MINING – COAL

12 JAN. 1981 — 30 NOV. 1981

French order ships to carry more coal from SA

RDM 12/1/81

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Financial Reporter

WITH an eye to expanding coal imports from South Africa, French shipowners have on order at Japanese shipyards five 140 000-ton bulk carriers worth R170-million.

When delivered by the end of this year these ships will spend most of their time hauling coal from Richards Bay to Western Europe

This is reported by Business Week in a review of South Africa's growing coal export trade.

South African producers agree that fear of political repercussions might limit their potential market in the United States, says the journal.

"In Europe, too, the stigma of dealing in South African coal often requires that the fuel be distributed discreetly

"For instance, Shell in its 50-50 joint venture with Rand Mines, ships nearly 5-million tons a year from Rand Mines Rietspruit mine Although it is known that 1-million tons of this goes to France, hardly anyone knows the ultimate destination.

"Despite such problems, France is pleased with the arrangement and plans to expand its coal purchases South Africa is already France's largest supplier outside the European Community, shipping 8 400 000 tons there in 1979"

Business Week says that the three European oil majors — Shell, BP and Total — have shares in nearly 40% of South Africa's coal-export sales

By the time current expansion plans are completed in 1983, they will have spent R300-million as their share of joint-venture coal-mining projects

It is cheaper for South African producers to ship coal to Gulf coast ports in bulk carriers than it is for US producers to carry coal by rail from Midwest mines to these ports.

The result is that South Africa is now shipping about 1-million tons of coal a year to south-eastern states.

About 800 000 tons is covered under a Rand Mines contract to supply a Gulf Power Company generating plant in Pensacola, Florida, through the port of Mobile

"Rand Mines is also negotiating with Jacksonville Electric Authority. And beyond such direct deals, US coal brokers are trying to drum up new buyers"

France buys most coal from SA

Argus 20/1/81

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Argus Correspondent

PARIS. — South Africa has become the biggest supplier of coal to France, making that country increasingly reliable on South African energy exports.

France is already a buyer of SWA uranium for its ambitious nuclear programme aimed at freeing France from the dependence on Arab oil.

Figures from the Coal Importers' Association show that South Africa supplied 9,2-million tons last year, taking over the top slot from West Germany. Overall imports climbed 2,2-million tons to 32,2-million tons.

Paris is more secretive about its purchases of the vital uranium.

Imports from other members of the European Economic Community and Poland were also on the decline, while the United States doubled its sales.

France launched a large nuclear programme after the 1973 oil crisis and this year for the first time, oil will account for less than half energy needs.

Now France has launched a second scheme to reduce oil needs for cars.

French farmers, who have for long been producing more food than consumers can eat, are now to be encouraged to turn their sugar beet and vegetable products into alcohol, for mixing with petrol.

Experts hope that within the next 10 years up to half of the 17,7-million tons of petrol used in 1980 will be alcohol.

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Coal companies increase sales

NM 20\1\81 (215)

JOHANNESBURG—The Rand Mines' group's two coal producers — Witbank Colliery and Welgedacht Exploration Company — both showed increased sales during the quarter ended December 1980.

Witbank's after-tax profit fell by R3,5m as a result of a R2,2m increase in tax and because of the combination of higher costs and most of the higher sales tons came from Duvha, which yields lower revenue per ton sold

Tonnage sold by Witbank rose from 2,5m tons to 2,8m tons, but working profit fell from R13,8m to R13,1m

After net sundry revenue of R289 000 (R848 000) pre-tax profit amounted to R13,4m against R14,6m in the previous quarter

Tax took R4,7m (R2 5m), leaving net taxed profit of R8,7m against R12,1m in the previous quarter

Capital expenditure fell from R9,3m to R4 5m, which accounts for the R2,3m tax increase

Escom funding for Duvha was virtually unchanged at R2m and there are commitments for further capital expenditure (excluding Escom's Duvha funding) of some R22m

The estimated capital expenditure on Duvha for the remainder of the current financial year is R18,5m

At **Welgedacht**, the tonnage recovered to 520 144 tons from 487 439 tons in the September quarter

As a result, working profit rose from R859 000 to R1m Net railway revenue (which is paid every six months) totalled R760 000 (R15 000 in the previous quarter) which, with sundry revenue, resulted in pre-tax profit virtually doubling from R940 000 to R1,8m

Tax took R645 000, leaving net taxed profit of R1,2m compared with R1m

Capital expenditure dropped from R701 000 to R679 000 There are commitments for capital expenditure of R730 000 and the estimated total capex for the rest of the year is R3,3m — (Sapa Reuter)

FM 23/1/81

NATAL ANTHRACITE

More info needed

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Shareholders who attend the February 9 meeting to vote on Amcoal's proposed acquisition of Natal Anthracite will need several questions answered if they are to decide on the bid's merits. The formal documents have added little to what was already known about the two companies. And if Amcoal knows only as much as outside shareholders, it could be buying a pig in a poke.

For a start, the document provides no details of the geological investigation of coal reserves to the north-east of Nat Ants' existing mining operations. According to the company's 1979 annual report, they were to be investigated last year. If they were, what were the conclusions?

Then there is the problem of how much it might cost to turn them to account; what grade of coal they contain; what mining costs are likely to be; and what eventual extraction rate they could sustain. All the bid document says is that they are not accessible to Nat Ants' existing mining infrastructure and that, at this stage, it is not possible to quantify the required capex.

That is why I find it hard to understand why Amcoal wants the 92,4% of Nat Ants it does not already own. Based on 1980's first-half taxed profit of R2,26m and production and sales achieved by the year-end, 1980's earnings are expected to be 15% higher than the 107,6c earned in 1979.

Even though 1980's capex was estimated at R3,2m (80c a share), the 1980 total dividend could be 15% higher than 1979's 50c, indicating that Nat Ants shareholders are being offered an exit yield of about 17%.

The bid document makes clear that Nat Ants' capex in recent years has been of an ongoing or "stay-in-business" nature. In addition, further capex is needed to increase Balgray colliery's production as, at current levels, it cannot "support the high level of management overheads associated with modern mining techniques."

So, if the document's 1980 earnings growth estimate can be extrapolated for a couple more years, near-term dividend growth potential seems limited. Couple this with the fact that the Natal Anthracite colliery which, at present, is the main profit generator has a remaining life of only [illegible] years and the offer price seems unduly generous.

That assumes, of course, that no value can be placed on the virgin reserves. [illegible] shareholders [illegible] cannot [illegible] apparently [illegible] cannot be quantified.

The bid document says capex will be substantial. [illegible] could [illegible] available to Amcoal if the reserves were to be developed [illegible] for finance.

Of course it might be possible partly to finance their development by [illegible] selling Balgray. Reading between the lines, Balgray offers little profit growth potential to Nat Ants while it suffers unsupportable management overheads in the Anglo [illegible]

[illegible] Amcoal will [illegible] the shares at the meeting, it has the [illegible] backing of associates in the Anglo group who at the last count [illegible] of the shares. And this could be [illegible] from [illegible] companies [illegible] by the [illegible] of the 85c dividend and 105c capital payment option. The odds appear [illegible] against shareholders who are opposed to the bid.

But before anyone votes, he should insist that he is given all known details on the [illegible] reserves. If they are not available, it would be better to delay the bid until Nat Ants shareholders can see what the future holds, and Amcoal shareholders can be certain that their company's management is not [illegible] in the dark.

MERCHANTS PIN BLAME ON NATAL'S COLLIERIES

Cold comfort is only outlook for anthracite users

S. Express 25/1/81

(215)

COAL-RICH South Africa is heading straight for the most severe shortage of anthracite in its history — one that could reach alarming proportions when winter starts.

By DAVID PINCUS

Coal merchants throughout the country are already in a situation where they cannot get enough anthracite for day-to-day requirements They are already rationing supplies of this superior-grade coal to households — and in some cases cannot supply, even though it is still midsummer — to ensure that priority users such as hospitals do not go short

Merchants say there is no chance of their being able to stockpile for winter.

Orders they placed in November for anthracite are still outstanding.

This time no blame can be attached to the Railways for the shortage of anthracite. They have more than enough trucks to move it from the Natal collieries to any part of South Africa

Angry merchants say the fault appears to lie with the collieries which, they allege, are withholding supplies in the hope that there will be a price increase next month.

Another serious allegation is that collieries were starving the local market of anthracite so that they might fill export orders

When I told Richard Bird, managing director of the Transvaal Coal Owners' Association (TCOA), that dealers allege that collieries were withholding supplies, his response was an astonished, "do they?"

"I know of no back orders still to be filled," he said

Asked if collieries could be sitting on supplies in anticipation of an increase in price, he said "I don't want to pre-empt what the Government is going to do Normally they grant increases in February "

At his suggestion I telephoned Brian Sable, general manager of the Anthracite Producers' Association, an offshoot of the TCOA, who at first denied that there were any back orders but, when he checked, admitted that some went back to before January

"There has been a shortage of anthracite for the last two years," he said "We are opening new deposits to cover the prospective demand for winter. That cannot be done quickly."

On the subject of available anthracite being exported, rather than being fed into the local market, he said "The anthracite we export is different to that sold locally It is much finer and has a higher ash content. We could not sell it domestically."

Wilf Stoloff, chairman of the Transvaal Coal Merchants' Association, found it difficult to accept Bird's or Sables' explanation

"This is midsummer," he

we have received only two truckloads of anthracite of the many my firm ordered in November?

"We haven't received standing orders placed in December We wanted nine trucks a week for Johannesburg, four for Benoni, three for Springs and one each for Randfontein, Roodepoort and Maraisburg

"They accept our orders but simply do not deliver This is happening through South Africa It's a crazy situation when you think of how rich we are with coal and anthracite

"I do not think there is hope of saving the situation in time for winter," he said.

"If we are having to ration people in midsummer can you imagine what will happen in midwinter? In summer the only anthracite we sell to householders is for cooking, but in winter many thousands of households also use it for heating.

"Paradoxically, this year, for the first time in many years, householders have heeded our pleas to order anthracite early to avoid the winter rush

"We simply have to tell them that we cannot supply and that they will have to wait.

"Coal merchants are losing heavily They have millions invested in plant and equipment to handle anthracite Plant stands idle — and the collieries ignore the situation."

FINE ART & ARCHITECTURE

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SA leads talks on new coal technology

STAR 29/1/81

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By Rob Soutter

A conference on fluidised bed combustion — a revolutionary method of utilising poor quality coal and other wastes for energy — is being held in Cape Town this week

The three-day conference, which began yesterday, is being organised by Professor R K Dutkiewicz, of the University of Cape Town's Energy Research Institute

Described by Mr Peter Kaplan, a leading British design engineer as "probably the most important conference on fluidised bed technology yet held in the world," it will be attended by delegates from most of the world's industrialised countries

Mr Kaplan said the process had been largely theoretical until the oil crisis created a need in the industrialised nations for an alternative to oil based energy systems

"As with the birth of any radical technology, there have been problems — but none has proved insurmountable," he said

"In Europe, the process is felt to have great potential, because of the high efficiency, wide range of fuels and extremely large field of applications"

Significance

Mr Kaplan, one of the British delegates, is also one of the pioneers of fluidised bed combustion, who saw the potential of the technique before the energy crisis hit Europe.

"Because of South Africa's position, having to rely on coal as the foundation of any future energy policy because of the vulnerability and high price of oil supplies, a far-sighted industrial sector could grab a lead in the race to perfect this technology," he said.

"This could be of inestimable value to the country

"Without doubt, this process will become of major significance, and South Africa should cash in on the opportunity now."

He said "The world is looking to this country in many of the fields of coal utilisation, and it is not inconceivable that fluidised bed technology will evolve in South Africa to the point where it is re-exported back to the countries of origin, because local conditions favour the process.

"The conference is being held in South Africa because of these peculiar local conditions, such as the large reserves of poor quality coal and the high wastage, the move away from oil-based technology and the basic commitment to coal," he said.

Way found to use low grade ore

A new process deriving energy from coal, called fluidised bed combustion, could effectively increase South Africa's limited coal re-

poor quality ore which is usually dumped or left unmined.

"The fluidised bed combustor can be used for gas, power and heating applications, and operates at a higher combustion efficiency than conventional oil or coal-fired equipment," said Mr George Hall, a director of Energy Equipment, local specialists in fluidised bed techniques

These systems can be operated at a high efficiency even when burning coal with a high ash content, or coal which is too small for use in other power systems

According to Professor R K Dutkiewicz, of the University of Cape Town's Energy Research Institute, South Africa has extractable reserves of about 75 000-million tons of coal

This is coal with an ash content of less than 35 percent

Few conventional coal-burning systems can efficiently burn ore with a higher ash content

Reserves

But the fluidised bed process can burn coal with an ash content of up to 50 percent

South Africa has immense reserves of this low grade coal, which is not mined because there is no demand for it

"The more applications which can be turned over to the fluidised bed technique, the more high grade ore can be conserved, and South Africa's coal reserves effectively increased," said Mr Hunt

"This would mean a longer life for the coal industry"

In addition, industrial, municipal and agricultural waste such as mealie cobs, peanut husks or even sewage sludge can be used as fuels with this technique

The principle of the fluidised bed system is based on the fact that above a certain velocity, the passage of a gas through a bed of finely divided particles can cause the material to act as a fluid.

Application

The bed, made from a stable substance like sand, forms an ideal environment for the combustion of a wide range of fuels, when ventilated and heated to a certain temperature

The rest of the process is determined by the application For example, the combustion can be pressurised and channeled through the steam turbine to generate power.

Alternatively, the heat from the combustion may be used to dry animal feedstuffs, such as lucerne

Pollution risks can be lowered with this system, according to Mr Hunt

If fuels with a high sulphur content are burned, the addition of lime or dolomite to the process can limit the sulphur dioxide emissions in the exhaust to stringent levels

Besides having a wide range of possible fuels to choose from, these fuels should be relatively inexpensive

"The low quality ore which is not mined can be used, as can the dumps laid down over the years which have not yet caught fire," he said

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DECEMBER COAL SALES

	Dec 1980	Progressive total to Dec 1980	Dec 1979
	'000 metric tons		
AAC			
Amcoal			
Coal (12)	2763	33412	32552
Coke (12)	43	512	497
Indumeni (12)	28	363	389
Morupule (12)	31	368	341
Natal Anth (12)	76	1134	1089
Swaziland (9)	10	122	137
Vierfontein (12)	99	1306	1642
Wankie			
Coal (4)	152	584	834
Coke (4)	18	64	83
GFSA			
Apex (12)	159	1909	147
LONRHO			
Duiker Explor (3)	249	667	193

	Dec 1980	Progressive total to Dec 1980	Dec 1979
	'000 metric tons		
GENERAL MINING			
Afrikander Props			
Delmas (6)	168	1112	966
Clydesdale			
Coalbrook (6)	190	2047	1838
New Clydes (6)	126	696	657
Trans-Natal			
Blinkpan (6)	160	983	924
Ermelo (6)	190	1737	1483
Haasfontein (6)	82	458	450
Hlobane (6)	83	479	502
Kilbarchan (6)	119	739	1050
Matla (6)	313	1610	577
Northfield (6)	27	202	203
TNC Opencast (6)	108	572	587
Tvl Navigation (6)	146	888	918
Usutu (6)	307	2087	2249
Optimum (6)	498	3044	2799

	Dec 1980	Progressive total to Dec 1980	Dec 1979
	'000 metric tons		
RAND MINES			
Welgedacht			
Open Pit (3)	41	143	33
Umgala (3)	77	225	620
Utrecht (3)	27	67	18
Zimbutu (3)	28	85	25
Witbank Coll			
Albion (3)	65	197	340
Douglas (3)	152	540	112
Duvha (3)	222	724	—
Union (3)	30	91	18
Van Dyks Drift (3)	256	831	229
Wolvekrans (3)	133	411	112
JCI			
Phoenix (6)	90	486	60
S Witbank (6)	82	604	80
Tavistock (6)	148	972	112

Figures in parentheses are the number of months in each company's financial year completed at the end of December

RDM 3/2/81

New coal prices

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Financial Reporter

THE 11% pithead coal price rises announced by the Price Controller were in line with the expectations of the industry

Mr Allen Sealey, head of Rand Mines coal division, said the industry had made a contribution to the efforts to combat inflation by not asking for increased prices to fully cover higher costs and inflation

"With inflation at 16%, the rises do not cover increased costs, but they are some compensation "

The new prices, with last year's figures in parenthesis, are

Grade D, less than 25,5 mj/kg 1 020c a ton (904c)

Grade C, 25,5 mj/kg and less than 26,5 mj/kg 1 060,5c (940c)

Grade B, 26,5 mj/kg but less than 27,5 mj/kg 1 101c (976c)

Grade A, 27,5 mj/kg but less than 28,5 mj/kg 1 141,5c (1 012c).

SYNFUEL

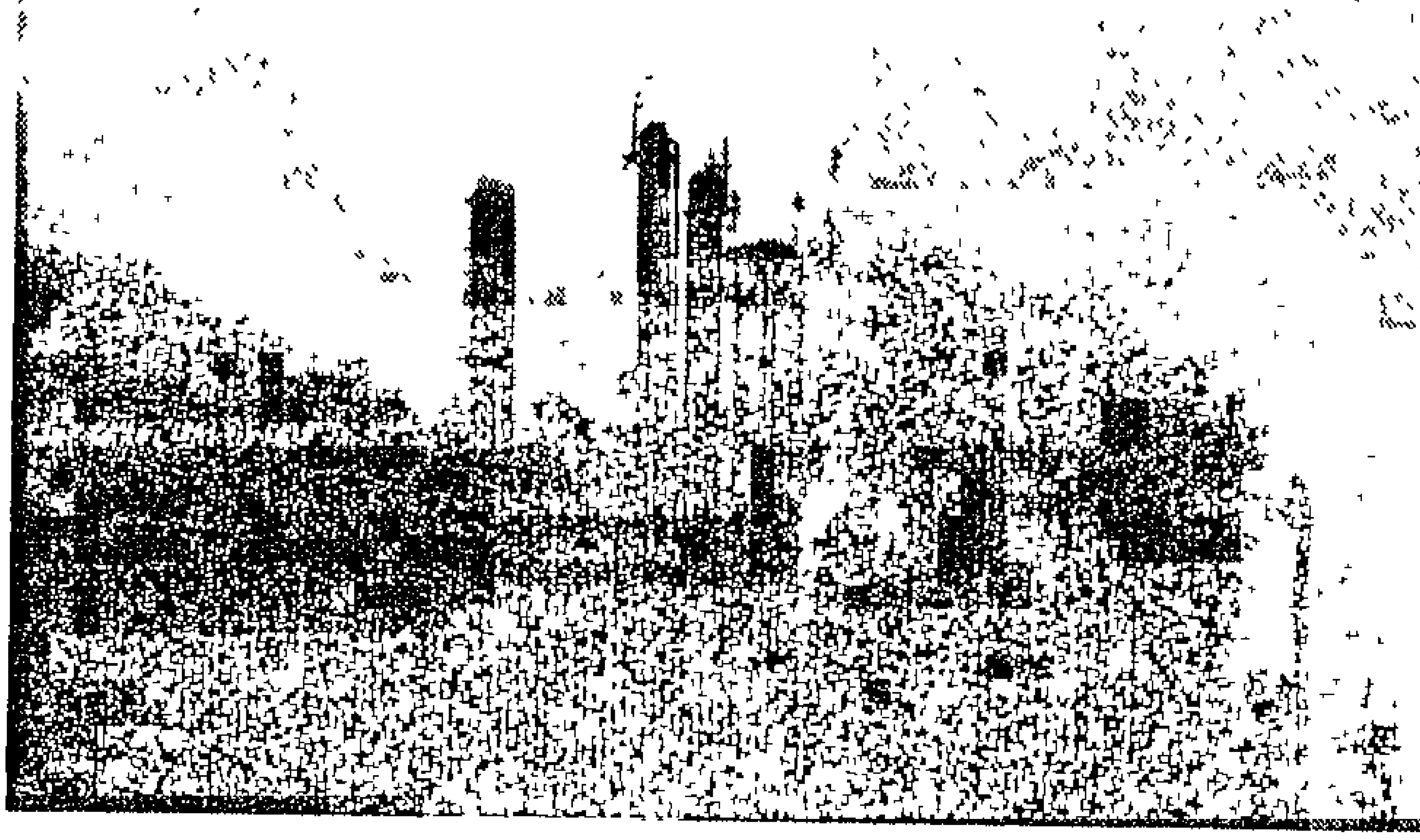
215 FM 6/2/81

Sasol shows 'em how

Sasol's plans to export its oil-from-coal know-how to the world have got off to a good start The company is acting as consultant to three planned coal gasifica-tion or liquefaction projects in the United States and one in Australia This work could lead to technology licensing agreements

In addition, says general manager Jan Hoogendoorn, the company has a "fair" chance of negotiating similar deals with "at least three more" schemes in other parts of the world

Sasol has a joint agreement with the US based Fluor Corporation, the manag-ing contractor for Sasol 2 and 3, to market and license its technology abroad, and the most significant outcome of this arrange-ment so far involves a full-scale oil-from-coal plant planned by Texas Eastern util-ity company with Fluor as the main contractor



Sasol . sharing its know-how with the world

Though a final decision to proceed has not been taken, this scheme, costing be-tween $3 billion and $5 billion, will be on a similar scale to Sasol 2, and will use Lurgi-Sasol gasification technology and the Sasol Synthol process developed from the German Fischer-Tropsch process

Sasol has also been appointed overall consultant for a synthetic natural gas project planned in North Dakota by a consortium led by another power utility, American Natural Resources This will use Lurgi-Sasol gasification technology and the gas output will eventually be about two-thirds of Sasol 2's

A similar plant, is also planned by a utility, Panhandle, in Wyoming, again us-ing Lurgi-Sasol gasification, and Sasol has just completed tests on the coal there

These projects were set in motion under President Carter's energy programme, which originally planned to pump $80 bil-lion into synthetic fuel and alternative energy development This figure was se-verely trimmed before Carter left office and it is not yet clear what direction the Reagan administration will take Nor has President Reagan appointed a new head of the Synthetic Fuels Corporation

But the view at Sasol is that the more hard-nosed Reagan approach will be good for the industry, because the energy pro-gramme is expected to concentrate on realistic possibilities and ignore the more fanciful schemes An encouraging pointer has been the move to decontrol oil prices, which will make synthetic fuels relatively more economically attractive

Equally interesting is Sasol's role in a Japanese project in Australia which will use the solvent refined coal (SRC) pro-cess The Sasol process is an indirect method whereby coal is first reduced to gas and then re-formed into liquid fuels

SRC is a direct process in which coal is reduced directly to liquid fuels without going through gasification SRC is widely believed to offer the prospect of better thermal efficiency and thus to be cheaper than the Sasol process, but so far it has not yet been proved in commercial scale production

Nevertheless, Sasol has been experi-menting with SRC and has developed its own variation of the process, called cata-lytic SRC, in a pilot plant This technology has proved suitable for use in the Austra-lian brown coal project

In 1977, Sasol signed a contract with the Japanese Kominic consortium (Kobe Steel, Mitsubishi Chemicals and Nissho-Iwai) to work on the project Now the consortium, plus two additional members (Idemitsu-Kosan and Asian Oil) have for-mally set up a company, Nippon Brown Coal Liquefaction, to build a demonstra-tion plant in Australia A demonstration plant is a half-way stage between a pilot plant and a full-scale commercial plant.

It will be financed under the Japanese government's Sunshine Project, with some Australian government participation, and will combine the Sasol SRC technology with other technology available within the consortium

Sasol is also negotiating with the Aus-tralian Coal Corporation to test 15 000 t of coal from the Milmerran coalfield in Queensland

COAL (215)

Polish upset FM 13/2/81

The surge in international coal prices seems set to continue throughout 1981 Prices for steam coal with a rating of 12 000 British Thermal Units per pound, and containing 1% sulphur and 13% ash, have increased 40% to about $70/t over the last 12 months on the Amsterdam-Rotterdam-Antwerp spot market

To a degree, this reflects the cost-push effect of sharply higher freight rates, but more importantly it is also a product of increasing demand, particularly in western Europe Another factor is the major fall-off in Polish exports due to the continuing political crisis in that country And even if there is no further sharp deterioration in the level of Polish exports in coming months — and many believe there will be — the supply-demand tightness which has already been built into the market seems set to guarantee another 10% to 15% increase in steam coal prices by the end of this year That could mean prices of over $80/t.

Polish coal exports reached a record 41 Mt in 1979, with just over 26 Mt coming to the West A further 15 Mt went to Poland's communist bloc allies, particularly the Soviet Union, which depends almost entirely on supplies from this source to meet its import requirements.

However, with the Polish mining industry facing disruption and stoppages in 1980, which ultimately led to the negotiation of a new labour contract between workers and government involving a five-day working week, exports fell to around 30 Mt. Some believe that a further sharp decline to around 20 Mt is possible in 1981, and former Polish Prime Minister Jozef Pinkowski has told workers that current output performance, if continued, could result in the complete cessation of exports And of course, should the simmering conflict between the newly-constituted unions and government explode into a major political — or, perhaps, military crisis, involving direct Soviet intervention — the result would be the same

Such a development would be a major blow to consumers and a welcome opportunity for other exporters, including SA, to boost international sales Undoubtedly, the withdrawal of Poland from the export market, of which it accounted for 20% in 1979, would generate prices for steam coal substantially above the $80 or so expected in any event by the end of the year — at least until alternative supplies suitably bridged the gap

The main burden of reduced Polish deliveries will fall on the western European market, to which Poland has been a major supplier over the years This market is currently experiencing a very rapid growth period, particularly in the steam coal sector Steam coal is used in the fuelling of power stations and heating systems, in which role it competes with oil Consequently, with the massive increase in oil prices in recent years, not to mention crude's supply vulnerability, coal-fired installations have been brought on stream instead of oil-fired facilities to meet increasing energy demand. In other cases, oil-fired power stations have been converted to coal

The effect of this dual development has been to sharply boost shipments of coal to power stations in Europe to a forecast 180 Mt this year from around 150 Mt in 1978 Unable to meet this extra demand domestically, western Europe has turned increasingly to foreign suppliers, including SA

According to the latest available figures, the EEC's total imports of hard coal in the first 10 months of last year amounted to 61,5 Mt, compared with 47,5 Mt in the comparable 1979 period, an increase of 29,5%, of which 15,6 Mt (or 25,3%) emanated from SA This represents a 22,5% increase on the first 10 months of 1979

SA is Europe's second largest supplier, after the US, which in the first 10 months of last year sold 22,5 Mt to the EEC

With output in the UK and West Germany slow to expand, and oil prices likely to continue rising in the foreseeable future, the EEC seems likely to become increasingly dependent on imported supplies of steam coal Moreover, if Polish exports do dry up altogether, increased reliance will be placed upon US and SA supplies And with the congestion at the key US coal port of Hampton Roads currently resulting in a queue of up to 200 vessels, anxious consumers could be increasingly tempted towards the SA market, despite higher shipping costs

Coal-export ceiling decision in May

13/2/87 (215) RDM

By ADAM PAYNE

THE Geological Survey and the energy division of the Department of Minerals and Energy Affairs have completed their studies of coal reserves and coal demand on which will depend the Government's decision whether to increase exports above 44 million tons a year — the ceiling for exports from 1987.

The decision on exports is expected to be announced in May after the new Parliament has been elected.

Dr Dirk Neethling, chief director, energy, in the Department of Minerals and Energy Affairs told me: "The survey of reserves was an assessment of the 1980 extractable coal reserves using 1980 methods of mining and 1980 prices.

"The demand study was carried out by the energy branch of the Department of Minerals and Energy Affairs jointly with the Minerals Bureau. It was done in close collaboration with consumer sectors such as Escom, the chemical industry, potential conversion industries, and the metallurgical industry.

"We are now putting these two studies together. This is just a stepping stone to what we believe will turn out to be an energy coal policy.

"The first objective is to look at our own supply situation as well as to consider the case for raising or not raising the 44-million tons exports ceiling.

By late May the Government should be able to announce whether the export ceiling will be raised and if so, who will get the allocations.

Dr Neethling said the opportunity had been taken to look at the total use of coal, basing conclusions on the mineable and not in situ reserves.

"We have considered the quantities of coal that will be consumed by Sasol and Escom, which will probably be using about 75% of local consumption in about two years.

"We may look at the question of providing more incentive for upgrading coal."

He said the report on which the Minister of Minerals and Energy Affairs would base his decision on exports would have been ready in April but with the election pending the information would be supplied after April 29.

He said: "We are looking at the optimum use of coal. The Geological Survey is establishing a large computer data bank which will be based on a borehole to borehole basis and will be ongoing.

"This will be completed within two years and will be the first internal assessment of extractable coal reserves since the Petrick report in 1975.

"In future we shall be able to monitor these reserves in far greater detail than before."

COMMENT: Among the holders of coal reserves who have been pleading for a Government export allocation, if the ceiling is raised, are Johnnies and GFSA.

GFSA has reserves in the Eastern Transvaal convenient to the Richards Bay railway line and Johnnies has large quantities of coal in the Eastern Transvaal Highveld.

My guess is that the Government will raise the ceiling and that both Johnnies and GFSA will benefit. Johnnies has taken its first step to getting into exports by its agreement now being concluded with Total Oil to export 150 000 tons from Tavistock Colliery under Total's export umbrella.

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S.A. Industrial Week 24/2/81

SA mining group sites new coal terminal in Ghent

A SAFE PORT FOR EXPORTS


By Jim Penrith

COMMUNIST infiltration of most unions in Europe and widespread anti-South African feeling in the labour ranks was one of the reasons which prompted South African mining group Rand London Corporation's decision to site its new R35-million coal terminal in the friendly Belgian port of Ghent

Work begins in the coming month on the new terminal, which will be able to offload 1 000 tons of coal an hour and provide a gateway to Europe for South African exports of anthracite from Durban

Bernard Holtshousen, managing director of RLC, told me in an exclusive interview "Obviously the labour and union situation in Belgium played a part in our calculations We do think they are less likely to go on strike or refuse to handle South African shipments and we, in turn will help to alleviate the high rate (10 %) of unemployment there,"

And Captain Andre de Wilde, Ghent's port captain, who is currently in South Africa with the Mayor of Ghent, Placide de Paepe, and Oscar Wyckaert, general manager of the Generale Bankmaatschappij, to look at port facilities in Durban and

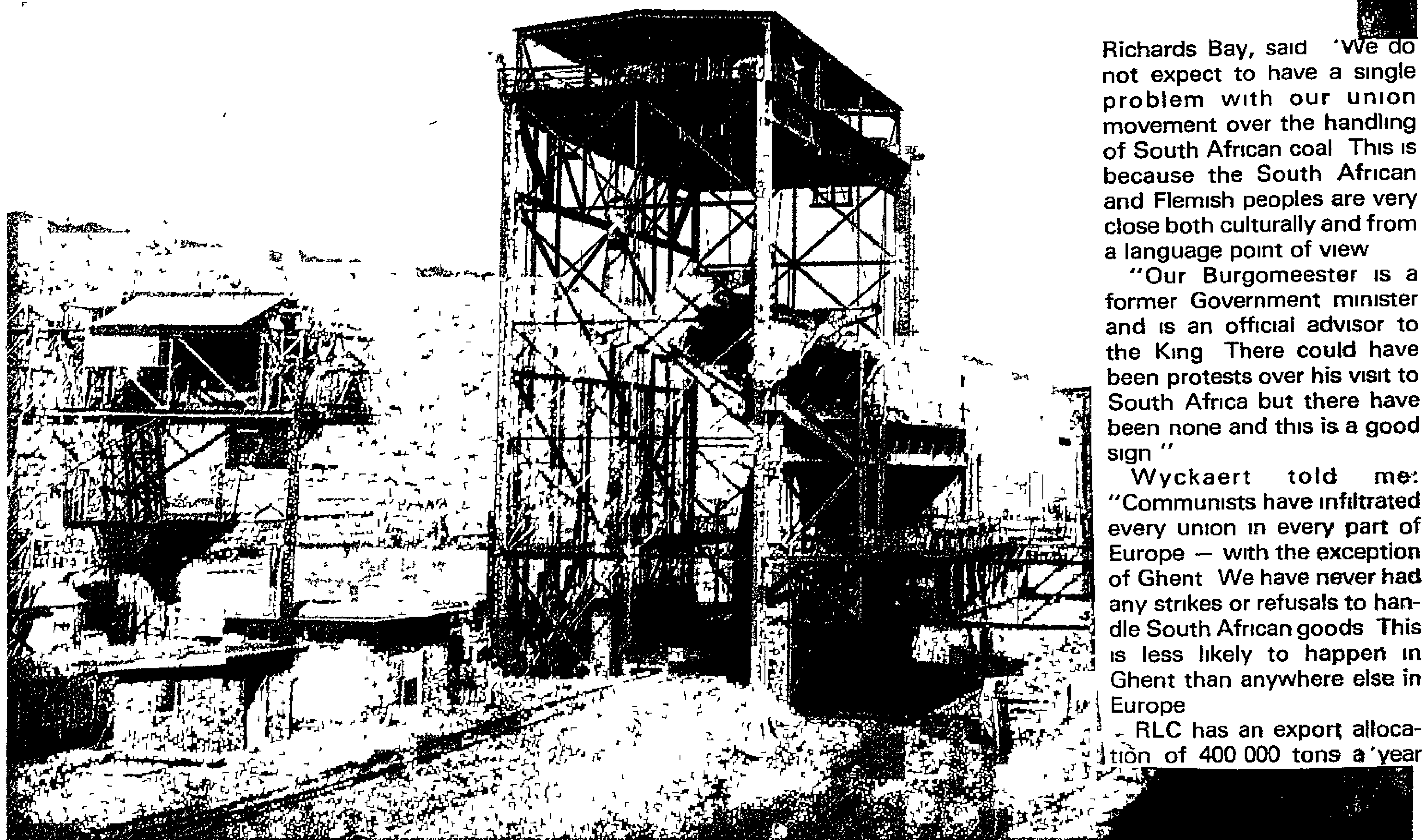
from Durban and initially half of this tonnage will be shipped to Ghent by a South African associate, Bulk Charters

BC managing director Norman Stobart said anthracite would be shipped under a "multitude" of flags "Safmarine has very few bulk carries and, being competitors, they might not let us charter their vessels," he said

"In the long term we plan to buy ships of up to 60 000 tons We are negotiating right now to this end We hope that on the bulk side we will outdistance Safmarine

"We would probably need one vessel for every 500 000 tons of the contract which would mean two ships this

• To Page 3


The coaling facility at Durban Harbour will receive a boost when anthracite is exported to the new export terminal in Ghent.
PICTURE Publicity and Travel Department, South African Railways

Richards Bay, said "We do not expect to have a single problem with our union movement over the handling of South African coal This is because the South African and Flemish peoples are very close both culturally and from a language point of view

"Our Burgomeester is a former Government minister and is an official advisor to the King There could have been protests over his visit to South Africa but there have been none and this is a good sign "

Wyckaert told me: "Communists have infiltrated every union in every part of Europe — with the exception of Ghent We have never had any strikes or refusals to handle South African goods This is less likely to happen in Ghent than anywhere else in Europe

RLC has an export allocation of 400 000 tons a year

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February 24, 1981 S.A. INDUSTRIAL WEEK Page 3

Ghent coal terminal

S.A. Industrial Week 24/2/81 215

• From Page 1

year for the projected million tons

"When we buy we will have to register them with a offshore company in Liberia or Panama Until we are able to buy our own vessels we will charter ships from other countries"

The Ghent terminal is being established by RLC in partnership with a British company, Anglo International Mining Corporation They will finance it along with the Generale Bankmaatschappij of Belgium and undisclosed South African financial institutions

Holtshousen said South African contractors would benefit to the tune of R6-million for equipment and materials fabricated here and shipped to Ghent

Apart from a 700 m quay wall to be built in two phases by the Belgium Government at a cost of R17-million, the terminal and its facilities have been designed by Technology and Management Services of Johannesburg, a firm of engineers which played a leading role in the development of Richards Bay harbour facilities

Holtshousen said the terminal would enable the Rand London group to control shipping, screening and blending and sell anthracite directly to retailers and consumers in Europe

"By having control of our shipping and exporting on a CIF basis, we expect to save this country about R10-million a year in foreign exchange", he said

The fully automated terminal will comprise two cranes with an offload rate of 24 000 tons of coal a day, a conveyor system, a screening plant, a stacker, storage and blending facilities, automatic sampling and equipment for loading the coal on to lorries, rail trucks, barges and coasters

Picture shows (from left) Standing: Oscar Wyckhaert, general manager Gernerale Bankmaatckappij, Captain André de Wilde, Port Captain, Ghent. Seated A C Heberpercy, chairman, Rand London Corporation, Placide de Paepe, Mayor of Ghent, and B W Holtshousen, managing director, Rand London Corporation.

FACULTY OF ENGINEERING

Corporation Medals
For the best student in each of the 2nd, 3rd and final years.

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Miss G C Littlewort

Third Year (Silver Medal)

Miss N C Davidson

Fourth Year (Gold Medal)

P M Salmon
T J Cumming
D P Weeks
J H Rens
B F McCleland

Professor George Menzies Prize
Awarded on results of final examinations to the best male student in Land Surveying or Civil Engineering.

J H Rens

Sammy Sacks Memorial Pri...
Awarded to the best classwork ... Drawing.

L Menegaldo

A E & C I Prize
For the first y... obtaining the h... mark.

G L Cragg

830 more protest at park mining

13/2/8 Star 215

Another 830 signatures from all over South Africa as well as the US, Britain, Uruguay, Australia and New Zealand have been added to the petition protesting coal mining in the Kruger Park.

Among a batch delivered to The Star's CARE campaign by the Wildlife Society this week were 300 from Newcastle and hundreds from Eshowe, Maritzburg, Witbank and Cape Town.

Although the petition officially closed last June when CARE took 55 000 to the Minister of Environmental Conservation at least another 10 000 have been received since.

(215)

Coal resources/reserves

Hans 5 Q. C262 26/2/81

148 Mr I F A DE VILLIERS asked the Minister of Mineral and Energy Affairs

(1) Whether a re-estimate of the Republic's coal resources and reserves was made during 1980, if so,

(2) whether any (a) figures and (b) findings are available, if so, what are they, if not, when are they expected to be available?

The MINISTER OF MINERAL AND ENERGY AFFAIRS

(1) Yes, an interim assessment of the total proven mineable coal reserves at 1980 prices and mining methods has been made by the Geological Survey branch of my Department with the full co-operation of the coal mining industry and coal owners

(2)(a) and (b) These figures will not be released now since they are presently being integrated with those of an investigation into the anticipated demand for coal up to the year 2020, which has been undertaken at the same time, in order to be of practical value This task is expected to be completed by April 1981

COAL (215) FM 27/2/81

Exports derailed

Ad hoc permits granted by the SAR & H to the Durban Coal Exporters Association have been withdrawn indefinitely — probably until September — because of repairs which must be carried out on the Natal main line

Coal will form base of world growth

S.Times 1/3/81 (215)

By Andrew McNulty

MOST of the growth in industrial, residential and commercial sectors in industrial countries — including South Africa — will come from coal and from nuclear energy during the next two decades

This is among findings of a new study on the world energy outlook by the leading multinational oil company, Exxon Corporation

Both coal and uranium are commodities of which South Africa is a leading world supplier

Latest projections on demand bode well for export markets and prices during the coming 20 years

Uranium demand in particular has been depressed but there are growing views that a significant upturn must come before the mid-1980's

The Exxon report finds that in Europe, nuclear remains the most rapidly growing major component of the region's energy supply and is expected to increase its share from 3% of total energy requirements in 1979 to 16% by 2000

The report released exclusively to Business Times this week, concludes that world coal demand should increase from 36-million barrels a day oil equivalent in 1979 to 68-million barrels a day by 2000, an annual growth of 3%

Among major consuming regions, the Far East and the United States are expected to lead in increases in coal demand with average growth rates of 4% and 5% a year respectively

European demand is expected to grow more slowly at 2,5% a year, and in the Centrally Planned Economies (CPE) at less than 2% a year

The United States will continue to be the world's largest coal producer, its share of world coal supply increasing from 23% in 1979 to about 28% by 2000

Europe's coal production is expected to increase very little, despite a growing penetration of coal in the industrial and power generation sectors Its share of world supplies will decline from 12% in 1979 to 8% by 2000

Three-fourths of the growth in Europe's coal demand is expected to be supplied by imports

Production capacity for export markets will increase in Australia, South Africa, Columbia, the United States, Canada and the CPE

"Seaborne coal trade is expected almost to quadruple from about 160-million tons hard coal equivalent (about 2-million barrels a day oil equivalent) in 1979 to over 600-million tons (almost 8-million barrels a day oil equivalent) by 2000, indicating considerable need for expanded transportation and port facilities "

Japanese coal consumption is expected to grow in all sectors, by 2000 accounting for 15% of electricity generating capacity compared to 4% in 1979,

Other findings of the Exxon report, include

- World energy demand is expected to grow about 2,5% a year, less than the world economic growth and less than half the 1965 to 1973 energy growth rate

Even at the lower rate, world energy demand will increase 65% by 2000

- Only a modest increase in world production of conventional oil is anticipated

Volumes available for international trade are expected to show a net decline as oil exporting countries increase domestic consumption

"Consequently, the industrial countries no longer can rely on conventional oil for increases in their energy requirements "

- For the next few decades, world energy demand will have to be met mainly by non-renewable fossil fuels and nuclear energy,
- Real energy costs are likely to rise throughout the period
- Production of synthetic fuels, especially liquids will be needed during the late 1980's and in the 1990's to meet demands for transportation and other uses for which fuel substitution opportunities are limited

RDM 2/3/81

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SA bonanza from world coal shortfall

By JOHN MULCAHY
Mining Editor

THE improved efficiency of the Richards Bay Coal Terminal and increased capacity on the railway line to the coast have allowed South African steam-coal exporters to take advantage of the exceptional rise in spot prices brought about by the upheaval in Poland and strikes in Australia

Coal's export prices on a spot basis have doubled over the past year, but the industry's capacity to exploit this is restrained by Government export allocations and the ability of the SAR and Richards Bay to handle volume

In spite of the largely contractual nature of SA coal exports the surplus available for sale on the spot market will have significant benefits for several producers

The Richards Bay installation, which originally handled 20-million tons a year, is now capable of handling 26-million tons a year and there is a possibility of extending this to 28-million tons a year soon

Shortfalls in supply from Poland and Australia have led to unprecedented demands on West Virginia coal, and infrastructural problems in the US have resulted in inordinate loading delays with upwards of 100 ships waiting at the port of Newport News in Virginia at times

Demurrage charges at the port are high, running at about R9 a ton, and this has added to the increase in the international coal spot price

Most coal exports from South Africa are based on long term contracts ranging from five to 20 years, with prices negotiated on an annual basis

A spokesman for the Transvaal Coal Owners Association said prices for 1981 were agreed on in August September last year, so the effects of the steep rise in spot prices over the past two months would be of no immediate benefit in respect of the contract part of exporters' business

The TCOA spokesman said one noticeable effect of the present world supply bottleneck was a flood of requests from most customers for additional shipments

Mr Graham Boustred, chairman of Anglo American Coal Corporation, said it was ironic that while the coal spot price was rising, SA producers were involved in difficult price negotiations with Japanese customers

He said SA producers had developed strong relations with their customers, based on reliability of supply, and these contacts would be maintained to the longer term advantage of exporters

Mr Boustred said that even if the demand and price levels remained strong for some time, some contracts were not due for renewal in the short-term, although others would benefit sooner

He said 90% of SA coal-export contracts had renewal options, and all indications were that most customers would exercise their options

On the international scene, the surge in demand for US coal started developing last year when the price of high-grade, low-sulphur coal from the West Virginia mines, which are highly mechanised, dropped below the European average and below the price Japan was paying other sources

The US coal is in demand for power station use as it is relatively clean-burning causing less air pollution

The price advantage for US coal was followed by a sharp fall in supplies from Poland and a series of strikes in Australia

Added to these factors came the Iran/Iraq conflict and France, which relies heavily on Gulf crude oil, was forced to look elsewhere for a reliable source of fuel for electric power

France has signed a coal deal with US exporters, and such is the confidence in long-term prospects that four US companies will build a major coal terminal at Newport News

Coal men look to big hike in export quotas

SA Industrial Wlc 10/3/81

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By Lynn Carlisle

TOP COAL men foresee export quotas being increased to 70-million tons from the authorised 44-million annually after Parliament studies in May a substantially updated report on economically recoverable coal resources and escalating world demands

A Governmental go-ahead to hit this target by the late-1980s will lead to South Africa dominating the export market with the United States and trebling present foreign currency earnings to nearly R3 000-million.

It will also mean job opportunities for tens of thousands of additional workers in and outside the coal industry

"The demand for coal as a world energy source is now," says Roland Hoare, general manager (finance) of the Transvaal Coal Owners' Association

Coal experts assure that increasing exports to 70-million tons annually will have "a minor effect" on the life expectancy of local recoverable resources in the long term And infrastructural expansion to produce and export is and will progress to handle this increase

There is a "lot of optimism" in the coal industry that the up-dating of the Petrick Commission Report of 1975 will convince Government that the 44-million tons, based on an energy situation and not an infrastructural one, is "too small"

"We believe the up-date will throw it up to 70-million tons," says chairman of Rand London Coal, Bernard Holtshousen

South Africa'a annual 100-million tons production of which 26-million is exported, is said to be out of proportion with its potential and that for exports. A substantial increase will give those smaller producers without an effective lobby the chance of an export allocation

Faced with the urgent need to restructure its energy markets in recent years, the world at large has already started boosting the once cinderalla coal industry

A joint Russo-Polish decision last month to cut by half their annual 45-million ton coal contract to EEC countries may appear to have bullish short-term possibilities but it will not affect a May decision by Parliament, sources agree.

"Local coal producers and exporters are fully committed now, but the years ahead should prove promising as higher prices expected for energy make recovery increasingly economical," says a mining authority

He says that coal is already beginning to enjoy an Indian summer while changes in parameters have had the effect of increasing recoverable reserves to roughly 60 000-million tons

According to Dr C Brink of the CSIR, coal research has been neglected for 30 years but moves to make up for lost time are now underway

But the future picture must not be painted to make coal exports look too rosy, says Richards Bird, managing director of the Coal Owners' Association

"Coal prices took off in 1979/80 but we expect a levelling off soon, so we must be sure it will remain economic to ultimately export 70-million t which will only flow by about 1990," he says.

All sources agree that Government is on the right track while praising the SA Railways for the manner in which they had and were continuing to improve railage from the coalfields to Richards Bay

The consensus that exports depend heavily on the Independent Coal Producers continuing to expand their coal terminal facilities at Richards Bay as the ports of Maputo, Durban East London and Saldanha Bay will offer little economic shipping relief for increased exports.

"Exporters may find problems obtaining bulk carriers exceeding 100 000 t although the ship building order books are full of contracts for more," says a mining research authority.

SAR projects co-ordinator John Walls says there is no question that improvements and extensions to the coaldfields — Richards Bay lines and yards will be completed on schedule by 1986, and will be capable of carrying an extra 20-million tons annually It is designed for the approved 44-million tons

"Our biggest problem will be building in our workshops an additional 2 000 of the latest coal carrying wagons which would take from 2½ to 3 years if Government gives us the signal," says Walls

The present giant trains carrying 4 900 t each would increase their carrying load to 16 00 t once track strengthening and gradient levelling is completed, he says.

50% rise in coal output on the way

RDM 14/3/81 (215)

By JOHN MULCAHY

THE South African coal industry is growing at a remarkable rate and in the five years to 1985 production is expected to increase by more than 50%.

Mr Graham Thompson, senior manager, projects and technical, of General Mining Union Corporation's coal division, and a member of the collieries committee of the Chamber of Mines, said that a 50% increase in Escom's generating capacity would be backed up by a possible 50% rise in coal exports with commissioning of Richards Bay Phase 3 and by greatly increased demands from Sasol.

He said in a paper delivered to the annual meeting of the South African Colliery Managers Association that almost all companies preparing to increase exports through Richards Bay were faced with tight construction schedules and coal preparation expertise would be at a premium over the next few years.

Continued apprehension about a Soviet invasion of Poland could seriously affect exports from that country, said Mr Thompson.

In addition, the recent widening of the Suez Canal to take bulk carriers of 150 000 tons was likely to benefit coal shipments from South Africa.

Mr Thompson referred to the importance of improved extraction. "Between 1968 and 1978 the average extraction of coal mined in South Africa rose to 63% from 48%, largely as a result of a considerable increase in the proportion of coal mined by open-cast methods.

"However, three-quarters of our coal is won by underground methods and it is in this sphere that regrettably not enough progress is being made."

Most producers were convinced of the need for improved underground extraction methods, but the many problems seemed usually to act as a deterrent

Mr Thompson said a working group vacation school had led to a set of guidelines being prepared similar to those for open-cast mining.

"It is hoped that these will assist in allaying much of the apprehension which exists about implementation of increased underground extraction"

It was significant that a South African colliery in September last year established a world record for one month's production from a longwall face

While a number of new operations planned to use the longwall method, engineering costs for longwall mining had turned out to be higher than expected, and pillar extraction methods using continuous miners generally promised the most success

A matter of concern to the industry was the loss of reserves because of arbitrary expropriations of the surface of coal-bearing areas, caused by unduly onerous conditions imposed with undermining permissions The collieries had made representations to the Government on the matter

Some relief had been obtained with the establishment of liasion with the Department of Planning through the Chamber of Mines technical adviser, but the problem had by no means been solved

Zoetmelk coal mine now in production

Finance Reporter NM 17/3/81 (215)

ONE OF the largest anthracite mines in South Africa, Zoetmelk, 40 km north of Vryheid, is now in production — less than a year after its owner, Rand London Coal Ltd, decided to exercise its mining options acquired in late 1978.

The mine will have an initial output of 40 000 tons of low-phosphorus anthracite a month, rising to nearly 60 000 tons a month as further phases of its development are programmed.

Zoetmelk has proven ore reserves of about 12 million tons but, when the further options recently acquired by Rand London Coal are exercised, this could rise to more than 20 million tons to give a mine life of approximately 30 years

Initially, capital expenditure will be about R5 million This is expected to increase to about R10 million when further development takes place

The bulk of Zoetmelk's production is destined for the domestic market, mainly the chemical industry, with about one-third earmarked for export.

At present, Zoetmelk is being mined by opencast methods with underground mining scheduled to begin in June.

Sample tests

The design and layout of the Zoetmelk cat preparation plant has been finalised after exhaustive bulk sample tests on both laboratory and pilot plant scale

The plant will use a drewboy bath and dense medium cyclone circuit with a capacity of 120 tons an hour.

The design is such that the two units can be used either in tandem as a two-stage separation, or in parallel with large coal fed into the bath circuit with the cyclone module handling the smaller size fraction, ensuring total flexibility to meet market requirements.

Final phase

During the final phase of 60 000 tons a month a second dense medium cyclone circuit will be added to provide a third washed product

Density control, feed rate, sampling and load-out control will be fully automated.

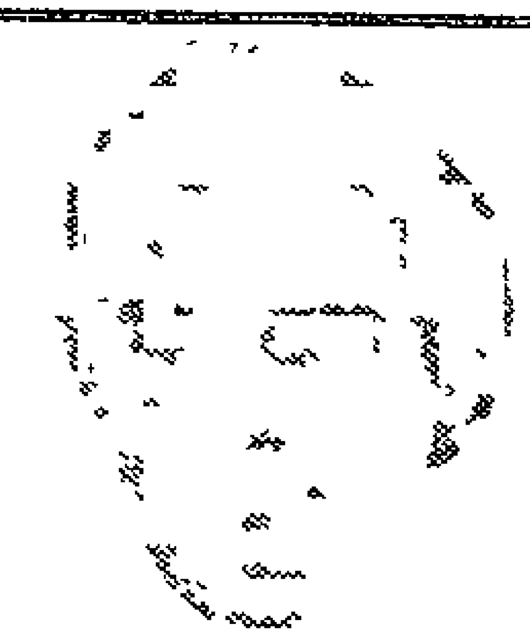
The mine will employ 31

Pressure on coal price

18/3/81 ROM 26

PRESSURE is rising within the coal industry for South Africa's coal exports to be made more expensive, so that this country's increasing coal extraction costs can be met without penalising domestic coal consumers

Simon Willson



Down to business

Despite the high reserve estimates of our coal resources, the process of extracting the stuff from the ground is not getting any cheaper

Costs are rising not only with the 15% inflation rate and the skilled labour shortage, but also with the built-in inevitability of having mined the easiest seams first and leaving the more difficult ones until later

If the domestic market is not to bear the growth-stunting brunt of funding the more advanced extraction technology required to maintain current output levels then the export market must

The latest call for a higher export price for South African coal has come from Gencor, whose coal division general manager came out in support of the move at last week's Safto energy exports conference*

The logic of the strategy is quite penetrating, the only variable being the exact extent of South Africa's proven recoverable coal reserves, and the proportion of annual production which can be exported without neglecting domestic requirements

Gencor, in common with most of the rest of the South African coal industry emphasises the closeness of the relationship between the general coal price and the rate of extraction of the resource

As the easier and more accessible seams are worked out, attention switches to the trickier seams and mining costs rise appreciably

Higher extraction rates can be achieved only by more expensive mining methods, the argument runs, but more expensive mining methods have to be justified by higher sales revenue from existing output

The coal industry contends that the domestic coal market has never supported the price increases necessary for investment in more advanced extraction technology and the evidence it cites supports this claim

From a 14-year statistical review of constant and current controlled coal prices, it is clear that prices remained essentially constant in real terms between 1960 and 1974

Indeed, were it not for a supply shortfall in the middle of the 70s prices would not have made even the small skip they did from R2 59 for a ton of Transvaal B grade in 1974, to R6 72 in 1977 (both at current prices)

The prices chart shows another levelling off in the domestic coal price since 1977, which indicates renewed relative stagnation in funding for additional production capacity

If Gencor is anything to go by, the industry is now getting restive as extraction becomes more difficult

In terms of domestic energy generation and its contribution to the growth rate the control of the domestic coal price is imperative as a policy instrument in the present go-for-growth economic strategy of the Government

The industry now wants another way to increase prices and raise revenues and the obvious means is the export market

There could hardly be a more propitious time for loading revenue-raising onto the export market Oil's upward price gymnastics and its intermittent politically schizophrenic supply profile have driven the energy importers of the West and Far East back to coal

South Africa's revenues from coal exports have risen from R37 300 000 in 1975 (a year before export-bound coal was routed through Richards Bay) to R687-million last year

Now Richards Bay throughput is to be escalated to 44-million tons a year by 1986, by which time estimated earnings will have topped R2 000-million

Demand is stable and the markets large the ideal revenue-raising opportunity, the coal industry exclaims

The price differences between the domestic and export coal markets id pronounced, peaking at R6 50 a B grade ton in 1978 and falling back to R4 60 last year

This differential, inadequate as it may have been from the industry's point of view, still had a direct influence on the percentage extraction

The combination of greater valuation of coal reserves and the viability of improved technology has resulted in real improvements in coal recovery

A Chamber of Mines survey conducted as long as three years ago showed that the average extraction rate per South African coal seam had improved from 48% during 1968 to 63% in 1978

What better indication, the coal industry is asking of the value and feasibility of future increases in the real export price?

* South African Coal Exports — the Issues at Stake, S P Ellis

	Exports	"B" Grade		
	Million tons	Mine realisation f.o.r. (R/ton)	Inland price f.o.r. (R/ton)	Difference (R/ton)
1974	1,2	5,50	2,70	2,80
1975	1,5	7,70	4,10	3,60
1976	3,5	9,50	5,70	3,80
1977	8,1	12,10	6,80	5,30
1978	10,3	14,00	7,50	6,50
1979	16,7	14,20	8,60	5,60
1980	22,5	14,20	9,60	4,60
1981	23,6	16.40	10,70	5,70

RDM 18/3/81 (215)

Coal mining begins at Sasol East 2

Financial Reporter

COAL mining operations at the new Sasol East 2 shaft systems of the Bosjesspruit Colliery started last month. This is the third shaft system of the mine to be commissioned.

The fourth and last shaft system at West 2 is due to start mining operations in July.

Together the four shaft systems of the Bosjesspruit mine will serve Sasol 2 and Sasol 3 and will have a total output of 27-million tons of coal a year — making it by far the largest underground coal mine in the world.

The managers and consulting engineers for all aspects of the project are Keeve, Steyn and Partners Incorporated. Gold Fields Cementation Mining Company are the contractors for sinking and equipping the shaft systems.

Each shaft system consists of an 11m diameter service shaft, a 10m diameter ventilation shaft and an inclined shaft with two conveyors each with a coal handling capacity of 2 000 tons an hour

The go-ahead for the additional coal handling facilities to serve Sasol 3 was given towards the end of March 1979 and sinking of the East 2 shafts started mid-July 1979. This new shaft system has therefore been brought into production in a record 22 months

RDM 18/3/81 (Coal)

Amcoal projects to total R1000m

By ADAM PAYNE

ANGLO American Coal Corporation's new projects, based principally on supplying Escom and opening a new colliery for export coal, will total R1 056-million in 1980 money terms. This includes capital spending to be financed by customers.

Mr W G Boustred, chairman of Amcoal, disclosing this in his annual review says the new Goedehoop colliery for export will produce 3-million tons annually under Amcoal's Phase 3 export entitlement through Richards Bay.

Preliminary estimates indicate the investment in the new colliery will total R214-million in 1980 money values.

At the end of 1980 the coal mining division was forecast to make new investments in its mining assets estimated at R434-million in 1980 money values compared with R371-million a year earlier.

These forecasts include Amcoal's investment in New Denmark colliery to supply coal for the 3 600MW Tutuka power station and in New Vaal colliery to supply coal for an 1 800MW Lethabo power station.

In addition, Amcoal has submitted an extended offer of coal supplies from New Vaal colliery to enable the generating capacity of the Lethabo power station to be doubled to 3 600MW which, if accepted, will increase the group's investment in the colliery by an estimated R126-million in 1980 money values.

Turning to financial policy, Mr Boustred comments that the group's cash forecasts indicate during 1982 and 1983 it will need to raise medium and long-term finance which, together with the substantial cash flow from its present business, will be required to fund the major capital investments planned at the New Denmark and New Vaal collieries an on developing the Goedehoop colliery.

"Discussions will be held with the major banks and financial institutions in South Africa and with Amcoal's holding company, AAC, with regard to the raising of the loans required to finance the group's new business" he says.

With effect from January 1 1981 the group's coal mining subsidiaries will amortise the cost of their mining assets by equal annual charges over the estimated life of each colliery, or over 30 years, whichever is the lesser, thus changing from generally adopted accounting practice in the South African mining industry.

This amortisation will be applied to buildings, machines and equipment in addition to property acquisition costs, capitalised exploration, evaluation and pre-production interest costs.

It is estimated the group's 1980 earnings of R79 100 000 (336,7c a share) would have been reduced by a provision for amortisation of about R10-million to R69-million (294c a share) had the new accounting policy been in effect during the year.

Estimates indicate the charge for amortisation in the current 15-month period ending March 31 1982 will be about R15-million but it is not foreseen that the introduction of amortisation will have any effect on the level of Amcoal's dividend declarations.

"Planned dividend growth should be maintained but the published earnings cover of these dividends will inevitably be reduced. Shareholders will of course appreciate that while the charge for amortisation will reduce their dividend cover the quality of the group's earnings will be further improved," Mr Boustred comments.

The planned commissioning date for the first generating set at the New Tutuka power station has been advanced from September 1986 to March 1985 and work on the development of the New Denmark colliery has started, with production scheduled approximately 15 months ahead of the earlier commissioning date.

The colliery will comprise two separate shaft systems and it is estimated that the expanded mine will cost R324-million in July 1980 money terms.

Amcoal will fund 60% of the cost of the colliery to completion but as construction will be phased over eight years and as it is expected the capital cost of new mining assets will continue to escalate, the final cost to completion will be considerably higher than the July 1980 money value, says Mr Boustred.

At the Lethabo power station Escom has advanced the planned commissioning date for the first generating set from the latter part of the 80's to September 1985 so that development of the colliery will have to start in 1982 to meet the station's advanced commissioning programme.

The capital cost of a colliery to supply the 1 800MW station is estimated at R127-million in July 1980 money. The extended offer will be submitted to Escom in June this year with the first provisional estimate of the capital cost of a colliery to supply coal for 3 600MW being put at R336-million in July 1980 money.

Subject to acceptance by Escom, Amcoal will fund 60% of the cost to completion which due to inflation over the extended period of construction will be substantially higher than the July 1980 money value cost.

FINANCE

AMCOAL PLANS R1 000-m EXPANSION

18/3/81 Argus

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MORE than R1 000-million in 1980 money values is to be spent on opening and developing coal mines owned by the country's biggest producer, Anglo American Coal Corporation.

About R774-million will be spent by Amcoal and another R282-million will come from customers such as Escom.

A new colliery, Goedehoop, is to be opened to supply three-million tons a year for the Richards Bay export programme, says the chairman, Mr W G Boustred, in his annual review today

This mine will cost R214-million, estimated at 1980 money values

MINING ASSETS

In addition, at the end of 1980 Amcoal's forecast of new investments in its mining assets was estimated at R343-million, compared with R371-million a year earlier.

These include Amcoal's investment in New Denmark to supply coal for the 3 600 Mw Tutaka power station and in New Vaal to supply coal for an 1 800 Mw Lethabo power station

If plans to double Lethabo's output go ahead, Amcoal's investment in New Vaal will rise by R126-million

The expansion at New Denmark is estimated to cost R324-million in 1980 money terms.

Expansion and the winning of contracts to supply two of the three new Escom power stations will result in coal output rising to 60-million tons a year

Reserves have risen by about 10 000-million run-of-mine tons Last year coal rights to 560-million tons were acquired and options over 60 000 ha bought.

MAJOR BANKS

Mr Boustred says talks will be held with major banks and financial institutions and with Anglo American Corporation about raising loans needed to finance the new developments

A new accounting policy means that mining assets will be depreciated by equal annual charges over the life of each colliery

This would have reduced the group's 1980 earnings of R79-million (336,7c a share) by a provision for amortisation of R10 million to R69-million or 294c a share

'It is not foreseen that the introduction of amortisation will have any effect on the level of Amcoal's dividends,' says Mr Boustred

Tom Hood

BUSINESS

Amcoal to spend R214-million on new Goedehoop colliery

A3681 SAM 215

By Geoff Shuttleworth

Amcoal is to open a new colliery, Goedehoop, to supply 3-million tons of coal annually as part of phase three export entitlement.

The chairman, Mr Graham Boustred, said in the annual review that preliminary capex requirements will total R214 million in 1980 money terms.

This expansion and the winning of the contracts to supply two of the three new Escom power stations will result in coal output per annum rising to 60-million tons a year.

In keeping with these forecasts Amcoal has increased its reserves to some 10 000 million run-of-mine tons. Last year coal rights to some 560 million tons were acquired and options over 60 000 hectares purchased. It is expected that a further 200 million tons will be purchased this year.

In order to take advantage of the third phase of the export programme, and to fund new collieries to meet Escom requirements, capex over the next few years will be R1 056 million in 1980 money terms.

"It will therefore be appreciated that over the next several years the group's capital expenditure programme and its investments in new coal mining assets will be running at very high levels indeed."

Turning to the year ahead, Mr Boustred said that profits for the current year from both the coal mining and refractory divisions will continue to show real growth.

"The year ahead will see the coal mining division concentrate on the consolidation of its operating collieries with particular attention being given to the containment of working costs."

During the year Amcoal purchased the outstanding shares in Vryheid Coronation at a cost of R11,6 million and this was met out of cash flow. The acquisition of Natal Anthracite calls for the payment of R34,1-million in cash in addition to the issue of 948 452 shares in Amcoal.

Short term loan facilities were arranged to cover a portion of the cash payment and it is expected that these borrowings will have been largely repaid out of cash flow by the end of the year.

The group's cash forecasts indicate that during 1982 and 1983 it will need to raise medium and long term finance, which, together with the substantial cash flow from its current business will be required to fund capex estimates.

Last year Amcoal achieved turnover of R465,5 million — a 20,8 percent increase over 1979 — and taxed profit was 18,9 percent higher at R85,3 million. This represents earnings of 336,7c a share (278,9c).

Mr Boustred commented briefly on the current updating of South Africa's coal reserves by the Department of Energy and Mineral Affairs.

"It is by no means certain that the Republic's coal exports should in fact be increased above the currently planned level of 44 million tons annually despite the probability that the updated study of coal reserves may disclose proven run of mine reserves in excess of 40 000 million tons.

"However, should it be decided that additional quantities of coal may be exported, then priority should be given, in the first instance, to extending the period of 30 years for which the existing 44 million tons per year authority has been granted."

Subsidiaries introduce accounting change

Amcoal's coal mining subsidiaries will amortise the cost of their mining assets by equal annual charges over the estimated life of each colliery or 30 years, whichever is the shorter effective January 1 this year.

This is a change from the generally adopted accounting practise in the local mining industry which makes no provision for the amortisation or depreciation of mining assets.

The amortisation will be applied to buildings, machines and equipment in addition to property acquisition costs, capitalised exploration evaluation and preproduction interest costs.

It is estimated that group earnings of 336,7c a share would have been reduced to 294c a share had the new accounting policy been in effect during the review period.

Because Amcoal's year end is to change to March 31 to coincide with Anglo (of which it now becomes a subsidiary) the amortisation charge for the corresponding 15 month period will be about R15 million, but it is not foreseen that amortisation will have any effect on the level of Amcoal's dividend declarations.

A first interim report dealing with the first three months to March 31 1981 will be published during May when it is intended to declare a first interim dividend. A second interim report dealing with the consequent six month period will be published in November 1981 and a second interim dividend will be declared for

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This suggests at least that the variables move in the
same direction (cash wage and total payment are higher
where more workers are employed and cash wage and total
payment also rise with distance from town) but in none of

Amcoal is now Anglo subsdiary

18/3/81 RDM

AMCOAL has become a subsidiary of Anglo American Corporation as a result of the scheme of acquisition by which Amcoal obtained the 92,4% shares of Natal Anthracite Colliery it did not already hold and AAC accepted shares in Amcoal for its holding of stock units in Natal Anthracite.

