, said to be the biggest Greenfields pulp mill complex constructed at any one time in the world, will be partly by equity participation and partly by loan finance.

Mondi's major shareholders, Anglo, Amic and De Beers will together be responsible for R150-million and the remaining R450-million will be provided by a consortium of banks comprising Nedbank, Standard, Barclays and Trust Bank.

Some portions of the imported equipment will be financed by offshore loans involving sterling, deutschmark, French francs, Swedish krone, Finnish marks, US and Canadian dollars.

Mr Donner said most orders for the major plant had already been placed "under very favourable terms of fixed price contracts and with supplier and export credit facilities at extremely reasonable rates of interest".

The Richards Bay complex is designed to produce 470 000 tons a year of bleached, unbleached and high yield pulp which will feed a paper machine to produce about 200 000 tons of lino board a year.

As an indication of the huge cost escalation that has plagued the industry over the past ten years Mondi's initial investment at its Merebank plant in Durban including infrastructure and two paper machines was R42-million at 1970 prices. Six years later at 1976 prices the installed costs of a single additional paper machine was R42-million.

By 1980 the fourth paper machine was installed at a cost of R70-million and the fifth mill was completed last year at about the same cost.

In all, investment at Merebank was about R247-million while current replacement costs is over R500-million.

The Merebank complex now has an estimated mill capacity of 1 300 000 tons a year. The Richards Bay mill will use 2 500 000 tons of logs, 15 000 tons of limestone and 100 000 tons of coal a year.

Construction will involve 55 000 tons of equipment, 85 000 tons of concrete and the moving of 650 000 M^3 of earth. During construction up to 5 000 people will be employed on site and the running of the completed project will require about 1 000 employees.

Describing the Richards Bay site as one of the best he had seen in the world, Mr Donner said the major advantages were its proximity to an industrial area, good harbour facilities, plentiful water and the capability of expansion. The site acquired by Mondi was big enough to accommodate four mills of a similar size.

A feature of the design is that the mill will produce enough steam to generate most of its own electricity needs — about 60 MW.

MONDI (194)

Paper profits

FM 29/10/82

When Mondi's new R600m plant comes on stream at Richards Bay (RB) in 1984, SA should be entirely self sufficient in pulp for the board and paper industries. Mondi currently imports the bulk of its pulp from Canada and Finland. The RB plant, which will be one of the biggest single pulping operations in the world, will produce 470 000 t of bleached and unbleached pulp a year.

Half the bleached pulp will be converted into paper products at Mondi's existing paper mills. The other half, together with the liner board produced at the RB site from unbleached pulp, will be exported. Mondi MD Reg Donner says: "This will add another $100m to the $100m Mondi is already earning through the export of newsprint."

Additional pulp will filter through to SA's paper and board industries once Sappi's new pulp plant in the eastern Transvaal comes on line. The production programme is roughly the same as Mondi's RB plant. Although Sappi will initially have spare pulp capacity, the intention is to process the bulk of the mill's chemical pulp into finished paper and board products. Final capital costs willl consequently be closer to R850m because of the additional machines required.

Donner confirms that Mondi is likely to meet Sappi in the export market once both plants are in full production. The export market for pulp and paper, he says, is currently "very depressed," but he expects an improvement by the time the new facilities come on stream.

He is confident that the 140 000 t of pulp which Mondi plans to release on the export market will be absorbed. He notes that Mondi has already established export contracts for paper products with 30 countries and looked carefully at the export market before making its new commitment. "Primarily, we will be looking to the Far East," he says. "There are huge and growing markets there."

Mondi, as the largest private timber grower in the country, has the capacity to supply all its own timber needs. But, according to Donner, this is not the intention. Mondi, he says, will contract with as many independent suppliers as possible to encourage new afforestation. He sees the bulk of the new mill's timber coming from KwaZulu, Natal, Swaziland and the eastern Transvaal. "The new railway line to Richards Bay via Swaziland will enable us to drain the whole of the timber growing area," he says.

Massive Mondi mill set for huge turnover

194

C. Tribune 3/10/82

By Jeremy Rees

ON PAPER, Mondi's massive R600 million pulp mill at Richards Bay will be one of the largest complexes of its kind in the world.

Already the largest board and timber organisation in South Africa, the Mondi group is building the 1 500 tons-a-day pulp mill on a site covering some 400ha.

Construction is well under way and, after the project is completed in October 1984, the mill is expected to produce nearly 500 000 tons of pulp a year.

The mill will initially employ 1 000 people but the site is laid out for huge future expansion and it is hoped that forest development will lead to employment for a further 6 000.

The mill will use 2,5 million tons of logs, 40 000 tons of salt, 15 000 tons of limestone and 100 000 tons of coal a year.

Five thousand workers will eventually be employed in the construction which will involve 55 000 tons of equipment and 85 000 tons of concrete.

The Mondi group is the largest private timber grower in the country controlling more than 250 000 ha of forest.

Mondi's impact on Richards Bay will be enormous and 500 housing units are to be built by the group for its staff in the area.

Outlining the company's future plans, Mondi's managing director, Reg Donner, said exports would be doubled — bringing in more than R2 million in foreign currency.

Early in the 1960s Anglo American decided to enter the paper business and started the Merebank mill on a 17ha swampy site in Durban with an investment of R32 million.

By 1980 the company had moved into the top 100 in the world with an annual turnover of R325 million.

Star 10/11/82

(194)

Giant Sappi plant beats schedule

By Stan Kennedy

Construction work at Sappi's R800 million pulp and paper complex at Ngodwana in the Eastern Transvaal is nearing completion, well within original time schedules.

Untroubled by any major hitches, the first phase — a newsprint machine with a capacity of 140 000 tons a year — is expected to be in operation by mid-1983. After commissioning, the newsprint machine at Enstra, Springs, will be converted to produce 70 000 tons a year of fine paper.

The rebuilding and conversion of the machine will increase fine paper production by 40 000 tons a year and raise Sappi's overall pulp and paper capacity to 860 000 tons a year.

RAW MATERIALS

A mechanical pulp mill using atmospheric and pressure grinders will provide 85 percent of the raw materials required by the newsprint machine at Ngodwana.

This will be supplemented with semi-bleached softwood chemical pulp supplied from an unbleached pulp plant with a capacity of 260 000 tons a year. The plant forms the major development in Phase Two and will be completed in 1984.

About 200 000 tons a year will be converted to bleached pulp. The other 60 000 tons each year will replace the imports Sappi currently needs to keep existing paper and tissue manufacturing plants operating.

EXPORT HOPES

The company will then be able to cope with market growth and still have substantial tonnages of bleached pulp for export to customers in the Far East and Europe.

The third and final stage starts later this year and involves the installation of a high-speed linerboard machine. This development is also expected to be free of snags and it is probable the completion date will be brought forward from early 1985 to late 1984.

● JSE overall: 879,2 ● Dow Jones: 1 046,54

Kohler negotiates to acquire DRG interests in SA

Star 3/1/83 194

Financial Staff

Despite repeated denials from DRG and Kohler that acquisition talks were under way, the market has again been proved correct with the terse statement today from Barclays Merchant Bank that Kohler is negotiating to acquire the South African and Zimbabwean interests of DRG of Britain.

No further details have been released, but shareholders are advised to exercise caution in dealing in DRG shares.

DRG of Britain holds 70 percent of the local operation's 12 million issued ordinary shares worth about R17 million at Friday's closing price of 205c.

EARLIER DENIAL

DRG shares on the stock market rose sharply recently, touching 245c at one stage — only to fall back following a denial by DRG (UK) executive vice chairman that talks were taking place.

DRG South African has a net asset value of about 322c.

In 1981 DRG cut its dividend to 12c from 23c and reported a 43,8 percent drop in profits to R2,7 million.

Golds open a shade better on JSE

By Pieter de Vos

Gold shares opened a shade better in line with the Hong Kong bullion price, but the market was exceptionally quiet as most local and overseas investors extended their weekends.

Industrials and financials were firm at present levels, shadowing gold shares.

Brokers said prospects for gold this year seem even better than a few days ago, giving solid support to the gold sector.

A new bull market was born on Wall Street late in the summer of 1982. Most analysts agree the market will need increased help from the economy to remain strong.

The Federal Reserve Board will have to bring down interest rates. Lower US rates and higher inflation boost gold.

Another international financial crisis may be looming in Brazil. Rumours have been that the nation could go broke March 1, leaving enormous debts unpaid. As a traditional haven for funds in times of economic unrest, gold could also benefit from this.

As an economic barometer, trading on the JSE portends better times — in line with a higher trend worldwide.

New industry for Berlin

D. Dispatch 25/2/83

194 Ind

BY TOM LOUW
Business Editor

EAST LONDON — A Johannesburg industrialist is to set up a new industry at Berlin.

Mr Willi Euler is buying a site from the East London City Council and proposes to build a factory to manufacture paper products.

He told me in the region of 200 new jobs would be created in the first year of operation.

An investment of between three and a half and four million rands is envisaged. Work on the factory building will start in three to four months and it should be ready for production by the end of the year.

Mr Euler said it would be premature to give any more details of the project at this time.

The Mayor of East London, and chairman of the Border Metropolitan Development Corporation, Mr Errol Spring, welcomed Mr Euler's decision to set up his factory at Berlin.

"In terms of new industry this is the first fruits of the decentralisation drive," Mr Spring said. "We now look forward to an escalation in the establishment of new industry in the East London metropolitan area."

Kohler deal to cost R43m

RDM 26/2/83

194

By STEVE ELLIS

KOHLER's takeover of DRG (SA) and Drukpak Beheer, the holding company of other Southern African interests of DRG (UK), will cost it up to R43 091 300.

According to a statement circulated to Kohler shareholders yesterday, the group's purchase of the British company's 70% controlling interest in DRG (SA) and the entire share capital of Drukpak will cost it R32 831 300 in cash.

If shareholders of the outstanding 30% of DRG (SA) accept the alternative offer to be announced about March 4, the cost of the takeover will rise by R10 260 000.

Kohler says: "Your company intends to offer the minority shareholders in DRG (SA) the opportunity of becoming investors in Kohler, thus giving them the opportunity of remaining invested in the SA packaging industry."

It says the combined benefits of the acquisition and the expected improvement in Kohler's performance are expected to result in 1983 earnings exceeding the group's present growth target.

However, it was still too early to specify expected earnings of DRG (SA) this year.

The statement says that in the year to last December, the stationery group lost about R1 700 000 — the preliminary results of both DRG (SA) and Kohler are scheduled for release next Thursday.

The effect of the acquisition of DRG (SA) and Drukpak on Kohler's net asset value will also be disclosed when last year's results are released.

Kohler's directors think that the DRG (SA) acquisition "is of long-term strategic importance to (the group's) future development as a major force in the packaging industry".

Many of DRG (SA)'s 13 plants and warehouses are close to Kohler operations.

"It is the belief of your directors that significant benefits will accrue from the integration and rationalisation of these operations.

"When the major advantages accrue from the completion of the rationalisation programme, which is expected to coincide with the anticipated recovery of the SA economy, your company will be well placed to exploit its greater market share and capitalise on the full utilisation of its increased production capacity."

They recommend that shareholders vote in favour of the takeover at the annual meeting on March 14. General Mining Union Corporation (Gencor) — which holds a 69% stake in Kohler — supports the deal.

The Argus Monday February 28 1983

Kohler takes 70 pc share in DRG (SA)

(194)

ARGUS 28/2/83

KOHLER — the packaging giant — has acquired 70 percent of DRG (SA), and the entire issued share capital of Drupak Beheer BV, the company which controls DRG interests in Zimbabwe.

Kohler shareholders were asked to approve this in a circular which stated that the acquisition, at a cost of R32,8-million, would be of long-term strategic importance to the company's development as a major force in the packaging industry.

According to the circular, the acquisition of the remaining 30 per cent of DRG (SA) would cost Kohler a further R10,2-million.

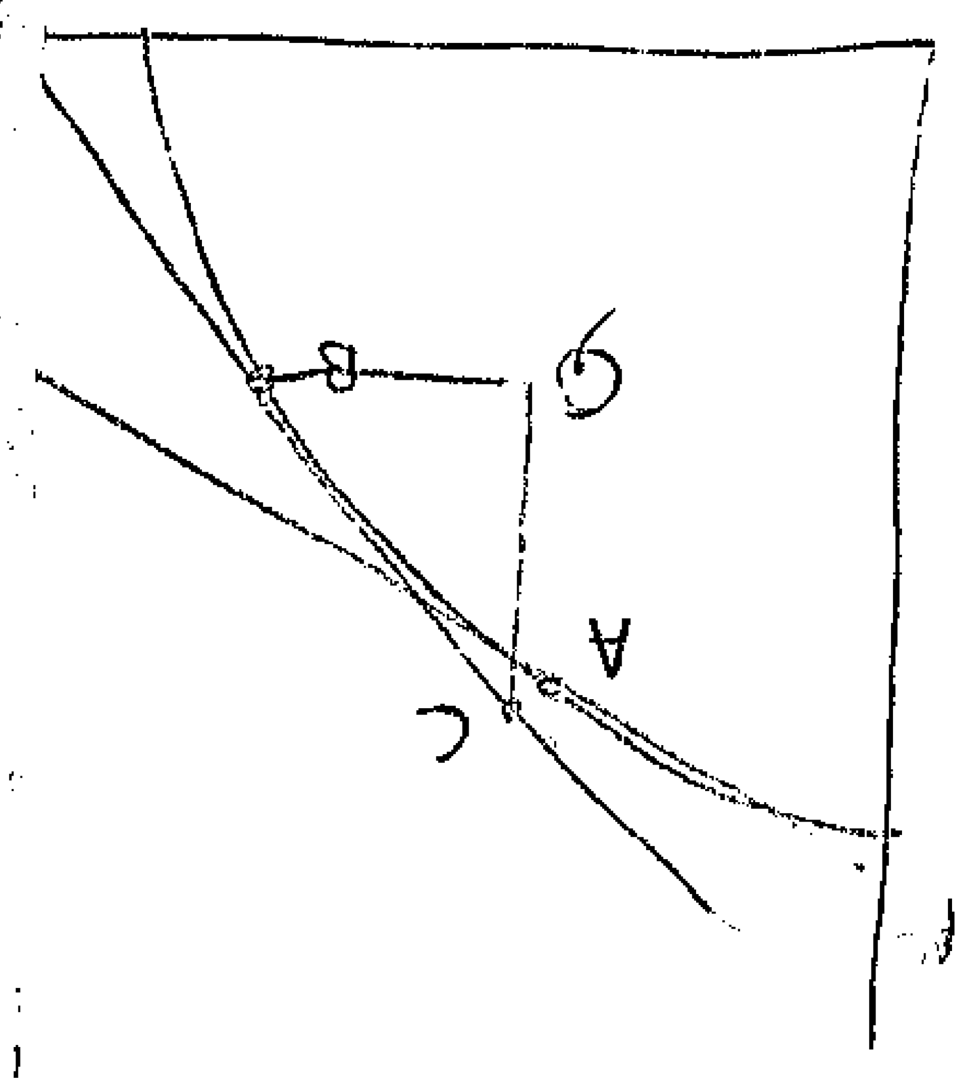
BORROWING

It also notes that arrangements are in hand for Kohler to increase its existing short and medium-term borrowing facilities to complete the acquisition without upsetting Kohler's sound financial ratios.

The DRG (SA) minority shareholders will be given the opportunity to invest in Kohler.

As both groups' preliminary results for the year to December 31 are expected to be announced next week, the circular does not spell out the effect of the acquisition on Kohler's earnings in any detail.

The terms of the Kohler/DRG paper exchange will be announced around the end of next week.



(MAIL) (WM) □□□ (RDM) (194)

FOSATU'S Paper, Wood and Allied Workers' Union has gained an advance in its attempt to bargain outside an industrial council. RDM

It has been recognised by Carlton Paper in Wadeville, which means two of the four paper employers have agreed to bargain outside the council. 1/4/83

There has been employer association pressure on firms not to bargain outside the council.

Clearly, the paper union feels more able to resist pressures to join a council than Fosatu's Metal and Allied Workers' Union, which recently joined one.

Kohler and DRG disappoint

By Alec Hogg
Assistant Financial Editor

The results of Kohler and its soon to be acquired subsidiary DRG for the year to end December are highly disappointing.

In last year's annual report, Kohler chairman Mr Basil Landau said that despite an expected deterioration in economic conditions, "the company has budgeted for earnings growth in 1982 in excess of its strategic plan target of 20 percent."

FALL OF 23,2 PERCENT

Even when the interim report was released in August, the directors predicted that earnings would match the previous year's levels.

But results released today show earnings for the full year to be down from 195,5c a share to 150c a share — a fall of 23,2 percent.

More significant, however, when the second half figures are compared with the same period in 1981, the decline is a sharp 46 percent, from 101c to 54,5c a share.

Considering turnover was 12,6 percent higher in the second half when compared with the same period in 1981, the fall in margins must have been devastating. For the year as a whole turnover was 32 percent up on 1981, which emphasises the worsening business conditions in the second half.

In comment attached to today's results, the directors say problem areas in the group are Wiggins Teape, and the manufacturing sections of Rigid Plastics and General Packaging.

Although DRG managed to improve on the first half's results, its performance in the second half was also disapponting.

When the interim results were released in August, the company forecast that earnings for the full year would be positive.

Today's announcement shows that the company fell well below this target, reporting a loss of R799 000 for the full year, equivalent to 14,2c a share. And this figure was bolstered by a surplus of R909 000 for the sale of property.

This year, however, should prove to be the turning point for the enlarged Kohler group, which with the acquisition of DRG now boasts turnover of R335 million, making it the second biggest packaging group in the country.

From all indications, Kohler picked up DRG at a bargain basement price.

RETURN OF 20 PERCENT

Although the price of R34,2 million is a discount of only 12 percent on DRG's net worth of R39 million, the difference between the returns achieved by the two managements is such that the acquisition should pay for itself in just over four years.

Even during 1982, when Kohler's results were certainly the worst in many years, the group managed to make a return of 20 percent on shareholders' funds.

By comparison, the best return which DRG has achieved in the past six years is 18,6 percent, while the average for the five years to end 1981 is a more humble 14,8 percent. Kohler's equivalent figure is nearly 30 percent.

Considering the benefits which rationalisation of the two groups will have, it is highly likely that Kohler can achieve a return of at least 20 percent on DRG's assets.

This is equivalent to R7,8 million a year, and puts the acquisition on a price:earnings ratio of just 4,4 — well below the paper and packaging sector's average of 6,3.

Comment: Although Kohler's share price may adjust to lower levels following today's results, it looks to be a good bet in the longer term.

Since DRG is set to become a wholly-owned subsidiary, its different divisions can be amalgamated into the larger Kohler structure.

Provided Kohler's internal problems can be sorted out, the group should be able to post significantly higher earnings in the present year.

Any price weakness will present a buying opportunity.

Nampak to buy Prem Paper

Star 20 APR 1983

The announcement that Nampak is to buy out minorities in its 86 percent controlled subsidiary Premier Paper, has taken some of the sparkle from the group's excellent performance in the six months to end-March, writes Alec Hogg.

At a time when most other industrial groups were battling to hold their dividends, let alone earnings, Nampak increased its interim payout by 14 percent.

EXCELLENT

But despite Nampak chairman Mr Bas Kardol's cautious forecast that "assuming the prevailing economic conditions do not deteriorate further, it is expected the results for the current financial year will exceed those of the previous financial year", there is little reason to expect the final will not be raised by a similar proportion.

NAMPAK

6 months to	31.3.82 (Rm)	31.3.83 (Rm)
TURNOVER	289,367	317,184
PRE-TAX PROFIT	47,673	51,702
TAX	19,427	20,639
ATTRIBUTABLE	27,385	30,233
EPS	77,0c	85,0c
DPS	28,0c	32,0c

The timing of a R46 million investment in the glass sector is excellent. The plant will be commissioned in August, which suggests the tax rate for the full year will fall sharply, with a higher final dividend consequently a distinct possibility.

Nampak's tax rate in the half year under review fell slightly from 40,8 percent last year to 39,9 percent.

The group experienced only a slight decrease in pre-tax margins, with the return falling from 16,4 percent to 16,3 percent.

This was mainly a result of a drop from R3,2 million to R1,1 million in the interest bill. Pre-interest margins were down from 17,6 percent to 16,7 percent.

Nampak chairman, Mr Bas Kardol, said the saving of 65 percent in the interest charge was a result of "tighter control on working capital". The lower level of rates throughout the economy also helped.

Despite the buying out of minorities, Nampak's level of borrowings should also not be affected.

Total cost of the exercise is R3,36 million, minimal for a group with borrowings of over R25 million.

Other reasons given for the group's good performance are improvements in cost control, rationalisation benefits and improved asset management.

ATTRACTIVE

Premier Paper minorities have been offered a good deal. Accepting the cash option of 975c gives a premium of 15 percent on the true net asset value (after adding back lifo write offs) of 845c. This compares with the market bid price of 710c yesterday.

While this option may be attractive to investors with relatively low taxable income, other minorities would do well by accepting the option to convert holdings into Nampak shares at an effective price of 1250c. This compares with the current share price of 1325c bid.

300 workers down their tools

(194)

26 APR 1983

SOWETAN

MORE than 300 workers yesterday downed tools at Premier Paper (Pty) Limited in Kliprivier, near Alberton, demanding the reinstatement of a fired colleague and better wage increases.

The workers are all members of the Federation of South African Trade Unions (Fosatu) affiliated Paper, Wood and Allied Workers' Union (Pwawu). The company's premises were deserted yesterday afternoon as workers congregated with union officials outside the gates.

A company spokesman, Mr Coenie Meyer, said: "A work stoppage of 300 employees of the Kliprivier mill of Premier Paper, part of the Nampak group of companies, occurred at 6 am today (Monday). Workers arrived for the first shift and did not report for duty. The management of the mill has been negotiating with the local plant shop stewards and the union's full time representatives and the negotiations are still proceeding."

25 APR 1985

350 strike at firm

STAR

194

An entire black workforce of 350 downed tools yesterday at Premier Paper (Ltd) in Kliprivier, near Alberton.

A spokesman for the union said, workers downed tools after management had given selective pay increases to only a few workers.

"The workers also downed tools in sympathy with a colleague who was dismissed without a shop steward being present," he said.

The company said it would negotiate only when the workers resumed work.

(194) RDM 26/4/82

350 go on strike at Barlow firm

Labour Correspondent

PREMIER PAPER, the first paper employer to agree to negotiate wages with a union outside an official industrial council, was hit by a strike at its Kliprivier mill yesterday.

About 350 workers downed tools over a wage dispute and by late yesterday the strike appeared to be continuing. The company is a subsidiary of the giant Barlow Rand group.

A source in the Federation of SA Trade Unions' Paper, Wood and Allied Workers' Union, which Premier recognises, said yesterday that the workers downed tools because some had received "unilateral" increases from management while others had not.

According to the union, workers are also unhappy because management told them that the union had agreed to the decision to award increases to some workers only. "This is totally untrue," the source said.

Attempts to contact Premier management were unsuccesful yesterday. The Rand Daily Mail was told that the mill's managing director was at a meeting.

According to the union source, workers have been "unhappy" since the company agreed to only a 13% wage increase during negotiations late last year.

The source alleged that Premier was "a very profitable company which has not been affected by the recession".

He said discontent had flared this year when the company gave increases to workers in some wage categories but not in others. This had happened twice, the last such rise being granted last week.

"Workers say that if the company can afford to give some of them increases, they can afford to give them to everybody."

The source alleged workers were also unhappy about "briefing sessions" within the company "where workers are told that the union has agreed to things which it did not agree to".

They also alleged that the company had agreed to award a night-shift allowance, but had not done so.

Workers downed tools yesterday morning and, in talks with the union, Premier reportedly said it needed time to consider workers' demands and suggested that they return to work pending a management decision.

But, according to the union, workers refused to return "unless they are given something before they do so".

(194) 10DM 27/4/83

Mill strike enters third day

ALL 350 black workers at the Premier Paper Mill at Klipriver near Alberton stayed away from work for the second day yesterday.

A spokesman for the Paper, Wood and Allied Workers Union said they would not return to work until management was prepared to discuss their demands, including improved wages and the reinstatement of a colleague who was dismissed for allegedly sleeping on the job.

The mill is being run by a skeleton staff of white workers at present.

The PWAWU spokesman said Premier Paper had given differential increases to 50 of the 350 workers, saying PWAWU was aware of and had approved the increases.

"In March management decided to give certain categories of workers, mostly from the higher levels, increases of between 30 and 40c an hour and they told the workers PWAWU had negotiated and accepted the increases.

"We rejected the increases when we heard about them from one of the company's management in December,"

"The workers feel the lowest paid workers should get more of an increase and the differential increases are in direct contradiction to this."

Another demand is for a night shift allowance, which management agreed to in principle in 1982.

No comment was available from management yesterday.

Premier Paper Mill's management and union officials met yesterday afternoon to try to break the deadlock. — Sapa.

STRIKE GOES ON

SOWETAN 28 APR 1989

THE 350 workers who are on strike at the Premier Paper Mill in Kliprivier, near Alberton, stayed away from work for the third day with management calling them to return while negotiations are underway.

A spokesman for Nampak, Mr V Frittelli, said management at the company was always willing to discuss and negotiate any grievance brought to its attention by personnel, providing that the personnel continue with their normal duties while discussion is underway. This has always been and remains the policy of the company.

The workers downed tools on Monday demanding improved wages and the reinstatement of a colleague who had been dismissed for sleeping on the job. The company is said to have given differential increases to 50 of the 350 workers, saying their union, Paper, Wood and Allied Workers' Union (Pwawu) had approved the increases.

A spokesman for Pwawu earlier said workers would not return to work until management was prepared to discuss their demands. At lunchtime yesterday, all the 300 workers had still not reported for duty. However, negotiations between management and the union representatives are continuing.

Smiling despite the downpour, Prince Charles and Princess Diana walk through heavy rains during their walkabout in ... New Zealand, yesterday before going on to Christchurch, South Island. The Royal tour ends on May 4.

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RDM 28/4/83

Expelled leader hits out

By BRUCE STEPHENSON
London Bureau

PARIS. — Mr Andreas Shipanga, the president of the breakaway South West African political party, Swapo-Democrats, who has been expelled from the United Nations conference on SWA, yesterday condemned the conference as "a meeting of the Swapo political bureau".

Two UN security guards escorted Mr Shipanga from the headquarters of the United Nations Educational and Scientific Council (Unesco) in Paris on Tuesday afternoon after some delegates from the 126 countries represented complained to the UN secretariat.

The conference spokesman, Mr Cornel Metternich, said Mr Shipanga was expelled because he was wrongly registered as a delegate instead of a visitor and was found lobbying on the floor of the conference, which a visitor was not allowed to do.

Asked to comment on Mr Shipanga's expulsion, the leader of the Democratic Turnhalle Alliance, Mr Dirk Mudge, said in Windhoek: "It is no surprise to me. Mr Shipanga should have known that Swapo would not tolerate any of the internal parties at the conference".

28/4/83 (194) RDM

Mill strike threatens to spread

By STEVEN FRIEDMAN
Labour Correspondent

THE strike by about 300 workers at Premier Paper's Kliprivier mill continued yesterday — and threatened to escalate as the Federation of SA Trade Unions' shop stewards' council at Barlow Rand companies planned a meeting to consider action in support of Premier workers.

Fosatu said yesterday it had suggested a mediator be called in to settle the dispute but Premier's management had rejected this.

And Nampak, Premier's parent company, said in a statement yesterday it was always willing to discuss worker grievances, including pay problems, but only after strikers returned to work.

The company, part of the Barlow Rand group, was the first paper employer to agree to negotiate pay with Fosatu's Paper, Wood and Allied Workers' Union outside an industrial council.

It said workers had gone on strike without using the dispute procedure in its recognition agreement with the PWAWU but added that it hoped it would contine to have an "effective relationship" with the union, despite the strike.

Workers downed tools on Monday after Premier awarded extra pay rises to some workers and not others. They are demanding rises for all workers.

The PWAWU says workers are also angered at the 13% rise granted them last year. It says it refused to agree to the 13% during pay negotiations last year.

Yesterday the dispute remained deadlocked, with Premier refusing to discuss worker demands until they returned to work and workers refusing to return until the company discussed their demands.

A union representative said yesterday the PWAWU wanted a mediator called in as "Premier breached the recognition agreement by unilaterally raising wages".

He claimed Premier had rejected this because it said it did not want third parties called in.

Nampak said relations between Premier and the PWAWU had been "trouble-free" from the time it recognised the PWAWU in July, 1981, until this week's strike.

It said Premier had, in accordance with group policy to pay the rate for the job, carried out a "systematic job evaluation exercise" in 1982.

Since then, it had been working towards "removing anomalies from the pay system" and this had led to 48 of its 350 workers receiving increases.

The statement said the PWAWU had been "informed of this action in advance" but implied it had not agreed. It said management had "always reserved the right to establish and maintain an equitable pay structure".

Last night Mr Enoch Godongwana, chairman of Fosatu's Barlow Rand shop stewards council, said he was calling a council meeting to discuss joint action.

He claimed Premier had breached its agreement with the PWAWU and that this, together with other disputes between Barlow Rand companies and Fosatu unions, showed that "the Barlow Rand employment code is nothing but a hollow pretension".

He condemned Premier's "intransigence" and called on Barlow Rand to "clarify its stance" on the company's attitude.

'Live' rail lines set for 1985

Mail Reporter

WORK on the electrification of railway lines between Port Elizabeth and Johannesburg should be completed by June 1985.

South African Transport Services said the phase between Bloemfontein and Noupoort, linking up with De Aar, would cost R22-million.

White miners seem split on eve of key pay talks

RDM 28/4/83

Labour Correspondent

KEY pay negotiations on white wages in the mining industry resume today with union members apparently split on whether to accept a *Chamber of Mines offer of an 8% pay rise.*

Unions have demanded a *13,1% increase, together with increases in fringe benefits which mine employers say would increase union demands to nearly 23%.*

The Chamber originally refused to make unions an offer until they "moderated" their demands, but, at a meeting two weeks ago, *offered mine union men an 8% rise on standard pay* rates and a 1% increase in employer contributions to the Mine Employees' Pension Fund.

Unions have been taking this offer back to their members and are due to give the Chamber their answer at a *meeting today.*

Unionists believe the outcome of the mining talks could have a key bearing on the current metal industry pay talks.

Yesterday the chairman of the Confederation of Associations and Mining Unions, Mr Arrie Paulus, refused to say what white workers' reaction to the offer had been.

"I am not going to follow the route the Chamber has taken, which is to negotiate through the Press before we have reached agreement," he said.

But a union source said the reaction of unions and white workers to the Chamber offer had been "mixed".

Some union executives believed the offer should be accepted while others did not. Some had had telegrams from regional committees urging them to hold out for more.

Among workers the reaction "seems to have followed a regional pattern". In some mining areas, workers believed the 8% was all they were likely to win in the negotiations, while others favoured holding out.

"It will only become clear tomorrow when the union caucus meets what stance we will take," the source said.

A mine unionist said yesterday a key issue persuading some unions to hold out for more was their demand *for an extra week's leave.*

Observers believe it is unlikely that the mine negotia*tions will result in the same* confrontation as last year when the dispute between the Chamber and the unions was settled on the eve of a union strike ballot.

SOWETAN, Friday, April 29, 1983 Page 7

Firm defines standpoint

By SELLO RABOTHATA

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NAMPAK yesterday released a statement outlining the company's standpoint in connection with the work stoppage at Premier Paper Mill in Kliprivier as 350 workers failed to report for duty for the fourth day.

A spokesman for the company said by yesterday morning management and members of the Paper, Wood and Allied Workers' Union (Pwawu) had reached a deadlock on negotiations. The workers went on strike demanding improved wages.

The statement released by Mr V Frittelli, public relations officer for Nampak, said: "The company concluded a recognition agreement with Pwawu on July 31, 1981, and until the present stoppage, relationships between the parties have been trouble free."

Mr Frittelli also said the company's management earnestly hoped that it would continue to have an effective relationship with the union in future.

CAPE TIMES 30/4/83

Paper firm, union in clash

Own Correspondent

JOHANNESBURG. — The strike at Premier Paper's Kliprivier mill escalated yesterday when the company announced it had cancelled its recognition agreement with Fosatu's Paper, Wood and Allied Workers' Union.

Premier, a Barlow Rand company, was the first paper employer to agree to negotiate wages with PWAWU outside an industrial council. Its move follows a five-day strike sparked by the granting of pay rises to 48 of its 350 workers.

Union comment could not be obtained yesterday, but the move could spark off a major battle between Fosatu and Barlow Rand.

PWAWU has already threatened industrial court action against the company and Fosatu's Barlow Rand shop stewards council is to meet at the weekend to consider calls for action in support of Premier workers.

Premier also said it had extended a return-to-work deadline for strikers from yesterday to Monday morning. Workers who did not return would be fired.

PWAWU claims Premier broke the agreement by granting rises "unilaterally" and says workers will not return until they are granted a rise. It claims the company is not affected by the recession and can afford to pay workers additional increases.

In a statement yesterday, Premier's managing director, Mr Mike Walmsley, said it had "become impossible to continue the formal relationship (with PWAWU) as the union has during this trying period shown utter disregard for the provisions of the agreement between it and the company".

Mr Walmsley charged that the union had urged workers not to return to work, in spite of "repeated invitations by Kliprivier mill to negotiate a settlement".

He said union members were still refusing to return in spite of "five days of fruitless attempts to negotiate the matter peacefully and sensibly".

Strike at Premier takes new turn

RDM 30/4/83

By STEVEN FRIEDMAN
Labour Correspondent

THE strike at Premier Paper's Kliprivier mill escalated dramatically yesterday when the company announced it had cancelled its recognition agreement with the Paper, Wood and Allied Workers' Union — an affiliate of the Federation of SA Trade Unions.

Premier, a Barlow Rand company, was the first paper employer to agree to negotiate wages with PWAWU outside an industrial council. Its move follows a five-day strike sparked by the granting of pay rises to 48 of its 350 workers.

It claims the union has shown "utter disregard" for the agreement.

Union comment could not be obtained yesterday, but the move could spark off a major battle between Fosatu and Barlow Rand.

PWAWU has already threatened industrial court action against the company and Fosatu's Barlow Rand shop stewards' council is to meet at the weekend to consider calls for action in support of Premier workers.

Premier also said it had extended a return-to-work deadline for strikers from yesterday to Monday morning. Workers who did not return then would be fired.

PWAWU claims Premier broke the agreement by granting rises "unilaterally" and says workers will not return until they are granted a rise. It claims the company is unaffected by the recession and can afford to pay workers additional increases.

Premier's managing director, Mr Mike Walmsley, said in a statement yesterday it had "become impossible to continue the formal relationship (with PWAWU) as the union has, during this trying period, shown utter disregard for the provisions of the agreement between it and the company".

He claimed the union had urged workers not to return to work despite "repeated invitations by the Kliprivier mill to negotiate a settlement".

The mill was now negotiating directly with workers "and has granted them the opportunity to consider its offers carefully over the weekend".

But workers who did not return on Monday would "regrettably" be fired.

Times, May 1, 1983 3

CNA, Gallo step into future

S. Times 1/5/83

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By Elizabeth Rouse

THE CNA Investments-Gallo merger is a step into the future for the parent companies, Argus Printing & Publishing (CNA) and the Premier Group (Gallo).

"It's a logical merger," says Premier Group chairman Tony Bloom.

The merged group has a strong base to move into the era of high technology in the field of video and communications.

CNA is a unique organisation in that it has around 280 outlets in all parts of South Africa.

Mr Bloom says that vast changes in the record and book markets are on the cards.

"The merger also holds synergistic benefits. There is obviously scope for substantial rationalisation of operations."

Mr Bloom is not prepared to make facile predictions on potential turnover. "We will study each move and make sure that it makes good economic sense."

Terms of the merger, announced by Barclays National Merchant Bank and Standard Merchant Bank this week, are 100 CNA shares for every 265 Galllo shares.

CNA will become the new holding company. No decision has been reached on the title of the new company.

The effects the proposals would have on each company had the merger taken place last year are:

- CNA would have had a lower net asset value of 794c compared with an actual 1 005c, but earnings would have been higher at 236c (219c) and dividends 102c (75c) a share.
- Gallo's net asset value would have been much higher at 300c (207c), but earnings would have been lower at 89c (96c) and dividends 38c (50c) a share.

Mill strike ends after a week

3 MAY 1983

STAR

Labour Reporter

Striking workers at the Premier Paper mill at Kliprivier returned to their jobs yesterday after a week-long stayaway over wage demands.

The 350 workers had initially been given until Friday to return, but the deadline was extended to yesterday morning.

A spokesman for the company confirmed their return and said there would be no victimisation and workers' service contracts would remain unbroken.

Negotiations on wages and other issues were expected to take place in the near future between worker representatives and the company.

On Friday Premier Paper announced that it had cancelled its recognition agreement with the Fosatu-affiliated Paper, Wood and Allied Workers Union.

The paper union had accused Premier of withholding wage increases in spite of profits and refusing to mediate in the dispute.

● Premier is owned by the Nampak group which is in turn controlled by Barlow Rand.

Firm and workers to talk

SPAR

Labour Reporter

5 MAY 1983

The management of the Barlow Rand subsidiary Premier Paper will negotiate with a newlyelected workers' committee next week after the recent wage strike at the Kliprivier firm.

Elections for worker representatives are being held this week, a company spokesman said.

Last week's strike saw management cancel its recognition agreement with the Fosatu-affiliated Paper, Wood and Allied Workers' Union.

If former union shop stewards were elected, management would still negotiate with them.

Union officials can't be in on wage talks, say bosses

Labour Correspondent

WORKERS at Premier Paper, who returned to work on Monday after a week-long strike, want officials of the Paper, Wood and Allied Workers Union to take part in their pending wage talks with the company — despite the fact that Premier has cancelled its recognition agreement with the union.

But Premier said yesterday it would refuse the request as "the union's officials have no standing to be present at negotiations".

The company, the first paper employer to agree to bargain with the union outside the industrial council system, announced last week it was cancelling the agreement because, it alleged, the union had breached it.

This move came towards the end of a strike at its Kliprivier mill which ended on Monday when workers returned after Premier agreed none of them would be fired and it would begin talks on a mid-year pay rise.

Mr Amos Mutwalo, chairman of the union shop stewards committee at Premier, said yesterday that "even if management has cancelled the agreement, it does not mean it has got the union out of the factory".

Premier dispute takes new turn

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By STEVEN FRIEDMAN
Labour Correspondent

THE Paper, Wood and Allied Workers' Union said yesterday it was taking the Barlow Rand company Premier Paper to the Industrial Court, after a new dispute erupted yesterday about worker representation at Premier.

Workers at Premier's Kliprivier mill returned to work on Monday after a strike which saw the company cancel its recognition agreement with the PWAWU. They returned after Premier agreed to hold talks with them over a mid-year pay rise.

The union says workers are now insisting that this be negotiated with union shop stewards, but the company said earlier this week it was holding elections for worker representatives to take part in the negotiations.

If the shop stewards were elected, it would negotiate with them, it said, but would not regard them as union stewards.

Premier said in a statement yesterday that these elections were "still in progress" and were due to be completed today.

It said many departments had already held elections and had "returned former shop stewards unopposed".

It said one department, "not seeing any necessity for holding an election, decided to retain their former shop steward elected before the agreement with the PWAWU was cancelled".

But the union said yesterday the stewards were "furious" about this statement.

It said workers in all departments had refused to take part in any new elections because they insisted on being represented by union stewards only.

"According to the shop stewards, no voting took place nor was there any proposing or seconding of names", the union said, adding that stewards were "amazed" to hear they had been elected unopposed.

The PWAWU also claimed workers were not prepared to have the stewards attend a meeting with management "in any capacity except as shop stewards".

It said it was the majority union at Premier and had warned the company previously that it would consider an "unfair labour practice" action against it in the Industrial Court if it refused to negotiate with the PWAWU.

"We believe management's ridiculous attempt to turn the shop stewards into some sort of works council entrenches this unfair labour practice," the union said.

It said workers had refused during the strike to return until the dispute was settled "precisely because they feared this kind of trick from management".

RDH (194) 4607

9/9/83

A FOSATU union and a Barlow Rand company are once again at loggerheads.

This time the battleground is Barlow subsidiary Premier Paper, which cancelled its recognition agreement with the Paper, Wood and Allied Workers Union after a week-long strike.

Although workers have returned, the battle continues, with Premier insisting it will only negotiate with "worker representatives" and workers insisting they will only bargain through the union.

The union now plans to take the matter to the industrial court.

At the same time, two other disputes between Barlow companies and a Fosatu union are bubbling and a battle between the two sides could be looming.

Meanwhile, Fosatu's National Automobile and Allied Workers Union has concluded a wage deal with motor firm Sigma, which seems to contrast with most other current wage negotiations.

The settlement raises pay by 15% for the lowest grades and will push up Sigma's wage bill by about 13%. It is also the first wage deal between the two to be settled without a dispute.

Naawu says Sigma's willingness to pay this when it has announced heavy losses is "in marked contrast" with the attitude of most other employers.

Fosatu 13

9 MAY 1983

Court threat in union row

Labour Reporter

A paper union has threatened a Barlow Rand subsidiary with legal action as a result of in-plant elections at the Klipriver firm.

A statement issued at the weekend by the management of Premier Paper said that in-plant elections were being held and that workers in some sections had returned former union shop stewards unopposed.

However the Paper, Wood and Allied Workers' Union has said that workers have denied participating in any in-plant elections and still demand union representation at Premier Paper.

The union was considering taking the firm to the Industrial Court as Premier's unwillingness to deal with a representative trade union constituted an unfair labour practice, a union spokesman said.

Talks between worker representatives and Premier management were expected to take place within the next few days, according to the firm.

● Premier Paper cancelled its recognition agreement with the union after a week-long strike by about 350 workers over wage demands last month.

Row brews at Barlow plant

SOWETAN 10 MAY 1983

By MONO BADELA

A NEW row is brewing between the Fosatu affiliated Metal and Allied Workers' Union (Mawu) and another Barlow Rand company over wage demands and non-enforcement of the company's Code of Conduct.

This time the battleground has shifted from the Barlow subsidiary Premier Paper Mill to Barlow Kew where the dispute was sparked off last week by selective wage increases. The factory is on a four day week because of the economic slump.

According to a spokesman for the Barlow Rand Shop Stewards Council, workers were now demanding to know why the slump affects some workers only.

At a special meeting for shop stewards at the weekend workers are reported to have complained that since the four day week system was introduced, management had speeded up production so that the same number of stores and machines were now made in four days as used to be made during a five day week.

The workers are also unhappy that only some workers work a four-day-week and that the white, coloured and Indian employees are not affected by the short time. The situation at the factory was described as "extremely tense." At one stage two welders stopped working for two hours.

MEETING

On Monday last week a spécial meeting was held with the local management and the managing director where it is alleged management walked out.

Plans to strike following the failure of last week's meeting with the management were abandoned on Tuesday and workers plan to approach management again this week.

Mawu has been recognised at Barlow Rand for more than a year now, but there is still no signed recognition agreement. This was because, according to the spokesman, negotiations for a preliminary agreement deadlocked after seven months when management insisted that the union could not discuss wages with the management.

The Barlow Rand Shop Stewards Council is complaining that not all Barlow's companies act like Barlow Kew and Premier Paper-Mills and the head office was not enforcing the Code of Conduct on it's subsidary companies.

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TODAY ~~should~~ provide important pointers on two disputes between Barlow Rand companies and Fosatu unions.

RDM 16/5/83

At Premier Paper — where the Paper, Wood and Allied Union's recognition agreement was cancelled during a recent strike — talks are continuing and an announcement could be made today.

The signs are that relative peace between company and union may be restored.

And at Barlows' Manufacturing in Kew, Metal and Allied Workers Union shop stewards will meet management today about wage demands. Unionists say tensions are still running high at the plant.

Relations between Barlow Rand and Fosatu are worth watching ... Barlows is the group in which Fosatu have developed an active and functioning shop stewards council.

This body brings together worker leaders in Barlow companies across industry lines, and has played a key role in advising workers in both disputes.

There are obviously several other conglomerates where unions could decide to apply the same strategy if the Barlows' council becomes a significant force.

Strike over pensions

RDM 9/6/83 ~~300~~ 194

Mail Correspondent

DURBAN. — Hundreds of black workers at Nampak Products Ltd, in Mobeni, yesterday downed tools and demanded a refund of their pension contributions.

A spokesman for the workers said yesterday that they were also demanding the right of their union to be recognised at the factory.

He said they had been contributing towards their pension fund since 1978 and while most other factories had paid out the money to its workers, the Nampak workers still had not received their money.

"We will continue our protest until such time that management meets our demands," he added.

Mr R Campbell, the company's industrial relations manager, yesterday confirmed that the workers had stopped work. He said they refused to speak to management and insisted that management contact the representative of the South African Allied Workers' Union.

"This union is not yet recognised but management nonetheless attempted to make contact. Management were told that the official was not available.

"It now appears that the workers want a refund of their pension contribution. This is still being considered," he added.

Mediators called in on pay dispute

26/6/83

Labour Reporter

Mediators have been called in to settle the five-week-old dispute between the Paper, Wood and Allied Workers' Union and the Premier paper mill at Klipriver.

About 350 workers downed tools over wage demands at the Barlow Rand subsidiary in late April, demanding an increase of 40c an hour. Management refused to meet the demands and later cancelled a recognition agreement with the union.

Workers later agreed to return to their jobs on the promise of wage talks.

Their demands were lowered to a 20c hourly rise while management offered a 10c increase. Deadlock resulted. Both sides then agreed to bring in mediators.

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Workers ~~demand~~ pension refund

P14 ~~1157~~

Mercury 7/6/83

Mercury Reporter

HUNDREDS of black workers at Nampak Products Ltd, in Mobeni, downed tools yesterday, demanding a refund of their pension contributions.

A spokesman for the workers told the Mercury yesterday that they were also demanding the right of their union to be recognised at the factory.

He said they had been contributing towards the pension fund since 1978 and while most other factory workers had been paid out, Nampak workers still had not received their money.

Mr R Campbell, the company's industrial relations manager, yesterday confirmed that the workers stopped work at 6 30 a m.

Not available

He said they had refused to speak to the management and had insisted that the management contact the representative of the South African Allied Workers' Union.

'This union is not yet recognised — the management attempted to make contact but were told that the official was not available.

'It now appears that the workers want a refund of their pension contribution. This is still being considered,' he said.

Mr Isaack Ngcobo, national treasurer of the union, said union officials had met the workers' committee late yesterday and the union would be holding talks with the Nampak management today.

Novel bid to settle strike

NOM 194
7/6/83

Labour Correspondent

MANAGEMENT and workers at Premier Paper's Kliprivier mill are to use an unusual form of mediation in an attempt to settle a wage dispute.

The dispute led to a week-long strike at the mill last month after which the company cancelled its recognition agreement with the Paper, Wood and Allied Workers Union.

Since then, however, the company has been negotiating with the union's shop stewards. Worker leaders at the mill say they still regard the union as the workers' bargaining representative there.

During the strike, Premier rejected union appeals that a mediator be called in.

But yesterday the company issued a joint management-worker statement saying that both parties had now agreed "to enter into a process of dual mediation".

It said the dispute remained deadlocked.

It is understood that Premier has again rejected worker demands for one mediator to be appointed.

Instead, two mediators have been appointed — one to represent management, the other to represent workers. This form of mediation is believed to be unprecedented.

According to the statement, workers are continuing to demand a 40c an hour increase with effect from July.

The strike was sparked by a management decision to give selected workers rises of between 30c and 40c an hour to bring them into line with a company wage grading system. Workers are demanding that this be extended to all of them.

Sowetan 8/6/83

man's
y hopes
eprieve

'y of Vosloorus near Boksburg, has lost
helle, will escape the hangman's noose

By MZIKAYISE EDOM

A shocked and wor-
ed Mr Tofie Mogoe-
ne, Thelle's younger
other, told The SOW-
TAN yesterday the
mily was feeling bad
out Mr Viljoen's refu-
l to grant his brother
emency.

APPEALS

The family still had
opes for a last minute
eprieve following ap-
eals from abroad.

As is with the other goerane and her two family will demand that they be given the body of Thelle for burial.

Mrs Christinah Mogoerane and his two sons, Thekiso and Thabang and other family relatives, left early yesterday morning for Pretoria to pay Thelle the last visit in the Death Row, before he is hanged.

FIRED: Mr Mcebisi Mqhayi worked for company for 20 years.

Worker takes manager to court

A WHITE canteen manager who fired an elderly supervisor working under him for allegedly defying authority, was yesterday accused — at an Industrial Court hearing in Johannesburg — of exercising "unfair labour practices".

According to records read in court, which was presided over by Mr D R van Schalkwyk, Mr David Balfour, the canteen manager at Van Leer SA (Springs), fired Mr Mcebisi Mqhayi (53) for being absent without his permission.

Mr Mqhayi allegedly closed the shop and went to the administrative offices at the local township in spite of Mr Balfour having turned down his requests to go there. Three days later Mr Mqhayi was fired after being questioned by the factory's tribunal.

Denying the allegation Mr Mqhayi, through his lawyer, said he had gone to the office with the belief that his employer had given him permission, although grudgingly. If Mr Balfour had refused him permission he either did not hear because of the noise in the factory or had not understood Mr Balfour's heavy Scottish accent.

Mr Mqhayi's lawyer said in firing the supervisor who had "been with the company for about 20 years" Mr Balfour had made life "difficult and intolerable" for his client.

In reply to the accusation the company's defence said Mr Mqhayi had been aware that permission had not been granted but had closed the shop and had gone away.

The hearing has been postponed to Friday.

ers in court for murder

ıer 717 Frieda Street, Hercules, Pretoria home on August 23 last year.

The investigating officer Lt Paul Loock testified that after receiving information on August 5 he went to a house in Soshanguve where he arrested Mr Johannes Msiza who was hiding behind a TV set. He confessed to having been at the scene of murder with his brother. He denied having killed Mrs van Buuren.

The accused had then taken him to another house in Soshanguve where he arrested Mr Jonny Msiza who was also hiding. He, too, confessed to having been at the scene of the crime. Lt Loock said the accused had also told him he had covered Mrs van Buuren with a bedspread because they did not want her to see what they were doing. Both accused, Lt Loock said, had not been assaulted or threatened and had also shown him certain articles allegedly stolen from the house.

Mr B J van Buuren, the husband of the deceased, told the court that Mr Johannes Msiza had worked for him. He was not working for him at the time of the crime. The accused had left of his own accord after stealing two gallons of petrol from his premises, he said.

His son, Mr J H van Buuren, who is also a policeman, testified that after receiving information he had rushed to his parent's home at about 4 pm on August 23. All the doors of the house were locked. Together with his father they entered the bedroom where they found his mother in a sitting position near the bed with both hands and ankles bound with a pair of socks.

Her head was also covered with a bedspread and a belt was tightly fastened around her face making it impossible for her to breath. She was already dead.

Doctor J D Loubser, chief state pathologist, testified that he conducted a post-mortem on Mrs van Buuren and said she died from suffocation. The hearing continues.

Management to talk

194 Mercury Reporter 8/6/83

Mercury

THE management of a Mobeni paper products factory is to hold further talks with its black workers today as the work stoppage at the factory entered its second day yesterday.

Hundreds of workers at Nampak Products Ltd downed tools on Monday morning in support of their demands for a refund of their pension contributions and the recognition of their union by management.

Mr Roderick Campbell, the company's industrial relations manager, said yesterday that at a meeting with the worker representatives and Mr Sam Kikine, general secretary of the South African Allied Workers' Union it was agreed that he meet the representatives today.

8/6/83

Rpt 194

Firm to talk on stoppage

Mail Correspondent

DURBAN.— The management of a Mobeni paper products factory is to hold further talks today with its black workers who downed tools on Monday.

Hundreds of workers at Nampak Products Ltd, stopped work on Monday morning in support of their demands for a refund of their pension contributions and the right of their union, the South African Allied Workers' Union, to be recognised by management.

Mr Roderick Campbell, the company's industrial relations manager, said yesterday: "I hope to get the full details of the workers complaints about the pension fund. I will then go back to the trustees and a further meeting on the issue will be held next week."

He said the representatives of the workers left a meeting on Monday with the hope of persuading the workers to return to work today.

"If they do not return to work today we'll have to consider what steps to take. We've been tolerant all this time,' he added.

Closed shop clause suffers a setback

RDM 19/6/83

194

By STEVEN FRIEDMAN
Labour Correspondent

THE controversial "closed shop" clause — which forces workers to belong to a union — has suffered a set-back in the printing and newspaper industry.

Black workers at three Industria plants owned by the giant Nampak group have been allowed by the industry's industrial council to resign from the SA Typographical Union, which they were forced to join in terms of a "closed shop" agreement negotiated at the council.

This was announced yesterday by the Paper, Wood and Allied Workers Union (PWAWU), which says workers have opted to join it, and confirmed by Nampak.

The workers are allowed to resign because the council has granted Nampak's request that they be exempted from the agreement's "closed shop" clause.

According to Nampak, this is only the second time the council has granted an exemption from the "closed shop" for black workers.

A letter to Nampak by the council says workers who have resigned from the SATU at the plant will be permitted to do so. It adds, however, that new workers will still have to join SATU in terms of the "closed shop" clause.

It says the letter must be seen as a formal exemption from the "closed shop".

Most industrial council agreements have "closed shop" clauses forcing workers to belong to a union on the council. In the past few years, established unions like SATU have had this agreement extended to cover black workers, which means these workers must belong to the union whether they wish to or not.

Exemptions from the "closed shop" are rarely granted.

A statement by PWAWU yesterday hailed the exemptions and said they applied to three Nampak plants, — Conical, Sacks, and Core and Tubes. It said the workers "prefer to belong to PWAWU rather than SATU."

PWAWU said workers alleged they had only had one meeting with SATU — when they joined it. "Since then we have never had a single meeting until we called them to tell them we wanted to resign", they added.

The union said workers had also charged that SATU "forced itself on them", had "done nothing for them", and that they "encountered rudeness and unhelpfulness when they visited SATU's offices".

It said workers had begun joining PWAWU late last year. When the union achieved majority support at the plant and shop stewards were elected, they approached management and "immediately raised their opposition to SATU".

According to PWAWU, Nampak said it was bound by the "closed shop" agreement and could do nothing about this issue. But workers had continued to raise the issue and had signed a petition resigning from SATU.

The exemption had been granted on May 17 "provided the council was certain workers were opposed to SATU". Workers had now all formally resigned and expected their automatic union deductions to SATU to cease, the union said.

Nampak's spokesman confirmed that an exemption had been granted .

"Whenever a majority of employees in a company in the Nampak group indicate their desire to resign from their existing union, Nampak, as a responsible employer, would naturally make application for the employees to be exempted from the closed shop clause in the industrial agreement", he added.

During the past 18 months, Nampak had twice been granted an exemption — once in October 1981 and once at the three Industria plants, he added.

Repeated attempts to obtain SATU comment failed yesterday.

(194)

~~A SMALL dent~~ in the closed shop was achieved last week. ROM

Paper giant Nampak has succesfully applied to the printing industrial council to have black workers at three of its plants who do not want to belong to Tucsa's SA Typographical Union exempted from the closed shop.

20/6/83

The workers concerned have already joined an emerging union.

But, although this move could act as something of a precedent, it hardly spells the end of the closed shop.

The printing exemption was only granted on condition new black workers at the plants be forced to join SATU.

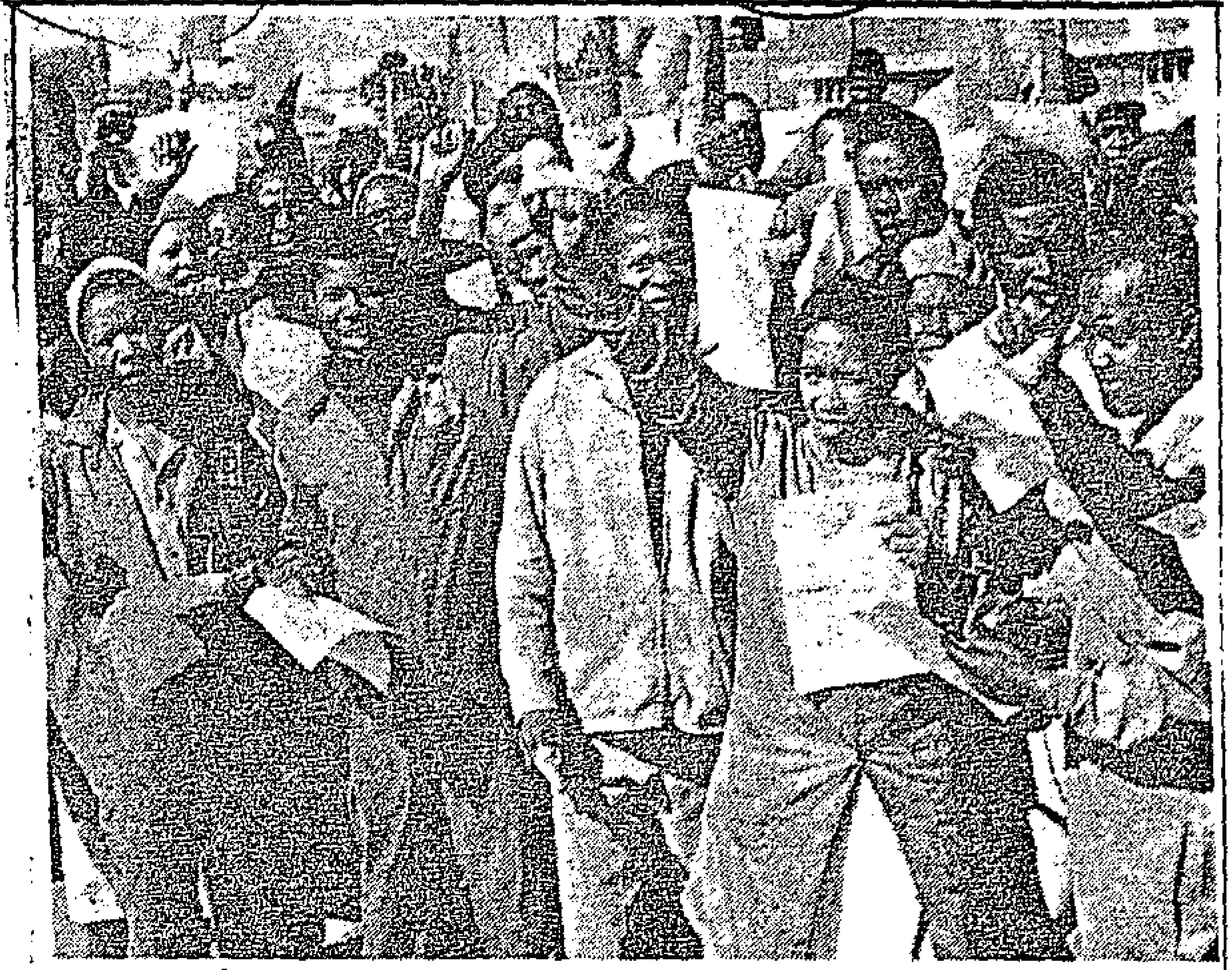
Many councils still oppose any requests for exemption from the closed shop. And the Government still backs the practice.

While many established unions still cling to the closed shop as their only means of gaining black members, most employers say they are against it.

But employer opposition always seems to ignore one crucial factor — that there would be no closed shops if employer associations did not negotiate them with unions on councils.

If employers are against minority unions forcing workers to join them, they can simply refuse to negotiate further closed shops.

/, June 21, 1983 Sowetan 1046



PICKETS: Outside Khotso House at the weekend.

Nampak workforce resigns from union

IN WHAT may be a significant step, almost the entire workforce of Nampak in Industria resigned last week from the South African Typographical Union (Satu) because the union "had done nothing for them".

The more than 400 workers will now join the Paper, Wood and Allied Workers' Union (Pwawu), an affiliate of the Federation of South African Trade Unions (Fosatu). Labour experts have described the move as a setback to the controversial "close shop" clause which forces workers to belong to a union.

The black workers were allowed to resign by the Printing and Newspaper Industrial Council. The workers were forced to join Satu in terms of a "closed shop" agreement negotiated at the council. The workers were allowed to resign because the council has granted Nampak's request that they be exempted from the agreement's "closed shop" clause. Exemptions from the "closed shop" are rarely granted.

Interviewed workers claimed that Satu "forced itself on them" and "had done nothing for them". They said Satu was imposed on them "by the bosses" and that they only had one meeting with Satu after they joined the union.

Satu is essentially a white union which set up parallel structures for blacks in recent years. A spokesman for Pwawu said that Satu still maintained separate branches for whites, coloureds, Indians and Africans. By contrast Pwawu is a non-racial union open to all workers.

- Members of an organisation calling itself the Passengers and Buyers Movement of South Africa (Pabumsa) this week picketed Khotso House in protest against The Star newspaper's dismissal of 209 workers two months ago.

Carrying placards with threats of action by The Star's black readership, the protesters called on the newspaper's management to unconditionally reinstate all the workers fired after a strike two months ago.

Cape Times 14/7/83 (194) (Ⓟ)

Kohler buys Xactics

By STEVE ELLIS

JOHANNESBURG. — Restructuring of the packaging sector continues with the announcement yesterday that Kohler — with a little help from holding company Gencor — is to buy Xactics for about R35m.

The move comes within days of Nampak's merger with the packaging interests of Metal Box SA and effectively eliminates any material competition to the subsidiaries of Barlow Rand and Gencor.

To facilitate the takeover, Gencor is buying the 50 percent it does not already own in Xactics 67 percent parent company, Cortics, for about R12m. It will then sell all of Cortics to Kohler.

Gencor paid the equivalent of 175c a Xactics share for the Cortics stake, and will sell it to Kohler for the same amount.

It has not yet been decided how much Kohler will pay Gencor for the 50 percent of Cortics it previously held but spokesmen for the companies say it will not be higher than 175c.

The cost of the Cortics purchase could amount to as much as R24m.

A 175c a share cash offer, will be made to Xactics minority shareholders which, if accepted in full, will add another R11 500 000 to the bill.

A spokesman for Barclays Merchant Bank, which helped to put the deal together, said that Kohler hoped to end up with 100 percent of Xactics — in which case, Xactics would disappear from the Johannesburg Stock Exchange lists.

Sharply lower operating margins, higher interest charges and a South American fiddle combined to cut attributable profits by 54,3 percent from R2 982 000 to R1 627 000, forcing the directors to pass final dividend.

The total dividend payment for the year therefore remains at the 3c paid at the halfway mark, compared with 8c the previous year.

Lifo earnings fell from 15,7c to 7,2c.

Not included in the result is an extraordinary loss of R611 000.

Group turnover rose 29,2 percent from R38 839 000 to R50 173 000 but difficult trading conditions nearly halved operating margins from 16,7 percent to 8,6 percent, leaving operating profits 33,3 percent lower at R4 337 000 (1981-82: R6 504 000).

The directors say that a "substantial increase in borrowings" which resulted from the group's increased capital expenditure programme caused financing charges to soar from R254 000 to R1 346 000.

Interest cover dropped from 25,6 times to a marginal 3,2 times.

The directors say the company might recover some of the losses and find a way to rebuild the market in South America but the investment of more than R1m has been written-off in full against the past year's profits.

Xactics results were given a little push by a lenient taxman whose rate fell from 39,4 percent to 26,1 percent, but it was not enough to prevent a 41,7 percent slide in taxed profits from R3 787 000 to R2 209 000.

Depreciation over-provided in previous years boosted profits by R200 000 which was wiped off by a R782 000 (R805 000) lifo stock adjustment.

Looking ahead, the directors say that although much improved results have been posted in the first quarter of this year, "pre-tax income for the 1983-84 year is not expected to be substantially different from that recorded in the year under review".

Kohler pays R35m for Xactics

14/7/83 RDM 194

By STEVE ELLIS

RESTRUCTURING of the packaging sector continues with the announcement today that Kohler — with a little help from holding company Gencor — is to buy Xactics for about R35-million.

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A spokesman for Barclays Merchant Bank, which helped to put the deal together, said that Kohler hoped to end up with 100% of Xactics — in which case, Xactics would disappear from the Johannesburg Stock Exchange lists.

If the results of Xactics performance in the year to February — also released yesterday — are anything to go by, shareholders would be unwise to ignore the 175c offer.

Sharply lower operating margins, higher interest charges and a South American fiddle combined to cut attributable profits by 54,3% from R2 982 000 to R1 627 000, forcing the directors to pass the final dividend. Total payment for the year is the 3c interim. The previous total was 8c.

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Not included in the result is an extraordinary loss of R611 000.

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The directors say a "substantial increase in borrowings" which resulted from the group's capital expenditure programme caused financing charges to soar from R254 000 to R1 346 000.

Interest cover dropped from 25,6 times to 3,2 times.

The South American fiddle involved the "apparent misappropriation (there) of a substantial proportion of the funds remitted for working capital purposes", which also led to a collapse of the marketing and selling organisations.

The company might recover some of the losses and find a way to rebuild the market in South America. But the investment of more than R1-million has been written-off against the past year's profits.

"The establishment of the nature and amount of these losses contributed substantially to the delay in finalising results for the year."

The tax rate fell from 39,4% to 26,1%, but it was not enough to prevent a 41,7% slide in taxed profits from R3 787 000 to R2 209 000.

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Nampak in deal with union

Star 14/7/83

(1944)

Labour Reporter

A paper union signed recognition agreements with three Nampak firms in Industria this week.

The three companies originally had a closed-shop agreement with the SA Typographical Union.

But workers won an exemption from the closed-shop agreement after the Paper, Wood and Allied Workers' Union proved it was representative of the three workforces.

The agreements cover negotiations for wages and working conditions, and the right of union shop stewards to take up worker grievances.

They also provide for regular meetings between the union and management, and union access to company premises.

Union to fight on 7 dismissals

194

Star 15/7/85

Labour Reporter

A paper union this week claimed a Boksburg subsidiary of the Kohler packaging group was guilty of an unfair labour practice after seven of its members were recently retrenched.

The Paper, Wood and Allied Workers' Union, a Fosatu affiliate, said the company had laid off the workers without consulting the union and they were likely to take the matter up at the Industrial Court.

Kohler was willing to pay the men until the dispute was resolved.

Mediated settlement ends long dispute

RDM 16/7/83 (194)

Mall Reporter

PREMIER Paper in Kliprivier and the Paper, Wood and Allied Workers' Union yesterday reached a mediated settlement, ending a lengthy dispute that climaxed in a week-long strike last May.

The mediators, Professor Johan Piron and Mr Paul Pretorius, were called in after the strike, according to a statement from the Fosatu-affiliated union.

The strike had occured when workers demanded an increase of 20c per hour, but management refused to go above 10c.

The mediators provided for a 10c increase for all workers and a back-dated "bonus" of 10c for all hours worked between January and July.

They also reinstated the union's stop orders, which had been suspended during the strike, and re-opened the case of a worker who the union said had been dismissed without the company going through the proper procedures.

The union said they were happy with the mediation and praised the two mediators, one of whom had been appointed by each side.

Dispute settled

THE long-standing labour dispute between a Fosatu-affiliate, the Paper, Wood and Allied Workers' Union and the Premier Paper in Kliprivier has been solved after a mediated settlement was reached by the two parties at the weekend.

In a statement the union says it was "hopeful that management's attitude will change when negotiations on a new agreement starts soon."

Sappi dips, hits at low protection

194 RDM 19/7/83

By STEVE ELLIS

IMPROVED returns from Carlton Paper and Sappi Novobord allowed Gencor-controlled Sappi to restrict its decline in earnings to 4,3% in the half-year to June.

Bottom-line profits fell from R28 932 000 to R27 728 000 and earnings a share dipped from 93,7c to 89,7c.

The interim dividend has been maintained at 25c, half-way cover slipping from 3,79 times to 3,59. The distribution will cost R7 723 750 compared with R7 720 750 last year.

The directors say the result was helped by improved performances by 39,2%-controlled Carlton Paper and wholly owned Novobord.

However, profitability was adversely affected by "slack demand for packaging papers, and by cost increases in excess of the rate of inflstion in terms of freight, electric power".

The packaging-paper market was hit by imports of kraft linerboard, particularly in the Western Cape.

Sappi management is far from happy about tariff protection for linerboard which provides for increased duties when the FOB price drops below R300 a metric ton.

"This means SA industry only receives effective tariff protection when the FOB price of imported products drops more than 8% below the lowest ruling price anywhere in the world."

Group turnover in the past six months rose 15% from R231-million to R265-million, but operating margins were reduced from 15,8% to 13,9%, limiting the advance in operating income to 1,6% — up from R36 342 000 to R36 915 000.

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Of the 19% higher interest bill of R7 676 000 (1982: R6 452 000), R5 488 000 (R3 715 000) was incurred in funds raised for the R800-million Ngodwana expansion project and was therefore capitalised.

Another R10 014 000 of Ngodwana's financing costs — through preference dividends paid by Sappi and an undisclosed subsidiary — have also been capitalised.

Investment income dipped from R135 000 to R90 000, leaving pre-tax profits 3,2% higher at R34 817 000 (R33 740 000).

Sappi's traditionally low tax rate rose slightly from 4,7% last year to 7,5% — R2 627 000 against R1 588 000 in 1982.

The growth in taxed profit was reduced to a nominal 0,1%, up from R32 152 000 to R32 190 000. From that, minorities took R4 818 000 (R3 220 000) and preference shareholders R9 658 000 (nil).

The preference dividend pertains to those shares allocated in last year's rights issue — an issue made to raise more finance for Ngodwana.

Of the project, the directors say that satisfactory progress is being made on the plant and indications are that it will be finished within the budgeted cost.

"To date, R653-million has been committed on equipment and construction, and R453-million has been expended. During the past six months, buildings and equipment worth R104-million have been commissioned and assets worth R229-million have now been brought into use on the project."

The Ngodwana expansion has lifted Sappi's long-term borrowings from R102 621 000 to R516 657 000 — short-term debt is not disclosed — but the directors say borrowings are within the group's 100% self-imposed limit.

Total funds employed have surpassed R1 000-million and stand at R1 015-million.

The directors say the drought will have a major impact on a depressed economy. However, its effect on Sappi is difficult to quantify.

"International trading conditions, particularly in the pulp and paper industry, show signs of recovery and ... there have been significant upward movements in the prices of linerboard and fine papers in the US."

However, it is unlikely there is sufficient impetus to improve trading conditions in SA in the second six months.

Another sobering point is the prospect of poor trading in the newsprint market.

"With this background, it is difficult to forecast earnings for the year with any confidence but, subject to no significant worsening of the economy, the earnings for the full year are not expected to be less than those attained in 1982."

Workers drop legal action

(194) RDH 20/7/83

Mail Reporter

THE Paper, Wood and Allied Worker's Union (PWAWU) this week withdrew a legal action over retrenchments at a Brakpan factory after the company agreed to reinstate the workers and negotiate the issue.

PWAWU began legal action after management at Kohler Corrugated, Brakpan, retrenched seven workers, including the chairman of the shop stewards' committee.

PWAWU said it had been surprised at the decision to retrench staff because the company was working substantial overtime, was employing casual labourers and was opening a new department.

PWAWU, which is affiliated to the Federation of SA Trade Unions (Fosatu), also accused the company of avoiding negotiations because they preferred to deal with the SA Typographical Union (SATU).

But this week, PWAWU withdrew the legal action after management offered to reinstate the workers for six weeks while retrenchments were negotiated.

Next week the workers will also vote for a second time in a ballot to show whether they support PWAWU or SATU. At the first ballot, 94% of the workers supported PWAWU.

Firm fires 50 after they chose to stay in union

(19.4) RDM

20/7/83

By ANTON HARBER

The workers, members of the Fosatu-affiliated Paper, Wood and Allied Workers' Union, said all but about two of the workforce of more than 50 people had chosen to remain members of the union and had been instantly dismissed.

The workers, members of the Paper, Wood and Allied Workers' Union, said all but about two of the workforce of more than 50 people had chosen to remain members of the union and had been instantly dismissed.

And at a meeting in central Johannesburg yesterday they decided to take legal action against Supreme Mouldings of Robertsville, Johannesburg, if they were not reinstated within 24 hours.

The workers told the Press they were summoned to a meeting on Monday morning shortly after shop stewards had presented a letter to management introducing the union and asking for talks.

At the meeting at the factory, management had arrived with seven policemen and police dogs and had told the staff to choose between "working for the union or working for the company".

The workers said all but two of the staff of about 50 had said they wanted to belong to the union. They were ordered by the police to leave the premises.

A union official said they would contact the Divisional Inspector of Manpower to lodge a complaint of victimisation and would lay a formal complaint about the involvement of the police.

If the matter was not resolved with 24 hours, they would take legal action on the grounds that the dismissals were an unfair labour practice, the official said.

A spokesman for Supreme Mouldings declined to comment.

Sowetan 20/7/83

Police disperse workers

(94)

By SELLO RABOTHATA

ABOUT 50 workers at Supreme Mouldings in Robertsville, yesterday claimed that the company's management called police and dogs, before ordering them out of the premises because they had joined a union management did not like.

They also claimed that before they were ordered out, they were asked whether they wished to work for the union or the company. All the workers have joined the Fosatu affiliated Paper, Wood and Allied Workers' Union (Pwawu). A rival union was said to have addressed the workers some time last week in a bid to woo them over to their side. Pwawu already claims a majority of the workers at the company, and had already written to the company requesting a meeting to finalise their recognition by the company.

Ms Jeminah Futshani, one of the four workers elected as shop stewards, said: "I was called to the manager's office on Thursday last week and told that management was aware of my movements. Management was also aware that we had joined a union and wanted to know why we needed a union. I was then told I was suspended and should not come back to work.

"On Friday I went to work, ignoring the suspension but was reminded by the manager. When I was about to go all the workers already knew about the action against me and decided to down tools. The issue was discussed and workers said I should apologise for being rude. We went back to work and three hours later organisers of another union came to recruit and were turned back because we had already joined Pwawu.

"On Monday management questioned us on a letter from our union requesting a meeting to discuss their recognition. A meeting was arranged for lunchtime but instead of a meeting taking place, police with two dogs arrived in three cars and a van. We were then told to disperse".

Meanwhile Pwawu officials have threatened to take legal action against the company.

The company's manager, Mr Gilbert Emric, could not be reached for comment yesterday. A secretary at his office told The SOWETAN that he was "busy" and would phone back.

Paper, wood workers reject Satu

(914)

THE Paper, Wood and Allied Workers Union (Pwawu) has for the second time in a month received overwhelming support from about 400 workers at a Brakpan firm against the management-favoured South African Typographical Union (Satu).

By SAM MABE

In a ballot vote held at Kohler Corrugated yesterday, Pwawu received a 94 percent vote from workers who also indicated their desire to resign from Satu, to which they are bound by a close shop agreement.

According to a statement released by Pwawu yesterday, the first ballot vote organised by management was held on June 27 this year, when the two unions contested for membership of workers at the firm.

The results showed a 94 percent support for Pwawu by members who belong to Satu. But the results were challenged by management who charged that some workers had been intimidated into voting in favour of Pwawu. Satu also charged that it did not know about the holding of the ballot elections.

When voting was cast for the second time yesterday, Pwawu once again secured the support of 94 percent of the workforce.

A spokesman for Pwawu said: "We are pleased to have now proved beyond doubt that the majority of Kohler workers want to be represented by Pwawu. We hope to begin negotiations with management on the issue of seven workers who were retrenched last month.

"We look forward to a long and constructive relationship with Kohler. Unfortunately, the workers are still compelled to belong to Satu by the closed shop agreement between management and Satu.

"We call on Satu to concede defeat and allow workers who wish to resign to do so. We also look forward to Kohler Corrugated receiving a complete and unconditional exemption from Satu's close shop agreement in the near future."

Kohler issue is victory for unions

194

July 1987

Sowetan

By PHIL MTIMKULU

IN the wake of a decision by Kohler Corrugated employees to reject a union imposed on them by management, trade unionists have called for the abolishment of the closed shop agreement in favour of freedom of association.

In a secret ballot on Monday, an overwhelming majority of workers at the plant voted to be represented by the Paper, Wood and Allied Workers Union (Pwawu) instead of the South African Typographical Union (Satu). Pwawu received 94 percent of the votes.

And now, unionists maintain that the workers' decision bodes ill for all close shop agreements.

Mr F Mohlala, secretary of the Building Construction and Allied Workers Union, said his union was against closed shop agreement. "We will be the first to rejoice if the close shop agreement is abolished. We believe that members should join a union of their choice after being given options," he said.

Mrs Emma Mashinini of the Commercial Catering and Allied Workers Union (Ccawusa) said they were fortunate that in the commercial and distributive trade there were no closed shop agreements. "We discourage the practice, we believe in freedom of association. A person must be free to join a union of his choice," she said.

Mr Sydney Mfamathi, the general-secretary of the General and Allied Workers Union (Gawu) said they experienced a similar problem to the one at Kohler, but they did not have to put the matter to a vote. "We simply wrote to the company concerned and informed them that their employees wanted to be represented by us, and they agreed.

"A close shop agreement makes it easy for unions to get membership. They hardly inform employees about the union, and in most cases the employees are ignorant of what the union is supposed to do for them. They do not have a sense of belonging," said Mr Mfamathi.

Union court action looms

RDM
28/7/83
194

Labour Correspondent

THE Paper, Wood and Allied Workers Union says it will launch a key industrial court action against a Durban subsidiary of Anglo American if it does not agree to negotiate with the union by tomorrow.

If the action takes place, it will test again the court's attitude to union bargaining rights in individual companies. The court has handed down two key decisions this year.

It is understood the PWAWU would base its case in part on the court's recent decision in the Foden's case, where it ordered an employer to negotiate with a representative union.

A PWAWU representative said the union had told Mondi Paper it would launch the action if no new meeting between them was held by tomorrow.

It alleges that Mondi refused to negotiate with it at its mill in Merebank, Durban, where the union claims to have signed up about 900 of the 1 400 workers. The majority of workers at the plant are Asian, it says.

Mondi's managing director, Mr Reg Donner, could not be contacted for comment yesterday.

Mondi and the union were recently involved in a recognition dispute at the company's mill in Felixton, Natal. Since the dispute, the two sides have been negotiating on recognition.

But PWAWU says an agreement has been held up by Mondi's insistence that minority unions also be given bargaining rights and that some issues be negotiated at an industrial council. The union rejects both points.

The union says it recently approached Mondi for recognition at the Merebank mill and was granted stop order facilities.

"But management says there will be no recognition agreement until the Felixton agreement is signed.

"In the interim, they are refusing to recognise our shop stewards or to negotiate with us on worker grievances. We believe this is part of an attempt to force us to join the council. Unless the Felixton agreement is signed — which means we must agree to negotiate at the council — they will not bargain with us at Merebank."

Kohler lay-off 'will not affect Natal workers'

Mercury Reporter 194 Mercury

A MOVE by the Transvaal-based Kohler Packaging Group to reduce its workforce in the Transvaal from 2 150 to 2 088 by dismissing 62 workers at the Isando plant would not affect the group's workers in Natal, a spokesman said yesterday.

All the dismissed workers would receive compensation based on length of service in addition to notice pay, leave pay, pro-rata holiday bonus and payout of their pension fund contributions.

Some of the workers who were declared redundant may be offered alternative employment, but others would be given priority when any of the group's operations in the area sought additional staff.

30/7/83

The spokesman said the lay-offs stemmed from a decision to close the coating section of the Isando plant which made adhesive tapes.

'In future Kohler will import coated material in bulk and limit its manufacturing operation to printing and packaging of the final product,' he said.

RDM 1/8/83

THE closed shop in the printing and packaging industry suffered a new blow last week when workers at a Brakpan plant voted overwhelmingly against belonging to Tucsa's SA Typographical Union, which has a "closed shop" there.

The company, Kohler Limited, will now apply to the industry's industrial council for an exemption from the closed shop and is to begin talks with Fosatu's Paper, Wood and Allied Workers' Union for which workers voted.

The key question now is whether SATU will use its representation on the council to block this application.

If it does, workers at the plant would still have to belong to SATU — despite the fact that 94,5% of those who voted don't want to.

□□□

EAST LONDON unionists are unlikely to arrange any protests about the detention of Ciskeian security supremo Charles Sebe and his minions.

General Sebe, of course, spent the years before his own detention administering the same treatment to any unionist who crossed his path.

But any suggestion that events in Ciskei would lead to a more tolerant attitude towards unions have been quickly scotched.

No sooner had General Sebe fallen from grace than SA Allied Workers' Union vice-president Mr Sisa Njikelana was detained for the umpteenth time together with a SAAWU organiser. They are still in detention.

Sebes may come and go, but Ciskei's war against workers and unions seems set to stay.

8/8/83 RDM (194)

Biggest newsprint machine to start up

By JOHN MULCAHY

AFTER delays resulting from damage to some equipment, Sappi's newsprint machine at Ngodwana is expected to start running next month.

At 140 000 tons a year, the newsprint machine will be South Africa's biggest, with an annual capacity of at least 70 000 tons a year for export.

Production in the first year is not expected to exceed 120 000 tons, and with domestic orders for about 70 000 tons, there will be 50 000 tons for export.

Mr Eugene van As, Sappi's managing director, says there are firm orders from Japan and some commitments in principle from other customers.

Although Sappi will bump heads with arch-rival Mondi in some overseas markets, Mr van As said Mondi would not be Sappi's prime competitor in export markets.

There were various overseas producers, notably in the US, selling paper products in SA at distress prices. These would be Sappi's main targets.

Mondi's Richards Bay pulp mill, due to come on stream next year, will concentrate on the export market.

The final cost of Sappi's huge expansion programme at Ngodwana in the Eastern Transvaal is still expected to be within budget — R800-million plus about 10% for escalation.

Although Mr van As would not disclose details of the expected return on the Ngodwana investment, he said the group as a whole was aiming for a 20% return on total assets by 1987 — "We also believe we can get 20% to 25% on equity."

As soon as the Ngodwana newsprint machine is operating the newsprint facility at Enstra near Springs will be converted to fine paper production at a cost of about R40-million and with a production capacity of about 65 000 tons a year.

Completion of the newsprint facility represents finality of Phase 1 of the Ngodwana project. The second phase, consisting mainly of a 750 tons a day pulp mill, is expected to be finished next year.

A dam, completed at a cost of R14-million, will ensure uninterrupted water supply from the Ngodwana River.

No effluent is allowed back in the river, and after treatment the 15-million litres a day of effluent will be used to irrigate kikuyu pastures.

There are now about 650 cattle at Ngodwana, and the pastures will eventually provide grazing for up to 6 000.

The third and final phase comprises a high-speed kraft liner board paper machine, due for completion in 1985. It will have an initial capacity of 150 000 tons a year. This can be raised to 250 000 tons. Also included in this phase is a 35 000 tons a year waste-paper plant, due for completion early in 1985.

Elements of the first phase completed are the general infrastructure, the wood yard and coal-handling facilities, both of which have been in operation since January, and the groundwood mill.

Although unit production cost of newsprint at Ngodwana will be about 10% lower than the Enstra product, Mr van As said the saving would not be passed on to customers — "That will go into our pocket."

Conceding that the SA cost of newsprint was higher than world prices, Mr van As said this was because of depressed world prices, but for four of the past five years SA newsprint had been cheaper than elsewhere.

The delays at Ngodwana, which initially lost four months of construction time — it had been hoped to commission the newsprint machine by the end of June — resulted from damage to six of the 42 big cylinders that are an integral part of the line.

Mr van As said it had been extremely difficult to pick up the damage, which had caused a flat spot of about 1/50 000th of an inch on each of the cylinders.

It had been necessary to fly equipment out from Europe to repair the cylinders, but the speed of repair had reduced the four-month delay to two months.

Mr van As said world newsprint markets were depressed — "We knew they were going to be depressed, but quite frankly, we did not expect them to be as depressed as they are."

The depression in the industry had given many people in the industry "cold feet,' said Mr van As, and many planned pulp and paper projects had been abandoned, some midway through construction.

Three pulp mill extensions in various parts of the world were due to come on stream next year.

There were signs of an improvement in many sectors of the industry. US capacity use was up to 94% and newsprint prices had risen by $20 a ton. Indications were that pulp prices were firming "and could go through the roof in 1984".

Recession was not the reason for Nampak closure — PWAWU

Star 6/9/83

By Carolyn Dempster,
Labour Reporter

Restructuring and not the recession had led to the closure of Nampak Polyfoil in Industria and the impending retrenchment of 90 workers at Nampak Conical, the Paper, Wood and Allied Workers' Union (PWAWU) has alleged.

Workers with up to 36 years' service are being told by the Nampak Group that their services are no longer required, says PWAWU, "while at other Nampak factories overtime is worked on a regular basis and casuals are taken on regularly".

The small operation of Nampak Polyfoil in Industria, which employed 21 people, was shut down last Friday.

"Now it appears as if the operations of Nampak Conical in Industria are being run down and the company plans to retrench more than 90 workers out of a workforce of about 130," said a union spokesman.

Workers demanded to know what was happening when they saw machines being moved. Only when they confronted management were they told that "three-fourths of the workforce would be retrenched".

"The workers have since discovered that management has known since at least May that the Nampak Liquid Packaging Division was to be restructured," said the spokesman.

One employee with 26 years' service commented: "I've given all my strength to this company and now I'm thrown out like a rag."

Employees are also angry that management did not inform them of the retrenchments, although the union is recognised and has an agreement governing retrenchment procedures.

"We cannot appreciate the company's action," commented the spokesman. "A company as large and profitable as Nampak must surely be able to accommodate 90 employees. Nampak's profits went up by more than 16 percent last year. It is not fair to us that retrenchment is 'unavoidable' — in the words of the much-publicised Barlow Rand employment code."

Nampak's industrial relations manager was not available for comment.

Nampak to lay off 80 workers

Star 19/9/83 194

Labour Reporter

Nampak Conical Containers is to go ahead with the retrenchment of 80 workers at its Industria plant on Friday.

This was announced by the Nampak management last Friday and comes after last month's discussions with the Paper Wood and Allied Workers Union.

In its statement, Nampak said that every effort would be made to place more employees with other companies within the group.

Five workers who are to be laid off have already been placed with Printpak in Industria, and another three with Nampak Blow Moulder.

Employees to be retrenched have been offered the following options: early retirement if they are over 55 and have completed five years or more of pensionable service; a pension where the service is longer than five years but employee is under 55; a cash withdrawal benefit.

194 RDM 23/9/83

Tools downed over seven fired workers

Mail Reporter

OVER 250 workers at a Nampak factory in Industria, Johannesburg, downed tools yesterday.

They demand the reinstatement of seven dismissed workers and the end of a closed shop agreement forcing them to belong to a union affilated to the Trade Union Council of South Africa.

According to a spokesman for the Paper, Wood and Allied Workers Union, affiliated to the Federation of South African Trade Unions, the workers believe the seven were unfairly dismissed.

The spokesman said the workers had also protested against the closed shop that forces them to belong to the SA Typographical Union.

Late yesterday afternoon, the strike was still on and management and a worker's committee were locked in negotiation. Fosatu union representatives attended as observers, according to the spokesman. Negotiations are to continue tomorrow morning.

(19A) Sowetan 23/9/83 ~~(115)~~ (107)

STRIKE: About 300 workers employed by Printpak company yesterday downed tools in support of their six colleagues who were dismissed by the management. The workers, members of the Paper Wood and Allied Workers Union, said the dismissals were done after they had complained about night shift allowance, no bonus, no lunch, and no pay for overtime. The company's spokesman said that the company was negotiating the matter with the workers.

300 strikers will return to work

1704 | 194 | 1234 RDM 24/9/83

Labour Correspondent

A STRIKE by more than 300 members of FOSATU's Paper, Wood and Allied Workers Union at the Industria plant of Printpak (Transvaal) was settled yesterday after talks between workers and the Nampak group, which owns the plant.

The workers downed tools on Thursday to protest against the firing of seven workers and the fact that TUCSA's SA Typographical Union has a closed shop agreement covering the plant which forces all workers to join it.

One of the terms of the settlement is that the company will open recognition talks with PWAWU, which is likely to lead to another blow to SATU's closed shop in the printing and paper industry.

A Nampak statement yesterday said the agreement meant workers would return to work "at normal time" on Monday.

According to Nampak, "one of the employees dismissed had refused to take a job in another department".

It said he had now been reinstated after agreeing to take this job. "All written warnings in terms of the company's procedures with regard to this employee have been removed from the records," the company said.

It added that an inquiry would be conducted towards the end of next week to determine the fate of the other six workers who were fired.

Printpak had also agreed to open talks with PWAWU "with a view to concluding a recognition agreement".

A PWAWU spokesman said yesterday the company's decision to open recognition talks with the union meant "they have now acknowledged we are the majority union at the plant".

He said the "underlying cause" of the dispute had been SATU's closed shop at the plant, which had led workers to allege that Printpak was favouring SATU against PWAWU.

The agreement did not mean that SATU's closed shop at the plant had ended, but attempts would be made through other channels to end it at Printpak, he added.

Retrenchment of 22 is 'heartless'

Star 27/9/83

194

By Jo-Anne Collinge

The summary retrenchment of 22 workers at Mondi Paper Waste in Tulisa Park, Johannesburg, has been condemned as "heartless and totally unnecessary" by the Paper, Wood and Allied Workers' Union.

The workers were told, as they received their pay packets on Thursday, that their services would no longer be required.

Mr D P Engelbrecht, manager of the Mondi plant, confirmed no notice of the move had been given: "You don't notify in these cases because the worker doesn't turn up for work then."

The union has questioned the basis of selection for retrenchment, alleging that the "last in first out" principle had not been applied and that a large proportion of workers aged over 50 years had been affected.

FURTHER QUESTIONS

Further questions posed by the PWAWU in a statement yesterday were:

- Is it fair to throw out workers over the age of 50?
- Is it fair to pay a maximum of 13 weeks' severence pay?
- Is it fair to withhold the company's share of pension contributions?

One of the retrenched workers, with over 25 years' service at Mondi, said bitterly: "I started at the company when it had only one truck and we had to carry bags on our heads. We used our strength in pressing the waste with our hands.

"Today they are rich because of our hands and now they throw us out like dogs."

The union pointed out that Mondi was part of the giant Anglo American Corporation, which controls over half the private sector in South Africa.

Mr Engelbrecht said the retrenchments had been occasioned by renovations and mechanisation. Fewer workers were required now for the same workload.

Retrenched men hit at jobs claim

Star 28/9/83

Retrenched division workers at the packaging giant Nampak have challenged its statement earlier this month that it would make every effort to get them employment.

Yesterday, at the offices of the Paper, Wood and Allied Workers' Union (Pwawu) in Johannesburg, most of the 90 workers from Nampak Conical in Industria alleged there had been vacancies at several Nampak plants since they were retrenched. But they said that Pwawu men had not been hired.

A Nampak spokesman said a closed-shop agreement and categories of workers required stood in the way of hiring retrenched men.

One allegation concerned four temporary vacancies at Printpak, part of the Nampak group. "We put up the names of four men but then we were asked by a line foreman if they were members of the South African Typographical Union (Satu). They did not get the jobs," a group spokesman said.

The company said it was bound by a closed-shop agreement to stick to Satu workers at Printpak.

The group's Transvaal Box, Polyfoil and Nampak Sacks were said to be hiring new workers, in preference to taking on former Nampak Conical men.

The company said that Nampak Sacks was giving preference to workers it had retrenched in February, while Polyfoil required only temporary female staff. One Transvaal Box job had gone to a Conical worker, who had then failed to report, the management spokesman said.

A Pwawu spokesman said Nampak Conical retrenchments were not due to the recession but due to company restructuring. "They are not closing down Conical because it is doing badly. They simply want to move it to another part of the country."

'Faithful unto the scrapheap'

28/9/83 (194) RDM

By STEVEN FRIEDMAN
Labour Correspondent

SUBSIDIARIES of the country's two biggest industrial groups, Anglo American and Barlow Rand, have came under sharp attack for their retrenchment policies.

In a statement yesterday, the Paper, Wood and Allied Workers Union slammed retrenchments at Mondi Paper Waste at Tulisa Park, an Anglo subsidiary.

It said the company had retrenched long-serving workers in preference to young ones and that, when challenged, its manager had said: "We can't run an old age home here."

PWAWU workers who were retrenched on Friday by Nampak Conical Containers, a Barlow Rand company, said yesterday the company had failed to find them jobs elsewhere in Nampak although these were available — and said this was because they belonged to PWAWU rather than Tucsa's SA Typographical Union.

A Nampak spokesman denied there were vacancies elsewhere within Nampak and said one company to which workers had been moved had to insist that they be SATU members because of a closed shop agreement.

At Mondi Paper Waste, PWAWU said the company had retrenched 22 of its 50 workers without warning. It said they were simply informed when they collected their pay on Friday they had been dismissed.

The union says that, when questioned on this, the company's manager, a Mr Engelbrecht said: "If they had been told earlier, we would have got no work out of them".

It said the company had not followed the "last in first out" principle, but had selected all workers over 50 for retrenchment, removed a third of these from the list and replaced them with younger workers.

It quoted one worker with 25 years' service as saying that the company had grown rich "because of our hands and now they throw us out like dogs".

PWAWU alleged that workers would receive at most 13 weeks severance pay and that the company's pension contribution was being withheld from them.

At Nampak Conical Containers, workers said the retrenchments were related to reorganisation in Nampak. They also said that PWAWU members had to bear the brunt of them.

"When some of us were offered jobs with Printpak, another Nampak company, a manager said they could only hire workers who belong to the Tucsa union," a worker spokesman said.

He also charged that three Nampak plants had vacancies, but had not offered these to retrenched workers.

A Nampak spokesman said Printpak was bound by the "closed shop" clause in the printing industry's industrial agreement and had to hire SATU members only.

is a racial company", the refused to recognise the whereas white clerks view individual workers jobs are at risk

Boy with a big heart

CAPE TOWN — South Africa's first heart transplant patient with two donor hearts, Gerrie Cronje, will try to get his motorcycle driver's licence tomorrow.

Gerrie (16), who lives with his family at Kraaifontein, has a 50 cc motorcycle.

Besides riding his bike and visiting Groote Schuur Hospital regularly for check-ups, Gerrie is studying for his Junior Certificate examinations.

PWAWU in breakthrough

(94) Star 4/10/83

Labour Reporter

After 18 months of intense negotiations, the Paper Wood and Allied Workers' Union scored a breakthrough yesterday when the Carlton Paper Corporation in Wadeville signed a full recognition agreement containing a crucial strike clause.

In the event of a strike, the Carlton management has undertaken to dismiss all or none of the strikers, and has agreed not to selectively rehire dismissed strikers.

The inclusion of this clause in the agreement is seen as a victory by PWAWU because of the widespread firings and selective rehirings in the Wadeville area, aimed at rooting out union "agitators".

The clause would also allow for greater equality in negotiations between workers and management, said a union spokesman.

It is only the second time that such a clause has been written into a recognition agreement. The National Union of Textile Workers, also a Fosatu affiliate, won a similar clause in negotiations with Natal Thread recently which set the example for PWAWU.

The agreement also gives the shop stewards' committee the right to negotiate on wages and all working conditions.

"We commend Carlton management for being more enlightened than most employers in their attitudes towards unionism and we look forward to a constructive relationship," said the spokesman.

Pavilion for Home

A new pavilion at St George's Home for Boys in Bedfordview was officially opened on Sunday.

The pavilion has been built and paid for by the school's Old Boys' association and will provide facilities for meetings as well as change-rooms for sportsmen.

St George's is a home for underprivileged boys.

The pavilion was opened by the chairman of the school's executive committee, Mr Lance Japhet.

Business Day/LABOUR

RDS 9

5/10/83

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Carlcor workers win the right to strike

By STEVEN FRIEDMAN
Labour Correspondent

CARLTON Paper Corporation and Fosatu's Paper, Wood and Allied Workers Union have signed a recognition agreement at Carlton's Wadeville plant which unionists see as a major breakthrough for workers' right to strike.

A clause in the agreement stipulates that in the event of a strike, the company will either fire its entire work force or no workers at all. If it sacks all the workers, it has agreed it will not re-employ them selectively.

This is the second such agreement to be signed, but the first in the Transvaal. The first was between the Hammarsdale textile company, Natal Thread, and Fosatu's National Union of Textile Workers.

Unionists see the clause, which Fosatu unions are likely to seek in other agreements, as a key protection for strikers.

They argue that if employers can fire strikers only at the risk of losing their entire work force and without being able to take some back, they will be dissuaded from sacking them.

The clause is contained in a full recognition agreement between the two sides. It follows a preliminary agreement between them more than a year ago and was signed yesterday morning.

The union hailed the agreement as a breakthrough which would create "greater equality" between the bargaining parties.

It commended Carlton management on its willingness to sign the agreement and said it looked forward to a "constructive relationship" with it.

PWAWU said the clause had been inspired by the Natal Thread agreement. It had also sought it "after seeing many companies in the Wadeville area firing and then selectively rehiring workers to weed out 'agitators'."

A spokesman said another unusual clause in the agreement was one stipulating that where a dispute arose, the plant would revert to the status quo until it was settled.

A Carlton spokesman, Mr Brian Haymans, confirmed details of the agreement. He said the negotiations had taken place at management's insistence "because we felt a need to formalise our relationship with the union". Negotiations had taken over a year.

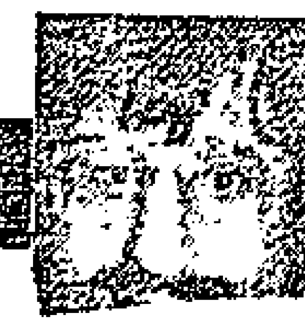
The strike clause was an advance for the union, but said: "Many of the clauses in the agreement are there at our prompting. The final result was a joint initiative and it would be wrong to see the agreement as a union initiative only."

Carlcor pact boosts the right to strike

194

RDM

11/10/83

LABOUR WEEK  By STEVEN FRIEDMAN

THE RIGHT of workers to strike received a small but significant boost last week.

Carlton Paper and Fosatu's Paper, Wood and Allied Workers Union signed an agreement at Carlton's Wadeville plant in which the company agreed that, in the event of a strike, it would either fire all strikers or none.

In so doing, Carlton turned its back on the common practice of firing strikers and then re-hiring them selectively.

This is the second such agreement — Fosatu's National Union of Textile Workers signed one at Natal Thread, Hammarsdale, when its legal strike at the plant was settled.

Fosatu unions are expected to push for similar clauses in other agreements — which could have immense implications for the right to strike.

Sacking strikers is a double-edged sword. It is a powerful weapon in the hands of employers — particularly as influx control laws often mean fired strikers lose not only their jobs but their right to live in the cities.

But firing an entire work force is costly. Time and money spent on training workers are lost and the employer must begin training a new force at considerable expense.

Many companies have reacted to strikes by dismissing the work force and then re-employing all but a few activists. Thus they do not lose the skills of most of their workers, but do "weed out" their leaders.

This is what the Carlton and Natal Thread agreements seek to end. Unionists believe the knowledge that they cannot selectively re-employ will act as a powerful deterrent against employers who seek to fire strikers.

A PWAWU unionist says the Carlton agreement is part of an attempt to "give real content to the right to strike".

Another development on this front last week occurred at Liberty Life, which sacked 90 strikers who demanded recognition of the Insurance and Assurance Workers Union of SA (IAWUSA).

Liberty said it would not selectively re-employ strikers. It said it had received advice that there was a likelihood of selective re-employment being seen as an "unfair labour practice" by the industrial court.

If it is, the Carlton and Natal Thread agreements would become the norm, not the exception.

New agreement will help protect striking workers

FOSATU affiliate, the Paper, Wood and Allied Workers Union, has signed an agreement that protects striking workers from victimisation during dismissals and subsequent re-employment.

The agreement, which was signed by the union and the giant Carlton Paper Corporation, contains a clause which discontinues the common practice of firing workers and then rehiring them selectively.

The clause states that, should workers go on strike, the company will be obliged to either dismiss all or none of them and, if it agrees to re-employ them, then it will do so without selecting them.

Trade unionists and workers have welcomed this move which they regard as "a step in the right direction."

Unionists also contend that if bosses dismiss striking workers they will be doing so knowing full well that they will loose their entire workforce, thus making it difficult to fire workers.

This controversial clause follows a preliminary agreement between the two parties almost a year ago. The recognition agreement was signed last week.

In a statement the union said the agreement would give greater bargaining powers to both management and the union.

The incentive, the union continued, came from a similar agreement signed by a Natal company and another Fosatu affiliate, the National Union of Textile Workers.

A company spokesman confirmed the agreement.

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Sowetan 17/4/84

Pyramid being considered

Waltons beats recession with 24% profit rise

CAPE TIMES 27/10/83 (194)

By PAUL DOLD, Financial Editor

SOUTH AFRICA'S largest stationery group, Waltons cruised to a comfortable 24 percent rise in pre-tax profits in the first six months in spite of the recession and is raising the dividend by 20,5 percent to 20,5c.

Waltons has also announced that it is considering a pyramid.

Sales rose 16 percent to R29m with operating profits of R3 563 119 (R2 888 220). Net profits before lifo were 24 percent ahead at R1 840 787. The lifo adjustment at R268 731 was well down on the previous R509 738. Waltons switched to lifo last year with the main bite taking place at that stage. Net income was R1 572 056 (R972 149).

Fifo earnings per share were 61,9c (50,9c) leaving the dividend three times covered.

The encouraging performance cuts across the generally bearish trend of corporate earnings and suggests spending on stationery has been relatively unaffected by the recession. Margins have not been impaired by the downswing and Waltons has further increased market share.

The managing director, Mr Frank Robarts, says the results were achieved without any contribution from the recently acquired DRG Stationery division.

The rationalization of DRG with Waltons has gone smoothly and the first impact of profits will be in the next financial year.

The toy chain had a loss of R101 121 (R72 212) in the first half but this is normal and due to the seasonal nature of the business.

Waltons has been expanding the toy arm — Redgwood Toys — into the country's largest toy retailing specialist and Redgwood already has some 31 stores nationwide. Redgwood is forecasting satisfactory Christmas sales and should increase its profit contribution.

Mr Robarts does not make a forecast for the second six months in the interim report, but given relatively fair trading the group should be able to pay a total dividend for the year of around 55c after the latest 20,5 percent interim. If the high three times cover is pared, the dividend could well be higher.

Waltons' performance suggests the share is well worth watching and the price should at least move up to the R10 level on these results.

The pyramid announcement suggests management is seeking to consolidate control of the group.

According to the last annual report, the directors owned 38 percent of the equity. The largest invididual shareholders are pension funds with some 30 percent.

Institutional interest in the shares has been increasing against the background of the steady growth performance and last year earnings were 26,4 percent up.

Over 4 000 on strike

(alt)

Sowetan 28/6/83

ANOTHER 1 000 Reef workers yesterday went on strike over wage demands, adding to the more than 3 000 workers who this week downed tools over wages and recognition of unions.

More than 20 workers at Gold Smith Company, Johannesburg downed tools yesterday after management had sacked a shop steward of the African Allied Workers' Union.

Management said the workers had fired themselves by going on strike.

More than 250 workers at Nampak Tissue in Pretoria West ended their two-day strike in protest against the company's refusal to accept pay increases demanded by the employees.

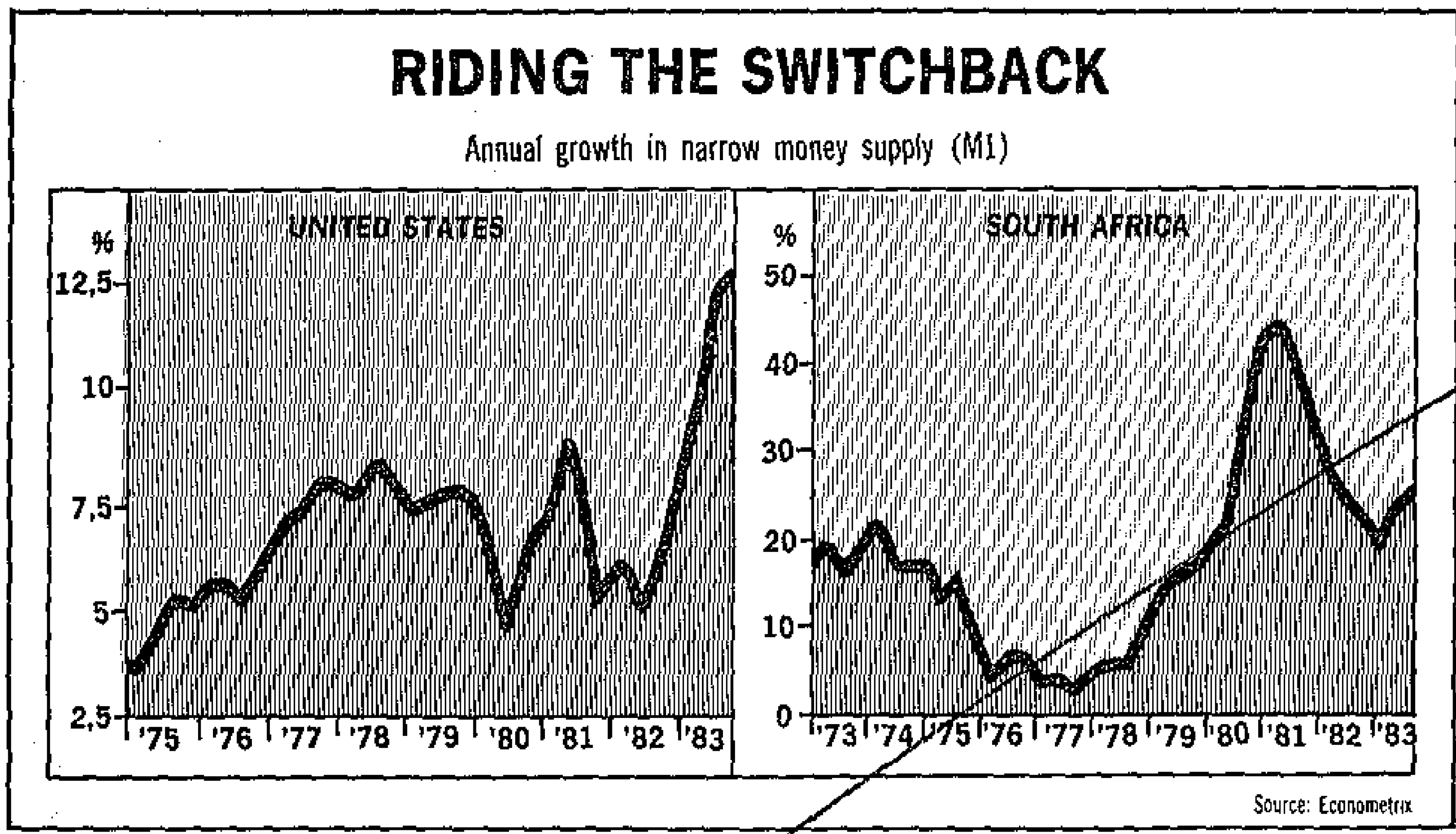
Nampak's general manager, Mr Frans Herman, said the company would enter into negotiations with the workers' representative on condition that the strike ended immediately.

Workers at Rosslyn Company continued a strike today over the expulsion of a colleague. Some 450 workers from the Asea Electric Cable Company began the strike on Tuesday.

More than 200 workers stopped work at Carborundum Universal factory in Kempton Road, Port Elizabeth yesterday after seven security guards were retrenched.