Consequently Amcoal's financial year end will change from December 31 to March 31 to conform with the AAC year end and the current financial year will cover the 15-month period ending March 31, 1982

A first interim report dealing with Amcoal's results for the three months to March 31 will be issued during May when it is intended to declare a first interim dividend for payment during July

A second interim report dealing with the group's results for the six months to September 30 will be published during November when a second interim dividend will be declared for payment during January, 1982

The results for the 15 months to March 31, 1982, will be announced during May, 1982, and the final dividend will be declared for payment during July, 1982

Thereafter the results for the first half of each financial year will be announced during November with the interim dividend declared for payment the following January and the year-end results will be published in May with the final dividend declared for payment during July. — Sapa.

l profits will continue to grow, says Boustred

18/3/81

AYNE

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"Amcoal's success in winning two of the three coal supply contracts awarded by Escom and its participation in the Phase 3 export programme has required it to embark on a major capital expenditure programme over the next several years

"The expansion opportunities brought about by this new business will result in coal output increasing to more than 60-million tons a year and will provide a sound basis for substantial and sustained growth in the years ahead," he comments

In 1980, Amcoal maintained its position as South Africa's largest coal producer contributing 30% of the country's total Amcoal's sales of coal and coke rose marginally by 700 000 tons to 33 700 000 tons generating turnover of R465-million and operating profit of R131-million

Turning to the export market, Mr Boustred says that all the indications are for a steady and substantial growth of coal as a primary energy source

The Department of Energy and Mineral Affairs is undertaking an updated study of coal reserves and coal demand in order to review the ultimate level of exports

"It is by no means certain that South Africa's coal exports should in fact be increased above the currently planned level of 44-million tons annually despite the probability that the updated study of coal reserves may disclose proven run-of-mine reserves in excess of 40 000-million tons," says Mr Boustred

"However, should it be decided that additional quantities of coal may be exported then priority should be given, in the first instance, to extending the period of 30 years for which the existing 44-million tons a year authority has been granted

"This 30-year period is unrealistically short in relation to the future period during which coal is expected to remain an economically viable source of energy"

He says the use of a proportion of the cash flow from exports to assist in the provision of major domestic expansion is one of the major principles on which the Government has to date based its allocation of export authorities and it is vital that this principle should be maintained to ensure that an escalating demand for coal within South Africa is adquately met and that the industry is placed on a sound financial footing

Review by the Chairman (215) FM 20/3/81

Anglo American Coal Corporation Limited

Earnings for 1980 rise by 20,7 per cent to R79 million

Expansion programme will result in coal output increasing to over 60 million tons a year – Mr W G Boustred

An abridgement of the annual statement by the chairman for the year ended December 31 1980

The profit attributable to Amcoal shareholders for 1980 was R79,1 million, an increase of 20,7 per cent over that earned for the previous year This satisfactory growth arose from an increase in the Group operating profit of 12,5 per cent a substantial reduction of R3,1 million in net interest charges and a reduction from 32,7 per cent to 31,2 per cent in the proportion of the Group's pre tax profit absorbed by taxation

Turnover of the Group rose by 20 8 per cent to R465,5 million and operating profit increased to R130,9 million The Group's profit before taxation of R124,1 million was 16,4 per cent above the 1979 pre tax profit of R106,6 million The tax charge for the year was R38,8 million of which R16,2 million was normal tax and R22,6 million was tax equalisation At the year end the Group s provision for tax equalisation stood at R88,8 million

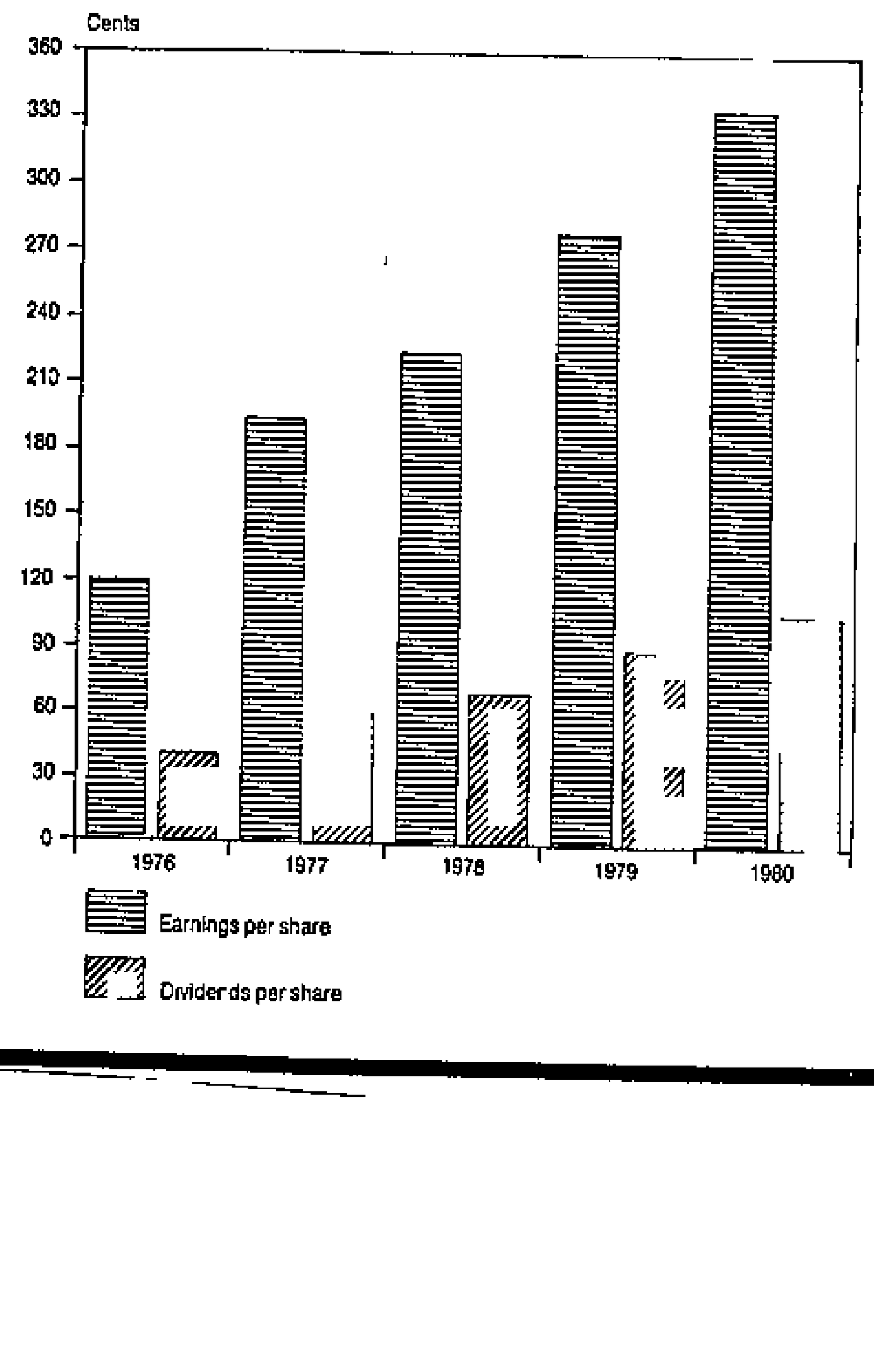
The profit after taxation of R85 3 million was an increase of 18,9 per cent over the R71,7 million of last year and after deducting the profit attributable to outside shareholders in subsidiary companies of R6,2 million the profit attributable to Amcoal shareholders increased from R65,5 million to R79,1 million, or 336 7 cents per share which compares with the 1979 earnings of 278 9 cents per share A final dividend of 72 cents per share has been declared making a total for the year of 108 cents which represents an increase of 20 per cent over the 90 cents distributed for 1979 and results in a dividend cover of 3 1 times which was the same as that for the previous year

Amcoal acquired the outstanding 34 per cent of the issued share capital of Vryheid Coronation for a cash payment of R11,6 million during August 1980 the acquisition taking effect from January 1 1980

Amcoal s acquisition of the 92,4 per cent of the issued share capital of Natal Anthracite not already owned by Amcoal became effective on January 1 1981 The consideration of R34,1 million in cash and 948 452 new shares in Amcoal was paid on February 27 1981 The new shares increased Amcoal's issued share capital by 4 0 per cent and these shares qualify for the 1980 final dividend of 72 cents per share

A consequence of the election by Anglo American Corporation of South Africa Limited to accept shares in Amcoal in exchange for its holding of stock units in Natal Anthracite Colliery is that Amcoal has become a subsidiary company of Anglo American Corporation The Anglo American Corporation s financial year ends on March 31 and it is necessary that all companies in the Group should have the same year end Accordingly the financial year under review will be the last to have a December 31 year end and the current financial year will cover the 15 month period ending March 31 1982

Earnings and dividends per share



COAL MINING ACTIVITIES

Turnover from the sales of coal and coke increased by 17,2 per cent to R363 5 million which resulted in an operating profit of R110,1 million an increase of 10 6 per cent over the operating profit of R99 5 million achieved in the previous year The tonnage of coal and coke sold during the year increased marginally by 0,7 million tons to a total of 33,7 million tons

The most noteworthy developments in the Group's coal mining division during 1980 were the decision by the Electricity Supply Commission (Escom) to exercise its option over additional coal supplies from New Denmark which will result in the new Tutuka station having a generating capacity of 3600 MW and a request from Escom that Amcoal submit an extended offer of coal supplies from New Vaal colliery to enable the planned generating capacity of Lethabo station to be increased from 1800 MW to 3600 MW In addition, the Richards Bay Coal Terminal Company (RBCT), the South African Railways (SAR) and those coal mining organisations, including Amcoal, who have a share of the Phase III export programme have decided to embark on a programme which will increase the exports of coal from the Republic to a total of 44 million tons by 1986

Amcoal maintained its position as the Republic's largest coal producer and contributed 30 per cent of South Africa s output of over 114 million tons in 1980

The Group s net expenditure on coal mining assets at R39 million was below the R55 million spent during 1979 and took place principally at Kleinkopje, Kriel and Bank collieries

At the end of 1980 the coal mining division was forecast to make new investments in its mining assets estimated at R434 million in 1980 money values These forecasts include the Group's investment in New Denmark to supply coal for the 3 600 MW Tutuka power station and in New Vaal to supply coal for an 1 800 MW Lethabo power station In addition the Group has decided to proceed with the construction of a new colliery Goedehoop, to supply the coal required to meet its Phase III export entitlement and preliminary estimates indicate that the investment in the new colliery will total R214 million in 1980 money values Furthermore, should Escom accept the extended offer of coal supplies from New Vaal to enable the generating capacity of the Lethabo power station to be increased to 3600 MW it is estimated that the Group s additional investment in mining assets at this colliery will be R126 million in 1980 money values

Group coal sales

Group sales of coal and coke for the year under review totalled 33 7 million tons which was 700 000 tons higher than the sales for 1979

Power generation

Operating collieries

Group collieries supplied 21 3 million tons of coal to Escom in 1980 compared with 21 6 million tons in 1979

At Arnot the demand from the power station was again below the productive capacity of the colliery A total of 5 4 million tons was sold to Escom, 0,1 million tons less than in 1979

Kriel was able to utilise the productive capacity of the colliery throughout the year as a result of a high level of demand from the power station through the winter months and sales of 8 5 million tons were 0 3 million tons higher than in 1979

For the first six months of the year Cornelia operated at lower levels of output in line with impossible: the authorities maintain a reasonably efficient system of policing pass requirements among Africans who are admittedly less scattered but far more numerous than farmers. It may be that the absence of written contracts of employment between farmers and most workers would make the task of the inspectors impossible, but it seems that this problem needs more careful study before it can be considered insuperable.

The problem not voiced by the 1951 Commission or by the Theron Commission is that many farmers, at least in the Karoo, seem to be in a position to respond to any pressure to raise wages by reducing their labour forces. The abundance of cheap labour available to the farms has encouraged farmers to employ more workers than are physically necessary to run the farm. Many of the farmers interviewed during this survey pointed out that in Australia, for example, where farm workers earn wages far higher than South African farm wages, farmers keep one or two workers on to handle a flock, and an area, which in South Africa would 'need' 10 workers. Smaller labour forces are made possible by the use of dogs, by carefully planned camp and run fencing (so that sheep can be directed from one place to another and handled by a minimum of workers) and by the use of contract workers at peak times - shearing, dosing, dipping, transport etc.

If wages and other costs on South African sheep farms are nearing the levels at which this sort of change becomes profitable - a question which cannot be answered here - moves to raise wages would not only reduce the chances of those already unemployed, or erratically employed, of finding jobs, but would add to their numbers.

In conclusion, therefore, it seems that attempts to set acceptable wage rates for farm workers are necessary, as a step towards enabling workers to bargain for themselves. But such attempts must be accompanied by the determined extension of schooling, of housing facilities in towns, of employment opportunities and by the removal of formal restrictions on African workers so that farm workers will be able to select from a series of alternatives. Only th some sort of control over their working lives.

SA coal price rises

RDM 21/3/81 215

TOKYO. — South Africa will raise the price of its estimated exports of 2 300 000 tons of coking coal to Japan for the 1981 fiscal year, starting next month

Six Japanese steelmakers and the Transvaal Coal Owners Association have agreed on a price increease over the $41,71 a ton fob paid for 2-million tons shipped this year, although they have not disclosed the new price — Reuter.

Sunday Express — **Business**

S. Express 22/3/81 (215)

Coal exports still a waiting game for men of the mines

ASPIRANT coal exporters anticipating a Government increase in coal export limits may be bitterly disappointed

Some of the country's major mining houses as well as many small coal mines are involved

It's now likely they'll have to wait several months for the announcement — and meanwhile fear they'll miss rich export markets

When Minister of Mineral and Energy Affairs F W de Klerk makes his promised statement on coal reserves next month, he may not be able to touch on the one question that is of cardinal importance to this country's coal-mining industry will the Government allow more than 44-million tons of coal a year to be exported?

The Sunday Express found out last week that this is because his department — now reassessing the country's coal reserves — has hardly dealt with the question of exports, and is unlikely to do so in time to incorporate it in his statement

The department is reassessing the Pettrick Commission Report, published in April, 1975 and immediately attacked by mining people as being too conservative

It stated that the country's reserves "in situ to a depth of 400m" was 90 000-million tons

Of that only 25 000-million tons was "economically extractable" by mining methods then used

It felt the rest would have to be left behind in pillars or could not be mined economically

Acting on that report, the Government set the maximum limit on exports at 44-million tons a year

This target will be achieved, for the first time, in about 1985 or 1986 when the current expansion to the coal terminal at Richards Bay will be complete

Mining men have been saying for years that South Africa is in the process of losing out on the current insatiable demand for coal in most countries

They claim — and among them is Tony Petersen, chairman of Rand Mines — that the coal bonanza will last for only another three decades when nuclear power stations will largely have replaced conventional coal-powered stations througout the world

They argue that if the 44-million ton allocation is not increased, South Africa will have exported only slightly more than 5% of the extractible coal the Pettrick report says we have by the end of that 30-year-period — a scant 1 320-million tons

"What are we going to do with the coal we have saved?" asks Ernest Gardner, chairman of the Durban Coal Exporters' Committee

"Our calculations are based on 30 years of coal export We believe that there is a limited life for the use of coal — that it will be supplanted in about 30 years by nuclear energy — and that we must exploit our deposits now

"We are hoping that when the Minister makes his statement he will increase the amount of coal that can be exported to at least 60-million tons a year, preferably 80-million

The SAR is also anxiously awaiting the Minister's statement because it will have to provide the trucks, locomotives and facilities at Richards Bay to handle another 16 to 26-million tons of coal a year

It will cost billions to enlarge the rail system that now carries 24-million tons a year to Richards Bay for export to cater for the tonnages mining men are hoping for

	...ber ...tle	How many cattle in milk		Members estimate Income from cream		Actual Income from cream		Income from milk		Using Dairy
		Summer	Winter	Summer	Winter	Summer	Winter	Summer	Winter	
1.		8	5	R40	R20	R13	R9	R40	R16	Yes
2.	2	8-10	5	R6-10	R4	R3,20	-	R2	R1	Yes
3.	5	3	2	R6	R4	R1	-	-	-	Yes
4.	12	6	5	R5	R1	R1,80	-	60c	-	Yes
5.	17	?	6	-	-	-	-	R2	R2	No
6.	9	?	2	-	-	-	-	-	-	No
7.	9	3	2	R1-10	-	-	-	R9	-	No
8.	7	3	1	R5	-	R2,30	-	-	-	Yes
9.	13	6	4	R24	-	-	-	-	-	No
10.	?	4	3	R20	R8-10	-	-	?	?	No
11.	20	20	6	R40	R20	R16	R10	R24	R20	Yes

For notes to table see following page

Notes to Table on page 15

1. Note that in many cases people say they are getting an income from cream whereas they do not actually send it.
2. Furthermore people estimate that they are getting more than twice as much money than they actually are.
3. I have worked out peoples "actual income" from the records of the amount each member is given when the Bloemfontein cheque is divided each month. The records cover one year.
4. Note. only 2-3 people used the creamery in winter and 6-9 people in summer.
5. Most of the men not using the dairy are very old and therefore cannot do the work involved. Six of them are not using their fields either.
6. The main difference between better and worse off people here is that between those with an F.E.U., which can support young sons and [illegible] therefore be utilised, and those with [illegible] land.

TCOA gets 30% more for Japan coal

RDM 25/3/81 (215)

By ADAM PAYNE

THE Transvaal Coal Owners' Association (TCOA) has renegotiated the price for the coming fiscal year to March 31, 1982, for its low ash blend coking coal contract with six Japanese steel mills at a figure 29,7% higher than the price for the year now ending on March 31

Mr Dick Bird, managing director of the TCOA, and a member of the negotiating team that went to Tokyo, told me "The new price from April 1 will be $55 a long ton fob Richards Bay compared with $42,38 a long ton fob Richards Bay in the past year

"South Africa will supply 2 300 000 long tons in the year to March 1982 compared with 2 million long tons in the past year"

A leading member of the industry said he considered this a good deal, adding "Our collieries' income under the contract has eroded over the years with annual price increases that have been inadequate to compensate for rising costs

"However, the 30% increase should compensate not only for increasing costs but also for the loss of income in rand terms because of the appreciation of the rand against the dollar

"The $55 price moves us into the same ball park as Australian producers of soft coking coal, although a direct comparison cannot yet be made because the Australians have not settled a final price with the Japanese

"They originally asked for $63 a long ton and the Japanese countered with $54,40

"The Australians have not only recurring labour problems but also face port congestion and high cost escalation on their mines They pleaded hardship because of this escalation"

The Australian mines will supply 5 500 000 long tons of soft coking coal — comparable to the South African product — but much larger quantities of hard coking coal South Africa has a shortage of hard coking coal and exports none

The 30% rise is considerably higher than last year's 7% rise over 1979 when the price was $39,45

COMMENT. The biggest supplier under the contract is Amcoal, which also has a separate contract for metallurgical coal exports from its Bank Colliery

Second under the Japanese contract is Witbank Colliery and third is Apex Mines, which according to its last annual report exported 488 690 tons of metallurgical coal in 1979. Trans-Natal Coal Corporation, from its Haasfontein Colliery, has the lowest quota.

Amcoal will make the largest profits from the improved price but this will have less impact on the company's overall earnings than the benefit accruing to Apex Mines, because the metallurgical export coal forms a larger part of Apex's income than it does for either Amcoal, Trans-Natal or Witbank

Apex's share rose R2 on Monday and there were buyers yesterday but no sales.

The company's profit after tax and capex last year was about R5 623 000 or 288c a share compared with R4 254 000 or 218c a share the previous year, an increase of 32%.

This year the improvement should be greater with a considerably larger income from low ash blend coking coal exports

The company's dividends totalled 170c last year providing an historic yield of 5,5% on the latest share price of R31

Japan pays 29,7% more for SA coal

CT 26/3/81

215

JOHANNESBURG — The Transvaal Coal Owner's Association (TCOA) has renegotiated the price for the coming fiscal year to March 31, 1982, for its low ash blend coking coal contract with six Japanese steel mills at a figure 29,7% higher than the unit price for the year ending on March 31

Mr Dick Bird, managing director of TCOA, a member of the negotiating team that went to Tokyo, said "The new price from April 1 will be $55 a long ton fob Richards Bay compared with $42,38 a long ton fob Richards Bay in the past year

"South Africa will supply 2 300 000 long tons in the year to March 1982 compared with 2-million long tons in the past year"

A leading member of the industry said he considered this a good deal adding "Our collieries' income under the contract has eroded over the years with annual price increases that have been inadequate to compensate for rising costs

"However, the 30% increase should compensate not only for increasing costs but also for the loss of income in rand terms because of the appreciation of the rand against the dollar

"The $55 price moves us into the same ball park as Australian producers of soft coking coal, although a direct comparison cannot yet be made because the Australians have not settled a final price with the Japanese

" I f ever there was a city where fresh air missionaries are needed it is Cape Town, where a large proportion of the population in the poorer districts seems to have a rooted objection to admitting fresh air and sunlight, the surest preventives of disease, into their homes The experience born of the Epidemic was a terrible revelation in this regard, and the more the fresh air habit can be encouraged in Cape Town the healthier will the City be."[50]

Yet, this ardour to bring about a healthier Cape Town did not last The services of the additional doctor were terminated in May 1919[51], the plan for a large new hospital on th

delay after delay[52] and the zeal f

than two years after 'Black Octob

"To-day in spite of the tr of the Influenza visitatic affairs in the slums has better. If anything, it since the housing problem advantageously upon the p other section of the Comm

This grave problem of overcro

For instance, at the memorial

Cemetery, the Archbishop of C

"...the seed of the hi many cases fell into cc were living under condi because of that that I been perhaps worse here

AMCOAL (215) FM 27/3/81

For the long haul

Activities: *Chief holding company for the Anglo American group coal interests Has 14 operating collieries and is SA's largest coal group A 52% interest is held in Vereeniging Refractories*

Chairman: *W G Boustred, managing director D Rankin*

Capital structure: *24,4m* ordinaries of 50c Market capitalisation R830m*

* After February 1981 issue of 948 452 ords for Natal Anthracite

Financial *Year to December 31 1980 Borrowings long- and medium-term, R26,5m, net short-term, R27,6m Debt equity ratio 19,9% Current ratio 0,9 Group cash flow R88,6m Capital commitments R56,5m*

Share market *Price 3 400c (1980-81 high, 4 000c, low, 2 200c, trading volume last quarter, 252 000 shares) Yields 9,9% on earnings, 3,2% on dividend Cover 3,1 PE ratio 10,1*

Amcoal has everything going for it coal reserves for about 300 years, soundly

1375

Initially, action by the Municipality and private enterprise promised much. On 31 October 1918 the City Council approved in principle a £250,000 housing scheme for its employees; the newly constituted Employers' Housing Committee and the Cape Town Chamber of Commerce followed this up with housing proposals of their own, while the latter's president, Richard Stuttaford, suggested the creation of a public utility company to establish a carefully laid-out garden city.

Early in 1919 a Citizen's Housing Council was set up to lobby the Government for housing legislation and drum up support for the City Council's £250,000 scheme which had to receive the assent of the ratepayers. Between March and August it held 15 public meetings which passed resolutions in favour of the scheme. At these, Cape Town's overcrowding problem was spelled out in detail "and in view of the experiences of the influenza epidemic," the Council concluded, "we feel that this question must be solved."[56] In August the City's

approved the scheme. At the same meeting they also agreed

provide home-loans for Council employees

assed Municipal (Provision of Homes)

rty, a measure aimed at stimulating the

as a further step taken by the City Council

hile at a national level the new Public

1919[58] provided for reports on housing

he Government to act against insanitary and

In July the Government appointed a Committee

Accommodation in Urban Areas.[59]

tion, by the end of 1920 hopes of a significant

ing situation had waned. The City's ratepayers

duction of site-value rating and it had had to be

withdrawn, plaity's home-loans plan had only attracted 21 applications[61] and its proposed expenditure of £250,000 on houses had been cut to £30,000 - and even then there were serious doubts as to whether these would be built.[62] Delay, red tape, rising costs and a fading sense of urgency had all taken their toll of the original enthusiasm for reform. "The housing problem in Cape Town ... has become based earnings and visible growth prospects for at least the next five years If there is one drawback, it is that retentions needed for medium-term capital spending plans make the share relatively unattractive to investors with near-term income and return objectives

Projects now on the drawing boards are expected to cost the group R774m in 1980 money terms over the next five years or so In inflated terms, it is probably safe to assume a figure of not much less than R1 billion And that, remember, is only for currently planned developments. Developments this year could well boost capital spending plans even further

	'77	'78	'79	'80
Coal and coke sales (Mt)	25,7	26 7	33 0	33,7
Turnover (Rm)	259	308	385	465
Pre-tax profit (Rm)	75	88	107	124
Earnings (c)	202	226	279	336
Dividends (c)	60	72	90	108
Net asset value (c)	714	874	1 076	1 291

Current plans are based on R434m to include the Escom-tied New Denmark colliery and expenditure on the first phase of New Vaal to supply coal for a 1 800 MW Lethabo power station If Lethabo is expanded to 3 600 MW capacity, Amcoal's additional capital spending cost is reckoned at R126m in 1980 money In addition, R214m is earmarked for a new colliery, Goedhoop, to supply export coal for the Richards Bay phase 3 expansion.

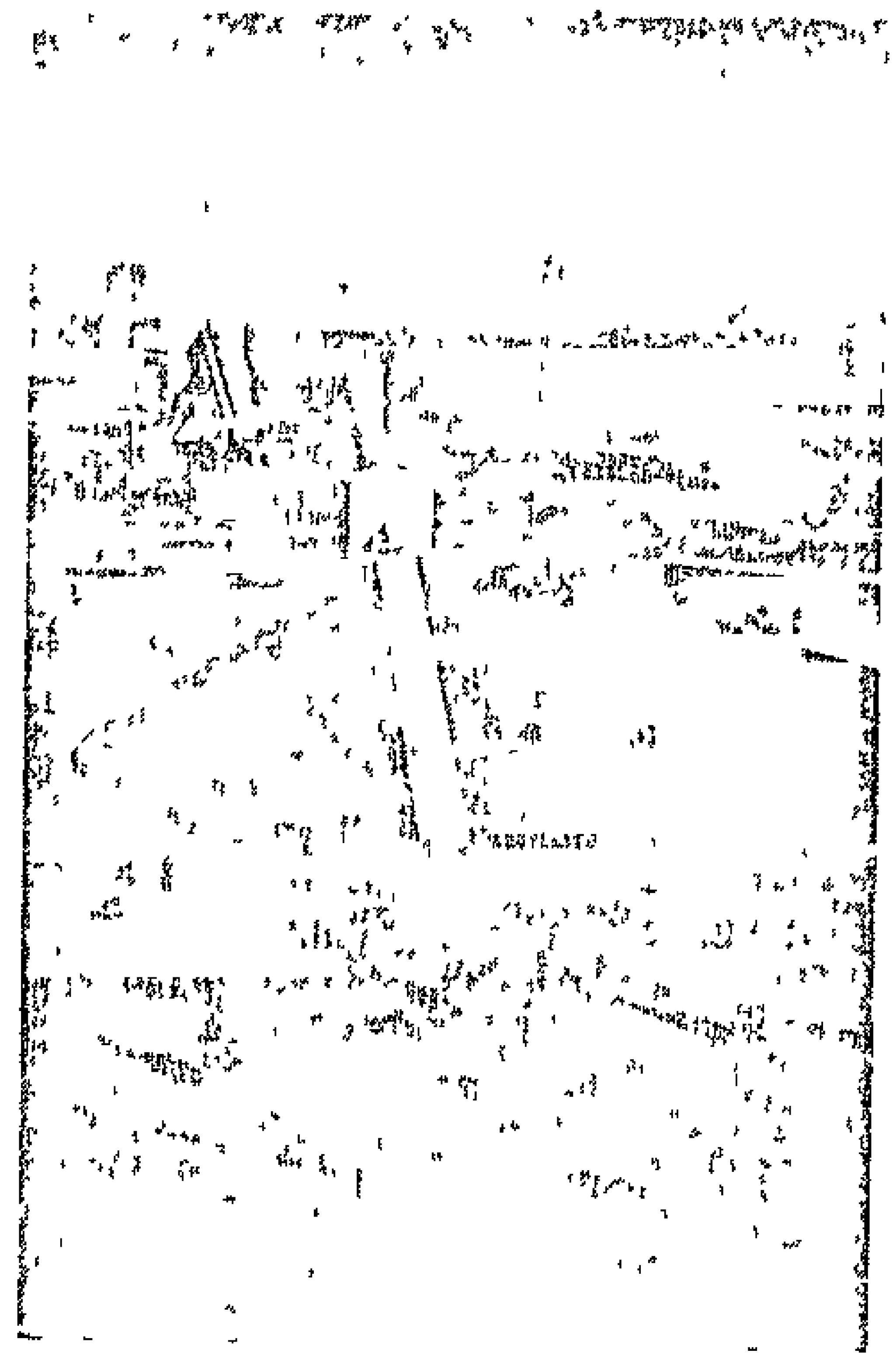
Perhaps this partly explains chairman Graham Boustred's apparent caution when he talks about possible export allocation increases Boustred proposes that if additional coal is to be exported, first consideration should be given to extending the present 30-years export programme By implication he is saying this would be preferable to tonnage increase within the existing 30 years limitation

At first glance, that seems an odd position to adopt Amcoal now has 10 000 Mt of coal reserves — sufficient for 300 years operations at current production levels With numbers like these, one of Amcoal's main objectives is probably to increase exploitation rates as quickly as possible. Even for Amcoal though, such an exercise may have to contend with funding constraints

The present development programme includes the raising of additional medium- and long-term loans — probably approaching R500m over the next five years That takes into account rising group cash flow and cost escalations as the various projects progress

Extrapolate that for further projects and it is clear that the group is likely to remain cash hungry for at least the next 10 years

Not that this is anything for shareholders to be fazed about Dividends have been rising in line with earnings at a 20%-odd clip for the past five or six years and there is no reason to doubt that a high



Amcoal . digging deeper will not be cheap

rate of increase can be maintained Nor should that rate of increase be threatened by planned accounting changes to amortise mining assets over the mine's remaining lives That will have no effect on cash flow and will merely result in a lower dividend cover on bottom line earnings

But to get back to Boustred's remarks on exports Though coal prices for available tonnages are currently above $40 fob Richards Bay, margins could weaken as other countries increase sales in the latter years of this decade And Boustred makes a case for further export allocations to be granted mainly to large groups, such as Amcoal, which have sufficient reserves and expertise to satisfy SA's growing domestic needs In other words, small producers should be precluded from creaming export profits if they are not prepared to accept lower prices for domestic sales tonnages It is an argument which is growing among the larger producers

More problematic at the moment are plans to develop a methanol-from-coal facility with Shell and AECI Apart from various cost factors which Boustred mentions in his statement, there has been market talk that all private enterprise coal conversion projects are having to

AMCOAL'S SALES MIX

	1979 Mt	%	1980 Mt	%
Escom	21 6	65	21,3	63
Export	6,6	20	7,8	23
Domestic	2,2	7	2,0	6
Iscor	1,7	5	1,7	5
Other	0 4	1	0 4	1
Coke	0,5	2	0,5	2
	33,0	100	33,7	100

await complete evaluation of SA's latest off-shore oil and gas discoveries Natural gas is a prime feedstock for methanol production

Getting back to investment basics, however, Amcoal should have no difficulty in paying an annualised dividend of at least 125c this year The year-end is being changed to March 31 Even if sales of certain coal types (particularly metallurgical) remain weak, higher export revenues and deliveries to local consumer should ensure a real profit advance in line with last year's

At 3 400c the share is on a minimum prospective yield of 3 7% That is hardly exciting for near-term investors, but the earnings and dividend growth potential are so good that the share should be in almost every portfolio *Jim Jones*

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memory of the relief provided at that time still remains fresh in the minds of some who received it.74

"Catastrophe", George Rosen, a noted historian of public health, has written, "often precedes and brings into sharp focus the need for social change."75 The second part of this statement is certainly true of the Spanish 'Flu and Cape Town, for the Epidemic dramatically highlighted many of the City's deficiencies. The first part of Rosen's contention is only half true in the case of Cape Town - the initial thrust for reform faded relatively quickly and later reforms

Why was this

Clouds over coal shares

S. Times 29/3/81 (215)

THE capital investment of at least R2 000-million in South African coal mining in the Eighties raises a question mark over the attractions of coal shares in the coming decade

The picture is also clouded by the prospect of far greater competitiveness in world coal markets predicted by coal-industry executives

But market analysts interviewed remain confident that coal shares are worth buying in view of the long-term promise of energy stocks

By Andrew McNulty

The magnitude of capital commitments by coal-mining companies involved in the remarkable growth of the industry was underlined this week by Amcoal (Anglo American Coal Corp), whose chairman, Graham Boustred, announced that the cost of new projects in hand totals R1 056-million in 1980 money terms

This includes new collieries for Escom and a new three-million-ton-a-year export colliery Goedehoop

Goedehoop is projected to cost R214-million in 1980 money This compares with a cost of R70-million for the Ermelo mines project, also a three-million-ton/year export mine, developed by Trans Natal Coal Corporation which started producing in 1977

Trans Natal is spending R350-million on expansion at a rate of R60-million to R80-million a year over the next five years

Both groups could yet see capital expenditure needs rise far higher if either announces it is to go ahead with a major fuel-from-coal venture

Also, although export coal prices are booming, and are expected to average more than $40 in 1981 against $28 last year, industry spokesmen say that they expect the trend to fluctuate

New capacity of as high as 160-million tons being developed in the United States with related infrastructure for exports is expected to affect world markets in the mid-1980s, just as the Richards Bay Phase 3 is on stream

Derek Molony, senior manager, development and marketing, of General Mining's coal division, told me "Any Phase 4 development of Richards Bay will be high-risk and the least profitable phase yet"

An increase by 20-million tons a year in Richards Bay's coal-export capacity will require spending of at least R1 200-million in 1981 money for mining and infrastructure

However, one analyst points out that South African producers have three big advantages

- They are established as a major, reliable force in the market
- South African coal has a lower sulphur content, and is therefore a more attractive product for power-station fuel than US coal
- US production costs are considerably higher, which will tend to raise rather than lower prices

The Amcoal annual report, released this week, shows that the rate of capital retentions has increased sharply But Mr Boustred says planned dividend growth — last year 20% — will be maintained

21/4/81

Star

Witbank miners go back underground

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Most of the 200 black mineworkers who staged a work-stoppage at the Phoenix Colliery in Witbank on Tuesday are back at work, and all shifts are operating normally.

Only the Basotho section of the 700-strong workforce was affected, said public relations officer for Johannesburg Consolidated Investments, Mr David Rowe.

Except for 25 employees, who indicated a desire to return home, all workers were back on the job yesterday.

Mr Rowe said the workers appeared to have reacted to the introduction of a new system of payment, whereby coalminers throughout the country received their pay-packets every 31 days, rather than after 30 shifts.

The new system had been explained to workers before its introduction and it had seemed acceptable to them, he said.

The figures for the State were R1,90 and R1,18 respectively. The latter figure excludes the cost of special investigations The mean cost to the patient of a clinic delivery worked out at R 6,9 while that of a hospital delivery cost R6,50 (including ambulance fee) For the State a clinic delivery cost on average R5,37 whereas a hospital delivery cost R23,39 excluding care of the infant The total average length of stay in the clinic was 1,1 days and in the hospital 3,85 days (excluding convalescence) The cost of bed occupancy subsequent to delivery have not been included in the cost of delivery

SAR (215) FM 3/4/81

Boosting coal exports

To bring annual coal exports from the present 26 Mt to 44 Mt by 1986, South African Railways (SAR) will be spending at least R780m to increase track, rolling stock and harbour facilities

The projects slated are

□ The completion of partial doubling, and upgrading of axle loading of track, between Ermelo and Richards Bay at an estimated cost of R470m

□ Updating rolling stock at an estimated cost of R240m

□ Expansion of Richards Bay facilities at an estimated cost of R70m

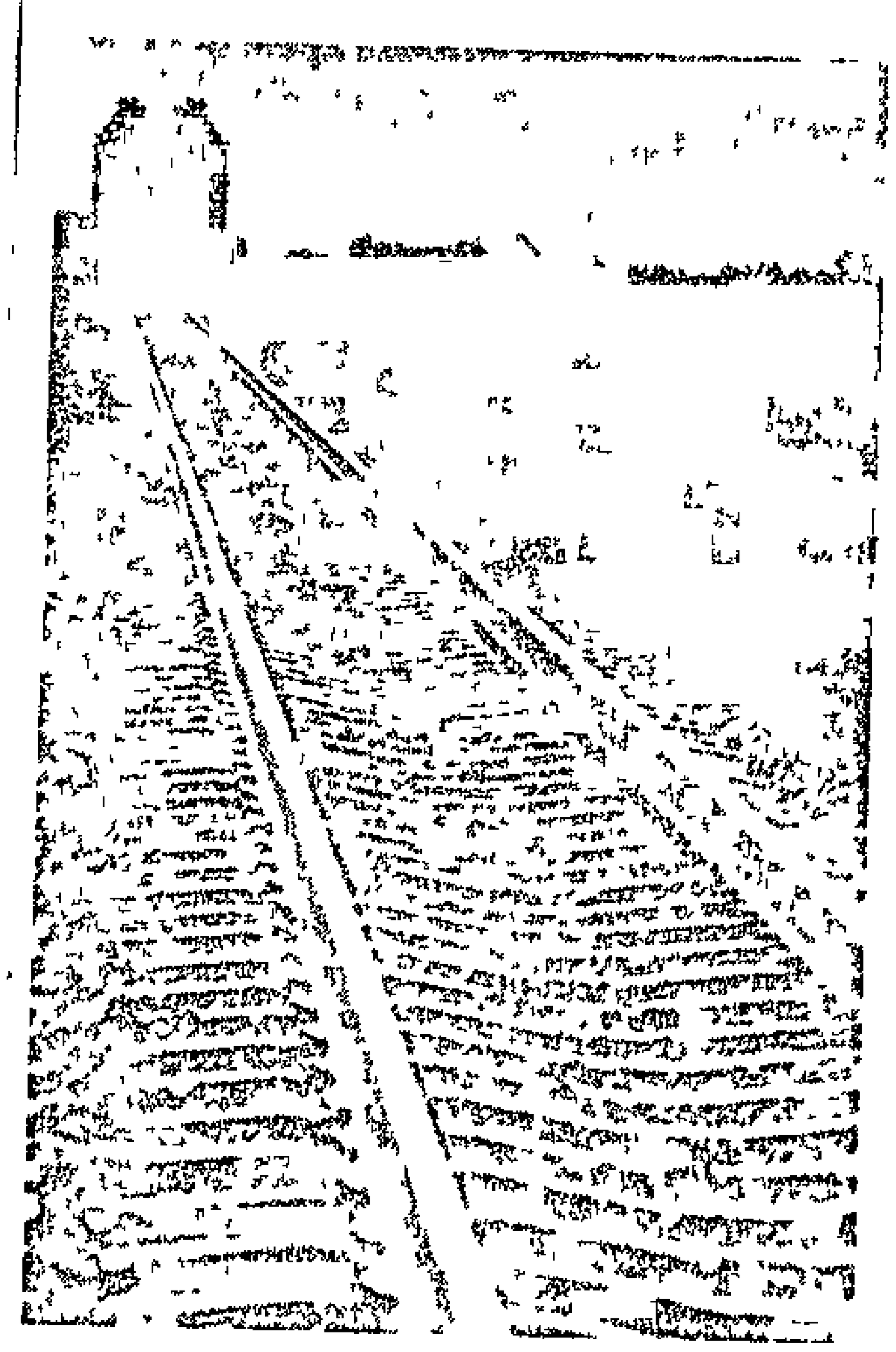
Helmuth Hagen, SAR chief superintendent (Planning), says new trucks with an increased axle load are to be ordered on open tender This means the gross weight (the truck's weight and its load) will increase from 74 t to 104 t "We need 3 488 26 t axle load trucks which today cost about R30 000 each "

Also to be acquired are 85 11E 25 000 volt alternating current electric locomotives costing in excess of R2m each Hagen foresees no problems in achieving the rolling stock targets by the beginning of 1986

To date, R1,1 billion has been spent on coal export facilities Further expenditure of R780m will make provision for new berths, strengthening of the existing coal line, flattening of the gradient on the inland-to-coast rail line from the present 1 66 to 1 160, and further rolling stock and traction power

Money for the projects will be included in SAR's capital budget, which has increased from 1980/81's R1,6 billion to R1,8 billion for 1981/82 Gross investment in 1981/82 is "R1,5 billion out of our capital budget," says Hagen The 1980/81 operating account was R4,3 billion It is estimated the 1981/82 operating account will be R5,4 billion

Where will the money come from?



SAR line . . being strengthened to carry more coal

SAR chief superintendent (Financial), Thomas Greeff, says individual capital projects "are not directly linked with specific sources of finance The total investment is being taken into account in an integrated capital budget "

The 1981/82 budget is being financed from the following sources Treasury 40%, external loans 10% internal sources 50%

Coal contract rates might go up as a result, intimates Greeff, who says coal cartage rates are based on cost "and are subject to escalation "

He admits that at present, SAR is operating at a loss on coal cartage because of the high fixed costs involved in the expansion project "We hope to break even in the not too distant future because of the economics of scale "

Hagen says talk that coal exports might be increased to 66 Mt a year is pure speculation The SAR works on a five-year plan and "further large-scale expansion to existing facilities could in all probability not be completed before 1987/88 "

He says 'there's a limit on resources in terms of physical capacity If new expansion is interposed in the present five-year plan, it means reshuffling other capital projects "

What has to be done first has to be considered in terms of its "profitability index," says Hagen "The whole thing hangs on what is the market for coal and international prices We welcome all traffic but it has to be authorised traffic "

□ Asked about the rumoured development of two railway projects involving Botswana, SWA/Namibia, Swaziland and SA, both linked with coal mining developments, Hagen says "Negotiations are still on the go with Swaziland No decision has been taken yet "

Hagen says no "direct application" has been received from Botswana for the SAR to convey potential coal exports

SA coal cheaper than rivals'

S. Times 12/4/81 (215)

By Neil Behrmann London

SOUTH African coal exports are the most competitive in the world

A major study by brokers Montagu Loebl Stanley shows that the average export price of South African steam coal, inclusive of freight charges, is lower than the major competitors — Australia, Poland, Canada and the United States

The main reason is that South African coal-mining costs are much lower than other major coal exporters

The brokers say that mining costs of steam coal ranged between $10 and $15 a ton for South Africa $12 to $25 Australia, $15 to $20 Canada and $20 to $35 for the United States

Inclusive of all the delivery charges, South African steam coal prices were well below quotes of other nations South African coal delivered to north-west Europe averaged $31 a ton, Polish steam coal $35, Australian $39, Canada $42 and the United States $45

South African steam coal is also cheap for the Japanese In 1979 the price range was $26 to $33 a ton compared with the Australian range of $27 to $36 The average US export price to Japan ranged between $40 and $54 a ton

Montagu Loebl's coal analyst, Matthew Hunt, says that in the past 12 months steam-coal prices have risen because of increased demand, limited export facilities, the US coal strike and uncertainty over the future of Polish coal supplies

He says there are already signs that the available infrastructure for handling coal exports in the producing countries is being stretched to the limit.

In South Africa, the Richards Bay terminal is now operating near full capacity of 26-million tons a year In the United States, the National Coal Association has estimated that coal exports would have been 16% higher last year had there not been congestion at the east coast ports of Hampton Roads and Baltimore

He adds that in western Europe steam coal is currently priced at $55 to $65 a ton for US coal delivered to Amsterdam, Rotterdam and Antwerp After the strike and increased demand for coal, dealers expect price rises of 10 to 15% this year

So far prices of coking coal exceed steam coal, but Mr Hunt expects the gap to narrow because the demand for steam coal could rise significantly and become a much more important component of international coal trade Coking coal, on the other hand, is suffering because of the recession in the steel industries

He says that the major demand for steam coal will come from the electricity-generating sector This will depend on whether coal remains competitive with oil and nuclear fuel

In 1979 the price of oil ranged between $3 and $6 a million British Thermal Units, yet coal — mainly Australian and South African — cost between $1,30 and $1,40 a million BTU's, while the most expensive coal from the United States ranged between $1,85 and $2,2 million BTU's Thus coal remains highly competitive with oil

Yet slower world economic growth since 1973 and the impact of greater energy conservation have reduced the growth in electricity demand "quite markedly"

"In sum, we expect coal consumption and production to grow about 3% a year throughout the Eighties "

The largest increase is expected in the United States International coal trade is expected to rise by 50% during the next 10 years, and trade in steam coal is likely to grow much faster than metallurgical coal

Mr Hunt says that US institutions are preferring Australian and South African coal shares to the US companies. He favours Amcoal, Rand London Corporation, Rand London Coal and Trans Natal Coal

"We would also particularly recommend Sasol on the basis of its privileged position within the South African economy "

Mr Hunt favours Rand London Corporation because he believes that coal profits will surge in the next year and there will be further growth from a joint venture with a UK company, Anglo International Mining

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reported. Despite the fact that the interviews were conducted by Africans, there is no doubt that the interviewers appeared as educated Africans and accordingly there may have been on occasions embarrassment and under-reporting of the use of traditional steps in regard to illness amongst mainly poorly educated cases. Christians in particular are known on occasions to feel guilty about resorting to 'pagan' practices and so may under-report them. The same kind of under-reporting may have occurred amongst Indian families for similar reasons. Amongst the Africans in 96 out of the 566 reported steps, or 17%, one or more traditional steps were taken in regard to handling the illness. The most frequently reported step involving a traditional agency involved visiting an *inyanga*. (Reported 51 times, or 9% of all the steps., Amongst the Indian families, 72 or 29% of all the steps involved were concerned with behaviour within a religious frame of reference. Religious acts figure more prominantly amongst the Indians than amongst the Africans. In point of fact in 11 out of the 125 illnesses, the first step reported, and sometimes the only step involved, was concerned with some kind of religious behaviour Clearly there is a tendency for at least some Indians to see illness occurring within a spiritual frame of reference. Nonetheless as with Africans in the majority of cases the first step involved usually concerned the consultation of a western medical practitioner or medical institution (clinic or hospital.)

A study was made of various permutations of steps taken when ill, and while some of the cases involved a long list of consultations, sometimes incorporating both western and non-western agencies, the majority of cases involved the use of only one type of doctor or health institution.

The housewives were asked which agency consulted in regard to each illness proved to be most helpful. Amongst Africans in a third of the cases a western medical practitioner was mentioned, while in about a further third of the cases a hospital/clinic was mentioned. In 6% of the cases an *inyanga* was mentioned. The rest of the cases gave a variety of combinations. Amongst Indians, two-fifths of the illnesses were cases where western medical practitioners were mentioned as being the most helpful. Over a quarter mentioned a hospital or clinic, meaning that in total two-thirds of the Indian illnesses were cases where a western practitioner or medical institution had been regarded as the most helpful agency However in 14%

Mine has world [illegible] for life

13/4/81 Stam

By Bob Davis

Fourteen years without a fatality — that's the world record being celebrated at the South Witbank coal mine this weekend

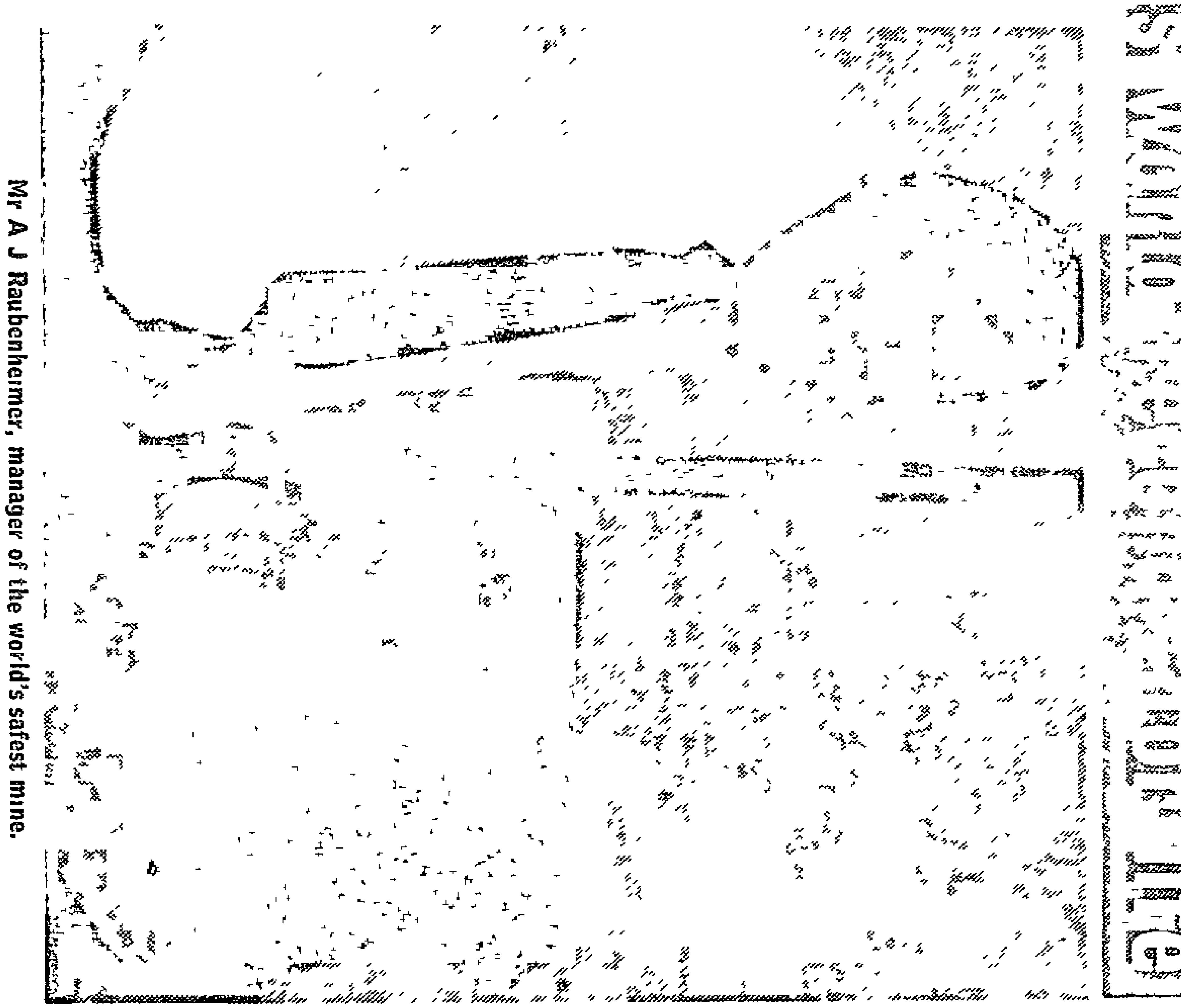
Equally remarkable is the personal record of miner Piet Roux who hasn't had a reportable accident among his crew for 30 years.

Mr Roux and mine manager Mr A J Raubenheimer ascribe their records to "good housekeeping and a very stable workforce"

Mr Roux, a miner for 36 years (20 at South Witbank), said he had formed the habit of checking every centimetre of the workplace before allowing his crew to enter.

Although he is probably the safest miner in the world, his production figures are above average He says he hoped to maintain the record until he retires later this year

Mr Raubenheimer said in the 14 years without a fatality, the mine had produced more than 18-million tons of coal.



Mr A J Raubenheimer, manager of the world's safest mine.

BUSINESS SPECIAL: MINING

Coal producers' plans hang on export ruling

SAAK

13/4/81

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The Independent Coal Producers' Association (ICPA) at this point in time requires a coal facility of 20-million tons — provided it is granted its export quota.

Ideally the facility would be situated at Richards Bay and pre-feasibility studies indicate a cost of around R5 a ton. Such a development would take three years to complete.

In a written question/answer interview, the committee of the ICPA said that a certain tonnage could be handled through the bulk-loading facility at Richards Bay immediately, pending the erection of a more permanent facility.

Funds are readily available from within the ICPA and outside organisations.

The committee said that the ICPA was formed on the request of the Railways and in order to obtain export facilities through Richards Bay. It added that most of its members are not exporting at present.

FINAL STAGE

It added that Saldanha Bay, because of the distance between coalfields and port, cannot be considered at the present time.

The ICPA was not prepared to comment on when the official announcement on South Africa's revision of coal reserve is expected but most industry sources expect it is May.

The study, being jointly investigated by the Department of Energy and Mineral Affairs and the Minerals Bureau, is believed to be in its final stage of preparation.

Most industry sources believe that an increased level of coal exports will be allowed. Most say that the ceiling will be raised to about 65-million tons a year from the current ceiling of 44 - million tons.

A step forward for S A coal mining

NM 16/4/81 (215)

ELLISRAS—South Africa's coal mining industry took another step forward yesterday when the Minister of Industries, Commerce and Tourism, Dr Dawie de Villiers, opened Iscor's R386m Grootegeluk opencast coal mine near here in the north-western Transvaal.

The opening took place soon after the Minister of Transport, Mr Hendrik Schoeman, opened the 113km railway line linking the mine to the national railway system at Thabanzimbi, where Iscor mines iron ore. The new line cost R42m.

The Grootegeluk mine has been established as an additional source of coking coal for Iscor's three steelworks at Pretoria, Vanderbijl Park and Newcastle

An adequate and efficient transport infrastructure was the cornerstone of a country's economic and industrial development, Mr Schoeman, said in opening the rail link costing about R42-million.

Mr Schoeman said Iscor was a prime mover in providing the means for further industrial expansion Another part of the country far from major industrial centres was being opened.

The present capacity of the new railway line was 1,6m tons of coking coal a year, but provision had been made for a possible doubling and electrification of the line when the traffic warranted it

At the ceremony, Mr Schoeman took the controls of a diesel-powered train to break the ribbon spanning the new track

The Grootgeluk mine will supply power station middlings to Escom's new R2 000m Matimba power station

The power station is being built near to the mine Grootegeluk is now producing 24 000 tons of coking coal and 36 000 tons of power station middlings a week

The coking coal passes through a computerised loading facility into 50-truck trains which transport it along the new rail link to the steelworks.

The power station coal is being stockpiled There are already 1 000 000 tons in hand awaiting delivery to the new power station in 1986

Stockpile

The stockpile is expected to grow to 20m tons before Matimba needs it

The design capacity of the mine will be reached by the end of 1981, when coking coal production will amount to just under 2 000 000 tons a year and power station middlings to about 3,5m tons a year

At the same time, more than 10m tons of waste will pass through the plant every year.

At that capacity and within the present confines of the pit design, there are enough coal reserves at Grootegeluk to last for more than 200 years.-(Sapa)

BUSINESS MAIL

Iscor's Grootegeluk mine blasts off

RDM 16/4/81 2/5

By SIMON WILLSON
Industrial Reporter

ELLISRAS. — Pressing a button to detonate 100 tons of explosives, the Minister of Industries, Commerce and Tourism, Dr Dawie de Villiers, opened Iscor's Grootegeluk coal mine in the north-western Transvaal yesterday.

A few hours earlier, the Minister of Transport, Mr Hendrik Schoeman, opened a railway line linking Grootegeluk to the national network at Thabazimbi

The Grootegeluk blast blew a column of smoke 1 000 m into air and dislodged 375 000 tons of coal, soon to be included in the 60 000 tons produced at the mine every week Grootegeluk will eventually supply coking coal to Iscor's steelworks in Pretoria, Newcastle and Vanderbijlpark.

The 116 km Grootegeluk-Thabazimbi railway line will link the mine with the steelworks to the south.

Grootegeluk will also supply coal to Escom's R2 000-million Matimba power station which is being built close to the mine The mine will reach capacity output at the end of this year. By then coking-coal production will total a shade under 2-million tons a year and power-station coal output will be 3 500 000 tons a year.

Grootegeluk is producing 24 000 tons of coking coal a week and 36 000 tons of power-station middling coal a week. The coking coal is computer-loaded into 50-truck trains.

The power-station coal is being placed in a stockpile which holds a million tons awaiting commissioning of Matimba in 1986. By then the stockpile will hold about 20-million tons of coal.

The opencast mine is using R35-milion of mechanical and electrical equipment to strip away 20 m of topsoil and excavate to a depth of 110 m

About 20-million tons of material will be blasted loose and and processed every year, and half will be waste. At projected rates of excavation, Grootegeluk's reserves should last for more than 200 years

Yesterday's opening was attended by Iscor's chairman, Dr Tommy Muller, the Railways chief, Dr Kobus Loubser, and Dr Andries Treurnicht

Sapa reports that Dr De Villiers said the mine was of great importance to Iscor as its sources of blend coking coal were becoming exhausted.

Existing mines from which this type of coal was being mined were reaching the end of their reserves.

The development of Grootgeluk would give rise to an important growth point in the Waterberg district, comprising the towns of Ellisras, Vaalwater and Nylstroom.

This was one of the largest districts in the Transvaal, but one which was underdeveloped

Development of the mine would provide better road and rail links, and job opportunities for thousands.

To run the mine, 500 white and 1 000 blacks would be needed and a further 600 whites and 1 200 blacks would be employed to run Matimba. About 600 whites and 5 000 blacks would build the power station

"New job opportunities as well as the improved infrastructure will make a tremendous contribution to the vitality of the region, and will stimulate development over a broad front.

"Iscor is recognised by the International Iron and Steel Institute as the 17th largest iron and steel producer in the free world.

26/4/83

Coal firms' divs up

STAR

215

Anglo-Transvaal Collieries has declared an increased final ordinary dividend for the year ending June 30 of 81c (62c) a share which, together with the interim of 100c (86c) brings the year's total to 181c (148c) a share.

The company has also announced a final participating preference dividend of 6,53c (4,96c) a share. With the interim dividend declared in August of 8,0c (6,88c), it makes the year's total 14,53c (11,84c) a share.

Both dividends are payable to shareholders registered on May 1.

WITBANK COLLIERY, the Transvaal coal producer in the Rand Mines group, has increased its interim dividend to 130c. This represents an increase of 30c over the last interim dividend paid.

Coal sales during the first six months of this financial year increased more than 1,5-million tons compared with the same period of the last financial year.

The dividend is payable to shareholders registered in the books of the company at the close of business on May 1.

WELGEDACHT EXPLORATION COMPANY, Rand Mines' coal producer in Natal, has declared a higher interim dividend of 10c.

The final dividend at the end of the last financial year was 16c and the previous interim was 9c, making a total of 25c for the last financial year.

Earnings are expected to improve in the future, but are likely to be offset to some extent by heavy capital expenditure.

The dividend is payable to shareholders registered in the books of the company on May 1 — Sapa.

Better results from collieries

(215) STAR 22/4/81

Witbank Colliery and Welgedacht increased coal sales and taxed profits in the first 1981 quarter

WITBANK had the additional benefit of accrued capital redemption allowances eliminating tax liability This meant that the R4,7-million paid last quarter has been reversed so that taxed profits rose to R19,9-million from R8,7-million

Coal sales increased to 2,9-million tons from 2,8-million tons

Funding in respect of Duvha has been changed so that Witbank has paid R38-million to Escom in escalation costs incurred in establishing the mine and will also fund future escalation. This will be met from cash flow and medium term loans

The increase in the controlled price of coal helped working profit on coal which rose to 515c a ton from 475c

Capex rose to R7-million (R4,5-million) of which R2,8-million (nil) was for additional investment in Duvha

WELGEDACHT achieved taxed profit of R1,2-million (same) while coal sales rose to 547 257 tons (520 144 tons) and working profit on coal sales rose to 260,4c a ton (199,4c).

Capex fell to R286 000 (R679 000) and there are commitments for a further R1,5-million to be spent Total Capex for the remainder of the year is estimated at R2,8-million — Geoff Shuttleworth

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Rand Mines coal producers lift sales

RDM 22/4/81 (215)

By ADAM PAYNE

THE two coal producers in the Rand Mines group — Witbank Colliery and Welgedacht Exploration Company — both increased sales in the March quarter

Witbank had a good quarter because accrued capital redemption allowances eliminated the company's liability for tax for the half-year to March 31

The R4 700 000 tax of the previous quarter was reversed with the result that after-tax profit rose from R8 700 000 to R19 900 000

Pre-tax profit totalled R15-million against R13-million in the December quarter

Witbank has paid back to Escom R38-million in escalation costs incurred on the establishment of the Duvha mine To be financed from existing cash resources and by medium-term loans, this repayment follows an agreement with Escom that Witbank will repay the costs and fund future escalation Escom has the right to revert to the original financial arrangement

The increase in the inland price of coal at the beginning of February contributed to the rise in working profit from R13-million to R14 700 000

Capital spending rose from R4 500 000 to R7-million of which R2 800 000 (nil) represented additional investment in Duvha

At Welgedacht the tonnage sold rose 5% to 547 257 tons As a result working profit rose from R1-million to R1 400 000 There was a small drop in pre-tax profit but tax was lower leaving net profit of R1 220 000 (R1 990 000)

Capital spending fell from R679 000 to R286 000 The estimated total capital spending for the remainder of the year is R2 800 000

24/ ....

sively in genetic terms, as "racists". There is, after all, no scientific proof whatsoever for their point of view.

6. THE COST-FACTOR OF PROBLEM DRINKING

In addition to the adversive physiological, psychological, social and spiritual consequences and effects that problem drinking has on both individual and societal levels, an astronomical amount of money is also annually lost through the excessive use of liquor.

In a recent study of the economic effects of alcohol-related problems in the United States, it was estimated that in 1975 alone, the total amount lost to society was over R5 billion dollars (Chafetz, 1964, p. 37).

Although this, and other similar studies had numerous problems with data collection etc., and the figure of R25 billion dollars must be seen as nothing more than an approximation, the economical and fiscal cost involved with problem drinking is staggering.

In an analysis of economic cost of alcohol-related problems six major areas of social behaviour can be identified explicitly or implicitly as being relevant. These are:

(1) Lost production
(2) Health and Medical
(3) Motor vehicle accidents
(4) Alcohol programmes and research
(5) Criminal-justice system
(6) Social-welfare system.

25/ ....

COAL MINING

FM 1/5/81 (215)

Gencor's strike

General Mining Union Corporation (Gencor) has started exploratory drilling in the Theunissen area near Welkom in the OFS after finding "possibly significant" coal reserves

Other mining houses, including Anglo American, are said to be examining the area as well

Gencor has nine rigs operating in the region, but coal GM Steve Ellis cautions that "we will not have any real indication until the end of the year"

Ellis refuses to estimate the size of the find

"There are very preliminary indications that the field could be reasonably sized, but it is too early to know conclusively," he says

The company has drilled 15 boreholes in the last six weeks, and 10 hit coal seams According to Ellis, they are 5-6 metres thick and lie 200-800m beneath the ground It would not be possible to use the cheaper open cast mining process at that depth

Ellis says samples to date are primarily steam coal of high quality, which is not in strong export demand now With expansion at Richard's Bay still at least three years from completion, SA's export harbour capacity is already fully utilised

Instead, Gencor is looking for the type of steam coal discovered in Theunissen to power future Escom generating plants Ellis says a 3 600 Mw plant requires at least 10 Mt of coal a year Coal companies factor in a need for a 50% "safety margin" in recoverable reserves, so to power an Escom plant for 40 years, Ellis says the Theunissen field would have to have at least 600 Mt of recoverable coal

"This field could be large enough to support an Escom station," he says

Newspaper reports suggested that Gencor was offering "huge" payments to the area's farmers for mining rights One was supposedly to be paid R7m.

Ellis says the reports are "ridiculous I don't know how these rumours start We have only spent about R500 000 there so far"

Farmers were being offered what Ellis called "standard" mineral rights contracts, with the price ultimately determined by the market But we have not yet exercised any of these options

Ellis adds that even if the Theunissen fields prove viable, it will be at least 10 years before Gencor goes in on a large scale "These things take time We have to do feasibility studies and geological investigations."

But with Escom planning to double its generating capacity over the next 10 years, it would appear that new coal fields are needed if SA is to maintain its increasing penetration of the export market

GENERAL NEWS

Black 'mine captain' story revealed as hoax

By Bob Davis

This is the story of the black mine captain who never was.

He made his debut in the Witbank News on March 20 complete with photograph.

His name, it was said, was Mr Frans Zungusa and he was supposed to be trained as a mine captain to take the place of Mr Frik Bezuidenhout, who was being promoted.

The place where all this was happening — rather, not happening — was the Bank Colliery near Witbank, an Anglo American Corporation-owned coal mine.

No doubt the non-existent Mr Zungusa would have had no further claim to fame, had not a miner alerted the Mineworkers' Union.

The union rocketed him to fame by placing him again complete with photograph, on the front page of its Mineworker publication for thousands to see.

The accompanying write up said here was proof, if such were needed, that blacks would soon be occupying senior positions on many more mines and the Anglo American Corporation was at once dubbed the African Advancement Corporation.

A general election campaign being on at the time, HNP politicians were quick to snatch the story and to publicise it.

Mr Frans Zungusa had it made, as it were, although he was still as far from being a reality as he had ever been.

In vain did Afrikaans newspapers attempt to assure the mineworkers that Mr Zungusa was just a figment of the imagination. Mr Arrie Paulus, general secretary to the MWU, assured them that there was more to the story than just someone's imagination and the fictitious black mine captain continued to grow.

Belatedly, on April 10, the Witbank News tried to "bury" him by publishing a report stating that their earlier story had been "devoid of that fact."

The newspaper explained that the story (about Mr Zungusa) given to their reporter, "by white personnel at a recent first-aid competition was apparently invented by unauthorised persons with unknown motives."

Mr Paulus wasn't satisfied with the explanation, however, he said it sounded "funny" and pointed out that when his representative at the colliery made enquiries, the management denied that Mr Zungusa was to become a mine captain and said he was being trained as a team leader.

Mr Paulus is now demanding that the full facts be revealed.

He also established that the persons who invented Mr Zungusa have gone on leave.

The Star has been assured by an Anglo American source, however, that there is no Mr Frans Zungusa at the Bank Colliery and that there never was.

Argus 7/5/81

10 die in Natal coal mine blast

7
96
212
127

Argus Correspondent

MARITZBURG — Ten black mineworkers were killed in a methane gas explosion yesterday in the Newcastle-Platberg colliery at Elandslaagte, about 20 km north of Ladysmith.

Seven bodies were brought to the surface yesterday and three early today It will be several days before their next-of-kin are informed and the names of the dead men released

The Inspector of Mines has gone to the scene to conduct an inquiry.

A statement issued by the owners of the mine, Kangra Holdings, said there had been a flash ignition of methane gas. Ten black miners in the immediate vicinity of the ignition had lost their lives

Work at the mine was back to normal and had returned to full production. No fire had followed the explosion.

Star 7/5/86 (215)

Eleven miners die

Own Correspondent

MARITZBURG — Ten mineworkers were killed in a methane gas explosion in the Newcastle-Platberg Colliery at Elandslaagte, about 20 km north of Ladysmith, yesterday.

It will be several days before their next of kin will have been informed so the names of the dead men have not been released.

The Inspector of Mines has gone to the scene to conduct an inquiry.

A mineworker was killed and six others injured in an earth tremor at the Hartebeesfontein Gold Mine near Klerksdorp today.

The injured men were trapped in the Number Four shaft area of the mine but an Anglo Vaal spokesman said they had been freed by mid morning and taken to the surface. None had suffered severe injuries.

The name of the dead man will be released only after his next of kin have been informed.

Grootegeluk coal for three Iscor works

The new Grootegeluk coalmine at Ellisras has been established as an additional source of coking coal for Iscor's three works at Pretoria, Vanderbijlpark and Newcastle

Construction of the Escom Matimba powerstation has not yet begun and the middlings stockpile, currently around 1-million tons, will grow to about 20-million tons before depletion by burning in the powerstation

A 116 km railway line connecting Thabazimbi, where Iscor mines iron ore, and Ellisras was opened simultaneously

Grootegeluk is producing 24 000 tons of coking coal and 56 000 tons of powerstation middlings a week, making it one of the largest national coal mines

The design capacity of the mine will be reached by the end of 1981, when coking-coal production will be slightly under 2-million tons a year and power-

Iscor's Grootegeluk opencast coalmine near Ellisras was opened in the middle of last month at a cost of R386-million.

The mine was established by Iscor to serve its three major steel producing centres with coking coal. An additional function of the mine will be to supply middlings coal to the new Matimba powerstation at Ellisras.

The mine has, however, had a controversial start. Many local coal-industry commentators believe that the mine should never have been started at all, though there are none who doubt its technical and production efficiency

In this the first of a two-part series, the mine will be looked at from a technical and historical point of view. The second part, to be published in The Star's next special mining pages will focus on criticism of the mine and the Iscor decision to start development

station middlings about 2,5-million tons. At the same time, more than 10-million tons of waste will be discarded

The coking coal produced at Grootegeluk will have to be blended with superior coking coal from the Vryheid area in Natal

At its designed capacity and within the confines of the open-pit design, there are enough coal reserves at Grootegeluk to last for more than 200 years

The coking coalfields in the Northern Transvaal are in three major areas. The first, the Waterberg area, where the Grootegeluk mine is situated. An area has been demarcated in the Soutpansberg further east of the Waterberg field and still further east Iscor is exploring deposits in the Kruger National Park

In size Grootegeluk ranks behind only Phalaborwa and Sishen. Its coal beneficiation plant will have an average input capacity of 3 000 run-of-mine tons an hour and will be one of the largest in the world

The output of blend coking coal from the mine will mean that Iscor will be able to meet about 42 percent of its needs by the end of the year. At present Iscor produces about 20 percent of its own coking-coal needs

About R35-million worth of sophisticated mechanical and electrical equipment is to be used in the pit to remove about 20 m of overburden and mine and transport 18 to 20-million tons of coal and waste a year

The geology of the pit area is such that strata of non-coal-bearing shale are often thicker than the coal seams

A decline in the long-term coking coal requirements resulting from the general economic recession in 1955/6 caused Iscor to postpone the mine's commissioning date

Coal was discovered in 1919 and from 1940 to 1950 144 holes were drilled over a general area in the Waterberg coalfield

During the 1960s 120 holes were drilled by Genmin on behalf of Sasol in the western block and in 1973 Iscor started an intensive drilling programme in the potential open-pit area

After completion of the first 20 holes it was noticed that the correlation of the coal layers in the deposits (as compiled by the geological survey — and revised by Genmin) should be divided into 11 zones based on cyclic sedimentation. About 120 boreholes were drilled on a 500 m-square grid

Five seams were distinguished. These consist of bright coal with coking properties and non-coking dull coal

In May 1974 the decision was taken to develop the mine. Waste stripping and pit development began in December the next year and in 1976 construction of the surface plant began

Soon after this, work on the project was wound down because of recession

In January, 1978 financing for the completion of the surface plant was available and first coal was fed into the plant last May. In July 1980 the first coking coal was sent from the mine

● The second part of this article will concentrate on the major criticism levelled against the establishment of the mine, namely the costs of producing coking coal

It will also focus on alternative methods of producing coking coal which have been put forward by the coal industry

Another area of criticism of Iscor is that it has taken the course of developing its own mines at above average industry cost in order not to depend on private industry supplies of coking coal

Coal exports seen as major growth sector

Argus 12/5/81

(215)

JOHANNESBURG. — Total mineral production in South Africa could exceed R30 000-million by the mid-80s, with increasing exports of power station coal representing the major growth sector.

This forecast was given by Mr Dirk Neethling, chief director of energy at the Department of Mineral and Energy Affairs, at a conference here on South African metals in a world context.

He said that if one considered the high-risk nature of mineral exploration and the large capital investment required to develop mines, it was evident that mineral development should be left to private enterprise rather than to government.

EXPORT SALES

A feature of the South African mineral industry was that it was export — orientated with an average 85 percent of revenue being earned abroad.

The contribution of the so-called strategic or critical mineral commodities, platinum, chrome and manganese, was on average less than 10 percent of total annual export sales.

In terms of value of annual mineral output South Africa was the third largest mineral producing country in the West after the United States and Canada.

It was the largest supplier of non-fuel minerals in terms of quantity.

South Africa was also one of Western world's major suppliers of vermiculite (80 percent), andalusite (49), industrial diamonds (21 percent), antimony trioxide (23 percent), fluorspar (21 percent), asbestos (12 percent), and of titanium slag and phosphoric acid.