The local Metal and Allied Workers' Union representative said the workers downed tools after they had complained that they had been paid for 45 hours when they claimed they worked 60 hours a week.

Management then called workers and told them that seven of them had been retrenched. The workers then decided to down tools. Management was not available for comment.



money.

Moreover, interest rates are not only less controllable than money supply. They're more politically visible, and it requires tremendous will to maintain the pressure. By all accounts, the Reserve Bank has not been equal to the task.

"The Bank changed tack in mid-1982, just when the medicine was working," says an economist who does not wish to be identified. "It forced prime rates down when money market rates softened in response to the rise in the gold price. Horwood thought gold would save us. He was wrong."

Says another: "The monetary authorities always back down when the crunch comes. In the US and the UK they let rates go as high and as long as necessary until they actually broke inflationary expectations. It's the only way to show you mean business, to jump the credibility gap. In SA, they're simply not willing to do it."

Of course, it's no secret that SA's money supply figures are suspect. They are often artificially inflated and deflated by flows in and out of their defined target areas that disguise underlying truths. "In fact," says an economist, "this has tripped up the Bank before, and made it complacent to the tremendous demand for credit building up in the system."

They will obviously have to be revised, a fact that hasn't escaped the Bank. Some economists, for instance, believe that cash as we know it — bank notes and coin — is a better indicator. But in the meantime, the Reserve Bank has pledged itself to control the existing aggregates.

University of Cape Town economist Brian Kantor, who reports a 17% trend growth on latest figures, is one who believes that the Bank is doing it. However, no good reasons appear for thinking that another miscalculation in foreign exchange management, or in government's bugetary projections, or in predicting consumer confidence, will not send the aggregates way off course again. And unless Pretoria finds the political courage to complete the market-determined system it is inching towards, and accept its consequences, those reasons will not appear.

METAL BOX

Ready for battle

(144)

The new-look metal Box, following the merger with Nampak, now has the widest range of packaging services in SA. The *FM* looks at its strengths and weaknesses.

The emergence, from one of the most complicated corporate deals ever constructed, of a new-look Metal Box must have given even the most confident of its competitors pause for thought.

The packaging industry has probably become the most competitive of any in SA, with the recession seemingly spawning increased competition rather than allowing only the strongest to survive. The merger of Metal Box and Nampak was therefore a logical step towards the consolidation of an already strong base by two of the industry's leaders. The decision was not made, however, on the basis of potential rationalisation benefits — either in the respective workforces or other overheads.

Of the previous Nampak divisions now injected into Metal Box over 90% are complementary to existing MB operations. The only duplication occurs in the two firm's plastics divisions and in cores and tubes, but even there it is expected any slack will be taken up by organic growth.

New Metal Box MD Peter Campbell, who took over following the departure of Derek Jacobs to Barlow Rand with MB's industrial divisions, is confident that the marriage will prove successful. Since 1977 Metal Box has been working towards a reduced dependence on its tinplate packaging. Campbell sees this latest move as the best possible conclusion to MB's diversification plans.

Although Nampak becomes the controlling shareholder, with over 51% of MB, Metal Box UK still retains a significant investment with its 25% stake in the enlarged operation. In fact, Nampak insisted as a precondition of the deal that Metal Box UK remain involved with the local operation. Apart from anything else it helps ensure that the UK firm's extensive research and development facilities will remain accessible to the SA operation.

Campbell says, however, that the major advantage of the increased operating base will be the ability to offer customers virtually any form of packaging. Whereas customers may have been forced to look elsewhere before, they can now be catered for within one of the other divisions should their requirements change.

Most of this effort will be generated within the diversified packaging division. This operation will be structured to work closely with customers, to develop new packaging opportunities and to improve and extend existing lines. One example is development work being undertaken on a composite two-piece beer can, which has a plastic base and sides, but a metal top.

One of the most exciting growth areas will, however, be the flexible packaging division. Bas Kardol, who is chairman of both Nampak and the new Metal Box, says this operation suffered an extremely difficult time in the past 18 months — due mainly to problems of its own making.

Nampak took the division back under the corporate wing and returned it to the right road. Now Kardol feels that this aspect of the deal was undervalued. Extensive changes have been made to the product mix, productivity and management and he says it would now be difficult to find a better company anywhere. Although smaller than before, it is also leaner and back in profit and is expected to provide some stiff opposition to the rest of the industry.

Probably the most interesting development for the new Metal Box will be the addition of a glass manufacturing facility. Developed at a cost of some R48m by Nampak over the past few years, it only recently produced its first bottles. And although only one furnace is operating at present, a second is likely to come on stream during 1985 and a third not long after.

single largest contributor to SA's money supply growth in recent times. Central banks control bank lending by stipulating that banks must hold certain reserves against their liabilities. In most cases, these reserves consist of cash. Central banks can control its supply by open market operations — that is, selling government bonds to the banks (and sterilising the cash paid for it) or buying bonds from them (which puts cash in the banks' hands and allows them to continue lending).

But SA's banks work on a reserve system comprised of so-called liquid assets, of which cash is a small proportion. The rest are various types of short-term credit paper, like Treasury bills and bankers' acceptances.

The supply of bills depends on the week-to-week funding needs of the Treasury. Acceptances can be created almost at will by the banks. Often, monetary policy and central bank control take a back seat.

"Open market operations remain the only significant tool for controlling money supply," says Econometrix Frank Shostak. "But they don't work properly unless your banking system has a cash base, like the US banking system."

Political obstacles

Reserve Bank governor Gerhard de Kock is phasing in a cash base reserve system. But he's got some way to go, and there are political obstacles. The reserve role of liquid assets means that there is a steady demand for them from the banks. This drives up their prices and therefore lowers their interest rates. So if you want cheap credit, issue short-term paper and declare it a liquid asset. Government and semi-government agencies, like the Land Bank, have been using the system as a source of cheap borrowing for years, so De Kock's rational drive towards a cash base won't be a smooth one.

Much follows from this fundamental weakness. SA is an open economy, mightily dependent on foreign trade flows and subject to external monetary influences. "And we have a system," says Standard Bank economist Nico Czypionka, "almost unique, apart from a few oil-producing countries, in its technical inability to cope with large external swings. What we need is a completely flexible exchange rate."

When the exchange rate is fixed, or merely "rigidified" by Reserve Bank manipulation, the flood of foreign exchange that follows a sharp rise in the gold price translates into a flood of rands that swell the liquid asset base of the banking system. This flow is reduced if the rand is allowed to follow market forces and, in this example, rise. The exchange rate, in fact the whole foreign exchange market, is vastly more flexible than it used to be. As the Rand Afrikaans University economist, Professor Geert de Wet, points out, "no longer does each unit of foreign currency become a liquid asset." But the political forces that interfere with this self-adjusting mechanism remain.

One is a national obsession with building up a large pool of foreign reserves. Another is the protectionist wall of exchange control that prevents liquidity inflows from leaking out again. Yet another is the Reserve Bank's tendency, again waning slowly, to use the rand's exchange rate as a policy tool. Just one example: in late 1982, following a sharp rise in the gold price, it held back the rand to inhibit imports and protect the balance of payments. The market, sure the rand was set to rise, took advantage of lower foreign interest rates by raising trade credits abroad without forward cover. Short-term capital flooded into the country and the money supply ballooned.

The Reserve Bank is also vulnerable to the Treasury. On at least two notable occasions in the last three years it has bankrolled Pretoria — once (in 1981) to make "strategic purchases" and once (earlier this year) when the fiscus hit a rocky cash flow.

Roundabout route

So the Bank has both technical and political problems with the supply of money, problems which it admits. Its response, more or less tacit, has been to attempt to reduce supply by a roundabout route — through the demand for money. That means placing the burden of control on what determines demand — in other words, interest rates.

This approach may be more appropriate under the existing system. As Shostak points out, open market operations on a liquid asset system tend to affect interest rates primarily. But interest rates are a circuitous route to supply. First the real economy reacts by tightening its belt. Then the demand for credit falls. Only later (and darkly) may it be reflected in the supply of

SLIPPERY CUSTOMER
Causes of changes in M2

	Gold & foreign reserves (Rm)	Government borrowing (Rm)	Private sector borrowing (Rm)	Long-term deposits (Rm)	Annualised % change in M2
1979: 3Q	+241	+184	+293	−90	+30
4Q	+131	+257	+676	−126	+27
1980: 1Q	−175	−982	+759	−280	+14
2Q	−145	+973	+581	+166	+26
3Q	+504	−549	+1 162	−331	+49
4Q	−20	+88	+1 338	−4	+27
1981: 1Q	−262	−144	+1 878	−63	+46
2Q	−437	+162	+1 398	−396	+26
3Q	−2 131	+323	+1 225	+537	+10
4Q	−236	+399	+1 154	−225	+21
1982: 1Q	−694	−343	+1 739	+171	+27
2Q	−742	−228	+503	+166	+9
3Q	−118	−594	+1 246	−682	+17
4Q	+1 009	−732	+947	+247	+19
1983: 1Q	+857	−11	+973	−189	+26
2Q	−284	+468	+1 211	+17	+27

Source: Reserve Bank

This is one way of breaking down money supply. As can be seen, foreign exchange flows tend to be the most volatile element. However, bank lending to the private sector is the most persistent contributor to increases in the money supply. Borrowers use their bank loans to make payments to others, who then deposit the cash. This creates deposits where none existed before and the supply of money — defined as a measure of total deposits — increases.

Long-term deposits are outside the deposit pool defined as money supply. So when cash in a demand or medium-term deposit is transferred to a long-term deposit, it leaves the pool and money supply falls. Hence the minus signs in the table beside long-term deposits, indicating a reducing effect on money supply, denote an increase in long-term deposits, and vice versa.

The annualised changes in M2 in the final column are calculated by multiplying each quarterly change by four (compounded) and introducing a seasonal adjustment. They indicate how much money supply would have increased in a whole year if it had persisted at the rate of change of any one quarter.

MEANING OF MONEY

M1, the narrowly-defined money supply, consists of: bank notes and coin, and domestic demand deposits (excluding those held by one bank at another).
M2, the broadly-defined money supply consists of: M1 plus one-to-six month deposits, including saving deposits (but excluding those held by one bank at another).

The foundations have already been laid for the additional furnaces and Kardol expects these can both be installed for a total cost less than was needed for the first. Market share is not a worry, though clearly Metal Box expects to take business away from Consol, as growth is budgeted to be more than sufficient to ensure all three furnaces operate at capacity shortly after being commissioned. Turnover from the glass side is expected to be between R10m-R15m in the year to next September 30, with the furnace at capacity by the second half of the year.

Liquid packaging requires increasingly innovative marketing and product design effort, due to the increased competition in this area. Kardol believes it will nevertheless continue to thrive and provide an important complementary operation to the other group divisions.

In the first year of operation, at least, Metal Box's basic food and beverage canmaking division will provide the largest single contribution to group turnover. Campbell says it may continue to do so for quite a while — given the country's growing population and the increased awareness and sophistication at the lower end of the market. This year growth will, however, be slowed by the side effects of the drought, which is expected significantly to cut volumes of canned fruit and vegetables.

Another problem has been the growth of the European canning industry. Last year over 85% of SA's canned fruit and a large amount of canned vegetables were exported. Increased canning activity in the EEC, combined with the high tariffs for nonmembers, has taken its toll. But Campbell says any export declines should be more than offset by growth in SA.

The Barlow touch

Metal Box will retain its own identity, outside the Nampak/Barlow fold, but the beginnings of the Barlow Rand management philosophy are already evident. Kardol is adamant that every manager must have the responsibility to take decisions without constant recourse to higher authority. And, while he says Metal Box was centrally controlled, there are signs that decentralisation and divisional autonomy are being brought in.

Campbell says his management team will consist of nine senior managers who will effectively run separate operations and report to him. These will be the heads of the five manufacturing divisions, plus group financial, personnel, legal and technical controllers. The object is to push as much responsibility as possible even farther down the line, which eventually allows individuals the opportunity to prove themselves.

Kardol says Nampak was the first company in the Barlow group to adopt this practice and, while he admits it does occasionally cause problems, it has proved extremely successful. The Nampak preliminary results for the year to September 30, due out shortly, should provide further proof of this policy.

Metal Box's Campbell ... size does enhance the competitive position

Metal Box is obviously well-placed to move ahead strongly. The *pro forma* income statement for the new company would have generated pre-tax profit of R42m in the year ended March 31 (using the Nampak figures for the year ended September 30, 1982) on turnover of R523m. These figures are expected to rise to around R55m pre-tax and turnover of over R600m in the first full year of operation, to September 30 1984.

The number of shares in issue has virtually doubled as a result of the deal. The intention is to maintain dividend cover at around 2,25 times, which implies that this year's dividend will be substantially less than last year's 45c. Based on the *pro forma* figures for last year the dividend would have been 22,4c from earnings of 50,4c a share.

This, however, ignores the income shareholders would have received from their new shares in Robor, the split-off industrial operation, and their additional Nampak shares or cash.

Assuming a 30c payout this year Metal Box is valued at a prospective 3,2% dividend yield at its current 950c share price. The 950c valuation, however, still includes the Robor and Nampak potential. When the deal has been concluded it is likely the share price will fall to around 600c. But the growth potential is certainly there and the company's own earnings estimates for this year are probably fairly conservative.

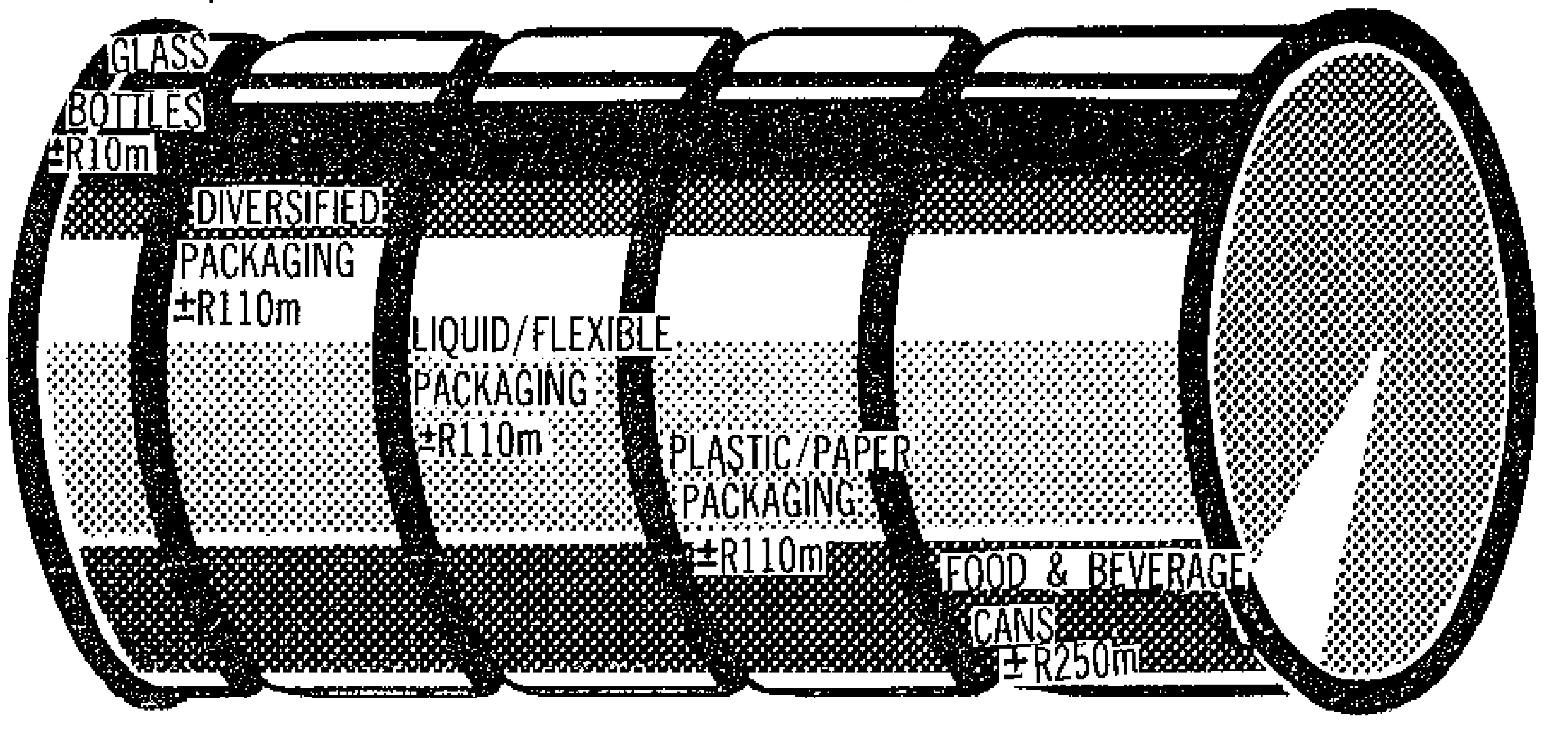
In the longer term, Kardol expects Metal Box to generate growth outside SA. He says it will probably take a year before the Nampak merger is fully digested, but after that the company will be on the acquisition trail. While this has not been given much attention to date, it appears the next logical step now that their base is fixed.

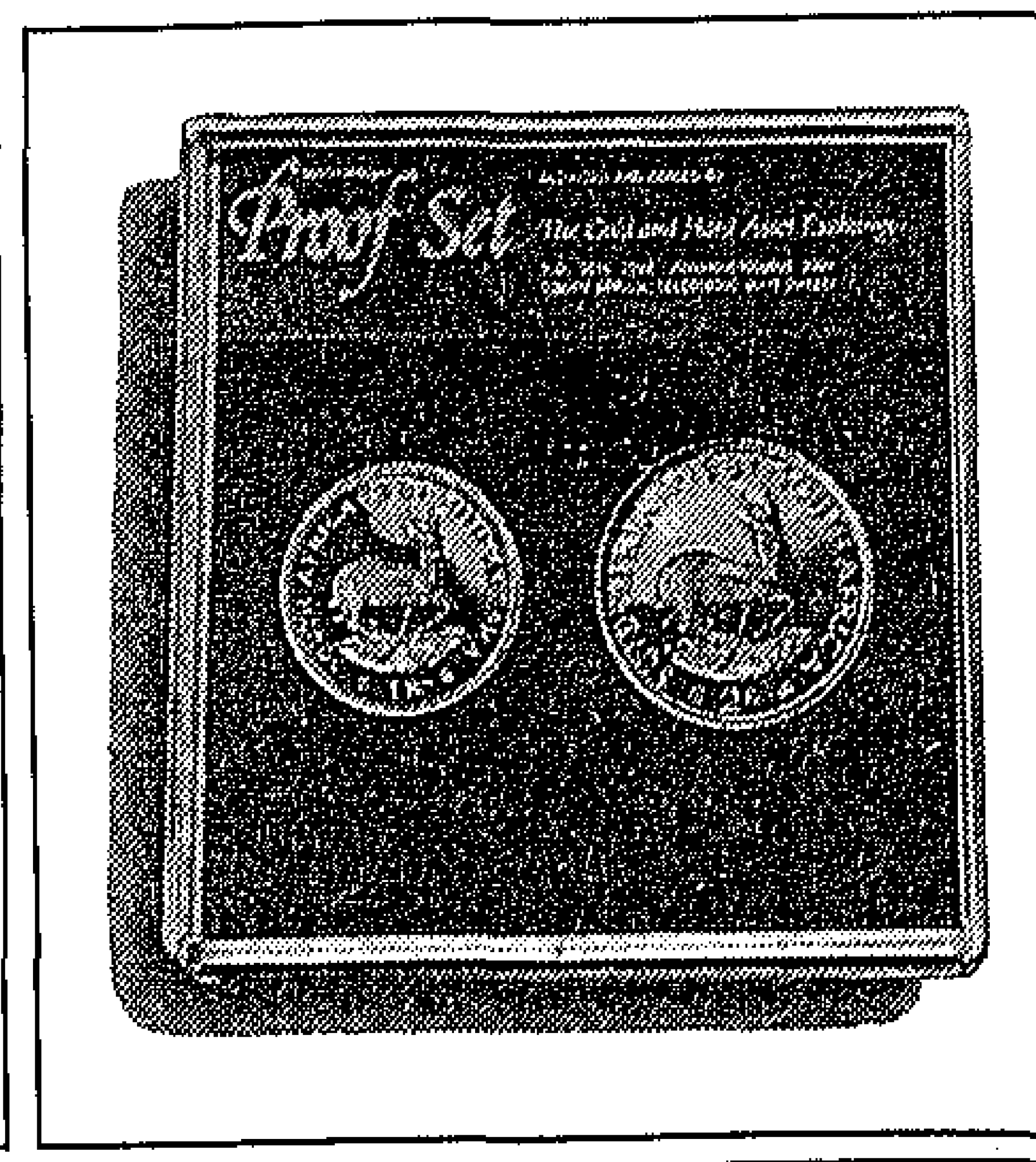
Barlow Rand is generally not known for its poor acquisition decisions. This is because of the emphasis placed on acquiring strong management as well as growth opportunities. As one Barlow director said "We may have paid over the top for Nampak, but we got Bas Kardol extremely cheaply." The same seems to apply as far as Jacobs and Campbell are concerned.

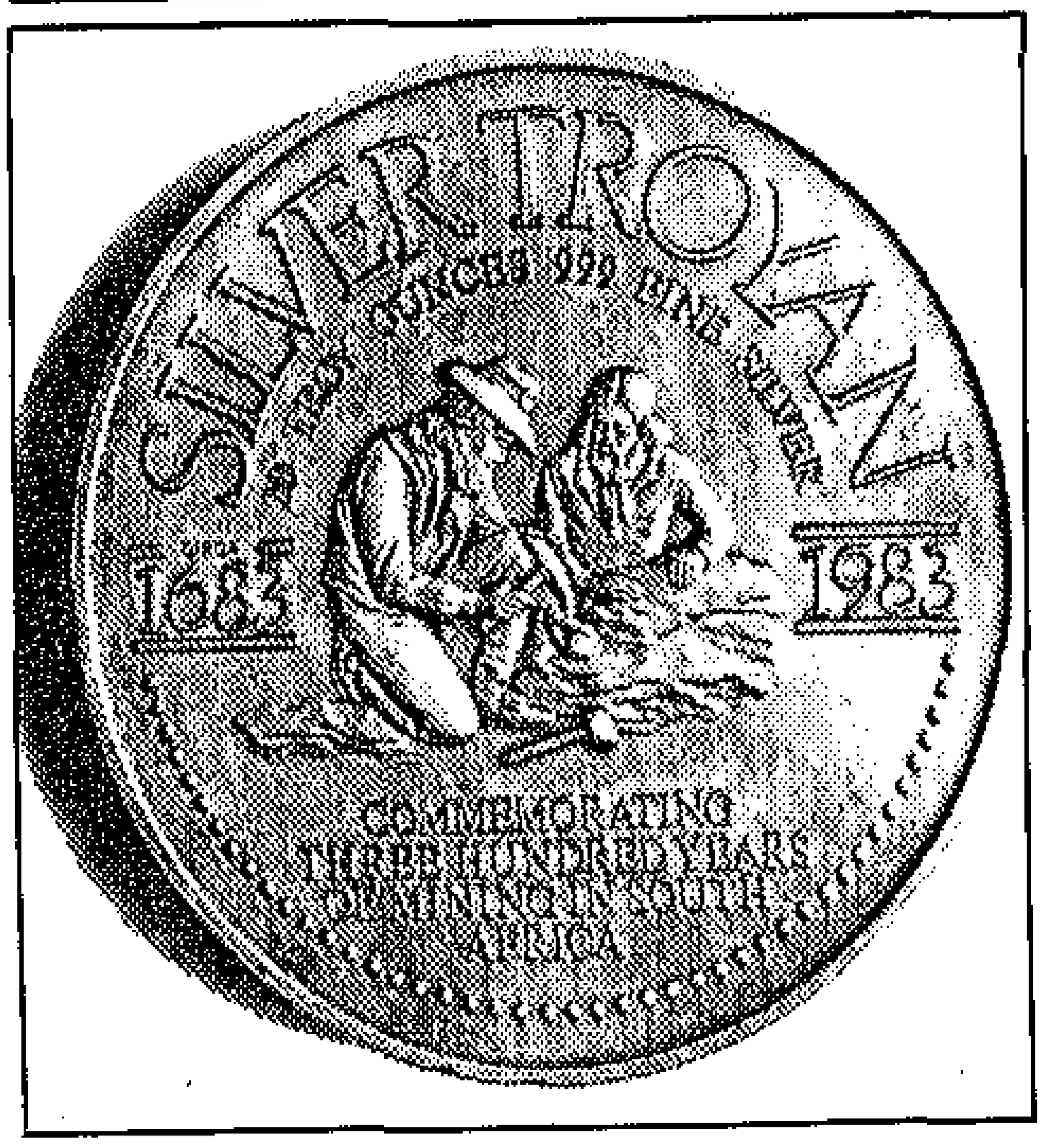
Peter Farley

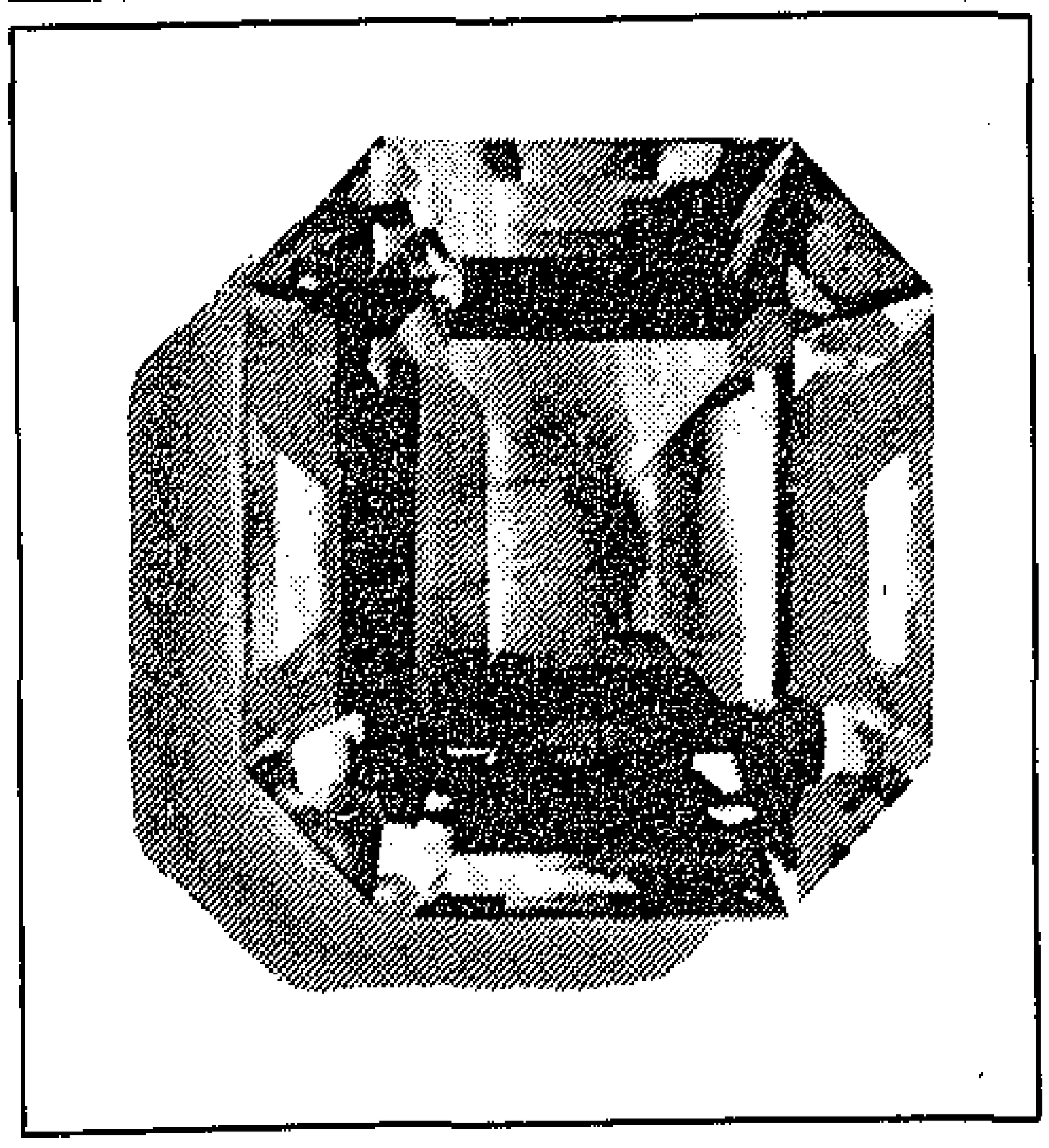
METAL BOX'S NEW MAKE-UP

Expected divisional turnover contributions for year to September 30, 1984









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J4213/I

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Mercury

8/11/83

Union will hold strike ballot at Dunlop tyre factory

Mercury Reporter

THE Metal and Allied Workers' Union, which has declared a dispute over pay with the Dunlop Tyre Company in Durban, will hold a strike ballot at the factory on Thursday to gauge the reaction of its members on 'legal industrial action' against the company.

A union spokesman said the dispute had now dragged into the fourth week and 'all efforts on the part of the union to resolve the dispute over wages, shift allowance and various bonus schemes have been rejected by the company, which is refusing to put its "final offer" on the table'.

'Of particular interest is the company's refusal of mediation. This is the first time a company has ever refused an offer of mediation by the union and has been interpreted by the union as a clear indication that it intends to provoke industrial action at the plant,' he added.

Meanwhile, the union will declare a dispute with Dunlop's Ladysmith branch over its alleged failure to sign a recognition agreement negotiated between the two parties.

The union spokesman added that it had indicated that it considered the company's 'failure to comply with the agreement an unfair labour practice which is having the effect of jeopardising industrial peace at the factory'.

The union also announced that it had been holding discussions on the situation at Dunlop with representatives of the National Automobile and Allied Workers' Union, another Fosatu-affiliate, which is organised in the major vehicle manufacturing firms.

The spokesman for Dunlop would not comment when approached by the Mercury yesterday, but the company is on record as saying that its doors have not been closed to wage negotiations with the union.

Job change saves factory worker

Star 8/11/83

194

Own Correspondent

DURBAN — Fate was on the side of a factory worker when he missed death by metres in the killer explosion at the Westmead paper factory yesterday after swopping jobs with another worker.

Mr Jabulani Shongwe (35), a machine operator at the Allied Paper and Industrial Paper Distributors, escaped unscathed from the explosion, while two of his friends were killed and a third was seriously burnt close to the machine where Mr Shongwe usually worked.

The manager of the firm, Mr Denys Blackbeard, said about 26 workers managed to run away from the disaster area after a steam cylinder exploded.

The 1,5 m wide cylinder, used to make crepe paper, exploded after pressure built up inside it, probably as a result of a blocked pipe, he said.

"I was sitting at my desk when I heard an enormous bang and glass shattered all around me. At first I thought the boiler had blown up, but later found it was a steam cylinder."

The powerful explosion hurled chunks of metal and shrapnel across the room, ripped down the the coater machine, knocked down pillars, tore window frames from their sockets and shattered windows throughout the building and in the next-door factory.

"We ran out the door at the side. I usually work near where the men died, but had to take over from someone on night shift at the back of the room yesterday. If I was at the usual place it would have killed me," said a shaken Mr Shongwe.

The names of the two dead men, one the 31-year-old father of three small children and the other a 22-year-old single man, have not yet been released.

A critically injured man, Mr S Govindasamy, was admitted to R K Khan Hospital with severe burns.

ON STRIKE: Some of the more than 100 strikers.

Sowetan
Nov 1983

194

Out on strike

MORE than 100 workers at New and Golden Paper Bag Manufacturers chanting freedom songs staged a demonstration against their management for refusing to reinstate a dismissed colleague.

The workers, members of the Fosatu-affiliate Paper, Wood and Allied Workers' Union, entered their second day on strike over the sacking of a worker and recognition of their union.

They also reject the Trade Union Council of SA's affiliate — South African Typographical Union — which has a closed shop agreement with the management. Workers say the union has been "forced down our throats by management."

• About 500 workers have gone on strike over wage demands and other job-related issues at two major companies in Olifantsfontein. The workers are striking at Johnson Tiles and at Masterbuilt (Pty) Ltd.

Mr C Joubert, personnel manager of Johnson Tiles, late yesterday said things were back to normal.

LABOUR NEWS (194) VRDV 15/11/83

Company issues a court threat to union

By STEVEN FRIEDMAN
Labour Correspondent

A COMPANY has started legal action against a trade union, alleging "unfair labour practice".

The move, in an industrial court, is believed to be without precendent in this country.

The company, Howick firm BTR Sarmcol, has declared a dispute with the Metal and Allied Workers' Union, charging it has failed to "bargain in good faith".

The union says it will fight the case.

Sarmcol have requested the Minister of Manpower to appoint a conciliation board to settle the dispute.

A company spokesman said yesterday that, if the board failed to settle it, Sarmcol would take industrial court action.

Although unions have made frequent use of the court to allege employers have been guilty of "unfair labour practices", this is believed to be the first time an employer has taken such action against a union.

If the case comes to court, it will have important implications for unions and employers throughout industry and could open the floodgates to a spate of similar cases.

Sarmcol's action flows from a dispute with MAWU over severance pay, after agreeing to negotiate a recognition agreement with the union.

MAWU has demanded that retrenched workers receive two week's severance pay for every year they have worked.

It wants negotiation on this at the same time as recognition talks.

The company argues that severance pay should not form part of recognition talks and that the issue should be negotiated after the union is recognised.

The company's spokesman said MAWU had adopted a "rigid and inflexible stance during negotiations" on the issue by refusing to move from its demand.

"They have told us it is union policy to demand two weeks' pay and they refuse to budge.

"We believe this means they are not prepared to bargain in good faith," the spokesman said.

He confirmed a claim by the union that the two sides had agreed to negotiate a recognition agreement within three months of MAWU recruiting a majority at the plant and that this had not been done.

"We believe the union is responsible for this. They have set conditions for the signing of an agreement — such as severance pay — because they do not want to be subject to the discipline of a formal agreement," he said.

A MAWU spokesman said the union would fight the case if it went to court.

"Their claim that we are inflexible is nonsense," he said. "We originally demanded that workers who were made redundant receive four weeks' severance pay for each year they had worked. We changed that to two weeks — so we have been prepared to adjust our demands."

Waltons to pyramid — Walcon debut in January

Cape Times 17/11/83

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By PAUL DOLD, Financial Editor

WALTONS is to become the sixth Cape Town company in recent months to pyramid after Retco, Clicks, Pep Stores, Garlicks and Pick 'n Pay and the new holding company Walcon will make its JSE debut towards the end of January.

Last night the managing director, Mr Frank Robarts, said Waltons was trading ahead of budget and the second half profit figures will be published in March.

A formal announcement of the pyramid scheme will be made on Friday but the effect of the operation is that Walton's shareholders holding 100 ordinaries will then hold 200 shares in Waltons and 100 in Walcon.

Waltons is commendably undertaking to treat minorities fairly with any future bidder for the pyramid having to make a similar offer to shareholders in the operating company.

Waltons has also tried to spell out the effect on minorities of the pyramid scheme and estimates that on the basis of an existing ordinary trading at R10, the new Waltons shares should trade at 250c and Walcon at 500c (two Waltons and one Walcon making up the 1 000c total).

The scheme will secure control of Waltons in the management with the latter holding 50 percent of Walcon, which in turn will own 50 percent of Waltons itself. Currently management and staff have some 30 percent of Waltons.

Walcon will end up with an issued share capital of 2 992 994 shares compared with a Waltons capital of 11,9m.

The terms of the scheme are that Waltons will make a cap issue of three new shares for every one held. Two shares will then be alloted to Walcon with the remaining share being issued to shareholers as a renounceable letter of allotment.

Waltons shareholders are to be given one free share in Walcon.

Certain institutional shareholders have agreed to retain part of their holding in the bottom company. Their Walcon shares up to a maximum of 540 312 will be swapped for Waltons. The swap will be on the basis of one Walcon for two Waltons. The offer is also open to any minority shareholder.

According to the draft timetable, scheme meetings will be held on January 9 with Walcon shares being first listed on January 23.

Garlicks' outlook

GARLICKS will at least maintain its dividend this year in spite of the downswing in consumer spending, the chairman, Mr John Garlick, told shareholders at the annual meeting yesterday.

The group paid a total of 44c (40c) last year.

Turnover for the first four months of the current year is slightly ahead of last year but there is little growth in real terms. No set trading pattern has emerged with sales patchy and varying from month to month making forecasting difficult.

Trading at the new Durban store, which was bought from Stuttafords in October, is in line with forecasts.

While start-up costs are likely to have a slight adverse impact on profits, the Durban store is expected to make a contribution to profits in the next financial year and a material impact in the longer term.

Mr Mike Revington has been appointed a director of PG Wood (Cape) (Pty) Ltd.

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Own Corre

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RL Coal to b absorbed into holding compa

Own Correspondent

JOHANNESBURG. — Rand London Coal is to be absorbed into its holding company, Rand London Corporation, thus disappearing from the Johannesburg Stock Exchange boards.

This is the main thrust of proposals released yesterday by Central Merchant Bank, and which bring to an end 10 days of speculation on the reasons for the suspension of Rand London and Rand London Coal on November 7.

The proposals have yet to be approved by the Johannesburg Stock Exchange and the London Stock Exchange, but they provide for a straight swap of new Rand London shares for Rand London Coal.

Results

Although results for the six months to September 30 have not yet been published, the Senbank announcement said that because of the downturn in the international coal markets, the depressed economic conditions in the Western world and the closure of the Kempslust and Brockwell mines, RL Coal had continued to trade at a loss.

shares in the f
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For the year to
31, RL Coal incu
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194 Sow 23/11/83

Strike enters its third day

Labour Reporter

The strike by 100 workers at Golden Era Stationers in Johannesburg today entered its third day after talks between management and the Paper, Wood and Allied Workers Union became deadlocked.

The workers, about half of the factory workforce, went on strike on Monday over the dismissal of a colleague, Mr M Makhatini, the previous Friday.

Among the demands which the striking workers have presented to management are: recognition of the Paper, Wood and Allied Workers Union; that management should apply for exemption from the closed-shop principle which requires that all workers upon joining the company become members of the South African Typographical Union; and the reinstatement of Mr Makhatini.

The manager of the company, Mr K Chita, said he had already agreed to these requests in previous discussions with the union's representatives.

"It would seem that the workers went on strike because of this dismissal."

Mr Makhatini had twice been warned before finally being dismissed for insubordination to a superior, he said. However management was prepared to hold a hearing to determine whether or not Mr Makhatini was in the wrong, with an impartial third party as judge.

The union is demanding the reinstatement of Mr Makhatini before the hearing is held.

SALDRU
SCHOOL OF ECONOMICS
U.C.T.

PRESS STATEMENTS

FOSATU

DUNLOP DISPUTE DRAGS ON

On Thursday 14th November a Conciliation Board meeting was attended by representatives of Dunlop SA (Tyre Division) and of the Metal and Allied Workers Union under the chairmanship of an official from the Department of Manpower.

MAWU motivated its claim for wage increases of between 8 per cent and 18 per cent on the basis that the current wages at the factory were far below the household effective level and supplemented living level as well as below their competitors like Firestone, Goodyear, and General Tyres. MAWU also argued that the company had made huge profits during 1982 and that these profits had been maintained in the first half of 198 .

Dunlop management did not dispute the company's ability to pay what the union was demanding but said that its policy on wages was determined by the availability of labour as determined by market forces from time to time.

After 6 hours the parties were still unable to reach any agreement but the company requested that one further meeting of the Conciliation Board be held and undertook to table further proposals.

MAWU agreed to this request and the next meeting was set down for the 5th December but union shop stewards remained sceptical last night that any agreement would then be reached although they said that 'the ball was now in Dunlop's court.'

~~MAWU Branch~~ Secretary Natal
25.11.83

enough to grace the top of any ...tmas free, the Standard 2 ...ls" of the Johannesburg Girls' ...ratory School add their voices to ...hool's concert and carol service. ...were taking part in the "Night ... Christmas", their offering for ...ristmas season.

...ow: In more down to earth mood ...andard 1 classes play out the Eu... ...n dream of "A White Christmas". The concert presented by the school added a touch of novelty to the traditional nativity play and the carol service presented last night by the junior and senior classes.

The service has become an annual event at the school, where festive togetherness takes preference to star performances and solo roles.

● Pictures by Manuel Pinheiro.

Papermill workers on strike

Star 7/12/83

Labour Reporter

Two hundred and fifty workers at Carlton Paper's Wadeville mill went on strike for the second day today following the dismissal of a colleague.

The strike started when about half of the plant's workforce downed tools after the dismissal.

The company recently signed a recognition agreement with the Paper, Wood and Allied Workers' Union, and has called on the workers to return so an inquiry can be launched into the dismissal recommendation set out in the agreement.

In a statement, Carlton claims the workers went on strike before instituting the grievance procedure.

Meetings between management and union representatives have already been held in an attempt to resolve the dispute.

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... all of a sudden promises are for... We read in the ...apers we are to be moved to Khayelitsha.

"Dr Koornhof gave us no notice and did not discuss these new plans with us."

Other objections to moving to Khayelitsha were that it was situated too near the rifle range, which might be dangerous, and that it was "very, very far" for most people to travel to work.

...ison' maize wasn't ...er limit — doctor

...etoria Bureau

...epartment of ... today denied that ... meal tested in ...burg contained ...he legally allowed ... of the poisonous ...ce aflatoxin.

...I van Rooyen, Director-General ...lth, said in Pre... ...hat 10 parts of ...in in a billion ...of maize — the ...t found in the ... meal in Maritz... ... was the legal ... South Africa.

...imit for only one type of aflatoxin, the B 1 type, was five parts in a billion. "I know the maize meal tested in Pietermaritzburg did not contain aflatoxin B 1," he said.

Dr van Rooyen confirmed, however, that the department ordered its Durban office to investigate the matter.

He said although aflatoxin was known to be the cause of liver cancer, it was not possible to tell how much of the substance would cause illness in people.

Hot and humid for holidays

Very hot and humid weather will mark the beginning of the Transvaal school holidays.

The Pretoria Weather Bureau said today the two days of good rains experienced in the Transvaal will result in a rise in temperatures and humidity.

However, this would also mean that the possibility of isolated thunder showers today and tomorrow would increase, a spokesman said.

In central Johannesburg 34 mm of rain was recorded yesterday. This brings the amount registered this month to 108 mm.

In Bryanston 36 mm was recorded and in the Southern Suburbs 26 mm.

Central Pretoria registered 20,3 mm and, according to the Weather Bureau, good rains also fell over large areas of the Free State, with some places recording more than 100 mm.

Stars pr... at Kyal...

By John Bentley

The largest sports car field of the 1983 endurance racing season — apart from Le Mans — lines up at Kyalami today for the first untimed practice session for Saturday's final round of the world championship, the Castrol 1 000.

The Kyalami race will decide the seven-round battle for the drivers' section of the World Endurance Championship, with Rothmans Porsche drivers Jacky Ickx and Derek Bell in contention for the title.

Ickx, the reigning champion, has 85 points, while Bell, his nearest rival, has 74, both scored in five races. With the best five results of the season counting and 20 points awarded for a win, either driver could take the title at Kyalami.

Among the 28 overseas entries are the works Lancia-Ferraris, keen to topple the Germans after a season fraught with de-

Papermill strikers go back at Wadeville

Star 8/12/83

Labour Reporter

The 250 striking workers at Carlton Paper's Wadeville papermill returned to work today after it was decided that the dispute be settled through mediation.

The workers downed tools on Tuesday morning after a colleague was dismissed by a production superintendent.

A spokesman for the company said that the workers — all members of the Paper Wood and Allied Workers' Union (PWAWU) — did not follow the grievance procedures recently agreed on by both parties.

"The strike was therefore illegal and it was decided that, on the basis of an error having apparently been committed by both sides, the best way to resolve the dispute would be through mediation," he said.

The recognition agreement which PWAWU recently concluded with the company contains a clause which provides for the dismissal of all or none of the striking workers and, in the event of mass dismissal, the company has agreed not to selectively re-employ workers.

LABOUR NEWS 8/12/83

194.

Man dismissed, workers down tools in protest

By STEVEN FRIEDMAN
Labour Correspondent

WORKERS at Carlton Paper's Wadeville mill have downed tools in protest at the dismissal of a worker.

Talks between the company and the Paper, Wood and Allied Workers' Union have taken place since the strike, however, and by late yesterday afternoon the company was confident of a speedy return to work.

The strike is likely to attract considerable interest because the recently-signed recognition agreement between the company and the PWAWU contains a strike clause unique in the Transvaal. It says that, in the event of a strike, the company will either fire all or none of the strikers.

However, Carlton alleges that this stipulation does not apply in the present dispute because workers struck before following the grievance procedure laid down in its recognition agreement.

"If workers strike without following the correct procedures for longer than 72 hours, the whole agreement falls away. But we obviously don't want this to happen and we are working hard to achieve a settlement," said a company spokesman, Mr Keith Patridge, yesterday. The union was meeting yesterday afternoon to discuss a return to work, he said.

A company statement said Carlton had called on workers to return so an inquiry into the "dismissal recommendation" which sparked the strike can "proceed as embodied in the agreement".

It said Carlton was willing to consider the dismissal in terms of the procedures laid down in its agreement with the union "when the procedures laid down in the agreement between the union and the company are adhered to — starting with a return to work".

The union could not be contacted for comment.

About 120 workers at Union Liquid Air in Germiston struck yesterday, according to a spokesman for the Chemical Workers' Industrial Union.

He said workers had been negotiating with the company since June, but that finality had still not been reached and that they had struck in protest at this. A company spokesman refused to comment.

Consol pays R1m for Cargus

13/12/85

Financial Reporter

CONSOL, Anglovaal's packaging arm, has bought Cargus Packaging (Pty) of Bellville for about R1m.

The acquisition represents Consol's entry into the consumer sector of the flexible packaging market. Cargus will be incorporated as a subsidiary of Consol Plastic Packaging (Pty).

Cargus is involved mainly in the manufacture of bundle shrink film, liners and check-out bags.

In the last financial year flexible pre-packaging contributed a third of Cargus's turnover.

The takeover is retrospective to October 25 and, as soon as the details have been finalised, Mr Gus Gunther, Cargus's managing director, will withdraw from management.

Mr Keith Reid will take over from Mr Gunther as regional manager of Consol Flexible Plastics. Mr Colin Wood and Mr Herbie Appel will continue respectively as Cargus's sales and technical managers.

Paper firm's 'yes' to union

194

NOM 15/12/83

Labour Correspondent

MONDI Paper Company, a subsidiary of the giant Anglo American group, has recognised Fosatu's Paper, Wood and Allied Workers' Union after a two-year battle for recognition which became heated on several occasions.

A joint statement yesterday by the two sides announced that Mondi had recognised the union at its Felixton mill in KwaZulu.

The statement said the union also claimed majority membership at three other Mondi mills — Merebank, Umgeni and Piet Retief — and that talks on union recognition at these mills were taking place.

However, it is understood a key union demand — that it have the right to negotiate wages directly with Mondi at the mills — has not been granted in the agreement.

Mondi wants wages to be negotiated at an industrial council, but the PWAWU has thus far refused to join the council.

It is understood that, despite its willingness to sign the agreement, the PWAWU has not abandoned its desire to negotiate directly with the company.

The dispute between Mondi and the PWAWU has been seen as a key test for the union in the paper industry.

Although two paper companies, Premier Paper and Carlton Paper, have been prepared to negotiate with the PWAWU outside the official industrial council system, Mondi and another key paper company, Sappi, have insisted that wage negotiations take place at an industrial council.

It is understood that the signing of the agreement follows a marked easing of relations between the company and the union.

Yesterday's joint statement said the recognition agreement at Felixton followed "negotiations lasting two years".

'Closed shop' waived for 700 SATU men

(194) ROM 15/12/83

Labour Correspondent

ABOUT 700 workers at two Transvaal factories have won an exemption from the printing industry's "closed shop" agreement — which means they no longer have to belong to Tucsa's SA Typographical Union (SATU).

This was announced yesterday in a statement by the Paper, Wood and Allied Workers' Union (PWAWU) — an affiliate of the Federation of SA Trade Unions — which the workers have joined in preference to SATU.

The PWAWU sees the exemptions — granted after the two companies intervened in support of the application for workers to be freed from the "closed shop" — as a major breakthrough in its battle to end the agreement which forces black workers to belong to SATU.

The two companies are Kohler Corrugated in Brakpan and Printpak in Industria, which is part of Barlow Rand's Nampak subsidiary.

The "closed shop" in the printing industry forces black workers to belong to SATU. However, in a number of factories, black workers have sought to resign from the union and to join the PWAWU instead.

They are not permitted to resign from SATU, however, unless the industry's industrial council grants an exemption from the "closed shop" clause.

It is expected that further applications for exemption from SATU's closed shop will be made in the near future.

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Three recognition agreements signed

Labour Correspondent

THE Natal branch of the Metal and Allied Workers' Union (Mawu) has signed three full recognition agreements with companies in the Maritzburg/Durban area, a union statement announced yesterday.

According to Mawu, this means its Natal branch has now signed 25 recognition agreements with employers.

The union named two of the three companies which had recognised it as Van Leer — a Dutch-owned metal container firm — and Pillar Naco, a subsidiary of the Plate Glass group. It did not name the third company.

The statement said all three agreements gave the union "full plant-based bargaining rights" and also provided for grievanee and discipline procedures and the right of shop stewards to operate in the plants.

Mawu described the three agreements as "useful and constructive".

The union's Natal branch has grown rapidly this year and claims its membership has doubled in a matter of months.

Paper workers switch to new union

Sowetan 21/12/83 194

By JOSHUA RABOROKO

ABOUT 700 workers at two factories have been exempted by their employers from belonging to the Tucsa-affiliated South African Typographical Union (Satu) and to join a Fosatu-affiliate, The Paper, Wood and Allied Workers' Union (PWAWU).

Kohler Corrugated in Brakpan and Print Pack in Industria have a closed-shop agreement that forced workers to belong to Satu.

This move, which has been regarded as "a major breakthrough" by the union and members, was taken after the workers had made it clear that they wished to belong to PWAWU.

In a statement to **The SOWETAN**, the union says that there is presently a "flood of workers" who are trying to leave Satu to join PWAWU.

The main complaints of the workers, according to the union, are:

- Satu does not represent them or fight for their interests;
- Satu's apartheid branches and Tusca's policies do not appeal to the workers;
- Satu's so-called benefits are difficult to obtain and largely illusory; and
- workers want a union not a benefit society.

The statement added that the workers complained that Satu did not appear to be representing its members by means of mandates and feedbacks, but was management orientated.

The workers also feel that they cannot accept and respect a union which forces them to belong to it when there is a freedom of association clause in the Labour Relations Act.

Interviewed workers said that they were now going to feel secure because they will be represented by a union of their own choice and not the one previously imposed on them by management.

Cheap imports hit SA's stationery manufacturers

194 Star 21/12/83

By Stuart Flitton

South African stationery manufacturers claim they have lost millions of rands because local schoolchildren are buying Zimbabwean exercise books made from cheap imported paper.

A spokesman for one manufacturer said Shield Buying and Marketing (Pty) Ltd had ordered books to the value of R1,5 million from the Zimbabwe manufacturers, Art Mail and Marvo.

The spokesman said local stationery maufacturers were not given import permits by the Department of Industries, Commerce and Tourism and were unable to import the cheap paper which was available to Zimbabwe.

"Some of the Zimbabwean books come through Botswana, thus avoiding the strict Customs control at Beit Bridge," the spokesman said.

"This trade has been going on since 1972 but has increased since Zimbabwe's independence."

A spokesman for another local stationery manufacturer said that, since independence, cheap paper had been supplied to Zimbabwe as aid from Sweden.

"Their selling price is the same as our cost price. It makes us look ridiculous," the spokesman said.

A spokesman for Shield Buying and Marketing, of Johannesburg, was unimpressed when told that local manufacturers were upset.

"If Zimbabwean prices are lower than those of local manufacturers, surely there must be something wrong with the local trade," he said.

"Local manufacturers can beat the Zimbabwe prices. The problem is that some of them collude on prices."

He denied that books came through Botswana and said he did not know the origin of the paper.

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REINALD HOFMEYR

Barlow Rand and Fosatu

In its 1983 annual report, Barlow Rand questioned certain objectives of the Federation of SA Trade Unions (Fosatu) and expressed concern about some of its affiliates' strategies. The *FM* spoke to Barlow Rand Group Industrial Relations Director Reinald Hofmeyr about these and other labour issues.

***FM*: The Barlows annual report cites the need for a *modus vivendi* to be found with some Fosatu unions. Will it be possible to find common ground with them during the coming year?**

Hofmeyr: I think the year ahead is going to be an extremely difficult one. Perhaps at this point I should say that where the press is talking about a change of stance on the part of Barlows or a hardening of attitudes, that is not really the way we see it.

The great cause for concern in our minds is the fact that there definitely has been a deterioration of relationships between some of our companies and some of the Fosatu unions. And here we find ourselves in a bit of a catch-22 situation in that we were one of the very first major companies to say publicly that we respected the right of our employees to decide by whom they should be represented. We agreed to negotiate with unions regardless of whether they were registered or unregistered, and regardless of whether they were parties to industrial council agreements or not.

This drew a great deal of sharp criticism from some employers and employer organisations on the basis, as they put it, that we were "letting the side down." We are unrepentant. We still believe it is the best line to follow, and I think we have shown our good faith by the very large number of recognition agreements we have concluded.

Yet it is from these very unions that we have recognised — against the advice of other employers — that we now face this increasing hostility.

The last thing we want is confrontation, but we are really facing some extremely grave difficulties in our relations, particularly with the Metal and Allied Workers' Union and the Paper, Wood and Allied Workers' Union. We are having to contend with loss of production due to wildcat strikes, bans on overtime, violence against non-strikers in one instance, attacks on our chairman and snide remarks about our code of employment practice — a code which we take very seriously.

I think we will have to come to some sort of accommodation with the unions in this regard if a *modus vivendi* is to be found. I don't think we can continue to tolerate some of the methods that are being used.

Would it be correct to say that much of the breakdown in relationships is being caused by an apparent drive by some unions towards greater worker and union participation in decision-making?

Yes. Dealing with Fosatu for the moment, this greater participation in decision-making is entirely in line with their long-term objectives as we see them, and as they were spelt out in (Fosatu general secretary) Joe Foster's policy statement at the Fosatu congress.

We believe that capitalism, despite whatever faults it may have, is still the best recipe for sorely-needed economic growth. We have great difficulty in accepting the signing away of what we perceive as management's obligation to take certain decisions in the interests of the people who provide risk capital and enable us to survive and grow.

So while we are prepared to negotiate on any matter relating to the contract of employment, we have been unwilling to enter into recognition agreements where we or our companies are called upon to negotiate on any matter of "common interest," which obviously would include such things as where you site your plants and what production methods you use. And this, I think, is possibly a cause of frustration and annoyance on the part of some unions.

Are there not some issues where such union participation can be useful — for example, productivity, retrenchment and safety?

Yes. Retrenchment is, of course, a very difficult issue. But while we would not negotiate on whether retrenchment is necessary, we would certainly be happy to negotiate on possible alternatives to retrenchment. In fact, unions have been very helpful with their suggestions on some occasions. There can also be negotiations over the criteria to be used to determine who should be retrenched. Compensation for retrenchment is a very fair issue for negotiation as well.

Slow progress is being made in talks between the Chamber of Mines and white-led mining unions over the phasing out of discriminatory practices. Do you think an agreement can be achieved in 1984 on, for example, allowing black workers to hold blasting certificates?

I am not optimistic because there has been no softening, to my knowledge, of the attitude of the Mineworkers' Union. I think sooner or later government will simply have to do what it gave notice of doing — and that is in the absence of some agreement, to intervene. The restriction of blasting certificates to certain race groups is unacceptable.

Some Barlows companies have faced inter-union rivalry during the past year. What approach should management adopt towards such a problem?

I think we have been very clear about this ever since we issued guidelines to our managers as far back as 1980. We believe managements should remain completely aloof in this situation. We think it is unfair and fatal for any management to explicitly or implicitly show any preference for any particular union.

Rivalry is something we are simply going to have to live with, and I think that where it exists, sooner or later one party will emerge as the party by which employees wish to be represented. I think it is significant — although our packaging companies have received scant credit for it from the unions — that we have in fact managed to get exemptions from the closed shop agreement in the printing and packaging industry in four cases where the majority of people in the plants concerned clearly demonstrated that they wished to be represented by the Paper, Wood and Allied Workers' Union, and not by the SA Typographical Union.

What should be done to improve the functioning of the Industrial Court?

There are two elements here. The first is that it is very necessary that the concept of the unfair labour practice should be more closely defined in legislation. The second, and equally important thing, relates not so much to the functioning of the court, but to the legislation in terms of which it has to operate. If one takes a look at that legislation in, I would say 99 cases out of 100 that come before it for a *status quo* order, the court really has no alternative but to grant the order on the basis of balance of convenience. So I would regard it as very necessary that that legislation should become more circumscribed.

The

BUSINESS BRIEFS

The Star's Foreign News Service

PARIS — Peugeot, France's financially troubled private car company, expects to report group losses of more than R215 million this year and to see its debts increase, largely as a result of the three-week strike at the group's Talbot plant at Poissy, near Paris.

NEW YORK — Pennzoil, a medium-sized Houston oil company, is to spend up to R1,9 billion in an attempt to buy a stake of up to 20 percent in Getty Oil, the 14th biggest US oil company.

LONDON — Britain's biggest car export contract — the supply of car kits worth R262 million a year by Talbot UK to Iran — seems secure for 1984. Talbot says the Iranians have asked for 120 000 kits to be shipped next year.

NEW YORKAmerican Telephone and Telegraph is to acquire for $260 million 25 percent of Olivetti, Europe's leading data processing equipment company.

The aim is to form "an industrial, commercial and financial alliance" that will involve joint product development, distribution and technological co-operation.

AT & T has agreed to buy $250 million of Olivetti products during the initial 12-month period that will commence in mid-1984.

LONDON — A modest recovery is forecast by Rolls-Royce Motors in its car operations next year, after one of the most turbulent periods in the company's history. Rolls-Royce is looking for world sales next year of about 2 400 cars.

NEW YORK — Eastman Kodak, the world's biggest photographic products group, plans to enter the fast-growing US amateur video camera market with the help of Matsushita, one of the Japanese groups which dominates the market.

Kohler to pay Gencor R20-m for Xactics

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Star 29/12/83

By Peter Farley

Kohler is to pay parent Gencor an effective R20,8 million for plastics packaging specialist Xactics, to be funded almost entirely with convertible and redeemable preference shares.

The details of the final stage in the change of ownership of Xactics also offers Kohler minority shareholders the chance to raise their stake in the company.

But the fact that Gencor is generously offering this suggests the parent company is not overly keen on increasing its stake in the packaging group from the current 68 percent.

The deal comprises the acquisition by Kohler from Gencor of Cortics, which owns 67 percent of Xactics and the 33 percent of Xactics Gencor holds directly.

But less than R200 000 will be paid to Gencor in cash at this stage. The share issues account for the balance. Kohler is issuing to Gencor a package of 173 800 linked units at R119 each — total R22,68 million.

Kohler will have to repay an interest-free loan from Gencor of R4,0 million at end-1987.

Each linked unit comprises nine automatically convertible pref shares of 50c each and five redeemable convertible prefs of 50c. The terms of the two prefs are an issue price of 850c, an annual 85c dividend and conversion into a Kohler ordinary at 850c or redemption at 850c.

The automatically convertible shares will be converted half on January 1 1986 and the rest a year later. Kohler will have the right to convert the redeemable shares in the same way.

Gencor apparently seeks to offset some cash already laid on the Xactics purchase and is making available 32 percent of its linked units to existing Kohler shareholders on the basis of two for every 100 Kohler ordinaries held at the same R119 per unit.

Minorities have until the special general meeting on January 20 to decide on whether to take up the offer. Given the current sluggish growth prospects offered by Kohler and the slight premium of the conversion price over the current 830c it is unlikely many will accept.

In the offer document Kohler says if the Xactics acquisition had been in force since last January 1, it would have reduced earnings by around 4,5c per share and pushed net worth down by 101c, or 14 percent.

Hardly the kind of performance to inject some life into Kohler, bogged down by the recent purchase of DRG the flexible packaging division of Wiggins Teape.

Sandton office rents could rise by 30%

By Frank Jeans

Office rents in Sandton, still the centre of sustained commercial build-up, are expected to move ahead by more than 30 percent over the next 18months.

With very little space available to let and no new building projects coming on to the market before 1985, rents which now average R14 a sq m will increase to between R18 and R20, predicts Mr Kevin Jordaan of Divaris Real Estate.

"Except for Liberty Life's Twin Towers development — part of the Sandton City extensions — which is probably more than 70 percent let now and the Unilever building in Pybus Road, there is no large space left to let," says Mr Jordaan.

"Demand for industrial property in ... high and

New company will service power stations

Financial Staff

A joint venture service company specialising in power-station maintenance has been formed by International Combustion Africa (ICAL) and a US manufacturer of power generation equipment, Combustion Engineering Inc (C-E).

The new company, Combustion Services Africa, will provide services for the maintenance of fossil-fired steam generating equipment used by electric utilities in Southern Africa, including Escom and the Electricity Supply Commission in Zimbabwe.

Last year Escom, which generated more than 90 percent of the electricity used in South

Mr Donald Lyons, president of C-E Power Systems, says there is a world-wide demand for specialised maintenance services in support of the more sophisticated power generation systems now being installed.

"C-E is committed to working with ICAL to support Escom's effort with assistance in engineering design, manufacturing technology and equipment.

"Providing electricity is a long-term business, and South Africa anticipates great demand for electrical energy over the next few decades," he says.

"With Combustion Services, we are making the commitment necessary to assist in meeting

MANUFACTURING — PAPER AND PRODUCTS

1984 – 1985

Mercury 8/1/85 (194)

Hortors' Trio Rand MD hits at paper tariffs

Finance Reporter

STRONG criticism of paper tariffs and of the Government's additional 15 percent tariff protection on coated paper motivated by Sappi, and a warning that its implementation is inflationary, wwere made by Mr Michael Watermeyer, managing director of Hortors Trio Rand.

Mr Watermeyer said his group, which uses more than 21 000 tons of all grades of paper a year, was distressed at the consequences of the protective tariff which embraces almost all kinds of coated paper including many grades of paper not even made here.

Local manufacturers should be striving to reduce costs through productivity and Mr Watermeyer urged the Government to reconsider protective tariffs which lessens this urgency.

Grades

'It is unfair and certainly not in the interests of the economy to expect the printing industry to be responsible for the huge investments the local mills have made to produce the various grades of paper which are widely available from overseas,' said Mr Watermeyer.

'Paper comprises more than 40 percent of book printing costs. Our group believes any escalation of paper duties will be followed by local paper price increases as manufacturers float their prices up behind the protective shield of duties with no fear of international competition.

'Increases are further compounded by the time retailers margins and GST are added, causing unnecessary price hikes and yet further pressure on the man in the street,' said Mr Watermeyer.

In 1984 the printing industry reeled under two substantial paper price increases. Some grades of paper were increased by as much as 20 percent — an inflationary factor that led publishers to print in the Far East.

Demand

'The ordinary economic forces of supply and demand do not operate in a protected environment,' said Mr Watermeyer.

'Whereas on the international market a drop in demand tends to reduce prices, in the South African market a drop in demand appears to encourage the mills to seek protection and higher prices in order to maintain profitability.

'And who can blame them? The printing industry would also seek protection if it believed that this would be forthcoming.

'But it does not help John Citizen who spends a fair portion of his income on print and packaging,' said Mr Watermeyer.

Calling for a concerted national effort to slow the inflation rate, Mr Watermeyer questioned whether Sappi or Mondi needs tariff protection.

'The huge mills were built to manufacture far larger quantities of paper than the local printing industry could ever absorb. Now that they have highly favourable conditions and incentives for export, why do they not concentrate on export, which is where their profits lie, these large mills are now trying to cover their disproportionate investments by cornering the local market on their own terms?' he asked.

'We will always be forced to import, because Sappi is unable to provide us with small tonnages as it is not financially viable for their manufacturing operations.

Tonnages

'We in turn require small tonnages because print runs of books and catalogues are usually substantially shorter than in other more densely populated, highly-developed countries.

'This artificially created environment reusults in increased costs which have to be met eventually by the consumer.'

Hard on the heels of Sappi's successful application for protection on coated grades, looms a possible 15 percent protective tariff on uncoated grades, initiated by Mondi.

Should this application be successful, the local paper mills could monopolise the supply of paper to all South African printers.

According to an authoritative evaluation of the 1983 results of the top 100 paper mills worldwide, carried out by Pulp and Paper International, the relative earnings of Sappi and Mondi are among the highest in the world.

Printing

'What the printing industry would like to know is how productive are Sappi and Mondi. It is well known that a protective situation does not encourage productivity, and poor productivity increases inflation.

'So that their tariff protections could be promoting inflationary factors within their own companies, inflation has to be fought by the private sector and Government hand in hand.

'Anything which protects inefficiency cannot be tolerated if we are serious about bringing inflation under control,' he said.

RDM 15/1/85 (194)

R4m takeover by Kohler

Own Correspondent

PORT ELIZABETH. — One of South Africa's largest print and packaging concerns, the Kohler Group, is taking over the Port Elizabeth-based Acme group for more than R4m.

This was announced by Mr Derrick Minnie, the operations director, paper division of Kohler, and Mr Stuart MacDonald, the managing director of the Acme group.

The Kohler group has confidence in the Port Elizabeth area and has decided to take over Acme because it is "a progressive go-ahead company with modern equipment," says Mr Minnie.

Kohler Bumley's, the Kohler group's Port Elizabeth printing operation, will not be affected by the deal.

The Kohler group, which has 35 manufacturing plants throughout South Africa and supplies virtually all sectors of the economy, has a decentralised management structure and regards packaging as a localised business.

The Acme staff will not be affected by the takeover and the company will be fully autonomous.

Mr MacDonald says it is becoming increasingly difficult for family businesses to expand and the takeover will provide a means of doing this.

"We now have access to all Kohler technology and feel this will be of benefit not only to us but to the Port Elizabeth area as a whole. Before we were limited in what we could tackle."

Mr MacDonald says Acme — which is to be incorporated as Acme Print & Pack — has always had faith in the Port Elizabeth market.

PRINTING

Running for cover

(194)

Government moves to protect SA paper manufacturers from imports are sitting heavily with the printing industry.

A 15% tariff on coated paper motivated by Sappi is already biting. Crying "foul" the loudest is Hortors Trio Rand MD Michael Watermeyer, who notes that Mondi is seeking similar protection for uncoated paper.

He sees no justification for either, and maintains that manufacturers are exhibit-

Financial Mail January 18 1985

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ing considerable ignorance of market principles.

Sappi Fine Paper MD Ken Lechmere-Oertel says the need for the tariff was accepted long ago by the Board of Trade (BoT), but it has taken until now to get it off the ground.

The need, he says, stems from the fact that competitors elsewhere in the world enjoy subsidies and tariff protection, and it is vital the local industry remains strong to finance vast capital expenditure on new mills required by a burgeoning market.

Additionally, it takes so long for an application to be granted that circumstances can change drastically before it becomes effective. The paper makers maintain that although a weak rand has stopped imports now, it is wise to have the tariff in the wings.

Protection does take time. In the case of coated papers it was sought four years ago and two years passed before some protection was granted. By then the reference price on which it was granted was already out of date. Sappi then asked the BoT to scrap the floor price, but reduce the tariff level from 20% to 15%. That took another two years and when the tariff did come out it was so loosely worded that everyone got around it.

Mondi sources, confirming they have applied for 15% tariff protection on uncoated papers, also say it could be some time before they hear anything.

Nothing to hide

Neither Sappi nor Mondi is prepared to respond in detail to Watermeyer's queries on their productivity and profitability, but both say they have nothing to hide.

Watermeyer says he's concerned that the mills are not determining prices by normal supply and demand forces that apply elsewhere. "A recession internationally means a drop in prices, here they never fall, and even go up in a slump."

Watermeyer is convinced that the paper manufacturers' control — Unicorp has Sappi and Mondi is in the Anglo American stable — are behind the problem.

"The big mining groups don't know anything about marketing the product. They decide the return on capital they require, and having established the bottom line, move upwards."

He also maintains the mills don't compete with each other and that they are arrogant in their approach to customers, simply sending off notes advising almost immediate price increases that could make a difference to contracts already negotiated by the printers.

He says local manufacturers would have to expect doubled production in the next 10 years to justify intended spending on new plant.

Finally, he reckons the profit performance of the paper mills during the past four years — when the 15% tariff protection was stalled — is evidence enough that it wasn't, and isn't needed.

MOZAMBIQUE

Saving Nkomati

SA's Department of Foreign Affairs (DFA) is desperate to plug the holes of support for the Mozambique National Resistance (MNR) and save the Nkomati Accord from collapse. The latest moves include a visit by Foreign Minister Pik Botha to the Islamic Republic of Comores from whose soil the MNR has received substantial support since the signing of the accord in March last year.

The *FM* understands that Botha — whose determination that Nkomati succeeds borders on the obsessive, according to his colleagues — is about to launch a new initiative to stop the civil war in Mozambique. However, the *FM* was assured that use of SA troops to crush the MNR is not under consideration.

There are also unconfirmed reports that the Security Police have been ordered to look into the activities of certain expatriate Portuguese-speaking businessmen in Johannesburg (the so-called *retornados*) who are known to have close links with the MNR.

Botha has also had talks with the old friend of the SA government, Bavarian PM Franz-Josef Strauss, whose Christian Social Union has been active in its support for the MNR and the Angolan rebel movement Unita, and with representatives from the governments of Portugal and Malawi. According to the Mozambique government, elements in these two countries support the MNR.

According to the *FM*'s information, Botha met with Comores president Ahmed Abdallah and French mercenary leader Bob Denard during his secret trip to East Africa, which also took him to Somalia. It is understood that Abdallah denied any involvement on his government's side. It is not clear what Denard's role in the affair is.

The new urgency in isolating the MNR came after a tough speech in December last year by Mozambique president Samora Machel at Manhica saying that Nkomati is failing because the MNR still gets support from SA and other countries.

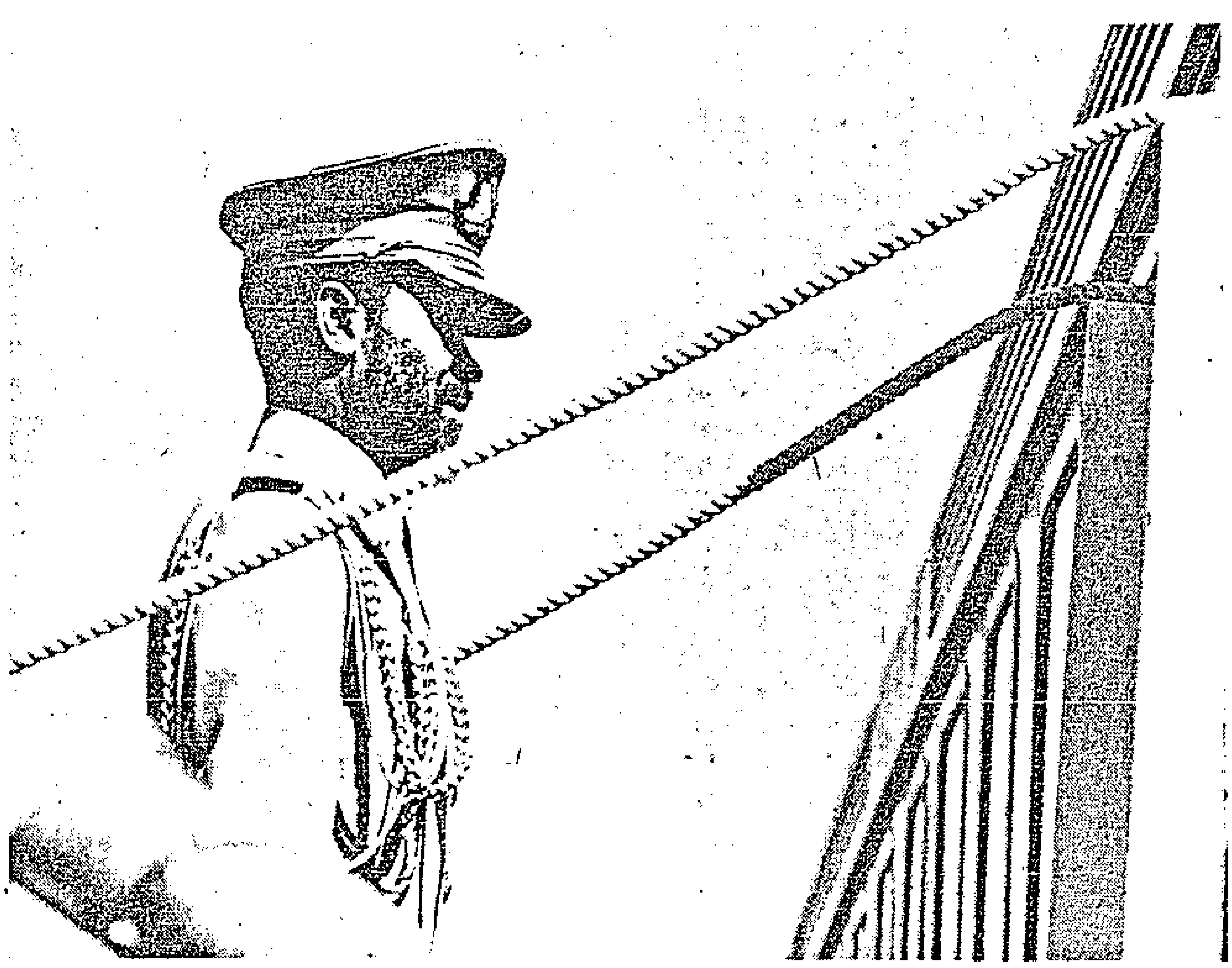
Botha immediately asked for the text of Machel's speech and had urgent discussions with Mozambique representatives. He then declared that Machel was not referring to the SA government, but to external support launched from SA soil and from the soil of other states. "These allegations will be investigated urgently," Botha said.

Last week Machel met with the ambassadors of the permanent members of the UN Security Council to tell them of the strains on Nkomati and the continued support for the MNR.

After Nkomati, the Comores, the island group off the Mozambique north coast, became the main support base for the MNR (*Current Affairs*, November 30). According to intelligence sources, supplies from Saudi Arabia and Oman are flown from the Comores to secret airstrips in northern Mozambique and the south of Tanzania and Malawi.

Meanwhile, there are no signs that the civil war in Mozambique is abating. This week MNR terrorists sabotaged the power lines near the SA border and blacked out Maputo for more than a day. It is the fifth time since October that the lines have been sabotaged. The MNR claims to have killed or captured more than 150 soldiers, including five Cubans, and destroyed 101 military vehicles since January 1.

In another important development that could speed up the peace process, the Reagan administration has proposed, in the words of State Department spokesman Robert Bruce, "to seek to develop a limited military assistance relationship with Mozambique." Subject to congressional approval, the US would provide "non-lethal" equipment, which is understood to include training and equipment other than weapons.



Mozambique's Machel ... Nkomati is failing

PAPER INDUSTRY WAGES

On the roundabout

FM 18/1/85

Negotiations for the 1985 wage increases in the paper industry have highlighted difficulties which can arise for both employers and trade unions in bargaining at industrial councils.

The negotiations at the Industrial Council for the Pulp and Paper Manufacturing Industry have revealed deep-rooted differences between the Paper, Wood and Allied Workers' Union (PWAWU) and employers. Sharp discrepancies in employer approaches as well as serious inter-union conflicts have also emerged.

The heart of the problem is whether the industrial council, as presently constituted, is a suitable negotiating forum for the industry. The council has five union parties. Deadlock in the negotiations was reached in November last year when an employer offer of a minimum increase of 18c/hour was rejected. The employers and the unions have now decided to bypass the council as a wage negotiating forum and are engaged in decentralised bargaining.

This is an entirely new exercise for the industry's giants — Sappi and Mondi — although Carlton Paper and Nampak previously agreed to plant level negotiations with the Federation of SA Trade Unions-affiliated PWAWU. There is rich irony in the fact that PWAWU only joined the council last year after Sappi and Mondi had refused to accede to its demand for plant level bargaining.

Sappi, Nampak and Carlton are negotiating on a plant-by-plant basis while Mondi is handling negotiations for its respective

Continued on page 47

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paper and board divisions separately. Agreement in principle has been reached at some plants, but the possibility of deadlock arising at others, especially some Sappi plants, cannot be ruled out.

The *FM* understands that Mondi, Nampak and Carlton are offering higher minimums than those put forward in the industrial council negotiations. There are reliable indications that the offers range from a 20c/hour minimum increase with a further 5c/hour increase in July, up to a 38c/hour minimum hike.

Sappi is in a strikingly different position. A management spokesman says settlement has been reached at two non-PWAWU plants at levels higher than the 18c/hour minimum increase. However, the company has reduced its offer at negotiations with PWAWU to below that level. According to the spokesman, differing employment conditions at various plants had led to the decision to negotiate wages at plant level. He declined to comment on the progress of the unfinished wage talks.

These developments appear to bear out earlier speculation that industrial council talks broke down after disagreement among employers over whether to increase their wage offer *(Current Affairs,* November 30). Most management representatives are tightlipped about apparent rifts with Sappi over the current wage talks. However, a management source says that far from being in the advantageous position of being able to negotiate lower increases, Sappi "has been left to fight its own battles instead of hiding behind others."

Meanwhile, Mondi and Nampak have taken up an industrial council recommendation to pay interim increases pending the outcome of the wage negotiations. This has angered workers. Work stoppages occurred at two Mondi plants in Natal during December and a PWAWU spokesman says the issue continues to cause concern among workers.

PWAWU fears that the interim increases will weaken its hand at negotiations. It has accused the established unions — the SA Boilermakers' Society, the SA Electrical Workers' Association (SAEWA) and the Amalgamated Engineering Union — of colluding with employers at the council on this question.

PWAWU's major gripe, however, is with the structure of the industrial council which permits each union only one seat, regardless of the number of its members. The union claims to represent 50% of the 10 000 workers in the industry, while between them the three established unions represent some 5%. A smaller, mainly black union, the Inkatha-affiliated National Sugar and Refining and Allied Industries Employees' Union, is also party to the council.

PWAWU has long argued that seats should be allocated to unions according to a system of proportional representation. However, SAEWA general secretary Ben Nicholson disagrees. He says that industrial councils should operate according to consensus, and that if one union has 90% of delegates and refused to operate this way "there would not be much point in others being there."

In all likelihood, paper industry employers and unions will eventually reach some sort of accord for the 1985 wage increase. But the problems which have surfaced this year are not going to disappear and will have to be faced in the future. The paper industrial council, like a number of others which have admitted emerging unions, is going to have to come up with a creative solution.

RDM 21/1/85 194 346

PLANT-LEVEL negotiations between Fosatu's Paper, Wood and Allied Workers' Union and the various employer parties to the industrial council for the pulp and paper manufacturing industry have so far produced a mixed bag.

The negotiations were entered into only after deadlock was reached in November in the industrial council negotiations — the first in which PWAWU had participated, after holding out for plant-level bargaining.

Last week the union settled with Mondi Board Mills on January increases — a minimum of between 20c and 25c and hour on the lowest scale, compared to the 18c offered at the industrial council — but is still discussing July increases.

Negotiations with Carlton Paper have been concluded, while those with Nampak Paper and Mondi Paper are continuing, with the companies offering increases better than those offered at the industrial council.

However, negotiations with the other giant in the industry, Sappi, are not proceeding well and there is the possibility of a dispute with the union.

The company is offering the union increases below those offered at the industrial council while is understood to have agreed on increases at two non-PWAWU mills above the council levels.

RDM 15/2/85 (194)

Paper firms slated on staff cuts

By PHILLIP VAN NIEKERK

FOLLOWING large scale retrenchments in the paper and pulp industry, Fosatu's Paper, Wood and Allied Workers' Union (PWAWU) has condemned the "socially irresponsible" attitudes adopted by many employers.

In a statement PWAWU said that by putting their profits before the interests of their employees and the country, the employers were giving themselves a bad name.

Four companies mentioned in the statement were Carlton Paper (Wadeville), Nampack Sacks (Industria), Golden Era and Printpak (Industria).

The statement said Carlton Paper had moved machinery to a non-unionised plant in Springs, leading to the retrenchment of 88 workers but creating no new jobs at Springs.

Nampak Sacks had given the union notice that it planned to make the entire workforce of 120 redundant on February 25.

Golden Era had moved its entire plant to the "low-wage, non-union" area of Bophuthatswana, making 120 workers redundant without any redundancy pay. The union had taken this up in court and had reached an out-of-court settlement.

Printpak had retrenched 41 workers in November last year without proper notice and, in an out-of-court settlement, had agreed to pay additional notice and re-employ contract workers, the statement said.

A spokesman for Nampak Sacks denied they had acted socially irresponsibly and said they had been talking to the union for a long time about the particular difficulties of that operation.

"We have kept at least 50 employees for at least two months and hopefully a large number will be kept on thereafter."

A spokesman for Printpak said the "out-of-court" settlement had followed industrial council mediation in the dispute and was a compromise solution agreed on with the union.

360 jobs in balance

Sowetan 19/2/85

THE future of more than 360 black employees in the paper industry around the Witwatersrand hangs in the balance following the announcement that they will be retrenched as the country's economy worsens.

The companies that have announced possble retrenchments are: Carlton Paper (88 workers in Wadeville); Nampak Sacks (120 in Industria); Golden Era (120 in Amalgam) and Printpak (41 in Industria).

The main reason for retrenchments, mainly from the black members of the Paper, Wood and Allied Workers Union (PWAWU), has been attributed to the biting recession, inflation and the soaring cost of production.

The PWAWU has condemned the socially "irresponsible attitude" being adopted by some employers in the current difficult economic climate. The economy was not only hitting them but hurt the workers more, the union said.

The union's spokesman said because of the spiralling unemployment facing the country, many companies were moving to so-called homelands where they exploit frustrated workers.

194

(242) (283) (244) (194) Star 22/2/85

Packaging costs to spiral

By Peter Farley
Investment Editor

Transvaal packaging customers are heading for a series of substantial price increases following the purchase of independent Marathon by Anglovaal-controlled Consol.

And while profit margins at the three majors — Nampak, Kohler and Consol — have been severely eroded in the past couple of years, some R25 million could now be added to their combined operating profits this year.

The price of corrugated packaging has drifted steadily down over the past 10 months, from a peak of nearly R1 500 a tonne in the first half of last year to between R1 100 and R1 200 at present.

This is despite a near 10 percent paper price increase last October and an inflation rate currently well in excess of 13 percent.

A recovery of these costs now appears inevitable. But customers also seem set for a "double-whammy" with another major paper price increase scheduled for April that is, this time, almost certain to be passed straight on in increased packaging prices.

Throughout the country corrugated packaging prices have been held down in the areas where the independents sprung up — notably Durban, the Eastern Cape and around Cape Town — only to be sharply marked-up once the independents either folded or succumbed to overtures from one of the majors.

The Transvaal corrugated market is estimated to be around 150 000 tonnes a year, with Nampak holding a dominant 40-plus percent, Kohler a little over 30 percent and now Consol with slightly more than 20 percent.

Marathon survived, despite intense pressure and competition from the majors, for a little over a year. And despite remonstrations to the contrary was beginning to achieve the volumes necessary for a bottom-line profit.

MD Mr Tony Crosby says that output was on target for just over 1 100 tonnes in February, with orders on hand suggesting almost 1 500 tonnes in March.

And he points out that though this was not a substantial market share, their lower overheads meant that they were able to sharply undercut the majors' pricing structures.

This is evidenced, he said, by the fact that Consol increased the offer to Marathon's parent SA Bias twice, before it was finally accepted. And he pointed out that this bidding was done completely blind, as Consol executives did not visit the operation until after a price had been accepted.

Hardly the sort of baling-out operation suggested by Consol management.

In the end the price of R10 million — which though it restrains SA Bias for five years only precludes Mr Crosby for two years — is an expensive way of increasing market share.

But it is an extremely cheap means of vastly enhancing overall margins.

The St

Gold
London open $291,30/291,80
Zurich open $290,20/290,60
Hong Kong close $292,27

JS
Over
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Caxton gets control of Hortors Trio Rand

14/3/85 Star 194

By Peter Farley

Caxton has bought control of printing group Hortors Trio Rand by means of a reverse takeover.

Following the announcement of rationalisation talks in mid-January, announcements today from the two companies show that Hortors is issuing 11,7 million new shares to Caxton at 350c each, in exchange for the entire assets of Caxton.

This values Caxton at some R41 million.

But while the deal will reduce Hortrio's earnings to 40,7c a share from 53,2c, it will push Caxton's estimated earnings for the year to next February 28 up to 639c a share from 538c.

It will also push Caxton's net worth up to 2 417c a share from 1 498c. This compares with a share price of 3 000c, which has steadily appreciated from the 2 460c prevailing at the time of the publication of the results for the year to end-August last October.

Previously Hortors held 51 percent in Hortrio, but with the issue of the new shares Caxton now has 65 percent and Hortors 18 percent.

More significantly, it will greatly enhance the earnings flow through to major minority shareholder Argus. Prior to the restructuring Argus held 49 percent of Caxton and 51 percent of Hortors.

This meant that it only had an effective 25,5 percent stake in Hortors' operating arm Hortrio. This stake now comes up to 32,5 percent. Its shareholding in Caxton remains unchanged at 49 percent.

But the move appears to be part of much wider streamlining plans within the Argus group. For the first time Argus recently appointed an MD of its newspaper division and created a joint marketing division in conjunction with Caxton.

The former post is taken by ex-general manager Mr Peter McLean and the latter headed by joint Caxton MD Mr Noel Coburn.

The other Caxton MD Mr Terry Moolman now effectively takes charge of Argus group's printing, packaging, regional newspapers and magazine operations.

It is unlikely, however, that Argus will get control of Caxton in the foreseeable future.

But, further down the line, it would not be inconceivable for Caxton to be used as the vehicle for a takeover bid for SA Associated Newspapers.

The way Argus has now structured its operations, SAAN's weekly publications would fit neatly into Caxton/Hortrio and the dailies into Mr McLean's division.

Japan is biggest gold importer

cash-shell Duro Industries, a ... to the market,

Johannesburg, Wednesday, April 10, 1985 RDM

Debt burden pushes ~~project's cost up~~ by R0,5bn

RDM (194)

Ngodwana mill erodes Sappi financial base

10/4/85

By ELIZABETH ROUSE

SAPPI is looking for alternative means of propping up its financial base, which has been seriously eroded by its ambitious Ngodwana project.

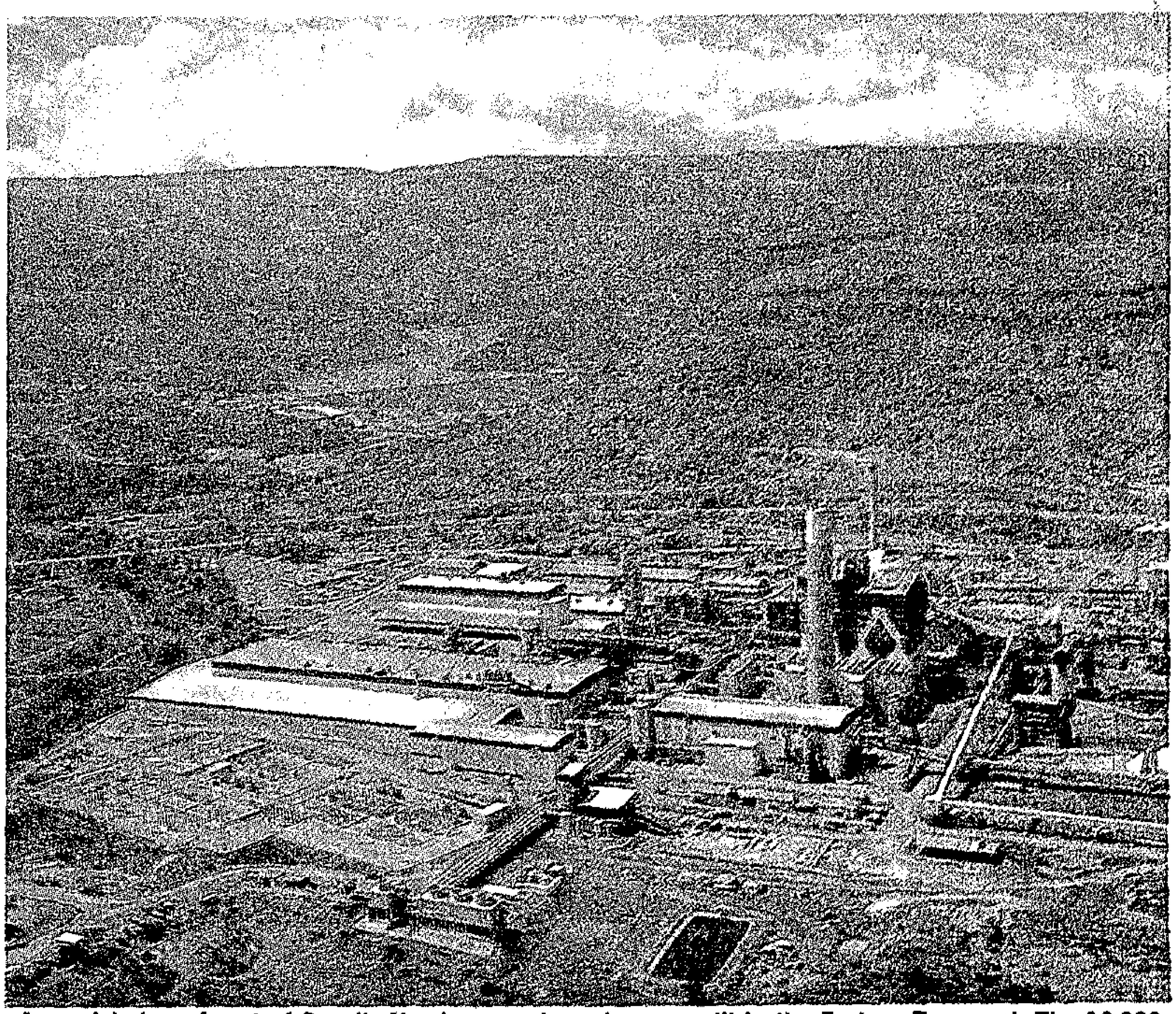
The final cost is R1,5bn, compared with the 1980 estimate of just over R1bn because interest charges and finance costs have risen to unacceptably high levels.

However, 1985's dividend prospects do not look too bad. The chairman, Mr Basil Landau, expects that, although first-half profits will be down, the group should pull up in the second half and that year-end results will not be "materially below those of the previous year".

He says in the annual review the company is examining, together with its controlling shareholder (Gencor) and its advisers, alternative means of replacing short- and long-term debt to reduce the interest burden. Details are to be be announced soon.

Sappi's debt/equity ratio shot up to 1,6:1 in the year to December 1984 (already high at 1:1 in 1983).

Costs of the project were pushed up by escalating interest rates, foreign exchange variations, sales tax and extended commissioning costs — all funded by debt and redeemable preference shares.



An aerial view of part of Sappi's Ngodwana pulp and paper mill in the Eastern Transvaal. The 10 000 megalitre Ngodwana dam was built to provide the mill with an adequate water supply.

Interest charges slashed R58,2m in 1984 from net operating profits of R101,2m. Interest-bearing debt shot up to R1,1bn from 1983's R737m.

Net finance costs, including interest and preference dividends (pref payments totalled R20,6m in 1984), increased by 112,1% to R84,4m, of which R57,3m was capitalised.

Mr Landau says many of Sappi's woes stem from reversals in the Income Tax Act, which makes it difficult for industrialists to commit themselves to major investment projects in which tax concessions are a significant feature of feasibility studies.

Changes in the Income Tax Act, introduced in March 1984, affect leasing transactions and the use of leverage leasing, retrospective insofar as they affect projects under construction. This means it has not been possible to make use of lessor trust schemes since March 1984.

Together with the deferral of one-third of the investment allowances and changes in the system of provisional tax payments, this will increase annual finance charges by at least R15m more than originally planned.

An earlier change in the Act in 1981 ruled that if use was made of lessor trust schemes sales tax had to be paid on the total cost of the project, and not on the cost of components.

This, together with a higher sales tax rate, increased the sales tax bill to R89m, compared with a planned R13m. Because of the restrospective change in legislation, more than half of this amount has been incurred without the benefit of lessor-trust financing.

The current position looks a shade better than the one reflected in the 1984 balance sheet because of arrangements with project banks.

These have resulted in an improved debt/equity ratio of 1,2:1 through arrrangements whereby *Gencor has agreed to subordinate R100m of its loans to the company in favour of banks undertaking to* amend the debt/equity convenants *to 1,4:1.*

The Sappi managing director, Mr Eugene van As, says in his review that the long-term objective is to operate within a debt/equity ratio of 1:1. Once Ngodwana is fully commissioned, he expects a substantial positive cash flow to be available to reduce debt to within objectives in the next three to four years.

The weak rand accounted for a R125m rise in total debt last year. Sappi deliberately adopted a policy of financing a portion of the cost of Ngodwana by off-shore loans because a significant portion of its capacity was to be exported in its early years.

COMMENT: Sappi's finance problems will doubtless be sorted out, but the ride promises to be bumpy in the short-term and unrewarding for shareholders.

Mondi exports pulp

(94) RDM 16/11/85

By DAVID FURLONGER

MONDI has begun producing pulp for export at its R823m Richards Bay pulp and board mill.

Exports are already being shipped from Durban. Once facilities are complete, they will leave directly from Richards Bay.

Mondi's executive chairman, Mr Reg Donner, expects the group to earn more than R200m in foreign exchange in 1985 through import substitution and export earnings.

"The Richards Bay mill, commissioned in October, is already supplying pulp to the group's Merebank paper mill near Durban, which manufactures up to 500 000 tons of newsprint and woodfree paper a year.

"Until now, about 140 000 tons of pulp has been imported annually from Canada, the US, Portugal and South America."

The Richards Bay mill is expected to reach 70% of its annual capacity of 450 000 tons of pulp by the end of this year, and will consume about 5 000 tons of timber a day.

Waltons profits embossed with 22% higher div

(194)

Cape Times 8/5/85

By PAUL DOLD
Financial Editor

WALTONS the country's largest commercial stationers shrugged off the recession in the past 12 months raising operating profits by 46 percent on an 18 percent sales rise and the dividend is being hiked 22 percent.

Results at the post-tax stage are distorted by last year's tax allowances. Taxation has nearly doubled from R3,7m to R6,2m but net income nevertheless grew by 15 percent and earnings per share were 12 percent up at 58,22c (51,65c).

In line with the conservative dividend policy, the 20c total (an interim of 6c and a final of 14c) is covered nearly three times.

Feature

A significant feature of the holding company profits is that Walhold's dividend is now precisely double Waltons' which should lead to an even-out of the share prices of the two companies.

Walhold has tended to stand at a discount in relation to the operating company. It has a 50,7 percent stake in Waltons.

Walhold's attributable profit was R1 255 020 as against R658 459 with the total being distributed to shareholders.

The latest figures do not include any contribution from the newly formed Australian stationery interests.

Export demand

The group has now bought a second Sydney company and the managing director, Mr Frank Robarts, believes that significant export demand will flow in the longer term.

The first two containers of stationery manufactured by the Waltons manufacturing division recently left South Africa.

Waltons is seeking further investment opportunities in Australia but Mr Robarts says the group will not run the risk of over-extending itself through too rapid foreign expansion.

Although the toy arm, Redgwoods, increased trading profits in the year — which is a fair achievement given the fall in consumer spending — it had a forex loss.

Mr Robarts has faith in Redgwoods' management and says the toy chain has considerable potential. Waltons capital stake in the toy company is relatively small at R300 000.

The manufacturing division increased profits in spite of the rise in interest rates and is well poised to back up Waltons' expansion as well as supplying leading chain stores.

Expansion

Waltons currently has more than 53 stationery stores and apart from the ongoing expansion of its branches is poised to expand into related areas.

Mr Robarts hints that the initial entry into the computer stationery field has been highly successful and its a fair guess that the group intends expanding this base in the short term.


Mr Frank Robarts

Comment: The shares remain an outstanding investment and the group has excellent prospects.

I understand that Sanlam is the latest institution to take a stake in the group — the Anglo American pension funds already have a major slice of the equity.

The ability of management to increase profits at a far more rapid rate than turnover suggests the group is remaining lean and hungry for growth.

194 B.Day 7/5/85

'Kei venture for Sappi

By DAVID FURLONGER
Industrial Editor

SAPPI is expected to start work soon on a R20m particle board plant in the Transkei.

Mr Ian Forbes, managing director of Sappi Timber Industries, said yesterday that a study had "virtually concluded" such a factory was feasible.

The factory, which will produce particle board for the furniture industry, will operate as a Sappi subsidiary. Sappi's likely partner in the venture will be the Transkei Development Corporation.

Mr Forbes said officials were still working out final details of the venture with Transkeian officials. He described tax and other benefits offered by the Transkei Government as "the standard package under its decentralisation benefits".

Industry sources say timber is considered a key industry in the Transkei. Earlier this year, the Merensky Forest Products organisation announced a phased-in R30m expansion to its Langeni sawmills there.

Mr Forbes would not give details of the likely output of the proposed particle board factory.

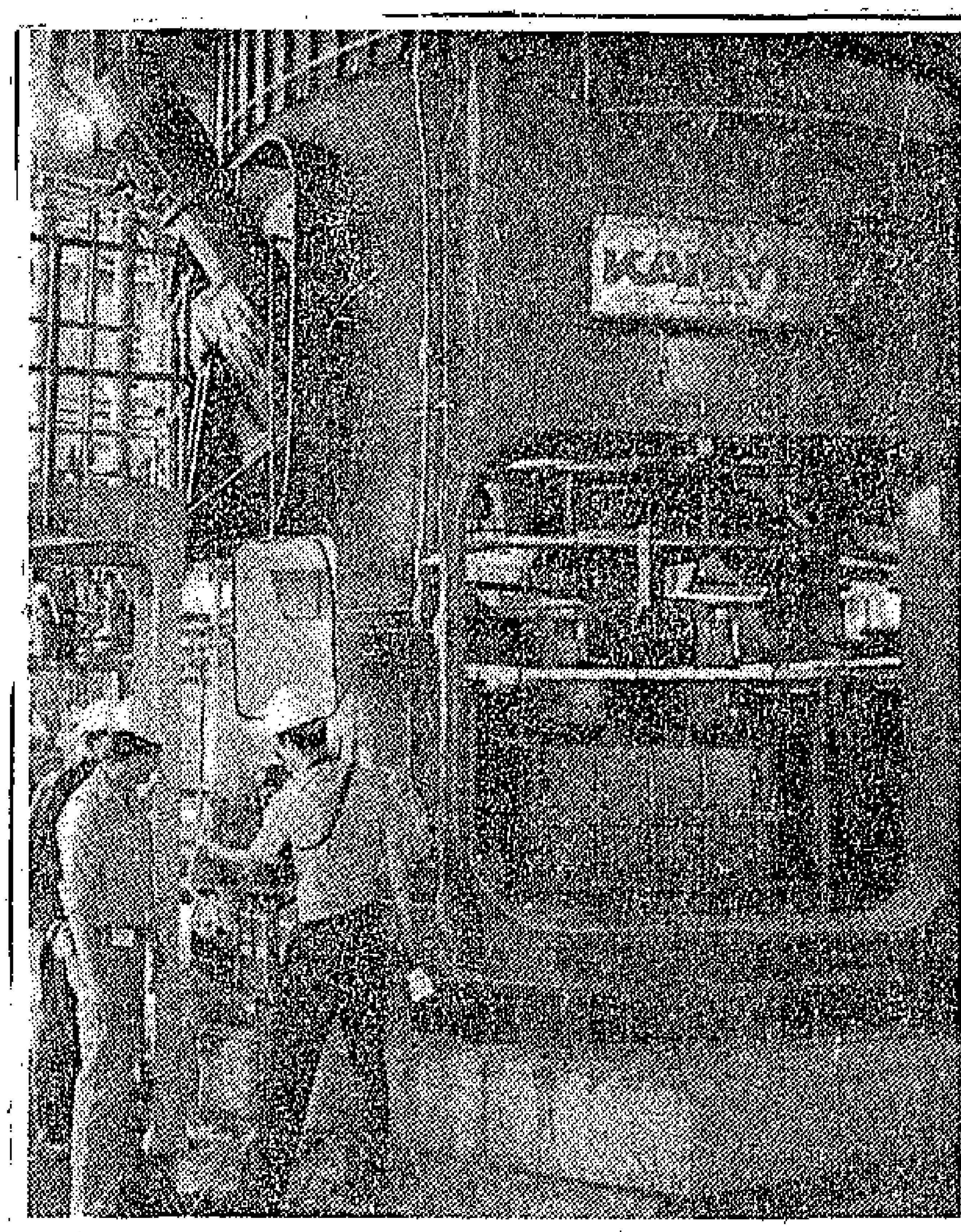
"It's not the kind of information we like to give out," he said.

However, he said, Sappi's three particle board factories in South Africa were working almost at full capacity and insisted there was room for the new factory.

He added that although the furniture industry was presently depressed, it was expected to recover by the time the factory began production.

"It can take two years from start to marketing.

"Although the industry is in difficulties at the moment, we would expect to see considerable recovery before any new factory reaches the production stage," he said.



The picture shows the drive at the bottom of the oxygen reactor, which is part of the Sapoxal bleaching process developed by Sappi and used at Ngodwana.

Japanese to use Sappi know-how

(194)

MM 14/5/85

IT IS not often that South Africa can teach the Japanese anything about technology, but that is just what has happened. In the past two months Sappi, which recently commissioned its vast new pulp and paper mill at Ngodwana in the Eastern Transvaal, has sold three licences for the technology used in that mill to Japanese pulp and paper companies.

Taio Paper, one of Japan's large and fastest growing companies, bought its first licence in September 1983.

Bleaching

When the Japanese mill recently decided to convert an old batch pulp mill to continuous process and displacement bleaching, both of which systems are used at Ngodwana, it chose the Sappi developed Sapoxal oxygen bleaching technology to go with the upgrade.

Oji Paper has also bought oxygen bleaching for the bleached stage of its Tomakomai mill, and last month Chuetsu Pulp placed an order for an oxygen bleaching plant, again incorporating Sappi technology.

Problems

Oxygen bleaching was first developed in South Africa in 1970 to resolve the effluent problems at Sappi's Enstra mill. The equipment has been refined since that date by the manufacturers, Kamyr, and the process improved.

Unionist wanted 'to face reality'

sowetan

24/5/85

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By NKOPANE MAKOBANE

A TRADE unionist convicted of high treason would at this point still have kept quiet about concealing two AK-47 automatic rifles of an African National Congress member, had one of his co-accused, a self-confessed ANC member, not been arrested by the police, a court heard yesterday.

Zane Mvula Mapela (25), a member of the Paper, Wood and Allied Workers Union who originally comes from Mdantsane in the Ciskei, was testifying in the trial in which he was this week found guilty in the Rand Supreme Court with two other men.

They are Marines Jabu Ngobese (21), a self-confessed ANC member, and Meriman Xolani Nduna (24) of Daveyton, Benoni, who is a member of the Chemical Workers Industrial Union. They appear before Mr Justic L le Grange.

Hide

Mapela has admitted in court that he agreed to take care and hide two AK-47 rifles at the request of a certain Maxwell, an ANC member, and also helping Nduna to remove and rebury weapons, ammunition and explosives in the front yard of his (Nduna's) Daveyton home.

Questioned by Advocate J A Swanepoel, for the State, Mapela said when he agreed to hide the rifles for Maxwell, he was aware he was committing an offence but did not realise it was treason. He also said although he did not know clearly, he assumed that Maxwell and Ngobese did not possess their arms for legal purposes but for sabotage.

Earlier questioned by his defence counsel, Mr D Kuny, SC, he told the court that after Maxwell had taken him to a bush and showed him an AK-47, he had been frightened and started sweating. He said he had thought about himself and what it meant for Maxwell to show him the rifle.

He denied that he was ever a member of the ANC or participated in its activities before. He told the court that he pleaded guilty to the charge because "there comes a time in a lifetime of a man when there is no alternative but face reality and speak the truth". (Proceeding).

Sappi details R200m refinancing plan

GMC-TW-H 24/5/85

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JOHANNESBURG. — Sappi Ltd has announced that ~~it~~ is ~~raising~~ approximately R200m by way of a rights issue to reduce its interest burden and improve its debt:equity ratio the chairman, Mr Basil Landau, said at the company's annual meeting here yesterday.

He said that the refinancing will consist of an offer of 12 percent preferred ordinary shares of R1 each. The shares will be issued at a price of R10,50 in the ratio of: one preferred ordinary share for every two existing ordinary shares and one preferred ordinary share for every five existing participating preference shares.

The prefs will earn a fixed annual dividend of 126c a share and will be converted to ordinary shares once the dividend on the existing ordinary shares equals that on the new prefs.

Mr Landau said that Sappi's projections indicate that, even after the conversion of the new equity, shareholders can continue to expect satisfactory growth in their earnings and dividends a share "in the longer term".

The major shareholder, Gencor, is following its rights and underwriting the balance of the issue.

He said it would be prudent for Sappi to defer consideration of the dividend for 1985 until the year's result is known meaning that no interim dividend will be paid.

Chief executive of Sappi, Mr Eugene van As, said it "was not possible to say if the final dividend for the year will meet that of last year".

He said: "If interest rates come down and if everything goes right we will meet it. But at this stage it is not possible to give a firm predicition."

Mr Landau said that all major units at Ngodwana have now been commissioned, but in the first quarter, difficulty was experienced with the pulverized fuel boiler which provides steam for the entire mill.

The boiler had to be taken out of commisssion for repairs by the supplier and was out of action for six weeks.

The repairs were successfully completed and the boiler has been operating satisfactorily since the end of April, he said.

The new pulp plant was operating close to budget, he said, and the operating difficulties on the newsprint machine in 1984 had been "largely overcome".

The machine had now achieved a daily output of 443 tons, believed to be a new South Africa record and recent average daily output had exceeded budget.

Referring to Sappi's re-capitalization, he said the substantial extra costs had been incurred on the Ngodwana project in terms of finance related expenses and start-up costs.

The extra costs were financed in large part by debt at prime interest rate.

The debt:equity ratio is higher than Sappi considers prudent and cannot be brought down at the current high interest rates as rapidly as the board considers to be necesssary.

He said that because Sappi is not in a tax-paying position there is nc current tax relief from interest charges. That is why Sappi has looked to an injectioin of capital to reduce the interest burden and improve the debt:equity rartio. — Sapa

Kohler in firings row

(194) B. Day 29/5/85

By CLAIRE PICKARD-CAMBRIDGE

CONFRONTATION is looming between the Federation of South African Trade Unions and Kohler Corrugated and Cores at Brakpan. Fosatu claims that it is the only company to fire workers for attending unionist Andries Raditsela's funeral.