It was also an important supplier of titanium minerals, iron ore, nickel, copper, lead, silver and zinc and is in addition self sufficient in tin and cobalt with small surpluses available for export. — Sapa

BUSINESS

Amcoal profits soar in first three months

2/5

SIMM

15/5/81

By Ann Crotty

Amcoal, the Anglo American coal subsidiary, has increased profit by 29 percent to R38,6-million for the three months to March 1981 from the R29,9-million earned in the three months to March 1980.

This period's figure is before amortisation, depreciation and taxation.

Attributable profit with amortisation was 12 percent higher at R20-million compared to the previous year's figure of R17,8 million without amortisation

This represented earnings of 82c (78c a share) An interim dividend of 25c a share has been declared

Turnover for the period was up 28 percent to R136,8-million and the after-tax profit figure was R21,9-million (R19-million).

FIRST YEAR

This is the first year that Amcoal has allowed a deduction from profits for amortisation of mining assets The move is in accordance with the amortisation policy introduced from last January 1 The amount allowed for amortisation of mining assets was R3 million.

Amcoal's current financial year will cover the 15-month period to March 1982 because the group has changed its year-end to conform to that of Anglo American Corporation, of which it recently became a subsidiary. A second interim report will be published for the six months to September 30 1981 This interim's earnings a share cannot be readily compared with those of the previous quarter

ANTICIPATION

This is because of the successful offer to buy the shares in Natal Anthracite Colliery not already owned by Amcoal which resulted in the issuing of 948 452 new Amcoal shares.

The directors anticipate the improvement in earnings will be maintained for the financial period as a whole

Coal and coke sales for the first three months of the year were 8 363 000 tons and 121 000 tons respectively compared with 8 272 000 tons and 121 000 tons during the corresponding period of 1980

RDM 13/5/81 ~~249~~ 215

Amcoal's profit increases

By JOHN MULCAHY

AMCOAL, now a subsidiary of Anglo American Corporation, raised its attributable profit for the three months ended March 31 to R20 041 000 from R17 856 000 in the comparable year-ago period

And the directors say the improvement in earnings will be maintained for the whole financial period

The company's current financial year will cover 15 months to March 1981, as the year-end has been changed to conform with Anglo's A first interim dividend of 25c a share has been declared on earnings of 82c a share

The earnings for the three months to March last year are not strictly comparable as 948 452 new shares were issues as a result of the successful offer to buy the shares in Natal Anthracite Colliery

Turnover rose to R136 773 000 from R106 956 000 over the period, and for the first time Amcoal has included a charge against profit for amortisation of mining assets

It was announced in the annual report that the group's subsidiary companies would amortise the cost of their mining assets by equal annual charges over the estimated life of each colliery, subject to a maximum of 30 years, and the amount deducted for the review period was R3 026 000

Before amortisation, depreciation and tax Amcoal's profit rose by 29% to R38 556 000 from R29 912 000, the tax charge increased to R12 672 000 from R9 673 000 and minority interests rose to R1 875 000 from R1 574 000

Total coal and coke sales for the first three months of the year were 8 363 000 tons and 121 000 tons respectively, compared with 8 272 000 tons and 122 000 tons during the corresponding period of 1980

Argus 14/5/81

104 215

Giant coal mine for Kwazulu

Argus Correspondent

ULUNDI — General Mining and Finance Corporation plans to open a giant new mine in Kwazulu to produce high grade coal for export

The mine, in the Okhuku Valley about three km north-west of the Umfolozi Game Reserve, will mean a huge boost in income for Kwazulu and create hundreds of jobs

It is expected to come on stream in 1983

Coal export decision soon

RDM 16/5/81

215

By JOHN MULCAHY
Mining Editor

THE GOVERNMENT will decide on further coal export allocations within the next three months.

The Minister of Mineral and Energy Affairs, Mr F W de Klerk, said yesterday he was aware of the importance the coal-mining industry placed on additional exports and new allocations would be made public as soon as possible to avoid further uncertainty

Opening the R188-million Matla coal mine near Kriel in the Eastern Transvaal, Mr De Klerk said he realised an additional quota — if granted — would require expanded production capacity and infrastructure, neither of which could be established overnight.

A decision on exports could be made only after careful consideration.

He said it was evident that the electricity generating sector would remain the largest coal consumer in the foreseeable future Taking cognisance of the potential and probable contribution of nuclear energy and hydro-electricity, it had been estimated that SA coal demand for electricity generation would increase at an average annual growth rate of 5,9% a year from 1979 to 2020

Coal consumption for electricity generation during 1979 accounted for nearly 64% of the total coal consumption Escom alone burned 48-million tons, or nearly 60% of consumption

"It is expected that electricity generation will be responsible for 64% by the year 2000 and 69% by the year 2020 of total domestic coal demand "

From 1979 to 1985 demand for coal for the manufacture of synthetic fuels and chemicals was expected to increase at an average rate of 34% a year

"This staggering growth rate is obviously the result of the construction and commissioning of Sasol II and III

From 1985 to 2020, this demand was estimated to be 4% a year, showing an increased and continued reliance on coal for petroleum products

Mr De Klerk said the results of a study undertaken by his department showed that there were mineable in situ reserves of bituminous coal of about 110 000-million tons The mineable or exploitable tonnage available using current economic mining methods was estimated at 51 000 million tons

Dr Wim De Villiers, managing director of General Mining Union Corporation, said that the mineable reserves at Matla were calculated at 734-million tons if bord and pillar methods using continous miners were employed However, if higher extraction methods were applied in future the mineable reserves using pillar extraction and longwall could be increased by 150-million to 200-million tons

He said the Matla Power Station's maximum requirements were about 400-million to 450-million tons He was convinced that the surplus and additional coal from higher extraction rates could easily be sold on the metallurgical and export markets which would more than compensate for the higher capital expenditure.

Kruger Park coal mining is 'virtually a certainty'

STAR 19/5/81 (215) (56)

By Graham Ferreira

CAPE TOWN — The Kruger National Park will be mined for coking coal This is now virtually certain according to Government, private and Iscor sources

The committee of inquiry into coking coal reserves under the chairmanship of Mr P J Pretorius, has forwarded its report to the Cabinet.

Informed sources said the committe found there were not enough coking coal reserves outside the Kruger National Park to maintain the projected growth in the steel industry.

A Government conservationist said. "It's now virtually certain the coking coal in the Kruger Park is going to be mined."

A member of the Pretorius Committee said the terms of reference of the commission included investigating coking coal reserves outside the park, and finding alternatives to coking coal for use in steel production But no adequate substitute had yet been found

The chairman of Iscor, Mr Tom Muller, has said that any mining in the park would be done underground with major pithead installations across the border in Vendaland But the Government is believed to be reluctant to establish such important facilities outside the Republic's borders

● In what is probably the biggest petition this country has seen, the Wildlife Society with The Star's CARE campaign collected 67 000 signatures protesting against mining in the Kruger Park. Although the petition closed 11 months ago hundreds of names are still being received by The Star each week

RAILWAY

There is also the question of a railway line which will have to run from the pitheads to Palaborwa, and this is likely to follow the boundary of the park.

It is well known that Iscor and the Department of Mines estimate that existing coal reserves cover less than 20 years' steel production needs.

One argument put forward for mining the Pafure area, in the north of the Kruger Park, is that it would be advantageous from a security point of view to have the area more populated

A year ago Mr Muller said if the green light was given to the project it would take about five years for mining to begin. An extensive drilling programme would first be needed to establish the exact position and size of the coal deposits

One alternative to the Kruger coking coal has not been considered by the Government for political reasons.

There is a large field of coking coal in the extreme south of Zimbabwe, just across the Limpopo River.

A Government source said that a few years ago a senior Rhodesian official asked the Government to consider the possibility of opening a mine north of the Limpopo.

It appears this is not considered feasible by the Government

Mr Muller has said Iscor would not like to see the National Parks Act changed to allow mining and prospecting.

Coal galore available for export

RDM 21/5/81 215

By JOHN MULCAHY

FEARS that a further increase in coal export allocations will seriously endanger South Africa's reserves are unfounded, and even if the quota for export is doubled it will represent only a fraction of the mineable reserves.

The Department of Mineral and Energy Affairs recently completed a study showing that reserves amounted to 110 000-million tons compared with the 81 000-million tons estimated by the Petrick Commission in 1974

The Minister of Mineral and Energy Affairs, Mr F W de Klerk, says the new estimate is a conservative minimum figure

Further improvements in the reserve figures can be expected in terms of known coal deposits between the existing blocks in the traditional coal areas, previously ignored In addition, technological advances can improve the currently accepted recovery percentages

In completing its study the department took details from nearly 1 000 coal blocks from the traditional fields — Northern Natal, the Northern Free State, the Eastern Transvaal Highveld and the South Rand area west of Balfour.

The reassessment of reserves in the "phenomenal" Waterberg field was carried out from information received from more than 400 boreholes drilled by various parties. The coal field north of the Soutpansberg was assessed with the help of Iscor, according to Mr De Klerk

South Africa's coal demand is expected to increase to about 250-million tons a year by 2000, and to 740-million tons by the year 2020. The cumulative domestic consumption figures from 1979 to 2020 represent a total demand of 12 000-million tons, or just over 10% of reserves

Demand for coal for electricity generation is expected to reach 160-million tons a year by 2000 and 510-million tons a year by 2020 compared with the 48-million tons used for electricity generation in 1979 This represents an annual growth rate of 5,9%

Future demand for synthetic fuels will primarily be determined by SA's long-term requirements for petroleum products, and an important factor in this regard is status of crude oil supplies to this country as well as the ability and willingness of the authorities to buy oil from relatively unstable sources

Although crude oil supplies may remain relatively freely available in SA the economic impact of high-priced crude oil may well become so severe that the manufacture of synthetic fuels may increasingly be contemplated

Mr De Klerk says the further development and improvement of oil-from-coal technology, such as methanol from coal and the development of processes like direct liquefaction to produce syncrude from coal, will make the use of coal as a raw material for conversion to synthetic fuels even more attractive

The synthetic fuel sector is expected, under crisis-free circumstances, to be responsible for about 20% of total inland coal demand in the years 2000 and 2020, says Mr De Klerk This assumes that SA will be able to import the desired quantities of crude oil over this period.

If, however, for political, strategic or economic reasons SA should decide to become more self-sufficient in petroleum fuels, the demand for coal will be significantly increased

Demand for metallurgical coal is expected to grow at an average annual rate of 4,8%, and this sector will claim a constant share of about 8% of the total annual demand from 1980 onwards

Mr De Klerk says the forecasts for the metallurgical sector depend on technological developments in steel-making processes. "Of considerable interest is the utilisation of form-coke and the direct-reduction steel-making route."

The industrial and commercial sector is the only other coal-consuming sector of consequence, says Mr De Klerk, showing a relatively modest average growth rate of 4% a year. Demand for coal by the household, transport and mining sectors will effectively decrease in absolute as well as in relative terms

The limit on exports from the expanded Richards Bay terminal has been set by the Government at 44-million tons a year, and even if the quota is lifted to 90-million tons for the next 20 years the total amounts to 1 800-million tons, which compares with the 60 000-million tons of extractable coal acceptable to world markets as steam coal.

An advantage to the domestic market in a higher export limit is the spin-off from new mining operations designed for export coal While a developer may not find the establishment of a new mine to supply the SA market profitable, the benefits of selling abroad at far higher prices than available in SA are obvious

In developing the export mine there is every possibility that surplus coal, or coal not suitable for the export market, will be extracted at the same time

Mr De Klerk last week made a strong plea for urgent attention to be given to the extraction of different types of coal from one mine or from one coalfield

He referred to projects where power station and export coal, as well as lower-grade coal from which methanol could be produced, were extracted simultaneously.

The optimal exploitation of coal through selectivity was of great importance if reserves were to be efficiently used, he said

Optimum switches to open-cast

RDM 23/5/81

2/5

By JOHN MULCAHY
Mining Editor

TRANS-NATAL'S Optimum Colliery is gearing up production to coincide with its planned export start-up in July 1983.

Trans-Natal has a further 4 750 000 tons a year coal export quota for the third phase of expansion at the Richards Bay terminal, and the additional plant required at Optimum for upgrading the product to export standards is expected to be completed by 1983.

It has installed a R15-million walking dragline for open-cast operations, which will enhance recovery efficiency at the mine and lead to the closure of the underground operation. The mine has had a smaller dragline in operation for the past 10 years, and at present it accounts for 80% of production.

Mr Steve Ellis, general manager of General Mining Union Corporation's coal division, says the underground mine has an average recovery of 20%, and the open-cast method has a recovery rate of 90%.

Optimum is operating at depths of 75 metres underground, and the new 3 600-ton Marion dragline will operate to 70 metres. The dragline was officially handed over to Optimum yesterday, and began "walking" to the pit where it will start digging today.

The 18 000 horsepower machine has a 75-ton bucket and scoops 58 cubic metres of overburden with every "bite".

Mr Ellis said the switchover to a totally open-cast operation would effectively add 120-million tons to the mine's coal reserves.

Significant sections of the area that were currently being mined underground could be exploited to a greater degree by strip mining, he said.

The high prices received for exports were instrumental in providing the heavy capital necessary for strip mining, and for this reason the large open-cast operations developed for export were self-supporting.

By the time the mine reached full planned recovery the run-of-mine annual production would be about 11-million tons, of which Escom would take about 7-million tons. Most of the balance would be exported.

Mr Ellis did not discount the possibility of channelling some production off to South Africa consumers other than Escom at a later stage.

He said it was likely that increasing use would be made of the "multi-product" concept in SA coal mining. Kilbarchen colliery in Natal was already providing a variety of coal types to the market.

Optimum has a contract to supply Escom's nearby Hendrina power station with 6 000 000 tons of coal a year, although recently the utility has been using 540 000 to 600 000 tons a month.

Mr Ellis says the feasibility study on the Kwa Ngoma anthracite deposit in KwaZulu, which has an export quota of 1 750 000 tons a year, originally scheduled for completion next month, has been extended until the end of the year.

Many problems are associated with the deposit, not the least of which is that the coal is scattered in 14 or 15 blocks, with geological difficulties.

In addition, there is uncertainty on the world anthracite market, and a team of experts from Trans-Natal has returned from a fact-finding mission overseas, results of which have not yet been analysed.

There is little or no suitable infrastructure in the area, says Mr Ellis, and the field is some distance from the railway line to Richards Bay.

Any decision on possible exploitation of the anthracite deposit will have to be taken in the light of export prices and the potentially prohibitive cost of establishing an infrastructure.

With all of these considerations, Mr Ellis says there is no possibility of any decision on the project before next year.

Trans-Natal buys more coal rights

RDM 27/5/81

215

By ADAM PAYNE

TRANS-NATAL Coal Corporation has bought more mineral rights on the Springbok Flats where it is studying the economics of starting South Africa's first oil-from-coal liquefaction industry.

Trans-Natal already holds the rights to about 1 000-million tons of coal on the Flats.

The seller of the rights on two farms, over which Trans-Natal had an option, was Waverley Gold Mines whose shares have recently been firm on the Johannesburg Stock Exchange.

Waverley has sold the mineral rights and the rights to subscription in any future venture over 1 712 ha on the farms Volspruit 606 KS and Wellington 480 KR to Trans-Natal for a total of R856 000

The purchase of these mineral rights indicates that Trans-Natal is satisfied that coal exists on the farms.

The purchase is part of a long-term consolidation of holdings and it does not signal any new move in the study of the oil liquefaction project which, if adopted, will entail mining on a large scale to supply coal to a liquefaction plant with which Sentrachem will be concerned

Coal from Springbok Flats has been used in pilot plant liquefaction tests in the US

The next stage could be a pilot plant test in South Africa but no decision has yet been taken on this

Figures published in London on the project show that annual production could move up to 18-million to 20-million barrels of fuel — principally diesel — a year, processed from between 5-million and 6-million tons of coal

Since diesel fuel is in short supply the launching of such an industry would place South Africa well on the road to self-sufficiency The Gencor-Sentrachem plant would supplement Sasol and not compete with it

According to the London report, minimum expenditure on the project is likely to be no less than R1 500-million

A feature of the project is that uranium is found in significant quantities in parts of the Springbok coal field

It would not be viable if exploited alone but could be a useful addition to the exploitation of coal

Announcing the sale of the rights over 1 712 ha to Trans-Natal, Waverley Gold Mines says the mineral rights over the remaining areas of the farms — 900 ha on Volspruit and 1 445 ha on Wellington — are being retained by Waverley

The payment by Trans-Natal is made up of R469 000 for the purchase of the mineral rights and R387 000 for the waiver by Waverley of the right to subscribe for 7½% of the working capital of any company formed to exploit the mineral rights, pro rata to the areas covered by these rights

In terms of an agreement made in May 1976 Trans-Natal had the right to purchase certain mineral rights on the two farms at a price of R150 a hectare

A clause in the agreement provided for escalation in the price paid linked to the consumer price index

To the date of the agreement this month the escalation represents a price of R274 a hectare equivalent to the R469 000 paid The balance of R387 000 is for the waiver of the subscription rights

In terms of a long-standing "Turning to Account" agreement between Waverley, Carrig Diamonds and Tanks Oil and Platinum Holdings, Carrigs and Tanks will each receive R167 937 with the balance of R520 125 being retained by Waverley This represents 29c a Waverley share.

Waverley says it will inform shareholders as to how these funds will be used

INFLATING PETRICK

(215) FM 5/6/81

The Department of Mineral and Energy Affairs has upped its estimate of SA's bituminous coal reserves by a third — to 110 Mt from the amount of 81 Mt proposed in the Petrick Report. Extractable reserves in terms of current mining economics more than double — to 51 000 Mt from Petrick's 25 000 Mt.

The new estimate is high enough to justify reasonable hopes of an increase in the eventual ceiling for coal exports from 44 Mt/year to a possible 60 Mt or even more.

Minister of Mineral and Energy Affairs Frederik de Klerk announced the sharply increased reserve figure in a speech delivered at the opening of the Matla Coal Mine on May 15. He reaffirmed SA's absolute confidence in and commitment to coal as our primary energy source. De Klerk emphasised that the new figure was a "conservative minimum". So a further improvement can actually be expected as inferred reserves located between existing deposits are proved and added to the total.

And further technological improvements can also increase the currently accepted extraction percentage. It can be assumed that De Klerk was referring to encouraging developments like large-scale fluidised bed boilers which could one day permit the use of high ash coal currently excluded from assessments of reserves.

De Klerk urged the industry to give urgent attention to the concurrent extraction of varying types of coal from individual coal mines or even from entire coalfields. In other words mines could produce steam coal for power stations, export grade coal and reject coal — from which, for example, methanol could be made. Selective mining of this sort is of great importance in maximising reserve utilisation.

Earnest attention should be given to the possibility of separating an exportable fraction from coal produced by captive power station mines as well as to the further washing and upgrading of reject coal both for the local and export markets.

The Department has also completed a 40-year projection of internal coal demand with assistance from specific large coal-consuming sectors. Conceding the inescapable hazards associated with such long-term forecasting, De Klerk claimed it was necessary to make the assessment notwithstanding in order to provide the best possible foundation for major policy decisions. The forecast will be updated on a continuous basis.

Coal consumption for electricity consumption, which represented nearly 64% of the total during 1979, will reach 160 Mt (or 64%) by the year 2000 and 510 Mt (or 69%) by 2020.

Synthetic fuels and chemicals will, under crisis-free conditions, represent about 20% of coal demand both in 2000 and 2020. But should SA, for political, strategic or economic reasons, decide to become more self-sufficient, the demand for coal would be significantly increased.

The demand for metallurgical coal (taking account of the development of form-coke and steel-making by direct reduction) is expected to grow at about 4.8% a year and will claim a constant 8% of total demand from 1980 onwards.

The industrial and commercial sector should exhibit a relatively modest average growth rate of 4% a year. The demand for coal by the household, transport and mining sectors will decrease in absolute terms.

Coal demand should increase at an average annual rate of some 5.8% a year, with total domestic demand reaching some 250 Mt by 2000 and an almost incredible 740 Mt by 2020. These figures represent a cumulative demand of more than 12 000 Mt over the period.

Planning beyond 2020 is extremely difficult because of the long time horizon. But although coal demand will not terminate at that time, alternative energy resources like nuclear breeder reactors and even fusion reactors will play an increasing role.

Turning to the issue of exports, De Klerk noted the great interest being shown by the industry in further expansion. But decisions to permit expansion in exports could be taken only after scrupulous examination. However, De Klerk assured the industry that a decision must be taken soon, as additional exports could not be made possible without the establishment of further production capacity and infrastructure. He hoped that it would be possible for the government to announce its decision within the next three months to eliminate further uncertainty.

Judging from past experience, reserve assessments are likely to turn out rather low with the passage of time. And so are assessments of domestic demand. Consequently there is no need for government to agonise too much over 10 Mt, 20 Mt or even 30 Mt of additional annual coal exports. Such amounts — over a 40 year time horizon — will almost certainly turn out small beer alongside cumulative domestic consumption. And the element of cross-subsidy implied in high export prices will help to compensate the coal mining industry for having to operate under the constraint of a controlled domestic price. So there is little to lose and much to gain by high exports.

NOTE CAREFULLY

1. 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
2. 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
3. Names must be printed on each separate sheet (e.g. graph paper) where sheets additional to examination book(s) are used
4. Do not write in the left hand margin

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

Trans-Natal buys more coal rights

CT 10/6/81 (215) (234)

Own Correspondent

JOHANNESBURG. — Trans-NataL Coal Corporation has bought more mineral rights on the Springbok Flats where it is studying the economics of starting South Africa's first oil-from-coal liquefaction industry.

Trans-Natal already holds the rights to about 1 000m tons of coal on the Flats

The sellers of the rights on two farms, over which Trans-Natal had an option, were Waverley Gold Mines whose shares have recently been firm on the Johannesburg Stock Exchange.

Waverley has sold the mineral rights and the rights to subscription in any future venture over 1 712 ha on the farms Volspruit 606 KS and Wellington 460 KR to Trans-Natal for a total of R856 000

The purchase of these mineral rights indicates that Trans-Natal is satisfied that coal exists on the farms.

The purchase is part of a long-term consolidation of holdings and it does not signal any new move in the study of the oil liquefaction project which, if adopted, will entail mining on a large scale to supply coal to a liquefaction plant with which Sentrachem will be concerned

Coal from Springbok Flats has been used in pilot plant liquefaction tests in the US

The next stage could be a pilot plant test in South Africa but no decision has yet been taken on this

Figures published in London on the project show that annual production could move up to 18m to 20m of fuel — principally diesel — a year, processed from between 5m and 6m tons of coal

Since diesel fuel is scarce the launching of such an industry would place South Africa well on the road to self-sufficiency The Gencor-Sentrachem plant would supplement Sasol and not compete with it

According to the London report, minimum expenditure on the project is likely to be no less than R1 500m.

A feature of the project is that uranium is found in significant quantities in parts of the Springbok coal field

It would not be viable if exploited alone but could be a useful addition to the exploitation of coal

Announcing the sale of the rights over 1 712 ha to Trans-Natal, Waverley Gold Mines says the mineral rights over the remaining areas of the farms — 900 ha on Volspruit and 1 445 ha on Wellington — are being retained by Waverley

The payment by Trans-Natal is made up of R469 000 for the purchase of the mineral rights and R387 000 for the waiver by Waverley of the right to subscribe for 7% of the working capital of any company formed to exploit the mineral rights, pro rata to the areas covered by these rights

In terms of an agreement made in May 1976 Trans-Natal had the right to purchase certain mineral rights on the two farms at a price of R150 a hectare

However, a clause in the agreement provided for escalation in the price paid linked to the consumer price index

To the date of the agreement this month the escalation represents a price of R274 a hectare, equivalent to the R469 000 paid The balance of R387 000 is for the waiver of the subscription rights

In terms of a long-standing "turning to account" agreement between Waverley, Carrig Diamonds and Tanks Oil and Platinum Holdings, Carrigs and Tanks will each receive R167 937 with the balance of R520 125 being retained by Waverley This represents 29c a Waverley share

Waverley says it will inform shareholders as to how these funds will be used

S Trib Finance 14/6/81

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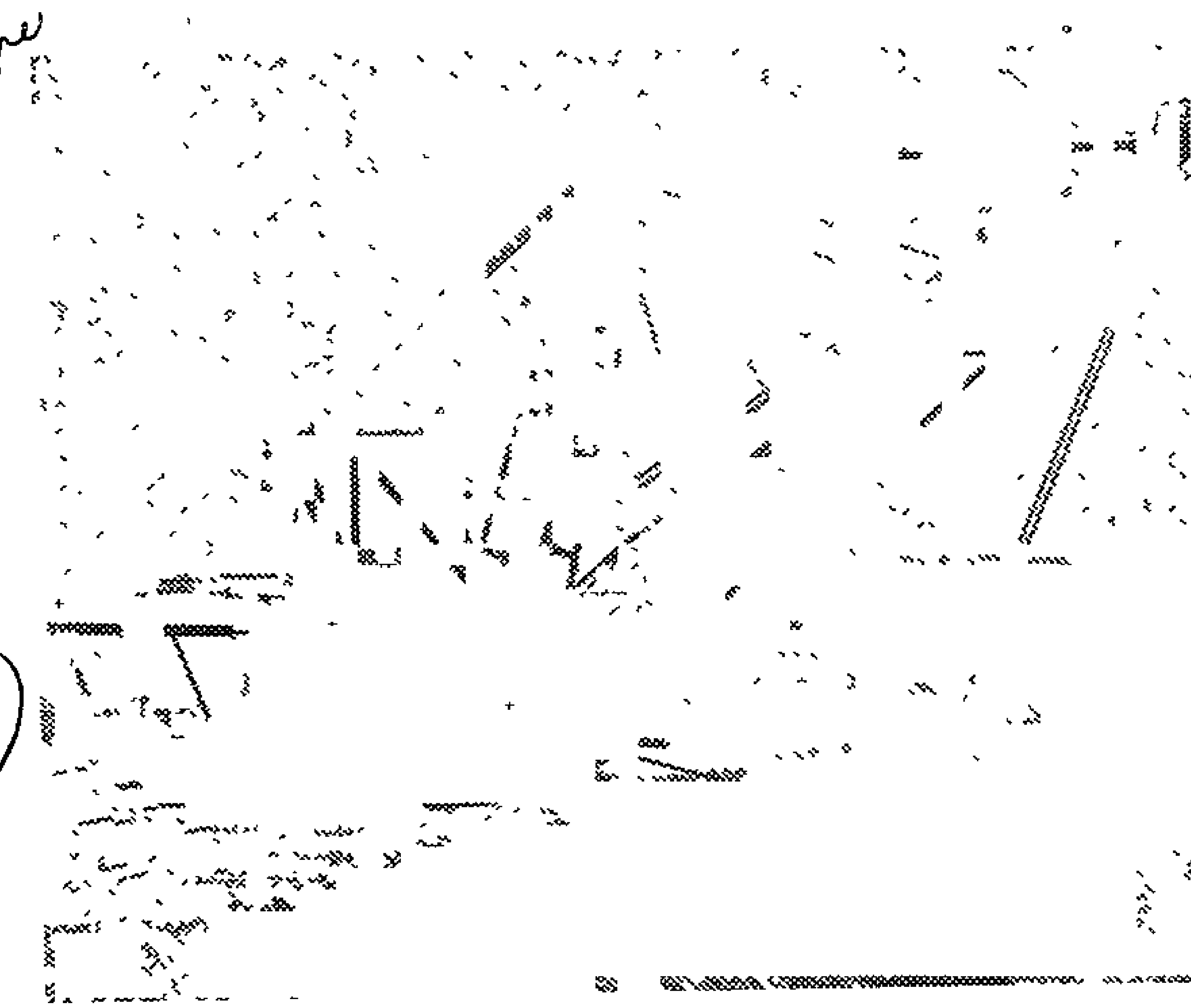
By DAVE McDERMOTT

R5 000m NEEDED TO OPEN NEW MINES



Dragline operations . . . 15 new coal mines in the pipelines

INCREASED LOCAL AND EXPORT DEMAND WILL BRING IN 15 NEW COAL MINES

[CREASED local and export mand will bring a R5 000 mil- n development in the coal ining industry in the next cade.

Sources in the industry estimate t 15 new coal mines will have to be operation in the next 10 years and re towards the end of the century

South Africa has the reserves to ow for massive expansion. A recent essment, said to be on the con- vative side, showed 110 000 million s of mineable coal. Of this, 51 000 lion tons can be extracted under sent conditions.

Estimates show R5 000 million is ded to finance the opening of the mines. The cost of establishing a ery is between R250 and R300 on It could be more, depending ological and physical conditions.

g At the helm of the increased local ı- nd for coal is Escom, which of ly has three new coal-fire power d ns under construction It is h ved plans for another giant power 6- n will be announced late this r- or early next year.

ng The demand for power essoaring Peak demand to June 9 was 14 445 ilfgawatts — 777 n-gawatts higher than ik- peak demand in the lydle of winter last ler.

ou he spokesman for ng m said it would have m- eed up expansion of et rating capacity It ht Escom policy to look est ast 10 years ahead and continuously investigate its prime energy options

The expanding operations of Sasol place a further demand on local coal resources and this will be maintained with the planning of Sasol 4 due to start in 1985.

Government is expected to approve an increase of coal exports soon Richard's Bay is handling 26 million tons a year but this figure will go up to 44 million tons with the completion of phase three at the harbour.

In 1984, Richards Bay should be handling up to 36 million tons, rising to 44 million by 1986.

The new mines are likely to be sited on the traditional reserves in the highveld, the Free State, northern Natal and the Waterberg area of north-western Transvaal. But the Nongoma area of Zululand also has potential and is being investigated.

An industry source said the usage of coal would change with time

"Coal as used at present for pure energy purposes has a short life. It has a better future in the field of substitute fuels and chemicals — this is the ultimate use of coal. Other resources will be found for stationary energy uses."

He said South Africa would be wise to make the best use of its resources while coal is being used as it is.

"To leave it in the ground would be a retrogressive step"

On the export side, managing director of the Tranvaal Coal Owners' Association, Mr R C E. Bird, said coal reserves and markets were available

But there could be problems in financing the expansion and in finding the skilled people to handle all the jobs involved.

CDM budgets R27m this year for SWA prospecting

215

By JOHN MULCAHY

DE BEERS Consolidated Mines, through its wholly-owned subsidiary CDM (Pty), is spending R27-million on prospecting throughout South West Africa this year compared with a total of R51-million spent over the past three years.

CDM's resident director in Windhoek Mr Douglas Hoffe, in a recent address to the Namibian Chamber of Commerce and Industries, said the tempo and scope of CDM's prospecting activities reached record levels

The London Mining Journal notes that CDM is the world's largest individual producer of gem diamonds, with output of 1 600 000 carats in 1980, of which 98% were gem quality

While CDM's current mining lease expires only in 2021, present reserves of alluvial stones along the coastal strip north of Oranjemund have an expected life of ten to fifteen years.

Mr Hoffe said exploration activities included a major search for further diamond reserves in the area south of the present workings and along the Orange River, as well as northwards along the Atlantic coast in Diamond Areas Nos 1 and 2

Outside the diamond areas, CDM Prospecting (Pty) is conducting a diamond survey of the whole country north of the Tropic of Capricorn, which bisects SWA about 100km south of Windhoek

In the coastal waters, CDM's marine division has three vessels operating at an annual cost of R4 600 000, engaged in reconnaissance prospecting

Elsewhere in SWA, says the Journal, CDM, together with Anglo American Corporation, is searching for base metals and other minerals, over an area of about 28 000km, including the eastern part of Diamond Area No 1

CDM is also conducting a five-year geological and economic mineral survey, which was intitiated in 1977, at a total cost of R5-million The survey covers 100 000km² in lesser-known parts of the country, including the remote Kaokoveld in the north-west, which is thought to contain significant iron ore deposits.

These areas have been considered prime prospecting regions because of the nature of the surface geology and the expense involved — as results come to hand they are being placed on open file by CDM at the regional office of the Geological Survey Department in Windhoek

A major discovery already made as a result of the CDM survey is the location of a coal deposit near Aranos in the south-east, between the Nossob River and the border with Botswana — CDM has acquired a concession area covering 9 000km²

Although much drilling work remains to be done to ascertain whether the deposit will be economically viable, it is already known that the coal, present in two-metre-wide seams at an average depth of 300m, is of power station quality

It is believed that exploitation of the deposit could transform SWA's prospects for industrial development

At the moment no coal is mined in SWA and all its power needs are provided by coal and oil imported from South Africa, and the limited amount of power available from the Ruacana Falls station on the Kunene River.

To meet the demand for power, particularly from the mining industry, a link to the SA grid at Aggeneys is now under construction.

The journal says CDM is the biggest taxpayer in SWA, accounting for about 40% of the direct taxation in 1980, although the Rio Tinto's Rossing uranium mine will soon become another top payer, as a large proportion of its development costs have been paid off

CDM is the biggest source of income for De Beers, accounting for 17% of taxed profit last year, while contributing about 11% of group output

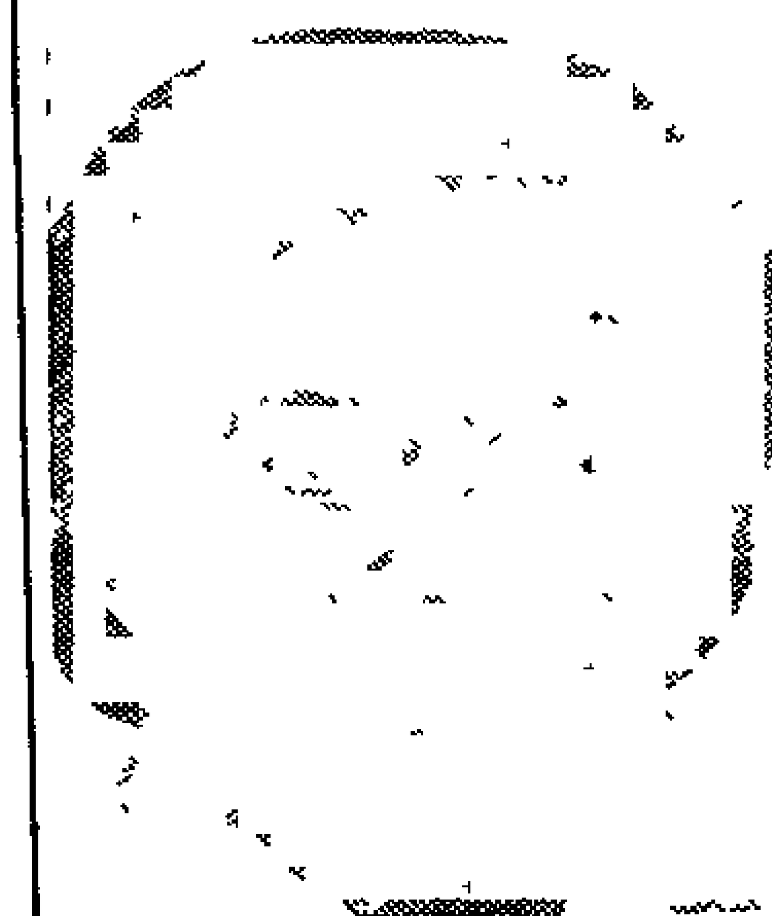
In spite of political uncertainties existing mining operations are generally expanding investment in plant and equipment Gross domestic fixed investment in the mining sector rose by 114% to R118-million in 1980, reversing the previous year's declining trend

However, growth in mining's GDP contribution was sluggish, reflecting weak prices for most of the base metals exported from SWA Mining's contribution to GDP increased by 8% to R627-million last year, about 52% of the total GDP of R1 200-million

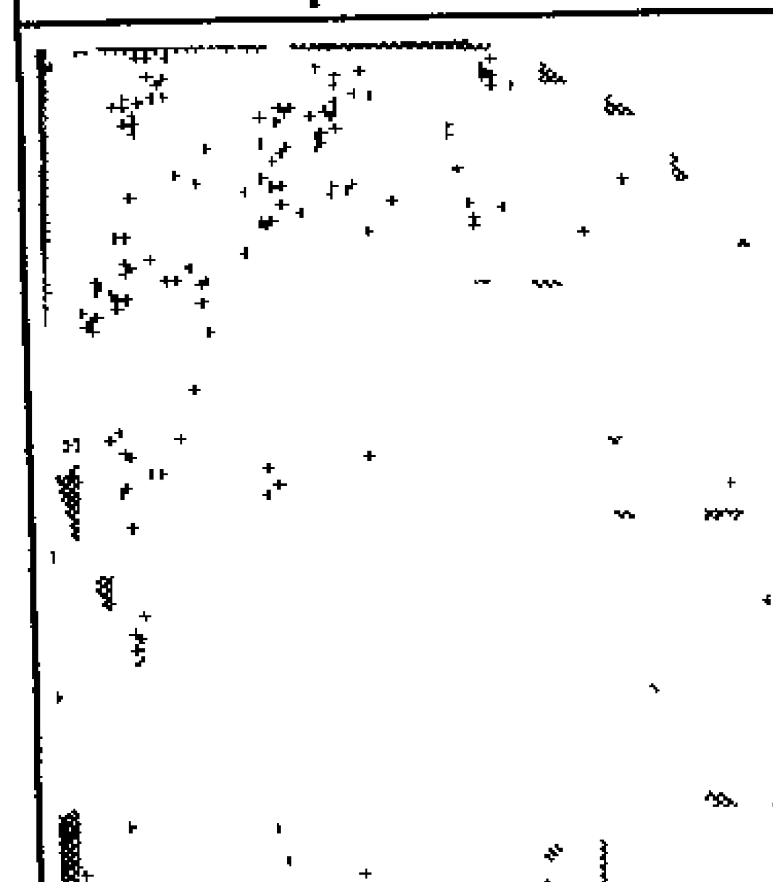
● **De Beers chairman Mr Harry Oppenheimer told shareholders at the annual meeting in Kimberley last month that the company had decided to put into effect plans to reduce diamond production in view of the depressed state of the diamond industry.**

Mr Oppenheimer said the weakness in demand for diamonds at the cutting centres had intensified, with sales at a low level, and De Beers was accumulating stocks.

In his annual report in April the chairman confirmed that the Central Selling Organisation was substantially reducing its rough diamond offerings to the market.



Mr Robin Alexander has joined the advertising agency, Mortimer Tiley, to head up its promotions department.



Mr Jacey Strauss has been appointed market planning manager for General Tire and Rubber (South Africa) at its head office in Johannesburg.

Outlook for coal bright

STAR 23/6/81

215

The outlook for coalmining was bright in terms of coal availability and future demand. If the forecast-demand pattern was correct the coal industry would clearly have to expand its capacity, said Mr Lawrence.

He said, however, that while the overall prospects for coal were exceptionally encouraging, there were signs that export coal prices were beginning to stabilise and it would be wise to assume that the high rate of increase in demand and price which had been witnessed in recent years would slow down.

PRODUCTION

"The local coalmining industry will take note of these fundamental changes in the market and will match its production capacity to anticipated demand," Mr Lawrence said.

Coal production increased by 10,9 percent in 1980 to 115-million tons compared with 104-million in 1979 The volume of coal sales increased by about 13 percent and the volume of exports by more than 25 percent.

Sales amounted to R1 495-million and exports accounted for R688-million. Members of the Chamber of Mines (excluding Sigma and Bosjesspruit collieries) sold nearly 94-million tons in 1980, valued at R1 107-million, or about 84 percent of total national sales. — Sapa.

New coal supply

S. Times 28/6/84

By Vera Beljakova

ANGLO-Alpha group is adding a new company to its stable.

Anglo-Alpha Coal is to be operational within six weeks and before next winter aims to have the largest stockpile of coal in the Cape Town area

The new independent coal-supply company is to provide enough high-grade coal for all Western Cape needs

The subsidiary will not be linked directly with the cement division, but will operate autonomously as a Western Cape outlet for independent coal producers, says its commercial manager, Gerhard van Wyk.

QUANTITY SURVEYING

(Continued)

SA coal exports top 29m tons

RDM 1/7/81

SA 215

Financial Reporter

THE South African coal mining industry produced more than 114-million tons in the year ended March 31 and total exports reached 29 200 000 tons and earned R668-million in foreign exchange.

These figures are given in Anglo American Corporation's annual report, which says that sales during the year by South African mines administered by the corporation rose by 1,1% to 36 700 000 tons, being about 32% of the country's production.

These mines increased their operating profits before tax by 11% to R119-million.

Amcoal's participation in the Richards Bay coal terminal under Phase 3 of its expansion will enable it to progressively increase its annual exports of coal through Richards Bay to about 6-million tons a year by 1986.

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For the best student in the subject of Building Construction.

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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 greatest promise at the end of the first year.

M P Morkel

Big four coal firms sold for R7-m

RDM 1/7/81

215

By JOHN MULCAHY

IT has now been confirmed that Triton Energy (formerly Dermonult) is the R7 500 000 buyer of the "big four" Johannesburg coal merchants

As predicted in Business Mail on June 19, the Triton group has acquired Coal Cartage and all its subsidiaries, Imperial Coal B Wolpert (Pty) and Witbank, making Triton the biggest coal distributor in South Africa and on the Witwatersrand

Coal Cartage alone handles 85% of coal business on the Witwatersrand, other than purchases directly from mines, but the directors refute allegations that a monopoly has been created preferring to call it "one major supplier of coal to the Witwatersrand to ensure superior service and to prevent shortages in the future"

The deal has, in fact, been tacitly approved by the Competition Board "Triton Energy has consulted with the Competition Board concerning its plans and the Board is, with the information presently available to it, of the opinion that there is no likelihood of the existence of circumstances which would not justify the proposed acquisitions in the public interest in terms of the Act"

The new conglomerate, which will come into effect today, will continue trading as MacPhail (Pty), and will handle about 1-million tons of coal a year

The directors of Triton Energy said at a press conference yesterday that the existing arrangements for the marketing and distribution of coal on the Witwatersrand have been unable to cope with customers' requirements, and in the winter months demand has consistently outstripped distributors' ability to supply

"Triton Energy plans to improve this unsatisfactory situation initially by rationalising coal stocking facilities within the Witwatersrand area and by improving the quality of existing transport arrangements"

First, in a move to improve administrative arrangements, all orders will be channelled through McPhail's, while in time Triton Energy intends establishing a new and technologically advanced central depot for the Witwatersrand area capable of handling sufficient quantities of coal to ensure

The R10-million coal depot, which will take two to three years to establish, will be designed to handle 2 500 000 tons of coal a year, and to hold in stock at any time around 400 000 tons.

According to the directors "It will be goodbye to the filthy coal delivery lorry, the filthy coal chips all along the driveway and the filthy bunker and bags in the back yard."

A 70 kg bag of coal, now costing R2,45 delivered, could cost as much as F[illegible] in two years if present distribution methods are continued, while Triton estimates its own price at that time, using the new distribution system, at R3,50

Triton, its directors and its associated companies will increase their shareholding in Triton Energy to 1 743 886 ordinary shares, representing 76% of the enlarged share capital of the company

Triton Ltd, a subsidiary of Triton Consolidated Holdings, has bought Coal Cartage for R4 500 000 and Imperial for R2 200 000, both amounts payable in cash

At the same time, Triton Energy has agreed to purchase Coal Cartage and Imperial, excluding property and cash assets, from Triton in exchange for cash and shares

The consideration payable in respect of of Coal Cartage amounts to R2 295 000, by way of R765 000 in cash, and 680 000 ordinary shares, with a total value of R1 530 000

The Imperial consideration will be in the form of R566 666 in cash, and 503 703 ordinary shares in Triton Energy, with a total value of R1 133 332 — this places a value of 225c a share on Triton Energy

Triton Energy has also entered into agreements for the purchase of B Wolpert (Pty) and certain assets and the business undertaking of Witbank Coal Agency (Pty)

Consideration for Wolpert amounts to R806 530, to be satisfied by the issue of 100 178 Triton Energy shares, valued at R225 400, and R580 130 in cash

The directors say that while the principal benefits to shareholders from the transactions will only arise following implementation of certain rationalisation and expansion plans, substantial increases in profitability can be achieved through closer control over costs and elimination of waste

RDM 1/7/81

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Black gold

CT 1/7/81 Own Correspondent 215

JOHANNESBURG — The South African coal mining industry produced more than 114-million tons in the year ended March 31 and total exports reached 29 200 000 tons and earned R6b8-million in foreign exchange

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These mines increased their operating profits before tax by 11% to R119-million

Amcoal's participation in the Richards Bay coal terminal under Phase 3 of its expansion will enable it to progressively increase its annual exports of coal through Richards Bay to about 6-million tons a year by 1986

Big coal merger should help consumer

Star 1/7/81

215 ~~30~~ ~~332~~

By Mervyn Harris

Adequate supplies of coal for the Witwatersrand area, even in peak winter conditions, should in future be assured through a far-reaching modernisation and rationalisation of the four major coal merchants in the area

This follows the takeover and consolidation of the four merchant operations into one service organisation to be named Triton Energy

The coal companies will now operate under the name of MacPhail in a deal that will initially cost more than R7-million

The move has been made as existing arrangements for the distribution of coal on the Witwatersrand have been unable to cope with customer requirements particularly in winter

The demand for coal in the area has grown by 10 percent to 15 percent a year and the merchant companies have been unable individually to finance the modernisation programme necessary to meet future needs

The new organisation, backed by the Triton group will market and distribute coal and fully service customers In the past coal merchants were merely retailers of coal

Existing fleets of coal merchant lorries will be upgraded and a major coal storage depot, which will be able to handle 2,5-million tons of coal annually, will be established on the Witwatersrand at a cost of R10-million

At present the four merchants on the Witwatersrand handle about 1-million tons of coal annually

The programme to restructure supplies of coal will take about three to four years to complete, and should in time lead to a more hygienic and clean coal handling and usage in the home

● See financial pages

SUNDAY TRIBUNE, JULY 5, 1981

Investors find coal has fewer heartaches than gold

Black IS beautiful

S. Tribune 5/7/81 (215)

AFTER all the heartaches over the gold price and gold shares, London analysts and investors are turning their attention to coal shares.

They may not have the glamour which surrounds precious metal shares, but they certainly have sound growth prospects And high on London's list of South African colliery shares are Amcoal, Rand London Coal, TC Lands and Alfred McAlpine

In a major study, London stockbrokers Sheppards and Chase say never in recent history has coal been so cheap relative to oil.

Coal, unlike oil reserves, will last well into the 21st century; coal is an excellent insurance policy against another oil embargo, and over time the price of coal is bound to rise.

The price for coal will be determined on the upper limit by the price of fuel oil, and on the lower side by the cost of new mining and transportation at the particular level of demand.

But the projections suggest prices will harden from the current level of around 73 dollars a ton for European steam coal to between 91 dollars and 135 dollars in 1985, and to between 118 dollars and 180 dollars in 1990

Many industrialised nation do not have sufficient indigenous steam coal supplies, so there are substantial export opportunities for countries with readily exploitable reserves — in particular South Africa,

By COLIN CAMPBELL in London

America, Australia and Canada.

The EEC (because of energy substitution) and the Far East (because of economic development) are hungry for coal

Sheppards and Chase suggest potential import demands by 1985 for Europe are at least 100-million tons and 49-million tons for the Far East.

Will the world's exporting countries be able to meet this demand?

Most countries have various problems — new capital requirements, uncertainty over tax policies· port problems, labour shortages.

Constraints

But the constraints on increasing production in South Africa are fewer and far less severe than for other exporters.

Technology is high, Richards Bay is being developed to 44-million tons a year by 1985, and development to 70-million tons a year by 1990 is being discussed, and South Africa's geographic location gives it an advantage over Australia and Canada in exporting to Europe

South African exports to the EEC have been steadily rising over the years. As a percentage of requirements, South Africa supplied EEC with 14 percent in 1976, 29 percent in 1977, 37 percent in 1978 and 41 percent in 1979

There is a cost advantage which South African coal has over other exporters, but the EEC will not wish to depend too heavily on any one supplier.

Nonetheless, South Africa is expected to win a larger slice of EEC demands, and could be sending 39-million tons to the EEC in 1985 and 70-million tons by 1990.

Japan has relied heavily on Australian coal over the years, Korea has placed contracts with Canadian and Australian mines, while Taiwan Power Corporation has placed a one-million ton contract with Canada, a 26-million ton 10-year contract with the United States, and a six-million ton six-year contract with South Africa.

Coal piles high in a ship's hold . . . an insurance policy against another oil embargo

Freight rates obviously demand attention in any discussion on exports. But the use of larger vessels leads to a significant decrease in freight rates.

This is important because the cost of petroleum products is expected to rise at an average rate of five percent a year in real terms, which should focus even greater attention on coal.

The nub of the broker's recommendations on individual South African coal shares is:

- Amcoal: One of the major beneficiaries of the growth in the steam coal trade. Profit margins on exports are widening rapidly, major contracts to supply Escom have been won, production is rising

Growing

- Rand London Coal: Mines high quality coking coal and anthracite for the domestic and export markets. There is a stable and growing home market which should provide a steady increase in earnings, and it is possible that export allocations will be won to supplement this

Rand Corporation owns 80 percent of Rand London coal, so the participating preference shares are preferred There is a fixed 8,5 cents a share dividend plus 20 percent of the ordinary. In time, the participating element could become more important than the fixed element

- TC Lands. Expected to increase export tonnage, and increased deliveries to Escom will provide company with strong growth in earnings over the next few years

Gold income provided 41 percent of net earnings in 1980, but its relative importance will fall as coal profits rise. The shares are tightly held, but attractive.

- Alfred McAlpine: The growth in South Africa's coal output should provide McAlpine with a growing business in contracting Additional strength will come from a 40 percent stake in Optimum Collieries and mining from McAlpine's own reserves Strong possibilities exist from breaking into the lucrative export market.

Gold-weary investors will recognise that coal prices are not subject to the sudden movements of the size seen in oil in the 1970s, and that any diversification away from the politically volatile Middle East oil suppliers must make sense

Colliery shares were once the fashion in Diagonal Street, but then interest fell away as other investment areas looked attractive But they could well come back into fashion as nervous investors turn away from fluctuating gold shares

Freddies' profits up 110% on R1,7m

RDM 6/2/81

215

By JOHN MULCAHY

HELPED by the payment of an abnormal dividend of R1 275 000 from Tavistock Collieries, Free State Development and Investment Corporation (Freddies Devel) raised its taxed profit by 110% in the year ended June 30, to R3 634 000 from R1 710 000

The special dividend from Tavistock was paid in terms of the scheme of arrangement by which Johannesburg Consolidated Investments acquired the minority interests in Tavistock

The final dividend has been raised by 30% from 25c a share to 32,5c, taking the total for the year to 47,5c or 35% higher than the previous year's 35c

The recent weakness in gold shares, constituting about 19% of Freddies Devel's investment portfolio, as well as the comparatively flat base metals markets, saw the market value of listed investments drop by more than 27% from last June, to R19 763 000 from R27 149 000

Income from listed investments (which includes the Tavistock dividend) rose to R3 439 000 from R1 631 000, while the company's share of mining profits increased to R639 000 from R173 000. The hike in mining profits was accompanied by an increase in the tax charge, to R422 000 from R55 000

Freddies Devel's net asset value dropped by 16% from 749c a share on June 30 last year to 622c in 1981, and even further from the NAV of 701c a share at December 31 — which was close to the peak of the gold market

COMMENT. The fall in the market value of Freddies Devel's listed portfolio is an indication of just how far the mining sector has fallen in the first six months of this year.

The investment company in the JCI fold has, besides its gold investments, an even spread of interests in manganese, copper, coal, platinum, diamonds and tin, as well as a small stake in Sasol

Ignoring the unusual payment from Tavistock, income from listed investments totalled R2 164 000, which on the market value of R19 763 000 gives an historic yield of around 10%.

Last year, income of R1 600 000 reflected an historic yield of 6% on the market value at June 30 of R27 149 000

Based on Friday's closing price of 455c, Freddies yield just over 10% with its dividend of 47,5c, which suggests that the share is reflecting sentiment on the gold board

COAL (215) FM 10/7/81

Price-hike looms

Coal price increases are on the cards But Triton group chairman Robbie Newman insists that the threatened hike has nothing to do with the near-monopoly created by the recent R7,5m takeover of the big four distributors in the Transvaal (see *Newsmakers*).

The companies — the Coal Cartage Group (which has an 85% market share in the distribution of coal on the Witwatersrand), Imperial Coal, B Wolpert and Witbank Coal Agency — will operate under the name of MacPhail And, according to the new directors, they will be rationalised with the aim of maintaining Transvaal coal stockpiles at a constant level.

Merchants annually handle an estimated 1 Mt of coal, currently valued at between R30m-R35m. But Triton Energy, the Triton subsidiary formed in the takeover, intends increasing this to 2,5 Mt once its proposed R10m distribution depot has been built It will have the capacity to stock up to 400 000 t

Winter coal shortage crises are not new in SA Triton MD Laurie Goldberg says Coal Cartage and the other distributors were in competition with operators delivering from the coal mines and none of the groups maintained stockpiles.

Newman says distribution companies made the mistake of relying on proximity to the mines to compensate for having only three weeks' stocks

If the Triton promise holds good, apathy and lack of responsibility among coal merchants and transporters will be replaced by a system which maximises productivity without fleecing the consumer

Notes Newman "Higher prices will be the natural result of increasing transport and mining costs Naturally the higher costs from the mines and the railways — compounded by the higher price of fuel — will be passed on to the consumer "

Triton directors have been quoted as saying that, if present conditions continue, a 70 kg bag of coal, now R2,45 delivered, will sell at R6 in two years

But they claim Triton Energy will be able to deliver the goods at R3,50 This, in effect, means that Triton guarantees to halve coal distribution costs for a fixed time

The company, says Newman, is not competing with other coal merchants *per se*, but "with the costs of other methods of coal distribution "

French coal-mine bid aimed at SA

SA 13/7/81

2/15

Own Correspondent

PARIS — France is trying to buy a 600-million-ton coal deposit in the United States in a deliberate bid to cut back on South African coal imports

The move parallels talks held in Paris last week between France's Socialist President, Mr Francois Mitterrand, and President Seyni Kountche of Niger, the black African nation supplying France with uranium for its mammoth nuclear-power programme.

Both moves could seriously affect Franco-South African trade

Efforts by the Compagnie Francaise des Petroles — better known as "Total" — to buy the huge coal site in Kentucky, operated by the Harbert company and 75 percent exploitable by cheap, open cast mining methods, involve around R260-million in investment.

Besides the purchase there are plans to increase output and equip a port with machinery so that the coal can be exported to France and Europe instead of just sold within the US as at present.

But of greater importance than a straight takeover bid, observers believe, is the timing — and comment from the French Energy Ministry.

The ministry said the purchase would help France to diversify its coal sources.

Today a third of these supplies — a total of 9,2-million tons last year — come from South Africa, which has overtaken West Germany as France's top supplier.

In 1978, West Germany supplied 8,75 million tons compared with South Africa's 6,8-million.

The ministry statement appears to be a direct follow-up to the Socialist party pledge to reduce imports from South Africa where possible.

The bid to cut back on coal is particularly significant as the Industry Ministry here has long-term, and probably not easily altered, plans announced by former Minister Andre Giraud last year to boost the use of coal

South Africa had been poised before the change in government here to take a major share of the increa , being geared up easily to cope with demand, as it did last year for the whole of the European Economic Community

In 1980, South African coal exports to the EEC rose 20 percent, to 19,2 million tons, with nearly half going to France.

QUANTITY SURVEYING

(Continued)

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(Continued)

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For the best student in the subject of Building Construction.

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For the second best student in the subject of Building Construction.

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M P Morkel

ROM 20/2/81

Belgian terminal will aid SA-European coal trade

VIBRATING equipment made by leading South African mining equipment suppliers, Coalequip, is to be installed in the new R35-million coal terminal in Ghent, Belgium

Behind the establishment of the ultra-modern terminal, announced recently, is the South African mining group Rand London Corporation, which expects the terminal to assist it in opening up the European export market for its own anthracite production

Rand London's order to Coalequip is worth in excess of R100 000 with two products to be supplied, VE 13 double-deck Eliptex screens and TS 1400 IFE electromagnetic feeders This is Coalequip's first export order for vibrating equipment outside Southern Africa

Star 21/7/81

215

SA link with US coal deal

ROANOKE — A Canadian-South African holding company has acquired Virginia's ninth largest coal producer as part of a 152-million dollar (R129-million) deal with the Sovereign Coal group in Bluefield, West Virginia.

Harman Mining, a Buchanan County operation produced about 400 000 tons of coal last year.

The firm was bought by a joint venture of Hudson Bay Mining and Smelting, a major mining company based in Toronto, and Minerals and Resources, a Bermuda firm controlled by South African financial interests.

Witbank pretax profits lifted healthy 40%

SP 21/7/81

Enjoying the benefits of higher prices for low-ash coal exports Witbank Colliery, one of the two coal producers in the Rand Mines Group, lifted its pretax profits a healthy 40,3 percent from R15,1-million to R21,2-million

Sales rose only 1,4 percent from 2 856-million tons to 2 895-million tons but the effect of the price increase is seen in working profit expressed in cents a ton which have risen from 515c to 739,5c

The colliery paid no tax but there was a R4,7-million tax reversal the previous quarter so the increase in net profit is not as impressive as pretax results, rising only 7 percent from R19,9-million to R21,2-million

Capex increased from R7-million to R7,2-million and there are further commitments of R47,5-million. In the remainder of the year, however, only about R15,4-million is expected to be spent

Tonnages sold at Rand Mines' other colliery, Welgedacht, rose by 7,8 percent from 547 257 to 590 203 tons This yielded a working profit of R1,5-million (R1,4-million).

There was an increase in net railway revenue from R214 000 to R832 000 but sundry revenue was down from R152 000 to R59 000, leaving profit before tax of R2,4-million against R1,8-million in the March quarter

Taxation took R608 000 (R571 000), leaving taxed profits 45 percent higher at R1,8-million compared with R1,2-million in the previous quarter.

Capex jumped from R286 000 to R892 000 and there are commitments for a further R1,9 million The estimated capex for the remainder of the current year is R1,7-million. — David Bamber.

JUNE COAL SALES

(215) FM 24/7/81

	Jun 1981	Progressive total to Jun 1981	Jun 1981
	'000 metric tons		
AAC			
Amcoal			
Coal (6)	2 889	17 452	2 834
Coke (6)	38	235	41
Indumeni (6)	27	162	31
Morupule (6)	32	189	32
Natal Anth (6)	110	650	99
Swaziland (3)	19	54	4
Vierfontein (6)	122	639	107
Wankie			
Coal (10)	157	1 511	195
Coke (10)	18	181	22
GFSA			
Apex (6)	168	964	170
LONRHO			
Duiker Explor (9)	248	1 966	158
GENERAL MINING			
Afrikander Props			
Delmas (1)	177	177	193
Clydesdale			
Coalbrook (1)	310	310	378
New Clydes (1)	120	120	122
Trans Natal			
Blinkpan (1)	213	213	144
Ermelo (1)	234	234	165
Haasfontein (1)	93	93	81
Hlobane (1)	63	63	46
Kilbarchan (1)	119	119	121
Matla (1)	432	432	209
Northfield (1)	40	40	33
TNC Opencast (1)	172	172	84
Tvl Navigation (1)	185	185	160
Usutu (1)	347	347	350
Optimum (1)	605	605	554
RAND MINES			
Welgedacht Explor			
Open Pit (9)	59	439	49
Umgala (9)	81	658	70
Utrecht (9)	17	240	19
Zimbutu (9)	34	297	32
Witbank Coll			
Albion (9)	55	565	56
Douglas (9)	182	1 566	173
Duvha (9)	274	1 993	99
Union (9)	29	273	25
Van Dyks Drift (9)	286	2 456	314
Wolvekrans (9)	189	1 464	161
JCI			
Phoenix (1)	84	84	88
S Witbank (1)	119	119	126
Tavistock (1)	195	195	131

Figures in parentheses are the number of months in each company's financial year completed at the end of June

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Awarded to the student with the best classwork in Engineering Drawing.

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27/7/81 ~~1981~~

Coal to go by belt

215

Coalequip has been awarded a R3-million contract by Rand Mines to design, supply and instal a 5,6-km long overland conveyor system from Wolwekrans Colliery to Van Dyks Drift, Eastern Transvaal.

The system, comprising three conveyor units, will carry coal at 1 500 tons an hour from the colliery to a preparation plant at Van Dyks Drift. It is expected to be ready to go into operation within two months.

Belting for the conveyors is being supplied by the Goodyear Tyre and Rubber Company.

Gencor coal producers' great year

Star 30/7/81

215

By David Bamber

The two coal producers in the General Mining Union Corporation group, Trans-Natal Coal Corporation and the Clydesdale (Transvaal) Collieries, have turned in excellent results for the year to June 30.

Trans-Natal lifted taxed profits a, whopping 57,9 percent from R31,7-million to R50-million after an outstanding performance in the final quarter when profit amounted to R16,6-million (R9,9-million).

BETTER PRICE

Major reasons for this improvement are higher tonnages sold and a better price received.

In the full year, 27,8-million (25-million) tons of coal were sold assisting to increase net income from mining and allied activities from R44-million to R64,2-million.

Sundries amounted to R3,3-million (R1,1-million) leaving income before tax at R67,4-million (R45-million).

Earnings a share before capital expenditure amounted to 94c (61c). However, the big capex programme in which the company is involved absorbed more than R70-million, resulting in high rententions and only dividends totalling 38c a share being declared.

Clydesdale's results in the final quarter are a little disappointing but the annual profit is well up on the previous year.

Profit in the June quarter amounted to R4,1-million (R5,4-million). This was despite an increase in tonnage sold from 1,5-million to 1,9-million.

TONNAGE SOLD

The year's results, however, reflect an increase in taxed profits from R9,8-million to R14,6-million after a rise in tonnage sold from 5,9-million to 7,1-million.

Earnings a share amounted to 144c (97c) but, as in the case of Trans-Natal, capital expenditure exceeded profits resulting in retentions being fairly high. However, the total dividend of 60c (45c) declared during the year was quite generous

URBAN & REGIONAL PLANNING

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(Continued)

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QUANTITY SURVEYING

GENERAL NEWS

Kruger Park mining plan will be aired

Star 3/8/81

215

By Rob Soutter
CARE Reporter

The controversial question of coal mining in the Kruger National Park will be discussed in September by the National Parks Board and the Minister responsible for the environment, Mr van der Merwe.

It is expected that the findings of the committee of inquiry, which recently investigated alternative sources of coking coal outside the park, will be revealed to the board.

Dr O Martini, president of the Wildlife Society of Southern Africa, said the board would meet the ter late in September.

He said the findings would be discussed, but emphasised the committee had investigated a relatively narrow field and did not have the powers of a commission of inquiry

"The worst possible findings would be that there was insufficient coking coal outside the Kruger National Park and that alternative methods of iron production were inadequate," he said.

ASSURED

"But I have been assured that in this case no action would be taken without the appointment of a commission of inquiry.

"This would cover a far wider field, with powers to subpoena witnesses and accept independent submissions, and its findings would be published.

"The whole issue would then be thoroughly investigated," he said.

South Africa's leading conservation organisations are responding to a call by Endangered Wildlife Trust director Mr Clive Walker for united action in defence of the park

Mr Ian Player of the Wilderness Leadership School said "The Kruger is not a disposable object; it belongs to the world and must be preserved

"If this country wants to retain the world-wide respect it commands for protection of the environment, the Kruger must not be mined," he said

"It is long overdue that the environment organisations representing the public show their united opposition to the proposed mining."

The following manuals/handouts supplementary to the terminal manual are for sale in the Computing Service library:

Using the Univac is Easy
Using Files on the Univac
ED Processor
DOC Processor
GDP (Graphics Display Package)
SACLANT (SGP)
QCLUS
GENPLOT
EXEC8 Hardware/Software summary
CTS summary
Introduction to CTS
CTS PRM

Trans-Natal gets the vote before Amcoal

by ADAM PAYNE

THE 44% jump in Trans-Natal Coal Corporation's attributable profit in the June quarter over March spotlights the potential of this coal-mining group for growth.

The 38c dividend for the year to June 30 puts the share on a yield of 3,45%, which is lower than the coal sector's 4,8%.

However, more than one analyst prefers Trans-Natal to Amcoal because it has received a bigger jump in export allocation under Phase 3 (1986) of Richards Bay exports

In a study of coal-mining shares, a Johannesburg broker favours Trans-Natal and Apex Mines, which also produced an excellent June quarterly report

He predicts conservatively that Trans-Natal's profit before tax will rise from this year's R67 429 000 to R76 400 000 in the year to June 1982 and that after R70-million of capital spending and crediting R26-million from the share issue the distributable total in dividends will be R24 100 000 or 45c a share.

He estimates the present value of the share, looking for a return of 8% a year, to be R14,30 compared with the JSE price of about R11

The broker says that because of the company's Northern Transvaal coalfield potential, it is reasonable to base the present value on a discount of 8%

He looks for a steady rise in distributable earnings to 50c in the year to June 1983, a dividend jump to 75c in 1984, with sales to Escom increasing and steam-coal exports beginning to rise under Phase 3.

He sees distributable earnings remaining at 75c in 1985, with another rise in 1986 to 95c and a bigger jump in 1987 to 127c, when Phase 3 will be fully under way with total exports of 44-million tons for all companies through Richards Bay

Other points in his review are that sales to Escom by Trans-Natal will rise from 17 400 000 tons in the year to June 1982 to 18 600 000 tons in 1983 and 19 800 000 tons in 1984. He does not allow for further increases in Escom sales which would depend on Trans-Natal successfully tendering for another big power station or stations

On the world scene, he quotes the American Department of Energy as estimating that coal-fired energy will grow at 8,5% a year to 1985 and at 6% to 6,5% through to the turn of the century.

In South Africa's domestic market he estimates that sales by the TCOA should rise because of increased industrial demand at a rate of 4,8% a year.

The Government has still to announce whether it will increase the Richards Bay export allocation after 1986, under a possible Phase 4, but assuming that an increase of 21-million tons is allowed to total 65-million tons a year he forecasts — without solid foundation for his figures — that Amcoal will get 4-million tons of this additional allocation and Trans-Natal 3 500 000 tons.

Based on this forecast, he says such an allocation should result in annual capital spending by Trans-Natal of R50-million in 1988 and 1989 and that an additional annual profit of R22-million should be available, equivalent to a dividend of 36c after the conversion of 7 989 105 preference shares in 1983 to bring the issued capital to 61 249 802 — a big total that dampens rapid growth or falls in the share price

Vierfontein, Indumeni lift interims

215

Rdm 6/8/81

Financial Reporter

TWO Anglo American collieries have declared higher interim dividends for the six months to June 30

Vierfontein has increased its payment from 3c to 4c and Indumeni has raised its from 13c to 15c

Indumeni, however, showed a fractional fall in net profit — from R329 000 to R328 000 It also has uncertain prospects, with Iscor turning down a proposed new development, and there is also the doubtful future of Natal Associated Collieries (Pty), in which Indumeni has an interest

The interim taxed profit of Vierfontein was up from R154 000 to R211 000

The directors say of this mine "During the six months under review the burning rate at the power station (Vierfontein) was considerably higher than that forecast by Escom

"It is forecast by Escom that the power station will continue to burn at a high rate for the remainder of the year with the result that coal sales and profits for the second six months of this year are expected to be at similar levels to those achieved for the first half year

"The burning rate at the Vierfontein power station, and thus the level of the company's dividend payments in the longer term will be dependent on the commissioning programmes achieved by the major new power stations now under construction"

The directors of Indumeni say Iscor has said it does not wish the colliery to proceed with the exploitation, on Iscor's behalf, of certain seams of coking coal in its eastern area

It has been decided, therefore, to stop the project

The directors also warn that it might not prove possible to exploit some high sulphur anthracite and lean coal reserves near the existing North mine because of the high sulphur content

The future of the bituminous trade of NAC is uncertain and that when the mine eventually closes there will be costs involved in pollution control measures

This could affect dividends

Directors warn Indumeni may be forced to close

SGW 6/8/81 215

By David Bamber

Indumeni, the Amcoal-Anglo controlled colliery, may be closed down in less than three years.

In the company's interim report for the half-year to June 30, the directors say "unless a viable mining project is identified and, in the case of exports, suitable arrangements made to export the coal either through Richards Bay or Durban, operations will cease early in 1984 when supplies of coking coal to Iscor terminate.

"A decision would then have to be made either to place the colliery's assets on a care-and-maintenance basis or to effect closure."

Perhaps this is one of the reasons for the drop in dividend cover from 1,8 to 1,6 resulting in an increase in dividend from 13c to 15c despite a marginal fall in earnings from 23,5c a share to 23,4c a share.

Tonnage sold during the first six months was well down on the same period a year ago at 162 000 tons (182 000 tons).

This was due to a request from Iscor to reduce supplies by 10 percent as reported in the company's 1980 annual review.

However, as a result of the annual escalation in the profit margin a sales ton, profit before tax rose from R568 000 to R573 000.

But a slight rise in the tax bill from R239 000 to R245 000 left taxed profits marginally lower at R328 000 (R329 000).

The interim results of Vierfontein Colliery, released simultaneously with those of Indumeni, are, however, a completely different story.