A spokesman for the Paper, Wood and Allied Workers' Union, a Fosatu affiliate, said the company had fired eight workers and given 134 others final warnings for ignoring management's refusal to allow them to attend the funeral.

Workers at South African Breweries, Langeberg, Colgate Palmolive, Reckitt and Coleman, Cobra Brassware and Lever Brothers — which are Kohler Corrugated and Cores supplies companies — are being contacted to discuss solidarity action if workers are not reinstated.

The company maintains it adopted a flexible attitude towards requests by employees to attend the funeral and discussions were held with workers about this on all four Kohler plants on the Reef.

Sowetan 30/5/85

Union threatens employers

Sowetan 30/5/85

by JOSHUA RABOROKO

THE Federation of South African Trade Unions has threatened to take industrial action against companies which dismissed or victimised workers who took time off to attend the funeral of the late trade unionist, Mr Andries Lasi Raditsela recently.

A serious confrontation is looming between Fosatu-affiliate Paper Wood and Allied Workers Union (Pwawu) following the dismissal of eight workers and the subsequent work stoppage this week by employees of Kohler Corrugated and Cores' plant in Brakpan.

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The workers stopped work for two-and-a-half hours demanding that management should reinstate the workers and withdraw final warnings given to about 134 workers who attended the funeral. They regard this as a confrontation and victimisation.

However, union officials and management were still locked in negotiations in an attempt to resolve the matter yesterday — failing which Fosatu has threatened to ask for solidarity from other workers.

Workers at six other companies which are Kohler supplies companies have also resolved to discuss solidarity action if workers are not reinstated soon.

In a statement to The SOWETAN yesterday, a Kohler spokesman admitted the work stoppage at the Brakpan plant, and said the situation at other plants was normal. It maintains that it adopted a "flexible attitude" towards requests by employees to attend the funeral.

BARLOW RAND

Earnings crack

Barlow Rand's 12,9% fall in earnings a share for the six months to end-March was undoubtedly in the lower range of market forecasts. As expected, however, the market took the results in its stride, and the share price gained 10c to stand at 1 250c after the figures were announced on Monday.

The important factor is that the dividend was maintained, albeit on a reduced cover of 3,2 times, down from 3,7. Although there had been talk in the past few weeks of a possible cut in the dividend, nobody was taking that very seriously, particularly as Barlow had indicated last year — at the time of the acquisition of UK-listed J Bibby — that the cover might be reduced this year.

Warren Clewlow, chief operations officer, says he is "delighted" with the bottom-line performance. This is understandable in view of the battering that many of the operating companies have taken since last July.

A new structure has been evolving in Barlow, and this is reflected in the results. Most significant remains the Bibby deal. This, and the increase in the value of export turnover resulting from the weaker rand, lifted turnover by 27,8% to R6 015m. Bibby's performance was better than expected, and the dilution of Barlow earnings — following the issue of new shares in the Barlow deal — was only 5% instead of the expected 7%.

Another factor depressing earnings was the March Budget's increase in taxes on mining companies, which reduced earnings a share by 2,5%. Strip out the effect of Bibby and the mining tax, and the underlying trading performance is down 5,4% at the bottom line.

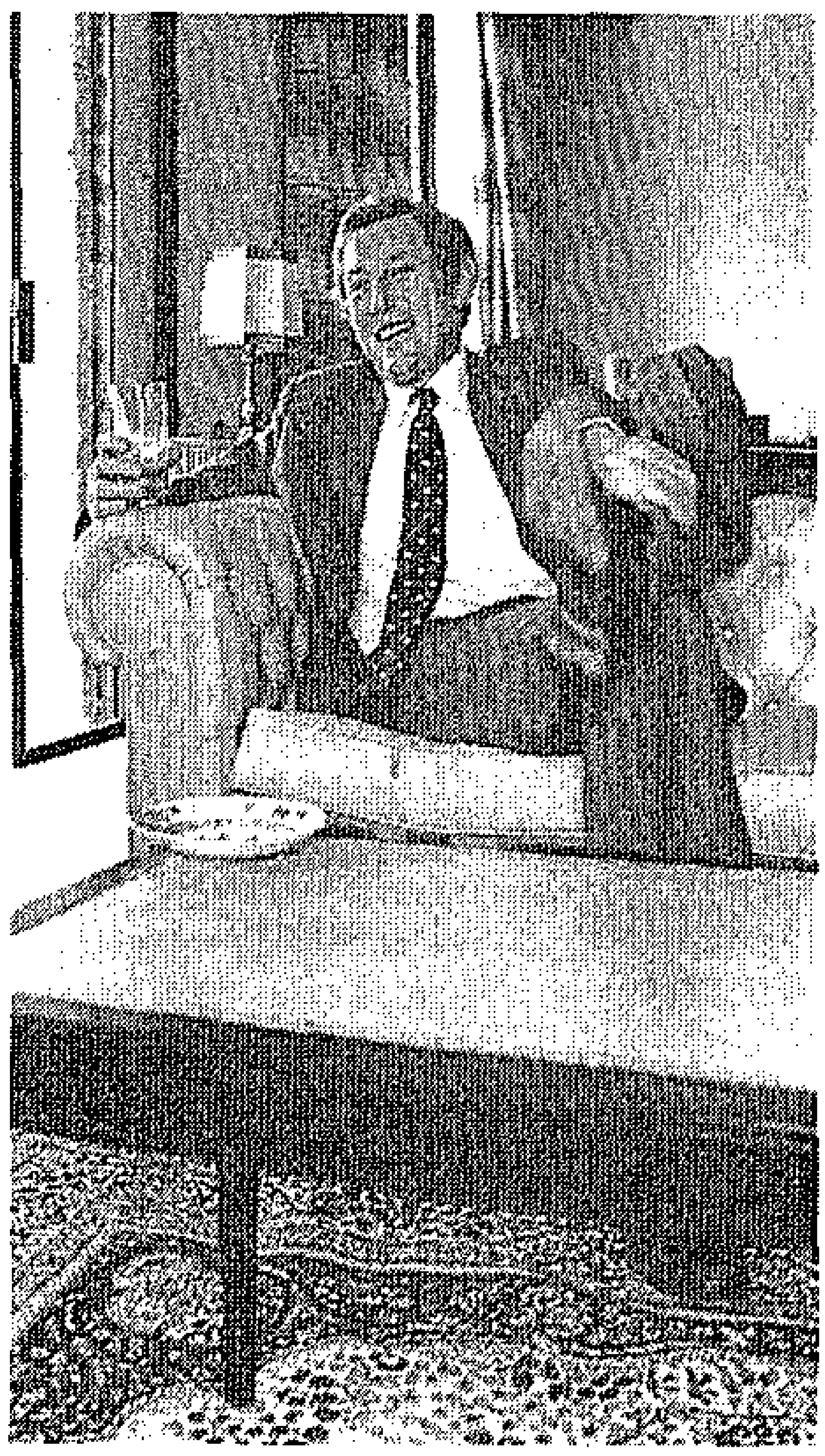
The big unknowns were the unlisted interests, particularly Middelburg Steel and the earthmoving, appliances and motor divisions. Clewlow won't give figures for the divisional performances at the interim, but it's clear that Middelburg must have done very well indeed, helped by strong international markets for ferro alloys, and export earnings boosted by the rand.

BARLOW BY HALVES

Six months to	Mar 31 '84	Sept 30 '84	Mar 31 '85
Turnover (Rm)	4,7	5,3	6,0
Pre-interest profit (Rm)	450,1	451,8	502,7
Pre-tax profit (Rm)	405,6	391,2	385,4
Taxed profit (Rm)	239,2	264,0	232,4
Earnings (c)	77,7	92,2	67,7
Dividend (c)	21,0	49,0	21,0

Earthmoving, says Clewlow, "held its own," despite the rising costs of imported equipment, and motors also "didn't do too badly." But the appliances side had a tough six months, and must have ended with a severe drop in profits.

The normal seasonal pattern of the group's earnings should ensure a significantly better performance for the year as a whole. Much may depend on the value of the rand over the rest of the year, as the exchange rate played no small part in some of the better areas.



Barlow's Clewlow . . . delighted with these results

"I'm very worried about the number of people who have been retrenched since last July," Clewlow says. "I hope that conditions will start to improve now and confidence will pick up. But I've said that before and been wrong. We can't be sure."

After the various structural changes, as well as grassroots investments that Barlow has effected recently, it should be in a strong position when the elusive upturn comes. As Clewlow notes, the group is emerging from a phase of investments that have recently come on stream, or will soon do so. They include Metal Box's glass furnace, Romatex's nylon plant, Nampak's high-speed tissue-wadding machine, C G Smith Sugar's three-year capital expansion and Imperial Cold Storage's new DairyBelle plant.

"I'd hate to be just going into that phase now," adds Clewlow. "We'll be very pleased to have these plants when the upturn comes. There is a tremendous pent-up demand in many markets that will have to be satisfied."

Investors clearly retain immense confidence in the share and are entitled to hope for a better performance in future. Management has indicated that the total dividend will be maintained at 70c, but it is worth bearing in mind that the payout has not been increased since 1981.

Andrew McNulty

SAPPI

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Cash hungry

FM 31/5/85

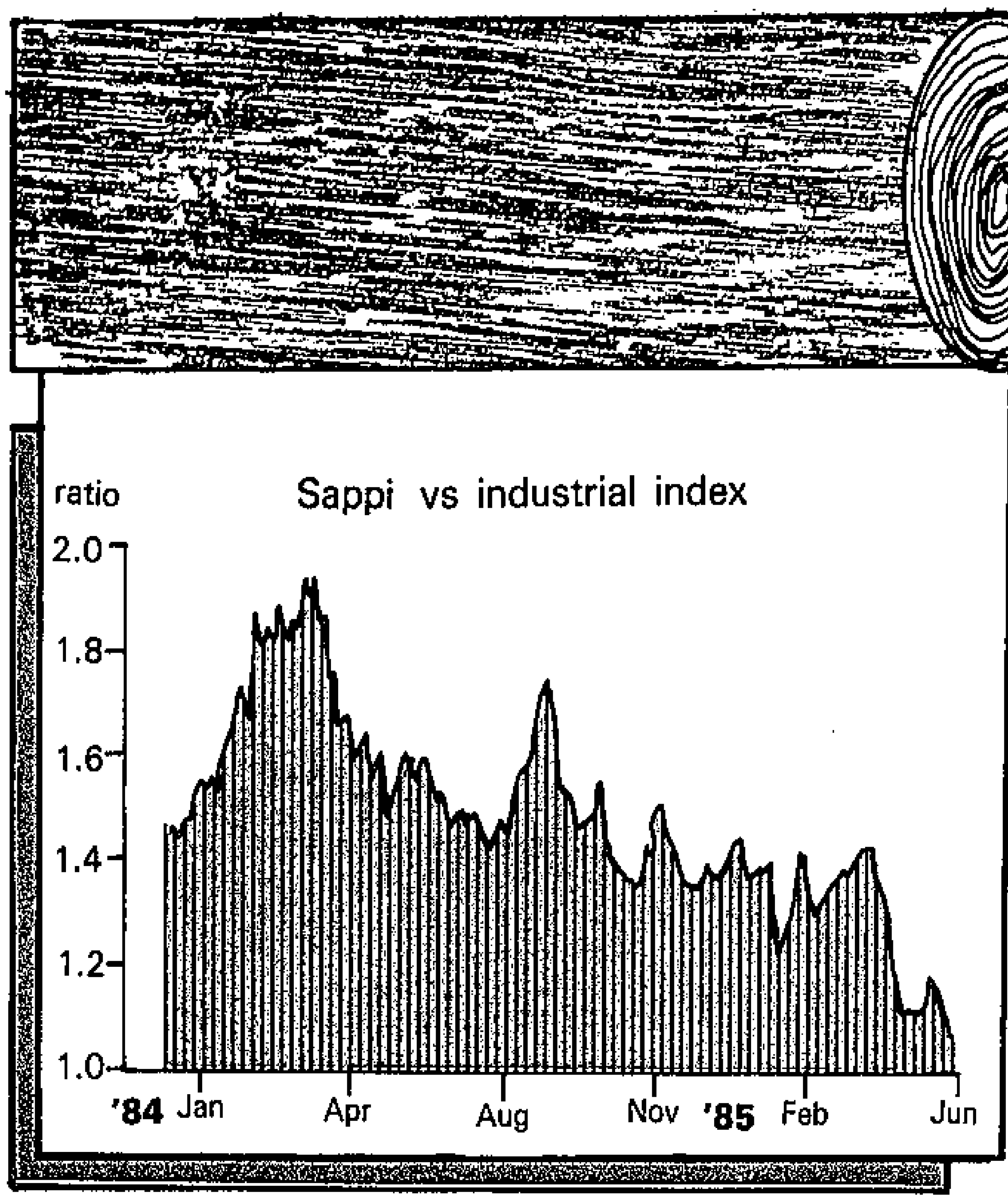
Sappi's R200m rights issue, if nothing else, underlines the speculative nature of this investment. Indeed, the Sappi shareholder can be forgiven an acute attack of *angst*, as he watches the group scramble for funds to cover soaring debt and interest payments, capitalise interest and pass this year's interim dividend. Moreover, a barrage of trading and financial imponderables does not ease the task of assessing the degree of risk.

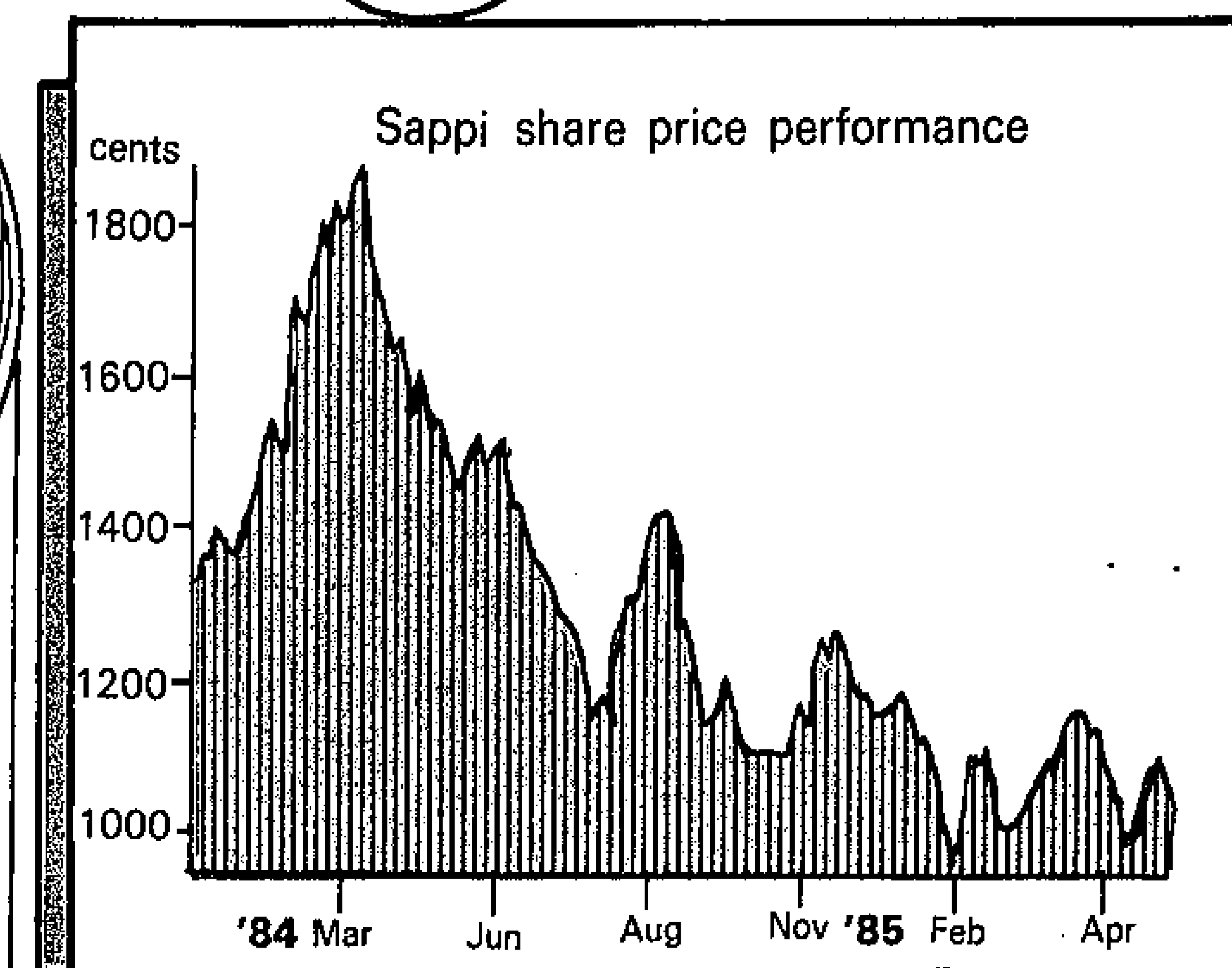
Market reaction, predictably, varies widely from bullish to bearish, and the most widely held opinion was perhaps voiced by the institutional fund manager who told me: "I still like Sappi two or three years down the track, but short-term I'm scared of it. We were all taken by surprise by the passing of the interim dividend, and it was bad marketing. But in the long-term, I'm still hopeful."

Sappi optimists argue that the rights offer is attractively priced, as the preferred ordinaries carry a 12% coupon on the R10,50 issue price and offer prospects for massive earnings and dividend growth. Share pessimists note that the albatross of huge debt overhangs dividend potential. The rights issue itself was occasioned by a R478m finance cost overrun at Ngodwana (total completion costs are now estimated at R1,5 billion), and the extra cost was met largely by debt borrowed at prime interest rates.

Market analysts note also that dividends on the preferred ords are not cumulative. Says the fund manager: "It's a pretty poor show. Sappi is one of the top 20 companies and yet it can't guarantee the dividend. Who's to say that it won't pass on future dividends?"

Sappi, however, has no option *but* to have a rights issue if debt and interest charges are to be eased this year. Total borrowings in the year to end-December rose 51% to R1,1 billion and are now R1,2 billion. Finance costs in 1984 came to R84m, of which R57,3m was capitalised, while the return on





LOOKING CRUMPLED

Source: JSE Graphics

overstated, but bad news on Ngodwana's production could become the major medium-term depressant on the share's health.

However, chief executive Eugene van As notes that operating income should rise significantly on 1984, as Ngodwana and exports chip in with appreciable earnings contributions by the second half of 1985. Van As expects exports to contribute R15m to R20m a month by the year-end, and he aims to achieve annual export sales of $120m a year, amounting to some 20% of total group income, compared with 6% in 1984.

Longer-term growth lies mainly in the SA market, and Van As argues that "an economic turnaround could see paper demand growing very rapidly. Our experience is that the paper market could expand 1,5% faster on a long-term trend than gdp." And with average SA paper consumption totalling an annual 55 kg per capita compared with 250 kg per capita in the US and 119 kg in the UK, there is clearly room for growth.

But back to the rights issue. Van As says that the debt:equity ratio could be cut to 1,10:1 after the issue (which is being underwritten by Gencor), and that some R12m will be saved in interest this year (R24m in a full year). Every 1% fall in prime will save another R4,5m before the issue on an annual basis, and Van As does not foresee more rights issues in the near future in order to cut debt.

"We see future debt redemption coming out of cash flow," he says, "our average term of debt is about eight to ten years and we have to repay about R100m a year. An acceptable debt:equity ratio should be 0,8 and I see us reaching this target in three years' time.

Van As thinks that earnings should grow

Sappi . . . needs plenty of growth

sufficiently by 1989 at the latest, to allow dividends on the ordinaries to reach 126c, at which point the preferred ordinaries and ordinary shares will be merged. But assuming a 60c total dividend this year on the ords (which could be dicey), dividend growth between 1986 and 1989 would have to exceed 20% a year for 126c to be reached in 1989.

On the day after the rights announcement, the price of the ordinary shares fell, closing at R10 compared with R10,50 the night before. This year's reduced dividend potential was the immediate cause of the fall, but it also suggests the market doubts medium-term dividend growth will total 20% a year, at least not until it has taken stock of the position.

The preferred ords should trade at a higher price to the ords in order to reflect a more favourable income differential until conversion, so demand for the ords could develop as a relatively cheaper way of acquiring the preferred ords. An attractive entry into Sappi could also be via the preference shares, which currently yield 12,5% and 14,9% on dividend, and which will be converted to ords by 1989.

But further share price weakness cannot be ruled out and investors, on balance, may not be out of pocket in the short term if they pass the chance to take up rights.

Christopher Marchand

HORTORS/HORTRIO

Paying the penalty

With three of its advertising divisions suffering substantial losses last year, **Hortrio's** prediction of increased earnings proved over-optimistic. The year to end-March saw earnings fall 4% to 45,4c (51,4c), and the dividend was cut back to 18c (25c).

Not only has demand for certain Hortrio

HORTRIO'S BLOW

Year to end March	1984*	1985
Turnover (Rm)	91,8	97,6
Operating profits (Rm)	8,6	9,0
Pre-tax profits (Rm)	5,2	4,0
Attributable profits (Rm)	4,3	3,0
Earnings (c)	51,4	45,4
Dividends (c)	25	18

*13 months trading

products fallen sharply, but the company has suffered from abnormal bad debts. Moreover, Hortrio is paying the penalty for its high gearing, and finance charges last year increased some 44% to R4,6m (R3,4m).

"We have suspended operations in two of the loss-making divisions, while the third has been merged with another business with strong management," says MD Michael Watermeyer.

On prospects for the current year, Watermeyer says "the proposed purchase by Hortrio of the publishing interests of Caxton makes it difficult at this stage to forecast," but declines to comment further.

If the reverse take-over goes ahead, Hortrio will become a subsidiary of Caxton, and their activities will be merged. With Hortrio mainly involved in printing, and Caxton a leading publisher of "knock and drop" newspapers and magazines, there are obvious synergistic benefits to this tie-up.

But the merger terms have proved controversial, largely because Caxton is selling its assets to Hortrio at a massive premium. Nevertheless, shareholders are due to receive the merger details soon, whereupon all may be explained.

Judging, however, from recent movements in the relevant share prices, the market has little doubt which company the deal favours. While the prices of Hortrio, and its holding company Hortors, have remained unchanged at 270c and 145c respectively, Caxton's price has increased from 3 000c before the deal to 3 500c. On Monday a buyer appeared at 4000c.

Granted, Caxton is extremely thinly traded, and the price can move radically on small volumes. But the price jump may well reflect investors' initial assessment of the deal.

Hortors ended the year with results somewhat worse than Hortrio's. Apart from having to settle for a smaller contribution from Hortrio, Hortors' second subsidiary, Kalamazoo Business Systems, performed well below expectation. Over the year, Hortors earnings declined 17% to 26,6c (34,9c).

At their respective prices, Hortors yields 7,9% on dividend, and Hortrio 6,6%. While these yields are on par with the industry average of 7,6%, they are somewhat thin, considering immediate prospects for the printing and publishing markets. *Neville Glaser*

ARGUS

Hefty slide

Argus management's fond hopes at the interim of a maintained final dividend proved illusory in the light of rising input costs and falling advertising revenue. Second half profits all but evaporated to R1,1m, compared with R6,7m in the first six months, and the final dividend was halved to 125c.

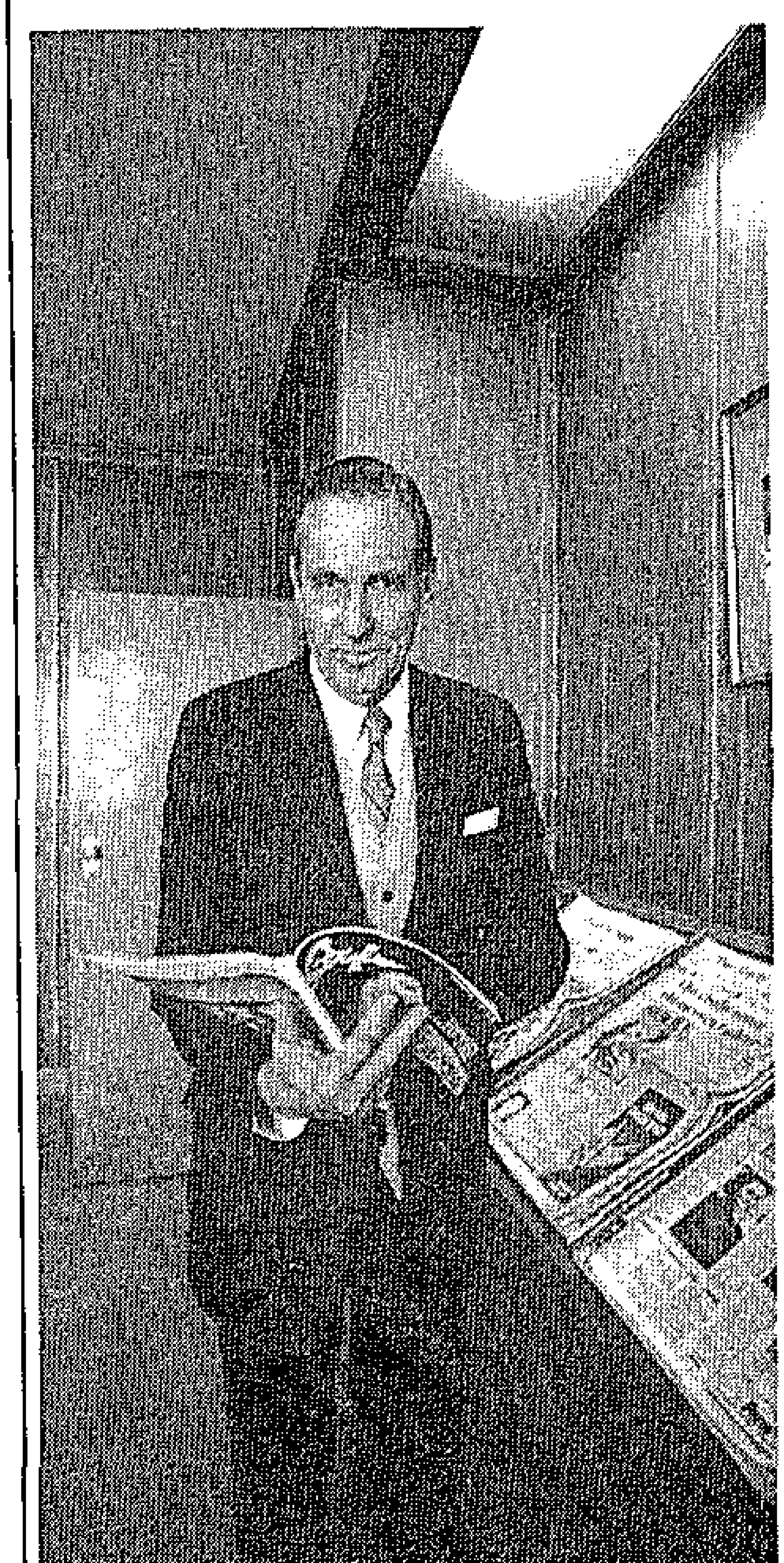
In an attempt to bolster falling newspaper revenues, management retrenched some 10% of its newspaper staff late last year and undertook a continuing "stringent cost reduction programme." Severance pay totalling some R1,5m was written off in the second half-year, but the benefits will only flow through this year.

ARGUS STALLS

Year to end March	1984*	1985
Turnover (Rm)	592,8	606,8
Operating profits (Rm)	42,9	25,3
Pre-tax profits (Rm)	46,7	30,1
After-tax profits (Rm)	30,3	18,5
Attributable profits (Rm)	19,2	7,8
Earnings (c)	1 242	485
Dividends (c)	375	250

*13 months trading

Following a spate of recent investments, the group has broadened its sources of income. But it seems unlikely that either the



Argus' Miller ... earned less revenue

R18m investment in Yellow Page directories, or the R6m investment in Info (a company involved in electronic information services), will provide returns in the short term to justify their price. Clearly, Argus is taking a long-term view of these investments.

And while the impending Caxton-Hortrio merger represents a neat rationalisation of Argus' publishing interests, the terms of the deal are proving controversial. The main bone of contention is that Caxton is selling its assets at a massive premium, to the detriment of Hortrio's minorities.

While executives from both Caxton and Hortrio deny this contention, the relative share price moves seem to support this theory (see Hortrio story).

Commenting on the group's newspaper activities, executive chairman Hal Miller notes that advertising revenue increased by only 5% last year and circulation income by 14%. "These increases were not sufficient to meet the higher cost of newsprint and other expenses, and profits of the group's major newspapers declined substantially," he says. Any increase in advertising rates will, notes Miller, "depend largely on the state of the market."

Group earnings will not increase this year, he says, unless business conditions improve, inflation starts falling, government drops gst from advertising, and the newspaper industry succeeds in rationalising distribution, production and administrative services. As these are hardly short-term objectives, the group seems set for a long and painful haul back to its former profitability. *Neville Glaser*

MINORCO

Redeploying profits

After the announcement of Minorco's intention to sell 10m Phibro-Salomon shares — reducing its holding to little over 14% — Phibro-Salomon slid $1,75 to $40,25 on the New York Stock Exchange and was the market's ninth most active share. Earlier in the week, PSB had risen to record highs above $43 as the Dow Jones Industrial Average closed above 1 300 for the first time in history.

By selling the shares, Minorco could realise some $400m, creating a huge cash pile that will give the group ample scope to either extend some existing investments or diversify further.

When the sale takes place, Minorco will have reduced its stake to nearly half of the 1982 level, when it held a 28% stake in Phibro-Salomon. At that stage, the US-based group had an ordinary issued share capital of 69m shares, but in July 1983 it split its shares on the basis of two for one, with Minorco controlling approximately 37m.

Last year, Minorco reduced its holding to 22% by selling roughly 7m shares. With the $207m-odd realised from the sale, the Anglo/De Beers-controlled group repaid virtual-

(198?) 31/5/85

shareholders funds fell from 14% to 12%. Sappi has been caught by the full brunt of finance costs at a time of record interest rates, a sharper than expected downturn in the domestic market, production delays at Ngodwana, and time-lags as recently commissioned plant builds up output.

Chairman Basil Landau has revised his earlier forecast of unchanged profits this year to earnings "substantially below last year." First half results will be bad, and prospects for second half earnings similar to last year hinge on a falling interest bill, improving output at Ngodwana, exports and a recovery in the local market. Not until 1986, says the group, is vastly increasing throughput likely to have a favourable effect on earnings.

Sappi, Landau points out, "is particularly sensitive at this stage to movements in interest rates, exchange rates, the start-up phase at Ngodwana and the state of the domestic market."

Says Max Pollack's George Raftopulos: "The bottom line on Sappi is going to be production. Sappi can only recover by producing its way out of any trouble, and we will continue to need positive assurance on Ngodwana's plant. If it does not produce, we can head for the hills." That may be a touch

REFORMING THE RANKS

Management changes at the top of Barlow Rand are the clearest signs yet of a new shape emerging since Warren Clewlow was appointed chief operating officer in October 1983. It suggests fundamental changes in thinking, and points to new leaders emerging from the younger generation of senior management.

The latest appointments were in response to the departure of John Maree, a senior manager at Barlow for 15 years, and the present chairman of the group's building materials, steel and paint division. In a move that has been expected for some time, Maree becomes chairman of Escom's reconstituted board.

This, as Barlow chairman Mike Rosholt points out, will strengthen links between private and State enterprise. Maree has gained considerable experience doing just that. Between 1979 and June 1982, he was seconded to Armscor as chief executive (while retaining his directorship of Barlow) and was credited with revitalising the State-owned arms producer.

However, it may well be that Clewlow grasped this opportunity to achieve some ends he had in mind anyway. These appointments should be seen in the context of the expansion of the international interests, management changes at C G Smith and the restructuring of various Barlow divisions in the past 18 months.

Taking a large step upwards is present Reunert chairman Derek Cooper (45) whose responsibilities have been substantially broadened. He succeeds Maree as head of the building materials, steel and paint division, and assumes the chairmanship of that division's three operating companies, Federated-Blaikie, Robor Industrial Holdings (RIH) and Plascon Evans.

Cooper remains chairman of the electronics and engineering division, essentially Reunert, which in the year to end-December had a turnover of R968m and attributable taxed profit of R18,7m. Maree's division is, however, far larger with a turnover last year of R1 456m and attributable taxed profits of R37,9m. In total, Cooper will now be responsible for businesses with sales of some R2,5 billion.

Connellan

Savage

Cooper

A Wits University CA, Cooper has achieved his rise to seniority in Barlow the traditional way by moving up through the ranks. He joined the group in 1964, moved onto the main board in 1976 and has been the key figure in the restructuring of Reunert as Barlow's vehicle in high technology activities.

Much of the emphasis at Reunert has been on strategic considerations as the former engineering-based company has positioned itself over the past two years to concentrate on electronics and electrical engineering, which now comprise some 90% of the business. Cooper will assuredly have to show an even greater penchant for creative thinking and planning in future. Apart from the scope of his responsibilities, the building materials, steel and paint division is particularly depressed at present, and all three listed companies got badly hammered in the six months to end-March.

Sharing the load will be Maree's present deputy Brian Connellan (44) who becomes chief executive of the division and deputy-chairman of Plascon, RIH and Fed-Blaikie. Connellan joined Barlow 20 years ago as a newly graduated accountant.

Since then he's worked in the motor interests, spent time in the Namibian operations, set up the group's public affairs section, is a former MD of Federated Timbers and is MD of RIH.

Unlike Cooper and Connellan, this week's other senior appointment, Richard Savage, (42) enters the picture as a newcomer to the Barlow group. From October 1 he becomes chief executive of the electronics and engineering division and of Reunert, and will be invited to join the main board.

Currently the highly regarded chief executive of Haggie, Savage was educated at Michaelhouse, Rhodes and Wits, and holds a CA and an M Com. His track record at Haggie has been strong, and Savage will be seen as a good catch for Barlow. More important, perhaps, it is an indication of an entirely new willingness to bring in fresh blood.

To see this move as a precedent, necessarily to be followed by more of the same, may be making too much of it. But it must be many years since anybody has been appointed to Barlow's main board from outside the group. The only real parallel was Rosholt, who became a director in 1960 while still practising as an auditor. He became a full-time director in 1963.

Otherwise, the only board appointments from outside came out of acquisitions. Bas Kardol, formerly head of Nampak, is an example.

Another important change recently was the departure of Kardol to London, where he is to head up the international expansion. Clewlow himself replaces Kardol as chairman of C G Smith, the holding company for C G Smith Foods, Nampak, Metal Box, Romatex, ICS and Tiger.

At C G Smith, Kardol was clearly in the role of an active chief executive. Under him, Smith went through considerable structural changes.

Now that top management of this large holding company is in the hands of Barlow's chief operating officer, its function may be swinging towards that of a more passive role, more on the lines of a dividend funnel.

The streamlining of the group has progressed a long way, but it clearly is not over yet. Removal of passive holding companies must become a longer-term consideration.

Andrew McNulty

called for the resignation of the ed-
itor of the East London Daily Dis-
sirable.

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Strikers jailed for 'scab' assault

B. Day 15/7/85

FIVE striking Sarmcol workers have each been sentenced to 12 months' imprisonment for dragging a "scab" worker from a bus and assaulting him with assegais and sticks.

A Pietermaritzburg magistrate convicted the men of assaulting Mr Doto Sokhela with intent to do grievous bodily harm.

The men are Mamoyi Sitholi, 40, Mhlokonwa Zondi, 40, Sigova Zuma, 30, Ndunda Cele, 40, and Tatazele Mabaso, 38, all of Haza location.

19U

CAPE TIMES 26/7/85

Interest bill knocks Sappi — R20m loss

JOHANNESBURG. — In spite of notching up a 50 percent increase in operating income before interest, Sappi Ltd has recorded a loss for the first half.

For the six months to June 30, Sappi's attributable loss amounts to R20m or 63,5c a share.

Yesterday's interim shows that Sappi's turnover for the first six months rose 16 percent to R372,9m largely as a result of increased exports of fine paper from Enstra's No. 6 machine and exports of newsprint and kraft linerboard from Ngodwana.

Profit

Operating profit climbed dramatically from the R37,6m earned at the end of June a year ago to R56,3m, an increase of 50 percent.

However, net interest paid soared 222 percent, from R20,5m to R66,2m, and turned the operating profit into a loss.

After adjusting for finance costs capitalized, tax, and deducting outside shareholders and preference dividends, the loss attributable to ordinary shareholders amounts to R20m.

This is equivalent to a loss of 63,5c a share (1984: 64,5c a share profit).

At the halfway stage a year ago, Sappi achieved an attributable profit of R20,1m.

As Sappi anticipated, the interim dividend has been passed.

Rights offer

It was also announced yesterday that Sappi's rights offer to raise R201m has been successful.

The merchant banks to the offer, Barclays Merchant and Senbank, have announced that subscriptions were received for 98,7 percent or 18 933 236 of the 19 186 202 preferred ordinary shares which were on offer.

The remaining shares will be taken up by Gencor as underwriters to the issue. — Sapa

Ngodwana financing charges of R66-m hi embattled Sappi har

Star 26/7/85

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By Peter Farley

The full impact of Sappi's punitive borrowing levels came home to roost with a vengeance in the six months to end-June

The embattled pulp and paper manufacturer started to pay the full financing charges on its R1,55 billion expansion at Ngodwana from February, and as a result the half-yearly interest bill — after tax savings — more than tripled to R66 million.

This more than wiped out the 50 percent leap in operating profit to R56 million and when tax, minority and pref dividend payments are deducted the bottom line slumped to a R20 million loss after a similar profit in the same period last year.

However, the net loss would have been significantly greater had the company not capitalised some R15 million worth of the finance charges.

It said that it was able to do this as additional start-up costs were incurred in those elements of the new plant which were not fully operational.

Shareholders had some inkling that the company's financial problems were increasing when it was announced two months ago that the interim dividend would be passed. However, there would have been few who expected the collapse to reach these proportions.

The second half should show some improvement, particularly as the company traditionaly generates almost two thirds of total net profit in the second six months.

This time, however, it will have the added advantage of the R200 million-plus raised through the rights issue and the benefit of declining interest rates.

The new money alone is expected to reduce financing costs by around R40 million in a full year. Also, every one point fall in interest rates is estimated to save more than R4 million on the bottom line in a full year.

On the other side of the coin, Sappi will have to gener around R65 million in net pr just to meet dividend payme on its respective classes shares.

This year the figure will below that after the interim w passed. But it is still likely t there will be little left in the for ordinary shareholders or payments have been made the company's bankers, mino ty shareholders, preferen shareholders and the taxman.

The half year balance she has been restated to include t money from the rights issu even though it was only re ceived two weeks after th books were closed off.

But, to get some indication c the mountain of debt the com pany has to service, that R200 million only brought gear ing down to 90 percent from 11(percent at the same point last year and from 120 percent at December 31.

The company will come right and profits will return in years to come. But potential investors should wait until the company is in a better position to guarantee some sort of return.

SA keeps up trade surplus

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Star 26/7/85

South Africa last month maintained its favourable trade balance, with the surplus nearly R1 058 million.

Department of Customs and Excise statistics show this was the third time this year that the monthly surplus exceeded a billion rands.

The average monthly surplus for the first half of this year was R893 million — almost three times the figure for last year. The total trade surplus for the first half of this year was R5 358 million — about R1 800 million more than in 1984. — Sapa.

Whole supplement

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PACKAGING

A **Business Day** survey

Researched and written by ESMOND FRANK

MONDAY, JULY 29, 1985

NO SALE, NO WRAPPING

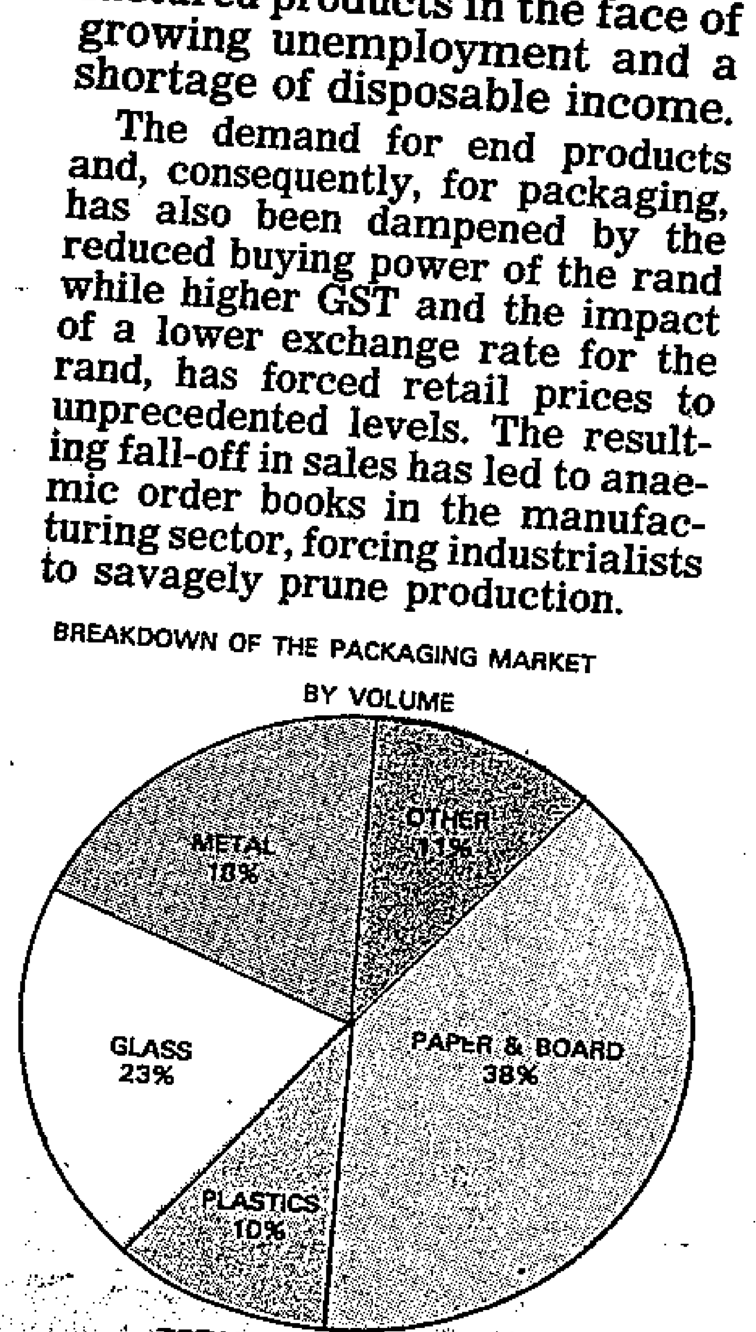
Recession-hit industry cuts packaging orders

THE growth of South Africa's R2 500-million a year packaging industry has been severely stunted by a sharp decline in consumer demand for manufactured products in the face of growing unemployment and a shortage of disposable income.

The demand for end products and, consequently, for packaging, has also been dampened by the reduced buying power of the rand while higher GST and the impact of a lower exchange rate for the rand, has forced retail prices to unprecedented levels. The resulting fall-off in sales has led to anaemic order books in the manufacturing sector, forcing industrialists to savagely prune production.

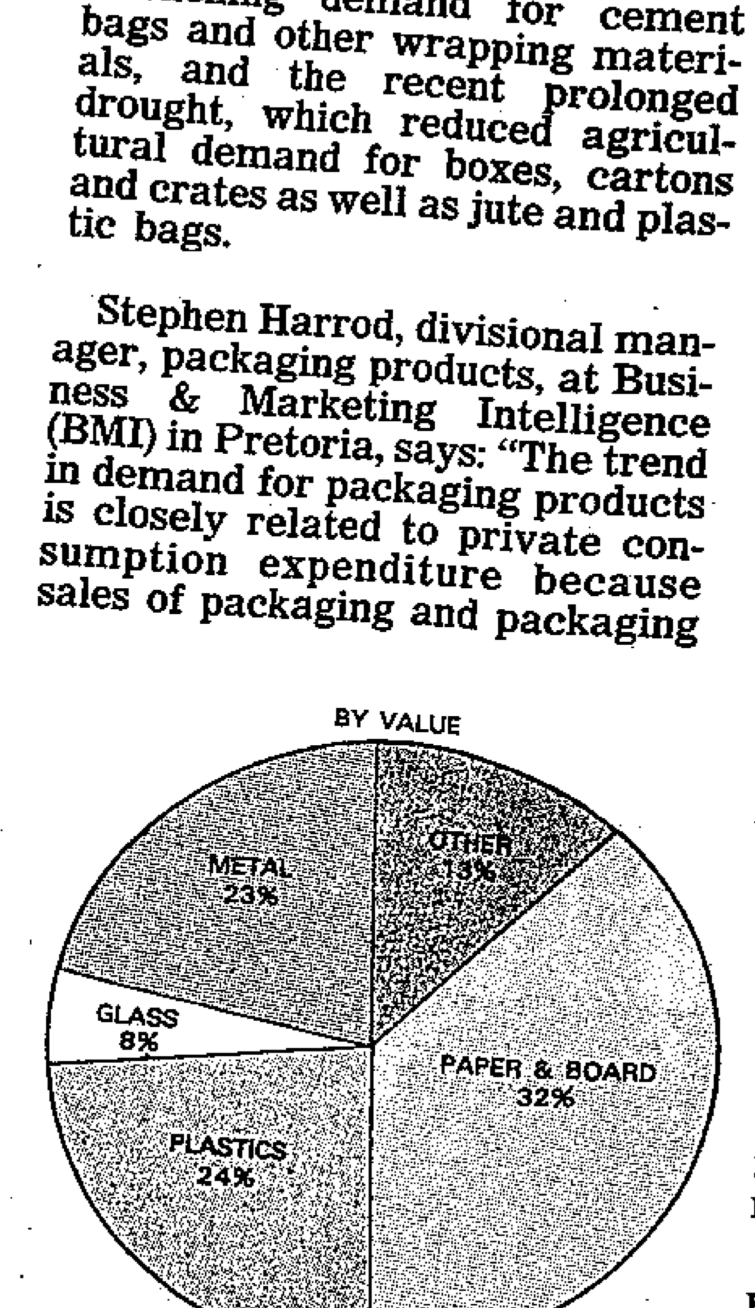
BREAKDOWN OF THE PACKAGING MARKET

BY VOLUME



TOTAL:2,4 MILLION TONS

BY VALUE



Other major factors contributing to the woes of the packaging industry include a significant downturn in building and construction activity which has led to a slackening demand for cement bags and other wrapping materials, and the recent prolonged drought, which reduced agricultural demand for boxes, cartons and crates as well as jute and plastic bags.

Stephen Harrod, divisional manager, packaging products, at Business & Marketing Intelligence (BMI) in Pretoria, says: "The trend in demand for packaging products is closely related to private consumption expenditure because sales of packaging and packaging materials are largely governed by the demand for end products at retail level."

Adds Brian Osborn, national vice-chairman of the South African Institute of Packaging: "Sales of corrugated packaging, used in most manufacturing sectors, is one of the best barometers of economic activity. There is currently a tremendous amount of under-utilised capacity."

Statistics released to Business Day by BMI indicate that the packaging industry's rate of growth has plummeted from an average of 9% a year between 1960 and 1970 to an average of 2,4% a year between 1980 and 1984.

Analysis of average annual growth rates by material type in terms of mass over the same period reveals that paper and board declined from 8,6% to 0,6%; glass remained static at 7%; tinplate declined from 5% to 2,5% and plastic declined from 25% to 4,1%.

In terms of value, BMI splits the R2 500-million market as follows: paper and board 32%; plastics 24%; metal 23%; glasss 8%; other materials 13%.

Its split by tonnage is: paper and board 38%; glass 23%; metal 18%; pla[illegible]

Historically, the activities of the packaging industry in South Africa were largely confined to the production of wooden boxes and paper and jute bags until the 1930s, when Metal Box began to manufacture cans for the preserved fruit industry. At about the same time, Kohler Brothers, a family-owned timber business in Port Elizabeth, branched out into the production of corrugated containers.

Growth in the industry between 1940 and 1960 was steady, but far from spectacular. Packaging was generally viewed in purely utilitarian terms as means of containing a product.

The turn-around came during the 1960s when self-service supermarkets created an instant demand for convenience packaging with eye and shelf appeal. Virtually overnight, packaging had become a potent marketing tool that,

To Page 8

Bakke consolidates its flexible operations

THE Cape Town-based company Bakke Packaging has consolidated its three flexible packaging divisions, Verspak, Novopak and Flexible Wrappings, into a single operation, Bakke Flexibles.

Object of the exercise, says general manager Ed Teare, is to move away from limited regional facilities to providing customers with a co-ordinated national service.

The consolidation programme gives Bakke Flexibles the necessary structure to co-ordinate penetration into the broader flexible packaging market.

The company now has access to new technology which will allow it to continually offer customers the latest films developed for specific market areas.

One of the products it currently supplies is Krehalon ML, a high-barrier vacuum bag used for processed and fresh meat as well as cheese.

Bakke's casings, Teare claims, are used by all major meat processors for cooked sausages, polonies and spreads. The extensive range of casings includes printed and PVDC units.

Other products supplied by the company are printed stretch film for pre-packaging of such products as chicken portions, sausages and meat, and polyethylene for food, non-perishable products and consumer packaging.

Bakke also converts films such as cellulose, polpropylene, waxed papers and nylon to meet the requirements for packaging materials in the confectionery, snack food and sweet industries.

The company's lamination facilities allow for the production of varying film constructions to satisfy specific requirements in either pouch form or reelstock that is suitable for form-fill seal type equipment.

PACKAGING design has, since the introduction of self-service retailing, progressed from merely reproducing 'pretty pictures' on containers, says Peter Cheales, an independent marketing consultant in Johannesburg.

"It is now a vital part of the total marketing mix," he says. "If the packaging is weak, no amount of conventional media advertising is going to succeed in moving the product off the shelf.

"Packaging should be an integral part of any programme to launch a new product and specialist design consultants should be called in as early as possible."

Comments José Costa, packaging design expert at Art Communications: "Packaging at retail level is a visual projection of the product and it should work quickly, much like a poster.

"Unless it makes an almost immediate impact from its place on the supermarket shelf, it is unlikely to chalk up a sale."

Peter Curtis, of the Sandton-based design consultancy, Grapplegroup 2, believes packaging is the ultimate manifestation of the product in the marketplace.

"While advertising may create consumer awareness," he says, "packaging gives the manufacturer his last chance to make a sale at or near the point-of-purchase."

Chris Burlock, MD of Paton Tupper, arguably the largest design-orientated agency in South Africa, concurs.

"The pack," she says, "is the final influencing factor in a consumer's decision to purchase. It is the product in the buyer's mind.

"Watch a customer making a selection from a range of canned asparagus. Within a span of seconds she may scrutinise three different cans before making her choice, while subconsciously registering such impulses as 'the spears are too fat, much too green, too small, too short'. Unable to see the contents of the can, the package guides her decision."

Recent research in the United Kingdom shows that the first thing consumers do when they take a new product off the shelves is turn it over and carefully scrutinise the small print.

"The back of the pack," observes Costa,

'A pac[illegible] is not just a pretty pictur[illegible]

"has become just as important [illegible]

Burlock notes that, based on s[illegible] a pack picked off the shelf has a [illegible] being purchased.

"Packaging," she argues, "sh[illegible] be designed to invite close exa[illegible] purchasing decisions, however, [illegible] strongly based on the degree [illegible] satisfaction.

"A pack that over-promises [illegible] high level of customer dissatis[illegible]

Costa says that while resear[illegible] times be useful, it frequently do[illegible] answers to creative questions.

"Research data is, after al[illegible] something that already exists.

"A gut feel for the product an[illegible] at the heart of successful pack[illegible]

Burlock maintains that a st[illegible] motivation and changing facto[illegible] tional responses of different s[illegible] groups is vital to the design [illegible] packaging.

"Because the consumer faces [illegible] of conflicting marketing messa[illegible] fect the ability to make a logic[illegible] decision," she says, "subconscio[illegible] a key role in influencing attitu[illegible]

now harnessing this powerful [illegible]

Curtis believes that far too m[illegible] decisions, which involve hug[illegible] money, are made around boar[illegible]

"Impact," he laments, "is not [illegible] where it counts — on the stor[illegible]

"Good packaging ensures d[illegible] sells products. There are so r[illegible] without any perceptible differen[illegible] ket that packaging is often the [illegible] swings the sales towards one c[illegible]

IPSA packs them in

THE Institute of Packaging South Africa (IPSA) now has more than 600 members in three regions. The institute is the only professional organisation in the country for packaging technologists, managers and administrators, according to Brian Osborn, the national vice-chairman.

It was started in 1970 as a central body for education and the dissemination of knowledge.

"Education," Osborn stresses, "is our foremost concern and we began negotiations with the Institute of Packaging (IOP) in the United Kingdom in 1972 so that we could introduce its correspondence course in South Africa."

The institute is discussing the possibility of establishing a local correspondence course in packaging management in conjunction with the Department of National Education through Technikon RSA.

NGODWANA HITS THE JACKPOT

New Sappi Kraft mill boosts SA export potential

• MANUFACTURING capacity for Kraftliner board will be in excess of local demand when the Sappi and Mondi plants reach full production. Part of the output from Sappi's Kraftliner machine at the Ngodwana mill is already being exported.

The Kraftliner board machinery at Ngodwana was commissioned in March, and is now running at 50% of design capacity to achieve a daily output of 458 tons, according to André Vlok, MD of Sappi Kraft.

"Since the machine came on stream in mid-April," he says, "we have been exporting board at an average rate of R3-million a month."

He describes the product produced at the Ngodwana mill as a three-ply board with a sophisticated printing surface which is proving very popular with domestic and foreign converters and end users for presentation packs.

"It is a medium more than adequate for the needs of the domestic packaging industry in the foreseeable future," says Allister Thom, marketing manager at Mondi Board Mills.