Pretax profits in the six months to June 30 leaped 36 percent from R266 000 to R362 000 and taxed profits were R211 000 (R154 000).

With an increase in tonnages requested by Escom, the future looks bright at present and a 4c interim dividend has been declared (3c).

Messina aims to export Kangwane anthracite

By JOHN MULCAHY

MESSINA (Transvaal) Development Company is hoping for an anthraciote export allocation in the next phase of Richards Bay development.

A Messina spokesman said it was hoped that representations to the Minister of Mineral and Energy Affairs would be favourably considered "along with other producers independent of the Transvaal Coal Owners Association"

Messina has formed a subsidiary, N Komati Anthracite (Pty), to exploit anthracite reserves in the homeland of Kangwane The Mining Corporation will have 40% of the company and Messina 60%

The mine is expected to build up production to 500 000 tons of anthracite a year in the next three years, and it is hoped that most will be exported

The cost of the project to production is estimated at R14-million, most of which will be funded by Messina

Significantly better prices for anthracite are received on overseas markets, but the anthracite in the central Kangwane field is believed to be low in sulphur, and suitable for the South African market

The Messina spokesman said it was too early to say what proportion of the anthracite would be exported, but the SA market was a useful backstop, and favourable to stockpiling the product

Exports would also depend on handling efficiency at ports and availability of rolling stock

Messina geologists would carry out further exploration, the spokesman said, and details on the methods of mining are expected to be released later in the year

There will be little, if any, open-cast mining, and although the seam is underground, it is believed to be shallow

Assurances have been given by the South African Government that a railway line will be built from the Kangwane area through Swaziland to Richards Bay, and there is the alternative of shipping the coal through Maputo

In either case a permit is required from the Minister of Mineral and Energy Affairs, but shipping through Richards Bay will probably be cheaper, in spite of the greater distance, because of the high handling charges at the Mozambique port

The benefit to Messina of the coal development will only be apparent in the years to come, but it does indicate the company's renewed commitment to mining

Besides the coal venture Messina plans to revive the East Daggafontein gold mine, and has also bought a small diamond mine near Barkly West in the Cape

The company will spend about R18-million on developing the new mining interests in the next two to three years

Still listed in the copper sector of the Johannesburg Stock Exchange, income from copper is expected to account for only 15% of Messina's earnings in the year to September Last year, 84% of profits were derived from the motor division, Datsun

The share has been tipped by London brokers James Capel because of its potential to benefit from a sharp upturn in the copper price, with earnings protected by diversification in the mean-time

The old Messina copper mine is not a great contributor to profit, and last year profit was only R10 000 Most copper earnings are from the Zimbabwean holdings Mangula and Lomagundi Smelting

The results of the foreign subsidiaries are no longer consolidated, and the only income reflected in Messina's accounts from these sources is dividends

Working costs in Zimbabwe have risen substantially over the past year, and it is doubtful whether Mangula can still be regarded as a low-cost copper producer

In addition to continually rising working costs, the recent Budget measure in Zimbabwe on capital expenditure allowances is expected to affect all mining companies there adversely

According to some industry sources the allowance of only 30% of capital expenditure for tax in a single year will render 90% of new investment in mining unprofitable

Although there has been no additional official restriction on the distribution of profits outside Zimbabwe, there are fears that in practice foreign controlled subsidiaries will experience difficulty in remitting dividends, which casts a serious shadow over Messina's potential copper earnings

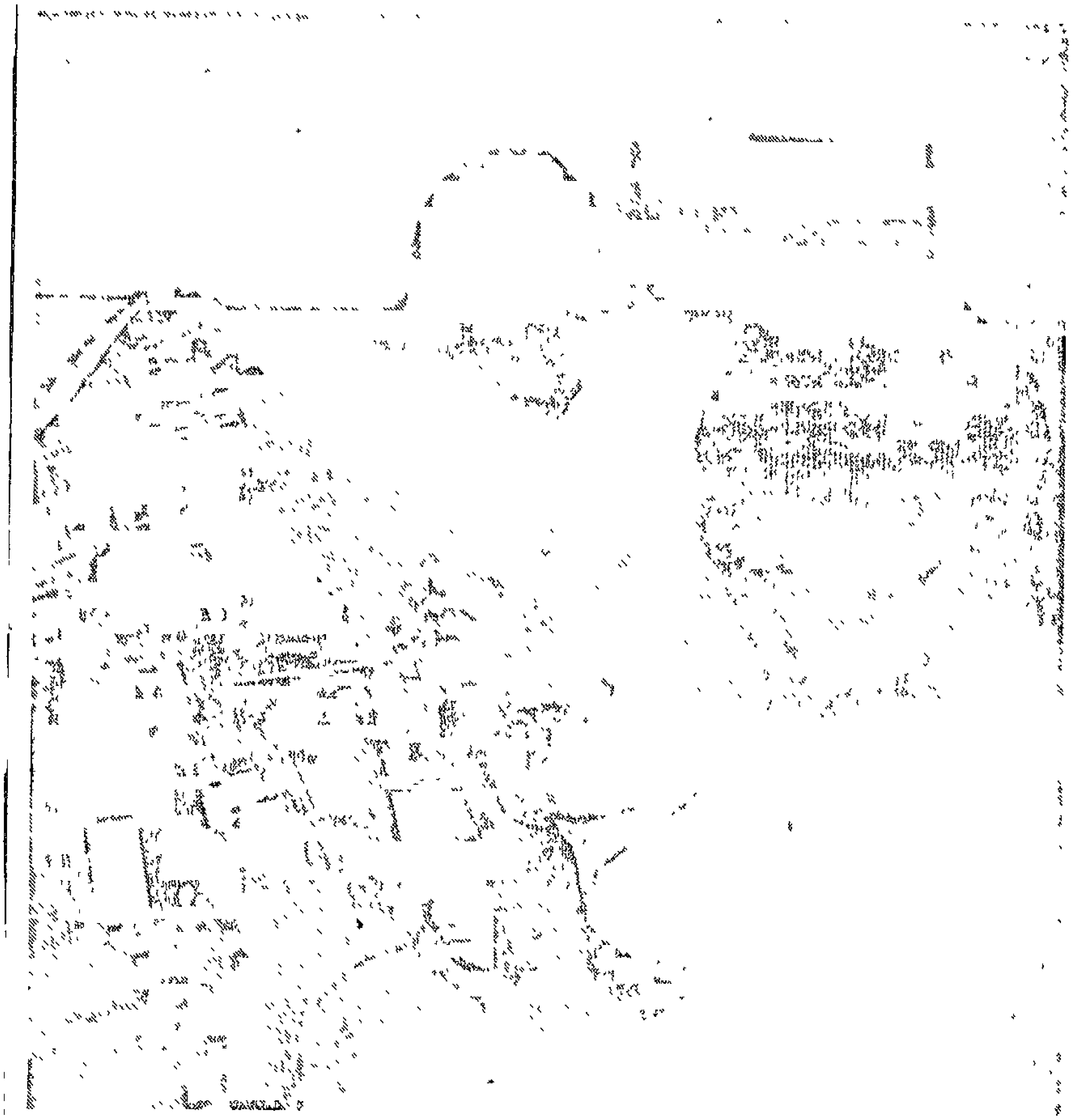
The Datsun franchise cannot be expected to maintain the same growth in the year to September 1982 as it will in the current year, but commercial vehicles are expected to take up some of the slack, and overall growth in Messina's earnings should continue at a fairly rapid pace

Messina has been well bid on the JSE recently, but this is a reflection of industrial growth, and cannot be ascribed to copper considerations

Capel's estimate is earnings of 159c a share in the second half of this year to make 300c for the year, and a final dividend of 57,5c a share to make 80c for the year

At yesterday's 800c, Messina is on a prospective yield of 10%

APPRENTICESHIP



Electronics trainees at Duvha Colliery Each man progresses at his own pace but the training is fully integrated for the first time in South Africa

No race barriers in new training centre

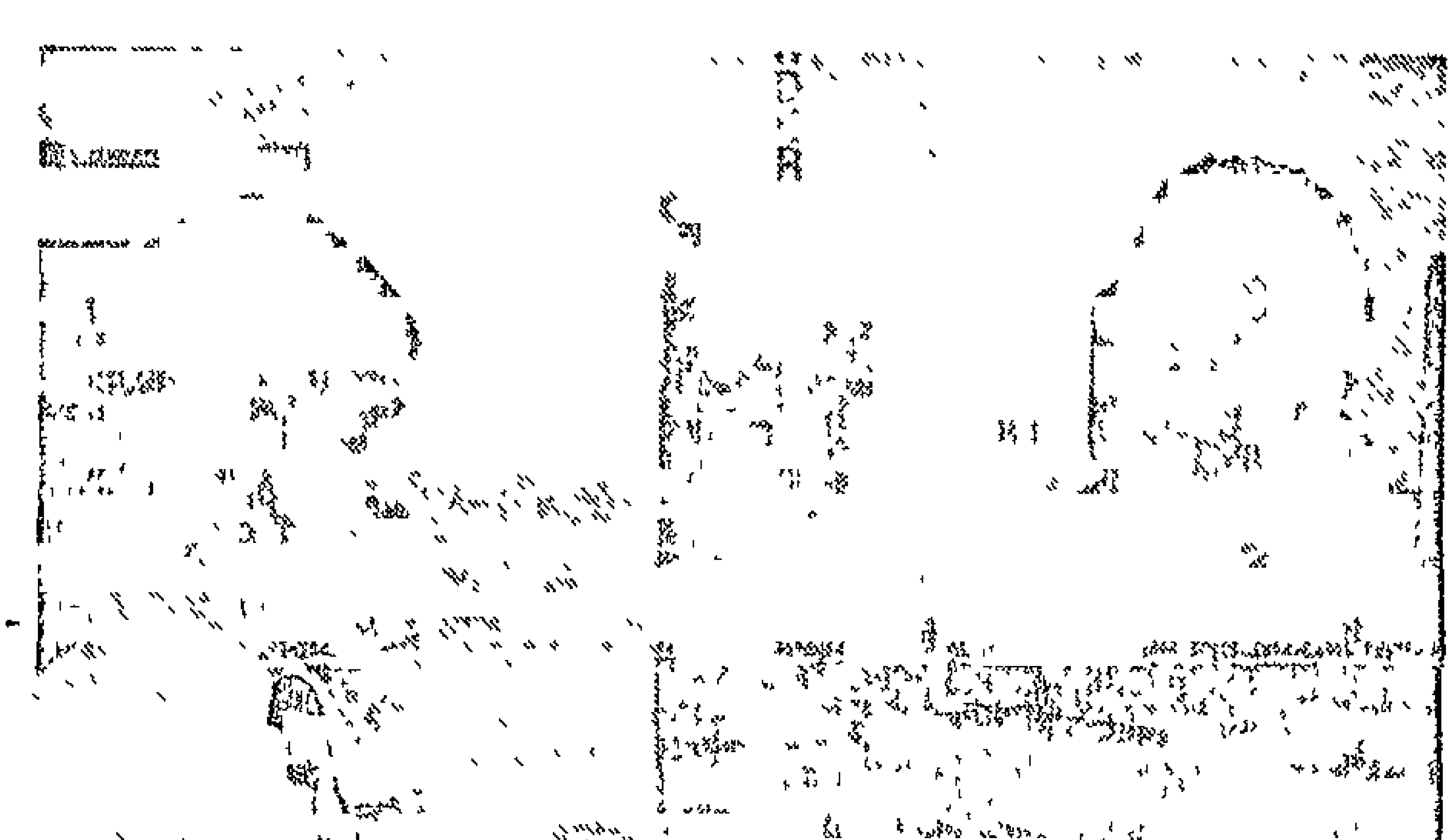
Star 17/8/81 (215)

Report and pictures by Bob Davis

Black and white engineering apprentices are being trained side by side at an Eastern Transvaal coalmine — and there have been no objections

The training involves boiler making, electronics and fitting

The trainees — the blacks are likely to be the first to finish — will work on the mines



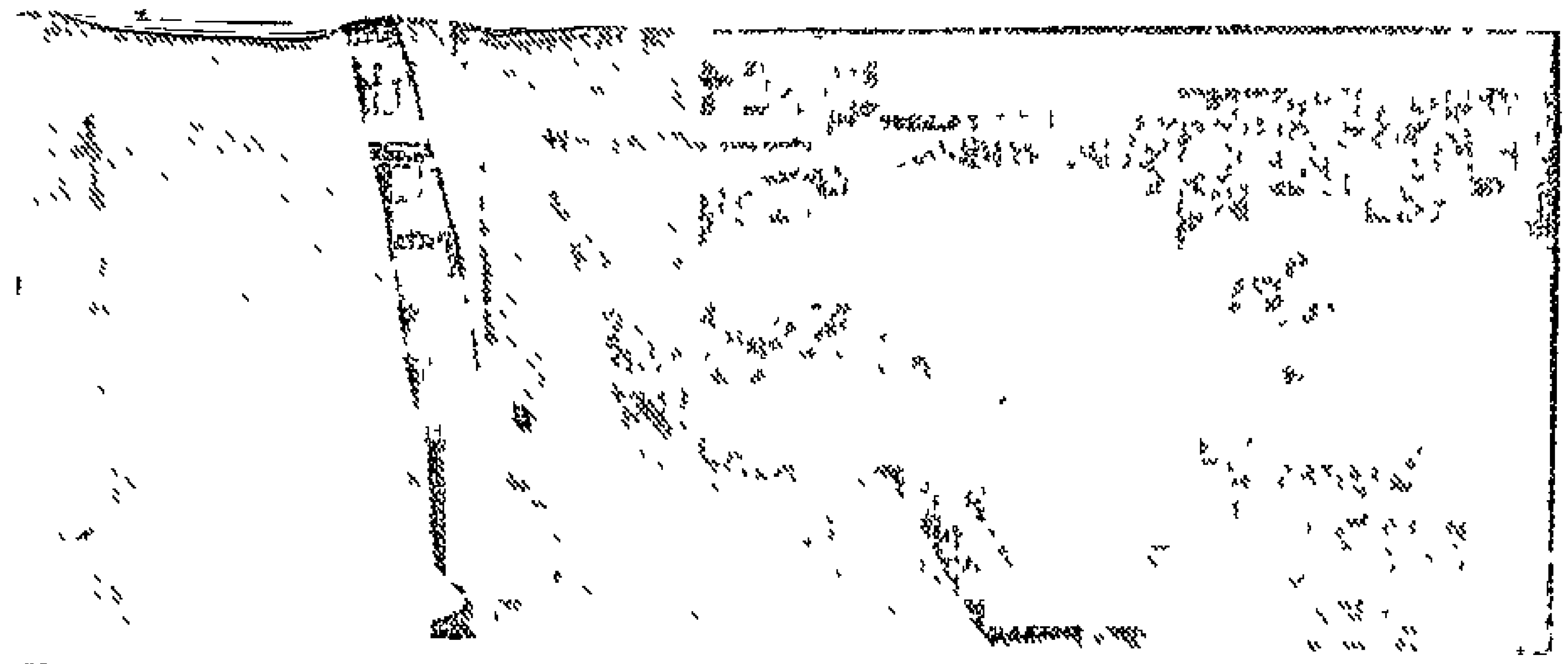
for equal pay, leave conditions and housing allocations.

Full integration started the day they joined the apprentice-ship centre established at Duvha Colliery at a cost of R300 000 of which about R100 000 was spent on equipment.

Training manager Mr Michael Hardman explained that the integrated training of the 11 black and nine white youths was an expression of Rand Mines' philosophy of equal opportunities for all.

"Integration takes place at all levels," Mr Hartman said, "in the workshop, the dining room and the change rooms."

The 20 apprentices were selected purely on merit in terms of basic qualifications — standard eight with



Training manager Mr Michael Hardman and one of the instructors in the integrated mine apprentice training scheme.

science and maths and the passing of an aptitude test.

The Criterion Referenced Instruction method was adopted in the training programme because it allowed each apprentice to progress at his own pace instead of at the groups' pace.

But because the white apprentices would have to do military training, the blacks were likely to be the first to qualify.

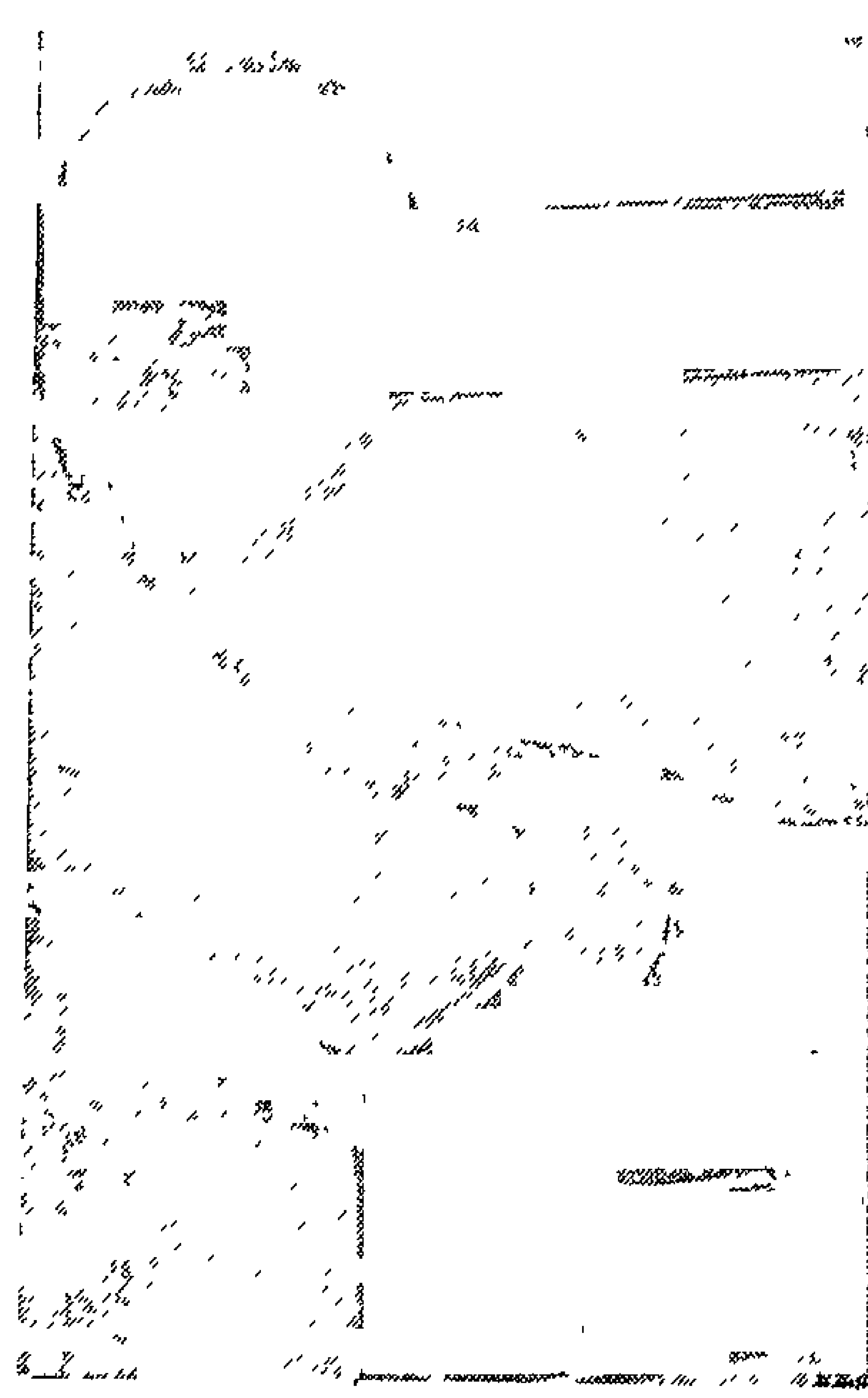
Most of the black apprentices were the sons of Rand Mines employees, while the whites were recruited in the nearby town of Witbank.

"The only differentiation is that the white apprentices attend technical college in Witbank and the blacks have to go to Pietersburg,' Mr Hardman said.

"But that's not our doing, it's because the technical colleges are not integrated."

Had there been objections from any quarter?

"No," said Mr Hardman. "The Apprenticeship Act in South Africa is colour blind. If a man has the basic qualifications and aptitude, he can be trained to be an artisan, and the mines are desperately short of the skills we teach here."



Apprentice training at the Rand Mines Training Centre. Each trainee sets his own pace.

Star
17/8/81

Coal brings big boom to the bush

S. Times 23/8/81

215

By NORMAN CHANDLER

A GIANT coalfield which will transform the veld, is being developed in an area stretching from Ellisras in the northwestern Transvaal to Mmamabula in eastern Botswana

Iscor, Escom, South African Railways and the Botswana Government are setting up an infrastructure at a cost of hundreds of millions of rand, I was told this week

Already plans are being completed for a network of railway lines linking Mmamabula to Ellisras so that the coal — good quality coking — can be railed to Richards Bay for export to Japan

This will mean a new bridge across the Limpopo River.

"The foreign exchange advantages to South Africa and Botswana are enormous," a Botswana Government source said

"The discovery of the coalfield is of tremendous importance to our country, and will certainly help the South African Government and its agencies in further developing the Bushveld region "

It is understood that the Japanese have "bought up" the whole Botswana coalfield so as to ensure a permanent supply, while the South African side of the venture is for export and domestic consumption.

New rail link completed

At Ellisras, a new railway link from Thabazimbi has already been completed, and it is understood there are plans to build a railway line from Vaalwater — 112 km away — to the town

- Iscor is developing the giant R386-million Grootgeluk coal mine 16 km from Ellisras, and has begun building 1 500 modern homes for workers A massive single-quarters complex for black mineworkers has already been completed
- Escom will build a R2 000-million power station likely to rival Kriel in the eastern Transvaal, and I understand that recruitment of overseas workers for the project is due to start soon

The huge Matimba power station will, says Escom, generate 1 800MW rising to more than 3 000MW

It is one of seven new power stations being built to augment the national power grid, which this winter has been hard pressed to cope with consumer demand

While there was no confirmation from Escom this week, Botswana officials say that it is certain that the power station will eventually supply that country

Preliminary work at the site is already in progress, and this week Escom officials were making an on-the-spot investigation

It is expected that the power station will take two years to complete, and will use 2,3-million tons of coal a year from the Grootgeluk mine

"Everything is being done on a huge scale," said Mr Sarel Burger, an Ellisras businessman

Pushed to forefront

"In many ways we are sad that our one-horse town has been pushed to the forefront, but the prosperity these new developments is bringing is more than making up for that disappointment "

Prosperity has already brought new shopping centres, hundreds of new houses, blocks of flats, tarred roads, street lamps and an ultra-modern South African Air Force satellite radar installation on the outskirts of the village

Ellisras does not have its own town council at present and is administered by the Transvaal Peri-Urban Areas Board.

It is expected that the road to Stockpoort, the border post with Botswana, will be tarred for its 73-km length once developments begin on the under-the-Limpopo coalfield, said by engineers to be an extension of the Grootgeluk mine

Mmamabula, at present just a railway halt, is to be developed as a new town in much the same way as Gaborone was built up from railway station to capital.

Order placed on Natal coal mine

NM 27/8/81

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Court Reporter

A COAL mine at Utrecht in Northern Natal was placed under an interim judicial management order yesterday after a Durban judge was told that the company was negotiating export arrangements with American concerns which could yield millions of rands in profits

The temporary order against Northern Natal Minerals (Pty) Ltd, returnable on October 6, was granted by Mr Justice van Heerden following an urgent application brought before him in chambers by Mr Hendrik Christiaan Kohler, one of the mining company's three directors

In papers Mr Kohler, of Springside Road, Hillcrest, said the other two directors were Mr J M Kemp and Mr D P Young

He said the mine owned mineral rights on land by virtue of a cession At present there was a stockpile of some 70 000 tons of duff coal worth R1 000 000 on the land Unless certain debts were met there was a danger of the cession being cancelled.

The company, which had its registered office at Graham Kelley and Co in Durban, was indebted to Volkskas Bank in an amount of R105 000 and had an overdraft of R226 000 besides other debts on plant and machinery

There was also a possibility of a R65 000 claim by a coal syndicate, whose name was not known to him, and a further claim by a Johannesburg attorney, Mr K M Rontgen, for costs in settling a dispute between the mine and certain American concerns

Mr Kohler said the reason for the mine being unable to meet its financial commitments was negotiations started earlier this year with the American concerns which would enable coal to be exported at considerable profit

He said the American concerns had not honoured their undertakings A writ of arrest against one Garfinkle, being one of the Americans involved in the negotiations, was issued in the Witwatersrand Local Division of the Supreme Court

Mr Kemp, who had negotiated the agreement, was presently in the United States, in pursuance of a settlement He believed that the mine's interest in the original agreement was worth R2 250 000 and Mr Kemp had led him to understand that a settlement was expected

Mr D H Bester, instructed by R Jackson and Co, appeared for Mr Kohler

81or 21/8/81

McAlpine training school's success

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A training school for open-cast colliery workers is making great strides at Kilbarchen near Newcastle, Natal

Established by the McAlpine group of companies, recently listed on the JSE, the school is attracting considerably attention from the rest of the mining industry.

Established by Bill Gillespie, a man who was closely involved in the Zambian takeover of the Copperbelt mines, the school has received the approval of the Department of Manpower Utilisation and the Civil Engineering Training Board.

The school produces trained men in the areas of plant, draglines, rotary-drill operators and general maintenance.

Recent additions to the curriculum are mechanics and supervisory training. Future plans are to train pump-maintenance men

Theoretical and practical-training methods feature in the operations of the school

The scope of undertakings can be gauged frm the activities which range from upgrading semiliterate workers to management training for senior staff.

RECRUITMENT

The lower echelons of training are completely in-house developed and are thus custom-designed for local conditions. As a matter of policy local people are recruited to the school and existing staff are put through courses to improve their work performance. As they progress up the training ladder, appropriate wage increases are awarded.

The mechanics are to undergo a six-month training course designed to bring them to a stage where they can maintain sophisticated plant and machinery under supervision

A further six-month trial period in the field will follow, after which a more-advanced theoretical course will be tackled Operators need to undergo only a fortnight's training to become basically familiarised with their machinery

An important feature of the course is a disciplined check of machinery on a daily basis. This has produced big savings in maintenance.

The operators of units such as scrapers, graders, bulldozers, and front-end loaders are upgraded through further courses, the ultimate aim of which is to make them multiskilled

Mr Gillespie says that in the long-term there is a view to accepting trainees from outside the McAlpine group Company men only are now being inducted

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.

Diamond union wins 5-year row

star. 1/9/81

(235) (222) (215)

By Drew Forrest

The position of qualified white workers in the diamond cutting industry has been strengthened and a major blow has been dealt to the industry's employers by a judgment given in the Industrial Court.

Ruling on an application by the all-white South African Diamond Workers Union, the court concluded last week that the employer body, the Master Diamond Cutters Association, had committed an unfair labour practice against qualified workers in the industry

The unfair labour practice suit, heard on June 18 and 19, represents the climax to a five-year dispute between the employers and one of the toughest and most tenacious of the white unions.

AGREED

After an 11-week work-stoppage in 1976 the union agreed to allow unqualified workers mainly coloured to cut small stones of under 1,19 carats in the rough state

In return the employers undertook not to dismiss white journeymen and to pay them while on "short time" for a maximum of 40 days a year.

The demarcation size, which is renegotiated annually, was increased to 1,69 carats by the Industrial Tribunal in 1979

In last week's judgment the court drastically reduced the gem-size which may be polished by unqualified workers to 1,19 carats in the rough state, effective from October this year

RECESSION

Employers stress that the new demarcation size will have little immediate effect as the industry is in recession but if business picks up, they say, it will mean greatly increased labour costs.

The court also ruled:

- That the retrenchment of four white journeyman diamond cutters earlier this year was contrary to the 1977 agreement, and was an unfair labour practice

(In April, the union successfully applied to the Minister of Manpower for a "status quo" order reinstating the men, pending the outcome of the court case).

- That journeymen past retirement age were still protected by the agreement and could not be retrenched.

WELCOMED

A spokesman for the employers said today that the judgment "was not in the best interests of the industry's employees, both white and non-white"

The court ruling was welcomed by the union's general secretary, Mr Robin Rich, who said that qualified workers, the "backbone of the workforce," had been "progressively white-anted out of the industry by short-time and dismissal"

Small Maputo coal exporters hope for quota lift

RDM 3/9/81

By ADAM PAYNE

AMONG the steam-coal exporters be awaiting the expected announcement in Parliament tomorrow of new export ceilings to apply after 1985 will be the small and almost forgotten shippers through Maputo

In spite of their main difficulty — the limit on size of ships that can load in Maputo — these exporters are moving just under 1-million tons of steam coal a year to overseas markets

In addition, about 180 000 tons of anthracite coal is shipped a year to export markets

The small steam-coal producers with export allocations of about 300 000 tons a year each are Bordex, connected with Boland Bank in the Cape, Concor, the civil engineering and construciton company; and Sevmin Coal which is connected with Savage & Lovemore

Messina (Transvaal) Development Company exports about 180 000 tons a year of anthracite through Maputo

The steam-coal exporters have small mines, often with low costs, in the Eastern Transvaal and are in a different category to the oil companies and big exporters, like Amcoal, which operate through Richards Bay

But because there is export capacity at Maputo harbour, which is close to the Eastern Transvaal, they are seeking a larger quota, perhaps 2-million tons a year

This tonnage could be handled by the existing, old appliances which are still efficient, but if in time the quota is raised to 5-million tons a year or if the Maputo Government obtains export coal at an economic figure from far away Wankie Colliery or from Botswana, there would be ready backers for building a large, modern loading appliance

Since the world export coal trade depends as much on transport and transport rates as it does on mining and mining costs, the Maputo exporters are at a considerable disadvantage to those using Richards Bay

The harbour is not as well dredged as it was under the Portuguese administration and ships are limited in size

Coal loading is slower than at Richards Bay and freight rates to Europe in the small ships are about $25 a ton compared with a new low rate of about $10 from Richards Bay in bulk carriers

The Richards Bay rate was about $16 a ton, but with the depression in the iron-ore trade, bulk carriers have been forced to lower their rates so that Transvaal coal shipped through Richards Bay can reach Europe extremely cheaply — the freight rate to Europe is less than double than the railage rate from the Witbank area to Richards Bay

I am told that at the height of demand for coal in May, Maputo exporters sold coal spot in Europe for as much as $63 to $65 a ton cif which represented an fob price of about $38 for low-grade coal of 25 mj/kg

By comparison, higher-grade coal of 27 7 mj/kg through Richards Bay was being sold at about $56 to $58 a ton cif on contracts negotiated last year

But the spot market has softened rapidly and the Maputo exporters would be unlikely to get as much as $58 cif or $33 fob now

They calculate that by the end of the year the $5 a ton or more drop that has occurred should be recouped so they get about $38 fob again

Difficulties in railing coal to Maputo because of truck shortages are being overcome, although if there is a surplus of fully laden trucks in Maputo, the SA Railways limits the number of trucks that can be used for further railings until the backlog is cleared

The dark side of coal market

RDM 4/9/81 (215/77)

Mining Editor

THE coal export bonanza, which has South African producers vying for allocations, should not be overplayed as the world shortage could easily become an oversupply by 1986.

Dr Wim De Villiers, chairman of General Mining Union Corporation, said yesterday that a major factor in the world coal shortage was the problem of port congestion in the US, and there was every possibility that these difficulties could be resolved by the time the new SA coal export quotas become effective in 1986

Dr De Villiers said he had "reasonable expectations" that Trans-Natal's export allocation would be raised, considering its prominent position in providing coal for Escom power stations.

He said that while the coal on the Springbok Flats appeared to be suitable for conversion to oil, there was a risk in using a process which has not previously been commercially tested.

The oil produced from the coal in the area contained ash which had a corrosive effect on engined parts, such as valves, and until the adverse effects had been evaluated and the risk quantified there would be no point in proceeding with commercial production.

● The new annual ceiling for coal exports from SA is expected to be announced by the Minister of Mineral and Energy Affairs in Parliament today. Applications from producers will then be considered by his department and individual allocations announced at a later date

Dr DE VILLIERS

closer settlements and for metropolitan areas, a surprising result, not proving that there is not substantial unemployment but that its distribution is different from what is sometimes thought.

(b) the question of institutional access to the labour market is tied up with the distribution of both homeland labour bureaux and of private recruiting agencies. This is a very difficult matter to analyse because, following the Riekert report, the homeland labour bureaux network is under reconsideration and little is known about the private recruiting network, part of which is very mobile. A couple of general observations can be made: at any point in time, a network of agencies will define a set of easy access nodes and a set of remote regions. There seems no reason to suppose that closer settlements will always find themselves in either nodes or remote areas; indeed, the settlements considered so far are in both.

(c) the relative extent of nodes and remote areas depends, of course, not on the spatial distribution of labour bureaux and recruiting agencies but on the aggregate demand for homeland labour which is in turn related to the demand for all labour. In other words, the marginalisation question is related to unemployment in South Africa as a whole. I believe that there are two conditions for the presently high level of unemployment to be reduced:

(i) the long-term growth rate must exceed 5% p.a.;

(ii) the urban labour market must not become so isolated from the homeland market that homeland workseekers are unable effectively to bid on it.

There was cause for concern on both fronts in the late seventies. The growth rate dropped well below 5% p.a. for a number of years while we saw increasing barriers being erected around the urban labour market behind which urban-rural differentials were becoming greater. At present, optimism has increased about the growth rate, but there seems no reversal of the trend towards the creation of a privileged but limited urban labour market. Why this matters can be illustrated by two numbers: from 1960 to 1979, employment in the non-primary, non-government and -domestic service sectors of the economy (predominantly urban) grew at a compound rate of 3,5% p.a. The rate dropped from

Estimates (thousands)

RURAL	Labour tenants & squatters	28,3^a,b	28,3^a,b	28,3^a,b	63,6^a	27,2^a	5,4^a	64,9^a	13,4^a	52,9^a	51,0^a	88,9^c	0,7^c	8,6^c	5,8^c	2,5^c	15,1^c	22,1^c	52,7^c	51,9^c	56,6^c
	Black spots & homeland cons	12,8^b	12,8^b	12,8^b	12,8^b	5,5^d	5,5^d	5,5^d	(20,0)^e	10,5^f	50,5^f	17,9^g	11,3^g	17,0^g	16,6^g	15,6^g	18,3^g	29,7^g	59,6^g	57,4^g	61,8^g

Assumptions behind estimates

a. 3 other people on average were moved with each labour tenant and squatter.
b. aggregate figure apportioned equally among years.
c figure for tenants and squatters taken from P Q.545 of 22.4.80.
d taken from row (9)
e rough average
f. taken from row (10) assuming 5 persons per family
g taken from (9)

Note cumulative black spot/homeland consolidation figure comes a little over the supplied figure.

INTO PHASE 3

215 FM 4/9/81

Richards Bay Coal Terminal is continuing its implementation of phase 3 of its project designed to handle R1,3 billion worth of coal exports by 1986 To this end, it is presently negotiating contracts for major machinery

Says MD Mike Dunn "Contracts are being finalised and this will bring their value to a total of R100m "

Dunn says work on phase 3 is ahead of schedule and by July 1983 the new facilities, designed to increase handling capacity from 20 Mt a year in phase 2 to 44 Mt a year, should be fully operational

"Following the commissioning of these new facilities, the throughput is expected to build up on a phased basis to reach full capacity by 1986 "

Dunn is reluctant to release further details of the contracts because "at this stage some are still in delicate negotiation " However, he lists the machinery needed for phase 3 as a tippler, coal stackers, reclaimers and a shiploader

Record year for SA coal exporters

S/Q 4/9/81 215

By Patrick McLoughlin

South Africa's coal exporters enjoyed another record year in 1980 when export revenue leaped R179-million from the previous period total to reach R688,1-million — a 35 percent increase.

Coal last year replaced diamonds as the country's second largest mineral export revenue earner after gold — despite the fact that only a quarter of the coal industry's output was exported.

And, according to the latest Standard Bank review, coal exporters can look to a similar revenue boast this year.

"For South African coal exporters, 1980 was another record year . . . since then an even more favourable picture has emerged and there is a good chance of a further 35 percent increase in coal receipts to well over R900 million this year," the review commented.

The volume of coal exports rose 24,8 percent last year, from 23,4 million tons to 29,2 million tons. Since 1975, volume exports have risen in leaps and bounds from 2,7-million tons and revenue has risen from R34,4-million.

INCREASED

According to the bank, the revenue growth last year was due mainly to increased volumes and this year the increase in earnings and tonnage would come mostly from higher prices.

But the background to the surge in coal earnings in both years was supply bottlenecks among other producers at a time of burgeoning world demand.

The main bottleneck this year and in 1980 was the disruption of exports from Poland — traditionally the Western world's largest steam coal exporter — because of "local political disturbances".

The country had suffered a 25 percent export decline last year and in early 1981 exports were running at about 40 percent of 1979 levels, the review said. Preference was given to supplies destined for Eastern Bloc countries and the brunt of the reduction in exports had therefore been born by the West.

SHORTFALLS

Another factor to South Africa's advantage was that other producers who were potentially able to meet the Polish shortfall — the US and Australia — had also experienced problems.

The result had a "significant impact" on South African coal earnings even though the prices on a large number of 1980 contracts were negotiated before the sellers market emerged.

There was also a significant appreciation of the rand against the dollar last year, which worked towards depressing earnings of mines. Nevertheless rand receipts per ton improved.

The bank says a much slower growth in export volume is likely this year. In the first half there was very little further growth and the industry was unable to benefit any further, in volume terms, from the difficult world supply situation. The position in the second half was likely to be similar.

70. S.A. Commercial Advertiser 13th & 17th February, 1836 (letters to the Editor on the Imam Dispute).
71. Thompson, Cape Coloured Franchise, pp.4 and 5.
72. Eybers, Select Constitutional Documents, pp.45 to 55.
73. Thompson, Cape Coloured Franchise, pp.6 and 7.
74. Cape Archives MOOC - Wills and Inventories - 1890 to 1900. Most of the wills are signed with a cross.
75. Marais, Cape Coloured People, p.275.

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for share of coal exports

M 5/9/81 (215) (~~24~~)

THE COAL export quota has been raised to 2 400-million tons over 30 years from 1 320-million tons, with the first 20-million tons a year to be shipped after phase III of Richards Bay is completed, probably in 1985.

By JOHN MULCAHY

This takes the annual ceiling to 80-million tons from 48-million tons now, including the "previous "approved 30-year quota" of 44-million tons through Richards Bay, and 4-million tons now being exported through Durban and Maputo.

Announcing the increased quota in Parliament yesterday, the Minister of Mineral and Energy Affairs, Mr F W De Klerk, said the export level represented 4.7% of the mineable reserves, calculated last year at 51 000-million tons

He said discards from the preparation process which were high in sulphur and other pollutants would be exempt from quantitive export control to promote foreign sales

The first tonnage in the initial increase of 20-million tons will probably be exported only after Richards Bay has reached 44-million tons, which is expected to be in mid-1985, a year earlier than expected

If development of infrastructure at Richards Bay and of the rail network goes ahead at the same rate as it is now, exports can be expected to reach 64-million tons by the end of 1987

The rush is now on for allocations in the increased quota, and Mr De Klerk said his department had received many applications, with more expected as a result of the announcement

I am told that more than 200 individual applications have been sent to the department for a total of 200-million tons a year

Applications will be accepted until the end of this month, and will then be considered "according to a set of guidelines"

Mr De Klerk said an interdepartmental working group had been formed to advise the Cabinet on the allocations

He said the increased export allowance would lead to the creation of about 50 000 new jobs and would result in improved coal use, prospecting and mining methods

Mr Steve Ellis, head of Gencor's coal division, said the Richards Bay Coal Terminal could now start thinking on a bigger scale, and the announcement allowed far more logical and co-ordinated planning

upset the marketing mechanism

Mr Sealey said this should be avoided as customers preferred to see a competitive situation in the producer countries and not a cartel

A central South African selling agency would be equated with the Australian coal marketing system, in which the Government interfered with prices and deliveries, and disturbed the free market, upsetting consumers

Mr Graham Boustred, chairman of Anglo American Coal Corporation, welcomed the phasing in of the increase, but believed 30 years was unrealistically short

"It must go for 50 or 60 years and that means a quota of almost 5 000-million tons, which represents a significant proportion of the 110 000-million tons of mineable reserves if one considers that only particular coalfields have suitable reserves for export"

Mr Boustred said the increases should be phased in very carefully, "maybe not until the late 1990s, or even later"

The US producers had vast reserves available for export, and once the infrastructural problems in that country were resolved the world coal market could move rapidly into oversupply

200m tons offered

WITH 200 applications for more than 200-million tons in exports, and only a further 36-million tons available, there is bound to be widespread disappointment at whatever formula the Department of Mineral Affairs arrives at

The three majors, Gencor, Rand Mines and Amcoal, argue that they supply 97% of the coal used by Escom in providing South Africa's electricity requirements

The Escom coal, in some cases priced at under R5 a ton, is not profitable for the producers, and with some justification they believe they are entitled to the lion's share of lucrative exports

International oil companies use the trade-off argument "We supply the oil, in return give us some coal exports"

Smaller producers say the coal export scene is monopolistic, and disregards free market principles

These are the arguments Mr De Klerk's department now has to assess, and decide which producers are to join the elite exporters

Under phase III of Richards Bay development, these allocations, totalling 44-million tons, were granted

Transvaal Coal Owners Association 10-million, Natal Anthracite Collieries 2-million, Anthracite Producers Association 2 500 000 tons, Shell Oil 5 500 000, Amcoal 6-million, BP Oil 5 500 000, Trans-Natal 6-million, Total Oil 2 500 000, Barlow Rand 2 500 000 and Kwa Ngoma (Gencor) 1 500 000 tons jump from 44-million tons to 64-million, said Mr Ellis, but planning could start immediately, with the expansion flowing on from current development

He said Mr De Klerk appeared to have taken a packaged view of the coal market, including in the 6?-million tons the amounts now shipped through Durban and Maputo

To accommodate the smaller users the Railways would probably have to provide an additional terminal at Richards Bay, or allow these exporters to use the clean cargo facility

The Richards Bay Coal Terminal was designed to load ships of up to 170 000 tons, and vessels of 25 000 or 30 000 tons caused problems in handling

Mr Allen Sealey, head of Rand Mines coal division, said key questions concerning the increased quota were the protection of markets — capacity should not be increased to the extent of oversupply — the capital needed for increasing production capacity and providing infrastructure would have to be found, and there was the continuing manpower shortage to be considered.

Mr Sealey said there should be no objection to the small producers already exporting continuing at the same levels, but their allocations should not be raised

Gencor's chairman, Dr Wim de Villiers, suggested this week that all coal should be marketed through a single agency to avoid price discrepancies which

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SA to boost exports of coal

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Political Staff

HOUSE OF ASSEMBLY. — The annual coal export quota is to be almost doubled — from 44 to 80 million tons, the Minister of Mineral and Energy Affairs, Mr F W de Klerk, announced yesterday.

He said during the debate on his vote that it had been estimated that the increased exports would lead to the creation of 50 000 new jobs

Welcoming Mr De Klerk's announcement for the Opposition, Mr John Malcomess, (PE Central) predicted it would be the start of the "coal rush of the 80s" Exports were the profitable side of South Africa's coal industry and increases could serve to subsidize internal consumption

Mr De Klerk said export coal was sold at two to three times the price of domestic coal

The increased exports would be introduced in two phases, each of 20m tons, he said The annual quota of 80m tons would, over a period of 30 years, amount to 4,7 percent of the recoverable coal reserves, calculated last year to be 51 000m tons, Mr De Klerk said

Only six years ago the total recoverable reserves were estimated to be 25 000m tons but innovative methods by multi-product mines had resulted in a dramatic increase in this figure

"The increase of the ceiling to 80m tons, therefore, does not disturb the already accepted ratio of exports to reserves," he said "There is good reason to expect that, as a result of improved prospecting, price movement and improved mining methods, the reserves now accepted as proven will rise still further"

The increased revenue from exports would also help reduce domestic energy costs Coal was South Africa's major energy source and the export gains would help to keep the domestic price of coal at realistic levels

"It is thus expected that the total domestic coal demand will increase from nearly 80 m tons per year presently to some 250 m tons per annum by the year 2000

"Taking into account the fact that proven reserves are by no means static, the government is satisfied that its decision to increase coal exports is fully justified

Turning to electricity, Mr De Klerk said the government placed a high priority on the eventual power supply throughout the country at a uniform price, but added that this could only be done through an evolutionary process

"As we move towards the supply of electricity throughout the country, so we will move towards a single price

Poster campaign

He said it would be more difficult to establish a uniform petrol price It could mean that one area would have to subsidize another

Earlier in the day he announced that a series of posters promoting petrol saving were to be distributed The public had to be brought to the realization that it was in their own interests as well as those of the country to use as little petrol as possible

"I hope this (the poster campaign) will be the spark which will create a spirit of true petrol conservation among the people," he said

Mr Malcomess said that the poster campaign scratched the surface of the need to conserve energy

Mr Malcomess stressed the strategic value of South Africa's mineral resources to the West and said the government should "help the West to support us"

More attention should be given to the development of infinite sources of energy like wind and solar power

"We are world leaders in the field of coal and we must strive to become world leaders in the field of wind and solar energy A policy must be formulated"

More attention should be given to the development of infinite sources of energy like wind and solar power

"We are world leaders in the field of coal and we must strive to become world leaders in the field of wind and solar energy A policy must be formulated," Mr Malcomess said — Sapa

Mr F W de Klerk

NRP call to reduce price of petrol

HOUSE OF ASSEMBLY — The government should give serious attention to lowering the price of petrol, Mr Ron Miller (NRP Durban North), said yesterday

Speaking in committee on the Mineral and Energy Affairs Vote, he said such a move would create more jobs, reduce inflation and encourage investment

Mr Miller said he did not believe it was necessary for the government to levy a litre of petrol in order to finance the Sasol projects

"I believe the minister will be doing the country a great favour if he reduces the price of petrol"

While South Africa had taken full advantage of the technology at its disposal to produce petrol, he did not believe full advantage was being taken of the economic benefits flowing from this

Mr Miller said the search for oil was essential, regardless of how much it cost or whether it was a fruitless search, and asked the minster, Mr F W de Klerk, to consider having an oil rig constructed in South Africa

"When I raised this matter with the minister's predecessor some two years ago I informed him that an oil rig could be built for R90 m at a Durban shipyard

"I now notice that the government has budgeted R80 m for hiring oil rigs from elsewhere

"I investigated the matter and found that the same oil rig of some two years ago would now cost R180 m to construct

"But at the present rate of increase of about 20 percent annually in marine engineering, it would still benefit the government to have an oil rig built in South Africa"

Other countries were using South African shipbuilding facilities because they were the cheapest in the southern hemisphere

Turning to electricity, Mr Miller said the Electricity [Supply Commission] was incapable of meeting power demands and its capital expenditure programme needed revising urgently

He said the inability of Escom to supply enough electricity was the result of a wrong decision taken in 1976 by the Board of Trade that there would be a decline in the future demand for electricity and consequently large capital expenditure would be avoided

"I call on the minister to review this programme and to increase it in order to try to meet our future energy requirements" — Sapa

Coal exports to earn R2 500-m

S. Times 6/9/81

By Andrew McNulty

THE new coal export quota of a maximum 80-million tons a year announced by the Government on Friday will result in coal generating R2 500-million a year in foreign exchange on the current average price of about R30 a ton

This will push South Africa into a leading position as an exporter of steam coal

Projected export earnings which will be increased greatly by expected price increases, compare with the South African Minerals Bureau estimated earnings by coal of R960-million for 1981, and the R3 900-million earned by gold in 1978

The virtual doubling of the rate of coal exports from the currently planned 44-million tons by 1985/86 also ensures yet another huge expansion of the country's mining industry

Exports will total about 29-million tons this year

Capital spending by producers on new mining capacity could be pushed to well over R3 300-million in the 1980s

The Minister of Mineral and Energy Affairs Mr F W de Klerk told Parliament that exports would be stepped up in two phases — by 20-million tons in the first step and by a further 20-million at a later stage

Steve Ellis general manager coal at General Mining Union Corporation told Business Times that the first [illegible]

tranche of 20-million tons would be 'reasonable and profitable

There is concern among producers that an over-supply will develop in the market by 1985 as US and Australian export levels increase but the staggering of the additional quota should ensure that the level of 65-million tons is comfortably absorbed in the market

Allocations to producers who will export the coal have not yet been announced

The new quota will increase already intense lobbying for allocations from big producers entrenched in the export markets and from smaller independents or other large houses which have not yet had any allocations to export

South Africa estimated at third-ranking world coal exporter already could move into position of No 1 steam coal exporter within 10 years although it could be overtaken by US and Australian exporters in the 1990s

Coal exports of 80-million tons a year will enhance South Africa's position as a net energy exporter — expected to be achieved by 1985 when coal and uranium exports reach new levels — and increase the West's dependency on South Africa's strategic minerals

The possibility is also raised of growing South African participation in coal-utilisation projects overseas

Escom for example has considerable expertise in burning local steam coal in some of the world's largest coal-fired power stations

Major customers already include several countries not well disposed politically towards South Africa such as France and Denmark

The capital investments costs of the new mines will be staggering

At today's prices, costs for new coal-mining capacity will range between R30 and R60 an annual ton depending on factors such as whether the mine is a 'grassroots' operation or an expansion whether it is underground or opencast whether the coal is beneficiated and on the size of the mine

Mr Ellis says most would cost about R45 to R50 a ton

Total capital investment requirement for the additional new mining capacity alone could therefore be as high as R1 700-million in 1981 money

The industry already has massive capital programmes for the next five years For example on current projects Anglo American Coal will spend R1 056-million Trans Natal R300-million and Rand Mines coal division R300-million

Mr Ellis believes that the first step of the new expansion phase is likely to follow immediately the current target of 44-million tons is achieved in 1985 bringing total exports to 65-million tons by 1988

"As it takes about three years to establish a new mine we would therefore have to start taking decisions on further new mines in about 12 months"

Additional hundreds of millions would have to be spent on new rail and harbour facilities

The exports will improve the profitability of the industry leaving it financially stronger to meet the growing costs of fuelling coal-fired power stations which supply more than 90% of South Africa's electrical power

Mines to feed coal at a rate of 10-million tons a year to the latest 3 600-MW power stations under development by Escom already cost upwards of R324-million the price of the New Denmark mine being established by Amcoal

Hun C G C 32 (215)

9/4/86

Anthracite

*7 Mr K M ANDREW asked the Minister of Mineral and Energy Affairs

(1) What quality categories of anthracite are produced in South Africa,

(2) whether all qualities of anthracite were available in the Cape Peninsula during the winters of each of the latest specified three years for which figures are available if not, why not

(3) whether a regular supply high-quality anthracite will be available in the future?

The MINISTER OF MINERAL AND ENERGY AFFAIRS

(1) Various qualities of anthracite are mined in the Republic and depending on specific characteristics as among others, chemical substance size and calorific value produced according to specification for industrial purposes and domestic requirements

(2) Yes, for both industrial and domestic use except where the availability thereof was temporarily interrupted due to unforeseen problems with rail transport and production problems at the mines

(3) Yes The Department of Mineral and Energy Affairs has already taken the necessary steps to ensure that with the future development of mines which will produce high quality anthracite adequate supplies of anthracite will be reserved for the domestic market including the Cape Peninsula I can however not express an opinion on possible shortages arising from transporting problems and the policy followed by dealers as regards their purchases

company at a higher rate th … mpany itself

paid. The subsidiary then … to finance the

construction of a qualifyin … talise the

interest charge.

For example: The Holding C … s R10 000 from a
finance house at, say, 10% … o its Subsidiary
Company, S, at 15% p.a., wh … y on a qualifying
asset which takes one year … capitalises the
interest of R1 500, which i … and therefore has
no expense in its books. … 0% interest
(R1 000) it has incurred, a … fit of R500. A
further benefit upon consol … that the asset
base of the group has been … eased by R500.

Artificial situations like … allowed to occur,
and FASB 34 has in fact set … for consolidated
AFS. The board imposes a … amount of interest
cost that may be capitalise

Twees cuts final to 97c

11/9/81

215

By JOHN MULCAHY

TWEEFONTEIN United Collieries, whose major interests are 3 700 000 shares in Coronation Syndicate and 3 190 000 shares in Duiker Exploration, had a 25% drop in attributable earnings for the year ending September 30

Income was R3 365 000 compared with R4 504 000 last year, and earnings a share fell to 194c from 259,6c The final dividend has been reduced to 97c from 162c

Group attributable profit fell by 48% in the nine months to June 30 to R3 833 000 from R7 366 000, and earnings dropped to 217,8c a share from 427c Tweefontein has accrued dividend income of R1 695 000 from the dividends declared yesterday by Duiker and Coronation Syndicate, which amounted to 33,1c and 64,6c a Tweefontein share

DUIKER has declared an unchanged final dividend of 18c, taking the total for the year to September 30 to 36c, the same as last year.

CORONATION SYNDICATE has left its final at 30c a share, taking the total for the year to 60c

WITBANK CONSOLIDATED COAL MINES taxed profit was unchanged at R598 000 in the year to September 30, and the final dividend has been raised to 33c from 32c, making a total of 66c for the year against 65c last year

> "total amount of interest cost incurred by the parent company and consolidated subsidiaries on a consolidated basis."[54]

i.e. the total amount of interest cost incurred by all members of the consolidated group, based on the theory that the consolidated entity is a "single reporting entity"[55] In other words, all the profits arising through inter-group transactions must be eliminated on consolidation.

COAL EXPORTS

Large, rippling benefits

FM 11/9/81

215

The long awaited decision on increased coal exports — from 44 Mt to a total 80 Mt/year — has been greeted with enthusiasm by the SA mining industry. It is confident current infra-structural limitations can be overcome and that world coal markets will be able to absorb the added quantities.

The benefits which will flow to the SA economy will be dramatic, but it should be appreciated that much hard work remains to implement the decision. This work will involve upgrading the rail line to Richards Bay and the coal terminal itself to accommodate very substantial additional tonnages.

Government will have to make sensitive decisions on the allocation of new export quotas, with certain important groups (currently excluded) knocking on the door. Fortunately, the phased increases in export quotas up to the current ceiling of 44 Mt/year, have established precedents for increasing the number of exporters and upgrading the physical infrastructure through co-operation between those involved. These include the mining industry, the SAR and the Richards Bay Coal Terminal Company.

Energy Minister Frederik de Klerk's decision is a striking defeat for the resource pessimists. The total of 2 400 Mt to be exported over 30 years will represent only 4,7% of the newly assessed 51 000 Mt of recoverable reserves (out of a total in situ of 110 000 Mt). The earlier ceiling of 44 Mt represented 5,7% (or one percentage point more) of the previous estimate of 25 000 Mt recoverable.

And the assurance has been given that the latest reserve assessment is conservative. Coalfields for which full underlying information was not available have not been included in the latest estimate. Proven reserves should rise still further as the result of further prospecting, price movements and improved recovery methods.

De Klerk claims a whole series of benefits to SA from higher coal exports. In the first place, a decision to export more coal (at prices two to three times the controlled domestic levels) will make better use of resources, encourage more intensive prospecting and improve mining methods. Official thinking has veered away from evaluating resources as a static total, entirely pre-determined.

Instead, it has been perceived that there is feedback from market prices. The prospect of earnings from coal at current and anticipated export prices, enables the mining industry to capitalise its operations efficiently through procedures like open-casting, and has a major influence on recoverable reserves.

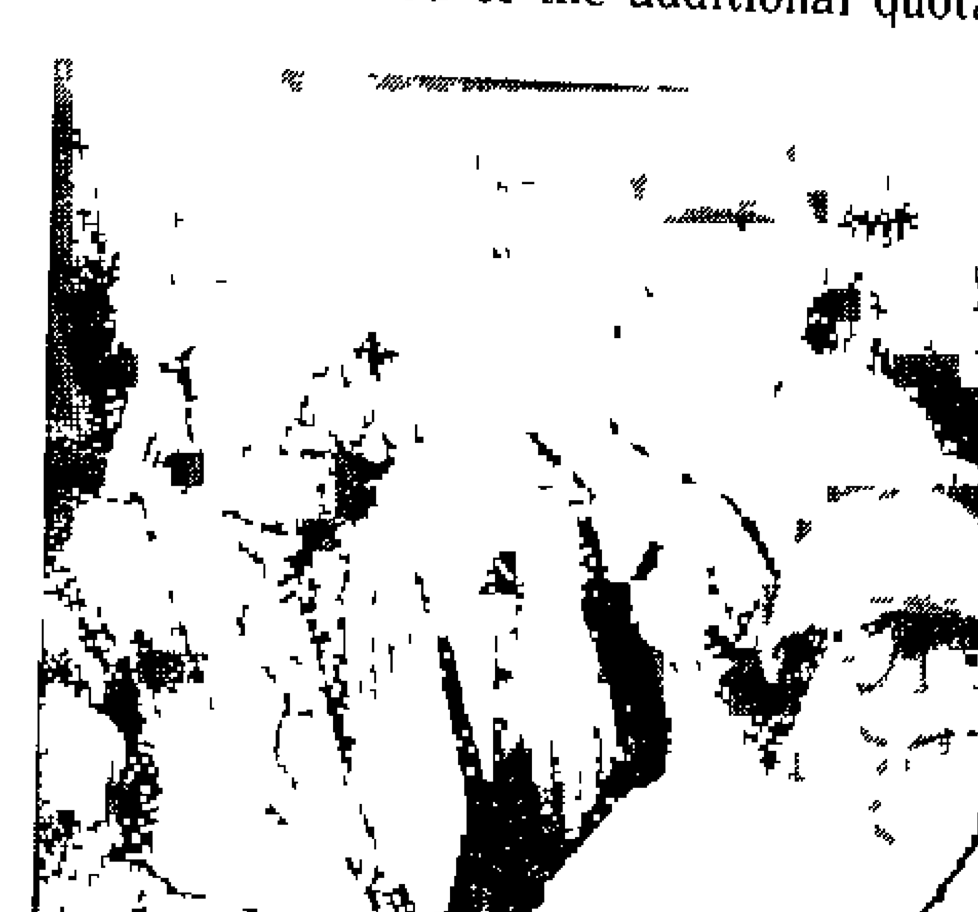
And higher export earnings will benefit internal energy costs, through the element of cross-subsidy implied in a continued system of domestic price controls. As production for the local market grows, the cross-subsidy will diminish unless export earnings are also permitted to grow. Low domestic energy prices enable SA's other mineral exports to remain competitive.

The foreign currency earnings from increased coal exports should stabilise the current account of the balance of payments, presently exposed to gold price fluctuations. De Klerk expressed the hope that foreign earnings from coal should, by 1990, comprise 50% of the proceeds of gold sales.

Government hopes, too, for a political dividend. The export of 80 Mt/year would establish SA as one of the big three in the field. It is hoped, perhaps optimistically, that the strategic value of SA to the free world will be enhanced by its likely future status as a major energy supplier.

The expanded level of coal exports should provide 50 000 new job opportunities in mining and related activities. There will be further jobs created in the service and equipment industries, not to mention a stimulus to the economy as a whole through the need to develop the additional rail and harbour loading capacity.

SA's mining industry will now eagerly await the award of the additional quotas.



Poland's woes . . SA's opportunity

The measure of enthusiasm for coal exporting can be gauged by the receipt of applications reportedly already in excess of 200 Mt/year. To take one example only, JCI feels it has a very strong case for a quota, based on its long-standing position as a major supplier to the domestic market.

All applications must be lodged before September 30, with later applications to be evaluated according to a special set of guidelines. An inter-departmental working group has been set up to assist in the formulation of these guidelines.

It must be recognised, though, that there are very real reservations about the position of small suppliers. Here De Klerk intends to rationalise the position of a group of small suppliers whose quotas currently total 4 Mt/year, but which have been granted for varying periods.

As for new small-scale exporters, the efficient operation of the rail line and of the coal terminal itself are based on economies of scale, which would be seriously eroded if they had to be accommodated in future. One possible solution may well be to exclude small suppliers from the existing terminal, establishing instead a smaller scale terminal at Richards Bay to serve their needs.

A point emphasised by De Klerk was the exclusion of certain categories of coal from the new ceiling. Low grades of coal, not salable in the domestic market with present-day technology, have at all times been excluded from official resource assessments. They may now be freely exported without reference to the quotas in force. But such exports will still be subject to departmental permit control. They will only be allowed if truck, rail and harbour facilities become available over and above those to be dedicated to quota-related exports. The same exemption from quota controls will apply to discards arising from the mining and preparation of coal for export or for local use. These grades are high in sulphur and in other pollutants and currently a source of damage to the environment. Government hopes it will prove profitable to beneficiate some of this material to a quality suitable for export.

Government's intention is to allocate an additional tranche of 20 Mt at this stage and to defer a further allocation to allow assessment of the world coal market over a shorter time horizon. The inter-departmental working group will assist with this decision too. And the industry will be drawn in to help plan the extension of rail capacity. But it will take time before all the nuts and bolts of this potentially rewarding, but complex, venture are in place.

No money, no mining rights, claim

NM 12/9/81

(215)

Court Reporter

PAPERS submitted in an application heard in the Supreme Court, Durban, yesterday disclosed that an inquiry into the finances of a Natal coal-mining company, Alloy Ex (Pty) Ltd, had found several irregularities including the fact that the company did not own the mineral rights for its operations.

The commissioner, Mr G A Alexander, a Durban advocate who was appointed by the Court to conduct the inquiry, also found that the quality of the coal mined by the company at Vryheid was extremely low grade and the operations were not profitable.

The mine was placed under a provisional management order three months ago following an urgent application brought by an overseas finance company, Imperial Finance NV, which operates from Chartwell Centre, Umhlanga Rocks, and which claimed that Alloy Ex owed it R1 300 000.

Insolvent

Yesterday Mr Justice Milne discharged the judicial management order and issued a provisional order calling on the company and all interested parties to show cause on October 16 why the company should not be wound up.

The latest application was by Mr Charles Garth Foot in his capacity as provisional judicial manager of Alloy Ex.

In an affidavit he said that since the provisional judicial management order was granted on June 3, the company's financial position had deteriorated further. The company was hopelessly insolvent and no creditors had received any payment whatsoever.

The liabilities were about R2 500 000 and the assets did not exceed R1 000 000 on an optimistic computation. It was doubtful, in fact, whether they would yield R100000.

Mr Foot said it had been found during an investigation into the mine's affairs that the company was not really the holder of the mineral rights and this fact substantially reduced the value of its assets.

There had also been a misappropriation of coal and money. False employment chits had been made out for non-existent employees.

To resuscitate the mine, about R1 000 000 would have to be injected into it, Mr Foot said.

COAL EXPORTS 215

Getting cheaper

FM 18/9/81

Government's decision to boost offshore coal sales from 44 Mt-80 Mt/year will greatly increase pro rata returns on investment for export.

For, on a ton-for-ton basis, the R2 750m capex for the 36 Mt additional exports will be considerably less in real terms than the R3 500 for the 44 Mt envisaged for the old Phase 3 plan

Several new mines will have to be opened, but as export quotas are still to be awarded, locations and companies are not yet known Some R2 000m will be involved

Further, the Richards Bay Coal Terminal (RBCT) will have to spend about R200m to extend coal handling facilities And another R50m will probably be needed for additional SAR harbour handling

But the SAR's immediate task is clear It will have to complete the doubling of the 500 km line between Richards Bay and Ermelo

Informed sources put this cost in the region of R500m And it would have been far higher had Railways not originally planned for the eventuality When the line was built in the early Seventies, additional cuttings, earthworks, piers and foundations for bridges were provided to accommodate a second track

SAR's Richards Bay line project co-ordinator John Walls believes the line will be running pretty close to full capacity at the end of 1985 By then it should be carrying 44 Mt of coal a year in accordance with the Phase 3 requirements

Says he "By then it could carry 60 Mt a year, but this would appreciably shorten its life because there would not be adequate opportunity for proper maintenance"

By this stage SAR capex on the export project will have totalled R1 900m Expenditure will have been R1 210m on mining and R390m on the RBCT between 1971 and 1985.

The combined figure comes to R3 500m, which is less than two years' coal export revenue At an average price of R40/t after 1985, 88 Mt of coal sold in two years will fetch R3 520m

At the same coal price, two years' exports of the additional quota will fetch R2 880m which, pro rata, exceeds its capex figure of R2 750 by a bigger margin But by then coal prices should be a lot higher and the returns even better

Railways is now de-bottlenecking the line to raise its present capacity of about 26 Mt/year to the Phase 3 target

This involves lengthening crossing loops and train assembling facilities at Ermelo and Vryheid to accommodate longer 200-truck trains, re-laying heavier track and sleepers on greater volumes of ballast to bear the mass of new-design trucks with axle loadings which have been upped from 20 t to 26 t, and flattening gradients from 1 66 to 1 160

Thereafter each train will carry 16 800 t of coal Seven trains will fill one 150 000 t ship, which could be loaded in 24 hours

Possibly not all the additional coal exports will go through Richards Bay, although it is certainly big enough to handle them.

There is talk of a new terminal at Maputo which could handle 8 Mt/year But insiders have doubts that it will materialise in time. Also, governnment may rethink its policy of relying on Mozambique's co-operation for handling key exports

Durban currently handles about 3 Mt of exports a year, but the port and railway line are already operating near full capacity And some of the ancient coal handling appliances may have to be replaced

Government's decision on whether to allow export quotas to small coal producers could affect the new scheme's running costs For rail consignments containing several grades of coal are a hindrance to RBCT whose facilities work most effectively with vast quantities of single grade coal

Open-cast deposit near Witbank

Mid Wits finds more coal

RDM 19/9/81 (215)

By JOHN MULCAHY

MIDDLE Witwatersrand (Western Areas), Anglovaal's mining exploration, finance and investment company has located additional coal reserves and rights to a small deposit near Witbank which can be mined by open-cast methods has been acquired.

The chairman, Mr Clive Menell, gives details in his review for the year to June of further developments in the R2 700 000 exploration programme for gold, coal and mineral

No light is shed on latest developments at the Venetia diamond prospect in the Zoutpansberg district, and Mr Menell merely reiterates the comments by De Beers chairman, Mr Harry Oppenheimer

He says "The results of their investigations so far are encouraging and a sampling plant will be installed later this year Until operations have reached a very much more advanced stage, it is not possible to assess the implications for this company"

He says that in association with Anglovaal and Anglo-Alpha greater emphasis was placed on coal exploration in the past year, and additional tonnages were located in an area close to rights held jointly with partners in the Bethal district

An assessment of the total reserves in the area will be made after more detailed drilling has been completed in the current year

Further coal exploration has been undertaken in the South-Eastern Transvaal, Natal and the Free State, "and the work is sufficiently encouraging to continue in the current year"

While it is estimated that coal exports will only reach the limit under existing export quotas in 1985-86, Mr Menell says Anglovaal, on behalf of itself and its partners (presumably including Mid Wits) has for some years had an application before the authorities

"It is hoped that the Government will shortly decide on the level of individual quotas following its recent decision to increase the overall level of export quotas"

Mr Menell says the drilling programmes for gold in various parts of the Free State continue

Drilling results in the two areas of the Eastern Transvaal, where mineral options are held in partnership with Anglo American Prospecting Services, have been disappointing and the options over one of the areas have been dropped

He says it is not possible to forecast results of operations, but drilling operations are continuing in the remaining option area

Drilling for gold was also begun in the Western Transvaal during the year, but it is too early to to offer any views on success in the area, says Mr Menell

Drilling operations on the small base-metal occurrences in the Northern Transvaal, in association with Anglovaal, have been completed and the results are being studied, but development of a mine on these properties is unlikely

Mr Menell says an application for a licence to produce methanol was made by Mid Wits and its associates, and a decision is awaited

He welcomes the proposed increase of 15% in the ploughback allowance on dividend income for undistributed profits tax purposes, as Mid Wits finances its exploration programme and new ventures mainly from dividend income

"While this represents a long-overdue improvement, undistributed profits tax continues to constitute an unnatural constraint on financial policy"

During the year Mid Wits accepted a 49% participation in a joint venture with Anglovaal for the recovery of saleable metals from secondary sources, such as electrolytic sludge, recycled material and scrap It is expected that the first material will be treated this month

Mid Wits has a 1,5% interest in the equity of Eastern Gold Holdings, the company formed to finance capital expenditure incurred by Western Holdings on three farms in the Free State

East Hold shareholders will contribute pro-rata towards capital expenditure of the new mine Since the yearend Mid Wits has made an initial contribution of R994 240 Subsequent contributions could amount to about R1-million, but are not expected to be called for until 1984

The book value of Mid Wits quoted investments rose to R28 491 000 at June 30 from R22 231 000 the previous year, but the substantial reduction in the gold price reduced market value to R123 720 000 from R159 453 000

However, by September 3, when the annual report is dated, the market value had risen to R173 536 000 where *function name* corresp … on names listed in Table 8–3.

each *a* is a dummy ar… … ed in parentheses, and the *a*'s are separated by …

(3) It is not necessary to explic… name in the referencing program unit.

Examples:

(1) The following sequence find… (which is 0.5)·

```
      DOUBLE PRECISION PI, Y
      DATA PI/3.14159265358
      Y = DSIN(PI/6.0)
      WRITE (MPRINT,10) Y
   10 FORMAT(1X,F10.8)
```

(2) This example shows a bas… … ence containing another function reference in the 1…

```
      Z = SQRT(AMAX1(A,B,C
```

(3) This example shows a bas… … ence in a logical expression

```
      IF(AMIN1(A,B,C) .LT. … .GT.0.5) GO TO 30
```

8.5.2. Function Subprograms

Function subprograms permit … external arithmetic and logical procedures and refer to these … f the program using function references. The first stateme… subprogram definition must be a FUNCTION statement, a… n END line, between these there must be at least one RE… efinition of the function name. Each reference to a subprogram in an arithmetic or logical expression will have a value returned to it at the point of reference. Additional values may be returned for use in statements that follow the reference.

Colliery hit by problems

Star 4/9/81

(215)

Turnover of Rand London Corporation rose to R72 291 000 in the year ended June 30, from R47 824 000 in the previous year but profit after tax declined to R4 446 000 (R6 549 000) the corporation reports.

The disappointing performance by Rand London Coal (RLC) resulted in earnings for the year decreasing to 18c a share, compared with 41c in 1980.

The directors state that the shortfall in earnings from RLC was because of the poor roof condition at the Kempslust coking-coal mine which necessitated considerable changes in the mining plan and resulted in a significant reduction in the tonnage mined along with increased unit operating costs

These problems had now been substantially resolved

All measures were being taken to return the coal division to higher levels of profit and it was envisaged that group profits as a whole would return to former levels in the current year

The directors state "RLC's turnover for the year — R23 986 000 — is R2,7 million higher than in the previous year but, because of a greater proportion of export sales having been concluded on a CIF basis, it is not strictly comparable with the figure of a year ago.

"Earnings attributable to ordinary shareholders declined from R3 799 000 (35c a share) last year to R929 000 (7c a share)"

Under the circumstances it had been decided not to declare a dividend on the ordinary share capital. The final dividend on the participating preference shares of 4,25c a share had been declared, making a total of 8,5c a share for the year. — Sapa.

Kruger Park probe

Argus 22/9/87 (215)

Parliamentary Staff

FURTHER investigations into coal mining in the Kruger National Park were to be undertaken, the Minister of Water Affairs, Forestry and Environmental Conservation, Dr Nak van der Merwe, told the Assembly yesterday.

Dr van der Merwe was responding to a plea from Mr Brian Goodall (PFP Edenvale) for an assurance that the park would not be 'interfered' with until all possible alternatives had been investigated

In the debate on the Minister's vote Mr Goodall said the proposed site for coal mining in the park's northern region was 'perhaps the most exciting area of the park'

It was the meeting point of 23 biogeographic centres, making it unique not only in South Africa, but probably in the world.

It was an area of spectacular scenery, where unique plant communities and a variety of animal species were found. The area was also rich in archaeological interest

'But there is a more vital requirement, namely the maintenance of the total ecological system in the region. Too often we find that man has interfered with nature and upset a very delicate ecological balance,' said Mr Goodall

According to experts a mine in the area could destroy not only the ecological balance in the region, but could also affect other areas of the park. Mining would require a new infrastructure, bringing railways lines, water pipes, power lines and roads into the area.

Mr Goodall said he did not deny that the interests of Iscor, which required the coal for steel production, were important

'However, I feel that before we interfere with the northern area of the park we should ask whether all the possibilities for solving Iscor's dilemma have been explored,' he said.

In reply Dr van der Merwe said he had received a report which indicated many unanswered questions The Government had therefore ordered further investigations

AT Coll pre-tax profit tops R3-m

Star. 24/9/81

249

215

There was no change in Anglo Transvaal Collieries' holding of 1 075 336 Witbank Colliery ordinary shares, but dividends from this source during the year to June 30 increased R3 118 000 from R2 581 000 in the previous financial year, the board states in its annual report.

After adding other income of R19 000 (1980 R12 000) and deducting expenses totalling R47 000 (R55 000), there was a pretax profit of R3 090 000 (R2 538 000).

Taxation absorbed R8 000 (R5 000) and preference dividends R175 000 (R148 000), leaving an attributable aftertax profit of R2 907 000 (R2 385 000) — equivalent to earnings of 181,69c (149,07c) on each ordinary share.

Anglo-Transvaal Collieries increased its own dividend payments to 181c (148c) a share.

Referring to the modification of rights to the company's preference shares, the board notes that the application for leave to appeal by certain preference shareholders against the Supreme Court's (Transvaal Provincial Division) decision had been granted.

The appeal will be heard by the Appellate Division in due course. — Sapa

Coal shock on the way for Rand homeowners

S. Express 27/9/81 (215) ~~26~~

MARKETING OVERHAUL TO CURTAIL COSTS

WITWATERSRAND homeowners are in for a shock. There will be no coal deliveries next winter.

Paul McNaughton, marketing manager for MacPhail Coal, says the system of marketing coal on the Reef is now undergoing a total overhaul and that drastic changes will be made in an effort to keep costs under control.

Among the measures under consideration are.

- No deliveries to White homes during winter months
- All available trucks to be used to concentrate on Soweto during the winter
- The formation of a dealer storage network to make coal available to those unable to store the quantity they require
- A scheme to help industrial operations build coal bunkers capable of taking deliveries in bulk, which includes financial aid to those who still use sacks

McNaughton said "The system is in a mess. We are not running the company, it is running us."

MacPhail Coal is the product of a giant merger which took place at the beginning of July when Triton Energy took over the four major coal agencies in the Transvaal — Coal Cartage, Imperial Coal, E Wolpert and the Witbank Coal Agency.

The main reason for the merger was the problem of rapidly escalating costs and inefficient marketing techniques.

McNaughton says that while matters are still in the planning stage the group now has some idea of which direction it is going.

And apart from labour unrest, which is not common only to MacPhail, one of the biggest problems has been that of deliveries.

The company has a combined fleet of more than 80 flat-bed trucks designed for coal deliveries that spend most of the year sitting around unused.

The idea is that those homeowners with storage facilities will be able to order coal to be delivered between the beginning of February and the end of May.

The system will probably operate on a zone basis with, for example Sandton, Randburg and environs receiving their deliveries in February, Kensington in March and the Benoni area in April.

For those without storage facilities, the plan is to establish a chain of dealer networks using facilities of shops such as hardware stores, garages and garden centres which could have the storage area required.

Thinking at present is that the group would deliver bulk palletised loads to the dealers who would then sell the 10kg and 20kg packs to homeowners.

The price of coal at the dealer outlets will be slightly higher than that for deliveries in hessian sacks.

However, purchasers will still be able to visit the MacPhail central depot and obtain coal in its original hessian packaging for a lower price.

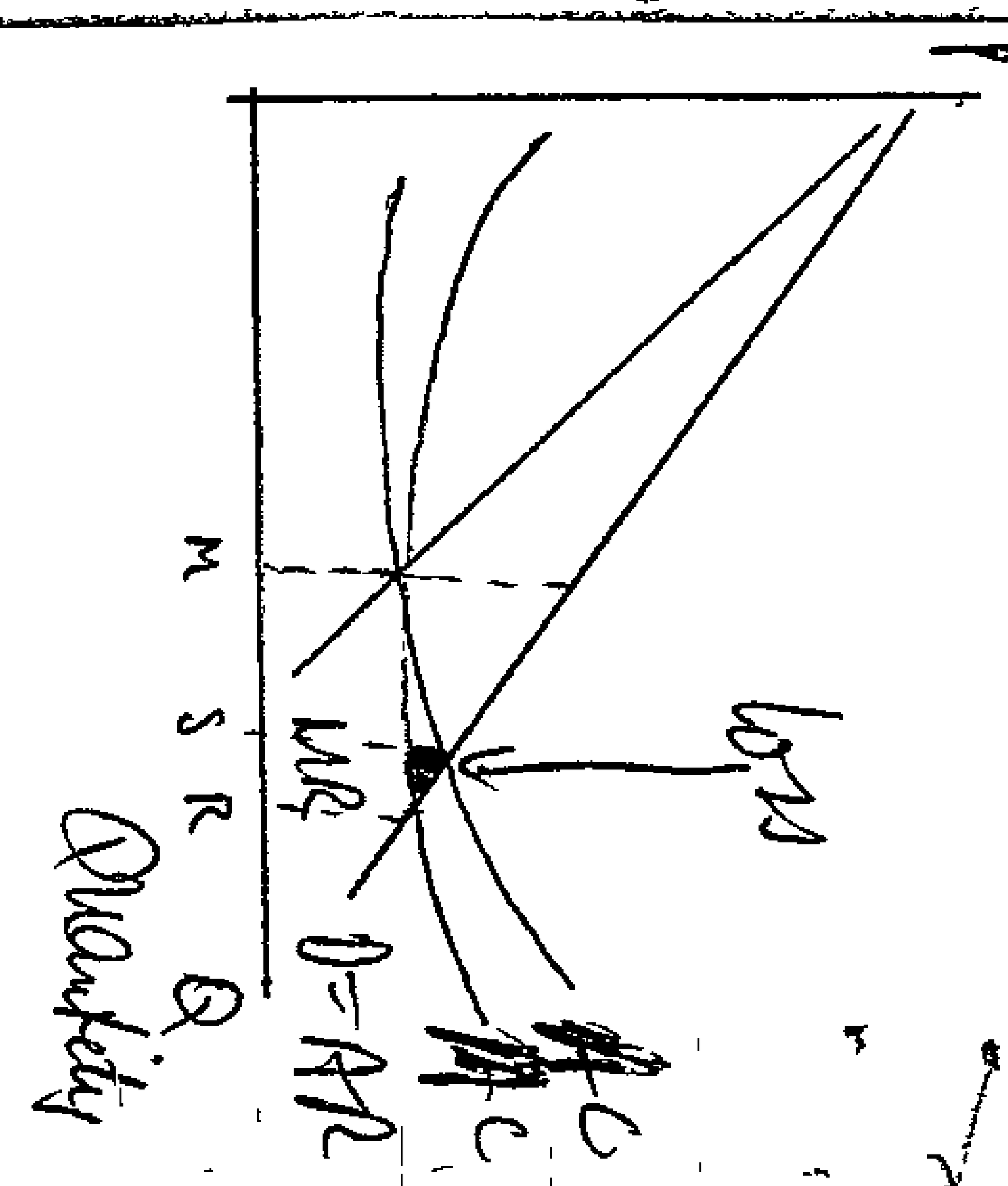
But for the Sowetan the changes in the coal marketing system are going to prove a boon.

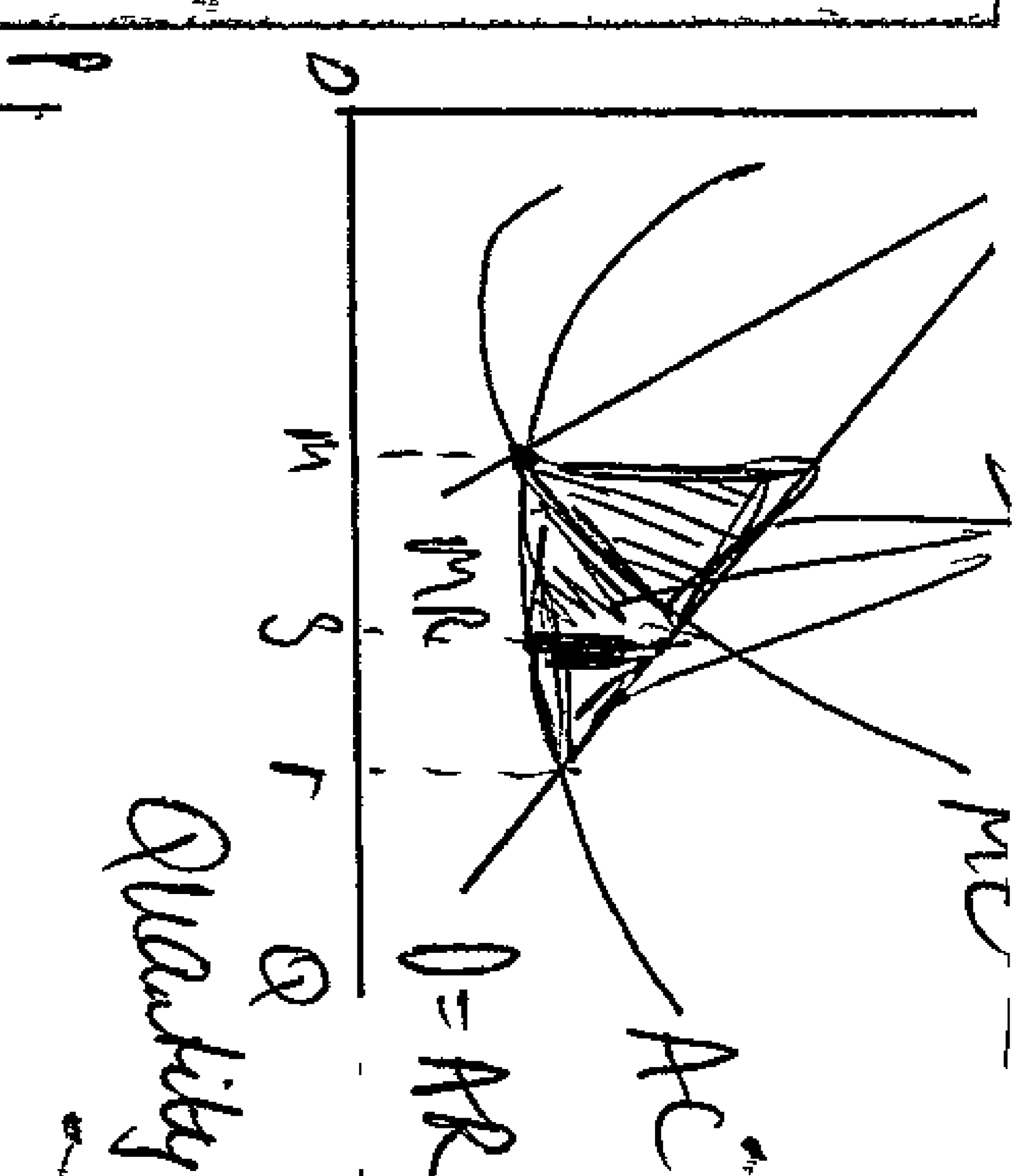
McNaughton says "We feel we must concentrate our efforts in the winter to Blacks as they rely to a far greater extent on coal as an energy requirement."

On the industrial front, McNaughton says the situation when the combined group was formed was chaotic. "We had 600 industrial customers, each with his own price," he says.

Now three main categories of customer have been worked out, the two main ones being those who accept bulk deliveries of coal into bunkers.

The third buys coal in bags, but McPhail is attempting to phase this out by helping some customers with a portion of the cost in converting their coal receiving systems to bulk coal instead of sacks.





M – monopoly
C – socially desireable
...ind

Border area looks to brighter future

Star 28/9/81

215

By Dirk Nel, Northern Transvaal Bureau

MESSINA — A new deal for border farmers and promising coal mining prospects emerged as the two key factors at a development conference in Messina attended by representatives of more than 20 bodies concerned with the future of the area north of the Soutpansberg.

A report from Iscor on coal mining in the area aroused a great deal of interest. An amount of R15-million has already been spent on drilling operations in six areas, including the region known as the E block, which covers the eastern part of Venda and the Pafuri area of the Kruger National Park.

The Mopane field about halfway between Louis Trichardt and Messina appears to be the most viable at this stage. But Iscor's represenative, Mr J Alberts, told the conference it was difficult to make projections before the quality of the coal in all the fields had been established.

He said the Venda and Kruger Park field was somewhat remote and needed more development because of the lack of an established community. Many delegates thought this meant the field was not likely to be considered in the near future.

POWER LINES

Mr F Terblanche, of Escom, announced that the erection of Escom power lines east of Messina had been approved in principle.

The utilisation of underground water resources near the Limpopo was discussed.

The chairman of the Messina District Development Association Mr Jack Klopper, said a tomato processing factory is to be built in the area.

Irrigation schemes and factories were mentioned as possible co-operation projects between the local agricultural fraternity and the Venda Government.

A Venda Government official said Venda would have to find about [illegible]-million to build dams if it tackled the irrigation problem on its own.

The Minister of Manpower Utilisation, Mr Fanie Botha said the area's human resources were its greatest asset.

He said the private sector should not expect too much from the Government, and the future of the region lay in the hands of local initiative.

Output record set by Amcoal mine

Star 1/10/81 215

Kriel Colliery, an Anglo American Coal Corporation (Amcoal) power colliery, has broken the record for coal production from a single section in a month by producing 207 393 tons from Section D32 during August.

Kriel significantly exceeded previous tonnages that have been recorded.

MECHANISED

D32 is a double-loader conventional board-and-pillar section. Breaking the record involved round-the-clock operations working three shifts a weekday and two on Saturdays, a total of 17 shifts a six-day week.

The completely mechanised section was worked by a team of three shiftbosses, six miners, 138 machine operators, 12 artisans and 24 artisan aides and helpers.

The total of 76 shifts over the month represented output an eight-hour shift at 2 729 tons.

Kriel Colliery also broke the monthly section record in July 1979, with 129 560 tons and in May 1980 with 157 828 tons. These productions were based on two shifts a day. — Sapa.

Surge in coal production to cope with doubling of exports

S.Times 4/10/81

215

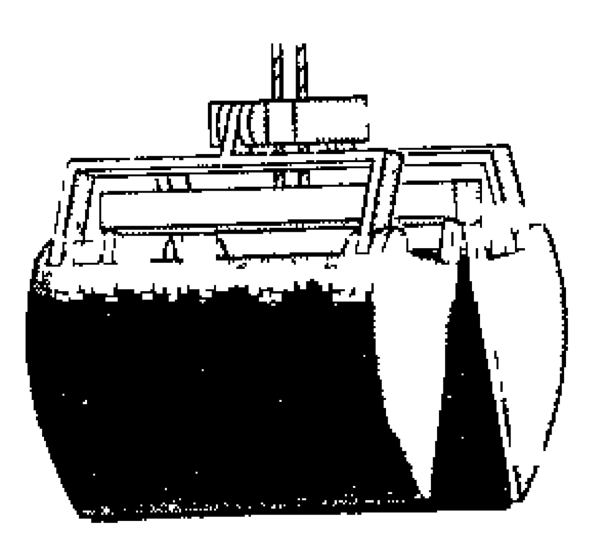
Special Correspondent

SOUTH Africa's smaller coal producers and suppliers are crystallising major expansion plans.

This follows the news from Pretoria that the country's coal-export target is to be almost doubled from 44 Mt to 80 Mt.

There has been a widespread feeling for some time that the export ceiling was far too low — taking into account

- The size of the country's coal resources.
- The foreign-exchange-earning potential of coal
- The need to diversify exports from their excessive dependence on gold
- The employment opportunities offered by an expanded coal industry

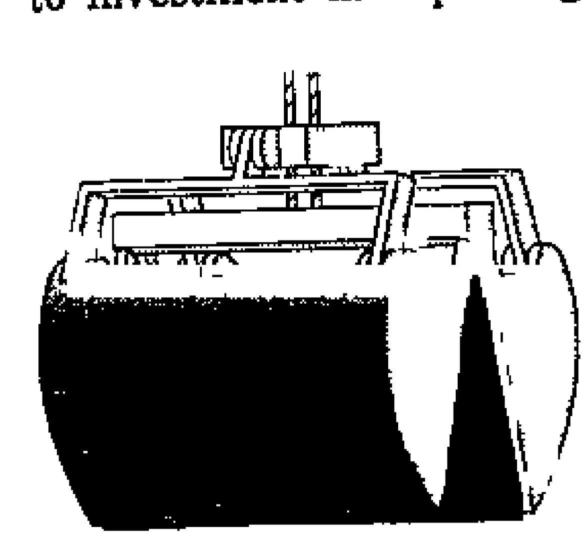


The smaller producers now stand a much better chance of securing a fair share of the lucrative export market

So far the country's coal exports have been virtually monopolised by the larger coal interests, mainly because the quality of their output is more consistent and the cost of supplying their transport facilities, per export ton, tends to be lower

This concentration of export capacity in the larger colliery groups has, of course, discouraged investment in the smaller ones

Among the many benefits expected from larger exports, therefore, is a substantial boost to investment in exploiting the



country's smaller or more remote coal reserves, and hence a more effective utilisation of its total coal resources

There is no great fear that more South African coal cannot be sold on world markets Last year was a record for the industry, with export earnings soaring to R666-million, up by no less than 35% on 1979 and 20 times what they were only five years previously

far lower sulphur content than that of its major competitors, and this is a particularly important factor in an environment-conscious world

The impact of increased competition must not be ignored, of course The US is currently planning a substantial increase in its export-handling capacity, as is Australia

Also, Poland's problems might soon be solved and that country's exporting capabilities restored

Even taking into account South Africa's low production costs and well-established reputation for prompt and reliable delivery, it would be unwise to forget that this country's coal exports will face keen competition in the future

So much of South Africa's export capability will, of course, depend on how rapidly transport and handling facilities can be expanded Luckily, progress is now rapid and even accelerating

Last year the country's main coal export terminal at Richards Bay was able to cope with 26 Mt, 30% more than planned under the Phase II programme which began in April 1979

An additional 2-3 Mt was shipped through Durban, but facilities at that port are now ageing and cannot be expected to make much contribution in future

There has recently been talk of increasing the export capacity

With a mere quarter of the industry's output being exported, coal replaced diamonds as the country's second-largest foreign-exchange earner

Prospects are even more promising for the future Most South African coal is sold on contract, and the prices ruling last year were mostly negotiated before the world's sellers' market really took off

Moreover, rand earnings were held back by a weak US dollar, the currency in which world coal prices are normally quoted

Now that the dollar is strong and the rand has devalued against it by nearly 30% — about 12% against a weighted average of the world's main trading currencies — rand earning capacity has increased substantially compared with last year even if export volumes were to remain unchanged Total earnings this year are expected to exceed R9 000-million

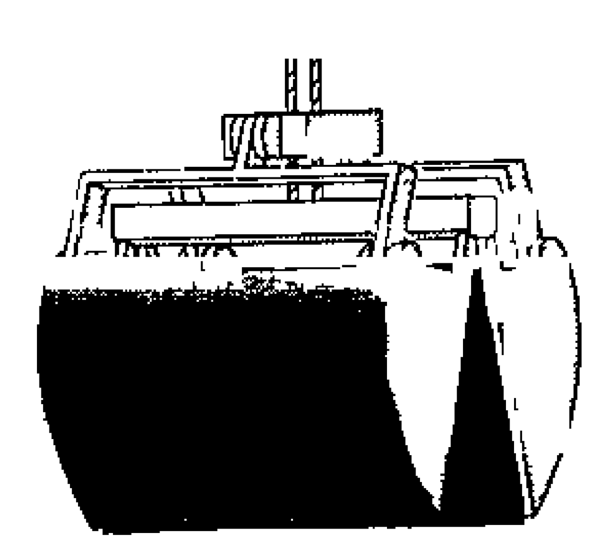
There is another side to the picture, of course Last year's exports were boosted by such exceptional factors as the 25% fall in Poland's coal sales caused by the political disturbances in that country, and by strikes and bottlenecks in the US, still the world's largest supplier of export coal There was also disruption in supplies from Australia, another of South Africa's major competitors

Altogether, circumstances were so favourable in 1980 that, apart from contract prices, the only serious constraint on this country's coal-export earning capacity was its own transport and handling problems

Contract prices, expressed in dollars, are expected to be much more favourable this year, with increases of between 30% and 40% already recorded on contracts recently negotiated

Prices of coking coal, too, are around 30% higher, despite the slow recovery in world steel production

It would be unrealistic to expect export volumes of coking



coal this year to record the same 25% increase that they did in 1980, but earnings should be substantially higher

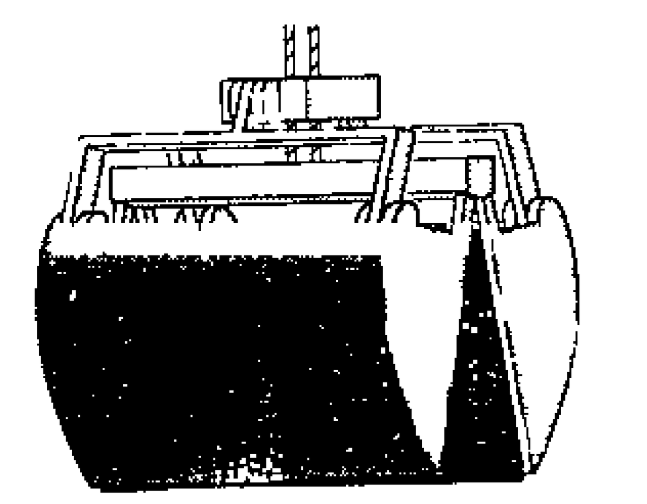
Looking ahead for the next five years or so the prospects seem equally promising Even if prices do not continue to rise as steeply as they are doing now, demand should expand fairly rapidly as the world economy recovers from recession and the industrialised countries turn increasingly to coal as an energy source in preference to expensive oil

South African coal also has a

of Maputo, but it is clear that most of the expansion will have to be at Richards Bay

By 1986 Richards Bay is expected to be handling 44 Mt of coal To attain this Phase III target from the 20 Mt provided for in Phase II will require the investment of another R3 500-million

Bringing the export total up to the now-projected 80 Mt will call for the investment of another



R2 750-million, representing a much smaller outlay per ton

Most of these figures for additional investment, including the estimated R500-million or so that will have to be spent on extra rail transport, have been calculated on the assumption that by far the bulk of the increased supplies of export coal will come from the larger collieries

How much extra capital investment will be needed if the smaller mines are to get their hoped-for share of export markets has not yet been estimated

At present the main contributions from the smaller collieries are being made by taking up the slack created when a larger one cannot fulfil its export quotas

But this is possible only when the smaller unit is situated near a railway line, or can otherwise arrange transport

To extend branch rail lines to all the small collieries in the country would be prohibitively expensive, although some of the small mines themselves would probably find it worth while to contribute

It has been suggested that they combine to finance their own export terminal at Richards Bay as the larger ones have done

One way of easing the problem might be to increase road-transport facilities, particularly between the smaller collieries and the main rail centres

This would not overcome the difficulty of having to deal with many more different grades of coal such as the greater participation of smaller producers would involve

But it would probably be a cheaper way of expanding output than opening additional new, large mines, and it would enable the smaller producers to get their share of the high profits that are likely to be made from increased coal exports

South Africa may be only a decade away from the time when earnings from coal exports will exceed those from gold It would be a pity if the smaller producers were to be excluded from these altogether, and a tragic setback for what should be the country's policy of making maximum use of its coal resources

CLYDESDALE 215

Funding changes

FM 6/11/81

Activities *Coal mining company which supplies TCOA trade from New Clydesdale and Escom from Coalbrook Has a 50% share in Matla colliery with Trans-Natal Liberty Life owns 50,1% and Gencor 14,8% of the equity*

Chairman *D Gordon*

Capital structure *10,1m ordinaries of 50c Market capitalisation R133,8m*

Financial *Year to June 30 1981 Borrowings net short-term, R11,4m Current ratio 0,4 Group cash flow R14,7m Capital commitments R10,1m*

Share market *Price 1 325c (1980-81 high, 1 525, low, 580c, trading volume last quarter, 91 200 shares) Yields 11,0% on earnings, 4,5% on dividend Cover 2,4 PE ratio 9,1*

	'78	'79	'80	'81
Coal sales (Mt)	4 6	4 4	5 7	7 1
Turnover (Rm)	31 6	39 3	48 2	63 7
Pre tax profit (Rm)	6 6	8 7	9 8	14 7
Gross margin (%)	21 0	22 0	20 3	24 2
Earnings (c)	53 4	60 1	96 7	145 5
Dividends (c)	15	26	45	60

Results from Liberty Life subsidiary Clydesdale Collieries in the year to end-June, as expected, were particularly good With Matla set to kick in more as capex is concluded, and with the possibility of an export allocation and general market growth dividend prospects remain sound Chairman Donald Gordon says that depending on the phasing of future capex at Matla, "reasonable dividend growth" can be expected

The change in the funding arrangements at Matla had a significant impact on Clydesdale's balance sheet The joint venture between Trans-Natal and Clydesdale was responsible for 50% of the total R180m funding last year compared with 30% previously This means Clydesdale's share rises to R45m of which R37m has already been spent — R22m of it in the year to end-June As a result total borrowings jumped to R12,3m (R3,4m) This included a R9m short-term bridging loan

Future expansion plans include R8m for Matla this year and a tender to Escom from Coalbrook, as well as the possibility of an export quota To ensure sufficient financial muscle shareholders will be asked to increase the authorised share capital to 16m (10 5m) shares of 50c at the agm This would help pull short-term finances back into favourable territory Last year the current ratio moved from 1,04 to 0 37, while the annual interest charge jumped to R718 000 (R1 000)

Matla's effect on Clydesdale finances includes the almost total elimination of the tax bill In 1981 only R12 000 was provided (R11 000) despite pre-tax profit rising 50% to R14,7m Until the capex-reduced assessed losses are absorbed tax will not be paid

Nevertheless, Clydesdale is altering its accounting policy to even out the effects of tax advantages A deferred tax provision and an amortisation proposal will reduce stated profit and smooth the sharp earnings fluctuations which would otherwise arise Had this been introduced in 1981, earnings would have been 84c rather than 145c But as the change does not affect cash flow it will not hurt dividends

Moving off Matla, Clydesdale is still dissatisfied with returns from Coalbrook's supply contracts with Escom An attempt is being made to re-negotiate these 30-year-old agreements and a tender has been submitted to supply a proposed new power station in the vicinity

General trade supplier New Clydesdale continues to be the largest profit contributor Its high quality coal attracts favourable profit margins and production was increased last year The mine exceeded its TCOA allotment for the year by 35 500t

Clydesdale's earnings record and prospects maintain the share, at 1 325c, on a 4,5% dividend yield This year's outlook suggests the prospective yield is around 5,5% which rates the share as a sound long term hold

D Kidan

Kempslust faces 40% profit drop

RDM 6/10/81

215

By JOHN MULCAHY

THE future annual profitability of Rand London Coal's Kempslust mine has been reduced by 40% because of a reduced production rate, says RL Coal chairman Mr Bernard Holtshousen in his annual statement.

Roof collapses in the eastern sector of Kempslust seriously interfered with production at the mine in the first six months of the year, and the problem intensified in the second half, "but has now been brought under control by increasing pillar sizes", says Mr Holtshousen.

After a "most disappointing" year to June 30, RL Coal is looking ahead to a year of consolidation, and "every effort" will be made to restore the company to its former earnings level, says Mr Holtshousen.

Mr Holtshousen says he is confident RL Coal will be able to achieve higher earnings, and he points to the completion of the Zoetmelk mine

The establishment of Zoetmelk will reduce RL Coal's over-dependence on one mine, as was the case with Kempslust in the past year

The directors say two new adits were established at Kempslust after the poor roof conditions were encountered in the eastern sector, but in both new sections poor roof conditions prevailed

As a result, mining methods had to be substantially altered, pillar sizes increased and bord widths decreased to achieve acceptable roof stability conditions

"This change in the dimensions of the coal producing faces significantly reduced production potential and has necessitated the re-negotiation of tonnages supplied under the contract with Iscor

The directors add that the lower sales level of 210 000 tons a year — Kempslust produced 235 000 run-of-mine tons in the year to June compared with a budgeted 350 000 tons and the previous year's 334 000 tons — will have an adverse effect on annual profits, but contractual penalties and fluctuating margins should not again occur

Kempslust has an estimated coking coal life of two years, with the possibility of a further extension, while there is a further life of about 11 years as an anthracite producer

Mr Holtshousen says RL Coal has substantial reserves of high quality anthracite and bituminous coal, and has considerable scope for expansion

"However, much is dependent on our success in obtaining a larger share of the domestic market and the extent of the increase in our coal export allocation."

He says new domestic anthracite markets were secured during the past year, "and further negotiations are in progress with other consumers".

RL Coal is also looking at methods of upgrading its products as well as briqueting to increase the saleability of low ash anthracite fines

In the year to June attributable profit fell to R929 048 from R3 798 678, and no ordinary dividends were paid

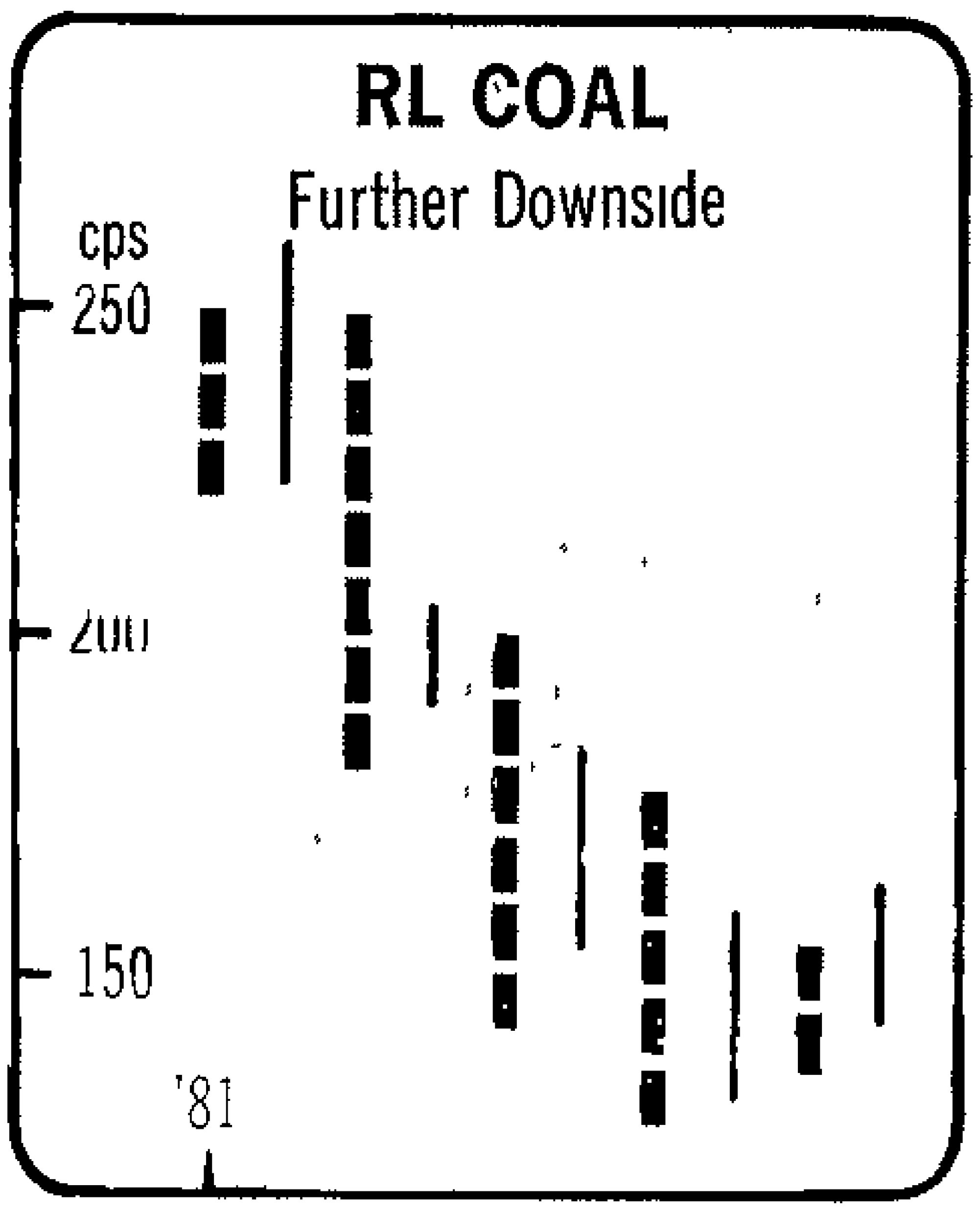
RAND LONDON

Cashing in coal

Activities [illegible] with coal [illegible] at the end of [illegible] part prefs in Rand London [illegible]
Chairman [illegible] managing director B V Hodgson [illegible]
Capital structure [illegible] ordinaries of 15c [illegible] 6m variable rate [illegible] prefs of [illegible] Market capitalisation R55,9m
Financial Year to June 30 1981 Borrowings long- and medium-term R12 [illegible] net short-term R4,7m Current ratio 1,4 Group cash flow R5m Capital commitments R4,9m
Share market Price 420c (1980-81 high, 620c, low 187c trading volume last quarter 332 000 shares) Yields 4,8 [illegible] on earnings, nil on dividend PE ratio 21

	'78	'79	'80	'81
Return on cap (%)	11,3	21,3	14,2	8,3
Turnover (Rm)	11,3	20,9	47,8	72,3
Pre-tax profit (Rm)	2,1	3,5	6,9	5,0
Earnings (c)	27,6	33,1	40,2	20,5
Dividends (c)	10	11	13	—
Net asset value (c)	34	70	203	281

If acquisitions or investments do not come up to scratch it is often better to sell out rather than waste good management time trying to wring a decent return from them That, reasonably enough, seems to be Rand London's approach



Steel and industrial fastener merchant, Newclare Smelting, was bought for R6,1m with effect from January 1 1980 The subsidiary's steel merchanting and stockholding operations are now being sold for R8,3m That seems to be a particularly good turn on an investment of less than two years On the other hand, it underlines how great is the company's need for cash if it is to maintain necessary expansion into new ventures

Cash flow from the coal mining operations was hit badly last year and full recovery is most unlikely in the current twelve months In the meantime, though, the company is committed to some pretty heavy expenditure on exploration and acquisitions while, at the same time, it needs to reduce the debt required to fund stocks and debtors Last year this was brought home as gross interest payments almost tripled to R1,8m

Management realises that another important objective is to lessen the dependence on subsidiary Rand London Coal What simpler than to sell part of the coal interests and plough the proceeds into other ventures? That was part of the line taken last year with the sale of 4,1m RL Coal part prefs for R4m

The sale netted about 98c a share and was a pretty shrewd move as the RL Coal part prefs are now quoted on the JSE at 70c However, it says little for management's expectations for RL Coal's near-term dividend potential.

In fact dividends could be under restraint for some time Last year's dividend failure was due to production problems But in the next few years capital spending requirements could result in further dividend constraint, particularly if it is decided to establish coal mining operations at Gleffillan.

That, in its turn, will affect the distribution capacity of Rand London itself, particularly as it is committed to spending on still more projects Neither share is particularly attractive to dividend-conscious investors, with RL Coal looking more than overpriced at 155c

Rand London shares have been reasonably firm in the past few weeks, which is fortunate as the acquisition of andalusite mining operations from Anglo subsidiary Zimro can be paid either in cash or scrip Market factors could intervene and cut the share's price once the andalusite acquisition is complete

Jim Jones

An upsurge in coal sales now, but a decline is on the way

EXPRESS 11.10.87 215

By TONY HUDSON

FOR the first time in six years, internal coal sales are showing some signs of growth.

The Transvaal Coal Owners' Association (TCOA) says that in 1980 the market grew by about 790 000 tons and that sales should show a marginal increase averaging about 1,2% a year from 1982 to 1985

However, it expects a sharp increase of 4,7% this year, with growth declining after that — but with another sharp increase in 1985

The association says that while there are many positive indicators for growth over the period, negative factors almost totally nullify them

These factors are

- Cooling of the economy will reduce demand
- South African Railways is continuing to move away from steam locomotives, and the sale of large cobbles will decline substantially as SAR accounts for 80% of this market
- The increase in the number of smoke-free zones continues to reduce the demand for coal, especially in White areas
- Black homes are expected to move to smaller sizes of coal, and many will convert to electricity
- Iscor will not need any low-ash coal by the middle of next year

As Iscor is the largest customer for this type of coal, sales are expected to drop significantly

- Sales to Escom are declining sharply and this will not be countered by growth in sales to the Rand Water Board and gas utilities in the major centres

The positive factors which will help offset these factors are

- The country-wide conversion of oil-fired plants to coal, prompted by the oil crisis
- Plans are being executed for new gas plants and expansion of existing units The main growth areas here should be the steel and glass industries
- Expansion in the cement industry, in its efforts to keep up with demand, will lead to additional sales
- New business from industries such as textiles, motor, paper, brewing and food manufacturing

While considerable emphasis has been placed on exports, the internal market is by far the largest user of coal Of the 108-million tons mined last year, only about 20-million tons were exported

Escom, which uses over 44-million tons, is by far the largest consumer

Iscor and Sasol are the next biggest users With Escom, they accounted for 65% of 1980 production

TCOA has 95% of the inland domestic and industrial market, excluding sales to Escom, Iscor and Sasol

Escom produces most of its own requirements from mines situated close to generating stations

Bonanza from R250-m new mine

S. Times 11/10/81 (215)

By ANDREW McNULTY

A NEW export coal mine that will ultimately produce at the rate of 4,25-million tons a year is to be developed at Middelburg, Eastern Transvaal, at a capital cost of R244-million.

When full production levels are reached by 1985, the mine will earn foreign exchange totalling well over R130-million a year based on today's price of about R30 a ton.

Called the Middelburg Mine, the project is among major new mining capacity being developed as the South African coal industry lifts its output to 44-million tons of export coal a year by 1985/6, and as Richards Bay phase 3 comes on stream

Rick Chadwick, a director of Rand Mines and managing director of Middelburg Mine Services, tells Business Times that, although the export coal market has softened in the short term, prospects for the medium to long term are viewed as "extremely bullish"

Middelburg Mine is a joint venture between BP (88,503%) Kanhym Investments, the farming/coal-mining group in the Gencor stable, (6%), and Douglas Colliery, a company held about 70% by Transvaal Consolidated Lands (5%)

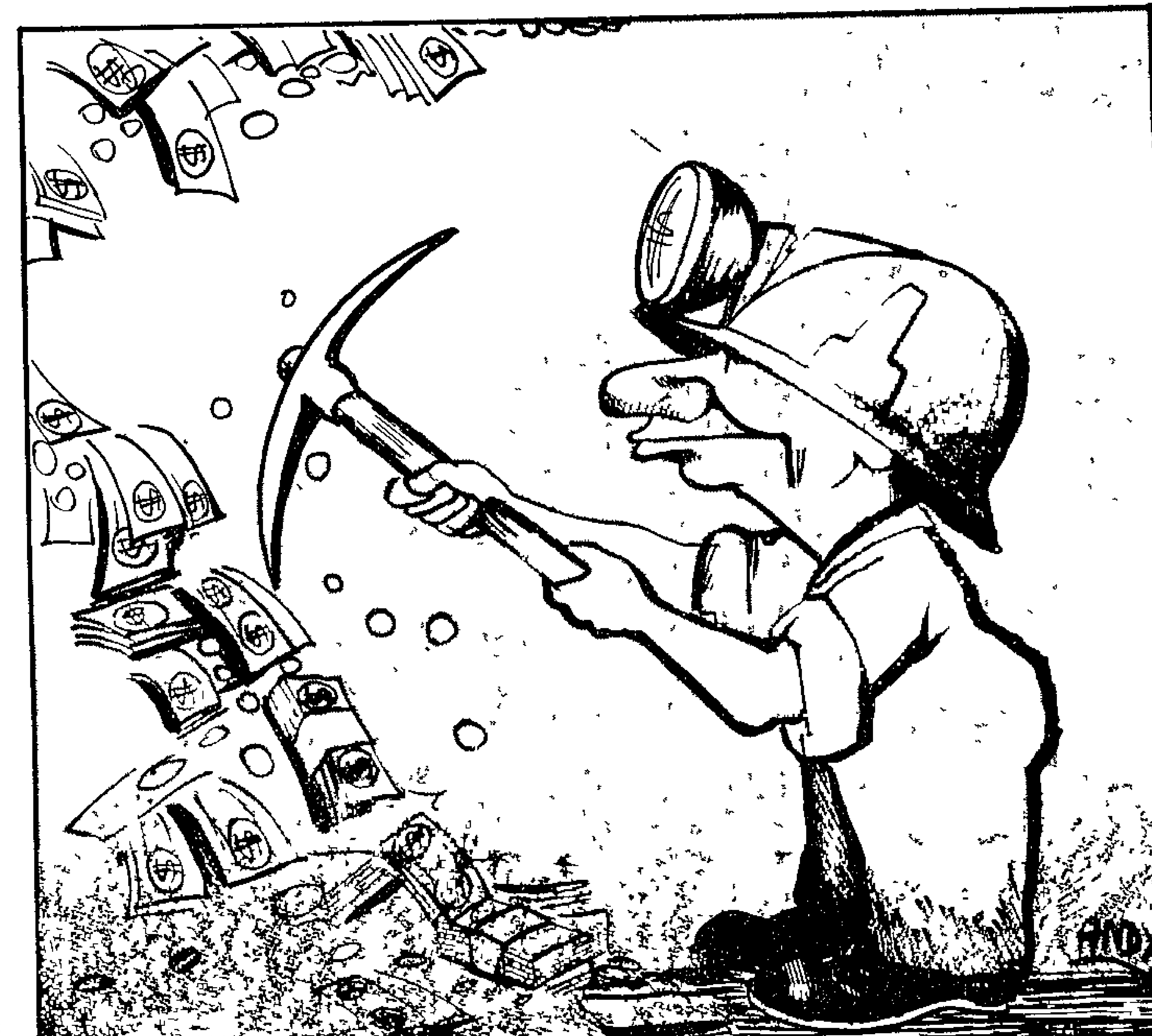
Rand Mines will operate the mine BP will market the coal under its phase 3 export allocation

Site work has already started on the project, which will be an opencast mine eventually making use of three huge draglines each costing upwards of R20-million

The first of the draglines has been ordered from Bucyrus Eyrie

Jobs will be created for about 900 people, who will be accommodated in housing to be built to high standards set in the area by other new coal mines developed recently

The coal deposits at the planned production rate have a life of 30 years



A beneficiation plant is to be constructed by Simon Carves (Africa) to produce high-quality export steam coal

Confirmation of Kanhym's participation is exciting news for the share's long-term prospects

Kanhym's southern coal reserves form part of the new mine and the group has for some time held the option to participate, but the announcement of final agreement has been long awaited by the market

Kanhym will contribute

To Page 3

S. Times 11/10/81 (215)

New mine bonanza

From Page 1

R15,85-million to the capital cost of the mine — which totals about R244-million in today's money and will ultimately be far higher — equivalent to its 6,497% participation

It will have a 5,867% share in proceeds and expenses

Douglas Colliery as a 5% shareholder will incur capital expenditure of about R12,2-million

Harold Kramer, chief executive and joint managing director of Kanhym, says that the group will have no difficulty financing its share of the capital expenditure over the next three years from internal resources and existing borrowing capacity

He estimates that the group's total capital spending in the next three years will average R15-million to R20-million annually

Earnings flow from the mine should start making a material impact on Kanhym's earnings per share by 1984

Projected return is attractive as the payback period is relatively short at about five years, which means that Kanhym's share of the mine's earnings should be about R7-million to R8-million (pretax) by 1985

By that stage, the mine should be contributing somewhere above 75c a share to Kanhym's pretax earnings

The contribution from coal to Kanhym's earnings is expected to rise from the current 6% to between 25% and 30% by 1985

Mr Kramer adds that participation in the Middelburg Mine does not affect Kanhym's 50-50 participation with BP in the Eikeboom Colliery, where current production and sales are 95 000 tons a month and which has proven saleable reserves estimated at more than 30-million tons

COMPUTER CONS —that's the latest crime input by finance fiddlers

By MIKE PIERSON
Finance Editor

COMPANY bosses are paying insufficient attention to the prevention of possible computer frauds in South Africa, similar to those occurring in the United States and Britain

Computer sales are one of the bigegst growth points in our economy A survey of managers of top computer supply groups shows that while no one is certain just how rife computer fraud is in this country, there is no doubt that there have been several cases not reported.

Monty Schapiro, chairman of Alexander Howden insurance brokers told me this week that claims overseas have been "astronomical". But with more attention paid to preventive methods there is no reason why South Africa should follow suit.

But we could be heading that way. At the moment there appears to be a breakdown in communications between data processing management and general managers of many large companies with highly sophisticated computer installations.

"The data man is concerned with the process and assumes the general manager is attending to the protection of the computer through adequate insurance," explains Schapiro. "The fact is, however, the office manager generally is not familiar with the vulnerability of the computer department"

Computer crooks are not the normal breed of criminal They are usually highly intelligent people who have been tempted after finding a loophole in a highly technical piece of equipment, knowing full well that few people will be able to spot the crime

I was told some time ago by the representative of an international firm selling computerised accounting machines that they were fully aware that within six weeks any unscrupulous operator could break the system. But the only safeguard (if it was any consolation) was that the auditors would pick up the theft at the end of the financial year without fail. Before it might have taken years.

These kind of problems have resulted in a new breed of auditors — computer auditors — specially trained to find the fiddles And these financial detectives will become increasingly important to firms operating on new technology.

Shapiro suggests companies should re-examine their fidelity insurance policies so they are covered for more than they think the worst theft could be.

He said there was no doubt fidelity claims were going to get worse in this country With the computer now reaching into every facet of business the likelihood of fraud increased.

"The risk factor in today's computer-world is endless," says Schapiro "It is a prudent management which will make certain that an independent consultant probes internal security This will reduce the risk, thus maintaining insurance premiums at an acceptable level

"The computer has now gone beyond the point of no return . . . with the result that any loss in the computer area has a direct effect on the company as a whole, even to the extent of putting them out of business."

KANHYMS INVESTS IN MINE

Tribune 11/10/81 215

KANHYM Investments, the farming/coal mining combine in the Gencor stable, will have a 6 percent participation in the new 4,25-million tons a year open cast coal mine situated in Middelburg, Kanhym's southern coal reserve forms part of the new mine.

Kanhym will contribute R15,85-million to the capital cost of the mine, equivalent to its 6,49 percent participation. It will have a 5,867 percent share in the proceeds.

Middelburg coal stake for Kanhym

RDM 12/10/81

215

KANHYM Investments, the farming and coal-mining combine in the Gencor stable, will have a 6% participation in the 4 250 000 tons a year open-cast coal mine at Middelburg, Transvaal.

Kanhym's southern coal reserve forms part of the new mine Kanhym, will contribute R15 850 000 to the capital cost of the mine, equivalent to its 6,497% participation It will have a 5,867% share in the proceeds and expenses of the joint venture which is known as Middelburg Mine.

It is estimated that the unescalated capital cost of establishing the mine is R244-million.

The other parties in the venture are BP, which has a capital participation of 88,503%, and Douglas Colliery with 5%.

Rand Mines will be the operator

Kanhym has held the option to share in the development of this colliery for some time, but it has taken many months for the interested parties to agree on details of the participation

Production at the mine, which has an expected life of 30 years, has begun and it is estimated that full production of 4 250 000 tons of export coal a year will be reached by 1985.

Kanhym proposes to finance its share of the capital expenditure over the next three years from internal resources and existing borrowing capacity The directors say the projected return on this investment is attractive as the mine has a relatively short payback period of about five years. This means that Kanhym's share of earnings should be R7-million to R8-million a year by 1985. By 1985, Middelburg Mine should be contributing more than 75c a share to Kanhym's pre-tax earnings Kanhym's earnings for the 15 months to December 1980 were 159,4c a share

The contribution mining makes to group profits is likely to rise significantly from its current 6%

The company says its participation in Middelburg has no effect on Kanhym's 50-50 participation with BP in Eikeboom Colliery where current production and sales are 95 000 tons a month and which has proven saleable reserves estimated at more than 30-million tons.

Kanhym stake in Middelburg mine

870/ 12/10/81 (2/5) RAK

By Patrick McLoughlin

Gencor's coal mining and farming combine — Kanhym Investments — will have a 6,5 percent capital participation in the new 4.25-million-ton-a-year open-cast coalmine in Middelburg

Kanhym will contribute R15.9-million to the capital cost of the Transvaal mine — of which the combine's southern coal reserve forms a part equivalent to 6,497 percent participation

Kanhym will have a 5,867 percent share in the proceeds and expenses of the joint venture known as the Middelburg Mine

The other parties to the joint venture, which has a R244-million unescalated capital establishment cost, are BP (88,5 percent) and Douglas Colliery (5 percent) Rand Mines is the operator

Production has started and it is estimated that full annual production will be reached by 1985 The mine has an anticipated life of 30 years

WANKIE

215

Growing problems

FM 13/11/81

Activities: *Coal and coke producer with two underground and four opencast collieries in Zimbabwe. Controlled by Anglo American*

Chairman: *Sir Keith Acutt.*

Capital structure: *25,3m ordinaries of Z$1. Market capitalisation. R16,4m.*

Financial: *Year to August 31 1981. Borrowings, long- and medium-term, Z$6,5m. Net cash: Z$13,6m. Current ratio: 2,5. Capital commitments. Z$21,0m*

Share market: *Price: 65c (1980-81 high, 220c, low, 65c; trading volume last quarter, 36 000 shares). Yields 7,6% on earnings; 6,2%* on dividend. Cover 1,2. PE ratio. 13,1.*

** Before non-resident shareholders' tax*

	'78	'79	'80	'81
Coal sales (Mt)	2,2	2,2	2,4	2,0
Trading profit (Z$m)	6,4	4,2	5,1	0,1
Net profit (Z$m)	4,3	3,4	4 3	0,9
Earnings (Zc)	16,9	13,4	17,8	3,7
Dividends (Zc)	9	9	10	3

R1 = Z$0,749

Are shareholders in Wankie taking part in a re-enactment of the Zambian mining industry's experiences in post-independence Zambia? In that country a combination of skills shortages, lack of foreign exchange to buy essential equipment and government interference in the industry led to a great many problems. That, reading between the lines of Wankie's latest annual report, could be the scenario for Zimbabwe's major mines.

As far as government interference is concerned, the re-negotiation of the coal price agreement, which is supposed to provide for coal prices high enough to give adequate returns on capital, is being forced on Wankie. The mining company has little choice — until an agreement satisfactory to the authorities is reached, coal prices will not move. But the coal price agreement is an integral part of financial arrangements made for expansion of the company's open pit operations. Its re-negotiation will have to be agreed by the providers of debt capital which include foreign banks and institutions.

Then there is the apparent problem of dithering by the authorities. The expansion programme is geared towards supplying coal to a power station. But as yet the authorities have not decided on the station's ultimate size, making planning at Wankie something of a nightmare.

The company has arranged borrowings for its expansion project but there is still the problem of profits being squeezed by static coal prices and soaring costs. As the board says, last year saw an abnormal escalation of salaries and wages. Whether or not that can be justified as being catch-up increases following the change of administration in Zimbabwe is beside the point. Wage hikes are putting pressure on a labour-intensive mining operation.

After the payment of an interim dividend of Z3c the final was passed. There seems little prospect that it will be resumed this year and the share is thus on a zero-return prospective yield. The share has no attraction to SA investors who have a wide choice of far better coal mining shares at home.

Trans-Natal Coal to spend R234m over 10 years on export plans

RDM 14/10/87 215

IN a capital programme involving a total of R500-million over the next 10 years, Trans-Natal Coal Corporation will spend about R234-million in escalated money terms over this period in developing the Optimum colliery to export 3 500 000 tons of coal a year

This massive programme does not include the Northern Transvaal coalfield, which is regarded as a long-term project, and on which significant amounts are being spent on prospecting, purchasing mineral rights and technical research into the potential oil-from-coal processes

Capital expenditure will be carried out at a rate of between R30-million and R80-million a year

The directors say in the annual report that Escom has already granted Trans-Natal approval in principle for the export of coal from Optimum, and the exports from the mine will form part of the Gencor coal subsidiary's programme to use the remaining 4 750 000 tons a year of its bituminous coal export qu.

The estimated escalated capital cost for the export of the remaining 1 250 000 tons a year is around R145-million over a period of six years from 1983

Investigations are continuing into the possible export of 1 500 000 tons a year of anthracite by Kwa-Ngoma Mines in terms of its quota

Increased demand for coal by Escom is expected to continue in the current year, say the directors, but the supply of metallurgical coal to Iscor should decrease by about 500 000 tons

"Developments on the external market remain promising, and with sufficient coal available for exportation at very favourable prices an increased contribution to group profit from this source can be expected"

In the past year Trans-Natal's total coal sales reached a record level of 28-million tons, or 12% higher than the previous year's 25-million tons

Export sales, Trans-Natal's major growth sector in the past year, rose to 4 200 000 tons from 2 600 000 tons, representing 15% of total turnover compared with 10% in the previous year

Production shortfalls during the year were supplemented by external purchases to make optimal use of the available capacity flowing from phase two of the Richards Bay export programme

The directors say much progress has been made in the planning of projects to use the remaining 4 750 000 ton a year export quota of bituminous coal for the third phase of Richards Bay, and Escom has already approved in principle the export of 3 500 000 tons a year from Optimum colliery

Drilling operations continued during the year in KwaZulu and on the Springbok Flats Promising coal reserves were proved in the Orange Free State and in the Amersfoort area

SA coal No 3 in Japan

RDM 19/10/81

TOKYO — South Africa is expected to become Japan's third biggest steam-coal supplier after the US and Australia this year with a surge in shipments since January, say industry sources

Japan imported 992 000 tons of coal from South Africa in the first eight months of 1981 against 500 000 tons last year, and only 30 000 in 1979

The sources say a reason behind increased purchases, mainly by electric power companies and cement manufacturers is that South Africa has not been hampered by mine strikes or port congestion that occurred elsewhere

Japan last year imported 7 240 000 tons of steam coal, including 4 500 000 tons from Australia, 750 000 from China, 640 000 from the US and 600 000 from Canada

Imports from Australia and the US in the first eight months of 1981 were 3 820 000 and 1 250 000 tons respectively Shipments from Canada and China declined — Reuter

Dollar storms ahead

LONDON — The dollar surged yesterday as tension over Poland was renewed Gold weakened and was fixed at $426 in London in the afternoon and $428 in the morning Friday's second fixing was $432,50

After yesterday's second fix gold quoted at $425,50/$426,50 Light selling from New York weakened the price as European buying was insufficient to take up sales

Gold shed $4,23 in Hong Kong to close at $429,92

Hong Kong and trade-house long liquidation against the strength of the dollar prompted day traders to cover their positions near the close in an otherwise featureless market.

The dollar jumped more than three pfennings against the mark to open in London at 2,3110 marks.

Dealers said the dispute over the West German Budget also boosted the dollar against the mark. The coalition Government of Mr Helmut Schmidt has been badly split over ways of dealing wity an unexpected deficit of nearly 8 000-million marks in the 1982 Budget

CLOSING prices London $425,875, Paris $430,92, Frankfurt $430,01, Zurich $426,50; Hong Kong $429,92

The dollar strengthened after the opening and at mid-session in London it was quoted at 2,3145 60

It held above 2,31 marks in spite of suspected dollar sales by the Bundesbank

In Tokyo the dollar rose to a three-month high of 234,95 yen from 233,50 figure at the close last Friday. Volume was $900-million

Opening at 232,90 yen, the day's low, the dollar inched up to 233,85 yen at the end of the morning session The uptrend continue into the afternoon.

Triton bids R8,8m for Enyati Colliery

RDM 27/10/81

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By JOHN MULCAHY

TRITON Ltd, part of the previously low-profile Triton Group, has made the first move in developing an "energy base" by making an offer of R8 800 000 for Enyati Colliery.

The offer has been made by Triton and its controlling shareholders, and the intention is that Triton will hold a significant but not controlling interest in Enyati

Triton's base is in chemical and lubricant manufacturing, and it also has property assets and a substantial holding in Triton Energy (now 48,6%)

Enyati is an investment holding company with a portfolio of listed and unlisted investments and a branch railway line serving coal mines in the Vryheid area

According to Triton's directors, Enyati's activities will be concentrated in the energy field.

"It is anticipated that Enyati, in conjunction with the Triton group's overseas associates, will participate in a number of energy related exploration and development projects both in Southern Africa and abroad"

Triton's chairman, Mr Rob Newman, said yesterday Enyati would provide the base for further expansion, and there were several developments forthcoming, but it was too early to elaborate

"We needed a far larger base, and Enyati will give us this"

Triton announced yesterday that it had acquired an additional 140 000 shares in Triton Energy (Tenergy) from a group of investors at 475c a share in return for 280 000 ordinary shares in Triton, and taking Triton's holding in Tenergy to 48,6% from 42,3%

Mr Newman said there was no intention to increase Triton's stake in Tenergy to a controlling position

The announcement said "It is Triton's policy to hold a strategic shareholding in Tenergy of over 40% and this acquisition will assist Triton in maintaining this percentage of the issued share capital of Tenergy in the event of that company issuing further shares"

Bavaria wants SA coal

EDM 27/10/81

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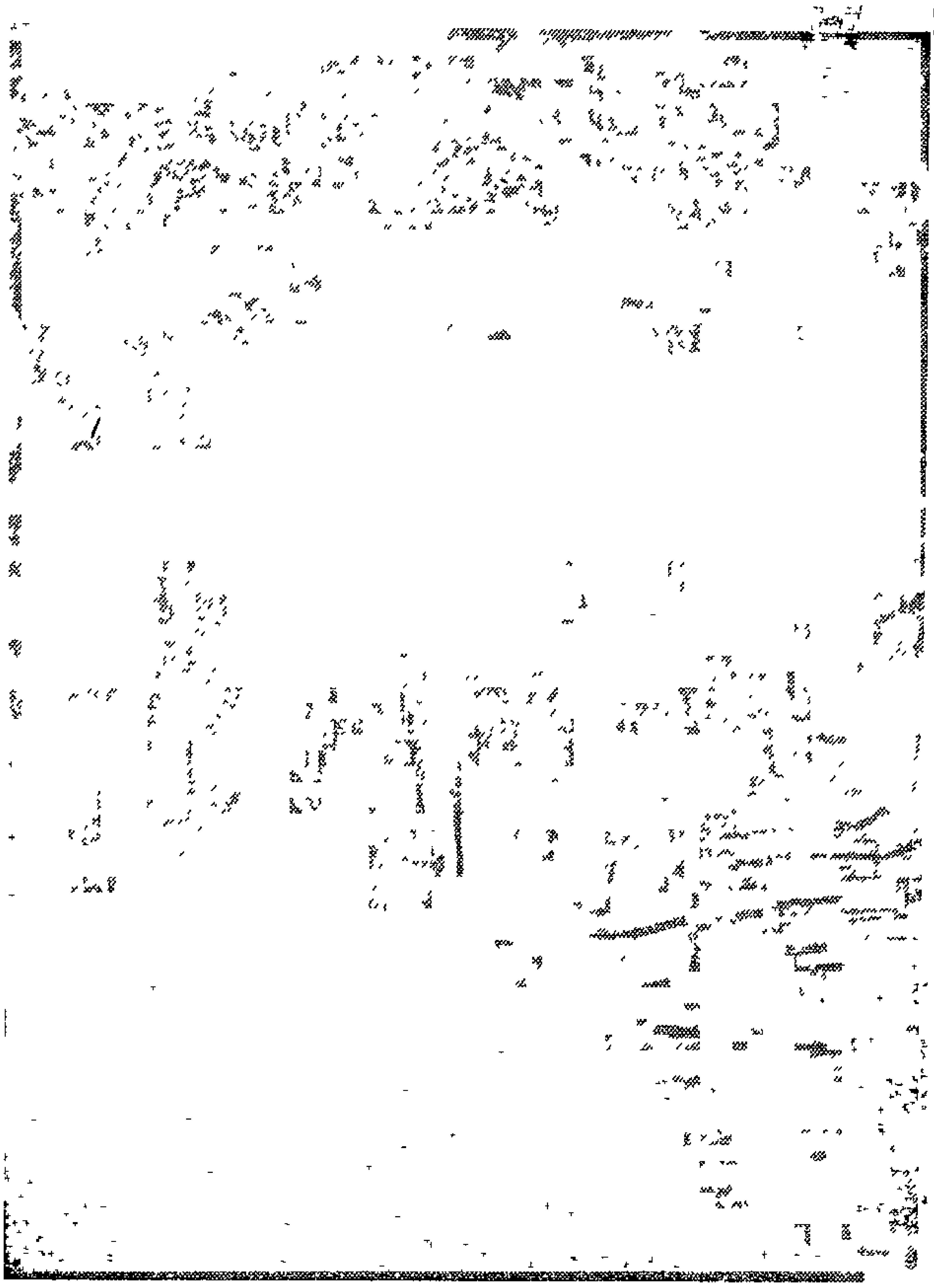
MUNICH — Bayernwerk, the State-controlled power utility in West Germany's biggest federal state Bavaria, plans to start talks in early 1982 on buying coal from South Africa, says the Bavarian Minister of Economics, Mr Anton Jaumann

He said on his return from South Africa that Bavaria was interested in South African coal as the price was much lower than that from coalfields in the Ruhr.

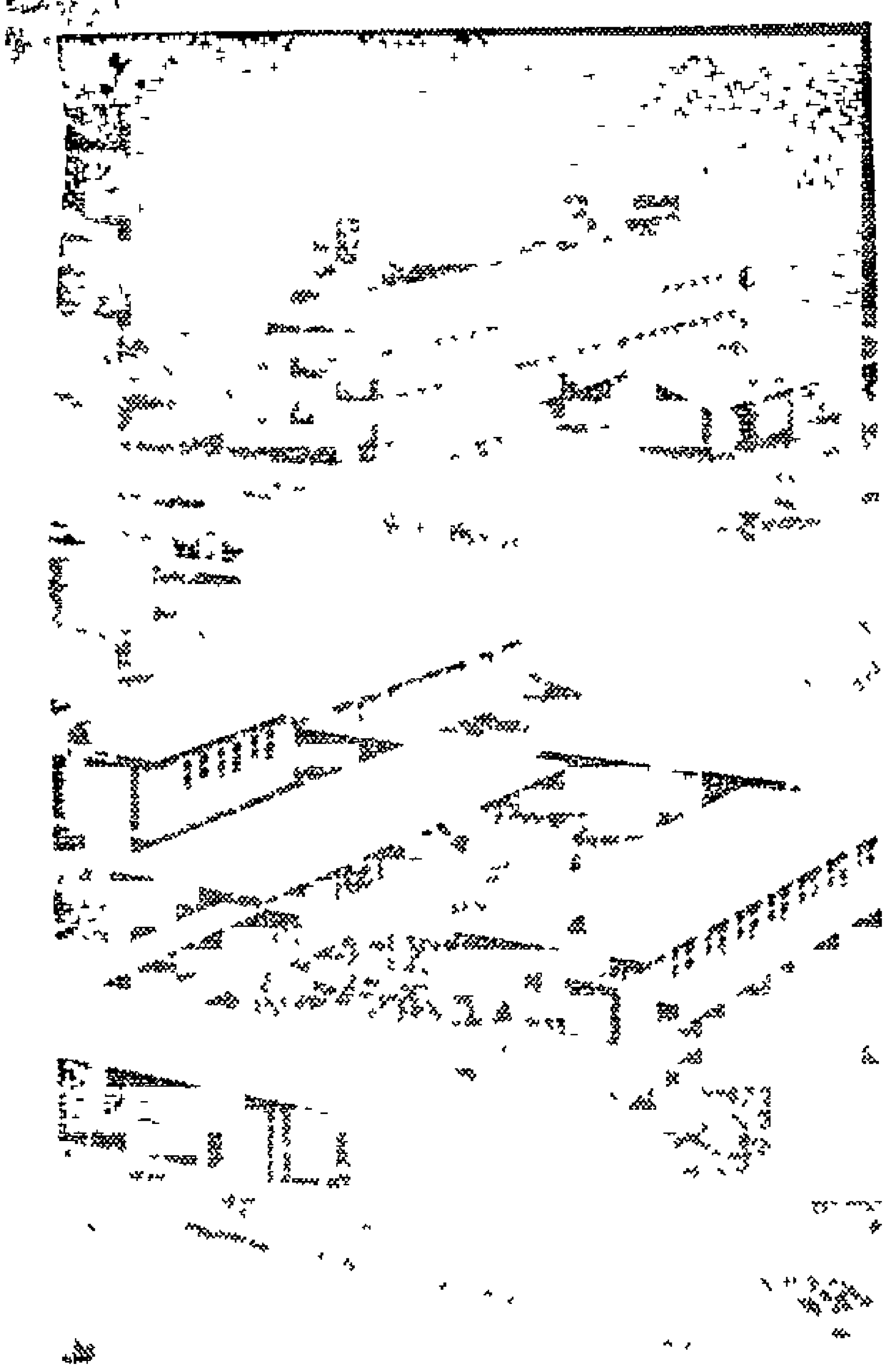
South Africa's current annual export quota of 27-million tons had not been used and Pretoria had decided to boost exports to 80-million tons a year in the next few years

Mr Jaumann said the South African Government had made it clear that it was willing to conclude long-term contracts to supply coal to reliable partners

South Africa's readiness to sell coal was as great as Bavaria's willingness to buy it, he said



Longwall mining operations in progress at Bosjespruit, the world's largest coal mine.



Surface buildings at Bosjespruit where coal mining production is set to reach 27.5-million tons a year

Lowveld mine will produce the most coal of them all

Star 29/10/81 (215)

By Bob Davis

The world's largest underground coalmine, Bosjespruit, prefers to keep a low profile but its fourth shaft complex has been completed and it's gearing up for producing 27,5-million tons a year.