Local capacity, he points out, already exceeds demand and when new machinery at the group's Richard Bay mill and Ngodwana are fully operational, South Africa will be in a position to export even more.

"Medium term projections from 1984 to 1989," he says, "have anticipated an annual growth of 3% a year in the demand for these packaging products.

"Local production will more than keep pace with this increase in demand, with Mondi production alone running at about 300 000 tons a year.

"Total Mondi production will increase to about 375 000 tons once the Richards Bay mill reaches its full annual capacity. This will be 200 000 tons of high-quality kraft linerboard in two or single-ply sheets in weights ranging from 120g/m² to 600g/m²."

Because local production has been ahead of domestic demand, the country has been able to establish a strong presence in international markets, particularly the Far East.

"The increase in local production when the Richards Bay and Ngodwana mills are at full capacity will allow this country to extend its marketing presence into Europe and the Middle East," he says.

"Although current world prices for board and fluting are low, the weak rand has, to some extent, provided a buffer for the industry, and the prospects of economic recovery in other parts of the world should create some exciting export opportunities."

Sappi Kraft's Vlok notes that South Africans are currently amongst the lowest consumers of corrugated packaging in the developed world.

"But as the local economy develops and the overall market absorbs more packaged consumer good," he adds, "the demand for corrugated packaging materials will escalate."

Per capita consumption of corrugated materials in 1984 was a mere 13kg compared with around 34kg in West Germany, France and Japan, and 67kg in the United States.

Sappi is the market leader in Kraft linerboard manufacture in South Africa and supplies about 50% of the 400 000 tons of the liner and fluting consumed every year.

"Although corrugated packaging could be described as a mature form of packaging," Vlok observes, "new markets are constantly being found.

"It is estimated, for example, that the growth of corrugated packaging for liquid products and frozen foods will increase by an average of 8% a year for the next five years, while usage of corrugated packaging for chickens will grow by 7% a year."

Consol diversified into paper packaging in 1980 to take advantage of the expected upswing in demand by taking over Time Packaging. The company manufactures corrugated containers at a plant in Alrode, near Alberton. In 1983, Consol set up its own corrugated packaging operation at a R6-million factory at Kuils River in the Cape.

The latest expansion in the corrugated market is the commissioning of its third plant at Phoenix Industrial Park, in June 1984. A new plant to produce Liquipack cartons started production at the same site in May last year.

On February 21 this year, the manufacturing equipment, vehicles and working capital of Marathon Packaging was purchased by Consol. Later, in May 1985, Speedbox, another corrugated packaging manufacturer, specialising in short runs and quick delivery to customers and based in Benoni, was acquired. In November 1984, Wilder Packaging, a corrugated container producer situated at Atlantis, near Cape Town was purchased.

Also in the market is Nampak Corrugated Containers. It supplies containers for the packing, storage and transportation of such products as wine, beer, beverages, food, fruits, clothing, domestic appliances, tobacco, flowers and explosives.

Another major competitor is Kohler which, through its corrugated division, produces corrugated cardboard containers for the packaging, transportation and storage of a variety of products in both the industrial and agricultural markets. Major products include fruit, beverages, wine, detergents, shoes, clothing, spare parts, meat and explosives.

The division, the second largest such manufacturing facility in South Africa, has eight operating divisions which are located in Brakpan, Nelspruit, Pinetown, Port Elizabeth, East London, Cape Town, Paarl and Walvis Bay.

PAKPROCESS '85

British companies will make a big show at packaging exhibition

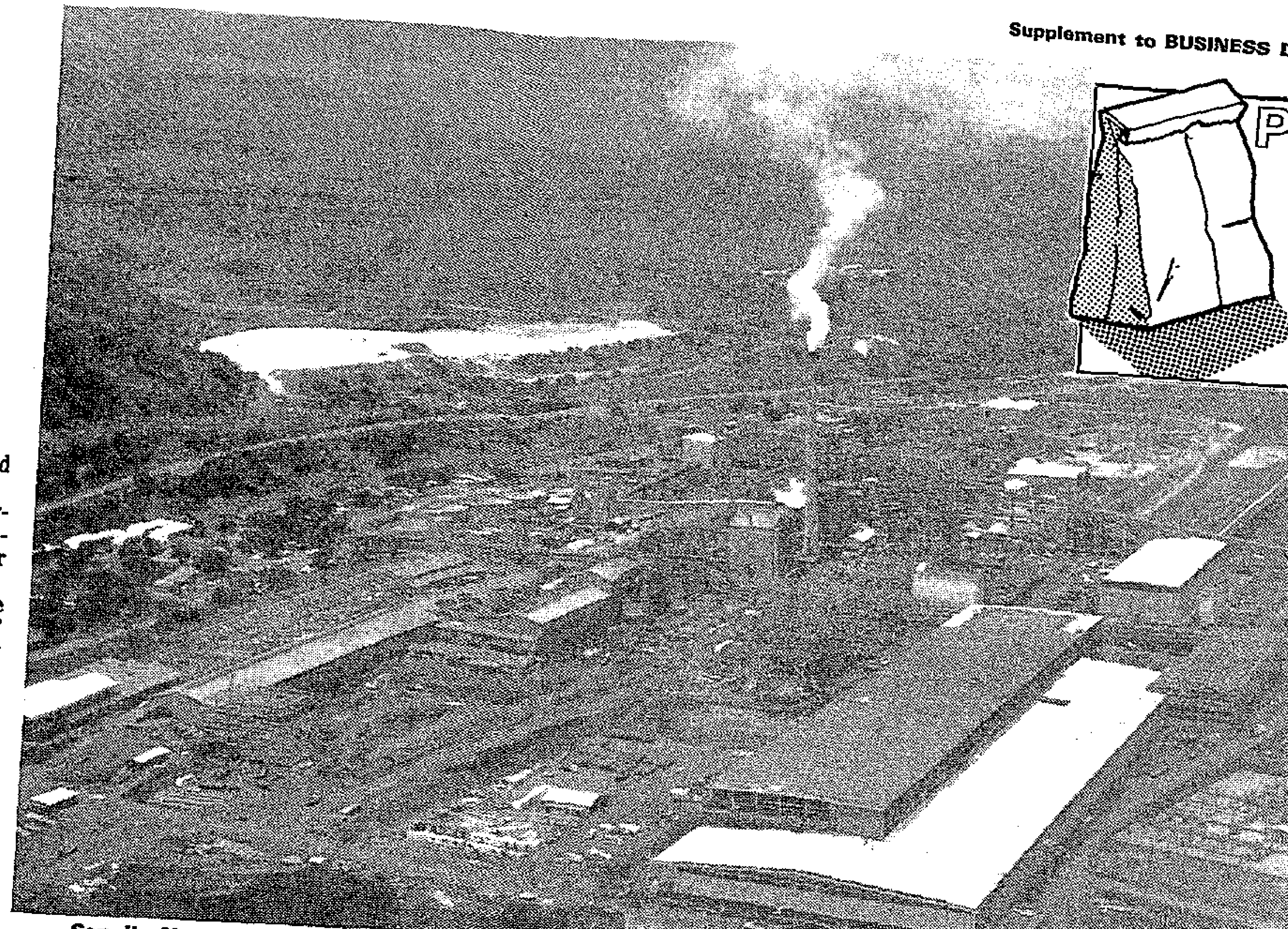
THE Institute of Packaging in the United Kingdom is sponsoring participation by a group of British companies in the forthcoming 5th South African International Packaging and Processing Exhibition, PAKPROCESS '85.

The exhibition will take place from November 11 to 15 at the National Exhibition Centre, Johannesburg. The number of British companies participating currently stands at 12.

Amongst the British exhibits will be a laser phototypesetter and text input/editing system, a working model of a turnkey robotic palletisation system, paper converting machinery, package testing equipment, graphic arts equipment, coding and marking products, labelling and capping machines.

The Institute of Packaging (SA) is to hold its national conference, "The World of Packaging", in conjunction with PAKPROCESS '85. The keynote speaker will be Pauline Covell, editor of the UK journal "Packaging Review", who has just finished her term of office as National Chairman of the British Institute of Packaging.

PAKPROCESS '85 will also incorporate PRINTEXPO, the 3rd South African international printing exhibition.



Sappi's Ngodwana mill: already operating at 50% of total capacity and exporting R3-million worth of

New plastic

Pmb faces stores boycott

(194) B. Day

30/7/85

CLAIRE PICKARD-CAMBRIDGE

A THREATENED consumer boycott of white shops in Maritzburg is hanging in the balance as the Metal and Allied Workers' Union (Mawu) await responses from BTR Sarmcol and the Chambers of Commerce and Industry.

The threatened boycott is intended to get businessman to persuade Howick-based BTR Sarmcol to meet with the Metal and Allied Workers' Union (Mawu), who are demanding the reinstatement of 975 workers fired by the company last month.

A Mawu spokesman said yesterday that if the boycott was launched it would be the joint decision of community and labour organisations in the area.

Maritzburg was hit by a work stay-away two weeks ago which closed most industries in the area. The stay-away was also launched to pressure BTR Sarmcol into reinstating workers who went on strike over union recognition.

Dr Keith Wimble, president of the Maritzburg Chamber of Commerce, said they had decided to meet both Mawu and BTR Sarmcol in an attempt to get the two parties together.

He said the chamber did not see stay-aways or consumer boycotts as productive measures because they could force employers to consider further retrenchments. He also said he believed that such a move would alienate sympathy for their cause.

Boycott on for Maritzburg, says Mawu

B. Day 5/8/85

INDUSTRY REPORTER

IN an escalation of the BTR-Sarmcol dispute, white-owned shops in Maritzburg are to be boycotted, said the Metal and Allied Workers Union (Mawu).

Mawu said the methods of the boycott had yet to be decided.

A spokesman for the Federation of South African Trade Unions (Fosatu) said a delegation of Fosatu and Mawu officials, along with representatives from community organisations, would hold meetings with the Mayor of Maritzburg, Robin Dales, and the Chamber of Commerce today and tomorrow, respectively. "But the boycott is definitely on" he added.

Mawu is also to have a separate meeting with the Chamber of Commerce, which it hopes will put pressure on BTR to reinstate dismissed workers.

"There will be a general meeting of the Maritzburg community next Saturday to report back on the meeetings with the mayor and various chambers and to launch the boycott," said the Mawu spokesman.

The dispute between Mawu and Sarmcol began when the company fired 975 workers who went on strike over union recognition several months ago.

In a weekend Press release MAWU drew attention to the interest the BTR dispute has sparked in Britain.

"The BTR issue has been raised in the House of Commons regarding foreign investment in SA and a representative of Mawu will be appearing on British TV to outline the dispute," said the union.

The release added that the British Trades Union Congress had agreed to send a senior trade unionist to SA to investigate the BTR dispute and report back to UK, if invited by Fosatu.

22/8/85 BUSINESS DAY, Thur

Union out of council

Business Day Reporter

THE Paper, Wood and Allied Workers' Union (Pwawu) has resigned from the Pulp and Paper Industrial Council because, it says, the council is dominated by "employer and artisan union interests".

Pwawu's move will affect workers and employers at 18 paper mills owned by Mondi, SAPPI, Carlton and Nampak.

Pwawu, like unions such as the Metal and Allied Workers' Union (Mawu), is saying the union's membership of its particular industrial council is used by employers to "avoid meaningful plant-level negotiations".

Pwawu said it had not found the council to be a successful bargaining forum.

"Pwawu's proposal that the council should gazette a minimum wage of R2 an hour was defeated when the other unions and all the employers opposed this," Pwawu said.

B Day

May Day holiday won by Mawu

28/8/83

CLAIRE PICKARD
CAMBRIDGE

THE Metal and Allied Workers' Union (Mawu) has become one of two Fosatu unions to win a long battle to be given May Day as a paid holiday.

Both Mawu, at the Van Leer factory in Durban, and the National Automobile and Allied Workers' Union (Naawu), at Wayne Rubber, also in Durban, recently won these concessions during annual wage negotiations. Both managements have confirmed that full wages will be paid except when May Day falls on weekends.

Plate Glass and Pilkington Glass in Port Elizabeth are understood to have been the first SA companies to grant May Day as a paid holiday in agreements last year. Fosatu's Chemical Workers' Industrial Union (CWIU) organises at both factories.

Industrial relations consultant Gavin Brown says workers have been demanding May Day as a paid holiday in SA since the 1920s. He believes the granting of Labour Day as a holiday will become an increasingly common trend in keeping with international practice.

"I don't believe many managements still see this as a non-negotiable issue, especially as unions have indicated they are prepared to make fairly major concessions to win May Day as a paid holiday."

Brown added there were now about a dozen companies — especially those whose workforce were on short time — who made ad-hoc arrangements to allow workers off on May Day, but usually without paying them.

ARGUS 1/1/84 LABOUR 194 151

Paper mill workers want to negotiate wages directly

Labour Reporter

MORE than 2 000 workers at five mills belonging to the Mondi Paper Company have asked to negotiate wages directly with the management rather than using the official machinery.

The 2 300 workers, who belong to an affiliate of the Federation of SA Trade Unions (Fosatu), the Paper, Wood and Allied Workers' Union (PWAWU), have said they are dissatisfied with wage increases negotiated through the Pulp and Paper Industrial Council.

The latest increases granted by the council bring minimum wages to R1,38 an hour in the lowest-paying Mondi factory and to R1,97 an hour in the highest-paying, according to a union spokesman.

A union statement said no progress had been made in negotiating wages with local management.

PWAWU claims to have majority support in five out of six of Mondi's paper mills, with the Cape Town mill the only exception.

A spokesman for Mondi said the management would bargain with representative bodies on issues common to all employees "in one forum only, that is with all unions together.

"The Industrial Council provides for just such a mechanism and the paper and pulp industry is no exception to this preference for non-racial, non-fragmentary bargaining."

~~233~~ 194 RDM 12/1/84

Three giants control packaging

By PRISCILLA WHYTE

RECENT mergers in the packaging industry mean that three giants now control 70% of the turnover.

But Mr Johan Grobelaar, the director of Business Marketing Intelligence, says although the Metal Box/Nampak group, the Kohler/DRG/Xactics group and Consol account for 70% of sales, there is still room for smaller companies.

He believes there are some unquoted companies that are ripe for takeover.

The casualty rate over the last four years has been about one liquidation a year of which the last three were in plastics packaging.

He is not optimistic about real growth in the industry for 1984 and sees turnover only increasing to R2,4bn from its current R2,3bn.

Over-capacity is a problem. Sack manufacturers are only using 52% to 55% of capacity.

The packaging industry is expanding at a factor of 1,1 to 1,2 above GDP. Four years ago, it was growing at a factor of 1,5 above GDP.

He says the packaging industry may be segmented as follows:

	% tonnages	% turnover (rand value)
paper/board	38	32
plastics	9	22
metal	18	25
glass	21	8
sophisticated	2	7
other	12	6

Market research shows that sophisticated packaging (high protection cellulose packaging for increased shelf life) is growing at 6% to 7% a year in real terms.

The paper/board sector has the lowest growth rate at 3% to 4% a year.

Plastic packaging is growing at 4% to 5%, with the metal and glass markets notched at 5% to 6% a year.

Other packaging (hessian, jute, cotton) is growing at 2% a year. The growth of this market is being stifled by replacement materials.

Although the SA packaging market has reached maturity, per capita consumption is lower than that of developed countries.

The raw material price structure is escalating proportionately more in the paper and board sector, but Mr Grobelaar believes measures are being taken to eliminate steep rises in prices. Other sectors are moving in line with inflation.

There is a glut of soda ash, a vital constituent in the manufacture of glass.

Mr Grobelaar believes the packaging industry has an exciting long-term future and that many technological advances will reach SA.

The trend towards bar-coding, for instance, is putting new pressure on the industry.

The move towards semi-bulk, that is using one container instead of 10 sacks, is another trend.

FM 13/9/85

immigrants and not refugees, the SACC has asked the UNHCR to send a task force to monitor the handling of the Mozambicans and to grant them refugee status.

"We are presently seeking some recognised status that is not prohibited immigrant," says Sol Jacobs of the SACC Division for Refugees.

In a statement released this week the SACC called on the SA government "to stop the deportation of Mozambican refugees and to negotiate their status, protection and repatriation with the UNHCR." They have asked the SA authorities to grant the Mozambicans temporary refugee status on compassionate grounds and to give them humanitarian aid and shelter.

According to Jacobs the basic function of the UNHCR is to extend international protection to refugees and to establish proper repatriation procedures. This legal status prohibits the return of a refugee to a country where he may be persecuted — the general rule is that refugees are not repatriated unless they wish to go home of their own free will.

The position in SA at the moment is that while the Mozambicans who found their way into Gazankulu are being allowed to stay temporarily as "visiting relatives," those caught within the borders of SA and the Kruger National Park are being returned. The latest figures from the Department of Home Affairs are that over 1 500 Mozambicans a month are being repatriated.

"Given the economic collapse in Mozambique we are concerned with the Mozambicans' ability to handle the flow back," says Jacobs. "The people being returned are being exposed to landmines, the atrocities of the rebels, and police patrols. A UNHCR task force is needed to establish what is going on and ensure the basic rights of the fleeing villagers." ■

(194)

INDUSTRIAL COUNCILS

Paper union quits

The withdrawal of Fosatu's fast-growing Paper, Wood and Allied Workers' Union (Pwawu) from the Industrial Council for the Pulp and Paper Manufacturing Industry, and its demand for decentralised wage bargaining, is unlikely to precipitate conflict between employers and the union in the short term.

But it highlights again the difficulties experienced in attempting to integrate emerging unions into a system which, for more than fifty years, has been the preserve of representatives of mainly white, skilled labour.

Three of the four companies in the industry — Sappi, Mondi and Nampak — have told the *FM* they will conduct negotiations with Pwawu at plant or company level later this year. The fourth, Carlton Paper, has previously agreed to it and is not expected to change this policy.

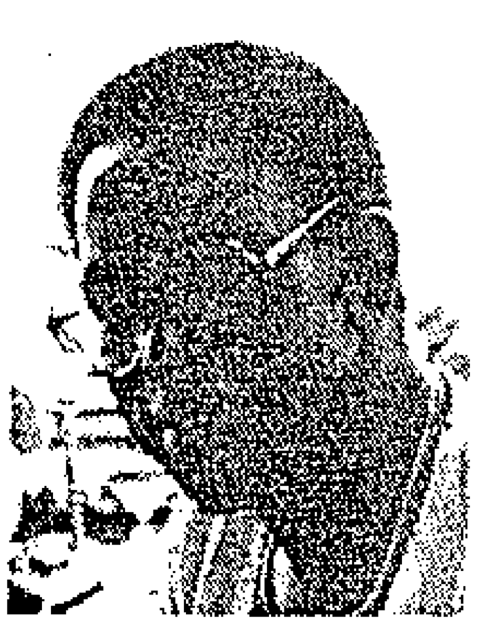
A Pwawu spokesman is at pains to point out that the union does not oppose industry-wide collective bargaining in principle. But it finds the council system to be unsatisfactory and is suggesting decentralised bargaining until a mutually acceptable forum is established in the industry. It has also recommended that the council dissolve itself.

Most emerging unions, including Pwawu, have participated in the industrial council

FACE TO FACE

DUMISANE KUMALO

From America, with love



Dumisane Kumalo is director of projects for the American Committee on Africa in New York. He left SA in 1977 and became the prime mover in the disinvestment movement in America, and claims to have generated the divestment of roughly $4 billion from SA.

***FM*: What led you to disinvestment as a way of putting pressure on the SA government to change?**

Kumalo: By cutting off important US technological and monetary support, we believed we would be able to make the SA government respond to pressure and criticisms in a direct way. The only way to do this effectively would be to get city and state governments, which had millions invested in SA, to divest. In the five or six years since we started campaigning, we have had 40 states debating divestment — it takes up to three years for the legislation to be passed — and several have passed legislation. Thirty cities, all the major US cities, now have passed laws to divest and the Mayor's Conference agreed unanimously to divest last year. Finally, it has become a bi-partisan movement and no self-respecting American politician, both Democratic and Republican, will openly support apartheid now.

How is it that under Jimmy Carter some Americans apologised for his tougher view on SA, but under Reagan Americans apologise for his conservative policy?

There has been a turnaround in public opinion which was brought into focus by the election campaign last year. To black Americans it is a case of Reagan doesn't care about them and so why should he care about what goes on in SA? People had faith that Jimmy Carter would do something to change apartheid. At this stage it is not clear if Reagan will veto the legislation that has been jointly approved by Senate and the House, but even if it isn't approved by the president, there are now too many significant influences at work to stop the movement.

What ultimately do you see as the goal of the divestment movement?

We have already been successful, as the *FM* has already said, in checking the flow of funds into SA. We have stopped millions of dollars in new investment, although the business conditions are not that unfavourable when you consider the strength of the dollar against the rand.

We have made US multinationals and banks realise their images can be tarnished and attached a real hassle factor to any SA investment. We have all but stopped the sale of Krugerrands and these buyers are basically apolitical people.

So far we calculate we have created a divestment of roughly $4 billion in pension funds, equity and US-SA operations. However, the real achievement is not getting corporations to pack their bags and leave SA, but getting the Botha government to respond to pressure and isolation. We want to make apartheid unworkably expensive, so finally the government has no other way out but to give in to change. We believe this is a direct and non-violent means of making the present government yield to criticism, where it hurts.

They are in trouble now as a result. We are also getting involved in Japan, Germany and other countries in Europe. Although we will never be able to totally cut off the flow of finance to SA, we will make it difficult and expensive.

Detractors of the disinvestment movement say it can hurt working-class blacks. What is your position on this question?

I am amazed at people who suddenly develop sympathy with black people. To me it has the ring about it of the old anti-abolitionists who said slaves would be hurt by freedom.

In fact, the 350 US companies in SA employ only 50 000 black people. IBM employs 1 500 people, of which only 200 are not white; similarly, Control Data employs only a few black personnel and General Motors employs twice as many whites as blacks. It is perceived in the US by many people as an empty argument and it does not wash. I have worked in the SA business sector and it is nonsense, from my view, to say that having a good job solves black South Africans' problems. The real issue has always been apartheid, the forced removals, violence against opponents of the system and discrimination at every level of existence.

(400) (38) (41) FM 13/9/85

system only reluctantly. They have usually been forced to do so because employers have refused to bargain with them in any other forum.

But Pwawu has become a substantial force in the industry. Negotiations without it would be meaningless, as it now represents 60% of the 10 000 hourly-paid workers in the industry. Also, paper industry employers seem to be less rigid than, for example, those in the metal industry.

One of the central problems is the relationship between Pwawu and the three old established artisan unions on the council — the SA Boilermakers' Society, the SA Electrical Workers' Association and the Amalgamated Engineering Union. There is a fifth union party to the council which represents black workers at two factories in Natal.

Pwawu argues it is handicapped because, while it is the majority union, each of the five unions is allocated one seat. The artisan unions are less militant in their demands and Pwawu finds their presence an obstacle to achieving better wages and working conditions for its largely unskilled and semi-skilled membership. Pwawu has unsuccessfully argued for proportional representation in recognition of the fact that it is by far the biggest union.

FM 13/9/85

Worker participation

It also says the industrial council system prevents "proper worker participation." The union would like representatives from each of the 18 plants to participate in bargaining so as to facilitate consultation with members during negotiations. And it is suspicious of what it describes as the "old boys' club" atmosphere in which employers and the older unions negotiate.

The union's withdrawal from the council was finally precipitated by the rejection by the other unions and the employers of its proposal to increase the minimum wage in the industry from R1,65 to R2/hour.

Next month the council is to discuss its future. Mondi's Alan Young says the union's resignation from the council is "disappointing, as it comes at a time when all parties to the council were in agreement regarding the need to revise its structure. Pwawu was given the opportunity to make written submissions in this regard. It chose not to do so."

Responds the union spokesman: "We have always been prepared to discuss the matter with employers, but not under the auspices of the council."

Mike Walmsley, chairman of the Association of Pulp, Paper and Board Manufacturers of SA, says his association has strong views on the subject, but does not wish to make them public before they are made known to the other unions.

The paper industry dispute over industry-wide collective bargaining structures is one which will be played out in many other industries in the future. If Pwawu and the employers can set the lead in finding solutions they will have done SA's industrial relations scene a service. ■

CONSUMER BOYCOTT

Backfiring in Natal

The organisers of the national boycott campaign are spreading their boycott of white-owned businesses to Natal. But it could backfire badly in Durban because most of the black and Indian-owned shops which the boycotters would be obliged to turn to were destroyed in the recent unrest.

Backers of the boycott, a loose association of trade unions and community organisations, headed by the Federation of South African Trade Unions (Fosatu), say they are aware of the difficulties but it won't dissuade them from going ahead. Instead, the main focus of the boycott will merely be directed elsewhere.

Inyanda's Gumed and Corobrik's Andrews . . . a helping hand

According to some estimates, around 120 "non-white" businesses — about 60% of the total — were either razed or looted in the violence which flared in the black townships of Umlazi, KwaMashu and Inanda several weeks ago.

Ironically, white business is being requested to contribute funds to have them restored. The SA Sugar Association has donated R50 000, and brick supplier Corobrik has contributed 120 000 bricks towards rebuilding (*Business* August 30).

Black traders themselves — those that remain — appear to be caught in the middle. The Umlazi chapter of the black Inyanda Chamber of Commerce has been asked by Fosatu to assist in their campaign. But, while Inyanda members claimed they were sympathetic to the underlying causes, they stopped short of actively co-operating.

Even on that they appear to be out of line. Inyanda president, Patrick Gumede, rapped members for even meeting with the boycotters. Says Gumede: "At a time when I am busy appealing to the white private sector to assist in the rehabilitation of black businesses, I cannot on the other hand be seen to be condoning the actions of Fosatu, and all those who join them, in advocating the consumer boycott."

Given the difficulties, Fosatu education officer Alec Erwin says it would probably be a while before the boycott is felt by Durban traders. In the short term he says efforts will be directed at places like Hammarsdale, Cato Ridge, Pinetown and Pietermaritzburg where black spending is at its heaviest. Later, other areas like Ladysmith, Newcastle and Empangeni will be targeted.

Erwin makes the point that the boycott in Natal is not an extension of the Metal and Allied Workers' Union (Maawu)/Sarmcol dispute which has already led to black consumer boycotts of white businesses in Howick and Pietermaritzburg.

He says it is part of the national boycott campaign and merely happens to coincide with Maawu's boycott strategy. As such, its primary objectives are the same — the lifting of the State of Emergency, the withdrawal of police and army units from the townships, the freeing of detainees and the granting of full political rights to all. ■

THE FALWELL VISIT

The funding issue

The Rev Gerry Falwell's five-day visit to SA in August was paid for by South Africans, who also arranged his itinerary. The venture has proved controversial in the US because of his support for Pretoria's reforms, and Falwell's call for greater economic aid for SA.

Speculation has surrounded the trip, and the US media have lent substance to speculation that Falwell's Moral Majority movement is mounting a campaign to reverse the tide of opinion against SA, and to get business to pour money back into the country. Some have hinted that South African money is backing the entire effort. Baptist preacher, Dr Gerry Prevo, who accompanied Falwell's delegation to SA, admitted to the *FM* that the trip was made at the invitation of a group of South African citizens.

Falwell expressed a desire to go to SA — and "South African citizens" responded by saying he should come and bring others too, Prevo said. He added that the SA citizens represented business interests, but declined to disclose anything more about the funding of the trip.

Prevo said the delegation came back from SA in support of government-initiated reforms: "Our recommendation is that the US stands firmly behind the government and tries to make up for the money that has flowed out of SA."

Prevo has in fact attempted to mobilise support for his stand in his home city, Anchorage, in Alaska. But he said that since his return he had found more support for sanc-

Carlcor profits soar — lifts earnings 55%

~~222~~ ~~229~~ 194

CAR-Times 25/1/84

By PATRICK McLOUGHLIN

JOHANNESBURG. — Carlton Paper Corporation has returned to the profit growth trail with a 55 percent advance in earnings a share to 66,4c for the 12 months to December 31. This compares with 42,7c for 1982.

The results are far better than Carlcor's management — who in spite of an improvement in interim profits were cautious on full year figures — expected.

The Gencor company has posted a final dividend of 26c which, with the unchanged 14c interim, takes the total payout to 40c.

The 25 percent rise from the 1982 dividend of 32c is in spite of a jump in the dividend cover from 1,3 times back to the normal level of 1,7 times.

Performance

The impressive performance by Carlcor follows a substantial improvement in the second half of the year in all the group's market sectors. Another important factor was tight control of costs.

Carlcor manufactures and distributes tissue products, such as roller towels, toilet and facial tissues, serviettes, diapers and other disposable products.

In 1982, the country's major tissue manufacturer suffered from the downturn, aggravated by hefty destocking among consumers. This, in turn, cut production. Because the group is capital intensive, costs were pushed up at a time when some raw materials were experiencing cost increases.

The net result was that Carlcor suffered its first earnings reversal in five years with earnings a share sliding from 53.5c in 1981 to 42.7c and dividends being maintained at 32c at the expense of cover which shrank from 1,7 to 1,3 times.

Although the first half of 1983 saw an improvement in earnings per share, from 19,7c previously to 25,8c, the chairman, Mr Basil Landau, said the results did not reflect improved trading conditions but the effects of cost cutting and product launches by Carlcor in 1982.

He was also pessimistic on the outlook for the full year and said that the continuing economic uncertainty combined with the impact of the drought made it unlikely that the second half results would show any improvement on the first half.

Sales for the full year, however, jumped 18 percent to R130,2m compared with R110,1m. Pre-tax earnings more than doubled, from R8,6m to R17,6m.

A Carlcor executive admitted management were surprised by the recovery. "We never thought it would be that good," he said.

One reason was aggressive marketing. General market conditions remained very price-competitive but Carlcor aggressively pruned prices in many product lines and more than compensated on the margin side with markedly higher volumes.

Sales volumes

Assets were carefuly managed and product launch costs, which had an impact in the 1982 results, were down. New products did well — especially the Huggies disposable infant nappies, launched in mid-1983.

This product particularly took off in the second half and made significant inroads into the cloth nappy market.

Destocking by Carlcor consumer ended early in the year.

Carlcor also made its first major move into specialist distribution with the opening of a distribution centre for the Pretoria-Witwatersrand-Vaal area near Jan Smuts aerodrome in June. This further enhanced sales volumes.

The tax rate jumped from 22 percent to 40 percent. This was mainly because the 1982 rate was depressed by the sale of a Cape Town factory, the capital profit from which was deductible from taxable earnings. The 1983 the tax rate was also pushed up by lower export allowances.

Attributable earnings nevertheless jumped 56 percent to R10,5m compared with 6,74m previously.

Comment: Carlcor, presently trading around 500c, yields eight percent on the full 40c dividend. This is above the market and paper and packaging sector historic averages and indicates that the market has also been surprised by the buoyant full year results.

Mr Landau says Carlcor's current year performance will benefit from greater marketplace opportunities as expansion and modernization of production facilities continues.

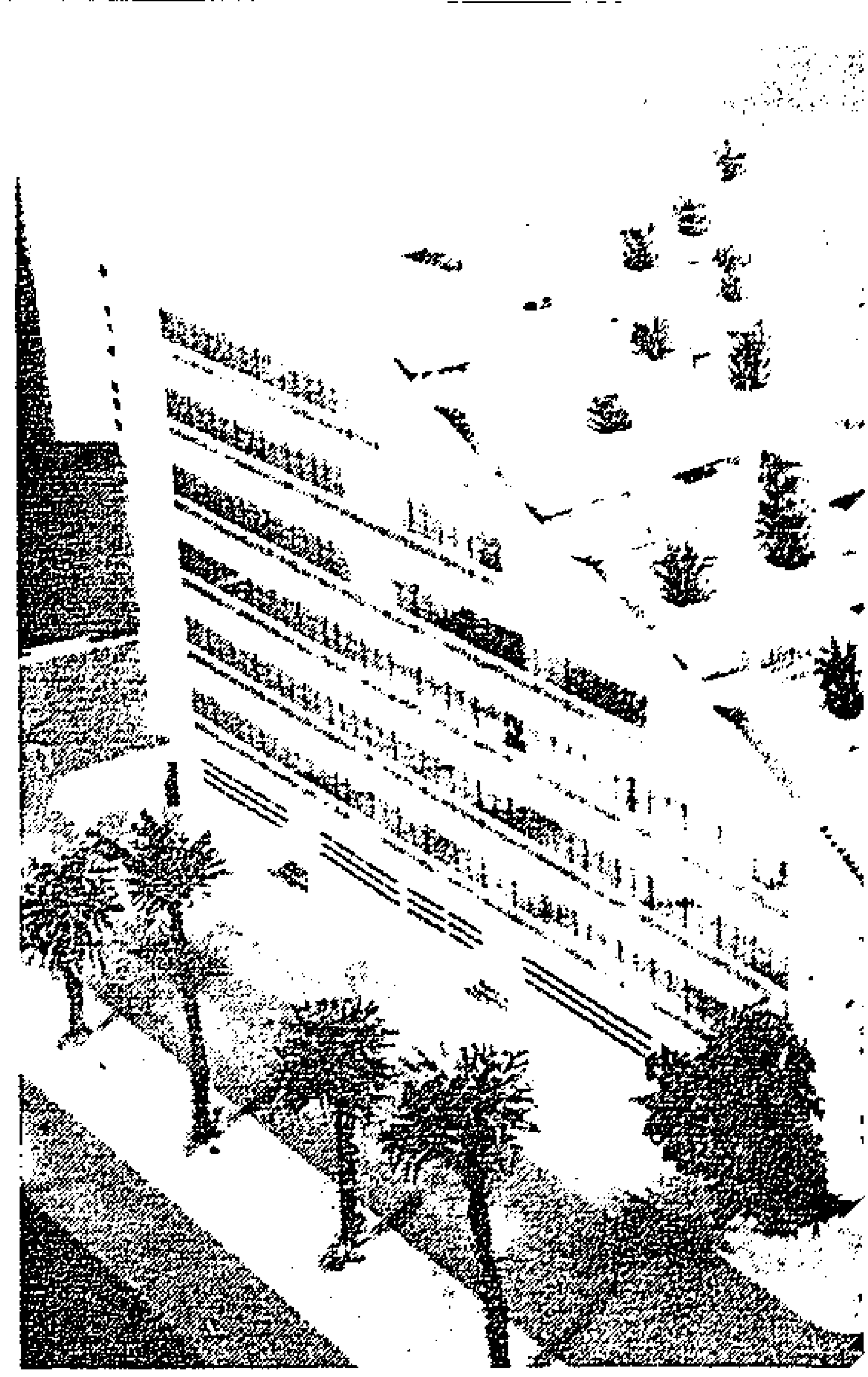
Carlcor also has a strong balance sheet with a conservative debt:equity ratio of 0,21 at the end of December. This should protect it from the effects of generally high interest rates.

Mr Landau expects some improvement in profits this year. He does not specify the extent of the improvement, but it is unlikely to be as dramatic as the 1983 results.

JSE golds sharply lower

Own Correspondent

Buffels 320c to R55,80,



An artist's impression of a R15m … in C…

R15m sectic… complex for…

A CONSORTIUM of Cape Town investors — head by developers Stocks & Stocks and Syfrets Trust — is developing a R15m sectional title office complex in central Cape Town.

The development, which will consists of parking and an office block, is unusual in that it is one of the first office blocks in Cape Town to be sold on sectional title. Office units in the complex will be available from 250 m² upwards.

The site of the new development is a prime 3 500 m² block, bound by Wale, Loop, Bree and Dorp Streets.

Construction work by Stocks & Stocks (Cape) has already started and the 24-month contract implies that the building will be complete by December 1985.

Syfrets is providing the major portion of…

Although the first half of 1983 saw an improvement in earnings per share, from 19,7c previously to 25,8c, the chairman, Mr Basil Landau, said the results did not reflect improved trading conditions but the effects of cost cutting and product launches by Carlcor in 1982.

He was also pessimistic on the outlook for

Syfrets property c… sultant, Mr Ch… Marais, said sectio… title development for … fices was becoming … creasingly popular … office and parking re… als escalate.

He said: "More a… more we find that p… fessional people wan… fix their rental costs … they buy into a sectio… title office developme… they are able to obt… office space in a pr… tige building at a fi… cost.

Some 60 percent …

P Southern Afric… …ents. From left, … …ontrol, becomes a… …nent and public af… …il supplies and ma…

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Joint action is planned

RDM 21/1/84

194 (~~80A~~) (~~175~~)

Labour Correspondent

THE Paper, Wood and Allied Workers Union shop stewards at five plants owned by Anglo American's Mondi Paper have formed a council to plan joint worker action on wages and pensions.

According to a statement issued by the union yesterday, the council held its first meeting at the weekend and has already written to Mondi asking for wage talks and for discussions on the company's pension fund.

The council is the first attempt by PWAWU to unite workers in different plants owned by the same company to plan common action. Another union, the Metal and Allied Workers Union, has set up a similar council among Barlow Rand shop stewards.

PWAWU claims to have enrolled two-thirds of the Mondi group's workers — more than 2 000 people.

The new council's letter calling for wage talks may also prompt conflict with Mondi, as the company is known to oppose wage bargaining with unions outside the official industrial council system.

Mondi recently agreed to recognise PWAWU, but this agreement does not give the union wage bargaining rights at the company.

Mondi's managing director, Mr Reg Donner, was not available for comment yesterday.

In its statement yesterday, PWAWU said the council had met for the first time at the weekend " to discuss a joint approach towards management".

It said stewards had decided to have joint talks "after ludicrous wage increases were granted this year in terms of the industrial council agreement".

Another issue discussed at the meeting had been Mondi's group pension fund "about which workers have many complaints".

194 ~~1404~~

Conflict looms as talks rejected

RDM 1/2/84

Labour Correspondent

CONFLICT between the Anglo American company, Mondi Paper, and Fosatu's Paper, Wood and Allied Workers Union threatened yesterday as the company said it would not deal with a new joint shop stewards council set up by the union unless the it joined the paper industry's industrial council.

On Monday, PWAWU announced that shop stewards at five Mondi plants had formed a council to plan joint worker action — the first such body set up by PWAWU — and that the new council had written to Mondi asking for talks on wages and the company's group pension fund.

The union — which does not belong to the paper industrial council — attacked recent wage rises negotiated at the council and suggested that it would press to negotiate wages directly with Mondi outside the council.

But Mondi, which opposes wage bargaining outside the industrial council system, issued a statement yesterday ruling out talks with PWAWU's joint council unless these were held under the auspices of the industrial council.

The company suggested that it was willing to consider dealing with the new council — but only if PWAWU agreed to join the industrial council.

It said it would only negotiate on issues common to all its workers with all the unions in the paper industry at the same time and said this could only be done through an industrial council.

Mondi also charged that PWAWU's claim to represent two-thirds of its workers had not yet been verified.

Sappi profit shows strong recovery

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Cape Times 2/2/84

By JOHN MULCAHY

JOHANNESBURG. — After reporting a 4,3 percent decline in profit for the first six months of 1983, Gencor's paper and pulp producer Sappi showed a strong recovery in the second half, closing the year with attributable profit 8,6 percent ahead of 1982.

Earnings rose to 214c a share from 197c and the final dividend has been left at 61c, for an unchanged 86c total.

Attributable profit rose to R66m from R60,8m and the tax charge rose to R6,97m from R162 000. There was a surplus of R5,028m on the sale of non-current assets, the major part of which related to the sale of a plantation and an investment in Singisi Forest Products (Pty).

Domestic demand

Sappi's chairman, Mr Basil Landau, said yesterday the deterioration in domestic demand for packaging paper was seriously affected by the drought and by imports.

He again cited the lack of effective tariff protection and said attempts to secure realistic duty protection had been unsuccessful.

"The market for fine papers remained constant, but newsprint demand dropped by about five percent.

"Buoyant conditions in the building industry have caused strong demand for particleboard and for structural timber, but industrial grades of timber suffered badly from a sharply deteriorating market."

Sappi's turnover rose by 12 percent last year to R553,5m from R494,1m in 1982 and operating income was 11 percent higher at R82m (R73,9m).

Net interest paid dipped to R15,461m from R16,836m, but this has been substantially reduced by the capitalization of interest on borrowings raised for the Ngodwana project.

Financing costs

Interest capitalized in this way amounted to R13,097m, leaving net interest of R2,4m, down from 1982's R2,4m. There was an additional R18,9m in capitalized financing costs, arising from dividends paid on preference shares, again issued as part of the Ngodwana financing scheme.

Commenting on the 1983 performance, the directors say that in spite of the declining domestic market and the effects of the recession, as well as double-digit inflation, "the erosion in operating margins has been contained".

"This was achieved from slightly higher volumes in some product categories and through continued concentration on productivity improvements and control of assets."

Sappi's managing director, Mr Eugene van As, said last night there two factors that could depress earnings in the six months to June.

Price increases

The first was the delay in price increases, which were normally applied in January, and demand would probably be slack in this period.

Pre-tax profit was 25 percent ahead of 1982 — R84,7m against R67,7m — but the sharp rise in the tax charge left net income 15,1 percent up at R77,7m (R67,5m).

Minorities rose sharply to R6,4m from R4,1m, a direct result of the improvement at Carlton Paper, and dividends on preference shares more than doubled to R5,295m from R2,580m.

Reviewing the year ahead the directors say economic indicators internationally and within South Africa are inconsistent and no clear trend is evident.

"Although the first half of 1984 is likely to show a small reduction in attributable earnings compared to the first half of 1983, it is expected that local business conditions should improve later in the year.

"The improvement in the United States and Western economies can be expected in due course to favourably affect the South African economy, and it is expected that the results for 1984 should be better than those achieved in 1983.

"The company is in an excellent position to develop growing export market opportunities, particularly in the field of kraft and linerboard, which are predicted to be in short supply internationally from the end of 1984."

Mr Van As said the international paper industry was nearing the end of its depressed cycle.

Fine paper had held up well, but kraft, pulp and newsprint were depressed.

He said significant destocking was seen throughout last year, but "I don't think there is room for any more destocking — and in fact we could see a resurgence of restocking in the second half of this year".

Mr Van As said it would be realistic to forecast the start of the upturn in the paper industry in the second half of the year.

Newsprint

The Ngodwana newsprint machine, started up on September 20, has reached 85 percent of designed speed, and Sappi expects to export 50 000 tons of newsprint this year.

At full production the Ngodwana newsprint machine's output will be about 140 000 tons a year, of which about 70 000 tons will be available for export.

Mr R H Clarke has been appointed to the main board of Leyland South Africa as director, product development.

ARGUS 2/2/84

Sappi projects may be R120-m over budget

194

Argus Correspondent

JOHANNESBURG. — Sappi's R800-million expansion project at Ngodwana and Enstra could end up about R120-million over budget by the time final plant and equipment is commissioned in March 1985.

Finance director Mr John McManus says that while the cost overrun will probably only be about 5 percent or R40-million, this will be in addition to a 10 percent escalation clause which was built into the original R800-million estimate.

But this is not likely to have any real impact on group results during the period.

The main reasons behind the cost overrun include the damage to drying machines (which made it necessary to fly in special equipment from Europe to rectify the problem) and unforseen price increases.

SLUGGISH RECOVERY

But the setback for several months caused by damage to drying machines for the newsprint production has been more than overcome. The project is now expected to be completed four months ahead of the original July 1985 completion date.

The depressed state of the local paper market and the sluggish recovery in international demand have, however, affected original profit expectations. At the start of the project, Sappi had budgeted for a return on capital invested of 21 percent, or a total of just under five years before the investment had paid for itself.

BOTTOM LINE

Because of depressed economic conditions, says Mr McManus, this figure has now fallen to about 14,5 percent, or seven years. The impact on bottom line earnings of the complex financing package structured specifically for the purchase of plant and equipment will be interesting.

The leverage leasing scheme used allows substantial tax benefits after plant is commissioned. Sappi also got in before the late-1981 alterations to the taxation laws, so pre-commissioning interest payments can be grossed up and offset against tax as initial and investment allowances.

INTEREST CHARGE

In some instances this will produce a negative interest charge on the project's financing and bring the group's overall net interest rate to well below 10 percent.

Of the total R850-million borrowed so far for the project, about R460-million has been raised for plant and equipment through the leverage lease scheme.

EXPORT MARKETS

A further R150-million has been raised overseas via export credit finance, while the balance has been made up from the issue of preference shares in subsidiaries, a rights issue and internal resources.

Once the project is complete Sappi aims to export some 50 000 tons of pulp a year — none is exported at present — out of total pulp production in 1986 of almost 1-million tons.

Paper exports are expected to rise from 50 000 tons now to 150 000 tons, from output of just over 1-million.

● Sappi earned R66-million in the 12 months ended December 31 equal to 214c a share. This was an 8,6 percent increase on its 1982 earnings of R60,8-million equal to 197c a share., Sapa reports.

An unchanged final dividend of 61c a share has been declared making an unchanged 86c for the year. This dividend was covered 2,5 times (1982, 2,3 times) by earning. Sappi issued 230 605 shares in 1983 for the acquisition of Timberboard (Pty) which now forms part of Sappi Novobord.

Operating profit before interest rose 11 percent from R73,9-million to R82-million.

Income was helped by a profit of R5-million (1982: R0,7-million) from the sale of assets.

Interest took R2,4-million (R6,9-million), partly because interest for the Ngodwana project has been capitalised. Preference dividends increased from R2,6-million to R5,3-million.

(194) FEBRUARY 5, 1984 S-Tribune

SAPPI'S GIANT NGODWANA MILL POISED FOR ASSAULT ON OVERSEAS MARKETS

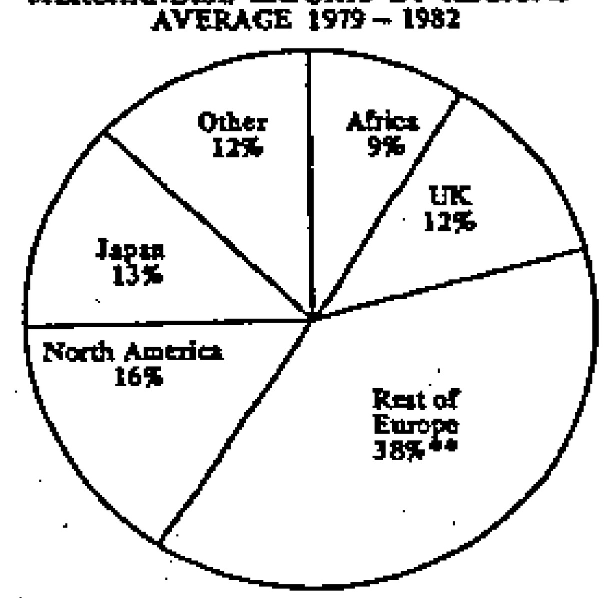
Finance Reporter

SOUTH Africa's drive to push up manufacturer's exports takes a big step forward this month when Sappi ships the first consignment of newsprint from its giant new Ngodwana mill in the Eastern Transvaal.

The first shipment is headed for Brazil but the biggest markets in future are likely to be Japan and Western Europe. According to Sappi's MD Eugene van As, newsprint exports should reach 50 000 tons this year and 70 000 tons in 1985. At present prices that would bring in R35 to 40 million in foreign exchange.

Prices are still in the doldrums and Van As confirms that initial sales have been negotiated around 400 dollars a ton, the lowest acceptable to most producers. Sappi has to cut prices to the bone to gain a toehold against competition from Sweden and Canada, the world's biggest newsprint exporters.

MERCHANDISE EXPORTS BY REGIONS* AVERAGE 1979 – 1982



* Excluding strategic exports such as gold bullion, uranium, platinum, etc.
** Including 12% to Switzerland – largely Kruger Rands
Source: Commissioner of Customs and Excise

At Ngodwana this week, Van As firmly denied rumours that construction work on the R800-million project, the biggest ever tackled by the private sector in SA, had been delayed by weak markets for Sappi's project.

The newsprint machine was commissioned three months late because of damage to imported equipment. But the next stage of the mill, a 260 000 tons a year bleached pulp facility, is on schedule and is expected to come on stream in July 1984.

The project's final phase, consisting of a 150 000 tons a year kraft linerboard machine, is due to start production in March 1985, four months ahead of the initial target date.

Output from Ngodwana will also give Sappi the ability to export pulp for the first time and will raise its linerboard exports from 25 000 tons a year to 75 000 tons. According to Van As, the company is aiming to earmark "at least 8-10 percent" of its sales for the export market in the hope that foreign orders will provide a cushion to downturns in the domestic economy and vice versa.

Despite the present recession, Sappi this week reported a rise in operating profits to R82 million in 1983 from R73,9 million the previous year. Earnings per share bounced up from 196,9 c to 214,0 c and the dividend could be maintained with higher cover.

Van As expects the export market to turn up smartly as 1984 progresses. "I think prices are going to firm pretty dramatically," he forecasts.

International pulp prices have advanced by about 12 percent in the past six weeks and could rise another 12 percent during the year, he reckons. Sappi is crossing fingers that world surpluses of newsprint will disappear as U S and Canadian manufacturers switch machines from newsprint to fine paper production.

What's more, the kraft market is tightening as U S exports decline to meet expanding domestic demand. Some U S mills are already operating at over 95 percent of capacity.

Van As observes that Sappi plans to follow a different marketing strategy abroad from that of Mondi, which is already a big exporter of newsprint. While Mondi relies on one company to distribute its entire export shipments, Sappi will appoint agents (and not the biggest) in each market.

It seems as if S A's two paper giants will also try not to tread on each other's toes in foreign market. "We'll tend to have different customers," says Van As.

RDM 10/12/84

Mills, union on clash course

By STEVEN FRIEDMAN
Labour Correspondent

THE Paper, Wood and Allied Workers Union (PWAWU) and Anglo American's Mondi Paper seem headed for a clash over the union's demand to bargain wages with Mondi.

Yesterday the PWAWU issued a statement saying Mondi had not yet replied to a union letter demanding wage negotiations. It said it had asked for a reply by Monday and warned it would consider action.

In a replying statement, Mondi said it would respond to the letter — but indications are that it will refuse to bargain over wages directly with PWAWU.

The union, which claims to represent a worker majority at five of Mondi's six mills, recently announced that it had formed a joint shop stewards council. This had brought together worker leaders at the five plants which had asked for negotiations on wages and the company's group pension fund.

It is understood that PWAWU demanded a R3 an hour minimum wage. According to the union, minimum pay at Mondi mills ranges between R1,38 and R2,02 an hour — a claim on which the company would not comment yesterday.

Mondi replied that it would only talk to the new council under the auspices of the industry's industrial council and with other unions in the industry.

PWAWU has so far rejected joining the council and says the other paper unions represent only white artisans — about 5% of the workforce.

RDM 15/2/84

Pay row — strike looms

194

By PAT SIDLEY

ABOUT 250 workers at Nampak's Kliprivier paper mill could strike legally after a dispute over 1984 wages ended in deadlock this week.

The workers, who belong to the Paper, Wood and Allied Workers Union, will meet later this week to decide what to do.

A statement from the union said deadlock had been reached in a dispute over 1984 wages.

"After numerous meetings, and after mediation, the company would not increase its offer above 25c an hour.

"The Paper, Wood and Allied Workers' Union is demanding an increase of 32c an hour. This will bring the minimum wage up to R1,98c an hour by July.

"Now that the dispute procedure is exhausted, either party is entitled to take 'appropriate action'."

A spokesman for Nampak confirmed the statement.

Mr John McGahey, the group personnel manager, said there had been eight negotiating meeting and three meetings at which mediation had taken place.

The union and the company had failed to reach agreement during this time.

MATTER OF FACT

TO CORRECT specific errors of fact, write to the Editor at P O Box 1138, Johannesburg, or telephone the Editor's secretary at 710-9111 between 9am and 5pm on weekdays.

If you have broader complaints about the Rand Daily Mail these can be taken up with the Mail Ombudsman, James McClurg, c/o the Editor's secretary.

POLITICAL comment in this issue by R A Gibson, Benjamin Pogrund, Peter Bunkell; newsbills by Michael Stent; headlines and sub-editing by Paul Holroyd; cartoons by David Anderson; all of 171 Main Street, Johannesburg.

250 000 tax

Pretoria Bureau

THE Commissioner for Inland Revenue has intensified the hunt for more than 250 000 "tax delinquents" who have not yet submitted their returns for the 1982/83 financial year.

"We are prosecuting as fast as the magistrates' courts can handle the cases," the chief director of operations for the Commissioner's Office, Mr S Albertyn, said yesterday.