At that level it will feed both Sasol 2 and 3 for full production programmes

Mr Peter Cox, Bosjespruit's general manager, said at 27 5-million tons a year, the mine would out-produce 50 British coalmines put together and would almost double the output of its nearest rival, a Colombian mine set to achieve 15-million tons by 1986

"We're not out for publicity," Mr Cox said, "but we're at the 12 - million - tons - a - ... don t know of any other coalmine with the same production capacity"

He said the mine was supplying Sasol 2 and would achieve full production in 1985/86 when Sasol 3 came on stream.

"The scale of production presents problems not encountered at smaller mines.

"We have to keep a constant watch on productivity, manpower utilisation and equip-

A simulator is used for training purposes — and it's equal opportunities for all

From Page 22

ment maintenance Mr Cox said

Co-ordination of work effort also presented challenges not found in smaller operations

He said the third ... had ... cautions we do not mine out the area under buildings or roads, for instance

"We've embarked on extensive ... with the Chamber of Mines to determine what happens on surface ... united ... experience pleted in February and June respectively to provide for the expected demand.

Each shaft system would operate as a separate unit and commissioning of new equipment would take place as demand increased.

Mining operations began at Bosjespruit, near Secunda in the Eastern Transvaal in 1975 after an extensive exploration programme had been completed to determine the extent of the coalfield.

Four seams were identified at varying levels but only two were mineable and for the first 20 years coal would be extracted from only one of these.

Multi-seam mining would take place with effect from early in the next century.

Mr Cox said the seam being worked varied in depth between 130 and 200 metres from surface.

Total life of the mine at an optimum extraction percentage was expected to be more than 70 years.

Essentially three mining methods were used — longwall with controlled cave-in; continuous mining as developed in the USA and the traditional coal-cutting system favoured in most underground South African coalmines.

Mr Cox said each method produced about a third of the output.

The seam being mined had an average height of 2,7 metres and the mined-out area was allowed to collapse under control.

Mr Cox said he foresaw minimal surface disturbance as a result of the underground collapse.

"But we do take precautions and the result has been that the effect on surface is minimal."

He said in time a large area would subside but stressed that surface activities would not be interfered with.

"A mining operator such as ourselves cannot do what he wants to the surface.

"There is a very responsible attitude both from our side and from the side of the Department of Mineral and Energy Affairs."

Mr Cox said the area involved was 35 km by 30 km.

Bosjespruit was an affiliate member of the Chamber of Mines and participates in safety rating competitions.

As yet, no official Chamber rating had been established but the fatality rate was 1,8 per thousand men a year.

"In my view there is a built-in bias against coalmines in the Chamber of Mines rating," Mr Cox said, "and we feel that cognisance should also be taken of the size of an operation."

Bosjespruit had a three-star safety rating from Nosa.

Mr Cox said the labour force totalled 900 white and 5 000 black workers. It had been expedient for Bosjespruit to do its own recruiting and training.

"Our demands are so big that we cannot rely on outside agencies."

Men of all races were trained in electrical, mechanical, hydraulic and electronics skills.

Mr Cox said Bosjespruit, the world's largest coalmine, was an equal-opportunity, equal-pay employer.

Star 29/10/81

(215)

Johnnies — high hopes for coal

RDM 29/10/81 (215)

Open-cast plan for Phoenix

JOHANNESBURG Consolidated Investments now has the potential to develop an open-cast coal mine using modern techniques at its Phoenix colliery, says the chairman, Mr Gordon Waddell.

He says in his maiden speech as chairman of Johnnies that the group is better placed than before to look for new coal business either for the export or the domestic market.

By JOHN MULCAHY

The group placed considerable emphasis in the year to June on expanding its coal reserves both within Tavistock and elsewhere in South Africa, says Mr Waddell, and results have been encouraging.

"I am hopeful that coal will in time provide a larger share of our income in excess of the increase which will arise from the acquisition of the balance of Tavistock."

The timing of the takeover of Tavistock's minority shareholding may have been fortunate, says Mr Waddell, as Johnnies has applied for permission to export a "significant quantity" of coal.

The combination of the lower gold price, high interest rates and recession in the major developed industrial economies is likely to allow a real growth rate of only 3% to 5% in South Africa this year.

For the group, as for SA, in the absence of a recovery in the US, Europe and Japan, and in the price of gold and other exports, the year ahead will be difficult.

While comfort can be drawn from the fact that SA's growth rate is still considerably better than those of most other countries, the real cause for concern lies in the figures for real per capita private consumption expenditure from 1973 to 1981.

"Despite the increase of 6,4% in 1980 and the likely increase of 2,5% in 1981, the compound rate of growth over these eight years will have been less than 1% a year, nor are the prospects encouraging for 1982."

The real impediment to sustained higher growth is the failure to turn to best account the readily available human resources "who are only too willing to improve their lot".

The weakening in the free-market platinum price in the past year was not unexpected, says Mr Waddell, as high interest rates discouraged investment and speculative demand and held back any rapid recovery from the recession in the US automobile industry.

Other industrial demand remained generally steady, and in the first seven months of this calendar year there has been a notable recovery in Japanese platinum imports.

The 2,7% drop in Rustenburg Platinum's profits for the year to August 31 resulted from a drop in sales in the last quarter of the year when the free-market price remained below Rustenburg's price of $475 an ounce.

The new Matthey Rustenburg base-metal refinery is expected to significantly reduce the refining cost of metal.

Further evaluation of the possibilities of the areas immediately to the north-east of Randfontein's Cooke section and to the south of Western Areas continues, says Mr Waddell, and no decisions have yet been made "though it may be that a higher and sustained gold price will be required".

"It is extraordinarily difficult to predict with the necessary confidence the future price of gold in the light of all the factors which impinge on it, but if as seems probable, it rises in a sustained manner over time, the substantial additional ore reserves that will become available at Randfontein and Western Areas will be of great importance because of the greater flexibility they will allow mining operations."

The excess of uranium supplies over demand — which depressed the uranium market further in the past year — is likely to persist in the years that lie immediately ahead, says Mr Waddell.

Western Areas uranium plant, designed to treat 100 000 tons of ore a month, should be commissioned before the end of 1981, and deliveries in terms of the long-term contract held by Western Areas are due to begin early in 1983.

Difficulties at Randfontein's Cooke uranium plant have been overcome, but some work still remains to be done to improve plant efficiency.

Apart from Consolidated Metallurgical Industries (CMI), which has yet to pay a dividend, Johnnies industrial interests, including Lenning Holdings and substantial portfolio investments in SA Breweries, Argus Printing & Publishing and Toyota "had an excellent year", says Mr Waddell.

The contribution of the industrial interests continued to grow in importance, and the dividend income of R26 100 000 was 60% higher than the previous year.

CMI had a difficult year as the recession in the stainless-steel industry, on which it depends, spread from the US to Europe and Japan, and CMI was forced to cut production.

Since then there has been a modest recovery in stainless stel production in the US, and it is hoped that Japan will soon follow.

NM 29/10/81 (218)

Mandrax smugglers use new Mozambique route to S A

Mercury Correspondent

JOHANNESBURG—South Africa's Mandrax smugglers have launched a new front — they are now running their contraband into the country through Mozambique

Cases containing thousands of tablets are being successfully smuggled into South Africa along the new route according to reports

They are then transferred to Swaziland and Lesotho before being moved to the lucrative South African market

And a new market for the drug has opened in South Africa — among the drifting wood population living and working on construction sites for Sasol II and III at Secunda in the Eastern Transvaal

Both South African and Swaziland police confirmed they had learned of the new route But they would not elaborate on their investigations

Police in Swaziland said they believed the smugglers ran the drug on scheduled air flights

The Mercury's correspondent in Johannesburg has been told that smugglers are also moving the drug into Swaziland along the much-used roads from Mozambique

But police in Swaziland said they had not come across incidents to verify this There is an extremely strict check kept at these border posts a top police spokesman in Swaziland said

In Pretoria this week Col Basie Smit, head of the South African Narcotics Bureau said Mandrax remained by far South Africa's second largest drug problem — beaten only by dagga

Dealers often businessmen with hundreds of thousands of rands at their disposal were still operating in all South Africa's major cities in spite of police crackdowns in which large consignments of tablets had been seized and runners arrested

Coups by police this year included seizures such as 300 000 tablets worth R3 000 000 50 000 tablets 46 000 tablets and 3 700 tablets

Col Smit said the tightening of checks at airports and border posts had dealt severe blows to dealers but help from the public and any information they might have remained essential in fighting the Mandrax problem

The last major consignment was seized by detectives last weekend when two men and a woman were arrested at a Woodstock home in Cape Town for allegedly dealing in 4 300 tablets worth about R43 000.

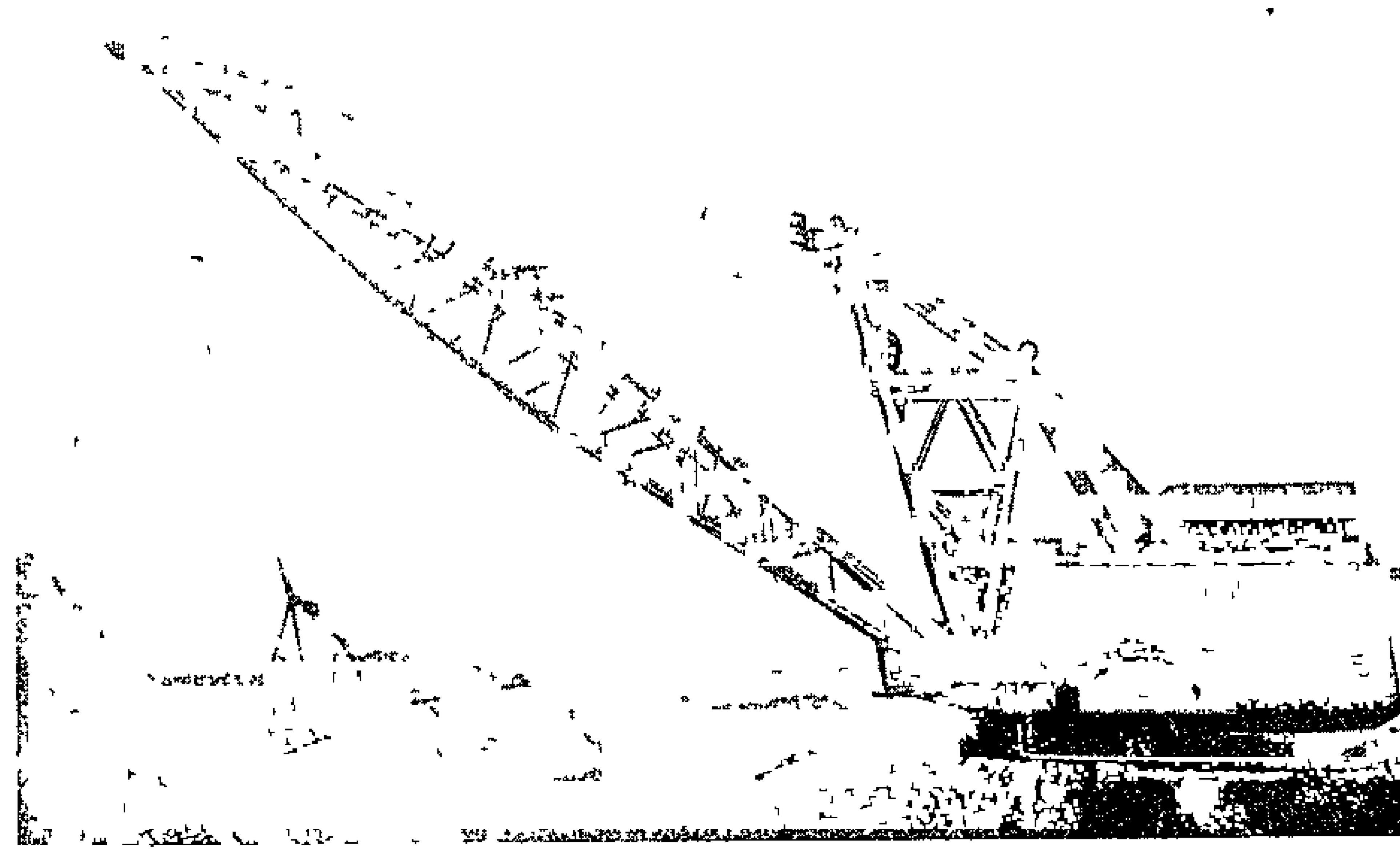
Another major consignment of 72 000 tablets worth about R720 000 was seized by Swaziland police in September at Matsapa Airport when a man allegedly tried to bribe a customs official

TRANS-NATAL (215) FM 30|10|81

Capital questions

Activities *Coal arm of Gencor, mainly supplying Escom Gencor has 41,5% of the equity*
Chairman: *G Clark*
Capital structure: *53,3m ordinaries of 50c, 8m 75c dividend cum con prefs of 50c Market capitalisation R642m*
Financial *Year to June 30 1981 Borrowings long- and medium-term, R22,4m Net cash R47m Debt equity ratio 16,4% Current ratio 1,6 Capital commitments R92,6m*
Share market *Price 1 205c (1980-81 high, 1 310c, low, 605c, trading volume last quarter, 362 000 shares) Yields 7,9% on earnings, 3,2% on dividend Cover 2 5 PE ratio 12,7*

	'78	'79	'80	'81
Coal sales (Mt)	20,8	22,6	25,0	27,9
Turnover (Rm)	144	204	282	379
Pre-tax profit (Rm)	32,0	36,6	45,0	68,1
Gross margin (%)	24,9	19,3	16,6	18,6
Earnings (c)	37 6	42 5	60 6	95 2
Dividends (c)	18,5	24	30	38



Trans-Natal ... digging deep for capital spending

Trans-Natal's annual report mirrors the group's no-nonsense approach to its business There is obviously little time to waffle when there is the business of a major ten-year development plan to be carried out Not that there is anything particularly new in that, developments have been programmed for several years and it is now a matter of seeing them through to completion

It is this expansion programme which provides the share with its long-term growth appeal but removes any interest for investors with near-term dividend objectives At the end of the 1980 financial year management said that capital expenditure over the following five years would be about R350m That estimate has now been increased to R500m over ten years at an annual rate varying between R30m and R80m And that excludes any possible expenditure on establishing operations on the northern Transvaal coalfield

However, the major part of the next ten years' capital spending is earmarked for potentially highly-profitable export operations Escom has agreed to Trans-Natal exporting an annual 3,5 Mt from Optimum colliery And the capital cost of that alone will set the group back by an estimated R234m over 10 years Then, starting in 1983, a further R145m is planned spread over six years to provide another 1,25 Mt/year export capacity

All this, though, could simply be the tip of an enormous capital spending iceberg Wholly-owned Kwa-Ngoma has a 1,5 Mt/year anthracite export allocation and ways and means of achieving that are only now being investigated So there need be no surprise if something like R150m is earmarked for that in the next annual report

Somewhat further down the line there is the question of what happens if the group is granted further export allocations now that government has decided that total exports can be increased from the 44 Mt/year scheduled for 1984 to an eventual 80 Mt

There is no chance that the envisaged capital spending needs can be generated internally, particularly if dividend growth is to maintain some level of respectability Last year's R78,5m convertible pref issue added significantly to the equity base and provided the group with a sounder capital base on which to add debt capital As things are now, long-term debt could be increased to R200m without straining the balance sheet And though that would mean interest payments of something approaching R40m at today's rates, it need not prove to be too great a problem as cash flow kicks in from currently developing projects

Management now has to juggle with maintaining earnings and dividend growth, expanding equity capital through retentions and/or further share issues, structuring borrowings so that they neither strain the capital structure nor result in unsupportably large interest bills, and bringing the group's unexploited coal reserves into play as quickly as possible

As far as dividends are concerned it seems reasonable to assume that management expects to pay an ordinary dividend of at least 75c to match the pref dividend rate, in financial 1984 when the prefs are converted That supposes an attainable rate of dividend growth of just over 20% a year

Current interest rates are such that management will, as far as possible, probably try to avoid debt Even so there is probably little point in being mean with dividends particularly if further equity issues are being planned Nor is there much likelihood that the controlling shareholder will want to leave unused funds lying around in Trans-Natal

This year, then, it is probably reasonable to expect a 48c total payout, putting the share on a prospective yield of just less than 4% at its current price of 1 205c On a yield basis the share is hardly attractive, but buyers would probably be unwise to delay purchases in the hopes of a substantially poorer rating developing The share is likely to be yielding no more than 4 % prospective this time next year and any intervening price set-backs should be used for accumulating the shares

Jim Jones

SALES BROKEN DOWN

	Tonnage %		Turnover %	
	1980	1981	1980	1981
Power generation	63	61	36	32
Metallurgical	8	6	23	24
General	19	18	16	14
Exports	10	15	20	30

ESCOM: COAL CONSUMPTION AND COST

	1975	1976	1977	1978	1979	1980
Consumption (Mt)	34,2	37,3	37,5	39,6	43,3	46,8
Total cost (Rm)	137,7	199,0	229,9	261,7	301 3	379,9
Average cost (R/t)	4 02	5,34	6 12	6 61	6 96	8,12
Cost increase (%)	37,7	32 8	14,6	8,0	5 3	16,7

50 000 new coal mine jobs

STAR 9/11/81 ~~277~~ 215

By Bob Davis

Coal mining in the south-eastern Transvaal will provide an extra 50 000 jobs between now and 1995

Mr G C Thompson, senior projects manager for Gencor, told The Star that the expected wave of prosperity for coal mining would result from the recently announced increase in exports and stepped-up local demand.

He said the south-eastern Transvaal produced 75 percent of South Africa's coal, and had more than 40 percent of the known reserves.

"This region provides Escom with 70 percent of its coal, and almost half the land area of the south-eastern Transvaal is underlain with coalfields."

Last year, colliers in the region produced 82-million tons, of which 23,5-million tons were exported — but by 1995 total production would be 207-million tons, with 72-million tons being exported

The projected increase would come rapidly in the next three years because of stepped-up demand from Bosjesspruit for Sasol 2 and Sasol 3

From 1985 the expected commissioning of Phase 4 of the Richards Bay export harbour would again result in an escalation, Mr Thompson said

Mr Thompson said that apart from expansion at existing collieries, a further seven major projects would ensure that the projected growth rate was met

Details of the projects must remain confidential at present, he said, but added "New mines are very large producers, with outputs of up to 10-million tons a year compared to the typical levels of one-million tons just over 20 years ago"

The growth would also provide a significant number of new jobs

"At least 50 000 in the period up to 1995," he said, "and with concomitant increases in productivity, there will be a significant improvement in the material standard of living — especially for the black population"

A key factor which could limit the projected growth and prosperity of coal mining was a shortage of managerial and skilled labour

"There is no shortage of manpower, but we need skilled workers who must be subjected to education and training, and who must be better used We need a more flexible application of our manpower"

He said the private sector should actively support the State in efforts to upgrade black education, particularly in the technical field

Amcoal profit up 34% to R78m

RDM (A.M.) 11/11/81

215

ANGLO American Coal Corporation (Amcoal) surpassed all expectations in the nine months ended September, increasing attributable profit by 34,6% to R78 303 000 from R58 195 000.

By JOHN MULCAHY

In 1980 Amcoal's attributable profit was R79 087 000, and a total dividend of 108c was paid on earnings of 336,7c a share.

If the rate of earnings growth is maintained, and that is the group forecast, pre-tax profit could well exceed R200-million for the 15-month period to March 31, compared with R124-million in 1980

Assuming a similar profit performance for the rest of the year, earnings should rise to about 530c for the 15 months, or an annualised 424c, and if the dividend cover is left at last year's level, the total dividend for the period to March could be 175c, or 140c on an annualised basis.

This represents an increase of 30% over last year's 108c, and puts the share on a prospective yield of 3,8% at yesterday's 3 650c closing price, compared with the historic 3,1% yield now.

Amcoal has changed its financial year-end to March 31 from December 31, and the current accounting period covers the 15 months to March, 1982.

Turnover rose by 35% in the nine months to September to R463 143 000 from R342 048 000 in the same period last year, and earnings rose to 320,4c a share from 247,7c.

A second interim dividend of 46c a share has been declared which, with the first interim of 25c, makes a total of 71c a share for the year to date, covered 4,5 times by earnings.

For a number of reasons the figures for the first nine months are not strictly comparable with a year ago, the first being the introduction for the first time this year of an amortisation policy, which accounted for R9 073 000 in the period to September.

In addition, the increase in issued share capital following the acquisition of Natal Anthracite reduced the earnings rose to 29,4%

Normal tax was 124% higher at R30 869 000 compared with R13 811,000, and R18 353 000 has been provided for tax equalisation.

Capital expenditure on fixed and mining assets during the nine months rose to R44 278 000 from R33 270 000, and R16 578 000 was spent in the July to September quarter.

Amcoal sold 26 075 000 tons of coal in the nine months to September, compared with 25 034 000 tons in the same period last year, while coke sales rose to 374 000 tons from 354 000 tons

The Anglo American coal subsidiary has a substantial capital programme ahead, more than R500-million over the next five years, to cope with increased exports, expected to rise to 13 800 000 tons in 1986 from 7 800 000 tons last year, and to service its commitment to Escom.

Capital costs of the new Vaal and New Denmark collieries, to supply the Lethabo and Tutuka power stations, have been estimated at R660-million in July 1980 terms, of which Amcoal will have to pay 60%.

COAL HANDLING

SA shows how

(215) FM 20|11|81

Almost 70%, or R8m worth, of the plant and equipment for the R35m coal terminal under construction in Ghent, Belgium, is being produced by SA companies

In the face of stiff international competition this is a feather in the cap of local industry Tenders were awarded strictly on the basis of the offers submitted, and it is significant that SA, as a primary producer, is exporting technology to Europe

The terminal is being established by Rand London Corporation (RLC) in partnership with Anglo International Mining Corporation (AIMC) of the UK

RLC employed SA consultants Technology and Management Services (TMS) to draw up a design study TMS then invited manufacturers worldwide to tender against selected major portions of the plant

The lion's share of the project — about R17m — is being financed by the Belgium government which will construct the quay and rail siding The balance, with the exception of shunting locos (Germany), conveyor belts (France) and sampling equipment (UK), is being produced in SA

Dorbyl Marine is manufacturing the unloading cranes, Olympic Engineering the structural steel work and conveyor systems, General Electric SA the main electrical and control system, Siemens SA, electrical equipment, and Coalequip the screening gear

The terminal, controlled by RLC and AIMC subsidiary Ghent Coal NV, will have a distribution capacity of 1,5 Mt/year RLC will supply about 200 000 t/year — about half its export quota The rest will come from other international suppliers

A prime objective of RLC's involvement is to secure a consumer market for its SA mining operations, Brockwell Anthracite, Kempslust Coal and Zoetmelk.

This forms part of its vertical integration from mining coal to selling it directly to end-users. The "daisy-chain" of wholesalers and retailers can thus be eliminated, and increased profits of between R10-R30/t reaped. Ghent will market high-value, low-volume coal products, like anthracite and petroleum coke

A bagging plant producing 15 000t/month of bagged product — specially designed 10 kg plastic woven bags exported from SA — is being commissioned

Says RLC MD Bernard Holtshousen: "The first marketing step will be to distribute bags through supermarket chains and sell coal as far down the line as possible."

Rand London Coal will not benefit directly from this additional profit but will be assured of a market

Holding company RLC, however, will receive 50% of Ghent Coal's income plus additional profits This may partly offset this year's drop in profits due to Kempslust's production shortfall of 99 000 t caused by poor roof conditions.

In view of the more profitable outlet and a terminal capacity to move 10 Mt-12 Mt/year, RLC has applied for an export quota of 6 Mt/year

If expansion occurs, SA manufacturers may not be so fortunate next time round TMS' Peter Goodwin says it is doubtful whether local industry will be able to compete as successfully if inflation continues at present rates *ratio 0,5 Capital commitments R127,7m*

Share market· *Price 7 100c (1980-81 high, 7 400c, low. 4 150c, trading volume last quarter, 5 800 shares) Yields 14,4% on earnings, 4,8% on dividend Cover 3,0 PE ratio 6,9*

	'78	'79	'80	81
Coal sales (Mt)	7,1	7,0	9,0	11 4
Turnover (Rm)	74 9	81 9	114 6	158 6
Net profit (Rm)	34 1	32,0	40 7	70 8
Working profit/t (c)	537	565	577	624
Earnings (c)	521	467	591	1 024
Dividends (c)	110	200	260	340

The heavy capital spending programme of the past few years is producing significant production and profit advances And the trend is likely to continue this year, though any advance will be due largely to higher sales to Escom

Chairman Allen Sealey expects nothing more than a modest increase in domestic coal sales, excluding Escom Exports, he believes, will be at substantially the same level as last year And sales tonnage increases will depend largely on sales to Escom as Duvha builds up to its final capacity of 9,5 Mt by 1985.

Last year Duvha's sales rose from 1,4 Mt to 2,9 Mt and they are planned to increase to 4,7 Mt this year This year's total sales, then, should be in the region of 13,2 Mt

Sealey takes a cautious line on export prospects During the second half of last year, he says, demand slackened in Europe, and that situation is likely to persist this year Even so there is scope for higher export earnings while the rand remains weak against other currencies Couple this with the higher sales by Duvha to Escom and, at the pre-tax level profit could advance by 20% on last year's R70,8m

Witcolls' Sealey . . . dividends on an uptrend

Last year capital expenditure effectively cut the tax bill to nothing Though that is unlikely to be repeated this year, planned capital spending of R50,7m offset against working profit should ensure that the tax liability is little more than R10m

Despite the fact that this year's heavy capital programme will absorb a large part of earnings, Sealey is confident that dividend payments will remain on an uptrend While interest rates remain high management will probably take a conservative line on borrowings to fund capital spending This implies slower dividend growth this year than last Nevertheless, there should be no difficulty raising the payout to 400c which would put the share on a 5,6% prospective yield

The share is on a higher near-term prospective yield than Amcoal, implying, perhaps, that the market rates Wit Colls' growth potential lower That may well be true The colliery group has the guarantee of higher sales over the next couple of years by Duvha, but longer-term growth prospects will become clear only when allocations are made as part of Richards Bay's export expansion beyond 44 Mt

According to the notes to the accounts, capital expenditure is planned to decline in 1983 and 1984 However, Sealey says that it is due to continue increasing to a peak in 1983 Whichever way it is looked at, by 1984 capital spending should be declining steadily unless the group is awarded additional export contracts which call for deliveries to start towards the end of this decade and which require additional production facilities

If that is the case there will be prospects of strong earnings growth into the Nineties If not, a winding down of the capital programme will mean greater scope for increasing dividends At its current level the share is suited to investors wanting income in three or four years time *Jim Jones*

WITBANK COLLIERY 215

Damping down

FM 20/11/81

Activities *Coal mining company with six operating collieries in the Witbank area T C Land has 70,2% of the equity and Anglo-Transvaal Collieries 15,5%*

Chairman *A A Sealey*

Capital structure *6 9m ordinaries of R2 Market capitalisation R49m*

Financial *Year to September 30 1981 Borrowings long- and medium-term, R2,2m, net short-term, R519 000 Current*

WELGEDACHT

Capex ahead

2.15

FM 27 | 11 | 81

Activities· *Coal mining company with four operating collieries in Natal TC Land owns 70,7% of the equity*
Chairman· *A A Sealey*
Capital structure· *9,1m ordinaries of 45c Market capitalisation R44,6m*
Financial· *Year to September 30 1981 Borrowings long- and medium-term, R687 000, Net cash R6,3m Current ratio 1,3 Capital commitments R9,7m*
Share market: *Price 490c (1980-81 high, 570c, low, 260c, trading volume last quarter, 157 000 shares) Yields 14,0% on earnings, 6,1% on dividend Cover 2,3 PE ratio 7,1*

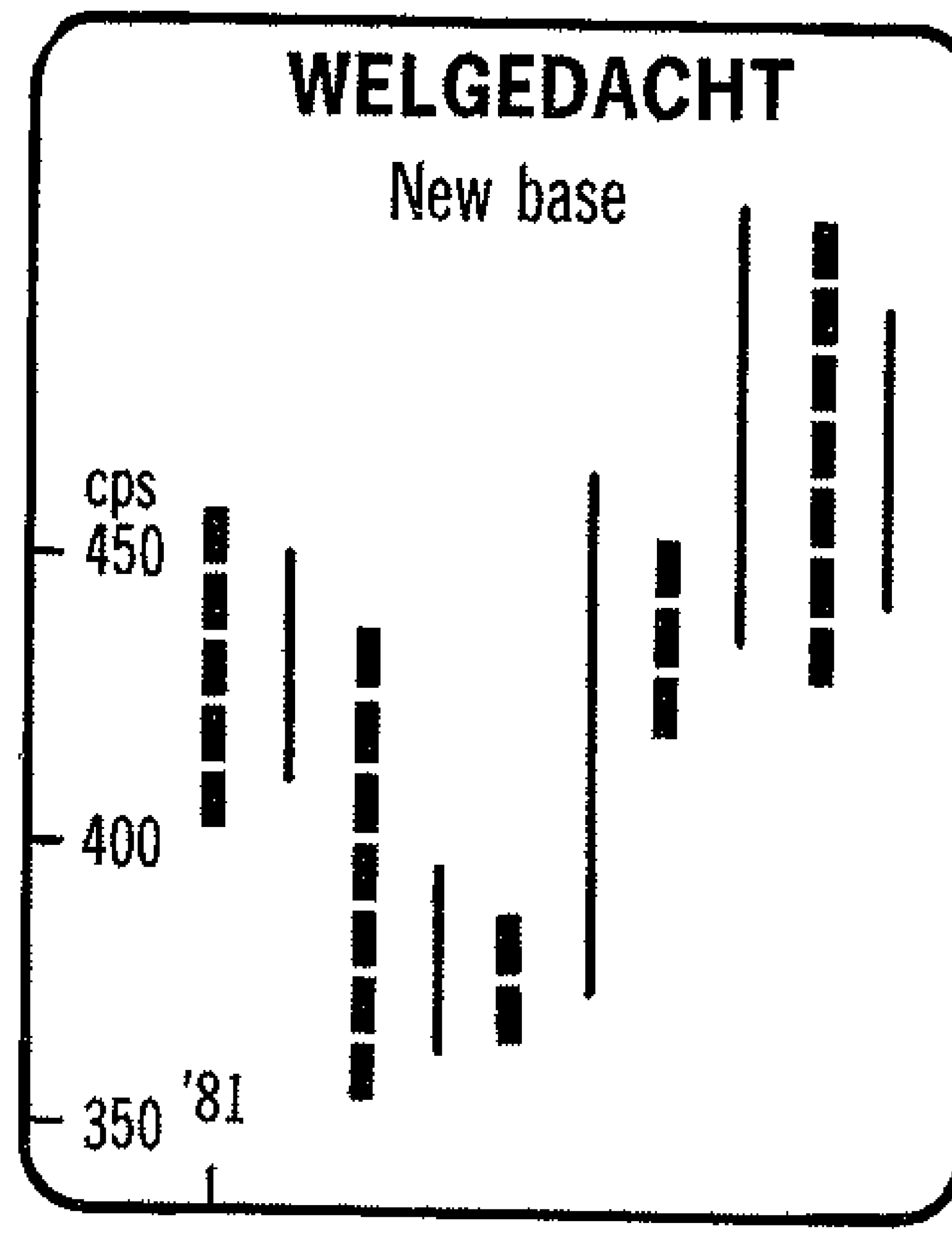
	'78	'79	'80	'81
Coal sales (Mt)	2,0	1 8	1 9	2 2
Turnover (Rm)	26 3	25 7	28 2	36 9
Working profit (Rm)	6 8	5 1	5 9	7 5
Net profit (Rm)	5,8	4 6	4 2	6 2
Earnings (c)	63 8	50 7	46 2	68 6
Dividends (c)	25	25	25	30

The revival in the company's fortunes has prompted management to increase the dividend for the first time since 1978 But taking a line through chairman Allen Sealey's statement, there seems little reason to expect a further increase in the current financial year

Increased domestic and export sales last year were due to special factors rather than structural market improvements Interruptions of power supplies from Cahora Bassa and increased local demand for electricity prompted Escom to increase generation at three Natal power stations And on the export front, higher sales were possible because of ad hoc allocations on a short-term basis through Durban

This year, however, exports could be affected by two factors Durban port is congested and ad hoc export allocations are less likely than last year Moreover, in Europe demand for steam and metallurgical coal has dropped

The company is cash flush but is faced with a relatively heavy capital spending programme this year New coal preparation plant needed to produce anthracite contracted for delivery to a synthetic rubber factory will cost R6,3m A further R4,4m is



to be spent on mining facilities and R3,7m is earmarked for improving conditions for employees

Part of this capital bill is to be funded by loans which have already been arranged With the heavy capital spending, the tax liability should be reduced to almost nothing But even with these cash flow advantages, borrowings of at least R3m will be needed if the 30c dividend is to be merely maintained

Last year's earnings growth, it seems, is unlikely to be repeated and the main growth option lies in increased export allocations with expansion beyond Phase 3 of Richards Bay Sealey believes that profit should increase this year, but is cautious in saying only that dividends may be increased If they are, the advance this year will almost certainly be token rather than substantial

The historic yield of 6,1% recognises the fact that Welgedacht's growth prospects are less exciting or certain than larger Transvaal-based producers From that respect the share is, perhaps, more attractive to investors with near-term income objectives than to those taking a medium-term view on the industry's growth prospects *Jones*

Amcoal blow to Anglo half-time figures

RDM 27/11/81

(215)

ANGLO American Corporation has been dealt a tax blow after the consolidation of Amcoal. Profit before equity accounting fell by 9,6% to R235 500 000 for the six months to September 30 from R260 600 000 in the 1980 period.

The profit figure is substantially below market expectations of R280-million, and appear to reflect the fact that, stripped of Amcoal, the performance of the group's other interests was sharply down from a year ago.

By JOHN MULCAHY

Amcoal's contribution cannot have been solely in the area of tax, and its relative proportion of pre-tax earnings reduces markedly the level of earnings from Anglos' remaining holdings

Anglo now has a 50,9% interest in Amcoal, and in the past year Amaprop also became a subsidiary, with Anglo holding 65,7%

The directors said in the annual report in July that Amcoal and Amaprop would have a major impact on Anglo's trading profits when earnings were consolidated for a full year

Anglo's share of retained profits of associated companies fell to R151 900 000 from R157 600 000, and attributable profit was 9,1% lower at R308 400 000 compared with R339 200 000 in the half-year to September 1980

Earnings including the share of associates' profits fell to 171,5c a share from 185,3c, but the interim dividend has been maintained at 35c a share.

Earnings excluding share of associates' retained profits amounted to 104,3c, compared with 115,5c in the first half of last year, but to give some perspective, the latest period's earnings are 94,6% ahead of the 53,6c earned in the six months to September 1979.

"The equity method of accounting for investments in associate companies was adopted for the 1981 financial year, and Anglo has restated last year's results on a comparable basis.

Pre-tax profit rose by 14,5% to R334-million from R291 600 000, but the tax charge more than trebled to R45 400 000 from R12 600 000, leaving taxed profit at R288 600 000 compared with R279 000 000

The consolidation of Amcoal also had a significant impact on the provision for minority interests, pushing up outside shareholders' interest to R50 900 000 from R16 200 000

The market value of Anglo's listed investments at September 30 was R5 900-million, about the same as at March 31 this year, but significantly lower than the R8 000-million at September 30 last year

Countering the decline in the gold price has been the performance of the industrial sector over the past year, and it is likely the relative importance of gold in the group's results has declined from last year

In the year to March Anglo derived 46% of its investment income from gold, 73% of its investment income from mining, and 21% stemmed from industrial interests

It has been estimated that in the year to March, 1982 the contribution of industrial interests may rise to 30% Coal, which last year accounted for 4% of investment income, could this year contribute at least 8%

Anglo's industrial interests range from steel-making and heavy engineering to construction, motor vehicles, chemicals, and food, and there are significant commercial interests in banking, computer services, insurance and property

While giving no clue to the expected performance for the rest of the year, Anglo's directors say results for the year will not necessarily be proportionate to the first half's results as investment income does not accrue evenly throughout the year, realisation of investments fluctuates "in accordance with policy decisions and market conditions", certain costs vary from period to period and no provisions for depreciation or against loans have been included in the interim results

Amcoal the prop for Anglo if gol fades

RDM 30/11/81

215

By JOHN MULCAHY

ANGLO American Corporation shareholders can be confident of a maintained dividend for the year unless gold suffers further substantial falls.

A Johannesburg firm of stockbrokers has estimated that Anglo has an earnings sensitivity of about 2c a share for every $10 rise or fall in the gold price.

At an average gold price of $450 for the year to March 1982 earnings are estimated to be 214c a share — or 8% lower than the 233,4c earned in the last financial year.

Anglo last week reported distributable earnings of 104,3c a share for the six months to September — down 9,7% from the first half last year.

The 214c earnings estimate takes account of the dramatic effect the consolidation of Amcoal will have on earnings for a full year, and highlights the sharp reduction in investment income at the lower gold price.

On the previous basis of bringing to account only dividends from Amcoal the brokers estimate Anglo's earnings would be about 14c lower for the year, and at a dividend of 110c the cover would be a historically low 1,82 times.

Based on the 214c a share earnings forecast, a dividend maintained at 110c would give a cover of 1,95 times, the level in 1979 and 1980

The average gold price for the year to March 31, 1981, was $585 an ounce, and listed investment income was R517 600 000 At an average of $450 this year listed investment income is estimated at R420-million — a drop of 18,8%.

The average gold price for the six months to September was $450, and since then the average London second fixing has fallen to $426 an ounce.

Anglo's income from gold investments is not, however, based on the gold price pertaining in its financial reporting period as the gold mines have different year-ends, and dividend declarations are based on different gold prices.

Most of Anglo's gold income comes from its Free State and West Rand mines, whose financial years end on September 30 and December 30 respectively. The average gold price for the year to September 1980 was $560, and $614 for calendar 1980

It is estimated that Amcoal will provide pre-tax trading profits of R130-million this year compared with an estimated R17 300 000 last year. Amaprop's contribution will rise to R7-million from about R700 000

Against this, however, is the increased tax burden — to R62-million from R26 200 000, and a sharp rise in minority interests to about R90-million from R54 600 000

The interim figures show that by September 30 the tax bill had risen to R45 400 000, and outside shareholders' interest (minorities) was up to R50 900 000 from R16 200 000.

The brokers believe Anglo will do its best to preserve its dividend record, and will be prepared to live with a lower cover — in the year to March Anglo paid a total of 110c a share, raising the cover to 2,12 times from 1,94 the previous year

Anglo's directors said the increased cover reflected the group's policy of maintaining sufficient resources for expansion and investment opportunities

A further consideration was probably that a bigger distribution would have caused a danger of not being able to maintain the dividend in the less favourable conditions now prevailing.

Anglo has not cut its dividend in 30 years, and since 1966 has increased earnings in every year but one — 1967 when earnings fell by 0,3c to 23,5c a share.

There were three occasions in the past 15 years when the dividend was not raised — in 1967, 1970 and in 1976 However, this year may see the most significant earnings fall in at least 15 years, and according to the brokers historical trends are of limited assistance in assessing prospects now

Anglo, together with General Mining Union Corporation, is considered to be less sensitive to the gold price than other mining finance companies, and this has been borne out in the half-time results when earnings fell by less than 10% in spite of a gold price drop of more than 20%.

At Friday's 1 670c closing price, and assuming the final dividend is unchanged, Anglo is on a prospective yield of 6,6%, which compares with Gencor's 6,5%

The market took the interim results in its stride last week, underlining Anglo's attraction as a long-term quality investment, but a sustained gold price fall could result in price weakness in the short term.

Mining — Coal

1982

JAN. — DEC.

(215) ST Business Times 10/1/82

Slump in coal export demand

·NFIRMATION of a marked ·kening of demand for coal in ·ort markets was given to Busi-·s Times this week by two leading ·-industry executives

·ne climate in European markets is ·cally different from the mood of · buying of a year ago, when Polish ·l exports were slashed by more than

··ing the past three months coal moved · oversupply and is now · stockpiled

· result will be a ·l slowing in the rate of ·e in prices negotiated

By Andrew McNulty

for South African steam coal for 1982 and 1983

Cash flow and earnings growth of local coal producers may not slow materially during the next two to three years due to historically low price contracts being renegotiated at higher prices

Although steady, profitable growth is still expected long term the more bearish mood in export markets could last another two to three years

This outlook helps support the view that most coal shares are now overbought

The top performing mining sector on the JSE last year, coal shares now have an average dividend yield of 6,1% compared with 4,0% a year ago

Allen Sealey, head of Rand Mines' coal division, says that, while price escalations for steam coal to Europe were as high as 33% in 1981, the increases this year on new sales in US dollars are likely to be no more than 10% to 12%, resulting in an average price range of around $48 taking old contracts into account

South Africa is competing with US prices of about $58 to $60"

Ralph Burnton of General Mining's coal division says that delivered prices now being obtained in Europe are down by about $8 to $10 from the peak levels

For the next two or three years the price outlook for export coal is one of stability, probably staying fairly static in real terms" Mr Burnton says

He anticipates escalations at least in line with US cost inflation rates but probably below the rate of local producers increases in working costs

Factors behind the recent softening of export demand include

- The overbuying during supply disruptions in the first half of 1981
- The continued economic depression in industrial countries has reduced demand for energy
- The slackening in the oil market has cooled efforts to diversify into coal
- European countries have so far had a mild winter
- Other exporters have increased supplies to an extent that had a major impact in the European market which has a total demand of only about 120 Mt/a

The United Kingdom has doubled its exports to about 12 Mt

The biggest expansion of exports has come from the world's leading producer, the United States

Mr Sealey estimates excess coal mining capacity in the US at 160 Mt

The US industry's umbrella body the Washington-based National Coal Association says that US coal exports are likely to show an increase of 10% this year compared with 1981 despite slower demand

The NCA estimates that 1982 exports will total 94,5 Mt, with 16,2 Mt going to Canada

Infrastructural bottlenecks are slowing exports by US producers but expansions at ports such as Hampton Roads will greatly increase export capacity by about 1983/84

·ctha's ·ans

·· Page 1

·ares of a diamond-cut-·ompany can be trans-· to a diamond mining

· board turned down the ·'s application to make ··ng works a subsid· Octha

· was despite the con-· of Octha's counsel · LC Diamond works · be made a subsidiary · Octha, a holding com-··ch owns a diamond · company, Namex · have made represen-· to the highest levels ·overnment for recon-·on If that fails we ·obably just move the · works to the nearest ·te"

·e Villiers adds that ·o obtain a JSE listing ·tha are in no way ·, but only deferred ·hese two issues are · out

· international plans in-· listing on the New ·ork Exchange and a ·e link-up with a major ·n-based diamond re-· company

Hop explosion

From Page 1

lower end of the labour market"

The scarcity of skills has led to the development of a new "fast track" career philosophy

Highly qualified graduates are leaving South African universities and planning their careers more systematically, with the object of attaining senior positions in large corporations quickly, as soon after graduation as possible

"This type of approach has become so common that many large corporations are beginning to use special tactics to identify the 'fast trackers'"

Recognising that these high achievers will tend to move on to new and more rewarding positions at reasonably short intervals, these companies are paying special attention to salaries and fringe benefits for the "fast trackers" in order to retain their services

In these organisations, the average executive, although valuable to the company, is more likely to be allowed to resign without excessive pressure (in higher salary and better perks) to stay on

·ware 'burn-out'

· Page 1

·t acute career frus-· when their advance-··s off

· for diagnosis The ·s is that none of the ·es about job hopping · to stop it

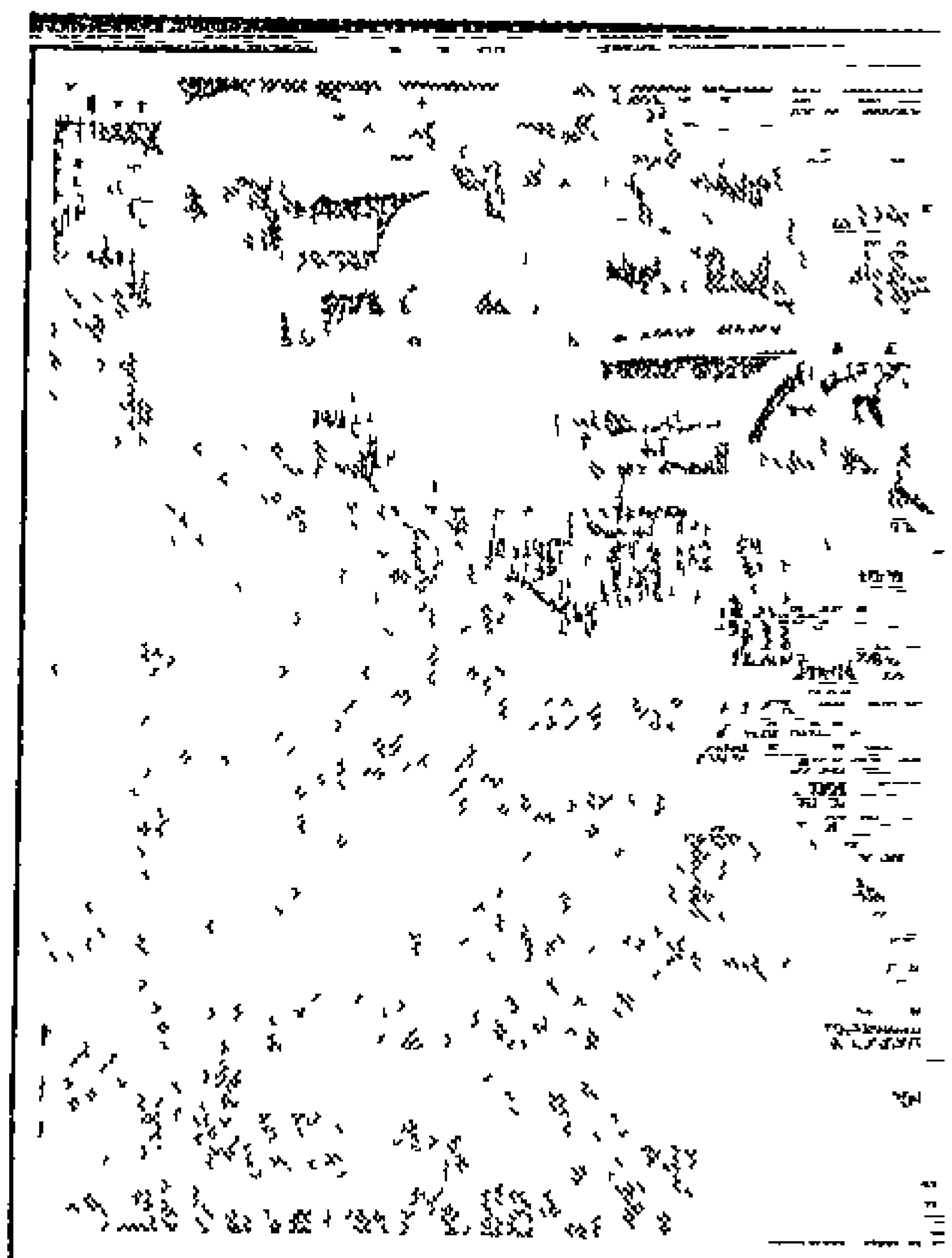
· occasional periods of ·, and even frenet-·ty are, despite the · all things consid-·robably healthy for ·omy, spreading fresh ·nd ideas

·anger, of course, is · inadequate overall · skills encourages · purely in pursuit ·gher rewards, without necessarily injecting heightened productivity in the broad sense

That danger may seem to recede in the next 12 months as the economy cools and before it revives

But, far from being solved, the danger seems to be growing more acute with each new upswing in the business cycle

That could encourage an increasingly unjustified level of self-esteem among the already swollen ranks of South Africans who, by the standards in many advanced economies, overrate their competence on the job — at the expense of other values



A new way t·

A R750 000 shipment (250 000 litres) of paint recently left the AECI factory in Port Elizabeth destined for Johannesburg and Durban

Eight tankers and trailers (seen in the above picture) transported the paint — the first time that paint has been moved in South ·

Serious an·

By Colin Bov·

THE shortfall in ammonia supplies for the fertiliser industry is set to increase this year, with an expected growth in domestic demand for plant food of about 8% Growth in demand was 14% last year

Domestic sa· are expected · close on R8·. R130-million ·· 1981

The increase ·

Law compu·

By Andrew McNulty

A CAPE Town computer company which has helped pioneer a computer system for the legal profession is now expanding nationally, appointing agents in Johannesburg and Durban

The company, On Line Computer Systems, claims that its system has been the most successful yet marketed to the local legal profession, and now has about 70% of the market for computer installations used by the legal profession in Cape Town

The next step is a presence in Port Elizabeth

Managers? Work?

By Stephen Orpen

RECENT surveys in both Europe and the US reveal that only about one in 10 "workers" understand what managers do — or regard it as "work"

Henry Sackson, a management specialist and Business Times reader from Cape Town who has studied the matter, provides a highly pertinent response to the sceptics

As everyone knows, he explains, an executive has practically nothing to do — except

- Listen to every complaint and every problem of every person in his department
- Decide what is to be done and tell someone to do it
- Listen to reasons why it should not be done
- Hear why it should be done by someone else
- Hear why it should be done in a different way
- Hear why it should not be done at all
- Prepare arguments in rebuttal that are convincing and conclusive
- Follow up to see that the thing has

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Star 12/1/82

Icy talks ahead on SA coal

By Geoffrey Murray

TOKYO — Japanese steelmills will be seeking a price freeze when negotiations begin in mid-February for fiscal 1982 deliveries of Witbank coking coal, industry sources said.

Indications are that the mills will strongly press their demand on the grounds that the fiscal 1981 price was raised by a sharp 29.8 percent (12,62 US dollars) against the backdrop of a thermal coal boom last summer.

The thermal-coal market has now calmed down, however. A long-term contract calls for annual deliveries of up to 2 450 000 tons of Witbank coal.

Price of coal to rise at end of this month

Star 12/11/82

By Bob Davis

The price of coal will go up soon — but stockpiles are bigger than ever.

A spokesman for the Department of Mineral and Energy Affairs said the coal price usually goes up about this time of the year but declined to say by how much.

He confirmed there had been an application for an increase in the pithead price paid by wholesalers buying directly from the mines.

Mr A J [illegible], managing director of a major coal [illegible], said pithead price increases were usually passed on partially or fully to consumers.

The retail price would be increased probably from the end of the month, he said, and advised householders to buy early for winter.

Stockpiles [illegible] Lazerine, Bronkhorstspruit, Pandfontein and Benoni were [illegible] than ever before, ensuring supplies.

Coal deliveries to households would continue as in past years.

"We have designed a 20 [illegible] pack to be [illegible] a handle and are experimenting a dealer network," he said. It would be sold by cafes and supermarkets, and perhaps garages.

Castro's guests

MIAMI — United Nations ambassadors from [illegible] countries, including [illegible], Zimbabwe, [illegible] and [illegible], have arrived in Havana for a week's visit to [illegible] production and educational centres and [illegible] points — Sapa [illegible].

Price of coal to rise at end of this month

215

Star 12/1/82

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Mr A J Laughland, managing director of a major coal retail agency, said pithead price increases were usually passed on partially or fully to consumers

The retail price would be increased probably from the end of this month, he said, and urged householders to buy early for winter.

Stockpiles at Kazerne, Booysens, Randfontein and Benoni were larger than ever, he said, ensuring supplies,

Coal deliveries to households would continue as in past years.

"We have designed a 20 kg plastic bag with a handle, and are establishing a dealer network," he said. It would be sold by cafes and supermarkets, and perhaps garages.

Danes importing more and more SA coal

(215) Star 19/1/82

Own Correspondent

COPENHAGEN — Denmark's trade with South Africa is booming — thanks to coal.

South African exports to Denmark have soared since 1978, when they were worth R28,5-million In 1979 they climbed to R60-million, spurted to R101-million in 1980, and in the first 10 months of last year were worth more than R128-million.

Coal was by far Denmark's largest import from South Africa. It accounted for 62 percent of Danish imports from that source in 1978, and had risen to 93 percent by last year.

There are no signs that the level of coal imports is likely to fall despite Denmark's power companies being asked by the Social Democratic Government to find alternative sources of supply.

Denmark's traditional supplier, Poland, has cut shipments drastically because of national political turmoil.

Holland pares use of South African coal

(2/5) Star 26/1/82

By Martin Cleaver

THE HAGUE — Coal imports into Holland from South Africa have dropped drastically in the past two years.

The major users, the Netherlands Minister for Economic Affairs, Mr Jan Terlouw, told Parliament, had made a conscious effort to avoid using the fuel

"I see no prospect of major change in this position in the near future," he added.

The big coal users are the power stations, which have almost stopped using South African coal. The other major user, steel giant Estel-Hoogovens, has never used South African coal on quality grounds.

Mr Terlouw revealed that South Africa's contribution to Holland's coal needs dropped from 4,2 percent in 1979 to 0,3 percent in the first seven months of last year.

The big reduction in Holland's use of South African coal contrasts with a steep rise in Danish imports of coal from South Africa.

McALPINE (215) FM 29/1/82

Matching forecasts

Activities: *Coal mining and contract mining Has a 40% interest in Optimum Collieries UK-based Marchwiel has 70% of the equity*
Chairman: *A J McAlpine, managing director T Scurr*
Capital structure: *10m ordinaries of 10c Market capitalisation R48,5m*
Financial: *Year to October 31 1981 Borrowings long- and medium-term, R431 000 Net cash R154 000 Current ratio 0,45 Capital commitments R1,3m*
Share market: *Price 485c (1981-82 high, 600c, low, 440c, trading volume last quarter, 122 000 shares) Yields 7,6% on earnings, 4,9% on dividend Cover 1,5 PE ratio. 13,1*

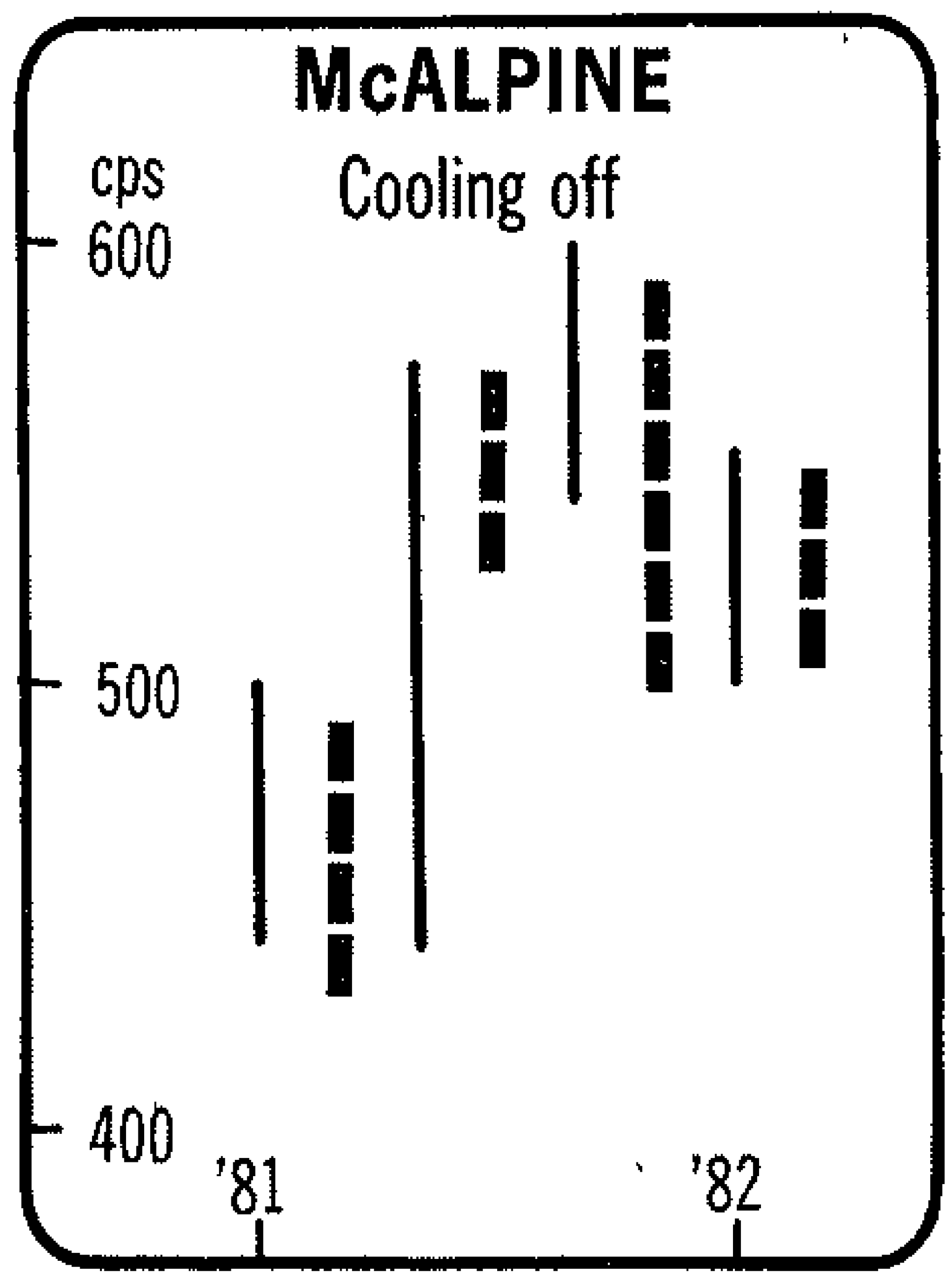
	'78	'79	'80	'81
Turnover (Rm)*	10 1	11 2	13 8	18 5
Pre-tax profit (Rm)	2 1	2 4	2 6	3 4
Earnings (c)†	24,9	22,4	26 6	37 1
Dividends (c)	—	—	9 7	24

* Coal mining only
†Calculated on 10m shares throughout

Not surprisingly, McAlpine beat its prospectus earnings forecast by a small 3,1% margin. The prospectus estimated that last year's earnings would be R3,6m — they were R3,7m. The dividend was spot on the 24c forecast in the prospectus What is to be seen now is the improvement made this year on 1981's profit

The board contents itself with saying that it hopes high demand for coal by Escom will offset difficult conditions in other markets And it expects that profits and dividends will be maintained That caution, of course, may simply be normal for the management of a newly-listed company On the other hand, the closeness of 1981's results to those forecast in the prospectus last March appears to indicate that management places more store on accuracy than in beating artificially low targets

Taking a line through the company's main operations, this year is likely to be characterised more by consolidation than by growth Optimum is operating at full capacity and is unlikely to sell much more than its contractual 6 Mt to Escom Next year will see a start to exports by Optimum — the sales fall under Trans-Natal's quota But until exports peak in 1985, Optimum's dividend is unlikely to increase materially This, then, seems to peg McAlpine's dividend income at R2m a year before amortisation of the Optimum investment



McAlpine ... coal prospects fully loaded

The three mines operated in a joint venture with Trans-Natal are unlikely to show any great improvement this year Hlobane is re-starting coking coal production on a reduced scale Escom has agreed to take coal from Kilbarchan colliery for the Ngagane power station until 1991 But this is hardly a growth area, and the arrangement will presumably terminate as Escom's generating capacity is concentrated increasingly in the Transvaal Lastly, TNC 2 colliery is planning to exploit new coal areas to serve the contract with the Komati power station once present reserves are exhausted in 1984 All in all, the joint venture has little prospect of any near-term turnover or profit advances

In general the reserves owned by McAlpine seem to be small The Gardinia and Macclesfield reserves, for example, were estimated in the prospectus to total 5,8 Mt They should be exhausted by 1987 as production is slated to rise to an annual 1 Mt in the last couple of months of this financial year

All this could be interpreted as giving too pessimistic a view of McAlpine's prospects On the positive side, the company is negotiating to acquire additional coal reserves in the Transvaal If it gets them, and their exploitation is phased in as other coal measures are exhausted, the capital cost of establishing new operations should be small That was the case with Gardinia, where existing equipment was used and additional expenditure of only R600 000 was necessary to establish a 30 000t/month mine Presumably it will be possible to establish other mining operations on limited reserves at low cost, particularly if, as in Gardinia's case, coal can be delivered to a neighbouring washing plant

Essentially, McAlpine has carved itself a niche in a sector of the coal industry which has been ignored by the larger operators. Income is bolstered by contract mining, but the company also has the option of mining for its own account on some relatively small deposits

For the present, retentions are adequate for the company's capital spending needs even though dividend cover is a lot lower than for other coal mining companies Last year, R3,5m was retained for reinvestment in plant and equipment and a similar amount is likely to be held back this year At this stage it is not possible to estimate 1982's earnings with a reasonable degree of accuracy But after-tax profit is unlikely to be substantially greater than R4m and the dividend more than a couple of cents higher than last year's 24c On this basis the share, at 485c, yields a prospective 5,4% For the present it is fully valued, particularly as major growth is unlikely for two or three years

Jim Jones

SA laughing despite world coal slowdown

215 ROH 12/2/82

By ADAM PAYNE

A LONDON survey's finding that the international coal boom has run out of steam has been received without concern by South African exporters who will be receiving about 20% more in rands for their coal this year than they did last year.

Exporters returning from conferences overseas stress that more than ever before South African steam coal is in demand for consistency of quality and reliability of supply and that even if the market should get tight, South Africa can expect to sell all its export coal

Prices negotiated for ex-ports of steam coal this year are in the range $43-$48 fob Richards Bay This range is expected to remain in effect well into 1983, and not to improve because of the slack market overseas

It compares with an average of about $42 last year for 1981 contracts Some contracts were still being serviced last year at prices of about $35 and old contracts still exist below $40

The $42 received last year was worth R36,96 at an average exchange rate of $1,1364 to R1.

The $45 being received this year, at an exchange rate of $1,014 to R1, is worth R34,38 — a rise of 20%

The immediate outlook for receipts in rands is therefore satisfactory, but if predictions that the price will remain $43-$48 well into next year are borne out, profitability will decline against rising costs

It now costs about R70 an annual ton to establish a colliery or extend an old colliery against R35 in 1978.

New capacity is being installed to meet the increased total export quota of 44-million tons through Richards Bay by 1985

The main reasons for the slackness in the coal market in Europe where South Africa sells 70% to 80% of its steam coal are

- The economic recession.
- The glut of fuel oil and the declining price of oil
- A slowdown in conversions from oil-fired industries and power stations to coal because of the availability of oil.
- The availability of large stocks of coal even at the height of Europe's severe winter

US costs a ton of coal mined are greater than in South Africa at between $26 and $34 a ton at the pithead compared with South African costs, after washing, of between R8 a ton and R14.

US coal is sold run-of-mine without beneficiation and consistency suffers South African coal, of a lower calorific value, is washed and the quality is consistent Because of this, it is in great demand from power stations where furnaces perform better with a consistent fuel

South African coal is lower in sulphur than American coal and this attribute is a further plus point Overall, exporters have little worry about selling their product

But if the idea is such a winner, why haven't the bags been installed on cars? What's the holdup? When will auto producers put the pop-out pillows on production cars? Sooner, later or never?

The straight story on air bags, according to auto-makers, is that despite all the gung-ho and let's-go you've heard about them, the device is far from foolproof. Instead of saving your life, in certain situations the bags could turn killer. Or, second choice, maim you

COAL FM 26/2/82

Zulus want in

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A major anthracite coal mining venture in KwaZulu is under consideration. If it comes off, the mining operation is likely to be a

joint venture between Gencor's coal mining subsidiary Trans Natal Coal Corporation (TNCC) and the San Francisco-based Southern Sphere Mining and Development Company (SSMDC) At a Cabinet meeting this month, the KwaZulu government approved SSMDC's application to mine large reserves of anthracite it has been prospecting in the Ukuku Valley near Ulundi TNCC has already secured mining rights over similar reserves of anthracite in the Nongoma district

According to Graham Thompson, Gencor's senior manager, coal, KwaZulu's anthracite deposits do not occur in a continuous strip but in 20 separate blocks covering an area of 14 450 ha between Ulundi and Nongoma And as TNCC and SSMDC hold mining leases in the same area, they will probably embark on a joint mining operation Exploration has revealed that the reserves are capable of producing 1Mt of high grade anthracite and 0,5 Mt of intermediate grade anthracite a year — all of which will be sold on world markets

Richards Bay, with its proximity to the coal fields and major coal handling facility, would be the logical point of export Current extensions to the Richards Bay coal terminal will increase the port's coal handling capacity to 44 Mt per annum — 40 Mt of which has been allocated for steam coal and 4 Mt for anthracite Thompson tells the *FM* that the Anthracite Producers Association, which represents several anthracite collieries in northern Natal, has been granted an export permit for 2,5 Mt per annum

The balance of the export tonnage, 1,5 Mt, has been earmarked for TNCC's joint venture Although the KwaZulu government seems anxious that the project should go ahead — it will mean increased revenue and provide much-needed housing and jobs — Thompson says it is far from certain that the scheme will materialise

"There are still a number of issues to be cleared up Potentially, the project could be very rewarding but the risks are equally high"

The *FM* understands that the main difficulties are the lack of infrastructure in KwaZulu and the fact that the political future of the homeland state is uncertain In addition, a reliable export market for 1,5 Mt of anthracite a year would have to be secured

If the mining operation is given the go-ahead, the total capital investment will be R160m, spent over five years The first mine would probably be located near Nongoma and the first exports are likely to begin in 1984

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S. Tribune 7/3/82

MARCH 7, 1982

The R200m coal dump

NOW ENGINEERS PLEAD FOR ENERGY SOURCE TO BE PUT TO GOOD USE

By Mike Peirson, Finance Editor

ABOUT 50-million tons of low grade coal worth more than R200-million is lying idle on dumps throughout the country — sufficient to keep industry going for the next 10 years.

Now the Institution of Certificated Mechanical and Electrical Engineers is to make a plea for Government to put this potential energy to good use.

Following a Durban energy seminar, the engineers are calling on the Department of Energy to initiate talks with Government, the mines, the railways and industry in general with a view to making this "waste" available for use by industry.

(Daily generated waste from coal mining represents 20 percent of production and its value is increasing constantly).

The suggestion is that the pit head price be fixed low enough to provide a 10 percent profit to mines after loading — bearing in mind that the present unloading cost is R2 a ton.

Railway officials will be asked to consider freezing the present rail cost per ton of coal carried at existing rates for a specified period of between 10 to 15 years.

In addition discard coal should be frozen at no higher cost than will cover increasing loading charges and a 10 percent profit margin.

The objective is for industry to have the opportunity to burn low grade fuel for which special fluidised bed combustion boilers are now available.

The equipment would have a pay-back period of not more than seven to eight years and would provide a substantial saving in years eight to 15.

In this manner about 20-million tons of the former waste could be used.

Said seminar organiser, Mike Lockett: "The total saving would be incalculable. The price of a special new boiler — which incidentally avoids any major pollution problems — is R250 000 But it would be a worthwile investment

"Tongaat 'Mushrooms have one of these boilers operating successfully. Delegates actually visited the farm during the seminar"

Speakers from a wide cross-section of energy consumers, highlighted the widespread need for immediate action to combat unnecessary energy losses — which are occurring every day.

Significant reductions have already been made, using methods ranging from commonsense to sophisticated technology. Many undertakings are aware of their own inefficient installations and outdated systems, but lack the finance to make improvements.

It was suggested, therefore, that an appeal to be made to government to consider incentive subsidies or tax concessions based on proven savings in energy consumption.

Delegates said they would welcome an industrial energy conservation association which would draw on many experts in the field to advise industrialists on a countrywide basis

Selected examples of actual problems, together with their final solutions and savings achieved, could be compiled into a monthly magazine

Regular meetings on energy conservation should also be held and the next is likely to be in Johannesburg in June or September.

MWU row over Saturday shifts

~~152~~ ~~244~~ ~~186~~ 215

Star 10/3/82

By Bob Davis

The Mineworkers' Union has accused the Chamber of Mines of turning a blind eye to illegal strikes by black mineworkers

Mr Arrie Paulus, secretary, claims the union's general that at certain coal mines black workers refuse to work on the first Saturday after payday.

"Managements at these (unnamed) mines are frightened of a confrontation with the black miners," Mr Paulus said

"They re arrange shifts to kowtow to the blacks and so inconvenience our members, who are expected to work double shifts in some instances or to work on Saturdays when they should be off."

Mr Paulus said re-arranging shifts was a contravention of the 11-day fortnight agreement between white unions and employers in terms of which alternate Saturdays were off days

He said an appeal had gone out to all members of the MWU to refuse to change shifts to suit black workers"

A spokesman for the Chamber of Mines said black miners on a number of coal mines had asked to be given a free weekend after being paid each month and "as far as possible mine managements have tried to accommodate them"

He said there had not been any collective action by black workers and nobody had refused to work on the Saturdays in question

(56)(215) Hansard Q. Col 401-402 17/3/82

Kruger National Park: coking coal

*6 Dr W D KOTZÉ asked the Minister of Environment Affairs †

(1) Whether, as a result of the Report of the Committee of Inquiry into Coking Coal Sources in the Republic of South Africa, a decision has been taken with regard to the mining of coking coal in the Kruger National Park, if so, what is this decision, if not,

(2) whether he will make a statement on the matter?

†The MINISTER OF ENVIRONMENT AFFAIRS

(1) and (2) A decision has not yet been taken Arising from the Report of the Committee of Inquiry into Coking Coal Sources in the Republic of South Africa, certain aspects which require further investigation have been identified These aspects are presently being investigated interdepartmentally

As a result of the international steel market situation and other economic factors which necessitated a reduction in production, as well as the planned application of alternative processes, Iscor indicated that its future coking coal consumption rate will decrease, which means that a decision regarding the possible mining of up to now unproven reserves can be postponed for several years

The interdepartmental investiga-

tions, *inter alia*, to determine coking coal sources outside the Game Reserve qualitatively and quantitatively, and into the application of alternative processes to use less coking coal, are being proceeded with in consultation with Iscor

Yesterday in Parliament

Swazis may get anthracite find

2/4 Mercury 18/3/82

Parliamentary Correspondent

CAPE TOWN—Large deposits of anthracite have been discovered in the KaNgwane homeland which may be transferred to Swaziland

The Mining Corporation reported yesterday that reserves in excess of 300 million tons of anthracite had been proven in KaNgwane

In Parliament this year the Minister of Foreign Affairs, ~~Mr Pik~~ Botha, admitted that discussions were taking place with the Kingdom of Swaziland over possible border 'adjustments' between Swaziland and KaNgwane

But both the former Commissioner-General, Mr G F Botha, who resigned over South African Government moves to transfer KaNgwane to Swaziland, and the Chief Minister, Mr Enoch Mabuza, have strongly opposed these plans

Earlier this year two members of the KaNgwane Legislative Assembly were expelled for supporting plans to incorporate the homeland into Swaziland

While the South African Government has not directly confirmed that negotiations for the merger of the two States is taking place, there seems little doubt that this is being discussed

If KaNgwane is eventually transferred to Swaziland, the anthracite deposits will fall in the enlarged kingdom

In its annual report for the 1980 81 financial year, the Mining Corporation described the reserves as 'considerable'

It said the private sector had been invited by means of advertisements to participate in this coalfield development and 'the reaction was positive'

10

Adequate

Kruger Park safe from coal mining

Pretoria bureau

THE urgency for coking coal exploration work in the Kruger National Park has diminished, according to a statement by Iscor.

And a spokesman in Pretoria said yesterday that Iscor would not take decisions lightly which would harm "this natural heritage".

Large tonnages of coking coal were still needed for the plant with a replacement value of R1 000 million, but in the late 70s the corporation discovered high quality coking coal deposits in the Soutpansberg district.

The exploration work discovered that the deposits extended to Shiphe and into Venda.

The application of the high quality coking coal in Iscor production could play an important part in lowering production costs and the steel price, the spokesman said.

This was why it was in the national interest to continue the exploration work in the Soutpansberg area, he added.

WDM 30/1/82 (215)

Coal price to go up on Monday

By DAVID CAPEL

NOW IT'S official — the price of coal will go up to R2,60 a bag on Monday Consumers will pay eight percent more — and they have been warned to stockpile.

Mr Paul McNaughton, marketing director of McPhail, confirmed the increase yesterday

He said "As distributors, we have overhead costs These have increased by five percent The coal increase will be 15 percent for the pithead price but this increase will not be passed on fully to the consumer"

The pithead price had increased, as had the rail tariff

A further blow will probably be delivered in April when the price is expected to go up by a further five percent

Mr McNaughton confirmed his company would no longer deliver coal to white areas He said all buyers would receive a notice in the post within the next 10 days to this effect

Delivery to black areas will, however, be intensified

Service

As a service to consumers the company had instituted a "special offer" Anyone ordering coal before February 19 would get it at the 1981 price — R2,43 for a 70kg bag The new price will be R2 60 a bag

"We have decided to concentrate on deliveries to black areas only Here the need is far more acute," Mr McNaughton said

He said buyers who had not ordered before the deadline would be able to order at a dealer network which had been set up

Earlier this year coal distributors began stockpiling coal McPhail had built a R15-million depot to handle 2,5-million tons — more than double present consumption

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Botswana may be Africa's coal giant

RDM 1/2/82 **By JOHN MULCAHY**

BOTSWANA may have the largest potential coal reserves in Africa, amounting to nearly double South Africa's reserves, although its official estimates are more conservative.

The Survey of Energy Resources 1980 lists Botswana as eighth in the world with "additional reserves", which are defined as either certain to exist or having a high probability of existence.

The survey suggests that Botswana's reserves may eventually be increased by up to 10 times the present 100 000-million tons estimate

Botswana's permanent secretary for mineral resources, Mr Charles Thibone, says some prospecting has been carried out, but has not yet covered the whole country.

The figure now being used in Botswana is 17 000-million tons, which is based on proven and indicated reserves found by mining companies

The exploration being carried out in Botswana — chiefly by Anglo American, Shell and BP — has covered only a small area and there is every possibility of further coal deposits being found

Botswana produces around 370 000 tons of coal a year compared with SA's 114-million tons, Zimbabwe's 3 700 000 tons, Morocco's 700 000 tons and the 400 000 tons from Mozambique

The Minister of Mineral Resources, Dr Gaositwe Chiepe, said recently that Botswana's production would reach 40-million tons a year in a few years, and that it would soon export 5-million tons a year from two coalfields in eastern Botswana

In March last year it was announced that Shell Coal had been granted a prospecting licence for the Mmamabula area in central Botswana, and an export-oriented mine was expected to be under way before the end of the decade.

The three main areas for coal development in Botswana are likely to be Mmamabula, Marupule and Mookane

A small 90-MW thermal power station is planned for the Marupule area to provide electricity for a large part of Botswana, but it will use only about 100 000 tons of coal a month.

A key factor in world coal supply and distribution is that although it is more widespread than oil, only 10 countries account for 93,3% of proven recoverable reserves of 686 000-million tons of coal equivalent, the US, Russia, China and the UK accounting for about 73% of the total

These nations, together with Australia, Germany, Poland, South Africa, India and Yugoslavia make up the top 10

The accuracy of published coal reserves will depend on the extent to which the ground has been explored and proved, and also on the parameters employed to decide whether they can be mined safely and economically

Proved reserves calculated by mining companies are usually based on conservative operating factors and aim to guarantee a planned production target over a given time scale

Only nine countries export more than a million tons of coal a year, the most important being the US with 85-million tons estimated for last year from a mined total of 710-million tons This is expected to rise to 94-million tons from a total output of 800-million tons this year

The other major exporting countries are Poland — although its current performance will be much reduced — Australia with about 40-million tons a year, Russia and South Africa, each with about 25-million tons a year, West Germany and Canada with about 15-million tons each and the UK, which exports around 4-million tons a year.

However, Russia, Germany, Canada and the UK were also importers last year, and Canada and the UK imported more than they exported in 1979 because of special requirements for metallurgical coal.

Japan's imports amount to over a quarter of world coal trade with a high demand for coking coal Western Europe's imports are expected to rise to 130-million tons a year by 1990 and to 250-million tons in 2000.

Huge Natal mine on the cards

215 ~~107~~

Mercury

5/2/82

Mercury Reporter

THERE is a strong possibility that a R160 million mining operation, involving millions of tons of anthracite deposits, may be started near Nongoma this year.

The KwaZulu Cabinet gave its formal approval at Ulundi this week to an application for a mining lease submitted by the Southern Sphere Mining and Development Company of Nevada. A lease in respect of General Mining-Union Corporation has already been approved.

A statement from the Cabinet said there was an area of 14 450 ha involved and that, if the project were finally approved by the boards of the two companies concerned and the Department of Co-operation and Development, a total of 1 300 jobs could be [illegible]

Mr G C Thompson, senior manager (coal) for General Mining Union Corporation, said yesterday that the anthracite deposits extended from Ukuku near Ulundi to Nongoma. They were not continuous but in blocks.

He said a market survey was to be undertaken and it was hoped to secure firm commitments from customers.

Mr Thompson said that, if the scheme were given final approval, mining operations could begin in May this year.

KwaZulu authorities expect a large housing programme to be launched at Nongoma if the project gets the 'green light'.

SA set to lead world exports

Coal boom runs out of steam

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1/10/4

11/2/82

By NEIL BEHRMANN

LONDON. — The boom in steam coal is over and increases in its use will be small in the next few years. South Africa will become the world's biggest coal exporter.

These are features of a study, Coal Trade Statistics, by W H Fisher, of Robertson Research International (Financial Times Business Information, price £140)

After the energy emergency erupted in 1973 many studies forecast that coal trade would rise by 100% from 2 220-million tons in 1977 to 4 440-million tons by the year 2000 But Mr Fisher believes trade will fall short of expectations

After a small improvement in 1978 and 1979, coal trade "took off" in 1980 Prices rose sharply in the wake of the oil-price explosion Labour problems in Australia, Poland and the US made coal consumers panic

But "the day of reckoning arrived mid-1981" Demand for coal slackened because of the recession and lower electricity use Coal stockpiles "reached maximum levels"

"Coal traders suffered heavy financial losses and it would seem that 1981 coal consumption will not bee much higher than 1980

"With the worldwide recession continuing and traders having burned their fingers severely last year, it is unlikely that steam-coal trade will be active in 1982 either.

"It seems likely, therefore, that consumption increases for the next few years will be moderate"

The 124-page study says predictions on steam-coal trade growth were far too optimistic Electricity demand tailed off because of the recession, and there is a glut of oil and gas Many large oil reserves, especially in the North Sea, North America and the Middle East have been found

"The energy climate created by these factors has caused the consumer to doubt whether he should convert from oil to coal

"Already there is evidence that many European countries and the US having completed their conversion of power plants to coal are now pausing before considering new plans

"A recent survey confirmed this situation and already Belgium, France and Holland have indicated that they do not expect to increase their coal purchases for the next two to three years

"Although the power and cement industries have switched to coal, there is no evidence that general and light industries are being weaned away from existing sources of energy Nor has the domestic market for coal improved in Western countries"

In spite of these negative factors, however, the study believes that coal demand will increase in the 1980s, albeit at a slower rate than previously envisaged

"Consumption in the big producer-consumer countries, such as the US, Soviet Union, China and South Africa will improve, but the most rapid development will take place in the Pacific"

Japan, Korea, Taiwan, Hong Kong and Singapore plan to build coal-firing stations to meet their energy demand of the next two decades

Japan expects to import 30-million tons of steam coal by 1985 and may double that amount by 1990 The rest of the Pacific rim may require 10-million tons by 1985 and 25-million tons by 1990

The main coal importers are WeStern Europe, Japan and the Pacific rim In 1979 the main suppliers of the 45-million tons of steam coal to these countries were South Africa (20-million), Poland (17-million), Australia (5 500 000) and Russia (2 500 000).

"By 1985 it would now seem certain that neither Poland nor the USSR will be contributing very much to the Western world exporting scene"

The leading exporter of steam coal will be South Africa, and by 1985 exports from Richards Bay are likely to be 45-million tons a year and 55-million tons a year by 1990

Australian coal exports will rise to 15-million tons by 1985 and will be 40-million tons by 1990

The coal market could tighten as this decade progresses The study predicts that import requirements of Western Europe, Japan and the Pacific rim will rise from 45-million tons in 1979 to 120-million tons by 1985 and to 205-million tons in 1990

Exporters other than the United States will be able to supply 80-million tons by 1985 and 135-million tons by 1990

The United States must supply the remainder

"If the US is to supply the balance of steam-coal requirements in the Eighties, it will have to double its capacity.

"In the present economic and political climate in the US, this task seems unlikely to be realised Long ship delays at US terminals may act as a deterrent to would be steam-coal buyers"

The study believes there will be modest increases in coking-coal consumption over the next decade Most of the expansion will be in the Pacific rim and Australia will be the main supplier such reaction."

It added: "Indeed, it was a

The average for the four quarters was 30,7% Costs were expected to continue to

without additions to existing buildings and equipment

24/3/82 2011

SA coal exporters to get 20% more cash

(215)

Mining Editor

SOUTH African coal exporters can expect to receive about 20% more for their coal this year than in 1981, says Mr Graham Thompson, chairman of the Chamber of Mines colliery committee

Addressing the annual general meeting of the South African Colliery Managers' Association in Ermelo recently, Mr Thompson said steam coal prices were now averaging $45 a ton compared with $42 last year

At last year's average rand exchange rate of $1,1364, the negotiated steam coal price was equivalent to R36,96 a ton, but at an exchange rate of $1,014 the $45 being negotiated for this year was equivalent to R44,38 (The exchange rate has since fallen further, to $0,96, which increases the rand value to R46,88)

Mr Thompson said the immediate outlook was good but producers would have to fight against rising costs to ensure profitability and to maintain their existing high reputation for consistency of quality and reliability of supply

He noted that the addition of 32-million tons to the capacity of the Richards Bay coal export terminal would probably be made in two stages

The added capacity for each stage and its scheduling would depend partly on the allocation to be made to producers by the Department of Mineral and Energy Affairs, and partly on the state of the world market.

Richards Bay was the most efficient coal terminal in the world, said Mr Thompson, but other countries, and especially the US, were making great investments in coal out-loading terminals, and South Africa's competitive advantage in this area would have to be carefully monitored

Iscor scores from coal export boost

Star 24/3/82 (215)

Own Correspondent

Iscor has received one of the largest orders ever for a type of steel it manufactures under licence from the United States Steel Corporation

The South African Transport Services have ordered large quantities of Cor-Ten steel to build three and a half thousand specially designed wagons for the Broodsnyersplaas-Richards Bay railway line

Iscor makes the steel, which has a long lifespan and requires less maintenance than ordinary steel

At present 26 million tons of coal a year are being transported to Richards Bay along the railway line for export and it is planned to increase this amount to 44 million tons by 1986

Now that permission has been received to increase exports more and better wagons will be required

Cor-Ten steel is ideally suited to the newly designed wagons and will be used

The new developments will also make it necessary to upgrade the Broodsnyersplaas Richards Bay line so that it can cope with heavier loads and longer trains

BASE METAL AND COAL COMPANIES
IN THE GOLD FIELDS GROUP

Reviews by Chairmen for the year ended 31 December 1981

(All the Companies are Incorporated in the Republic of South Africa)

(215) ROH 30/3/82

Apex Mines Limited

The 1981 year saw the company advance to new record performances in the fields of production, profit and safety

Increased production from each of the three seams mined resulted in the total tons mined at 4 179 000 tons, being 159 000 tons more than that mined during the previous year As a result, however, of the percentage discard on all three seams being higher than that of the previous year, the coal sold at 2 688 000 tons and the consequent profit achieved on coal mining at R13 328 000 were both marginally lower than the comparable figures for the previous year Other net coal mining revenue amounted to R5 397 000 and this, together with interest and sundry revenue of R862 000, made the total net revenue R19 531 000 After allowing for the deduction of R56 000 being interest paid and R5 529 000 in respect of tax paid, the net profit after tax amounted to R14 002 000 as compared with R11 100 000 for the previous year An unappropriated profit of R131 000 was brought forward from the previous year making a total of R14 133 000 available for appropriation An amount of R9 700 000 was transferred to non-distributable reserve for expenditure on fixed and other assets Two dividends totalling 220 cents per share absorbing R4 290 000 were declared - this represents an increased distribution of 50 cents per share when compared to the dividends declared during the previous year The balance of R143 000 remaining, after making these two appropriations, was carried forward as unappropriated profit into the current year

In October 1981 the hard work and efforts of everyone on the mine over the previous four years in the field of safety was rewarded when the mine was graded at the highest level, namely, as a 5-Star mine in the International Mine Safety Rating Scheme By achieving this, the mine not only joined a very small group of mines but also it became the first colliery in the world to obtain the highest possible rating Having accomplished this the company's employees have the satisfaction of knowing that they, as a result of their own efforts, live and work on a well-organised and safe mine Naturally I hope that they will all endeavour to maintain this position

Capital expenditure for the year amounted to R6 587 000 which is almost R1 000 000 above the figure forecast last year The main reason for this is that during the year we were able to accelerate the completion of certain units of our staff accommodation ahead of schedule In addition, certain cable testing and fault detection equipment was purchased and this has already resulted in substantial savings in working costs It is estimated that expenditure during 1982 will amount to about R7 250 000 and the details of this are given in the technical advisers' report Once again, the main item of expenditure relates to the purchase of equipment and the provision of accommodation and amenities for staff It is envisaged that the major part of this programme will be completed during the 1983 year and that there will be a drop off in capital expenditure after that year

Sales of coal are expected to be maintained at existing levels during the 1982 year The prices received for the various grades of coal sold from Nos 4 and 5 seams have been increased but in each case the increase was below the prevailing inflation rate and escalation in costs The controlled price of coal applicable to the coal sold from No 4 seam was increased with effect from 1 February 1982 by 13,3% to an average of R12,22 per ton The price of the No 5 seam metallurgical coal which is sold to Highveld Steel and Vanadium Corporation Limited was also increased with effect from the same date as it escalates in line with the controlled price of A grade coal The Highveld company has indicated that it expects to reduce its offtake this year with the result that the total revenue from this source is likely to remain the same and not show any increase until there is a pick-up in off-take later in the year Negotiations between the TCOA and the Japanese steel mills for the sale of low ash coal for the year ending 31 March 1983 have been concluded and a price marginally above that paid last year has been agreed. In addition to these sales, the company does supply the TCOA with some of the coal which is exported as power station smalls and the company participates in the profits earned by the TCOA on its total export sales of power station smalls As a result of the general downturn in the economies of the Western nations occurring at the same time as the supply of coal becomes more abundant, there has been a general softening of the international coal market The TCOA export contracts in respect of power station smalls are, however, long-term contracts which have been concluded on average at satisfactory prices and therefore the company can anticipate further increases in revenue from this source

Since the close of the year the company has purchased from Gold Fields Mining and Development Limited the coal rights over 541 hectares of land on the Remaining Extent of the farm Weltevreden No 324 J S This farm lies to the west of the company's property and is accessible via the underground workings The area, which has been drilled and carefully examined, is estimated to be underlain by some 51 million tons in situ reserves of coal Whilst it is unlikely that the area will be mined in the near future the acquisition of these coal rights will undoubtedly lead to an extension of the mining life of the company and result in a significant improvement in its profitability in the years ahead

The consideration paid to Gold Fields Mining and Development Limited will be satisfied by the issue to that company of 100 000 fully paid shares in this company Your board of directors is satisfied that this was a fair purchase price, and that, notwithstanding the increase in capital, the company will be able to increase its dividend distributions in future

It gives me great pleasure to record the board's appreciation of the services rendered to the company by the former consulting engineer, Mr E L Atkinson, the consulting engineer, Mr G C Clatworthy, the mine manager, Mr K P Schleicher, all the staff at the mine and head office and the Transvaal Coal Owners Association

A M D Gnodde
Chairman

Johannesburg
18 March 1982

rough work, but ...
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.

2. ... candidates or with any person ...

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

EDSON 15255

MINING 215

Project poser

FM 9/4/82

Anti-SA church groups in the US are up in arms over plans for a major new coal field investment in SA by a mining subsidiary of

General Electric Corporation (GE)

Ironically, the project was disclosed by the Washington lobbyist for Utah International, speaking at a seminar on US corporate investment strategies The seminar included delegates from the church-backed Interfaith Centre on Corporate Responsibility (ICCR), which organises shareholder protests against investment in SA

Utah International has been a wholly-owned subsidiary of General Electric since 1976 Its huge coal and uranium mining operations produced $1,72 billion of GE's total $27,2 billion in gross revenues last year

William Grant, Utah International's representative reportedly told the seminar that part of his current duties was to sound out reactions from the Reagan administration and public interest groups for a "major undertaking' in the SA coal industry

Grant said that Utah International would pay the SA black coal miners $500/month, which he said compares favourably with other pay scales in the country He noted that 80% of Utah International's workforce at its New Mexico mines is made up of Navaho Indians, who earn up to $30 000/year

The disclosure brought an immediate warning from Tim Smith, director of the Interfaith Centre, that such an investment would be taken as "a nod of approval" by Pretoria for its race policies He also promised that his group would try to derail the project if possible

Spokesmen for both Utah International and GE have refused to disclose details of the project

MAIZE, COAL AND — PROBABLY — PETROL

(215) S. Express 11/4/82

Government probe into coal suppliers

THE price of coal has risen by about 6% — putting yet another load on poorer consumers who use coal for cooking and warmth.

Householders living in smokeless zones will also feel the chill this winter because of the 6% rise in the cost of anthracite.

Mrs Joy Hurwitz, president of the Housewives' League of South Africa, described the increase as distressing, but was relieved that it was "much lower than the inflation rate".

She said distributors were unable to do anything about the hike, which was part of a "highly inflationary tidal wave of increases".

By ANTHONY HARDING

And Dr Dawid Mouton, chairman of the Competition Board, said the Minister of Industries, Commerce and Tourism had ordered an investigation into the supply and distribution of coal

He asked the public to submit complaints about distributors abusing their position as sole supplier as soon as possible to the Director of the Competition Board, Private Bag 84, Pretoria.

"We want as wide as possible reaction from consumers," Dr Mouton said.

The Housewives' League is also investigating consumer complaints about the "monopolistic" coal supply situation.

Mr Paul McNaughton, marketing director of McPhail, Johannesburg's sole distributor, said the increase had been approved largely as a result of an average 20% rail tariff rise on anthracite and coal on April 1.

Diesel costs had risen 6% and interest rates had recently been upped to 20% a year. The company was unable to absorb all these increases.

To cope with deliveries to white householders through the winter, stocks were at an all-time record of 118 000 tons.

"Barring major catastrophes this should be sufficient to ensure continuous availability of solid fuel throughout the forthcoming winter," he said.

Mr McNaughton denied a complaint by a customer that the company was already demanding cash-on-order before delivery would be considered. But he said McPhail was considering a cash-on-order scheme to overcome payment problems with cash-on-delivery.

The customer complained that he had waited six weeks and had still not received his order.

foreign exchange rate.

The Government's tax revenues have also been affected by the drop in the gold price.

However, Mr Malcolmess speculated that South Africans would not benefit from the international price drop because the Government could be paying a fixed rate on the basis of a long-term contract signed several years ago.

"Our high fuel price is one of the prices we are paying for apartheid," he said.

"Embargoes make it impossible for us to buy oil in the normal way and if one is buying on a black market one must expect to pay more."

R400-m for new coal mines

(215) S. Times 11/4/82

● From Page 1

coal industry is part of the unabated build-up of coal production capacity to meet phase three export targets by 1985/6.

The export allocations held by oil companies for phases two and three of the Richards Bay export programme are

	1979 Mt/a	1986 Mt/a
Shell	3,75	5,5
Total	1,25	2,5
BP	1,5	5,5

According to industry sources, BP is considering starting a new mine in the Western Transvaal near the present Grootegeluk mine established by Iscor

If the go-ahead is given to this project, the mine is likely to be in production by 1987

Business Times understands that, due to the relatively low quality coal in the area, the coal preparation plant may cost about R120-million (In view of this, and the cost of other major mines announced recently, the total capital cost of the mine would be at least R250-million)

Shell may also open a new mine in the north western Orange Free State

Shell Coal had planned to open a new mine in the eastern Transvaal, but this project has been delayed by technical difficulties associated with the high sulphur content of the coal

A decision to go ahead on a new project is expected to be taken late this year

Shell has been involved since 1976 with Transvaal Consolidated Mines (each having 50% interest) in the Rietspruit Colliery, which has so far cost more than R180-million and will reach its full export tonnage of 5,5 million tons later this year

BP and Total, both have one-third shares in the Ermelo Mines Project established by Trans Natal, which is currently under-going a major expansion at a cost of R76-million

BP is also involved with TC Lands and Kanhym in another "greenfields" mine, the R244-million Middelburg Mine, which will produce 4,25 million tons/year by 1985, the coal to be exported on BP's allocation

Total Exploration South Africa (Tesa) last year bought for R12,7-million a 50% interest in "certain" coal rights and mining facilities from the JCI coal company, Tavistock, as part of an agreement allowing for production of an annual 1,25 million tons of coal for export over 30 years

As / Th

Contradicted

what wrong

More than R400-m for new coal mines

(215) S-Times 11/4/82

By Andrew McNulty

THREE international oil companies are planning mines or are involved in expansions that will cost hundreds of millions

They have allocations to export from South Africa a total of 17-million tons — or 38% of the country's coal exports by 1986

Business Times understands they are considering development of two major new mines that could require a total capital investment of more than R400-million

Most of the exports by the oil companies will be produced by joint ventures with South African mining houses

The joint ventures — some currently in new phases of expansion — have already required capital investment commitments totalling about R600-million, with the three oil companies — Shell, BP and Total — accounting for about R400-million

Based on today's average coal export price of around R33/ton, the coal being exported under allocations granted to these oil multinationals will be well over R560-million by 1985/6

The oil companies own rights on vast coalfields in the eastern and northern Transvaal and the northern Orange Free State, and their commitments in the South African coal industry is likely to increase

In view of South Africa's staggering capital needs during this decade — estimated by the Techno-Economic Society of South Africa at a total R54 000-million, with R25 193-million for the private sector and R3 241-million for the coal industry — the investment of money and marketing expertise by the oil groups is a welcome contribution

The country is benefiting from a long-term swing by the oil groups to broaden their interests

Shell, BP and Total are so far the only three oil majors to have moved into mining and international trading of coal

All acquired coal mines in South Africa, North America, Australia since 1973 and, according to current estimates of world-wide coal interests, Shell now owns 3,3 billion tons of saleable coal reserves, BP has 2 billion tons and Total mined five million tons last year

Some entirely new mines are on the drawing boards but most additional exports by the oil companies are likely to be fulfilled by further joint ventures with local mining houses

Their expansion in the local

● To Page 3

Why? how?

Billions to be spent on power

Escom boost for coal giants

RDM 19/4/82

(85) (160) (215)

THE major coal producers — particularly Amcoal, TC Land and Trans-Natal — stand to reap substantial benefits from the huge expansion of Escom's coal-fired electricity generation programme.

Escom's decison to go ahead with power stations D and E has placed Amcoal and TC Land at the forefront of

By JOHN MULCAHY

suppliers to the 3 600-MW units

Amcoal and TC Land each have contracts for three power stations, Trans-Natal will supply one station and Iscor the eighth

In 1980 Escom burnt 46 800 000 tons of low-grade coal This rose to more than 53-million tons last year

It is estimated that Es com s offtake will have risen to 97-million tons a year by 1990 equivalent to a compound growth rate of 5,6% for coal sales in the 1980s

If, however, Cabora Bassa and Koeberg are not fully operational by the end of the decade, expansion of coal-fired power stations will have to be undertaken with greater urgency, and an additional 10-million tons of coal a year could be used by 1990

The average cost of coal to Escom in 1980 was R8,12 a ton, up 16,7% from the previous year's R6,96 The increase was partly attributable to additional deliveries to Matla and Duvha power stations

Prices for the individual Escom contracts are not disclosed, but the agreements for the new power stations are believed to be lucrative

Duvha mine, a subsidiary of Rand Mines Witbank Colliery, is said to have altered the terms of its agreement with Escom, giving it a bigger share of the establishment cost and a higher profit

Recent Escom contracts take into account the upward surge in capital costs, current and future interest-rate patterns as well as the higher value given to coal after sharp increases in the oil price

The Duvha power station, near Witbank, burnt 2 900 000 tons of coal last year It is expected to reach capacity of 9 500 000 tons by 1985

The other new Witbank power station Matla which is supplied by Trans-Natal and Clydesdale's Matla Colliery also used 2 900 000 tons of coal last year Capacity of 9 500 000 tons will be reached about 1984

Amcoal s New Denmark Colliery will supply the new Tutuka station north of Standerton, and the group's New Vaal Colliery will provide coal for Lethabo, which is east of Vereeniging

Tutuka is expected to burn about 10-million tons of coal a year at full output — mid-1989 — and Lethabo's consumption may reach 13-million tons when it reaches capacity in 1991

Power station C, now called Khutala, will ultimately use 11 600 000 tons of coal from a new Rand Mines colliery, with deliveries starting in 1987

Matimba power station, north of Vaalwater in the Northern Transvaal, will be supplied from Iscor's Grootgeluk colliery

Escom's target is to increase installed power capacity to 34 000-MW by 1990 from 17 339-MW in 1980 This will be achieved if the current expansion programme goes according to plan

The eight new power stations now in operation, under construction or planned will provide a total of 28 800-MW

This will take total power capacity to about 47 000-MW, including the contribution from Cabora Bassa and Koeberg, and to arrive at the target of 70 000-MW by the turn of the century will require either another six 3 600-MW units, or expansion of nuclear power

The capital required for the development of coal mines to satisfy Escom's growing demand is huge, with Rand Mines estimating a present-day cost of R352-million for an underground operation to supply the D station

If the past few years experience of inflation in SA continues the final cost of this mine could well exceed R500-million, although returns are geared to capital costs so the profits in later years will be considerable

Escom's philosophy is that it is cheaper to transmit electricity than to rail coal and policy will continue to be to locate power stations close to the coalfields

The reserves needed are vast, and Escom calls for blocks of about 1 000-million tons before it is prepared to risk the huge investment in a power station

The need for such huge quantities of coal has meant that Escom has been forced to accept lower grades of coal, and to adapt station design to suit the reserves

There are not many unexploited coal blocks of great size left in SA, and the hunt is still on by mining houses in many areas, notably the Free State

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Black coal miners raise productivity

By NEIL BEHRMANN

LONDON. — The Economist Intelligence Unit is enthusiastic about South Africa's coal prospects in the coming decade

It says in a special report, Steam Coal In Southern Africa (price £120), that there will be an impressive increase in South African export capability in the next 10 years

The report says the fall in oil prices may reduce coal's price advantage as a power-station fuel, but the decline in energy costs will stimulate economic recovery and electricity consumption When this happens, coal producers, especially South Africa, will benefit from the increase in demand

The study says the increase in wages of black miners has been accompanied by a significant improvement in productivity

Between 1970 and 1978 coal production in the Transvaal and Free State rose by 70% This was achieved by increasing the labour force by 25% and by raising productivity by 35%

The report says the increase in black productivity was markedly better than that of whites

"The number of whites rose by 73% on the mines, while black employment rose by only 21%"

But "the proportion of total output per white employee remained virtually unchanged, while that of blacks rose by about 40%"

Mechanisation explains the difference in productivity between the two groups More whites were employed to service machinery and fewer blacks were used for unskilled labour Thus fewer blacks produced more coal

The study says, however, that better training and education improved the work standards of black miners

Overall production a head in SA is twice that of mines in Europe

Many analysts contend that South African coal costs are lower than competitors because wages are low. But The Economist says costs are low because the coal is far more accessible than in competing countries

"The main reason for the comparatively low cost of South African coal is that it tends to lie in thick seams that are close to the surface," says the report Mechanisation is also lowering costs on SA mines

In 1975 South African mines exported only 2 700 000 tons, but by 1980 sales were more than 29-million tons. Steam coal accounts for most of these exports.

South African mines will export 44-million tons of coal a year by the mid-Eighties

Three oil companies — Shell, BP and Total — will be allocated 34% of SA coal exports under Phase III of the Government's export programme

By the mid-Eighties Shell will export 5 500 000 tons a year, BP 5 500 000 and Total Oil 2 500 000 General Mining's share will be 7 500 000 tons, the Transvaal Coal Owners Association 10-million tons, and Anglo American Coal Corporation 6-million tons a year.

All companies are keen to take advantage of the export market because of a substantial improvement in world coal prices

According to the Transvaal Coal Owners Association, contract prices in 1979 were as low as R20 a ton By 1980 contract prices were R28 a ton and are "expected to average R33 a ton in 1981".

The Economist Intelligence Unit estimates that in 1980 average operating costs of underground mines were R8 a ton The major cost components were stores R3,44 a ton, labour R2,40 a ton, repairs R1,04 a ton, sundries 72c a ton and power and water 40c a ton

Estimated operating costs of open-cast mines were R5 a ton in 1980

The study expects labour, repair and replacement costs to rise by more than the average rate of inflation Stores and diesel price increases will be below average Electricity charges, which doubled between 1975 and 1978, are not expected to be a problem in the first half of the Eighties

Capital investment costs for new underground mines and extensions to existing mines could rise by 3% more than increases in the wholesale price index

The study predicts that real costs of coal, based on 1980 prices, will rise by only 5% between 1980 and 1990

Including operating and capital costs and rail and loading charges, total costs of an underground mine will rise in real terms from R25,63 a ton in 1980 to R25,98 a ton in 1985 and to R26,87 a ton in 1990

Open-cast mines' total real costs, calculated back to 1980 prices, are projected at R25,03 a ton in 1980, R25,43 in 1985 and R26,35 a ton in 1990

Actual cost increases will be higher, but much depends on the overall rate of inflation this decade Increases in export prices of coal must at least match the rise in costs

are allowed workers [illegible], but these are only [illegible] meant so that [illegible] good employer employee relationship [illegible]

analysis.

50%

ANTHRACITE (215) FM 23.4.82

The club closes down

The word in the coal industry is that the Anthracite Producers' Association (APA) has almost certainly broken up And one of the immediate effects, insiders believe, will be a reduction in the producer prices of anthracite Hopefully this reduction will filter through to consumers

Members of the APA are Anglo American, Lonrho's Duiker Exploration and Kangra Coal. The break-up is said to have resulted from disagreements between members on "market and export shares" and will end a 20-year association in which it is alleged that members "could produce more than enough to meet total demand and allocated orders so all (members) could have a fair deal."

Some see the approach as tantamount to market rigging Indeed, the SA coal and anthracite industry is now the subject of a Competition Board investigation.

The probe is believed by some in the industry to have been one of the causes for the disintegration of the APA.

The *FM* was told that "anthracite prices will be cut because each mining house will then have to compete for industrial and domestic buyers This will initially benefit consumers, but lower quality anthracite may be marketed as competition intensifies."

APA MD Richard Bird refuses to comment on the break-up, but says "If it was to happen, I doubt if there would be a reduction in prices. And it would be necessary to maintain quality to hold on to market shares"

Meanwhile, Johannesburg coal and anthracite distributor McPhail assures Reef consumers that there will be no shortage of coal this winter

SA Transport Services has allocated McPhail the entire Kaserne coal yard for offloading and storing its supplies This has already enabled McPhail to build up stocks of 120 000 t compared to a peak of 30 000 t last year

Some 30 retail outlets have been established on the Reef enabling consumers to buy coal and anthracite in 20 kg packs. But McPhail will continue to supply 70 kg packs direct to customers from its Kaserne and Booysens depots

Hansard Q 61.701–704

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Export coal

23/4/82

547. Mr. G. S. BARTLETT asked the Minister of Transport Affairs:

(1) How many tons of export coal were loaded monthly from (a) Durban and (b) Richards Bay harbour during the latest specified period of five years for which figures are available;

(2) whether prospective coal exporters have to comply with certain requirements in order to be issued with permits for using the loading facilities at (a) Durban and (b) Richards Bay harbour, if so, what requirements in respect of each?

ond

The MINISTER OF TRANSPORT AFFAIRS

(1) (a) *Durban*

Month	1977-'78	1978-'79	1979-'80	1980-'81	1981-'82
April	69 004	86 917	138 297	170 451	110 376
May	83 491	159 150	118 525	307 592	71 018
June	66 601	144 895	106 233	263 234	183 468
July	73 022	115 021	186 378	112 852	123 816
August	89 391	106 318	335 135	111 744	111 728
September	99 025	106 050	144 550	143 745	170 746
October	119 425	152 539	194 832	249 056	74 512
November	134 913	173 409	201 346	110 024	115 400
December	134 056	102 628	80 815	209 509	155 817
January	103 258	159 265	303 217	114 533	133 478
February	147 482	140 248	199 948	5 326	94 928
March	129 278	132 745	94 734	327 599	Figures not yet available.

G.A. van der Walt	African Transport Workers Union.
H.J. van der Wath	Cape Explosives Industrial Workers Union.
J.A. van Wyk	Provinsiale Huishoudlike Personeelvereniging.
D. Varner	S.A. Musicians Association.
G.R. Verdon	Durban Municipal Transport Employees Union.
F.M. Wallis	Motor Transport Workers Union.
	Johannesburg Municipal Transport Workers Union.
M.M. Walters	National Cement Employees Union.
R.W. Ward	Tailoring Workers, Dressmaking and Furriers Industrial Union.
N.F. Wareham	Sugar Industry Employees Union.
H. Wierzbowski	East London Transport Workers Union of S.A.
	Kaffrarian Divisional Council Employees Association.
	Sweet Workers Union.
F.P. Williams	Cape Divisional Workers Union
G. Zini	
O. Zuma	

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(b) *Richards Bay*

Month	*1977-'78*	*1978-'79*	*1979-'80*	*1980-'81*	*1981-'82*
April	968 868	1 018 903	1 585 664	2 054 813	2 717 757
May	777 895	1 090 200	1 424 709	1 812 417	2 266 954
June	1 051 607	1 122 896	2 019 365	1 816 108	2 107 925
July	866 042	1 018 155	1 673 797	1 981 594	2 485 114
August	1 013 461	877 920	2 039 071	2 530 485	1 752 742
September	732 236	1 255 924	2 024 539	1 994 870	2 410 206
October	983 835	1 068 400	2 174 774	2 388 639	1 879 301
November	1 131 272	984 968	2 307 440	2 413 486	2 885 920
December	996 447	1 765 488	1 782 372	2 428 036	2 859 487
January	1 224 265	900 660	2 022 609	1 850 017	1 767 099
February	975 682	1 362 898	2 022 772	1 964 065	2 286 325
March	1 196 542	1 345 666	2 509 430	2 087 477	Figures not yet available

(2) No Permits are not required for the use of these loading facilities However, export permits for coal are issued by the Department of Mineral and Energy Affairs.

Blue Train

557 Mr K M ANDREW asked the Minister of Transport Affairs:

(1) How many passengers travelled on the Blue Train in each of the latest specified three years for which figures are available,

(2) whether all such passengers paid the full fare, if not, how many paid the full fare in each such year?

The MINISTER OF TRANSPORT AFFAIRS

(1)	1979-'80	16 356
	1980-'81	18 568
	1981-'82	19 111
(2)	No	
	1979-'80	16 319
	1980-'81	18 508
	1981-'82	19 076

M. Sampson ....Johannesburg Municipal Water Works Mechanics Union.
A.M. Scheltema ....National Union of Dairy Industry Employees.
L.C. Scheepers ....Transvaal Radio Electronics and Allied Workers Union.
African Leather Workers Union (Tvl).
African Trunk and Box Workers Union.
Glass Workers Union.
Radio, Television Electronic Workers Union.
Transvaal Leather and Allied Trades Industrial Union.
Trunk and E
A.A. Seaman .... P.E. Tramwa
E. Seloro ....Textile Wor
I. Shongwe...........Transport a
D. Sibabi.............Metal and A
E. Siew ..............S.A. Theatr
S. Sikhakhane .... Food, Bever
D. Smit ....Laundry, Dr
Chemical Wo
P. Smith ....Port Elizab
A.B. Sookul (org) ......National Un
S. Spies ....Volkskas Amp
J.P. Stander ....South Afric
A. Stanley ...........S.A. Woodwor
B. Steafel ....Union of Fil
W.M. Stewart...........National Mil
E. Strockenstroom ... Association
Building Soc
D.O. Sydney ....Umbogintwini
M. Subramey (Hon Sec) S.A.R. & H
D. Ta
J.S.
J.P.
E. Th
A.R.
P.L.
S.F.
J.J. v
E. van
A.J. v
Welders.

PE coal terminal plan depends on rail concessions

(215) E. Post 24/4/82

By CLIFF FOSTER

A HUGE project, in which coal would be exported from a new wharf in Algoa Bay to bring in foreign exchange while gold is in the doldrums, is being put together by "powerful interests" in South Africa

The "black gold" project is seen as an adjunct to the ship repair yard scheme proposed for the northern shore of Algoa Bay

What gives the project its feasibility is that suction dredging — used to deepen the harbour approaches four years ago — could cleave a deep water channel for the bulk carriers, providing "a Richards Bay in Algoa Bay"

What the project would also need is a rail concession, which it has not yet secured, but which its advocates are still seeking

People behind the project see the lull in expansion of atomic power stations in certain countries as the opportunity to market some of South Africa's vast coal reserves

They would also hope to export maize brought down from the Free State

Details of the project were sparse this week Mr Henry Combe, managing director of the Dockyard Development Company which is promoting the ship repair yard, said the scheme had come to his notice but "it's not associated with us at all"

He agreed it might prove to be compatible with the repair yard

Facilities might be shared and coal terminal traffic could possibly provide business for the repair yard

The promoters were hoping to take advantage of the rail concessions announced for industry in the Eastern Cape last week, but this has been turned down, Weekend Post understands

Mr Hans Huisman, the Port Elizabeth harbour engineer, said he first learnt of the project recently and he stressed it would only be practical if a rail concession could be obtained — which the railways were usually reluctant to grant

The distance from the Transvaal coal mines was the obstacle in the way of the scheme Richards Bay was much closer and facilities there were being expanded

He mentioned that improved coal exports could help to counterbalance the slump in the gold price and the decline in ore exports

But he also pointed out that the laden coal carriers with their 23-metre draught would need a far deeper channel than the unladen vessels using the dry dock

To secure a rail subsidy from the Government, the promoters of the coal scheme would need to embark on a feasibility study to establish production from the mines, the cost of terminal construction and operation, the availability of shipping and the existence of satisfactory shipping terminals overseas

It is understood the promoters are concerned with coal exports which Richards Bay would not have the capacity to handle They are hoping the Government will allow the subsidy in view of the foreign exchange the exports could earn

Should the rail concession be obtained, finance for the capital costs is all ready and waiting, Weekend Post was told

BUSINESS TIMES ON THE INTERNATIONAL SCENE

(215) S. Times 25/4/82

SA coal wins yet again in exports

By Neil Behrmann: London

THE boom in steam coal is over but the larger South African coal companies have managed to negotiate higher contract prices

Some London brokers are bullish on prospects because the higher price combined with the depreciation of the rand and rising volume should help profits in the longer run

Other analysts, however, are cautious, because free-market coal prices are plunging in line with the international oil glut, and if the energy surplus remains well into 1983 growth prospects will be stifled

Matthew Hunt, coal analyst of brokers Montagu Loebl Stanley and Co, is bullish on the large South African coal companies, but cautions that the smaller concerns have been forced to dump coal at lower prices on the international market

"While high stockpiles and reduced energy requirements in Europe have put pressure on spot prices, the South African producers have nevertheless negotiated increases of 10% to 12% on European coal contracts," he says

The coal exporters have at the same time benefited from a 30% fall in the rand over the past 12 months

"In 1982 coal prices in rand terms should improve considerably, while export volumes should increase by 2-million tons to 31-million tons this year

"By 1985 Richards Bay coal terminal will have a capacity of 44-million tons a year," he says

"Export quotas have already been issued to individual companies, and they are now able to negotiate future contracts and plan mine developments accordingly

"This security of supply, together with competitive production costs, is currently allowing the South African producers to maintain a high level of exports in the face of difficult market conditions

"The longer-term outlook for the South African coal exporters is bright — prompted by the upgrading in 1981 of South Africa's coal reserves to 110 000-million tons, and the attraction of high-margin exports to subsidise the price of domestically used coal

"Although demand for South African coal is currently not expected to exceed 65-million tons a year within this decade, this nevertheless represents a doubling of the current export figure and a major growth opportunity for those companies able to participate in this market

"The domestic South African coal market, in particular that for steam coal, offers a similarly attractive potential

"Demand from Escom is expected to grow at 10% a year over the next five years as the economy expands and new power stations are brought on stream

"In the current year, the disruption of electricity supplies from Mozambique means that a 10% increase will be seen despite a slowdown in the South African economy

"But the industrial use of coal is expected to grow more slowly as companies switch to electricity, which would suggest that expansion in the domestic trade market may be limited to 2% a year over the medium term"

Mr Hunt favours Amcoal, and forecasts that annual earnings this year will be 424c compared with 337c in the previous financial year

He also reckons that Trans Natal Coal's earnings will jump from 95c in 1981 to 127c this year and to 197c in 1985

But Mr W H Fisher of Robertson Research International, a consulting firm, has warned in a detailed coal review that the coal consumption increase in the next few years will be moderate

United States coal companies are scaling down their long-term export forecasts because of the deflated coal market

On the east and Gulf coasts, and to a lesser extent the west coast, ambitious coal port and terminal projects are being postponed

Thus excessively bullish forecasts on South African coal companies should be treated with caution

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ephone in the air is only one

oach on SAS flights to Europe.

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st Class through to Economy.

Sales of other products

Magnetite	**24 965**	19 180
Sulphuric acid	**16 853**	19 909
Vermiculite	**41 168**	59 450
Uranium concentrates (kilograms)	**157 572**	14 378
Precious metal content of anode slimes (ounces)	**178 940**	160 712

Directors' comments

1 The decrease in copper production in the first quarter of 1982 as compared with that for the same period in the previous year was due to the planned shut-downs in March 1982 of the smelter and refinery for routine maintenance work and of the continuous rod casting plant for modifications to increase capacity from 76 000 tons to 103 000 tons per annum All this work was successfully completed on schedule

Although there was an interruption in the production of finished copper, mining and concentrating operations continued at normal rates with the result that copper ... piled during the shutdowns and it is anticipated that the shortfall in copper production will be made up by the end of the year Copper sales were not affected by the break in production as there had been a build-up in stocks by the end of 1981 so that customers could continue to be supplied with their requirements on a regular basis during this period

2 The drop in vermiculite sales in the first quarter of 1982 was due to a fall in demand for this product as a result of the current world-wide economic recession

3 The increase in uranium sales reflects the delivery of a quantity of this material to a new customer during the first quarter of 1982 about which shareholders were informed in the 1981 annual report

COAL PRICES

FM 7/5/82 (215)

Sellers' market

Cape industrial coal prices have dropped and a market described as a "virtual monopoly" has been upended since Anglo-Alpha (AA) entered the R9,6m Cape industrial coal market in February

Previously, control was in the hands of a private distributor, Coalcor, supplied by wholesaler Southern Coal Traders (SCT) The Transvaal Coal Owners Association (TCOA), in turn, has a major shareholding in SCT

However, AA has stockpiled 30 000t of coal, 5 000t of which it has purchased from independent collieries

When AA entered the market, Coalcor slashed the R54/t control price by R4/t, which AA matched A higher pithead price and a R4,90/t rail increase have since pushed the control price to R62/t, but it is believed that distributors are selling at about R58/t

AA commercial director Des Gough claims AA has taken 15%-20% of the Cape business in its first four months of operation

In a submission to the Competition Board, which is investigating restrictive practices in the distribution of coal, AA described the agreement that the TCOA would supply Coalcor through SCT only as a "monopolistic supply situation."

However, AA's detractors suggest it entered the Cape coal market because its Cape cement plant was lying idle during the building cutback and that it would pull out again as soon as building picked up.

Gough counters that AA will stay in coal "as long as earnings justify"

TCOA GM for inland marketing Andre Fowler refuses to comment, saying that it was a matter concerning Coalcor Coalcor director Gerald Hoberman declines to comment

Green light given on ...

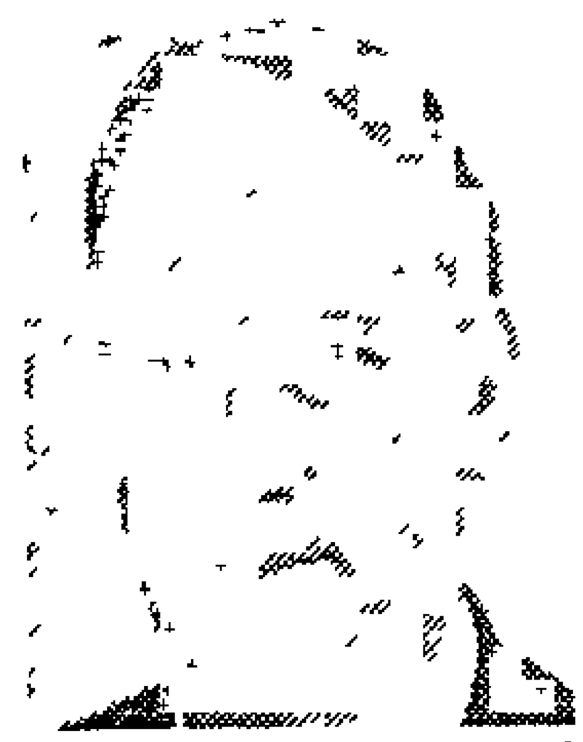
EXTRA COAL LINE FOR BAY

215 Industrial Week

11/5/82

AN ADDITIONAL railway line needed to move an extra 36-million tons of coal exports, from Broodsnyersplaas in the Transvaal to Richards Bay is to be built, SA Transport Services officials tell Industrial Week.

Preparations are underway for the doubling of the existing "coal line" and the construction of three new harbour berths as the decks are cleared for Mondi's R520-million pulp mill, an advanced water treatment plant and a 4 km submarine effluent disposal pipeline



Tienie Crous ... we need the line.

The two projects will jointly cost an estimated R45-million and their construction will commence later this year

Arising from Government's recent approval in principal for coal exports to be increased from 44-million tons in 1987 to 80-million tons thereafter the additional rail and harbour facilities will strengthen Richards Bay where R1 700-million will be invested over the next three years

"Construction of the second line, including bridges, 120 km of deviations and flattening of gradients to 1 160 — for which R1 200-million has been set aside — is on schedule to move 44 million tons of coal exports annually " says SA Transport Services senior planning engineer, Tienie Crous

A third rail link will also be built from Blackhill — where Apex Mines have the biggest coal loading facilities — to Broodsnyersplaas, says Crous

A decision on how coal exports will build up to 80 million tons is to be taken in association with the Department of Mineral Affairs

Additional line facilities, including improved signalling, are underway from Broodsnyersplaas to Witbank and involve expenditure of around R44 million An extensive marshalling yard is under construction at Ermelo

"On the alternating current (AC) line from Ermelo to Richards Bay trains with up to 200 trucks will be used once the gradient is flattened to 1 160 maximum from gradients as steep as 1 66 at this time," says Crous

The new line will be capable of a 26 ton axle loading for 200 truck trains compared with the 18 tons loading of the existing line

Chris Matchett, SA Transport Services planning engineer, says the existing Richards Bay coal handling quay is being extended from two berths to four, while dredging in front of the berths for improved water access is in progress

"Three additional berths will be built as a continuation of the "clean" quay where products such as timber, granite and steel coils will be loaded for export

"This contract has yet to be let But the marine work is worth R51-million while the cost for the whole project will be around R100-million says Matchett

As a prelude to tenders being invited for the construction of a R27 million effluent disposal pipeline which will extend 4km off-shore, manufacturers and suppliers were last week asked to supply data on pipes

HAVING recently secured solid contracts in Richards Bay, two companies — Peter Bayly Construction and CMGM, the construction arm of Group Five Engineering — are settling in for another substantial slice of the expanding construction cake.

Following a R6-million order, Peter Bayly has opened a branch at the 'Bay to offer clients a full construction service

With CMGM busy on contracts worth R19-million it expects to increase its labour strength from 500 to 700 workers soon

"Whatever the situation elsewhere, we foresee a period of increased activity ahead in Richards Bay and we intend to be ready for it," says CMGM's area manager Ian Massey

Report by Lynn Carlisle

Membership	Year

JEWELLERS AND GOLDSMITHS UNION

Scots ire at Anglo bid

ROM 215 20/5/82

London Bureau

LONDON — Scottish workers may stage demonstrations and occupy factories if Charter Consolidated, Anglo American's British arm, succeeds in a controversial takeover of the coal mining equipment company, Anderson Strathclyde of Glasgow

The works committees at each of the five Anderson Strathclyde factories have asked that "everything possible" be done to prevent a takeover

The committees have warned the giant Amalgamated Engineering Workers Union (AEWU) in London that they would "resist strongly, possibly including demonstrations and sit-ins"

Anderson's chairman Sir Monty Finston said they did not need Charter's money and that Charter does not have the necessary expertise in coal mining

Section A

COAL EXPORTS

FM 21/5/82

Strategic concerns

215

Pretoria's strategic concerns are clearly evident in the guidelines for the latest round of coal export allocations disclosed to Parliament last week by Mineral and Energy Affairs Minister Frederick de Klerk.

The previous round favoured the oil majors in the tight markets of the early Seventies The latest seems designed to support cheap electricity and industrial decentralisation

As De Klerk explained in his budget vote speech, a prime consideration was to motivate optimum resource utilisation Firstly, the supply of coal for the generation of electricity was considered A major share of the allocation was "dedicated to the optimisation of existing collieries supplying or contracted to supply Escom" The aim, wherever possible, is to facilitate the establishment of multi-product mines in which a better quality coal may be "creamed off" for export at higher prices, so contributing to lower average coal costs for electricity generation

Export allocations will be in favour of specific mines selected by "the mine organisations involved" (ie the controlling houses) in co-operation with Escom An "acceptable renegotiated contract" between the relevant parties will be a prerequisite for award of an export permit

In theory, a wider spread of allocations is suggested But the effect of the guidelines will almost certainly be an increasing polarisation of SA's coal industry between the haves and the have-nots In the main, those companies now delivering to Escom — the ones in the Anglo, Gencor and Barlows groups — will benefit They are also the firms that have at present the largest export quotas

The allocation guidelines cover the next 25m annual tons of export coal for Phase IVa of the Richards Bay export harbour development, as well as a subsequent tranche of 7 Mt They will lift SA's coal exports from their currently planned 48 Mt — scheduled for 1985/86 — to 80 Mt by the 1990s

Other considerations are stated to be decentralisation, regional development and the creation of jobs By inference, environmental protection and improvement will count too

According to De Klerk, the criteria for allocations will be as follows

- ☐ Allocations are to be confined to specific mines to make certain that these are worked to the optimum levels
- ☐ At any time, there have to be sufficient stocks of coal of all grades for domestic consumption
- ☐ There must be protection of the environment and restoration of mined areas
- ☐ Mining companies must guard against market distortions arising from unco-ordinated export marketing
- ☐ There must be optimal use of infrastructural services and, if required, financial assistance to the railways administration to pay for railway and harbour facilities

Specific cases have also been identified where the allocation of an export permit will enable the producer to develop open cast mines rather than underground collieries, thus making significantly increased tonnages of coal available to Escom in future

"National, regional and co-operation objectives were also afforded the necessary attention," De Klerk said Development areas selected are the Belfast-Carolina-Breyten area in the Transvaal, the Newcastle-Vryheid area in Natal and the Kwazulu area surrounding Richards Bay

The optimisation of reserves in existing collieries in the Springs-Witbank coalfields was also considered Part of the Phase IVa allocation has been dedicated to the optimum use of reserves of mines in the Highveld areas which already have access to existing road or rail facilities In most cases, only "relatively small tonnages" could be allocated, because of the limited availability of export coal

The allocation of additional export incentives for waste coal — or "permit coal" as it will be known in future — has also been considered Official sources say that the quantities are expected to be modest and the main motive is environmental clearing No tonnages have been specified, but they will not be part of main allocations of the 25 Mt and 7 Mt noted above The several identified categories include Waste coal in dumps causing pollution, coal "middlings" or by-products which cannot be sold locally, high-ash anthracite also not saleable locally but which has a market in the East; and coal in problematic worked-out areas of existing mines

Permit coal allocations will be made conditional on not interfering with the railage facilities and export market prices of the main allocations

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NOTE CAREFULLY

1. 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
2. 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
3. Names must be printed on each separate sheet (e g graph paper) where sheets additional to examination book(s) are used
4. Do not write in the left hand margin

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

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COAL QUOTAS (215)

Small men gear up

FM 21/5/82

The 20 members of the Independent Coal Producers Association (ICPA) will build their own coal handling facilities at Richards Bay if they get a reasonable share of of the export quotas which will soon be announced. (See *Economy*)

The ICPA — whose members include Savage & Lovemore, Rand London, Messina, and Concor Construction - was launched 18 months ago among concerns which are not members of the Transvaal Coal Owners Association (TCOA) or the Anthracite Producers Association (APA) The idea is to form a united front in the fight for a larger slice of the export quota

TCOA members are the mining giants Rand Mines, Anglo American, JCI, Lonrho, General Mining and Eikeboom APA members are Anglo American, Lonrho's Duiker Exploration and Kangra Coal

ICPA chairman Danie Kirsten says plans for an ICPA terminal are "fairly far advanced" and have been discussed with the SA Transport Services (SATS), the Department of Mineral Affairs and consulting engineers

SATS PRO Ernest du Plessis says "SATS has been approached but there is still negotiation between parties and no decisions have been made"

The ICPA will not reveal the quantity of coal it wants to export, but it is "substantially higher" than last year's 4 Mt

The existing coal loading facility at Richards Bay is owned by the Richards Bay Coal Terminal Company (RBCT) Its shareholders include TCOA, APA, some Natal collieries and oil corporations

The ICPA exports through Durban and Maputo, but each port handles only 3 000 t of coal daily and Durban has no stockpiling facilities The TCOA exported 10 Mt last year, and its members moved a further 15 Mt independently

The cost of a new coal terminal will be high The third phase of the RBCT project, for example, costs R360m However, Kirsten is confident that "we should be able to raise the capital if required."

Some of this will probably come from government which is said to have given some assistance to RBCT. Kirsten wants similar treatment "Government should make equal facilities available to independents or give them similar opportunities for development," he holds RBCT MD Mike Dunn was not available for comment, but a TCOA marketer counters that the ICPA has not contributed to the building of the port facilities it uses "and it is nonsense to say they are badly done by"

The coal on our land is worth a fortune, say the Steenkoolspruit farmers . . . But the Government says they must move . . . the coal is of no economic value

Pay us mineral rights for our coal . . .

By BARNEY MTHOMBOTHI

THE Government is to move about 30 African landowners from farms they have owned for more than a century but has refused to compensate them for mineral rights which are estimated to be worth millions of rands.

The farm, Steenkoolspruit (Coal Stream), is situated 45km from Ladysmith on the road to Wasbank. It comprises more than 3 279 hectares bought by a group of 42 Africans in 1874.

The land is still owned by their descendants. But five years ago the families were informed that they were to be removed and their land expropriated.

The area has large deposits of coal but the authorities said they obtained expert advice on the mineral rights and "it appears the coal deposits is of such poor quality that it has practically no economic value". The value of the coal would be included in the land value, they were told.

This has been disputed by the families and experts who surveyed the area. The families fear they will be removed so the Government can make a killing.

Frank Kazi, secretary of a committee elected by the landowners, told the **Sunday Tribune** "We're not prepared to move. Of the farms set aside for KwaZulu, we see none that can be a suitable compensation for us. There is no land as good as our farms. There is trouble all over."

A Department of Co-operation and Development spokesman told the **Tribune** from Pretoria that the people of Steenkoolspruit would be moved to the Vaalkop district, near Ladysmith.

No date has been set for the removal.

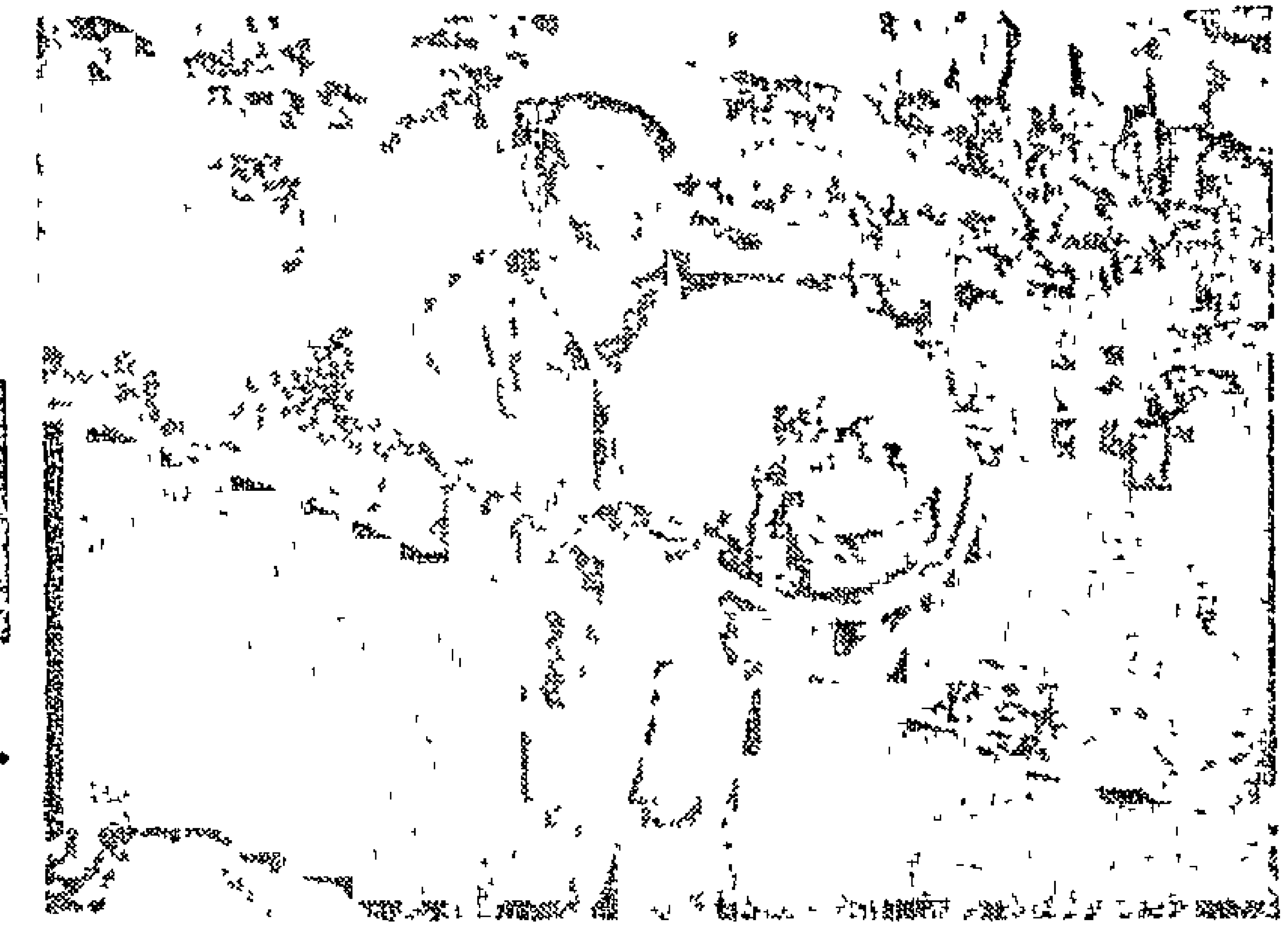
The people were being moved in accordance with the 1975 consolidation proposals.

"As always the Government has taken into consideration the circumstance and the feeling of the community," the spokesman said.

He claims the people had agreed to move "with certain reservations."

Mr Kazi said their claim to mineral rights were not affected by the Native Land Act of 1913 as the land was acquired before the Act was passed.

"They want to move us from our land but are not prepared to pay us our mineral rights. What kind of logic is that?"



Sibusiso Kazi with a dish of coal in front of the pit where the family get their coal for domestic use

The Government says it has obtained expert advice on the mineral rights and is satisfied that the coal is of "no economic value".

The Kazi family — who own more than 1 483 hectares, was offered just over R40 000 by the Government, according to Mr Kazi. He said the amount was "peanuts" compared to what private companies were prepared to pay.

In 1980 the landowners appealed to the KwaZulu Government to intervene on their behalf. KwaZulu informed them that their request not to be moved "cannot be considered favourably and is refused" by the central Government.

The potential value of the coal resources at Steenkoolspruit is indicated by approaches made by Flatberg Colliery, based at nearby Elandslaagte, to several families to negotiate contract to explore and exploit their coal resources.

The company offered ... to cover one year's exploration and if tests were positive, R200 per hectare for the right to exploit the coal.

The offer was withdrawn when the Government expropriated the land.

Mr Kazi said his family was approached by an Anglo American subsidiary with a more attractive offer.

Alpheus Ndlovu, 79, whose family owns one of the biggest farms in the area, said he heard on radio that it had been decided to move them.

"Can you imagine a situation where a man comes to your house and tell you he's taking over the place. He's prepared to pay you for the walls but not for the contents of the house. This is what is happening here," he said.

Mr Ndlovu said beside the coal deposits, the soil was also very fertile and there was an abundance of water.

James Anderson, Mr Ndlovu's neighbour and an ex-miner, estimates that the Ndlovu farm has at least a million tons of good coal.

"I know the Ndlovus very well as I was helping them. They're possibly the biggest landowners here. There land had at least a million tons of coal. It is good and valuable coal. At 50c a ton it's still good money in anybody's language."

SUNDAY TRIBUNE, MAY 23, 1982

(215)

It is immediately apparent that veterinary science training can be identified as specialised training which obviously falls in the category of the medical sciences, and the computations showed conclusively that subsidisation of this training on the basis of the medical sciences would be adequate. There are consequently no problems in this regard.

29.3 As regards other training in the agricultural sciences, the Commission took cognisance of the rationalisation that had already taken place and that was envisaged for the future. This training seems to be aimed at turning out technicians and experts for the Department of Agricultural Technical Services and the private industrial sector. It struck the Commission, however, that this training was still deeply rooted in its historical development and that it might be worth while to re-examine its content thoroughly.

In considering the matter in the light of university development, the Commission sees no reason why this training should be treated any differently from other training in the natural sciences. The Commission feels that the universities will have to approach training in the agricultural sciences from this angle.

29.4 The Commission cannot make recommendations on the content of this specialised training, but nevertheless wishes to suggest that the entire field of this training, including training at the colleges of agriculture, should be reviewed afresh, bearing in mind the possibilities of the "college idea" (as set out elsewhere in this report).

One of the universities pointed out the high cost of library material in connection with agricultural training. The Commission hopes that the Department of Agricultural Technical Services will continue to maintain close ties with the universities in connection with this training, and that the Department will contribute generously to the library and towards the acquisition of expensive equipment with a view to post-graduate training and research.

The Commission will give its finding on the above matters, but will make no recommendations. The Commission does make recommendations in the following chapter, but these relate solely to the financing of the faculties concerned.

R1,2bn for coal mines

(215) RDM 25/5/82

THE Rand Mines group is to invest about R1 200-million in 1982 money over the next 10 years on expanding and strengthening its coal-mining operations, says Mr Allen Sealey, chairman of Rand Mines coal division.

Apart from the R600-million that will be spent on developing new underground coal mines at Ogies and Amersfoort to supply two 3 600 MW power stations, the group is to spend:

●Another R105-million at Duvha, Rand Mines third Escom-tied coal mine, near Witbank. Much of this expenditure will be on draglines and housing.

●A total of R181-million at the Douglas Colliery group, near Witbank, where new plant will include a R24-million washing plant for power-station smalls.

●A total of R33-million at the Welgedacht mine near Utrecht, Natal

967 THURSDAY,

Desert Spar (Pty) Ltd
Natal Associated Collieries (Pty) Ltd.

(b) The Transvaal Coal Owners Association (1923) (Pty) Ltd
Natal Associated Collieries (Pty) Ltd (Spitzkop)
Shell S A (Pty) Ltd
Transvaal Consolidated Land and Exploration (Pty) Ltd
B P Southern Africa (Pty) Ltd. (Ermelo Mine)
Total Exploration S A (Pty) Ltd (Ermelo Mine)
Anglo American Coal Corporation Ltd
General Mining Union Corporation Ltd (Ermelo Mine)
Anthracite Producers Association (Pty) Ltd

(2) (a) and (b) Yes The requirements are concerned with amongst other, the following aspects and exporters could be requested to comply with them depending on the circumstances
—the exploitation and beneficiation of coal,
—co-ordination with the South African Transport Services and financial assistance in respect of rail and loading facilities,
—the orderly marketing of export coal,
—contributions towards satisfying the domestic demand for coal, and
—restrictions on the quality (metallurgical and coking coal) of export coal

For written reply Hansard Q. Col. 966 - 967

215 **Coal exporters: permits** 3/6/82

548 Mr G S BARTLETT asked the Minister of Mineral and Energy Affairs

(1) To whom were export permits in respect of the coal exported from (a) Durban and (b) Richards Bay harbour granted during the latest specified period of five years for which figures are available,

(2) whether prospective coal exporters have to comply with certain requirements in order to be issued with permits for exporting coal from (a) Durban and (b) Richards Bay harbour, if so, what requirements in respect of each?

The MINISTER OF MINERAL AND ENERGY AFFAIRS

(1) Period 1978 to 1982

(a) Anthracite Producers Association (Pty) Ltd
Rand London Corporation Ltd (Aloe Minerals)
Savage and Lovemore Mining (Pty) Ltd (Makateeskop)
H N S Jacksons Anthracite (Pty) Ltd
Coal Reclaimers (Pty) Ltd
Tselentes Bros Mining (Pty) Ltd

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Uphill for SA coal exports

By JOHN MULCAHY

NO significant improvement in world coal demand can be expected before the end of 1983, but South Africa's export revenue from this source should rise by 25% this year to about R1 200-million.