"Up to 300 a month are coming before the courts in Pretoria, and 200 a month in

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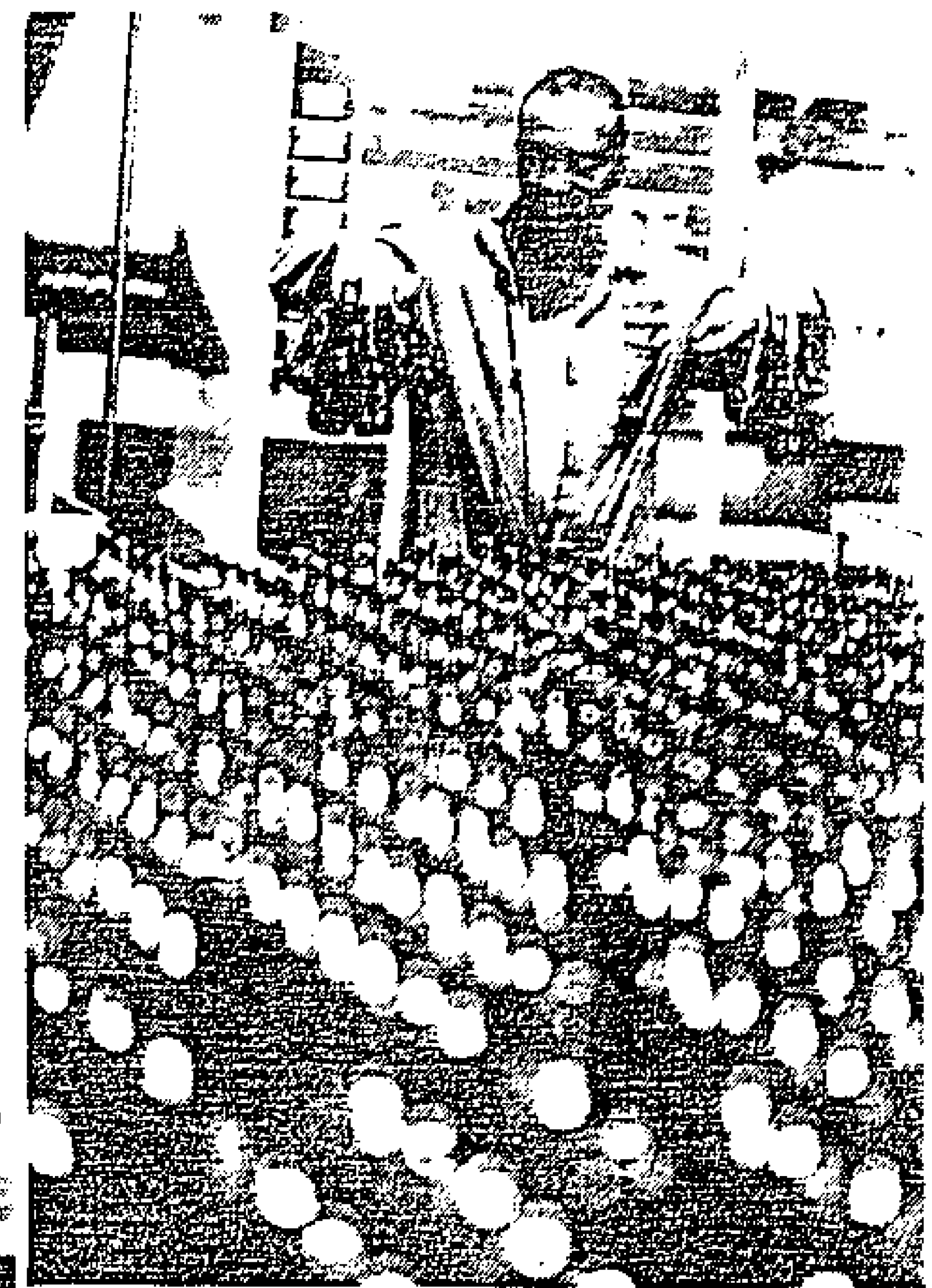
CONSOLIDATED GLASS

Putting it all together

Greater competition in the field of glass packaging prompted Consolidated Glass to diversify. A well-timed move into plastics and paper packaging should enable the company to maintain its momentum.



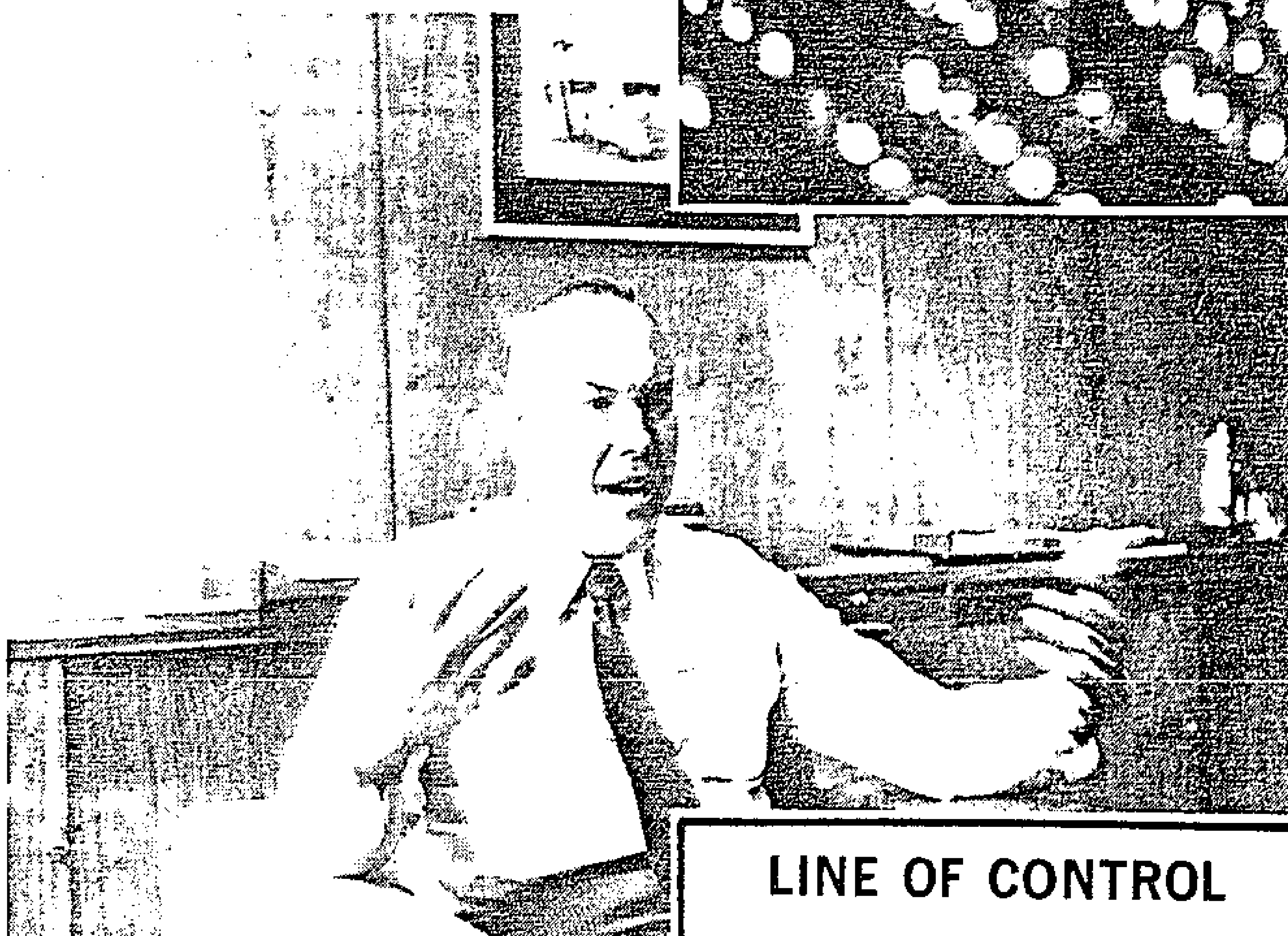
Consolidated Glass has long been the star industrial performer in the Anglovaal stable. Its impressive compound growth record over the past six years reflects the success of a decentralised management team which has operated in a monopolistic environment.

This needs some qualification. Though Consol's monopoly in glass containers was recently challenged by Nampak's entry into glass packaging, the role of glass in the larger packaging sector has not diminished. And Consol's astute timing in expanding into other areas of packaging has considerably enhanced its long-term prospects.

Interestingly, the lines of control in the Anglovaal camp have been structured so that ultimate holding company Avhold (see chart), which owns the equivalent of 18% of Consol's equity, has effective control over a company with a market capitalisation double its own.

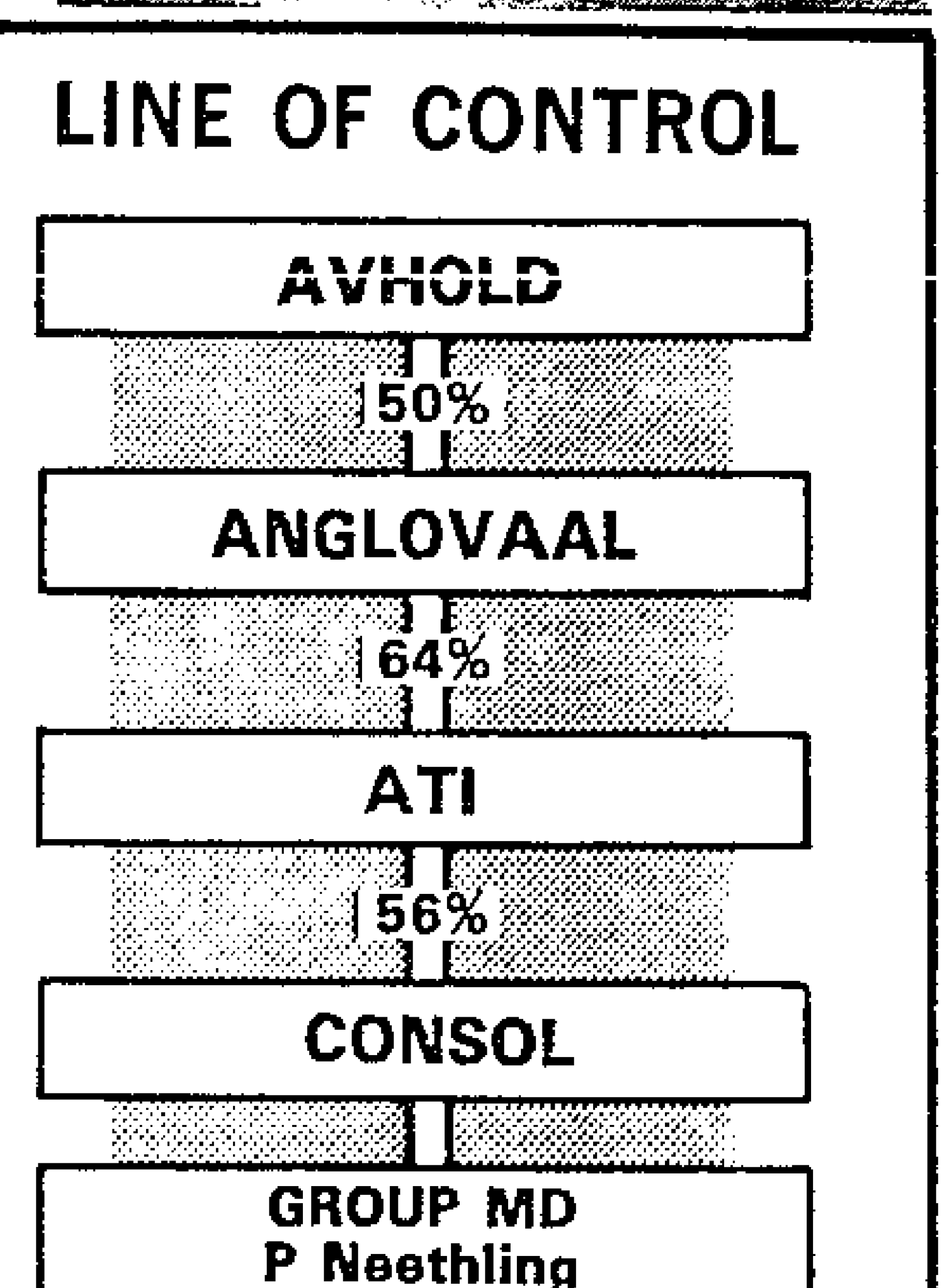
Anglovaal has clearly elected to adopt a management style that places operational control firmly in the hands of Consol's group MD Piet Neethling and his management team. Even so, head office plays an important role in evaluating the corporate strategies presented to the parent company's board by Neethling each year. On a broad basis, the strategic plan outlines Consol's short-term and longer-term objectives and is backed by a profit forecast which projects profits three years ahead. But even the best of plans can be upset by rapid changes in the consumer cycle, and changing tastes and preferences.

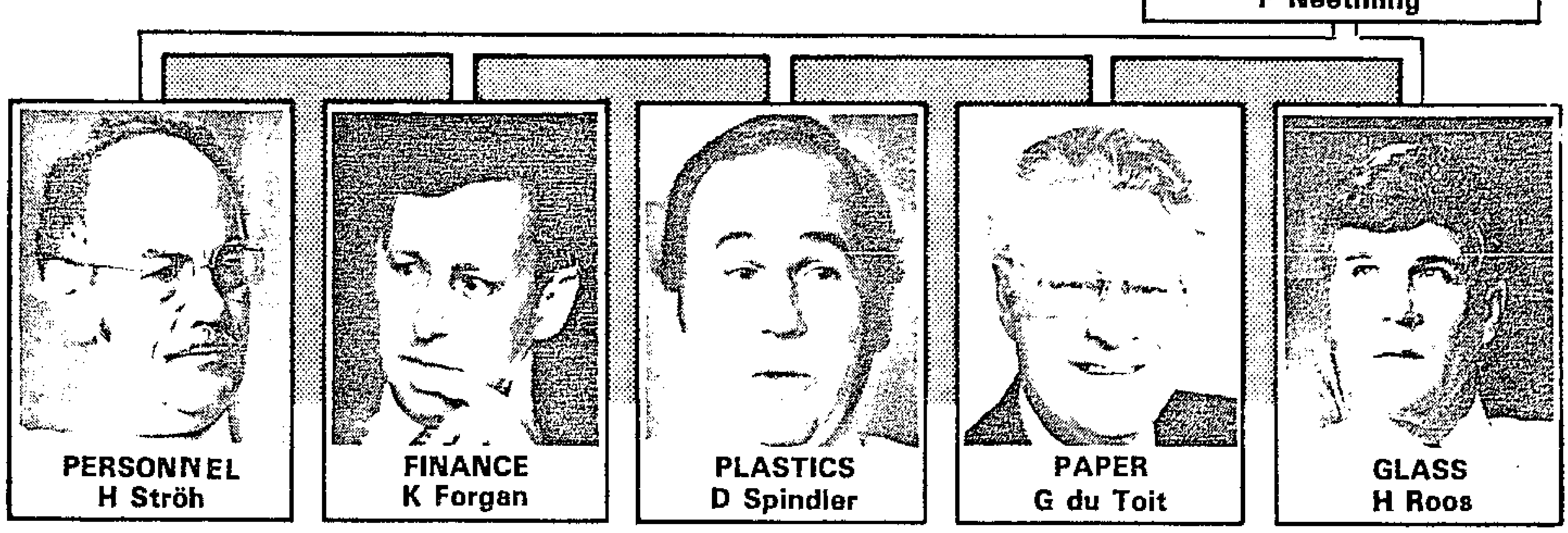
The packaging industry in SA has a combined turnover of some R2,5 billion and its growth rate outperforms that of the country's gdp by at least 1% per annum. This is because the trend is towards packaging as many different types of commodities as possible. Shelf appeal of any product, including vegetables, is enhanced by attractive packaging. The ingenuity of the industry continually creates new opportunities for growth.



MD Neethling . . . holding operational control

The kind of profits being made in glass packaging has naturally attracted competitors to a market previously monopolised by Consol. This has led to an intriguing fight for market share between Consol and its chief competitor, Nampak. Consol's glass operations comprise only 8% of the total packaging market. Nampak mounted its challenge last year when it followed its production debut from its R48m grassroots factory with an aggressive marketing cam-





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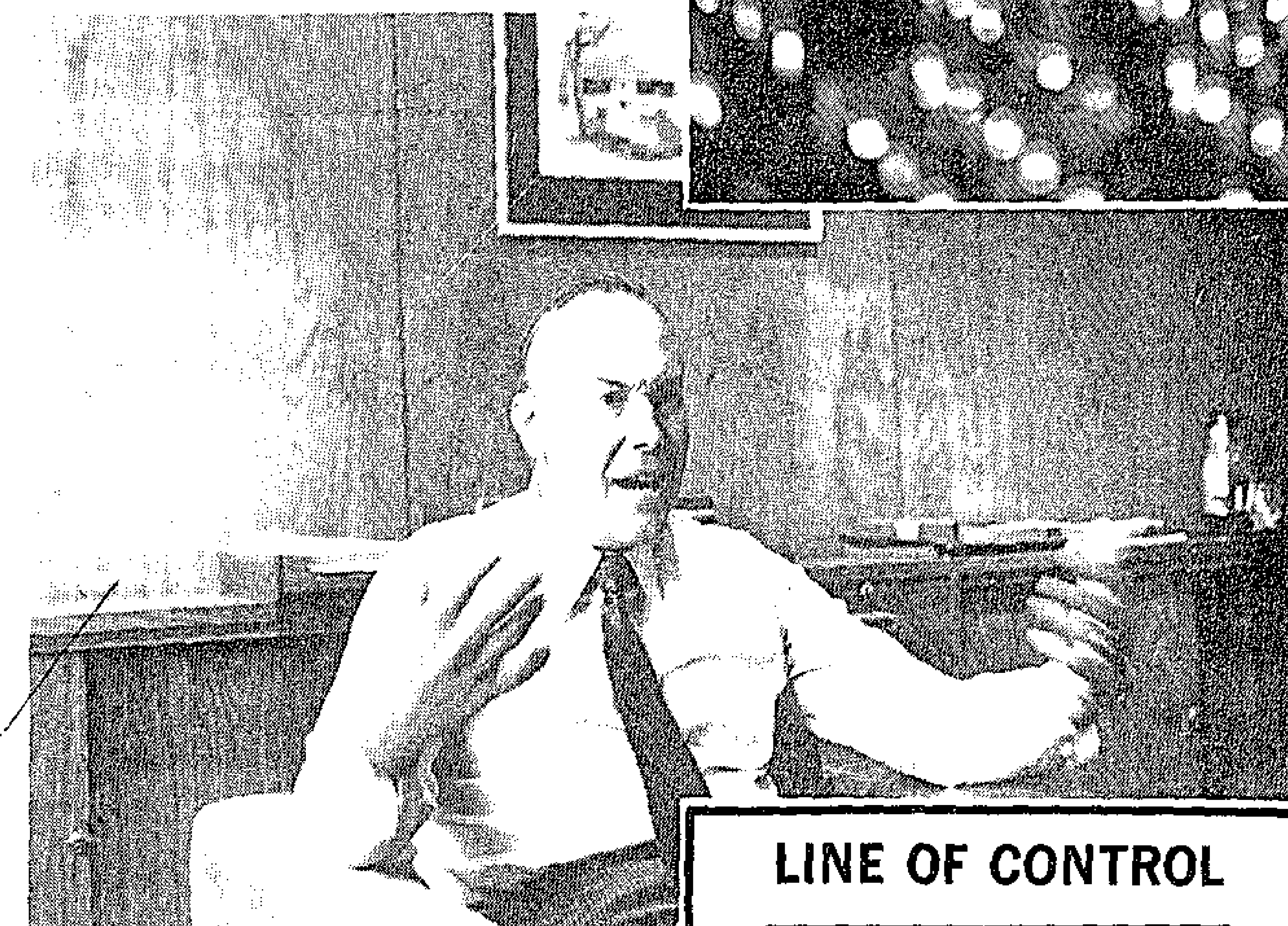

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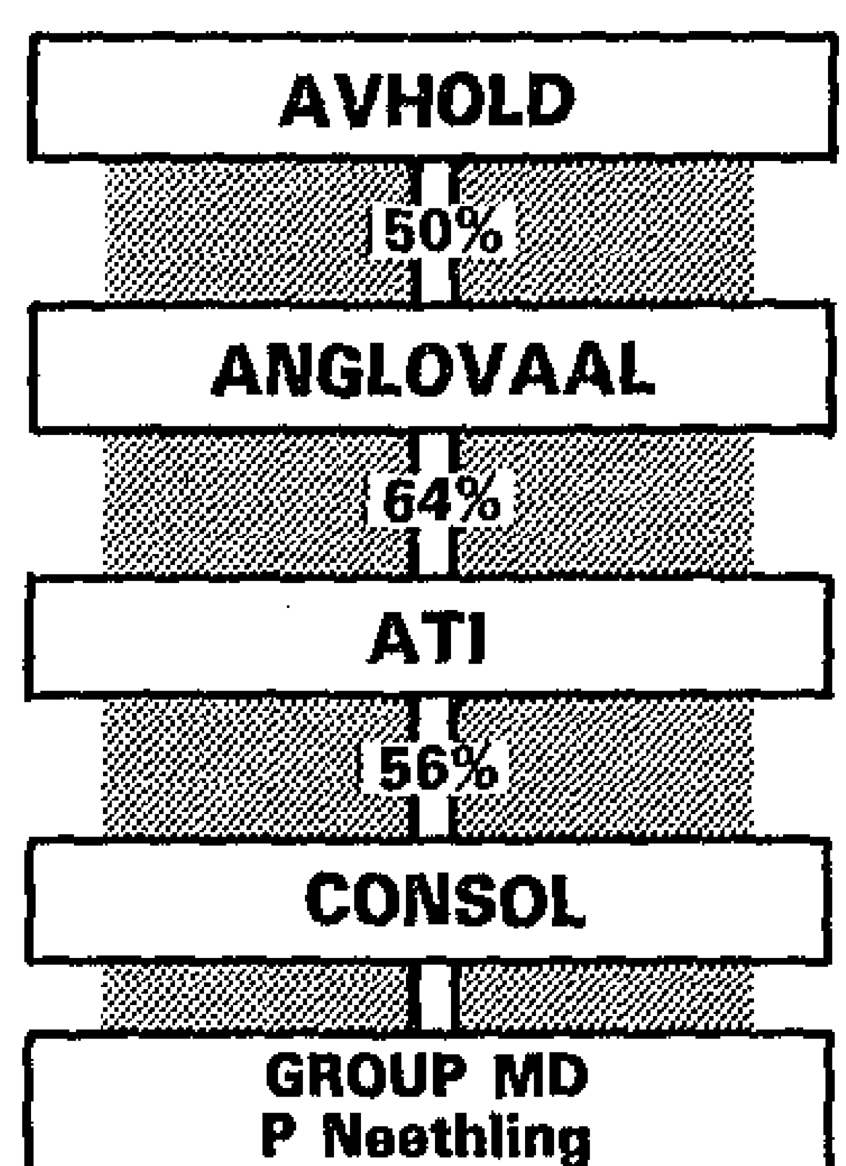
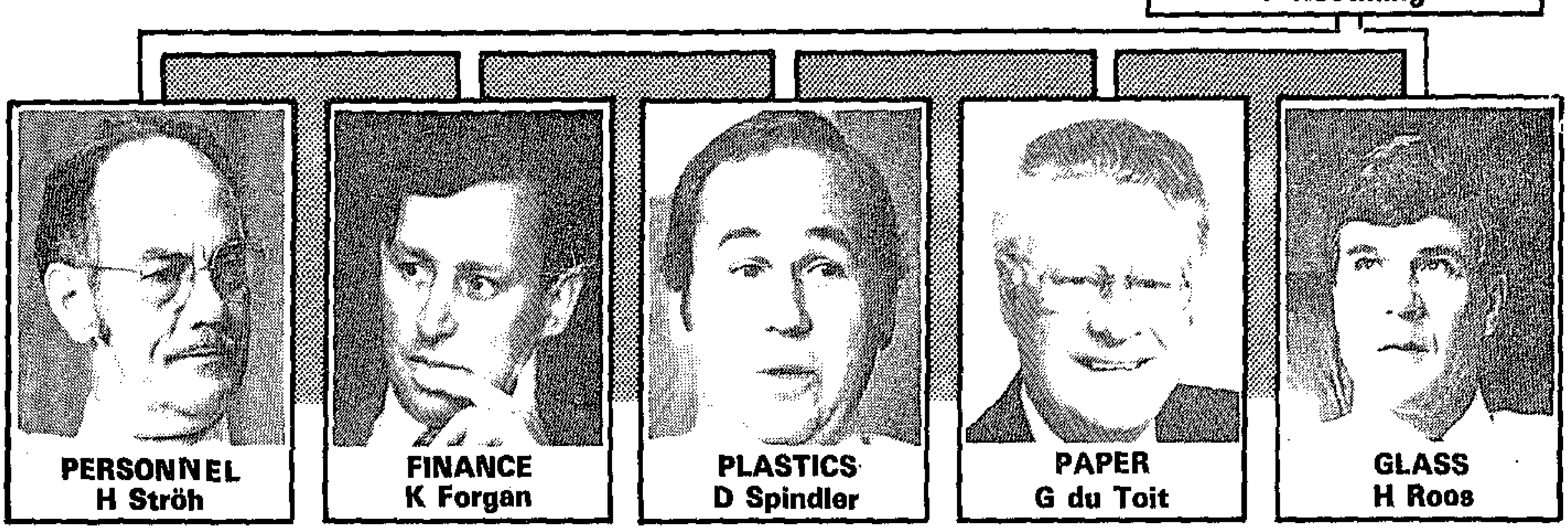
LINE OF CONTROL





Street, Johannesburg.

RDM 13/3/86

Union official arrested while trying to settle strike

By STEVEN FRIEDMAN
Labour Correspondent

A KEY official of Fosatu's Paper, Wood and Allied Workers' Union, Mr Jeremy Baskin, was arrested yesterday outside a Johannesburg factory where he had gone in an attempt to settle a strike.

His arrest follows those of two other union leaders in the past few weeks. Several unionists were also arrested in January after arriving at plants to intervene in strikes.

Mr Baskin was arrested yesterday morning and, by late yesterday afernoon, was still being held. A police spokesman who confirmed the arrest said, however, he was due to be released on bail.

According to the spokesman, Mr Baskin has been charged with holding an illegal meeting.

Recently Mr Skakes Sikhakhane, the general secretary of the Food and Beverage Workers' Union was arrested outside a Potchefstroom plant where he had gone to settle a dispute.

And the chief shop steward of the Commercial, Catering and Allied Workers' Union, Mr Robert Mkhize, was arrested under the Intimidation Act last week. Both men are facing charges.

According to a spokesman for the union, Mr Baskin's arrest followed a strike at an Amalgam factory, Transpoly, over union recognition.

He said Mr Baskin went to the plant yesterday morning after learning of the strike and had found both West Rand Administration Board police — who were asking for workers' pass books — and SA Police.

Mr Baskin was, however, the only one arrested, he added.

He said the strike started because workers had been sacked for belonging to the union.

According to the paper workers' union spokesman, the plant's 85 workers approached management on Saturday to request recognition of the union.

Management responded by calling workers together and asking who the union's leaders in the factory were, the spokesman said. They had not replied, but management then fired 11 workers who it identified as union leaders.

On Sunday four night-shift workers, all members of the union steering committee at the plant, were fired, he added, and workers then downed tools.

According to the spokesman, the company is refusing to negotiate with the paper workers' union. Comment from the company could not be obtained yesterday.

Union official in court

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Star 14/3/84

An official of the Paper, Wood and Allied Workers' Union (Pwawu), Mr Jeremy Baskin, made a brief appearance in a Johannesburg Regional Court yesterday charged with convening an illegal gathering.

His appearance follows a strike on Monday at an Amalgam factory, Transporly, over union recognition.

Eighty-five workers are on strike.

Mr Baskin was not asked to plead and the case was postponed to April 11.

RDM 17/4/84 (194)

Anglo's Mondi set to haggle on bargaining

Labour Correspondent

AN ANGLO AMERICAN company Mondi Paper will meet the Paper, Wood and Allied Workers Union and other unions in the paper industry tomorrow in a final attempt to settle a key dispute on union bargaining rights.

The meeting will discuss a company plan to bargain directly with the union on wages — but only if the PWAWU agrees to negotiate together with other unions under the ambit of an industrial council.

The PWAWU has previously rejected these conditions.

The union has declared two disputes with the paper company — Mondi's refusal to bargain wages directly with it outside the paper and pulp industry's official industrial council; and demands for a R3-an-hour minimum wage.

If the dispute is not settled the union, which claims majority membership at five of Mondi's six mills, will be able to launch a legal strike or take industrial court action.

Union demands to negotiate outside industrial councils are a key issue in several indistries and the dispute is a key test of strength for both sides.

The PWAWU recently formed a council of worker leaders at all Mondi mills where it claims majority support and wants the company to negotiate directly with it.

It says workers are "angered" by a 13c-an-hour pay rise negotiated at the industrial council in January and want a minimum of R3 an hour.

Mondi says it will bargain pay with the PWAWU only if it joins the industrial council and agrees to negotiate along with unions representing skilled workers. The PWAWU says these unions represent less than 10% of paper workers.

In a statement yesterday, the PWAWU said the two sides met at the industry's industrial council last Thursday, but failed to settle the dispute.

1 000 go on strike

By JOSHUA RABOROKO

MORE than 1 000 workers at three companies went on strike over wages and the dismissal of colleagues in Johannesburg and Durban yesterday.

About 500 workers at Farmfare, Wynberg, went on strike over the dismissal of 31 colleagues; 300 workers at Cable Tops in Olifantsfontein downed tools over wages and 400 workers at Mondi Paper in Felixto near Durban struck over a clock-card system and other grievances.

A shop steward of the Sweet, Fruit Workers' Union said 31 colleagues were dismissed following their attempts to get management to recognise the union. Management preferred talking to the liaison committee rather than union shop stewards.

Mr van der Merwe, manager of the company, said: "We are not talking to the Press on the issue. We are busy with managerial work. No comment."

A Food, Beverage Workers' Union spokesman said that the workers at Cable Top asked for a R20 wage increase and the transfer of a supervisor who used abusive language. Management said it was not prepared to comment at this stage.

A spokesman for Pwawu said that workers at Felixton went on strike because they were dissatisified with the clocking system and various "frustrating methods" introduced by management recently.

The strike has no links with wage negotiations at four other Mondi paper plants.

A company PRO denied that there was a strike at the plant.

A trade unionist confirmed that Pwawu would meet Mondi Paper today in a final attempt to settle a dispute. They would discuss a company plan to bargain with the union directly — but only if the union belonged to the industrial council.

Pwawu has previously rejected the conditions of negotiating at the industrial council level and has since declared disputes with the company — the refusal to bargain wages directly outside the IC and demands for a R3-an-hour minimum wage.

RDM 19/4/84 (194)

Stoppages mar paper talks

Labour Correspondent

A MEETING between Anglo American Company Mondi Paper and unions, aimed at settling a key dispute between Mondi and Fosatu's Paper Wood and Allied Workers Union, was interrupted dramatically yesterday when members of PWAWU at three of the company's mills staged work stoppages.

The meeting was still continuing last night and few details of the stoppages were available, but a brief company statement said the affected mills were those at Merebank, near Durban; Springs and Piet Retief.

A PWAWU source said workers had been due to stage a lunch-hour demonstration at the mills in support of union demands. This, he said, could have been interpreted as a stoppage.

Recently, PWAWU, which claims majority support at five of Mondi's six mills, formed a shop stewards council composed of worker leaders at the five mills and demanded that Mondi negotiate directly with this council over wages.

The council also demanded a R3 an hour minimum wage for Mondi workers.

The company, which supports negotiations at official industrial councils, replied that it would only negotiate pay with PWAWU if it joined the council and agreed to negotiate jointly with other unions in the industry.

RDM 20/4/84 (194) ~~(140)~~

Paper workers to ballot on strike

Labour Correspondent

WORKERS at at least one mill owned by Anglo American's Mondi Paper — at Merebank in Durban — are to hold a legal strike ballot on May 3 after talks between the company and their union failed to settle two key disputes.

This follows stoppages by workers at three Mondi mills during the talks — held on Wednesday. By yesterday strikers at all three had returned to work.

It is expected that workers at other mills could also hold strike ballots.

This could bring to a head two disputes between Mondi and the Paper, Wood and Allied Workers Union (PWAWU) which are regarded as key tests for both sides.

The PWAWU has declared a dispute with the company over its demand that minimum pay be raised to R3 an hour and also over Mondi's refusal to bargain directly with it on wages instead of at an official industrial council.

Wednesday's meeting, which was attended by other paper unions besides the PWAWU, was held to discuss a Mondi plan allowing for direct wage talks if all paper unions take part and the PWAWU joins the industry's industrial council.

While progress was made towards a settlement, this foundered when Mondi refused to set a date for pay talks until PWAWU joined the council.

The union plans to hold a ballot among members on whether or not to join the council but has not yet decided when this will be held. No date was set, therefore, and the threatened strike ballots stem, according to the union, from worker dissatisfaction at delays in arranging the talks.

Wednesday's meeting was interrupted when workers at Mondi's Springs, Piet Retief and Merebank mills downed tools in support of the PWAWU's demands.

A union statement said the stoppages lasted between two and six hours and involved 33 workers at Piet Retief, 250 at Springs and 150 at Merebank.

Springs and Piet Retief workers resumed work on Wednesday, and those at Merebank yesterday. But Merebank workers gathered at noon to hear the outcome of the talks and were dissatisfied when told no date for negotiations had been set. As a result, they decided to hold a strike ballot.

At Wednesday's meeting, the union said, it had agreed to negotiate along with other unions on wages as an interim measure for this year.

It wanted negotiations to cover all Mondi's operations, but the company wanted three sets of talks because its mills produced three differing products. Progress had been made towards settling this, but no finality was reached.

Mondi's refusal to set a date for wage talks until the union joined the council would mean an indefinite delay, the PWAWU said, because it was not possible for the union to say when its ballot on this issue would be held.

A Mondi statement said talks continued on Wednesday "notwithstanding" the stoppages.

Mondi said it would now report on the talks to the industrial council.

194

Strike ballot

Sowetan 25/4/84

MEMBERS of the Paper, Wood and Allied Workers' Union employed by Anglo American's Mondi paper mills are to hold a legal strike ballot next week following a deadlock over two disputes between the two parties.

The union's general secretary, Ms Refiloe Ndzuta, yesterday said that hundreds of workers at Piet Refief and Merebank and Springs who held a work stoppage last week had all returned to work.

The workers had stopped work following a dispute between the parties over the union's demand for a minimum wage rate to be increased to R3 per hour and over Mondi's refusal to bargain directly with it on wages instead of the industrial council.

She also said that the union was planning to hold a ballot among members on whether or not to join the council. The date of the meeting will be discussed in Durban on Sunday.

Plan to merge councils opposed

193

Sowetan 25/4/84

RDM 18/5/84 (194)

Bosses at Barlow paper firm are 'union bashers'

By PHILLIP VAN NIEKERK

ABOUT 500 workers from the Uniply plant at Cato Ridge, near Durban, were waiting yesterday to hear if management was going to sack them all, reopen talks with their trade union or close the factory down.

The workers were suspended at full pay on Tuesday after they went on a series of strikes and work stoppages and finally a go-slow, in protest against the company's sacking of shop stewards who were involved in organising a May Day demonstration.

The workers first struck on May 3 after four shop stewards were fired, following the demonstration. After an appeals committee hearing, at which two of the shop stewards were reinstated, workers struck again.

On Tuesday, management suspended all the workers who were on a go-slow, and informed the union they were considering several options, which included closing the plant, firing all the workers, reducing the workforce, or settling the plant's labour problems.

A spokesman for the Paper, Wood and Allied Workers' Union (PWAWU) said they saw the threat to close the factory as a union-bashing technique, as the union was particularly strong in the Uniply factory.

She said this was consistent with the tougher line now being taken toward emerging unions by Barlow Rand, owners of Uniply.

Mr Leon Conradie, human resources executive for Barlows' building division, said the proposal to close the factory was one of several options which the company faced, and was "obviously not an attempt by Barlows to crush the union".

Mr Conradie said the company had not yet reached a final decision

Rival packaging giants in massive cash and asset exchange

CAPE TIMES 19/5/84 (194)

By DAVID ROSS

JOHANNESBURG. — Kohler, Nampak, and Nampak's subsidiary Metal Box, the listed major SA packaging companies, today announce a swap of assets which also involves cash for Kohler.

Kohler is to sell to Nampak the businesses of Masterform and Tension Envelope. The price is R12,5m in cash.

Conditional upon this transaction, Kohler will acquire from Metal Box the Safepak business for R5,3m in cash.

Mr Ian Willis, managing director of Kohler explains that Safepak operates in the monoweb area of flexible packaging, making such items as the zippered plastic bags used by banks.

He feels that it is a further opportunity for Kohler to build up its interests in flexible packaging. Kohler has identified this area as one with prospects of growth.

Kohler's sale of Masterform and of Tension Envelope, which constitute Kohler's business systems division, is in Mr Willis' view, a continuation of the strategy which led to the sale of Palladium Stationers last year.

At the same time the cash differential of R7,2m will help Kohler to reduce its level of borrowings. Mr Willis says that the debt:equity ratio of the group, which stood at 80% at the past year-end, is already down below 60%, before taking account of the latest deal. He believes that by the current year-end it will be "well below 60%".

On the other side of the deal Mr Derek Jacobs, managing director of Nampak notes that continuous business stationery manufacture is a sophisiticated process, which Nampak believes it can contribute to, especially in the print area.

Nampak is presently involved in such activities in Durban. The acquisitions will give the group businesses in both Johannesburg and the Cape, so to make its operations in this field country-wide.

Nampak, says Mr Jacobs, also sees this as an area in which it can diversify away from strictly packaging activities.

The Kohler strategy, which Mr Willis describes as to get the group back to being a packaging business", appears to be just the reverse.

Mr Willis says that the deal helps Kohler "to make things tidy". "We will welcome the Nampak people who operate Safepak into our group", he says.

COMMENT: The deal makes sense for both parties. On the other hand, while Kohler appears at first sight to be getting the better part of the bargain, monoweb operations are not especially high-tech, and it is not difficult to set up in them. Nampak is especially involved the field of multi-layer flexible packaging, which involves higher-tech processes.

The news that Kohler is getting its debt:equity ratio down as quickly as it appears to be doing will be welcomed by analysts.

Prices of the transactions are based upon net book asset values, so will have no effect on net asset values of either Nampak or Kohler. There will also be no material effect upon their earnings.

Closing gold prices

(In $ an ounce)
LONDON:
376,00-376,50
Fixing am: 375,00
Fixing pm: 375,60
ZURICH:
374,00-377,00
— Reuter

Unit trusts

JOHANNESBURG. — Yesterday's quotations for Mutual Funds are:

	Buyers	Sellers	Yield
Old Mutual	623,41	582,67	5,46
Ngf	340,33	320,93	5,36
Sage	651,47	612,47	5,98
UAL	619,17	585,67	5,73
UAL M/R	144,00	136,59	7,89
Sats	270,94	255,82	5,67
Sanlamtr	559,60	528,93	5,84
Trust	137,84	130,36	6,75
Santam	196,05	185,94	9,68
Guardbank	614,44	579,85	5,85
Standard	339,33	322,49	5,79
Std Income	82,22	80,92	14,37
Std Gold	129,83	121,39	7,53

— Sapa

Mid-East te[...] boosts dolla[...]

LONDON. — The dollar surged against other major currencies yesterday, boosted by increasing tension between Iran and Iraq and economic data which showed the American economy roaring ahead, thus putting pressure on US interest rates to rise further.

The US currency was quoted in Europe at 2,7750 West German marks, more than a pfennig above the previous close. The dollar also reached a three-month high against the Japanese yen and touched its highest levels for five months against the Australian dollar, which closed at 89,30 US cents in Sydney.

Yen vulnerable

New Iraqi attacks on oil tankers and ships in the gulf were a major factor behind the dollar's rise, particularly against the yen, which is vulnerable to threats to Japan's oil supply.

The dollar rose to 234,20 yen in Tokyo, shortly after Iraq announced it had attacked two more ships in the gulf, but eased back after profit-taking ahead of the weekend. It was later quoted at 233,30 yen in London.

"The yen could weaken further if the gulf situation worsens," said one Tokyo dealer.

Also aiding the dollar

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Rival packaging giants in massive cash and asset exchange

Cape Times 19/5/84 (194)

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Sacked workers march in protest

N. Mercury 24/5/84 (194)

Labour Reporter

FIVE hundred discharged Uniply workers staged a protest march to the factory in Cato Ridge, yesterday, after deciding to make an urgent application to the Industrial Court for an order to have them reinstated.

Police kept a close watch and there were no incidents. On arriving at the factory gates, the workers were handed their pay packets which they accepted. They then left the factory.

Speaking after an earlier workers' meeting in Inchanga, Miss Pat Horn, Natal branch secretary of the Paper, Wood and Allied Workers' Union, said union legal advisers were being briefed and it was likely that a court application would be made.

'In terms of Section 43 of the Labour Relations Act, temporary relief for reinstatement may be sought pending the appointment of a conciliation board by the Minister of Manpower,' she said.

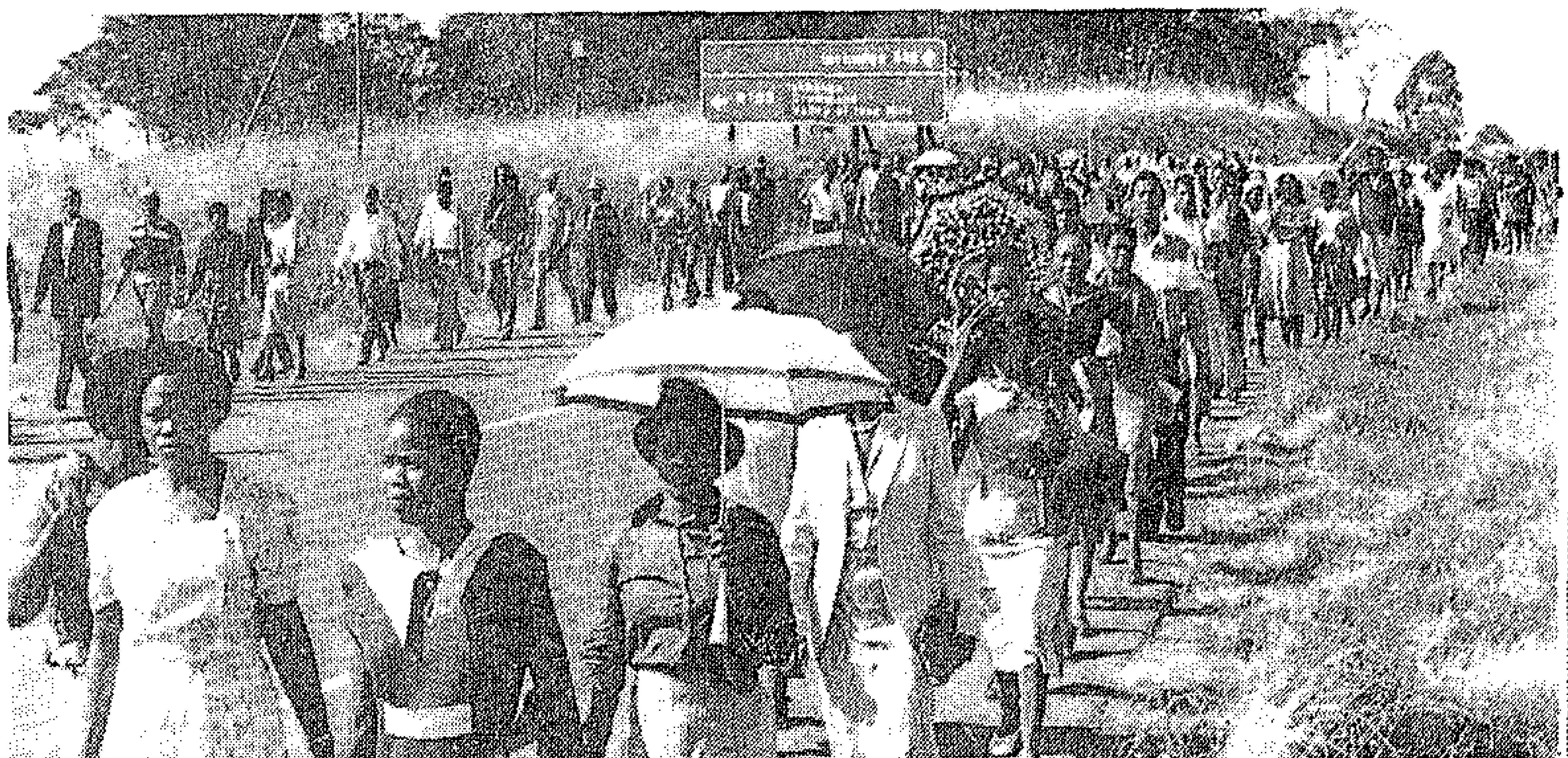
The workers had decided to accept their pay, but they did not consider themselves dismissed, she added.

The entire workforce of 550 was fired last week after a go-slow campaign in protest against the dismissal of two shop stewards, fired for allegedly organising a May Day demonstration at the factory.

Among those dismissed were some with more than 10 years' unbroken service. Mr Bhuka Hlengwane, 78, said he had 14 years' service with the company and he was worried that he would not find alternative employment because of his age.

A spokesman for Uniply said it was the prerogative of discharged workers to make a court application if they so wished.

He said he was pleased that they had collected their wages which had been available since Friday.



Discharged Uniply workers march to the factory in Cato Ridge yesterday.

R35 000 payout for strikers

194 29/5/84

Labour Reporter

In an out-of-court settlement, the Transvaal packaging firm Transpoly has agreed to pay R35 000 to 40 of the 72 striking workers dismissed from the plant in March.

The remaining 32 workers who were fired are to be reinstated.

The settlement signifies a major advance for the Paper, Wood and Allied Workers' Union (PWAWU), which has also been recognised by Transpoly as the representative union in the plant.

PWAWU's initial attempts at meeting management to discuss a recognition agreement were cut short when the company started dismissing union activists.

The action led to an 18-day strike by 74 workers at the plant. The police were called to the scene and management reportedly refused to talk to the union. A union organiser was arrested and charged under the Intimidation Act as a result of the strike.

As part of the settlement, negotiations have already begun between the union and management.

Star

LABOUR BRIEFS

● A December deadline has been set for the dissolution of the General Workers' Union of South Africa, after which the union will officially re-emerge as the Retail and Allied Workers' Union (RAWU). The president of the Pretoria-based union, Mr Donsie Khumalo, said the intent was gradually to transform the general union into an industrial union.

"Our strongest element is in the retail trade, in Pick 'n Pay's northern Transvaal division where we have over 50 percent membership," he said.

Once the retail union had been formed, a mandate would be obtained from members whether or not to apply for a place on the feasibility committee which is drawing up proposals for a new union federation.

Mr Khumalo said he did not think the new union (RAWU) would constitute a threat to the Commercial, Catering and Allied Workers' Union.

● After two years of negotiations, Bakers biscuit company has signed a recognition agreement with the Sweet, Food and Allied Workers' Union (SFAWU).

The agreement covers the union's 700 members at the company's Westmead factory near Pinetown. SFAWU have already embarked on negotiations and have preliminary agreements with two other factories in the Bakers group — in milling and the bread and cake division.

RDM 29/6/84 (194)

Union in council U-turn

Mail Reporter

THE Paper, Wood and Allied Workers' Union (Pwawu) has decided to join the industrial council for the pulp and paper industry.

This represents a major change in direction for the union, an affiliate of the Federation of South African Trade Unions (Fosatu). In the past it has refused to participate in the council.

According to an article in Fosatu Worker News, the decision was taken in order to "step up our fight against the hard-nosed paper bosses".

A Pwawu organiser said the union had put forward eight conditions for joining the council, four of which had been partially met.

She said the union would continue its fight for the right to plant-level negotiations.

Pwawu claims 7 000 members, 4 000 of whom are in the pulp and paper industry. This means Pwawu has more than three times more members than the total of the other unions sitting on the council.

The union says the decision to join the council paves the way for a resolution of the wage dispute with Mondi and means that from October, black workers will be represented in the council's wage negotiations for the first time.

● The National Automobile and Allied Workers' Union (Naawu) has negotiated a large minimum increase from R1,38 to R2,15 an hour for workers in the Eastern Cape tyre and rubber industry.

This was the first time Naawu had participated in the industrial council for the industry and the first time black workers had direct representation on the council.

A Naawu statement this week said the increases represented a "major step forward in the campaign to move minimum wages to an acceptable living standard in this industry".

ROM 3/7/84 194

THE Paper, Wood and Allied Workers' Union (PWAWU) has announced its intention of joining the industrial council for the pulp and paper industry, ending its long-standing objections to serving on the council.

The union argues that they have three times as many members as the unions already on the council and, while they will be continuing their fight for the right to plant-level negotiations, there are a number of benefits to be had from joining.

Not least is that black workers will, for the first time, be directly represented in the council's wage negotiations.

Anyone who doubts the effectiveness of this need merely ponder the fruits of the National Automobile and Allied Workers' Union's (Naawu's) first effort on the industrial council for the Eastern Cape tyre and rubber industry.

Minimum wages in the industry have been upped from R1,38 an hour to R2,15 an hour, an increase of almost 60%.

Name of school	Where situated	Enrolment
Mnngi	Empangeni	582
Lindile	Ermelo	1 042
Masizakhe	Breyten	1 052
Thalana	Glencoe	470
Steadville	Ladysmith	476
Glencoe	Glencoe	201
Eminyezaneni	Mooi River	506
Carl Malcomess	Kokstad	217
Pholela	Bulwer	400
Sacred Heart	Ixopo	283
Ndlela	Piet Retief	632
Qedela	Piet Retief	530
Elangwane	Volksrust	389
Seme	Amersfoort	384
Filidi	Vryheid	658
Vryheid	Vryheid	249
Inkamana	Vryheid	175

CAPE

Name of school	Where situated	Enrolment
Malcomess	Aliwal North	622
Ethembeni	Burgersdorp	524
Nqweba	Graaff-Reinet	526
Sam Xhallie	Cradock	264
Ilingelihle	Cradock	690
Nombulelo	Grahamstown	919
Nathaniel Nyaluza	Grahamstown	1 014
Ntsika	Grahamstown	923
Nomzamo	Port Alfred	489
Simon Hebe	Stellenbosch	702
Vusisizwe	Worcester	646
D S Petana	Kirkwood	601
Amajingqi	Adelaide	433
Fundani	Cathcart	137
Nkwanca	Queenstown	788
Ebenezer Majombozi	East London	415
Qaqamba	East London	1 107
Mzoxolo	Stutterheim	680
Lawson	Fort Beaufort	1 277
Thubalethu	Fort Beaufort	572
Forbes Grant	King William's Town	439
Somerset East	Somerset East	561

280 Hansard Q.61.1987 10/7/84

Old-age homes

1023. Mr K M ANDREW asked the Minister of Co-operation and Development:

(1) (a) How many old-age homes falling under his Department are there for Black persons in each specified departmental region, (b) what is the (i) name and (ii) location of each of these homes and (c) how many persons can be accommodated in each of them;

(2) how many applications were (a) received and (b) accepted at each of these homes in each of the latest specified five years for which figures are available;

(3) whether his Department intends to provide additional accommodation for aged persons; if not, why not; if so, (a) when, (b) where and (c) for how many persons?

The MINISTER OF CO-OPERATION AND DEVELOPMENT:

(1) (a) 1 in Chief Commissioner's Region Orange Free State.
4 in Chief Commissioner's Region Natal.

(b)

(i)	(ii)
Boichuco	Bloemfontein
Zibambeleni	Pinetown
Emseni	Rorkesdrift, Dundee
Emuseni	Edendale, Pietermaritzburg
Issy Geshen	Lamontville

(c) 50
132
50
40
72 respectively

The following number of old age homes and/or housing schemes for the aged exist under the control of Development Boards or Black local authorities and offer housing to the number of persons indicated:

Transvaal Midlands Region 2	78 residents
Western Cape Region 3	64 residents
North West Cape Region 3	281 residents

East Cape Region 3	100 residents
Natal Region 1	28 residents
Witwatersrand Region 1	24 residents
Northern Region 1	58 residents

(2) (a) and (b) As all these old-age homes are managed by either the Development Boards, autonomous welfare organizations or local authorities the Department of Co-operation and Development has no statistics regarding applications received or accepted. To the best of the Department's knowledge no waiting list exists.

(3) Yes.

(a) Planned for the 1989/90 financial year.

(b) Rietgat near Pretoria.

(c) 200.

Provision has been made in the 1984/85 financial year for subsidization of the following old age homes to be erected and managed by welfare organisations:

Chief Commissioner's Region: Witwatersrand		
Ithlokomoleng	Alexandra, Johannesburg	32
Katlehong	Germiston	42
Soweto	Soweto	126
Dube	Soweto	48
Vosloorus	Boksburg	31

For the financial year 1985/86 tentative provision has been made for the subsidization of the following private old age homes that will probably be in operation:

Chief Commissioner's Region:	Name of Old Age Home	Locality	Inmates
Western Areas	Galeshewe	Kimberley	160
East Cape	Red Cross	Port Elizabeth	130
Western Cape	Khayaletu	Cape Town	125

In view of the fact that Black communities are by tradition and custom committed to care for the aged within their social and family structure the demand for institutional care is limited.

The Department of Co-operation and Development has in the past by means of Trust Funds erected a total of 9 old-age homes in various national states, to accommodate approximately 1 430 inmates.

194 Hansard Q.61.1990 10/7/84

Pulp plant: decentralization benefits

1108. Mnr A SAVAGE asked the Minister of Industries, Commerce and Tourism:

(1) Whether a certain company, whose name has been furnished to the Minister's Department for the purpose of his reply, has established a pulp plant at Ngandwara; if so, what is the name of this company;

(2) whether Ngandwara falls within an area qualifying for decentralization benefits; if so, what is the classification of this area in respect of the decentralization benefits;

(3) whether this company has received any decentralization benefits; if not, why not; if so, (a) what decentralization benefits dit it receive in respect of (i) railage rebates, (ii) employment incentives, (iii) training grants, (iv) rental and interest subsidies, (v) housing subsidies, (vi) relocation allowances and (vii) price preference on tenders, (b) what was the total investment in this project, (c) how many job opportunities is it anticipated that it will create and (d) when is it anticipated that the plant will be in production?

The MINISTER OF INDUSTRIES, COMMERCE AND TOURISM:

(1) It is assumed that the place-name is Ngodwana where SAPPI Ltd is expanding its plant.

(2) Ngodwana is situated in Region F (Eastern Transvaal/KaNgwane/parts

of Lebowa and Gazankulu) where certain industrial development points and other industrial points have been identified and where industrial projects may also qualify on an *ad hoc* basis for certain regional industrial incentives.

(3) Yes, on an *ad hoc* basis in respect of the first expansion.

(a) Standard incentive rates have not been determined in respect of *ad hoc* cases and the granting of regional industrial incentives in one form or another on an *ad hoc* basis for a specific project is considered very selectively and on merit. Since individual projects are involved in this respect the information is treated as confidential and cannot be divulged without the consent of the applicant industry. The hon member is kindly referred to paragraph 3(a) of the manual on the implementation of the regional development incentives.

(b), (c) and (d): Information pertaining to an individual industry is also involved and cannot be divulged for the same reason as under (3)(a) above.

Hansard Q-Col. 1991 10/7/84

First-year students

1115. Mr K M ANDREW asked the Minister of Internal Affairs:

(a) How many, and (b) what percentage of the total number of first-year students enrolled at each university administered by his Department in 1982 and 1983, respectively, (i) dropped out during the year and (ii) failed their examinations in all subjects at the end of the year?

The MINISTER OF INTERNAL AFFAIRS:

University of Durban-Westville:

		1982	*1983*
(a)	(i)	215	268
	(ii)	430	593
(b)	(i)	14	14
	(ii)	28	31

University of Western Cape:

		1982	*1983*
(a)	(i)	118	194
	(ii)	239	321
(b)	(i)	10	13
	(ii)	21	21

Universities: Arabic/Islamic studies

1139. Mr G B D McINTOSH asked the Minister of Education and Training:

(a) At which universities falling under his department are courses in (i) Arabic and (ii) Islamic studies offered and (b) how many students are enrolled for these courses at each specified university?

The MINISTER OF EDUCATION AND TRAINING:

(a) (i) and (ii) None.

(b) Falls away.

Inanda Dam

1141. Mr P C CRONJÉ asked the Minister of Environment Affairs and Fisheries:

Whether the properties of persons affected by the construction of the Inanda Dam wall and ancillary works have been valued; if not, (a) why not and (b) when will they be valued; if so, (i) what is the nature of the property of each such person, (ii) what amount will be paid in compensation in respect of each and (iii) when will it be paid in each case?

The MINISTER OF ENVIRONMENT AFFAIRS AND FISHERIES:

No, as the Department of Environment Affairs has not as yet supplied particulars of its requirements in this regard to the Department of Community Development. The valuation and purchase of land for the purposes of the State is a function which vests in the Department of Community Development and as funds to acquire the land are only expected to become available in the 1985-86 financial year, the required land is being leased in the meantime in order that construction activities can proceed. This arrangement meets with the approval of the Government of kwaZulu.

(a) Falls away.

(b) (i), (ii) and (iii) Fall away.

WEDNESDAY, 11 JULY 1984

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†Indicates translated version.

For oral reply:

Hansard Q.Col. 1993 11/7/84

Detention of S Mathubula

*1. Mrs H SUZMAN asked the Minister of Law and Order:

(1) Whether Sbusiso Mathubula of Lamontville has been detained by the South African Police in 1984; if so, (a) why, (b) when, (c) in terms of what statutory provision and (d) where (i) was this person detained initially and (ii) is he being detained at present;

(2) whether this person has been charged; if so, (a) under what statutory provision and (b) when; if not,

(3) whether this person will be released; if not, why not; if so, when;

(4) whether he has received any representations regarding the detention of this person; if so, (a) when, (b) from whom and (c) what was (i) the nature of the representations and (ii) his response thereto;

(5) whether he will make a statement on the matter?

†The MINISTER OF LAW AND ORDER:

(1) Yes.

(a) and (c) For interrogation in terms of section 29 of Act 74 of 1982.

(b) On 28 March 1984.

(d) (i) and (ii) In the Bellair police cells in Durban.

(2) No.

(3) No, because he is still being interrogated.

(4) No.

(5) No.

President's Council: pension

*2. Mr S P BARNARD asked the Minister of Health and Welfare:†

(1) Whether a certain person, whose name has been furnished to the Minister's Department for the purposes of his reply, will receive a pension from the President's Council;

(2) whether he will make a statement on the matter?

†The MINISTER OF HEALTH AND WELFARE:

(1) Whether or not the person in question will be entitled to a pension can only be determined on the date on which his membership of the pension

14/8/84 Star

194

M & R expansion in glass

The Murray and Roberts group has extended its glass interests through an agreement reached by its subsidiary, Elgin Glass, with Hulett Glass and Aluminium.

In terms of the agreement, Elgin Glass will supply flat glass to Hulett Glass and Aluminium, which supplies both the domestic and industrial markets.

After the deal was announced in Johannesburg yesterday, Elgin Glass managing director Mr Shane Moore said his company would absorb the glass stocks of Hulett Glass and Aluminium, which are are concentrated in the Johannesburg, Durban and Cape Town areas.

Mr Andre van Niekerk, head of Hulett Glass and Aluminium, said: "We have been keen to concentrate our full efforts on developing the aluminium fabrication and contracting side of our business, which is where our strength has traditionally been and where we see major growth opportunities.

Hulett Glass and Aluminium will, however, continue to operate as glazing contractors, he said. "Furthermore Hulett will be able to supply Elgin with domestic aluminium products, of which they are merchants to the consumer market."

The deal coincides with a price war that has been raging in the flat glass business for some months. — Sapa.

194 The Star Friday August

Go-slow workers lose their jobs

24/8/84

PORT ELIZABETH — Breaker-builder workers on a go-slow for higher pay at Goodyear Tyre and Rubber Company, Uitenhage, since early this week, have lost their jobs.

The director of public affairs at Goodyear, Mr Mike Selley, said today the workers had "voluntarily broken their contract" by not returning to work and were to be replaced.

He said management had repeatedly asked them to stay on at work while negotiations between the National Automobile and Allied Workers' Union (Naawu) and management were under way.

On Tuesday, 200 workers in the radial tyre production unit had to be sent home because, as a result of the go-slow, there were not enough components.

"But already production has suffered temporarily," Mr Selley said.

The 200 were all were present today. This dispute is to be referred to the industrial council.

The secretary of Naawu, Mr Fred Sauls, refused to comment on the issue. — Sapa.

Strikers are fired

Own Correspondent

DURBAN — The 120 workers who went on strike at Dunlop Sports in Durban in solidarity with 1 200 colleagues who were fired last week, were all dismissed yesterday.

Mr Glenn Sutton, personnel manager for Dunlop, said the stoppages were unlawful and that when workers ignored warnings to return to work they were dismissed.

● The 1 500 striking Lever Brother workers returned to work yesterday after being on strike for eight days in support of a 20 percent general wage increase.

Strikers return to Dunlop plants

Star 19/9/84

By Carolyn Dempster,
Labour Reporter

The four-week strike by 1 900 Dunlop workers in Durban and Ladysmith ended yesterday when strikers returned to work at three plants.

Their return signalled a significant victory for the Metal and Allied Workers' Union (Mawu) as Dunlop agreed to the unconditional reinstatement of the striking workers.

The strike was caused by the dismissal of five workers from the Dunlop Durban tyre plant last year.

Last week, negotiations between the company and Mawu broke down when Dunlop insisted that employees return as new workers — with a consequent loss in benefits — and under new conditions of employment.

These conditions were rejected at a meeting of Mawu members who resolved to continue the strike at the Durban tyre plant, the Sport Division and the Ladysmith tyre plant until management resolved their grievances and reinstated them.

CAPITULATED

Dunlop capitulated on Friday and the strikers clocked in on Monday morning after a victory march to the factory.

In a statement issued yesterday Mawu said it would meet British unions to hold more talks on the boycott of Dunlop products and the international campaign against the company which was planned before the dispute was resolved.

"Mawu believes that the workers at Dunlop have, through their unity and solidarity, won a massive victory against an anti-union company. They have demonstrated that the workers' movement has reached new heights," the statement said.

Mr Glen Sutton, industrial relations spokesman for Dunlop, was not available for comment.

Sappi: Transkei option still open

D. Dispatch 2/10/84

(194)

EAST LONDON — The managing director of Sappi (Ltd), Mr E. A. van As, yesterday denied that his firm had shelved a project to establish a R27 million particle board plant in Transkei.

He was commenting on a Sunday newspaper report which claimed that Sappi Novoboard had put the proposed project on ice "because of the recent takeover bids of private companies and sacking of top management of the Transkei Development Corporation".

"This is definitely not true," he said.

"The truth of the matter is that our proposed plans are still in the feasibility study stage and have not yet reached any finality".

Mr Van As said the proposed scheme would be a joint venture between Sappi and the TDC.

"But neither the TDC nor Transkei Government has yet given any cast-iron commitment that they are interested," he added.

"We cannot go ahead with the project until we get a definite reply from the TDC and Transkei Government or until we have completed our feasibility studies," he said.—DDR.

Pilot die

JOHANNESBURG — A veteran pilot and former Springbok glider, Mr Helmut Lasch, was killed at the weekend in an aircraft crash.

Mr Lasch, who was Mr Nikki Oppenheimer's father-in-law, was flying solo in a DC 400 power glider which crashed as he was about to land at an airstrip in Parys.

Members of his family

FM Oct 1984

INDUSTRIAL COURT

Unions take a loss

Trade unionists are wondering whether their recent successes in the Industrial Court set the true pattern for future decisions — or whether the parameters are changing. Two recent decisions that went against them in Natal have raised doubts.

In the case of the Paper Wood and Allied Workers' Union (PWAWU) v Uniply, the union sought the reinstatement of two shop stewards who it alleged had been unfairly dismissed. In a separate action, it applied for the reinstatement of the entire workforce, which had been dismissed following a strike over earlier dismissals.

The court found that the shop stewards had not been unfairly dismissed. There was sufficient evidence to justify dismissal. In the case of the remainder of the workforce, it found that they had precipitated their own dismissal by walking off the job and not following strictly the procedures laid down in the Labour Relations Act.

A similar judgment was handed down in the case of the National Union of Textile Workers (NUTW) v Lanatex. In this instance, two workers were allegedly unfairly dismissed. The firing was followed by the dismissal of two shop stewards who protested on their behalf and, finally, the entire workforce, who had come out in support. Here the court found that the workers and the two shop stewards had, in fact, been unfairly dimissed and ordered their reinstatement.

But it did not reinstate the other workers because they had acted unilaterally and, in so doing, had placed themselves outside of the law.

Both judgments, says labour lawyer Chris Albertyn, create serious problems for trade unionists. "It appears," says Albertyn, "that the courts are not coming to the assistance of workers facing mass dismissal where the proper procedures have not been followed."

labour

RDM 8/10/84 (194)

Union threatens to quit paper council

By PHILLIP VAN NIEKERK

FOSATU'S Paper, Wood and Allied Workers' Union (PWAWU) — the biggest union in the industrial council for the pulp and paper industry — has threatened to quit the council only months after joining because of the employers' "refusal to make a realistic wage offer".

The threat was made on Friday when the annual negotiations for the 10 000 workers covered in the council's industry-wide agreement began in Johannesburg.

A PWAWU statement at the weekend said the union would seriously reconsider its position in the industrial council if the "employers persist in playing games".

Employer parties to the council include Anglo American's Mondi, Gencor's Sappi and Carlton and Barlow Rand's Nampak.

The PWAWU — which claims to represent about 4 500 workers in 11 mills — is demanding a minimum R2,30 an hour, from R1,38 an hour, with a minimum increase of between 60c and 90c an hour depending on grades.

Other demands include a call for a 13th cheque holiday bonus, a reduction of the working week to 40 hours, a shift allowance of R2 per shift, declaring May 1 a public holiday and a service allowance of three cents per hour for each year.

The employers restricted their offer to wages, offering seven cents an hour — a 5% increase on the industrial council minimum rate.

Pulp union rejects employers' 5% offer

5 Star 9/11/84 194

By Carolyn Dempster, Labour Reporter

The Paper Wood and Allied Workers' Union (Pwawu) has attacked employers for "playing games" in the opening round of Industrial Council negotiations covering 10 000 workers in the pulp and paper industry.

Pwawu rejected outright the employers' offer of a five percent increase which would bring the minimum wage in the industry to R1,45 an hour.

Union demands included a minimum wage of R2,30 an hour, a 13th cheque, a 40-hour working week, May 1 as a paid holiday, an allowance of R2 a shift and a service allowance of three cents an hour for every year of service.

Employers represented at the talks in Johannesburg last week included Anglo American's Mondi paper group, General Mining Corporation's subsidiaries Sappi and Carlton Paper and the Nampak group which falls within the Barlow Rand fold.

Pwawu is the largest union represented in the Industrial Council negotiations, with 4 500 members at 11 mills. Other unions taking part in the negotiations are the SA Electrical Workers' Association, the SA Boilermakers' Society and the Amalgamated Engineering Union of South Africa.

Miss Refiloe Ndzuta, general-secretary of Pwawu, said the unions party to the talks had presented a unified front.

"However, Pwawu will have to seriously reconsider its presence on the Industrial Council if the employers persist in playing games," she said.

This is the first year that Pwawu has been a party to the national negotiations. Miss Ndzuta said union officials would report back to their members.

Carlton Paper workers strike

Mail Reporter

MORE than 180 workers at the Carlton Paper mill at Wadeville, Germiston, have been on strike since Wednesday in protest against the dismissal of a fellow worker.

A statement from the company said the strike began after a worker had been dismissed earlier this month for "threatening to kill another worker" in June.

It said the Paper, Wood and Allied Workers' Union had objected to the dismissal and declared a dispute on July 16.

"In terms of the recognition agreement between the union and the company, the dispute-resolving procedure — including the use of an independent mediator — was followed, but this failed to resolve the dispute," the statement said.

The worker, who had been suspended on full pay since June 25, was finally dismissed by the company on October 9 when the union rejected Carlton's proposal that they seek arbitration, the statement said.

The Rand Daily Mail was unable to get comment from the union yesterday.

"Production is not being affected, as contingency plans have been put into effect," the company statement said.

1984 ★ (194) C Times 6/11/84

Consol expands in Western Cape

CONSOL LTD, the diversified Anglovaal packaging group, is continuing its expansion programme.

In the latest development, the managing director of Consol Paper Packaging (Pty) Ltd, Mr Gert du Toit, announced the acquisition of Wilder Packaging (Pty) Ltd, a corrugated container manufacturer situated at Atlantis.

According to Mr Du Toit, the corrugated container market in the Western Cape is the second largest in South Africa and the acquisition will increase the company's share of the corrugated market to 25 percent in the region.

Consol first entered the paper packaging market with the acquisition in 1980 of the Time Packaging Corporation (Pty) Ltd at Alrode.

Subsequently, Consol established an operation at Kuils River and in June of this year a third corrugated container factory, at Phoenix Industrial Park, near Durban, was commissioned.

Operations

The corrugated container operations in the three major areas of Transvaal, Western Cape and Natal enable the group to supply corrugated cartons on a national basis.

A further diversification was in liquid packaging with the establishment of Consol Liquipak Cartons which produces polycoated gabled top cartons for the dairy, fruit juice, sorghum beer and mageu markets at Phoenix Industrial Park.

"The consolidation of the two operations in the Western Cape into one factory will improve the work load with resultant productivity benefits," says Mr Du Toit.

"The combined operation will be well equipped to service both the industrial and agricultural markets."

The chairman of Wilder Packaging, Mr Leon Wilder, says that his company has established itself as a strong competitor with a good market share in the Western Cape and that financial budgets and projections have been achieved.

The group managing director of Consol Ltd, Mr Piet Neethling, adds that Consol is the country's largest manufacturer of glass packaging and the only manufacturer of glass tableware.

"Our other operating division is involved in plastics where Consol Plastics Packaging (Pty) Ltd manufactures a wide range of packaging material including rigid plastics, both blow and injection-moulded, consumer flexibles, industrial flexibles and woven polypropylene sacks and bags."

"Consol will continue to selectively diversify in packaging either by way of grass root ventures or through acquisitions," says Mr Neethling.

Dispute averted

A DISPUTE in the pulp and paper industry was averted this week when employers agreed to negotiate wages at plant level.

Negotiations by the Pulp and Paper Industrial Council reached stalemate when the unions participating refused to accept increases offered by the employers.

The unions involved are the Fosatu-affiliate Paper Wood and Allied Workers Union, Amalgamated Engineering Union and the National Union of Sugar Manufacturing and Refinery Employees.

In a statement, PWAWU's general secretary said that the employers' offer was too low.

"Eventually employers broke the deadlock by offering plant level bargaining which we are very happy to accept," he said.

The union started fighting for the right to negotiate wages at plant level since it began organising in industry in 1980. It had succeeded in winning this right at Nampak and Carlton Paper, but the two giants in the industry, Anglo American's Mondi and Gencor's Sappi insisted that negotiations should be held at national level only.

Sowetan 23/4/84

SOWN 26/11/84 (194)

AFTER years of resisting joining the industrial council for the pulp and paper industry because they wanted to negotiate wages at plant level, Fosatu's Paper, Wood and Allied Workers' Union (PWAWU) became an industrial council member this year.

The union was forced into this position by the refusal of some of the major employer parties — Anglo's Mondi and Gencor's Sappi — to negotiate at plant level.

Which is why the recent deadlock of industrial council talks between PWAWU and the employers are especially significant.

The employers have now agreed to break the deadlock by negotiating at plant level.

So what the PWAWU could not achieve outside the council, it achieved by joining the council: that is, ironically, not having to negotiate at the council.

RDM 29/11/84 (194)

Packaging kings fight for business

By PRISCILLA WHYTE

THE big names in the R2,6bn a year packaging market are fighting for business.

The contenders are Nampak/Metal Box, Kohler/DRG/Xactics and Consol.

Mr Peter Clayton, an executive director of Nampak, says only about 40% of the facility to manufacture corrugated containers is being used.

He says packaging is an economic barometer — if fewer products are manufactured, fewer are packed.

Pre-Christmas trade usually begins to pick up in September. This year, trade began to pick up only the beginning of November, Mr Clayton says.

There were two increases in prices of raw material for corrugated packaging this year, one of 6,5% and another of 9,5%.

"There are mumblings of a price rise of between 15% and 20% in January," Mr Clayton says.

The South African corrugated packaging market is worth R350m a year. Consumption is 380 000 tons.

In the past 18 months, there have been about 20 new entrants to the market, leading to a price war in Transvaal and Natal. As a result, profit margins are thin, Mr Clayton says.

Mr Piet Neethling, managing director of Consol, adds: "Life is getting tough in packaging as the bigger groups edge in on each others' terrain."

Consol is the smallest protagonist in the big league.

Mr Neethling estimates that of the total packaging market, Nampak/Metal Box has between 40% and 45%, Kohler 15% and Consol 10%.

The remaining 30% of the market is shared by several small companies who have links with overseas principals.

The three major forces in packaging have gained benefits from diversity, and Consol is still in a capital expansion phase.

Mr Neethling says: "In the financial year to June 1984, Consol spent between R30m and R35m. In the year to June 1985, more than R35m will be spent."

He adds that the packaging industry has not suffered as greatly from the recession as the durables sector.

Glass has traditionally been Consol's main product. However, capacity is 25% underutilised owing to the recent entrance of Nampak into the glass market.

Consol's capacity utilisation in glass is between 75% and 80%.

Nampak has provided for the supply of between 10% and 12% of the glass market.

Mr Neethling says this market is worth R200m in annual sales and will decline by about 1,5%in the second quarter of the year to June 1985.

The R550m rigid and flexible plastics market was sluggish between July and October, but then began to pick up, Mr Neethling says.

There is concern about business between January and June next year because of high interest rates.

Margins are under pressure and have dropped between one and two percent, which is painful in a business as volume-related as packaging.

"The corrugated packaging market has been the terrain for territorial expansion and price wars."

Early in 1984, the Western Cape witnessed a price war, but prices have since become more stable with Consol taking over Wilder Packaging in October.

Consol established a plant in the Western Cape in April 1983.

In Natal, Consol is a new entrant and does not forsee a profit.

Mr Neethling estimates the annual size of the cartons market at R250m, and that for flexible paper at R120m.

He is concerned that South Africa's economic recovery is affected by the high prices of imported raw materials.

Also, prices of imported capital equipment are exaggerated.

Mr Tony Crosby, chief executive of Marathon Packaging, estimates that the corrugated market in the Transvaal is worth R200m a year, with an annual consumption of 120 000 tons.

members at the four plants. They returned to work after four days without winning any gains in response to a management ultimatum to return or be dismissed.

Both AECI and Sacwu have declined to comment on the progress of the talks. Saawu could not be contacted.

In other developments in end-of-year wage negotiations:

☐ The Commercial, Catering and Allied Workers' Union of SA (Ccawusa) has declared disputes with 3M and Checkers. At 3M the union has rejected an across-the-board offer of R61/month and is demanding increases ranging from R100 to R150. A 3M spokesman says the company is still willing to negotiate provided the union reduces its demand to more "realistic" levels.

A Ccawusa spokesman argues that the US parent company pays a minimum $4/hour and that the local subsidiary is "taking advantage of cheap black labour" in SA. The dispute, which involves 280 employees, is being referred to mediation.

The Checkers dispute has also been referred to mediation which is due to begin this week.

☐ The Paper, Wood and Allied Workers' Union (PWAWU) is to negotiate wages at plant level with Mondi and Sappi after rejecting an employer offer for an 18c/hour increase at the Industrial Council for the Pulp and Paper Manufacturing Industry.

Breakthrough

According to PWAWU, this constitutes a breakthrough as previous efforts to convince the two companies to negotiate outside the council have been unsuccessful. The irony is that PWAWU, an affiliate of the Federation of SA Trade Unions, has been a vociferous critic of the industrial council system. It only joined the council after Sappi and Mondi refused to negotiate at plant level.

There has been speculation that the reason the two companies agreed to this step, after resisting it for so long, is that they could not agree on whether to increase the wage offer at the council. Spokesmen for both Sappi and Mondi declined to comment. The two other major companies in the industry, Nampak and Carlton Paper, have already granted PWAWU this concession.

☐ Industrial council negotiations in the troubled eastern Cape motor industry are in progress. The parties are tight-lipped about developments, although one employer source says some clarity about whether any agreement is imminent should emerge this week after a further meeting between the parties.

The decline in the motor vehicle market has led to thousands of retrenchments in recent months. There has also been unconfirmed speculation that the amalgamation of Ford and Amcar will lead to a "rationalisation" programme which will shrink the Ford plant and make up to 2 000 more workers redundant.

WAGE NEGOTIATIONS

Recession blues

The annual wage negotiations at African Explosives and Chemical Industries (AECI) have reached a critical point as unions report the company's latest offer back to their members. Twelve unions are negotiating on behalf of the 15 000 workers at AECI's Modderfontein, Somerset West, Midlands (Sasolburg) and Umbogintwini plants.

According to a union source, the company has rejected the unions' 20% demand and has made a counter offer of 13% for lower-paid workers and 10% for more skilled ones. AECI's offer will raise the minimum wage in the company to R408,90 a month.

The SA Chemical Workers' Union (Sacwu), an affiliate of the Council of Unions of SA, represents the majority of black workers while the SA Allied Workers' Union (Saawu) represents a small portion. Other unions involved include the SA Boilermakers' Society, the Amalgamated Engineering Union, the SA Iron, Steel and Allied Industries Union, the SA Electrical and Allied Workers' Union, and five other all-white conservative unions.

Boilermakers' assistant general secretary Okkie Oosthuizen says he "doubts that the unions will accept the company's offer." He foresees the possibility of a dispute being declared with the support of most of the unions.

The black unions, though, are likely to tread cautiously this year. Last year's wage dispute led to the first-ever national legal strike by more than 8 000 Sacwu and Saawu

Continued on page 51

RDM 10/12/84 (194)

THE Transvaal town of Piet Retief is becoming a focus of black unionism.

Fosatu's Paper, Wood and Allied Workers Union (PWAWU) is organising in the area and claims worker majorities at four companies and a membership of about 800.

In August, it formed a shop stewards council there.

It began recruiting in the area because Anglo American's Mondi Paper has a mill there and PWAWU sought to organise all Mondi mills.

Predictably, PWAWU says pay and conditions in the area lag far behind those in the cities and that police have intervened to question union members.

But Piet Retief is a key forestry centre and PWAWU seems determined to extend its influence there.

M 7/12/84

Paper company hit by strike

194

Labour Reporter

ABOUT 200 workers at Sylko Paper Company in Jacobs went on strike yesterday, on the eve of the company's closure for the year-end holidays, and demanded a refund of money deducted from their pay for union dues.

According to Mr Isaac Ngcobo, a spokesman for the workers, the entire black workforce had resigned from the South African Typographical Union and joined another union but deductions were still being made in favour of the SATU.

They claimed that they were no longer members of SATU and had since joined the Printing and Allied Workers' Union, an affiliate of the South African Allied Workers' Union.

Refunded

Mr Ngcobo, who is national treasurer of SAAWU, said the workers downed tools yesterday and requested that their money be refunded before 3 p m today when the factory shuts down for the December holidays.

He said the SATU had a stop order with the company for deductions from its members' wages.

'The workers petitioned both the union and the company to cancel the stop order, but to this day there has been no response from either the company or the union,' he said, adding that workers were angry and went on strike.

Officials of the SATU were not available for comment yesterday.

A spokesman for the company confirmed that the workers had downed tools and added that the management were at a meeting trying to resolve the problem.

(194) D. Dispatch 7/12/84

Casualties forecast in package industry

JOHANNESBURG — More independent corrugated packaging suppliers will be going to the wall says Mr Ron Glaister, managing director of Coro-Pack in Pietermaritzburg.

The giants of the R2,6 billion packaging industry are Nampak-Metal Box, which has 40 per cent to 45 per cent of the market, Kohler-DRG-Xactics with 15 per cent and Consol with 10 per cent.

The independents cater for the remaining 30 per cent of the market.

The South African corrugated packaging market is worth R350 to R400 million a year and in the past 18 months there have been numerous new independent entrants to the market-place.

The giants have expanded their marketing activities territorially with Consol for instance entering the Natal corrugated market.

The expansion by the giants and the competition from independents has led to a price war situation.

The "dog-eat-dog" situation which exists in Natal and the Transvaal at the moment will continue at least until February 1985 when Mr Glaister expects a shake-up in the status quo.

He believes those independents that survive to the middle of next year will be assured of a future in packaging.

The independents that will go under he says "are those, who haven't entrenched themselves sufficiently in the market or who have not managed to get themselves fully operational quickly enough."

"They are victims of a negative economy and the severe price cutting in the industry at the moment."

He notes that independent corrugated packaging suppliers who are marketing aggressively with the right product will survive the poor economic conditions and the heavy pressure from the giants of the industry.

"Despite the attrition which has taken place, there is no doubt in my mind that the future of independents, if they are sufficiently professional is assured if only as an alternative source of supply." — DDC.

4/12/85 BUS DAY

Cape teachers paid

CAPE teachers whose November salaries were withheld have been paid, after they threatened to take legal action.

A spokesman for the 2 000-strong Western Cape Teachers' Union said the union instructed attorneys to act on behalf of all teachers whose pay had been withheld for allegedly refusing to administer exams.

The teachers include the staff of Harold Cressy High School in Cape Town, about 27 teachers at Cathkin Senior Secondary School in Heideveld and a number of teachers at Alexander Sinton Senior Secondary School in Athlone. — Sapa.

BUS DAY 4/12/85

No change in tax from gold

STEPHEN CRANSTON

DESPITE a rand price of gold that is likely to continue at record levels next year, total tax receipts from gold are not expected to increase.

In fact, as a proportion of total state revenue, gold mine tax receipts will decline.

They now account for about 10% of the R30bn tax receipts, but will probably be down to 8,5% next year.

Louis Geldenhuys, economic consultant at stockbrokers George Huysamer and Partners, estimates that gold receipts will be R3bn, rather than the official estimate of R2,44bn.

First-quarter 1986 tax receipts will show an increase on the corresponding period in 1985 because the tax surcharge increase from 20% to 25% was imposed at the end of March this year.

Kohl's standing in polls rises

KOHL

BONN — Chancellor Helmut Kohl's government, buffeted over the past year by scandals and low popularity ratings, has made a powerful comeback in opinion polls as West Germany gears up for a year-long election campaign.

An authoritative survey by ZDF television this week said Kohl's Christian Democratic party (CDU) had moved ahead of the opposition Social Democrats (SPD) for the first time in nine months and that the Chancellor's personal appeal was rising.

But CDU officials seized on another outcome of the poll as even more encouraging.

It indicated that optimism about the country's economic prospects is sweeping the country and fears about unemployment are receding.

"The poll reflects a substantial shift in the mood of the population towards greater confidence in the future. That will work in the government's favour and carry us through the next election," said a senior aide to Kohl.

The ZDF poll said the CDU now enjoyed 45% support compared with only 40% to 42% in the summer, while the SPD had slumped from 47% to 44% in one month.

The apparent change of mood, also reflected in another poll published yesterday, has dampened spirits in the SPD as the party prepares to open its campaign for the general election, scheduled for February 1987.

Johannes Rau, the SPD's candidate against Kohl, will present his policies in a speech in the town of Ahlen on December 16.

4/12/85 BUS DAY

Prices rising for printing and packaging

LINDA ENSOR

PRINTERS and packaging manufacturers foresee increases of more than 10% in the prices of printed matter and paperboard packaging early next year.

Commercial printing, newspapers, books, magazines, cartons, wrapping and printed stationery are likely to succumb to the inflationary spiral, according to the SA Printing and Allied Industries Federation.

Across-the-board weekly wage increases of R17,50 for skilled workers and R12 for unskilled workers in the industry are due to come into effect from January 1.

Mondi Paper and Sappi Fine Papers recently increased the price of fine papers and Sappi has indicated that the price of various coated-paper grades will shortly increase by 11%.

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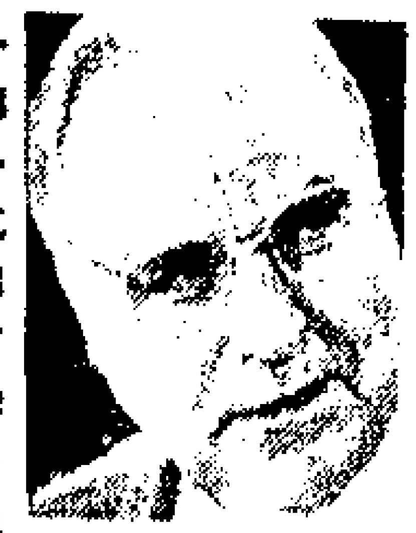

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Commercial printing, newspapers, books, magazines, cartons, wrapping and printed stationery are likely to succumb to the inflationary spiral, according to the SA Printing and Allied Industries Federation.

Across-the-board weekly wage increases of R17,50 for skilled workers and R12 for unskilled workers in the industry are due to come into effect from January 1.

Mondi Paper and Sappi Fine Papers recently increased the price of fine papers and Sappi has indicated that the price of various coated-paper grades will shortly increase by 11%.

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sunrise finance

Mondi is Amic's rising star

Star 7/12/85

By Duncan Collings
Deputy Finance Editor

Like Middelburg Steel in the Barlows group, it is an unquoted and less glamorous company which is set to become the star performer in the Amic/Anglo industrial stable.

Mondi — possibly Amic's largest investment — is now "set to reap the rewards of 15 years of development", according to Mr Reg Donner, the timber/paper group's chairman.

Mr Donner, who this week was appointed to the Anglo main board to add to his many other Anglo group directorships and chairmanships, says that this year's "very slight" loss recorded by Mondi is largely a result of start-up costs at the group's new R850 million Richards Bay pulp mill, but that next year will present a totally different picture.

The Richards Bay project — which started up a little over a year ago — has now virtually proved itself. From zero production just over a year ago the project has now reached 70 percent of capacity. And next year Mondi is hoping for an average of 85 percent capacity with 100 percent output reached before the end of the year.

Exports are scheduled to reach R300 million next year and import replacement will save the group (and the country) a further R200 million. These estimates are well up on the about R220 million exports and R75 million import savings expected only a year ago, and the group has the weakness of the rand to thank for the unexpected better than forecast performance.

Threat of sanctions

Mr Donner says that export test shipments commenced eight months ago and were soon followed by full commercial shipments as the group's products were found to be very acceptable to the international market.

He is fairly sanguine about the possible threat of sanctions. "We have lived with political pressures for 10 years already."

Even under tighter sanctions Mr Donner believes the group will still be able to find ready overseas markets for its products. "We fortunately do not have a high-profile product," he said.

And on the local front, even despite the depressed economy, the group will do well. Demand for writing and printing paper has already picked up and Mr Donner believes that, apart from customers buying ahead of justifiably expected price increases, stocks are now so low that customers are having to repurchase again.

In addition the group will benefit from its ability to supply to the local market papers hitherto imported and this will open up new market segments for the group.

In this area it will be on price alone that the group will be able to compete.

"The rand has made the proposed 15 percent import protection almost superfluous as overseas products cannot be landed here at a competitive price with or without import protection," he said.

Also if there is full attendance of black schools this will have an enormous effect on the group in terms of demand for paper used in school books.

Dark cloud for timber

The group will also benefit from not having to import. "All our mills are currently using nothing but Richards Bay pulp," he said.

If there is a dark cloud it is in the area of timber, particularly for the building trade, and newsprint, both of which will be very difficult local markets next year.

But he says that on the newsprint side the group supplies about 60 000 tons to the local industry but will export 200 000 tons. Thus the local market for newsprint, while it is important, is certainly not the be-all and end-all.

The group's 14 saw mills are operating at about 65 percent of capacity overall, with severel smaller mills closed down in order to keep the bigger mills operating at capacity. This low demand has meant that a proposed saw mill to be erected adjacent to the Richards Bay complex has been shelved for the time being.

Except for Felixton, where there might be some expansion in the future, the group now has no major capex plans for the foreseeable future.

At Felixton the group takes sugar cane bagasse from the local sugar mill which has recently been substantially enlarged. "We could, some time in the future, expand our own operations there to take up the extra available bagasse," Mr Donner said.

The group will just miss achieving a R1 billion turnover this year, due largely to the depressed local conditions, but should comfortable exceed this target in 1986.

Mercury 8/12/84

Union dues dispute goes on

Labour Reporter

THE strike by about 200 Sylko Paper company workers entered its second day yesterday with no agreement being reached over the workers' demand for a refund of their union contributions.

Mr David Cox, a spokesman for the Jacobs company, said yesterday that the strike involved a majority of the black workers, formerly members of the South African Typographical Union, by virtue of a closed shop agreement.

'Over the past month they have expressed unhappiness at having to belong to this union and Sylko has now successfully negotiated an exemption from union membership for these employees.

Calm

'We therefore no longer deduct union dues. However, the strikers have demanded that all dues ever paid by them into the union must be refunded. This is clearly not possible as Sylko merely collects dues according to gazetted laws on behalf of the union.

'At the present moment, no agreement has been reached but the situation is calm,' he added.

Mr Isaac Ngcobo, national treasurer of the South African Allied Workers' Union, said the workers had resigned from SATU and had since joined the SAAWU affiliate, Printing and Allied Workers' Union.

He claimed that the workers had informed both the company and SATU of their decision many months ago.

Mercury 15/12/84

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Mondi's 15 percent import duty request angers printers

Finance Editor

THE cost of many paper products — including bible and braille paper — will rise if the Board of Trade and Industries agrees to a request from Mondi Paper to impose a 15 percent duty on imports.

Printers are angry and are flooding the Board of Trade with letters objecting to the proposal.

They say that many of the papers are not made in South Africa and it is most unlikely that they ever will be.

Also the prices of locally made papers are among the highest in the world , but locally-made paper is being sold at very low prices overseas.

They say also that the move is inflationary — extra costs will be passed on to the consumer — at a time when the printing industry is facing other extra costs.

Relaxation of imports had kept the price of local paper in check and competitive. It was not 'eroding' the paper-making industry, the printers say.

'Any protection granted by the Government will be used to increase local prices and cause further inflation in our industry, thereby driving more of our customers into the do-it-yourself market (buying their own presses) due to the high prices of printing and packaging,' a printer said.

The timing was 'inappropriate' as it was impossible with the exchange rate fluctuating to compare prices.

Printers point out that when importing was relaxed in 1983 there was no flooding of the market with imports of cheap paper.

They say that few printers were prepared to go to the trouble of importing their materials and alleged that local paper merchants were prevented by Sappi and Mondi (the two major paper makers) from selling competing imported papers.

Threats were made, it is alleged, that such independent action would jeopardise the benefits of their dealerships.

Newsprint is costing newspapers R820 a ton which is due to rise to R890 a ton in January (an increase of 8,5 percent) but can be bought in Europe, and landed in Durban, at about R770 a ton.

One Durban printer has evidence that South African newsprint could be bought in New Zealand at R440 a ton. Locally-made paper was being sold abroad at 30 to 60 percent below local costs.

Meanwhile, the Newspaper Press Union has asked the Government for permission to import newsprint — but so far has had no response.

Durban printer Mr I L Knock, who is a member of the Federation of Master Printers, said that while American paper manufacturers made a 3,3 percent profit margin on sales and Europeans 2,3 percent, Sappi made 11,92 percent and Mondi 5,77 percent.

He said: 'The local user is exasperated by the constant inference that we should be grateful for the huge investments being undertaken by the Sappi and Mondi mills and that it is our patriotic duty to pay exorbitant prices and not complain too much in the process.'

The Mondi application covers at least 26 different types of paper not made in this country such as: photographers' background paper, cheque paper, black album paper, wet strength papers, azure laid ledger, spirit duplicating paper, transfer base paper and acid free papers and boards for artists.

Locally made papers are included as well: duplicator, bond, bank, cartridge, offset printing and business forms.

Packaging makers incensed by ...

20/12/85 BUS DAY

Soaring cost of raw materials

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CHERILYN IRETON

PACKAGING manufacturers, incensed by hefty price increases in raw materials, see the rising costs of these goods as their major hurdle for 1986.

Locally manufactured raw materials have risen by as much as 45% in the last two years, pushing up the end price of packaging by more than 50%.

With more increases on the way in January, the main suppliers — paper and steel mills, who together supply more than 56% of SA's packaging material — have been accused of disregarding the state of the economy.

Manufacturers complain that many of the price adjustments have been justified by the exchange rate, even though the materials are of local origin.

Nampak Corrugated Container Division MD Adrian Barker slated the paper mills for hiking the price of some products by as much as 43% over two years.

"Raw materials make up 65% of the selling price. When major primary producers increase price in this manner, there is a ripple effect. This sort of action is not only a disservice to the paper and packaging industry, but to the entire economy."

Barker hit out at suppliers for using the low value of the rand as an excuse to make large exports profitable. "Suppliers cannot have the benefit of the low rand without living with some of its drawbacks," he said.

Packaging companies have also had to cope with falling volumes as consumer demand has slipped. Nampak group MD Don McCartan attributes some of the volume problems to the difficulties linked to delivering goods in the townships.

However, towards the end of November demand picked up and packaging manufacturers are eagerly awaiting January to see whether the surge signals the start of a recovery.

SA still follows Western countries when it comes to packaging trends and design. However, the exchange rate has forced manufacturers to become less reliant on material and design. "Up till now our markets have not been big enough for us to set trends. However, a lot of companies are now looking to export markets to maintain their volumes," said McCartan.

Export activities are set to intensify with high volume markets such as South America and South East Asia.

(194) FM 21/12/84

Competition is particularly fierce in the market for corrugated packaging, where the fledgling Marathon Packaging is believed to be chipping away at Nampak's market share. But Nampak "has inherent strength to withstand price competition," claims Kardol, who adds that the group is well diversified and that no one product division accounts for more than 16% of group profits.

Nampak's margins were squeezed last year by the sharp increase in raw material costs. In particular, the cost of local paper soared, while imported paper proved equally expensive because of the low value of the rand. "Faced with a prolonged recession, the group has intensified its focus on cost control and effective asset management," says Kardol. He adds that further rationalisation is possible between Nampak and Metal Box.

Despite expectations of a deepening recession, the group has earmarked R160m for capex this year. "Packaging is capital-intensive, and to keep producing cost-competitive, quality products, we need ongoing investment," says Kardol. Some R100m will be spent by Metal Box, and R60m by Nampak.

Current projects include the construction of a R32m tissue-wadding facility with capacity of 16 000 t/year, due for completion in mid-1985. Metal Box is building a new R53m glass-furnace plant.

"Provided there is no significant deterioration in economic conditions, the group should maintain earnings a share this year," says Kardol. Last year's 70c payout is likely to be maintained, placing the share on a forward yield of 5,7%. Since reaching a high of 1 650c early this year, the share has fallen to 1 225c — a far sharper drop than that of the packaging industry as a whole. Considering Nampak's reputation for solid growth, the fall may have been overdone.

Neville Glaser

METAL BOX

New package

Activities: *Manufactures and distributes cans. Also manufactures packaging, closures and industrial components from metal, plastic and board.*
Control: Nampak holds 53,6% of the equity. Metal Box UK holds 25%. Ultimate holding company is Barlow Rand.
Chairman: *B Kardol; managing director: P L Campbell.*
Capital structure: *68,2m ords of R1; 500 000 5% red cum prefs of R2; 4 600 10,5% convertible red cum prefs of 10c. Market capitalisation: R306,9m.*
Share market: *Price: 450c. Yields: 4,9% on dividend; 11,2% on earnings; PE ratio, 8,9; cover, 2,3. 1983-1984 high, 960c; low, 350c. Trading volume last quarter, 161 000 shares.*

Since Nampak bought control last year, Metal Box (MB) has shifted firmly into primary packaging. It acquired Nampak's primary packaging division, while its industrial interests were merged with Barlow Rand's steel tube activities. In line with Nampak's management philosophy, MB has now been restructured into seven divisions, each responsible for its own performance.

Financial: *Year to September 30*

	'84
Debt:	
Short-term (Rm)	23,2
Long-term (Rm)	61,3
Debt:equity ratio	0,33
Shareholders' interest	0,52
Int & leasing cover	4,5
Debt cover	0,68

Performance:

	'84
Return on cap (%)	11,6
Turnover (Rm)	665,5
Pre-int profit (Rm)	57,1
Pre-int margin (%)	8,3
Taxed profit (Rm)	34,5
Earnings (c)	50,5
Dividends (c)	22
Net worth (c)	379

Comparisons with the previous year are almost impossible, but chairman Bas Kardol assures shareholders that "the financial results achieved are most satisfactory, and are indicative of the soundness of the restructured group."

The new glass container plant has performed to budget since coming on stream in October 1983. So far only one furnace has been used, which has led to inefficiencies. Improved economies of scale are likely after a second furnace is added in 1985 at a cost of some R53m.

The results this year, says Kardol, should be in line with last year. At 450c, the share yields a somewhat low 4,9% on dividend. Parent Nampak seems a better bet.

Neville Glaser

OCEANA

Ups and downs

Activities: *The group catches and processes pelagic fish into fish meal, fish oil and canned fish. It also catches and processes rock lobster.*
Control: United Oceana Holdings has 68% of the equity. Barlow Rand is the ultimate holding company.
Chairman: *C L Walton; managing director: W A Lewis.*
Capital structure: *8,8m ords of 1c. Market capitalisation: R45,7m.*
Share market: *Price: 520c. Yields: 11,5% on dividend; 18% on earnings; PE ratio, 5,6; cover, 1,5. 1983-1984 high, 640c; low, 410c. Trading volume last quarter, 33 000 shares.*

Last year did not turn out quite as Oceana had expected. While eps exceeded the interim prediction of 88c, the higher tax rate lopped 5,4c off earnings. Forex losses on uncovered foreign loans amount to R891 000, or 10c a share. But, says chairman Cedric Walton, Oceana's [illegible]gic landings were far better than anticipated.

Financial: *Year to September 30*

	'83	'84
Debt:		
Short-term (Rm)	6,0	8,9
Long-term (Rm)	1,1	1,1
Debt:equity ratio	0,16	0,26
Shareholders' interest	0,59	0,51
Int & leasing cover	27	24
Debt cover	1,8	0,9

Performance:

	'83	'84
Return on cap (%)	24	23
Turnover (Rm)	77,5	92,7
Pre-int profit (Rm)	17,9	16,9
Pre-int margin (%)	19	26
Taxed profit (Rm)	10,3	8,3
Earnings (c)	100	92
Dividends (c)	48	60
Net worth (c)	417	403

During the season, the pelagic quota was increased 30 000 t, enabling Oceana to lift its landings to 115 000 t (105 000 t). This represents some 37% of the industry's total catch, reflecting the group's dominance in this market. In Namibia, where Oceana is represented through United Fishing Enterprises (UFE), quality pilchards were netted. UFE spent R3m on modernising its fleet last year. This, says Walton, was an important factor enabling the company to increase production to 806 000 (772 000) cartons of canned fish. However, the anchovy season, which started in May, proved disappointing.

Cash-flush Oceana dropped its dividend cover from 2 to 1,5 to increase the dividend to 60c (48c). The dividend yield is a whopping 11,5%, but the market has reacted with indifference, leaving the share inactive around 520c. In addition to the 60c dividend, a 30c special dividend was paid.

It seems that, since Tiger's takeover by Barlows, the prudent dividend policies that characterised the Tiger fishing companies have given way to a new-found generosity. Fishing companies, including Oceana, have tended to accumulate huge cash reserves in good seasons in anticipation of leaner times. Barlows clearly believed that these reserves could be put to better use higher up in the group.

Fishing shares in general have slowed, following a sustained bull run in recent years. Because of their cycli[illegible] nature, they have always carried a premium to other shares. Recently the premium has increased, indicating a lower rating for fishing companies in general.

Walton declines to offer a forecast. The uncertainty surrounding the new pelagic quota system and the poor anchovy fishing pattern of recent years makes forecasting extremely difficult, he says.

Nevertheless, at 520c, Oceana shares are among the most attractive in the fishing sector. The group is a major presence in fishing, and its substantial cash reserves, around R25m, place it in a good position for expansion.

division coming out of the red and contributing R1,4m (R287 000 loss) to group pre-tax profit. Chairman Abe Jaffe attributes this to the introduction of new management, which effectively controlled cash flow, initiated new marketing techniques and tightened credit control. This is likely to strain short-term profitability, but should be useful later.

Jaffe points out that increased demand for General Motors products resulted in a shortage of vehicles from the Port Elizabeth plant, and the motor division was compelled to turn to the second-hand car market and servicing to make up the shortfall. Despite the high demand, margins were narrowed. The division more than halved its contribution to group pre-tax profit to R1,6m (R3,3m). To further improve profitability, a lossmaking division in Goldies Motor Supplies has been absorbed by Currie's parts division. Jaffe expects it to earn a profit this year.

The rise in net worth was caused by the revaluation of properties, last done in 1983. This added R11,8m to non-distributable reserves. Currie's shares are attractive to investors looking for a yield sweetener. However, Jaffe expects stringent monetary policies, introduced by the fiscal authorities, to prevent the group from achieving last year's profitability levels.

This year, earnings could decline to around 125c, but the dividend will probably be maintained at 90c. *Neville Glaser*

CURFIN
Riding high

Activities: *Investment holding company with interests in motor vehicle distribution, freight forwarding, furniture retailing, financing and engineering.*
Control: The directors own 23% of the number of ordinary shares in issue.
Chairman: *A Jaffe; managing director: E N Swirsky.*
Capital structure: *14,0m ords of 50c each. Market capitalisation: R58,8m.*
Share market: *Price: 440c. Yields: 8,0% on dividend; 12,91% on earnings; PE ratio, 7,8; cover, 1,7. 1983-1984 high, 550c; low, 300c. Trading volume last quarter, 335 000 shares.*

Considering the competitive nature of the motor industry, Curfin's latest performance appears remarkable at first glance. It achieved a 15,8% pre-tax profit improvement to R23,1m (R19,9m), and margins narrowed only slightly, while sales increased 22,0%.

This, however, was not owing to a turnaround in the fortunes of GM products (the company's major franchise) but to the reversal of the furniture division's losses. The injection of new management is helping, with emphasis on cash management and cost control. The division accounted for R1,4m (R287 000 loss) of group pre-tax profit.

This, with Safcor's improved results, more than offset the decline in the motor division's contribution from R5,7m to R4,8m. The results may be surprising considering that demand for GM products outstripped supply, but this may have aggravated the situation as GM was unable to supply enough vehicles.

Financial: *Year to June 30*

	'81	'82	'83	'84
Debt:				
Short-term (Rm)	0,2	0,4	0	0
Long-term (Rm)	2,9	2,5	1,8	1,5
Debt:equity ratio	0,07	0,06	0,03	0,02
Shareholders' interest	0,49	0,51	0,56	0,58
Int & leasing cover ...	17,4	16,9	16,2	17,0
Debt cover	8,5	5,6	8,1	10,8

Performance:

	'81	'82	'83	'84
Return on cap (%)	23,2	26,9	21,8	18,3
Turnover (Rm)	137,0	156,5	148,7	181,5
Pre-int profit (Rm)	21,1	25,6	21,0	24,0
Pre-int margin (%)	13,2	13,4	11,6	11,2
Taxed profit (Rm)	12,3	13,4	11,3	11,7
Earnings (c)	56,2	63,2	55,7	57,9
Dividends (c)	20	32	32	34
Net worth (c)	197	216	249	356

To make up the shortfall, subsidiary Currie Motors strengthened its second-hand car division and its service and spares sections. Curfin Motors, which works independently of Currie, took on Alfa Romeo and Amcar franchises.

Despite deteriorating international trade, Safcor again made a major contribution to the group, with an 11% increased taxed profit. Chairman Abe Jaffe says this was largely owing to the diversification in freight, forwarding and shipping. This division accounts for around half of pre-tax profit.

The move into engineering has yet to prove successful, and F & A Silver showed a profit decline to R79 000 (R268 000). Jaffe does not foresee any profit growth this year, but is happy that management is coping in difficult market conditions.

The group, generally reluctant to borrow, reduced its interest bill from R1,1m to R957 000. The balance sheet shows no short-term borrowings and long-term liabilities declined from R1,8m to R1,5m. Following revaluation of fixed properties, shareholders' funds rose from to R49,9m (R34,9m) and about 33% comprises cash assets.

The strong balance sheet should help the group achieve profit levels close to those of last year. The worrying factor is high Ladofca rates, which have already caused motor manufacturers to cut production.

This year, the dividend could be maintained at 34c, putting the share on a 8,4% yield. The share is unlikely to show dramatic growth and appears to be fully priced. *Neville Glaser*

DATES TO REMEMBER

Last day to register for dividends:
Friday Dec 28: Angvaal 100c; Apex 190c; Avhold 9,5c; Blyvoor 90c; Buffcor 5c; Cemenco 13,5c; Clydesdale 50c; Deelkraal 10c; Doorns 80c; Dries 115c; ETCons 75c; Fugit 12c; Harties 32,5c; Kaapkun 28c; Kloof 160c; Libanon 120c; Lonsugar§ 9,01c; Metkor 4,25c; Prim GM 10c; Rooiberg 30c; Suiderland 10c; Un Cold 50c; Uni Tin 10c; Venters 75c; Vlaks *15c.
Meetings:
Friday Dec 28: Inv Club; Math Ash.
All meetings are in Johannesburg.
§ = Net after non-resident tax.
* = Repayment of capital.

NAMPAK (94) FM 21/12/84
Wrapping up

Activities: *Manufactures a broad range of packaging products including papers, corrugated board, glass and plastic containers. Also has printing interests.*
Control: Holding company is C G Smith. Barlow Rand is ultimate holding company.
Chairman: *B Kardol; managing director: D A Jacobs.*
Capital structure: *68,2m ords of R1; 500 000 5% red cum prefs of R2; 4 600 red cum prefs of 10c. Market capitalisation: R869,6m.*
Share market: *Price: 1 225c. Yields: 5,7% on dividend; 13,8% on earnings; PE ratio, 7,2; cover, 2,5. 1983-1984 high, 1 650c; low, 1 050c. Trading volume last quarter, 73 000 shares.*
Financial: *Year to September 30*

	'81	'82	'83	'84
Debt:				
Short-term (Rm)	1,5	13,9	13,2	58,3
Long-term (Rm)	38,3	43,8	48,1	129,8
Debt:equity ratio	0,22	0,27	0,24	0,45
Shareholders' interest	0,58	0,56	0,57	0,46
Int & leasing cover ...	12,6	8,6	7,2	4,5
Debt cover	1,5	1,2	1,4	0,72

Performance:

	'81	'82	'83	'84
Return on cap (%)	24,6	23,1	26,0	17,9
Turnover (Rm)	459	602	674	1 313
Pre-int profit (Rm)	75,4	88,5	115,0	162,4
Pre-int margin (%)	16,4	14,7	16,8	12
Taxed profit (Rm)	50,6	59,7	65,7	93,8
Earnings (c)	146	163	179	175
Dividends (c)	54	60	70	70
Net worth (c)	500	586	685	693

Several Nampak divisions were hived off last year to Metal Box, making year-on-year comparisons virtually impossible. But earnings a share, which are comparable, declined marginally to 175c (179c), while the dividend was pegged at 70c.

The group has maintained its market share, says chairman Bas Kardol, but profitability has dropped in the face of intense competition, and because of the altered product mix. This is reflected in the declining ratio of operating profit to sales, which fell to 13% (15%) last year.

Mercury 28.12.84

(194)

Mondi strikers return to work

Mercury Reporter

HUNDREDS of Mondi cardboard manufacturing mill employees who went on strike at the weekend, resumed work late yesterday following 11th-hour negotiations with the mill management.

A spokesman for the Durban mill said workers had been warned on Saturday that the strike was illegal and they faced dismissal unless they returned to work within 24 hours.

'In the event the limit expired.'

On Monday shop stewards and union representatives spoke to management.

It was made clear by management that if workers wished to return under the conditions prevailing at the time of the stoppage, the decision to dismiss employees would be waived.

'Eventually they agreed,' he said.

The dispute which led to the walk-out arose after wage increases offered on December 12 — starting at 20 c an hour for labourers — were rejected.

Management followed the original wage increase offer with a plan to implement an interim increase on January 1 of 18 c an hour, scaling upwards, to 'tide workers over until finality was reached'.

This was acceptable to all but one of the unions.

'So nothing has changed,' said the spokesman shortly after it was decided that employees would return to work.