By the time the world market turns up, SA's export capacity through Richards Bay will have increased to 44-million tons, and the industry will be in a good position to take advantage of any rise in demand

But several other major coal-exporting countries are also gearing up for renewed export growth, and SA producers face increasing competition

SA coal exporters have been forced to accept much smaller dollar price increases this year than in 1981, and volumes are stagnating because of slack demand and transport capacity constraints

This anomaly is explained by the fact that SA producers have limited export quotas, and export contracts are restricted to the quantities provided by these agreements

Had Richards Bay been in a position to export greater quantities last year these producers would have been able to negotiate contracts for greater quantities, and these contracts would still apply this year

The Standard Bank says in its Economic Review that most of the increase in coal revenue this year will result from the rand's depreciation against the dollar Without the exchange-rate advantage, growth would probably have slowed to about 10% compared with 42% last year

The 1981 prices were negotiated late in 1980 amid growing fears of a severe shortage of steam coal and doubts about the ability of other exporters to increase deliveries rapidly

Last year it became evident that these fears were unfounded, and a surplus emerged

As a result, SA exporters' ability to raise contract prices for 1982 sales has been restricted The 30% to 40% dollar price increases last year have been limited to 8% this year

Standard Bank says that even though expected heightened world competition is likely to limit future price increases, and the rand-dollar exchange rate will probably work against exporters in the next few years, substantial growth in coal export revenue can be expected, although at a slower rate than in recent years

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215 Star 10/6/82

SA a leader in coal technology, says UK visitor

A British expert on coal gasification told a symposium in Johannesburg yesterday achievements in this field in the past 30 years had earned world-wide respect

"Talking about coal gasification is about all we can manage to do in Europe at present," said Mr F E Hart, a director of Babcock Woodall Duckham

"We have come to your country to find working plants and live projects"

Mr Hart was delivering the George Bernard Memorial Lecture to a symposium on the gasification of coal, past and present

The symposium was a joint venture among the SA Institution of Mechanical Engineers, the SA Coal Processing Society and the Transvaal Coal Owners' Association

Mr Hart said that apart from South Africa and a few other countries coal gasification on any real scale seemed to be "forever in the future"

"Even those countries with high per capita energy consumption and indigenous coal deposits have failed to turn to the use of coal gasification to reduce their dependence on imported oil

"In the United States, despite serious study, there has been little movement towards building small or medium scale plants for general industrial use.

HIGH PRICE

"In Europe, the problem for those countries with indigenous coal, such as West Germany and the UK is its high price To be competitive with other energy sources, coal gas must be made from 'cheap' coal," he said

For some of the relatively rich countries, the ability to absorb increased oil and gas prices would come to an end only when the political and social consequences of the current recession were no longer acceptable

FAR OFF

But he could not see large-scale adoption of coal gasification in these countries for about 15 to 20 years

Despite the problems of poor indigenous coal in developing countries there was a positive requirement for a low-cost reliable and simple-to-operate gasification process

"This presents an export opportunity which could well be served by South African companies able to draw on extensive manufacturing and operating experience" said Mr Hart

Warning to electrical industry

Throughout 1980 and much of last year, small electrical appliances sales performed well, with the average growth in money turnover being well over 30 percent annually

Local manufacturing capacity expanded, the ranks of suppliers were swelled as more importers were drawn into the market and the value of imports increased fourfold

INFLUENCES

The chief influence underpinning the fine performance was the expansion of disposable income during boom conditions

Other factors were effective marketing, the initial high relative value of the rand externally and the lack of obstacles to importing

But from mid-1981 the tide turned, says the latest S... Bank Review

The rate of ... has declined ... tially and the ... new orders has back

The immedia... look for the ... becoming cloud... only is there a ... of faltering gr... even decline in ... sable income ... changes in the ... value of the r... the import ... are likely to ... supply costs

PERMITS

For importe... is the threat of permits being a less generously ... ture

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Reports ... the Steel and ... ing Industries' ... tion show ... decline in ... mand and sa... pected in ... April to June

The first output from ... alloys man... industries, with the pr... manganese ... metals was percent to 33... The producti... tion rose 25 ... 1 852 800 tons

215

Richards Bay coal workers down tools

Mercury 16/6/82

Mercury Reporter

BETWEEN 400 and 500 workers downed tools at the Richards Bay Coal Terminal Co Ltd's loading facility yesterday afternoon in support of their demand for the immediate refunding of their pension fund contributions

According to a spokesman for the Fosatu-affiliated Transport and General Workers' Union, which claims to represent about 400 of the workers, reports of Minister of Finance Owen Horwood's address to the Association of Pension and Provident Fund's annual meeting sparked off the pension unrest

In his address Mr Horwood said that plans for the [illegible] of pensions was not being revived

According to Mr Mike Dunn, managing director of the company, about 400 workers downed tools after the management had refused their demands for the refunding of their pension fund contributions

'The management has reiterated to its black employees that membership of the company's integrated fund is a condition of service for all employees,' he said

He added that the stoppage had been orderly, and that operations were being fully maintained by 'existing staff'

The spokesman for the Transport and General Workers' Union said, however, that operations were at a standstill because the company's total black workforce of 500 was involved

He said that workers claimed they were not on strike but only staging a work stoppage until the management had reviewed their decision

Richards Bay dockers down tools

~~2~~ 215

~~1~~

RDM 16/6/82

Mail Correspondent

DURBAN — Between 400 and 500 workers downed tools at the Richards Bay Coal Terminal's loading facility yesterday afternoon in support of their demand for the immediate refunding of their pension fund contributions

According to a spokesman for the Fosatu-affiliated Transport and General Workers' Union, which claims to represent about 400 of the workers, reports of the address by the Minister of Finance, Mr Owen Horwood, to the Association of Pension and Provident Fund's annual meeting sparked off the pension unrest

In his address Mr Horwood said plans for the Pension Bill had not been dropped It was later reported, however, that Mr Horwood had said the clause on the "freezing" of pensions was not being revived

According to Mr Mike Dunn, managing director of the company, about 400 workers downed tools after management had refused their demands for the refunding of their pension fund contributions Employees had been told membership of the fund was a condition of service, he said

He added that the stoppage had been orderly, and that operations were being fully maintained by "existing staff"

The spokesman for the Transport and General Workers' Union said however that operations were at a standstill because the company's total black workforce of 500 workers was involved in the stoppage

He said workers insisted they were not on strike but only staging a work stoppage until management had reviewed their decision

GENERAL NEWS

Alusaf issues dismissal ultimatum to 1 600 strikers

Star 18/6/82 (215)

By Drew Forrest

About 1 600 workers on strike at the Alusaf aluminium smelting plant in Richards Bay face dismissal today if they are not back at work at their normal shift times

The strike began on Tuesday night It centres on demands for an immediate payout of contributions to the metal industries' group pension fund and a pay claim

Aout 500 workers at the Richards Bay Coal Terminal nearby, who struck earlier in the week over pensions, have already lost their jobs

Alusaf's managing director, Mr Danie van Vuuren, said the company's hands were tied on the pension issue "We are negotiating to withdraw from the metal industries' fund — but it takes time," he said

Alusaf employees had been told of the recent change in the fund's rules, in terms of which contributions could be recovered six months after workers left the industry, but they were not interested, Mr van Vuuren said

Management had reiterated its view in discussions yesterday with an in-house committee dominated by members of the Metal and Allied Workers Union (Mawu)

Mawu has alleged eight workers were taken to hospital, two in a critical condition after police cleared strikers from Alusaf premises on Tuesday night.

Mr van Vuuren said abut 60 workers of a total black workforce of 1 700 had returned to work The rest had been told to man their posts today or be dismissed

Production had been maintained at normal levels by administrative and maintenance staff, he said

Richards Bay strikers plan to ignore 'deadline'

Mercury

18/6/82

215

Mercury Reporter

MORE than 2 000 striking Richards Bay workers yesterday said they would not return to work today in spite of the deadlines set by management of both Alusaf and Richards Bay Coal Terminal, say union sources.

In a pamphlet distributed in Esikhawini township Alusaf workers were informed that if they did not return to work by normal shift today they would be considered to have dismissed themselves.

Richards Bay Coal Terminal's managing director, Mr Mike Dunn, said although workers had dismissed themselves when they walked off the plant on Tuesday, he told worker representatives that if they returned today they would be reinstated.

About 1 700 Alusaf workers stopped work and held a sit-in on factory premises on Tuesday night demanding that their pension money be transferred from the Seifsa pension fund to the company's fund and demanded that their wages be put up to R2 an hour.

A spokesman for the Fosatu-affiliated Metal and Allied Workers' Union said yesterday that Alusaf workers, who had downed tools on Tuesday, wanted their shop stewards to approach the trustees of both the Seifsa fund and the company's pension fund in order to address them.

He said the workers were prepared to return to work when the pension issue was sorted out and then continue wage negotiations.

Meanwhile, Richards Bay Coal Terminal workers have said they would not return to work until it was certain they would get back their pension money.

2 000 Richards Bay strikers face axe

RDM 18/6/82

215

By STEVEN FRIEDMAN
Labour Correspondent

LABOUR UNREST at three major plants, involving about 2 600 workers, continued to grip Richards Bay yesterday — and workers at two strike-hit plants face ultimatums to return to work today or be fired

At Richards Bay Coal Terminal about 400 dockers have been on strike for three days in reaction to a recent speech on pensions by the Minister of Finance, Mr Owen Horwood

At Alusaf about 1 700 workers continued their two-day strike in support of demands to quit the metal industries' pension fund and for a R2 an hour wage At both plants management says workers must return today or be fired

Workers met yesterday to decide whether to return to work

And at Triomf Fertilisers a canteen boycott by about 550 workers in support of wage demands entered its second day.

A Metal and Allied Workers Union organiser, Miss Junerose Nala, said there had been no repetition of Tuesday's incidents in which police allegedly broke up a meeting and several workers were hospitalised

But she said police remained active in the area and claimed they had prevented a meeting taking place at the workers' compound yesterday

Miss Nala also said police were out in force at Alusaf before the strike

The Rand Daily Mail's Durban correspondent reports that police have denied union and worker allegations and say that they are keeping a low profile

At Triomf unionists say the canteen boycott is prompted by management's refusal to negotiate wages with Fosatu's Chemical Industrial Workers Union "as it undertook to do"

A company spokesman confirmed the boycott and added that it was not harming the company

He said the company had negotiated a pay agreement with CWIU in January and had wanted this to last the year. But the union signed the agreement for six months only, he said, and demanded the right to re-open talks in mid-year

When it did this, Triomf turned down its proposals "because we don't give mid-year rises and because of the state of the industry," he said

At Richards Bay Coal Terminal, union sources said workers had been given until today to return or be sacked

At Alusaf Miss Nala said a similar ultimatum had been issued to workers She said management had promised to do something about the pensions but had done nothing

Company spokesmen could not be contacted yesterday

But managing director, Mr D E J van Vuuren, has said workers have been told their fears — they will only be able to receive their pension contributions when they retire — are unfounded

COAL QUOTAS 215

The die is cast

FM 2/7/82

Nailbiting over coal export quotas ended this week when more than 100 companies were informed of initial Richards Bay Phase IVa export allotments by the Department of Mineral and Energy Affairs

Most companies are remaining tight-lipped about their quotas, but 17.5Mt of the 25Mt total is believed to have been allocated as follows

Amcoal (4Mt), Trans-Natal (4Mt) Clydesdale (0,5Mt), Johannesburg Consolidated Investments (1,5Mt) Rand Mines (2,5Mt), Anglovaal companies (1,5Mt) and Goldfields SA (1Mt) Oil companies BP, Total and Shell have 0,5Mt each

The Transvaal Coal Owners Association (TCOA) has 1Mt in addition to quotas for member companies It is understood that the phase three TCOA allocation was cut from 12Mt to 11Mt and this will restore the status quo

However, tension hasn't ended as the companies have still to agree to the conditions tied to the quotas. If they respond with counter-proposals, as they are invited to do, discussions with the Department could go on for several weeks before a final list is issued

Department director of energy acquisitions and distribution Lourens van den Berg is unwilling to comment "We have issued our information, and the ball is now in their courts" he says

While the quota net has been thrown further — JCI has been included for the first time — allocations appear to remain largely in the hands of the larger coal interests Generally the quality of their coal is more consistent and they have the Richards Bay terminal facilities Smaller companies rely on Durban and Maputo ports

SA coal exports are also favoured by low production costs and a reputation for reliable deliveries Local coal has a far lower sulphur content than its major competitiors', such as the USA, where environment factors are especially important If oil prices rise further, coal will get another boost

Internally, the main constraint on SA's coal export earning capacity is its transport and handling facilities. Earlier plans for 44Mt coal exports by 1985/86 and 80Mt by the 1990s were shelved after Treasury cuts hit SA Transport Services (SATS).

Latest export forecasts suggest only 40Mt by early 1985 as transport capital projects are reviewed. Giving priority to major transport projects could be a blow for the small independents in particular, as it is unlikely that branch rail lines will be extended to their small collieries.

Export allocations for big and small

(215) DOM 2/7/82

Coal quota free-for-all

By ADAM PAYNE

BIG mining houses and small coal-mining companies are lumped together in the Government's allocations totalling 25-million tons a year under Phase 4 of the Richards Bay coal export programme.

These additional exports, bringing the total to 73-million tons a year, will not begin about 1990.

The principal allocations, which are provisional and subject to exporters meeting conditions which vary from company to company, are

Amcoal 4-million tons a year; Trans-Natal Coal Corporation 4-million, Anglovaal 1-million, GFSA 1-million; JCI 1 500 000; Rand Mines 2 500 000, Transvaal Coal Owners Association 1-million; Clydesdale Collieries 500 000, Shell Coal 500 000, BP Coal 500 000, Total 500 000; International Coal Development, a subsidiary of Agip, which in turn is part of ENI, the Italian State energy company, 2-million

Other allocations include Messina Transvaal Development 500 000 tons, Severin Minerals Corporation 450 000, and Grinaker Holdings 500 000

Provisional allocations reported but not confirmed have been offered to

Concor, civil engineers, 500 000 tons, Diamonds & Grant, mining in Northern Natal, 200 000; Toulana in the Dundee area 250 000, Duiker Exploration, mining in Natal, 500 000, Kangra Holdings, also in Natal, 500 000

The Government decided last September to increase the quota from 48-million tons a year by 32-million tons a year to 80-million tons in the 1990s However, the provisional allocations now sent to companies by the Department of Mineral and Energy Affairs total 25-million tons

It seems that about 28 companies have been offered allocations, but there could be more because the allocations are known only to the companies themselves and the Department of Mineral and Energy Affairs

Of the 25-million tons, 18-million tons have been offered to the major coal-mining houses and the oil companies and 7-million to relatively minor operators

A coal expert commented that if about 30 companies were marketing South African coal there could be confusion and the increase in allocations could be counter-productive

Nevertheless, the allocations are not final and the conditions imposed in each case may go some way to eliminating the problems of small export lots and a diversity in transport and marketing

The conditions imposed appear to be in two classes

The first is a condition applying to all mining houses requiring them to make commitments to co-ordinated marketing as well as financial measures for the expansion of rail and harbour facilities

The second class appears to relate to individual mining houses For instance, Trans-Natal Coal Corporation has been promoting the multi-product mining concept and its conditions are apparently related to this concept

Thus, in terms of the second class of conditions the companies will have to qualify on an individual basis

The allocations are likely to be a disappointment to Amcoal, Trans-Natal Coal Corporation and Clydesdale, which are likely to believe they make a more significant contribution to energy requirements than the allocations reflect

The International Coal Development Company, associated with Agip Italian oil company, is in partnership with Savage & Lovemore in mining coal near Belfast for export through Maputo Its 2-million ton allocation will be separate to that partnership

Grinaker, which has an allocation of 500 000 tons, is mining coal in the Dundee and Newcastle districts and exporting through Durban Its new allocation would be switched to Richards Bay

Concor is mining in the Carolina area and Diamond & Grant operates in Northern Natal near Rand London's colliery Toulana mines in the Dundee area

(384) (R15) S. Times 4/7/82

Icodev leaps into limelight

THE little-known International Coal Development (Icodev) has leapt into prominence among significant coal exporters with its provisional allocation this week of 2-million tons a year for Richards Bay phase 4.

Alan Tew, formerly MD of the Transvaal Coal Owners Assocation and leading personality in the SA coal industry, arrives in Johannesburg this week to head the operation

Icodev, formed in 1979 to acquire substantial steam coal reserves in the Belfast, Carolina and Breyten areas of the Eastern Transvaal, is to produce steam coal for export primarily to the Italian market.

By Andrew McNulty

Its main beneficiary shareholder is Agip Coal of Milan, part of ENI, the Italian state energy company and among the largest groups in Europe.

In a new expansion of SA institutional interests in the coal industry, a significant minority participation in Icodev is being acquired by Bankorp, the Sanlam-controlled listed company which controls Senbank, Trust Bank and Mercabank.

Most of Icodev's production will be by opencast methods, the total capital required to bring the mine to production being estimated at R50 an annual ton or a total of about R100-million in today's money.

The fact that the mine will play a significant role in stimulating the Carolina area and also that the coal will largely be tied to the Italian market, providing some stability and security in the now-uncertain international coal markets, appear to have been the main reasons for the company's success in getting its relatively high allocation.

Mercury 6/7/82

Coal miners on rampage

(152) ~~(211)~~ ~~(213)~~ (215) ~~(260)~~

Mercury Reporter

THE entire black workforce from three Dannhauser collieries went on the rampage yesterday, burning down a beer hall and partly destroying another

The miners stopped work early yesterday at the Durban Navigation Collieries, broke into one of the mines' beer halls and set it alight

They are believed to have then broken down the walls and doors of a second beer hall with the help of a bulldozer It is believed buses were stoned and compound windows broken

A Dannhauser resident, who asked not to be named, said he had watched one of the miners set fire to the tractor which delivers food to the compounds by throwing a match into the petrol tank

He said the rioting miners had also burned 'a fair amount' of the grazing lands around the mines

A police spokesman confirmed that a beer hall had been burned down and that a beer hall and offices in another compound had been damaged

He added that a communication centre building at the collieries also had been set alight.

The spokesman said police reinforcements had been called in from Newcastle in a bid to contain the riot and by late last night 'they had everything under control'

No one had been injured during the rioting, according to the police

The miners had downed tools 'because they were not satisfied with the 12 percent increase announced recently by the Chamber of Mines,' a senior police officer said

Mercury 7/7/82

Colliery strikes 'petering out'

215 ~~180~~ ~~260~~ ~~211~~ ~~243~~

Mercury Reporters

THE strike which lead to violence at the Durban Navigation Collieries near Dannhauser on Monday is 'petering out', according to Mr H C Jerung, Iscor's public relations officer.

It was reported on Monday that mine workers had gone on the rampage, burning down a beer hall and partly damaging other mine buildings.

Mr Jerung said that although there had not been a big turn out for the morning shift, 'the vast majority' of the afternoon shift had returned to work.

There had been no more violence or damage to property and no arrests had been made, he said He added that just over 200 workers had been involved in Monday's strike

No damage to any mine buildings was visible from public roads around the mine yesterday and mine officials refused to allow a Mercury reporter into the area

Riot police who patrolled the mine continuously for 36 hours after the riots broke on Monday retired yesterday evening leaving only a small task force to keep a low profile watch in the area, Lt-Col R Robinson, District Commandant for the Dundee area said last night

Meanwhile life in the small town of Dannhauser, barely 6 km from the mine is quiet No bottle stores have been allowed to open since the riots started, and alcohol is only available from licensed hotels, a bottlestore owner said

Many white mine workers who arrived at work for yesterday mornings' shift were sent home when it became apparent that their black colleagues would not be working

Hundreds of miners quit jobs

(215) ~~260~~ Mercury 8/7/82

Mercury Reporter

MORE than 800 black mineworkers have 'dismissed themselves' from the Durban Navigational Collieries at Dannhauser following the violent strike which took place earlier this week, according to a senior spokesman for Iscor in Pretoria

The spokesman said that the men had been given the option to return to work or leave, and so far 830 had chosen to leave

Police were still at the mine yesterday although no more violent incidents were reported

The spokesman said that damage to mine property had 'been minimal'. About 30 hours of production time had been lost

SA coal prospers amid glut

215
RD04
9/7/82

By ADAM PAYNE

IN spite of of an oversupply of steam coal on world markets, Richards Bay coal terminal and the railway serving it are working to capacity and South Africa's coal exports are at their highest ever.

A labour dispute at the terminal lasting 17 days in June did not disrupt the export performance

Coal at a rate of 28 400 000 tons a year was received by rail in June and an export rate of 28 900 000 tons a year was attained

The Richards Bay Coal Terminal Company expects the record of 26 700 000 tons last year to be exceeded this year

The terminal, although having a nominal capacity of 24-million tons a year, has been able to handle coal in greater quantities

Mr Steve Ellis, chairman of Trans-Natal Coal Corporation, says the export performance can be attributed to several favourable factors

"First, our record as reliable suppliers has been excellent," he says "Buyers have not had to pay demurrage because of delays to ships, which has been the case in several other exporting countries

"Secondly, our coal is carefully washed and graded and the quality is more consistent than that supplied by many other exporters

"Thirdly, the Railways Administration and the Richards Bay facility have worked with great efficiency Because of this, our customers are supporting us, without cancellation of orders"

"Most of the coal is sold on long-term contracts"

The facility, which has a high level of automation, was operated without any loss of capacity during the labour dispute which was amicably resolved It was operated by employees not involved in the dispute

One can assume that when new colliery companies enter the export field, under the latest provisional allocations, a separate terminal will have to be built to work in collaboration with the existing one

Mercury 9/7/82

841 affected as mines close

Pietermaritzburg Bureau

MORE than 800 Natal mineworkers from two mines in the coal-rich Glencoe area are to be relocated on other mines within the giant General Mining Corporation group when the company closes Northfield Colliery — the second of its two mines in the area — on July 17

This was confirmed last night by mine manager Mr J P Buys following a report yesterday that the Iscor steel works in Newcastle would stop drawing its supply of coking coal from the mine

Only nine days ago Northfield's sister mine, the Burnside colliery some 14 km away, closed down

Northfield would retain a skeleton staff of about 19 white and less than 300 black workers to mine coal for domestic use in the area, Mr Buys said

The other employees of the two mines — some 81 whites and about 760 blacks — would be absorbed into Gencor's other mines at Hlobane near Vryheid Kilbarchan near Newcastle, and about half-a-dozen mines in the Transvaal, he said

These mines supplied power stations, and coal for export and domestic use, he said

He understood that Iscor would be drawing coking coal from its own Durban Navigation Colliery — the scene of this week's riots and strikes by mineworkers — some 40 km from Newcastle

'Jump-the-gun Fanie' may have halted Iscor project

215

~~113~~

~~269~~

~~260~~

S. Express 18/7/82

ROYALTIES THREAT TO R800 m COAL PLAN

By JEAN LE MAY
Political Reporter

AN R800-million project to mine coal and build a railway line in Venda may be shelved because of Mr Fanie Botha's premature 'final consolidation' plan announced last week

The Sunday Express has been reliably informed that Iscor is threatening to pull out of the project because Mr Botha announced that a farm on which it planned to develop a coking coal seam was to be handed to Venda

Mr Botha's announcement has also angered the President of Venda, Chief Patrick Mphephu, who now insists on discussing the issue with South Africa's Minister of Foreign Affairs, Mr Pik Botha

The South African ambassador to Venda, Mr Piet Palm, would say only "The announcement was made by Mr Fanie Botha on July 7 It has since been announced that further discussions will take place on July 21 between the President of Venda, Chief Mphephu, and Mr Pik Botha

"In the circumstances I am unable to comment"

The farm involved is said to be Salita, one of two white farms on Venda's western border which Mr Fanie Botha announced would be consolidated into Venda

Mr Botha said at his Press conference there was "a well-developed seam of coking coal in this area"

The Sunday Express understands the R800-million project was planned as a joint venture involving Iscor and the Venda and South African Governments

Iscor's part, says a reliable source close to the Cabinet, would have been to develop the farm's coking coal seam on South African soil as well as coal deposits within Venda itself and to help build a railway line to link the coalmines with the SA rail system

This would have provided much-needed infrastructure for the development of Venda — which has no railway line

The project would have employed thousands of Vendas and provided a boost to the small state's precarious economy

Iscor is said to have threatened to pull out of the whole scheme because, instead of mining the valuable deposit for its own profit, it would be obliged to pay substantial royalties to Venda

Yesterday Mr F P Coetzee, general manager of Iscor, said "I don't think we will be opening a mine anywhere in the area for at least another five or six years We have been looking at the alternatives and will decide where to start mining operations when the time comes

"It is true that there are valuable coking coal deposits throughout the area"

Iscor is said to have undertaken to help Venda exploit its own coal reserves on the understanding that it would wholly own the mine on South African soil

In addition, there was said to be "some uncertainty" about the future political stability of Venda

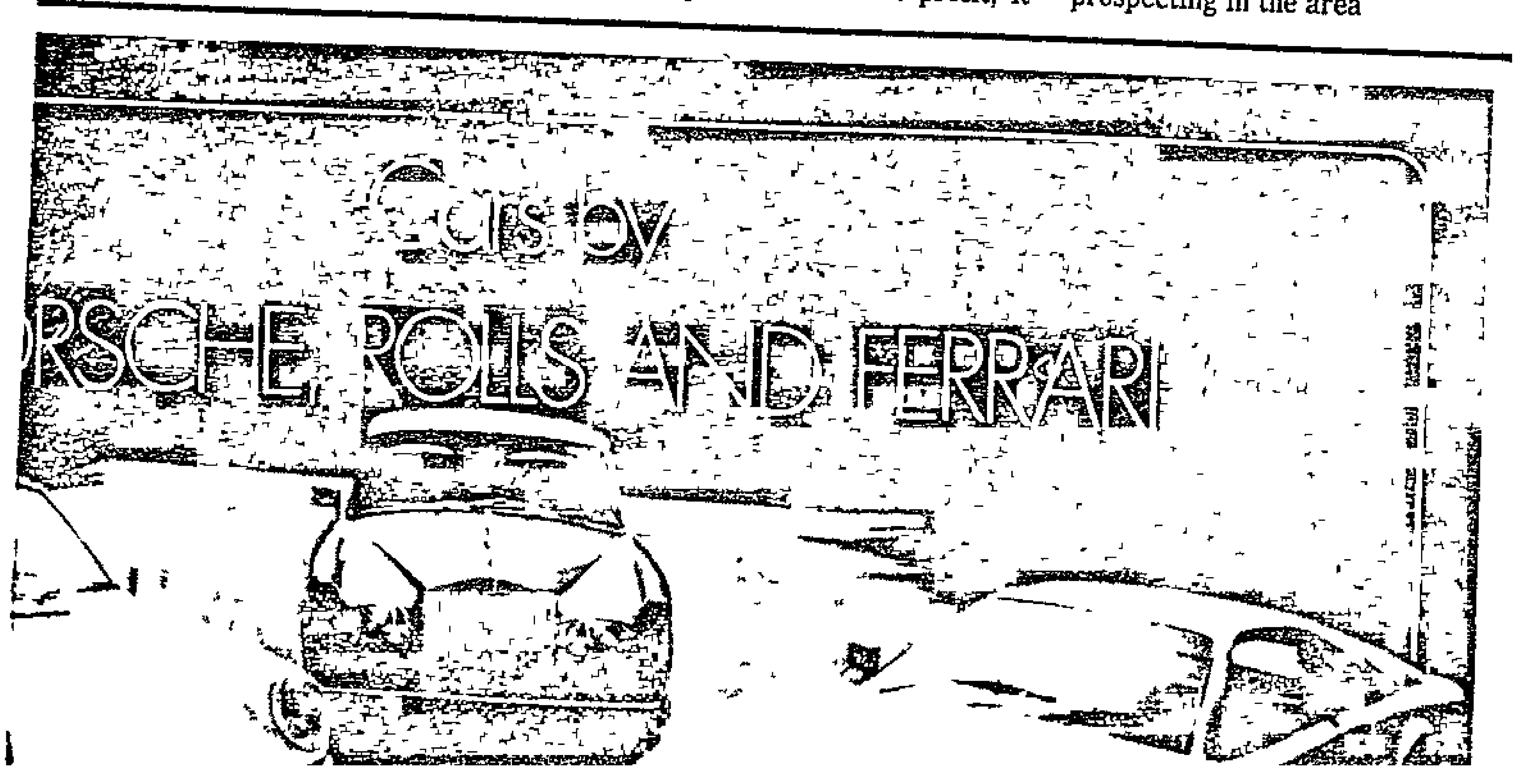
It has been known for some years that Iscor has lodged an application to mine coking coal at Masisi, in north-east Venda

It was estimated in 1977 that this mine would cost R100-million to develop, would employ 3 000 to 4 000 and would take between 600 000 and 1-million tonnes of coal a year from an estimated reserve of 100-million tonnes

Later, coking coal was also discovered at Makhado, western Venda

This is said to be closely connected with the coking coal seam on Salita farm

It was reported in 1978 that Iscor had spent more than R2-million on prospecting in the area



Coal's new R1 500-m bonanza: The inside story

215

S. Times 25/7/82

MORE than R1 500-million will be added to the coal industry's already massive capital-investment requirements over the next decade as a result of the provisional coal-export allocations announced recently.

Benefits to be gained from the allocations — which have been awarded to meet clear objectives — include

- Improved profitability prospects for those companies — such as Amcoal, Trans-Natal and Rand Mines — already heavily committed to expenditure on development of less profitable Escom mines.
- Maximum production from new and existing mines, which will have increased scope to produce in the most cost-effective ways
- Stimulation of regional development in three main areas — the Belfast/Carolina-/Breyten area of the Far Eastern Transvaal, the Newcastle/Vryheid area of Natal and the area round Richards Bay in KwaZulu

Although only due to start in 1987, the additional exports will pump new lifeblood into more than half a dozen mines that provide vital employment in northern Natal, and would otherwise be unable to continue operating

Well over 40% of the additional 25-million tons allocated will be produced by existing mines supplying Escom power stations, thereby greatly extending the relatively new development of multi-product coal mines

By Andrew McNulty and Don Robertson

According to the Minister of Minerals and Energy Resources, F W de Klerk "The aim was, wherever possible, to facilitate the establishment of multi-product mines where it is possible to cream off a better-quality coal which can be exported at higher prices and thereby contribute to lower overall coal costs for electricity generation

"Specific cases were also identified where the production of an export allocation would enable development of opencast mines, making significantly higher tonnages of coal available to Escom in future "

Steve Ellis, manager of the coal division at General Mining Union Corporation, which operates Trans-Natal Coal, comments that the allocation so far appears "reasonable and fair, well thought out"

"However, Clydesdale's allocation of only half a million tons seems a bit hard in view of its substantial contribution to the inland market through Matla and New Clydesdale collieries "

Mr Ellis notes that the capital cost of a new export mine is R65 to R70 an annual ton for a new venture and upwards of R40 a ton for an expansion

A Gold Fields spokesman commented that it seems doubtful that its one million tons allocation could make any completely new mine viable, so, unless they are also awarded a contract to supply Escom, the only alternative would be further expansions of Apex Colliery

Both JCI and Anglovaal, each awarded first-time export allocations, will inevitably have to develop new "greenfields" ventures, with export mines of this size costing upwards of about R70-million in today's money

The list of provisional export allocations — which are still subject to detailed negotiation between the Government and the producers — are so far understood to be

Amcoal 4 Mt/a, Trans-Natal 4 Mt/a, Anglovaal 1 Mt/a, GFSA 1 Mt/a, JCI 1,5 Mt/a, Rand Mines 2,5 Mt/a, TCOA 1 Mt/a, Clydesdale 1 Mt/a, Shell 0,5 Mt/a, BP 0,5 Mt/a, Total 0,5 Mt/a, International Coal Development 2 Mt/a, Messina Transvaal Dev 500 000 t, Severin Minerals Corp 450 000 t, Grinaker 500 000 t, Concor 500 000 t, Diamonds & Grant 200 000 t, Toulana 250 000 t, Duiker Exploration 500 000 t, Kangra 500 000 t

Commenting generally, Mr Ellis said that the industry was fairly close to resolving the question of multi-product mines

He added that there were no fundamental problems involved and that it was merely a question of ensuring that Escom does not end up any worse, and possibly a little better off financially, as a result

A new mine takes about three years to bring into production, and, to meet phase four of the export programme, any new mine would have to come on stream by 1986

This means that decisions on new mines will have to be made within the next 12 to 18 months, with work starting in 1983, he says

In cases where production is to come from the expansion of an existing mine, this could be achieved in about two years, but sophisticated plant would still be needed and, in the case of a strip mine, work would have to start well in advance on the manufacture of the drag lines, according to Mr Ellis.

Looking specifically at Trans-Natal, Mr Ellis estimates that about 50% of the allocation would come from new mines and would probably all come from underground mining operations

While there was scope for longwalling, this was not as great as thought a few years ago

As a result, a closer look will be taken at pillar extraction, which allows for total extraction

Referring to Clydesdale, Mr Ellis said that the allocation was based on the Matla Colliery and that it would involve the expansion of the mine into a multi-product operation

215 Star 10/8/82

Coal spurs trade with W Germany

By Frank Jeans

Coal has been the booster in trade with West Germany — a healthy each-way performance which has pushed values to new peaks.

Exports jumped by 20,5 percent during the January-May period this year. Sales amounted to R555,2 million compared with R460,7 million for the corresponding time last year.

FLUCTUATIONS

While the surge was largely the result of fluctuations in the exchange rate between the mark and the rand (17,5 percent) real growth was 3 percent.

The bulk of exports to Germany was in raw materials (R190,4 million compared with R143 million last year), with coal leading the sector — a trend which is certain to continue because coal from national open-cast mines is much cheaper than German coal

Coal exports alone during the five months of 1982 advanced to R60 million from the 1981 figure of R22,4 million

At the other side of the trade scale, German exports to this country moved ahead even further by 43 2 percent in rand terms or 21,9 percent if the difference in exchange rates is taken into account.

German export values were R1 231,5 million as against R859,7 million in the five-month period of 1981.

The latest figures disclose a national trade deficit for the five months of R676,3 million — a figure which German trade circles believe could be drastically changed.

The South African-German Chamber of Trade and Industry suggests that the deficit could be cut back if South African exporters adopted a "more long-term export strategy" instead of dropping exports when demand for their products improves locally.

COAL EXPORTS 215

Feeling the heat

FM 20/8/82

Coal exports will almost certainly fall 4 Mt short of the planned 44 Mt/year by early 1986, thanks to SATS' budget cuts

Suggestions that finance from private sector producers could bring the line expansion back on schedule can be ruled out But producers — already heavily committed to capital programmes — will have to contribute for at least the deferred part of SATS' Richard Bay programme if the expansion is not to slip even further behind schedule

John Walls, SATS' project co-ordinator for the line, says that enough of the R700m plan to expand the rail line and facilities at the harbour remains intact to ensure an increase in exports to at least 40 Mt/year by early 1985

Graham Boustred, chairman of Amcoal, says "The revised programme means that exports between 1983 and 1987 will be about 7 Mt less than planned This could help keep prices firm when SA is substantially increasing its exports of steam coal"

And Walls confirmed that neither Durban nor Maputo has the capacity to handle this shortfall, although he does not rule out the possibility of "finding another way" to get it through Richards Bay

At today's average coal price of R37/t, the reduced exports theoretically represent lost foreign exchange earnings of R260m

But Allen Sealey, head of the coal division at Rand Mines says "There are many ifs and buts on that Markets are softening so much it is doubtful that all the 7 Mt would be sold, let alone at the same prices"

The reduction in exports will be spread between all producers taking part in phase 4, *pro rata* to their proportion of the total allocation

Steve Ellis, chief executive of Gencor's coal division, says he believes the effect on each producer "will depend on how much coal he intended to sell in spot deals and how much was contracted"

One of the conditions accompanying the coal export allocations was that producers would have to assist if SATS ran out of money for expansion According to Walls, the shortfall is R200m-R300m

"We are negotiating with SATS to establish what proportion of this we will provide, and the terms An agreement will have to be reached before 1983 if we are to avoid losing another year," says Ellis

Producers will contribute in proportion to their export allocations

The deferred work entails construction of new deviations to flatten gradients from 1 66 to 1 160 on the Natal section of the line, but in any event it will be doubled as far as Ermelo

Improvement of the remaining 420 km to Richards Bay is designed to increase the carrying capacity of the trains They will be lengthened from 88 trucks to 200 and axle load capacity of each truck will rise from 58 t to 84 t

This will enable the present rate of exports to be raised from the present 28 Mt/year to 30 Mt in early 1983, rising to 37 Mt later that year

"Anything above 60 Mt/year will require the full line to be doubled," says Walls "We don't see that happening before 1990"

The other SATS projects suspended at Richards Bay are the two new bulk handling facilities

Work on the R93m terminal to pre-assemble and handle "unit" cargo — beneficiated and processed products, rolled sections of steel, ferro-alloys, granite and wood logs — was to have started in 1983/84 but has been deferred by at least two years and will not be completed before early 1988 This facility is designed to handle an initial 3 Mt/year, rising to 4 Mt by 1990 and 5,5 Mt by 2 000

The R46m expansion of the facility for conveyor belt handling — aimed at raising capacity from 3 Mt/year to 8 Mt — will not be completed before 1985/86

This could result in "a tight period" for imports such as raw materials for Alusaf However, growth rates for the main exports passing through the terminal, chrome ore, rock phosphate and vermiculite, are expected to fall short of earlier projections Thus there should no difficulties in handling these exports until the expansion is completed

2/9/82

Transkei director reports coal finds

215 D. Dispatch

By LESLIE XINWA

UMTATA — A Transkei man has applied for mining rights in three areas in the districts of Lady Frere, Cala and Engcobo where coal deposits have been discovered

The sole director of the company carrying mining rights in Transkei, Mr Mike Kelembe, of Lady Frere, said he started digging on his own with pick and shovel on July 1 at Gubahoek, Lady Frere, and was surprised to take home 36 bags

Other deposits have been found at Qhiba, near the Cala Pass, a few kilometres from the town of Cala and at Ezadungeni in the Engcobo district

Specimens from the three areas have been sent to the Department of Commerce and Industries and the University of Transkei for analysis

"Whatever their findings it has been encouraging to find that in August the men using picks and shovels on the mountain at Gubahoek dug up 1 200 bags — 50 kg each — of good coal," Mr Kelembe said

The coal was being sold on an experimental basis in Lady Frere and Cofimvaba and he had received favourable comment on its quality

Mr Kelembe said his company had applied for mining rights on 20 ha in each of the three areas

The company had found other mineral deposits in Transkei but Mr Kelembe declined to give details because the finds had not been reported to the government yet

"But I must say I am now convinced Transkei is rich in mineral deposits and it is hard to believe no one has taken an interest in exploiting them until now"

Mr Kelembe said his company's main objective was to find a suitable market, first in Transkei and then in neighbouring states Major problems were tools, expertise and money but he hoped the government would assist when it was convinced of the viability of the venture

The company was hoping to sink a mine at the Cala deposits as soon as the necessary go-ahead had been given by the government

"At Gubahoek we have a mountain full of coal and at Engcobo we found three clear mines which appear to have been exploited before"

A legend in the area has it that coal was mined in the last century but was stopped because transportation costs made it unprofitable

Mr Kelembe said he had taken a government geologist to Gubahoek last Thursday and was awaiting his report

CANDIDATE MUST enter in (1) the number of each question ed (in the order in which it has iswered), leave columns (2) and k

Internal	External
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mmrals

Paper No . .. .

(to be copied from the heading on the Examination Paper)

NOTE CAREFULLY

1 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
2 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
3 Names must be printed on each separate sheet (e g graph paper) where sheets additional to examination book(s) are used
4 Do not write in the left hand margin

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

COAL FM 3/9/82

Northfield closes

(215)

Gencor has closed down its Northfield colliery at Glencoe The rationalisation has come about for two reasons, changes in kiln technology has reduced Iscor's coking coal requirements and deposits at the mine were running low Iscor PR Jerry Jerling tells the *FM* that the closure of the Northfield colliery and its Burnside shaft has created no difficulties for Iscor "In fact, it fits in with our plans," he says

Jerling adds that Iscor is now drawing coking coal from its own Grootegeluk mine as well as other mines in northern Natal Gencor's marketing and planning manager, Ralph Burnton, confirms that deposits at Northfield have run out and Burnside's thinning seams were becoming uneconomical to mine

He says the company has no plans to open additional collieries in northern Natal but is looking seriously at developing the Kwanongoma coalfields of KwaZulu for which Gencor has been given an export allocation (*Business* Feb 26)

World demand

The decision on KwaZulu coal exploitation will depend, he says, on the state of the international economy World demand for coal is depressed by recession Nevertheless, Kwanongoma remains Gencor's first choice for developing its export potential Its proximity to the main coal export port of Richards Bay alone gives it priority

Burnton says Gencor is currently re-examining the feasibilities of exploration costs at Kwanongoma Estimated deposits are 1 Mt of high grade and 0,5 Mt intermediate grade anthracite a year A final decision will be taken in a few months

French-SA link in coal project

215 Star 17/9/82

A new force in national coal processing has been forged between France's leader in coal-processing technology, Five-Cail Babcock (FCB), and Titaco Projects of Braamfontein

The stimulus behind the joint venture, owned on a 50-50 basis, is the boom in the national coal industry and the massive increase in coal exports.

NO 4 SPOT

South Africa has moved from a non-exporter in 1960 to the world's No 4 and is expected to be No 3 by 1990.

The partners have formed a new company, FCT. Initially it will concentrate on coal processing but, as it gathers strength, FCB's extensive knowledge of coalhandling and processing built up over 60 years and its involvement in 200 plants, will be combined with Titaco's ability in the managing of big national projects.

FCT managing director Mr R P Meyjes said, when launching the company, that everyone, including the Government, realised that the economy needed a replacement for gold to earn foreign exchange.

As a result, the exportable coal quota had been increased to 80 million tons a year towards the end of the present decade.

"All this put together means large-scale investment in the coal industry.

"The implications of 80 million tons a year, in terms of new plant capacity, is that at least 12 new plants of from three to five million tons-a-year capacity will have to be built before 1990.

"France, South Africa's biggest customer for power-station coal, realises this potential more than others. "Increase in market share, however, goes hand in hand with marketing development which, again goes hand in hand with an increase in the level of local representation.".

In addition, he said, the engineering market had grown rapidly more sophisticated in the past 10 years This means that any company wishing to sell a costly plant on a turn-key basis must have local engineering and process representation on a commensurate level to that of its clients.

CONCLUSIONS

FCB had been moving in this direction since 1980 but lacked the project-engineering partner.

"Titaco, formerly Barbeton Iron and Steel, quickly came to the same conclusions and the link was formed," said Mr Meyjes.

Big savings follow furnace conversion

Satisfied with the results of converting one of its furnaces at Isipingo to run on coal-tar fuel instead of heavy furnace oil, National Chemical Products has plans to convert another furnace at Isipingo and two others at Umgeni.

Mr John Counihan, the technical manager, says that conversion of the heater for heat transfer oils to run on coal-tar fuel cost R70 000, but has resulted in a fuel saving of R40 000 a year

Apart from the replacement of imported fuel, CTF, produced as a by-product of coke by Iscor and by the Sasol oil-from-coal process, has other advantages.

It is much cheaper, has a higher calorific value and a low sulphur content. This means less corrosion and pollution by flue gases

MW : 16

4. AFFILIATIONS TO INDUSTRIAL FEDERATIONS CONTINUED:

	Federation of Salaried Staff Associations of South Africa
	Pulp and Paper Industry's Joint Committee
	Rand Water Board Unions Joint Committee
	South African Council of Mining Unions
	South African Federation of Leather Trade Unions
	South African Council of Transport Workers
	South African Federation of Chemical and Allied Workers Union

5. In the light of the 1979 amendments to the Industrial Conciliation Act, could you please indicate if your union has made any application for extensions in scope. If so,

a) where...

b) to whom ....

c) for what additional area.....................................

d) has this been granted......................................

e) if so, when..

S A 'black gold' hits U K

Mercury 18/9/82

(215) (212)

LONDON—As Britain's coal-miners draw up battle plans to back a massive 31 percent pay claim, the National Coal Board is citing South African exports as one of the reasons it cannot price itself out of the market.

The coal miners, among the most militant trade unionists in the country, have set October 28 as the date for a ballot on whether they should strike if the board did not improve its 6,5 percent offer.

Union president Arthur Scargill has described the offer as 'insulting'.

But Coal Board executives maintain that big pay rises would increase the cost of British coal exports to a point where they would have difficulty competing with American and South African supplies.

While the miners work out their strategy, the Trades Union Congress is going ahead with plans for a national 'Day of Action' next Wednesday to support pay claims by Health Service workers. The TUC hopes for widespread disruption over 24 hours, and many unions are backing their strike call.

Train drivers, however, are going to work normally so that demonstrators can travel to London. — (Sapa)

INTERNATIONAL

UNIVERSITY O
EXAMINATION

All answer books must be numbered

Number of books handed in 3

COAL MINES 215

Under the hammer

FM 17/9/82

Want to buy a coal mine for R1,2m?

That is the reserve which has been set on Vaalkop, a 350 ha property which is up for auction in the Vryheid district Owner Barney Diamond says it has proven deposits of 5-6m t which could be worth R27m over the next 20 years

So far it has produced 450 000 t of unwashed low sulphur, low phosphorus anthracite since open-cast mining started in 1980 This was bought by local companies and, because of its low sulphur content, was used as a blend with other coal

With its crushing machinery, motor vehicles and other equipment, it has a book value of R1,3m, says Diamond

Says he "It could be a profitable mine but the buyer must be prepared to wait We had to sell locally, but this was not lucrative The mine was recently granted an export allocation, which only falls due in 1985, and I am not prepared to wait that long

"I was offered R2,2m last year," he adds, "but refused Times were better then"

Clive Winterstein, director of auctioneers Aucor, says "It is the first time a functioning coal mine has been auctioned, and I don't know how people are going to take to the idea

"If I had to guess, I think the buyer would be a public company which already has coal interests and needs a low-sulphur coal to blend with its own or a coal exporter with clients overseas who are prepared to put up the financial backing"

No underground mining has yet been attempted on the property

PANAM PACKS UP

Pan American Airlines has cancelled its Jumbo Jet freight service between the US and SA

It was started in February 1981 when local imports from the US were running at high levels The Panam 747F can carry 60 t

"Business started dropping at the turn of the year and is still falling" says a Pan Am's David Davison "We are a free enterprise company and we are not going to operate a service just to show the flag"

Davison lists the world recession and government's 10% import surcharge as reasons for the declining business

Another factor is the recent introduction of Pan Am's passenger service to the US "We now have two flights a week and each aircraft can carry up to 15 t of cargo The freighter is already carrying less than that"

Pan Am planned to cancel the service at the end of the month but business is so bad it is doing so immediately

This does not mean that the airline has given up Says Davison "The minute business picks up, we will be right back again"

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(to be copied from the heading on the Examination Paper)

NOTE CAREFULLY

1 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
2 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
3 Names must be printed on each separate sheet (e g graph paper) where sheets additional to examination book(s) are used
4 Do not write in the left hand margin

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

COAL EXPORTS FM 24/9/82

Slackening demand

25

Far from reaching the official target of 27,5 Mt, this year's coal exports may stagnate at last year's level of 26 Mt — despite an improvement in rail carrying capacity

Stockpiles are up by 36% to 3 Mt Some producers say that although they have sold most of their output for the year, buyers have reduced shipments to their home ports

This means that payments are coming more slowly, says Robin Hoare, MD of the Transvaal Coal Owners Association (TCOA).

Soft markets abroad are to blame. Economic activity is depressed, large stocks built up in Europe in anticipation of a fuel shortage still remain, and there is reduced interest in converting from oil to coal-sourced energy. This has enabled buyers to be more selective in their ordering

Although SA coal is cheaper than its competitors' coal, the quality is poorer The result, says John Drake, MD of Shell Coal, is that SA producers are facing "hot competition" from the US and Australia

"But we are not terribly concerned or depressed," he says "At current prices, trade is still profitable And the slump was preceded by two exceptionally good years"

Drake quotes two factors that should help firm demand from late 1984 US producers are reducing output, and many coal-based projects that have been shelved or cancelled are likely to be reactivated when industrial demand improves

Shell has a stockpile at Richards Bay of 400 000 t-500 000 t, varying with shipments But Drake says "We plan to meet our throughput targets There are advantages in stockpiling"

"At this stage producers still hope to export at the planned rate," says Michael Dunn, MD of Richards Bay Coal Terminal. "If necessary, it would not be difficult to increase shipments to levels required to reach original targets"

RDM 29/9/82

(215)

Anglo may have to close Indumeni

By STEVE ELLIS

INDUMENI, Anglo American's Dundee coking coal producer, may be forced to close down soon

The company has announced that Iscor wants to enter discussions with a view to closing the mine sooner than previously expected, which was in the second quarter of 1984

"The company has been advised by Iscor that in view of the current economic recession in SA and in steel importing countries worldwide Iscor is taking steps to reduce its output of iron and steel by a substantial amount"

Indumeni has agreed to talk and a further announcement will be made if agreement is reached

In the company's latest annual report, it was said that a detailed examination would be made of the feasibility of exploiting high sulphur anthracite and lean coal reserves after the Iscor coking supply deal lapsed

The directors said then that there were "significant difficulties" in marketing the lower grade coal — on both the local and export markets

Since the issue of the report, Indumeni was granted an export allocation of 300 000 tons of bituminous and/or anthracite coal a year for 30 years It was also granted provisional permission to export a further 150 000 tons of coal a year which was unsaleable on the local market

Today, shareholders are warned that both the domestic and export markets for anthracite and lean coal have deteriorated further since an export allocation feasibility study was completed

"In addition, it has become evident that, even if it should prove possible to identify a viable mining operation producing high sulphur anthracite or lean coal for export, the phase four export programme is not expected to commence before the late-1980s"

Indumeni's directors said that it would not be possible to maintain continuity of operations after Iscor pulled out and that a decision would be made soon whether to

- Effect final closure of the mine, or
- Place the colliery on a care and maintenance basis pending the possible exploitation of the export allocation in the late 1980s

In the 15 months to March, the Natal coal miner posted taxed profits of R920 000 — on an annual basis, 13,4% ahead of the previous year's bottom-line profit of R649 000

Dividends over the extended trading period totalled 60c a share compared with 43c the previous 12 months

MINING

215

The historic Barberton gold fields have once more become the focus of mining interest. Eastern Transvaal Consolidated, Anglovaal's gold mining operation near Barberton which controls three mines in the area — Sheba, Agnes and New Consort — will spend R30 million on mining development in the next two years. Gencor operates Fairview and Honeth Mining plans to open up another old mine, Worcester. Until its closure in 1917, Worcester was the largest gold-producer in the area along with Sheba Honeth started to operate a fifth mine, Bonanza, this month. Gold prospects currently held by this Barberton mining group include Golden Mamba, Montecristo, Mary's Hope, Hector, Lancashire, Great Britain, Condor and North Sheba — names which reach back deep into the 19th century Some of them were familiar to London investors at the turn of the century when they were still listed on the London Stock Exchange.

Gold's creaking wagons have hidden reserves

By Jaap Boekkooi

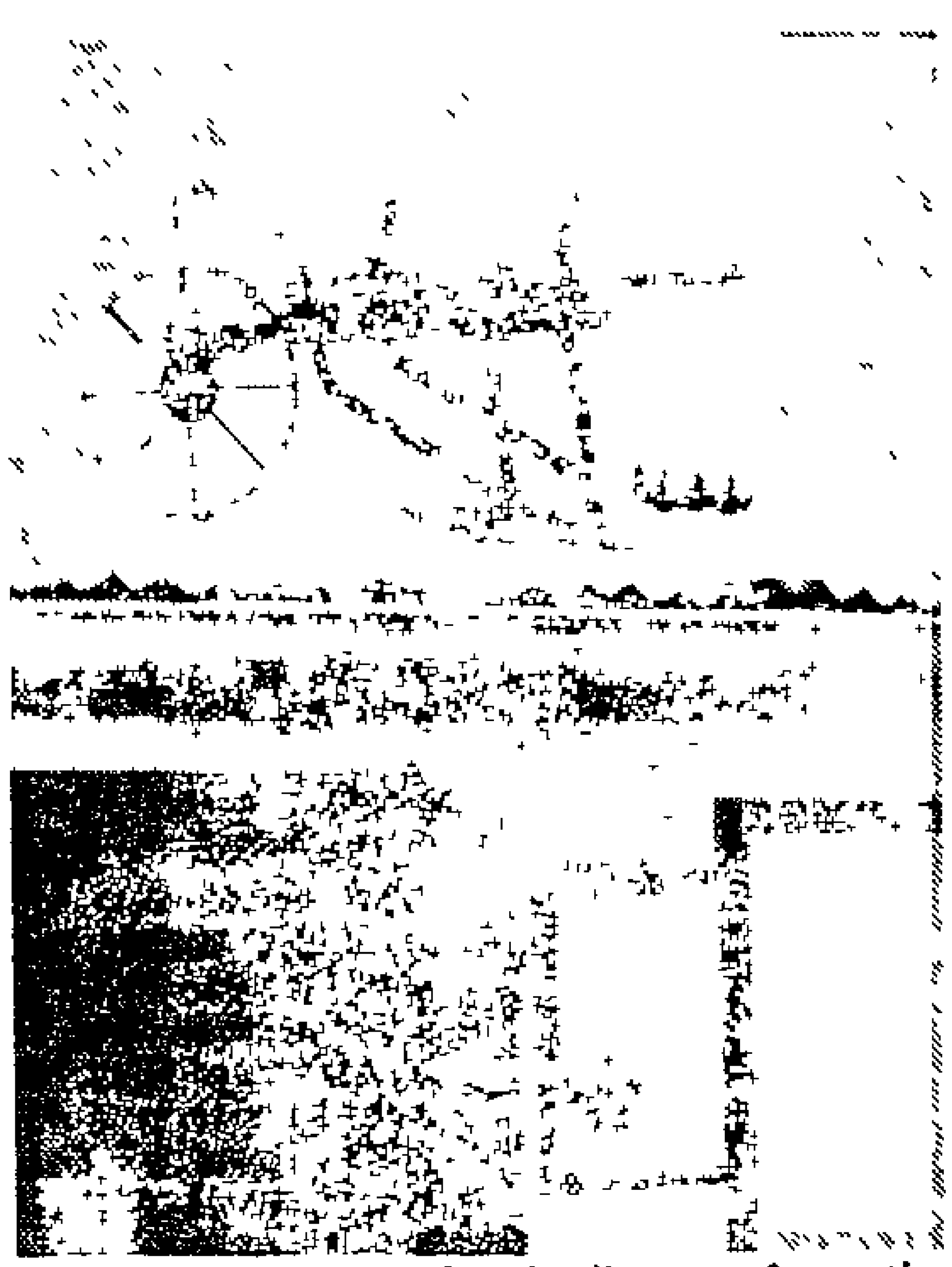
South Africa's oldest working goldmine, Barberton's Sheba — born 1883 and still going strong — is preparing to go for another century after some exciting discoveries there

Today the mine, deep down in a valley in the "holler" country east of Barberton, is alive and kicking, and digging for even richer gold deposits

Officially Sheba, once considered a slowly dying mine, is going down further below sea level as a result of discoveries made by its neighbouring Fairview goldmine, which was in danger of "poaching" on Sheba's part of the ore cake

This means Sheba will descend further into a part of the earth's crust where, through mysterious and still unexplained events billions of years ago, gold, a mere natural element in green stone belts, became concentrated and was forced up into rock fissures and breaks

Tiny, invisible specks of the metal then clustered into rock-held nuggets, the largest of which was found at Barberton after being eroded from the rocks



The old and new A wheelbarrow from the early mining days atop the mining office at Sheba, through which the miners who sniff gold pass each day.

first"

Chief geologist Hannes Wagener comes in and says it takes more savvy to mine refractory gold, which occurs in erratic pockets between the rock fissures, than the tame stuff that gave its name to Egoli

"We need more geologists to find it here, and miners need more experience For instance, they find gold by smell While chip-

there's little glamour about this Grandpa mine The offices are ramshackle wood and corrugated, the shaft cage a sardine tin for four

High above the shaft head lie the ruins of the old settler's town, Eureka City, where quails run across the remains of foundations and donkeys bray against a full moon

Here there used to

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-ng," a single find worth about R70 000 today.

The gold deposits at Barberton's Sheba are quite different from those on the Witwatersrand and Free State fields.

"Here they are refractory deposits, on the Rand they are sedimentary," explains Boet van Oudtshoorn, chief surveyor to Eastern Transvaal Consolidated, which owns Sheba and two others, Agnes and New Consort

"The Witwatersrand gold reefs were founded when refractory gold was washed down and deposited by water This gold was here smell their picks — if they have the garlic-like smell of arsenic it's a sign they're getting close"

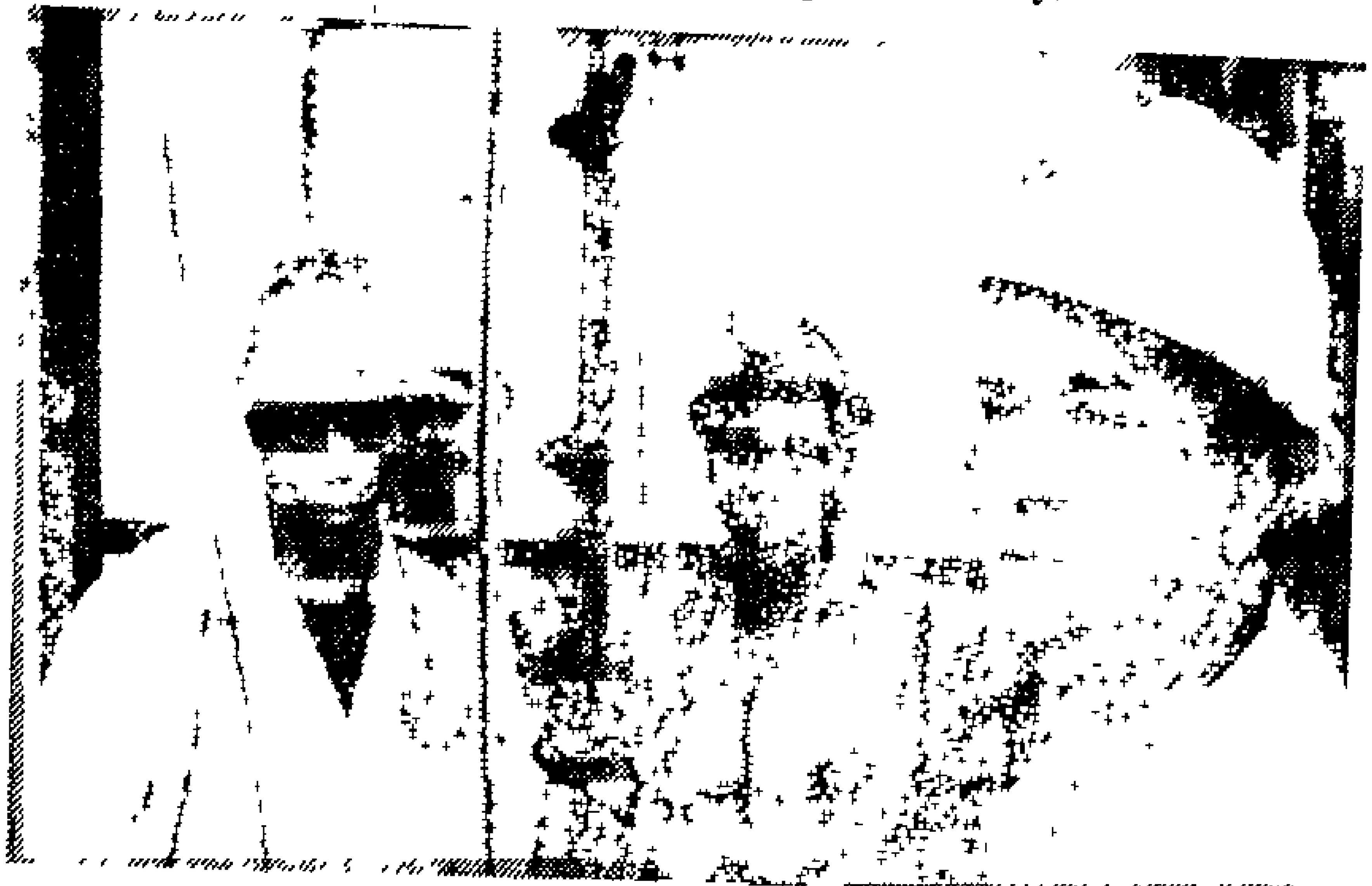
In some ways Sheba gold mining is like diamond digging "Over long times little or nothing is found. Then out comes a huge rock which is as much as 60 percent gold," says Mr Wagener

With the encouraging finds of it neighbour Fairview, Sheba has dived 20 m below sea level and is inclining deeper to where the source of hope for another century is reported to lie

Above the ground hard drinking among the miners when "Cockney Liz", the barmaid, was auctioned off nightly to the miner who could pay for her favours with most gold dust

But all this just goes to prove, as some doctors say of humans, that "creaking wagons last the longest"

The whole of the Witwatersrand and the Free State may be a ghostly labyrinth of long-abandoned shafts and tunnels one day while ageing and creaking Sheba marches into its third century.



Sheba mine captain Paul Potgieter, a veteran gold-by-sniff miner of Barberton, at the toy cage which now plunges to well below sea level in its quest for more golden rock eggs.

315

29/10/82

MULTI-MILLION RICHARDS BAY COAL PROJECT ON CARDS

S. Tribune Tribune Reporter 10/10/82

RICHARDS BAY is in line to reap the benefits of a multimillion rand coal export scheme from Botswana.

The Sunday Tribune learnt this week that Botswana has taken a decision in principle to begin mining an estimated 20 000-million tons of high-grade coal — and Richards Bay and Maputo are the ports which will handle the first exports.

Once the mines — at Palapye and Serowe — are in full production, another railway line will have to be built, probably to Walvis Bay, to carry the millions of tons Botswana intends producing.

Botswana's Minister of Works, Colin Blackbeard, told the Tribune that his country was in the process of finding the finance to get the massive project under way.

He said tenders would soon be called for a feasibility study, expected to cost about R2-million, of the rail link to Walvis Bay. Other studies, examining the details of the rail link-ups to Maputo and Richards Bay, would also be undertaken

Sponsor of the project is Shell Coal, which has acquired the rights to mine the coal.

Blackbeard said the proposed Trans-Kalahari line could also be linked with the rail systems of Zambia and Zimbabwe, which would give those countries a route to the Atlantic Coast.

It could also open up a new rail route for Angola.

Exports of coal vital to world

215
SLES 3/10/82

By Stan Kennedy

South Africa had secured an imporant role in international coal trade and the country was in a commanding position to make a big contribution to the solution of the world's energy problems, the conference heard today

Mr H T Burger, head of Liaison and Information, Department of Mineral and Energy Affairs, said South Africa had reserves of 110 000 million tons of bituminous coal, of which 51 000 million tons were recoverable under existing technological and economic conditions.

The value of coal exports increased from R103 million in 1976 to R977 million last year.

He predicted that by 1985 earnings from coal exports could reach R2 000 million.

On the search for oil, he said geological formations off the Mossel Bay-Plettenberg Bay coast could be indicative of potential oil-bearing strata.

The most promising find to date had been off Mossel Bay, which could yield 1,58 million cu m of gas and 1 200 barrels of condensate a day under realistic production conditions.

Uranium production had increased from 3 111 tons in 1976 to 6 131 tons in 1981, but the outlook for uranium was problematic, he said.

"Projections for nuclear energy reflect a continued downward revision in predicted growth. In the OECD area, only France and Japan, are going ahead with their nuclear programmes."

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What it takes to get coal export share

215

Nom 14/10/82

By JOHN MULCAHY

COAL producers who were dissatisfied with the latest round of export allocations have been given some explanation of official policy in assessing applications

Forecasting export earnings of R2 000-million a year from coal by 1985 Mr H T Burger, liaison and information chief of the Department of Mineral and Energy Affairs said yesterday that from export allocations already announced it was evident that a high growth rate in exports over the medium to long-term should be maintained

He told the Manpower & Management Foundation Business Outlook conference in Sandton that several additional guidelines were applied in the Phase IV allocations

"The underlying philosophy of these guidelines was the optimisation of recoverable reserves and in addition specific national objectives such as regional development decentralisation and the creation of employment opportunities were taken into consideration"

The major mining houses are known to be disgruntled with the latest allocations and in his annual report published last month Gold Fields of South Africa's chairman, Mr Robin Plumbridge, expressed the group's disappointment at the new quotas

He described the provisional allocation as "quite unrealistic in relation to the contribution made by the group in setting up the original coal export business through Richards Bay and to the amount required to open up a new export colliery"

Mr Burger said export allocations were given to specific collieries to optimise extractable coal reserves

"The aim was wherever feasible to promote the development of so-called multi-product collieries where, through appropriate beneficiation, it will be possible to produce a higher quality coal which can be exported and also coal of a lesser quality which can be supplied for electricity generation"

In specific cases it was found that the granting of an export allocation would allow a producer to develop an opencast mine instead of an underground mine, so increasing the extraction percentage of the coal

A significant share of the Phase IV allocation was applied to regional development with the Belfast-Carolina-Breyten area in the Transvaal the Vryheid area in Natal and areas of KwaZulu around Richards Bay 'receiving considerable attention"

It was hoped application of the provisional allocations would stimulate regional development, increase the lifespan of some Natal producers and optimise reserves at existing collieries in the Witbank coalfields

Noting that South African coal exports had increased 15-fold from 1973 to 1981 (29 900 000 tons) Mr Burger said that in the same time SA's contribution to world coal trade had grown from 1% to 10%, and the steam-coal supply was especially significant, providing 20% of the total and 30% of seaborne trade

Exports rose from 6-million tons in 1976 to more than 29-million tons last year and revenue rose to R977-million last year from R103-million in 1976

Echoing the gloomy prognostications for the uranium industry expressed by a number of producers over recent months, Mr Burger said projections for nuclear energy reflected a continued downward revision in predicted growth

"In the OECD area only France and Japan are proceeding with previously announced nuclear programmes, but elsewhere nuclear expansion plans are either delayed or halted

"Uranium inventories held by utilities and producers exceed present and medium-term reactor requirements and this apparently has exerted a strong downward pressure on non-contract prices"

Mr Bill Patchett (above) has arrived from the US to take over as managing director of Sentry Assurance of SA His predecessor Mr Carl Brockway, has returned to the US after completing his three year assignment

Go-ahead for AEG

STRASBOURG — The European Community Commission has given the West German Government the go ahead to guarantee a $440 million loan to the ailing AEG electronics group

The commission said the money would allow a big restructuring programme aimed at restoring AEG's profitability at the end of next year

The commission noted that it had previously authorised a similar guarantee on a $240-million loan to help AEG exports — Sapa-Reuter

Swi... plat... buy...

Financial Report...

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1983 payments surpl... — if gold price holds

Financial Reporter

SOUTH Africa should move back into surplus on the current account of the balance of payments next year if the gold price stays around its present level

This forecast was made yesterday by Mr Wim Holtes, chief executive of the South African Foreign Trade Organisation (Safto), at the Business Outlook ...

He said "The ... look, according to S... est forecast, is su... positive

"As earlier fo... end of 1982 will ... rise in mercha... which will further ... to 19% in 1983 due ... ual foreign mark... tions for many of ... trial requirements ... Africa produces ... petitively at the ... value rand

"Safto expects "... a modest projected gold price of $350 fo... $425 for 1983 a ... payments current deficit of less "... million by the end ... forecast to turn ...

RDM
27/10/82

'No' to Kruger mining

COAL mining should not be allowed in the Kruger National Park unless it was essential to South Africa, the director of the National Parks Board, Mr A M Brynard said yesterday.

In reply to a question raised by Mr Fanie Herman, a member of the planning committee of the President's Council which is hearing evidence in Pretoria on nature conservation and related matters, he said: "If I am convinced that the coal must be mined in the interests of the country, then I believe we will bend over backwards to accomodate it.

"But I am not at this stage convinced that this is the case. There are still other alternatives."

Mr Brynard said it should be remembered that the South African public and overseas visitors regarded the park as "a sort of holy ground".

As far as they were concerned it would be a defacing of nature which could possibly not be restored. Mining operations in the park could also have a detrimental effect on South Africa's international image, especially since the country was so highly regarded in nature conservation circles. — Sapa.

RDM 29/6/82

Mines to spend 51% less

215

CAPITAL expenditure on South African gold and uranium mines is expected to fall between 1982 and 1987 by 51% in real terms from the amount spent over the previous six years, says the Chamber of Mines economist, Mr Mike Brown.

He told a capital expenditure seminar in Johannesburg yesterday that in money terms the sum would rise to R5 250-million from R4 080-million.

Annual expenditure — R1 060-million this year — would fall slightly over the next three years before dropping to R748 300 000 in 1985 and R508 300 000 in 1986

These estimates were drawn up two months ago when it was still not clear that the gold price had emerged from its bear cycle

It was now possible to be more optimistic about the long-term price trend, and future increases could lead to a renewed burst of capital expenditure

In addition, discretionary capital from innovatory sources, such as funds from forward hedging, were also likely to be channelled into gold mining

Exploitation costs would be higher than in the 1970s as available gold was of lower grade and at greater depths

Mr Brown said 30,1% of the proposed mining capex in 1982-87 was earmarked fror the West Witwatersrand region, 26,3% for Klerksdorp, 25% for the Free State, 11,9% for the Witwatersrand and 6,7% for the Eastern Transvaal

He predicted direct employment in the industry would grow only 3,5% in this time — Reuter.

PAYMENTS

SUNDAY TRIBUNE, OCTOBER 31, 1982

HUNDREDS OF BLACK MINEWORKERS AND THEIR FAMILIES FACE STARVATION AN

800 lose jobs in ~~a~~ giant min

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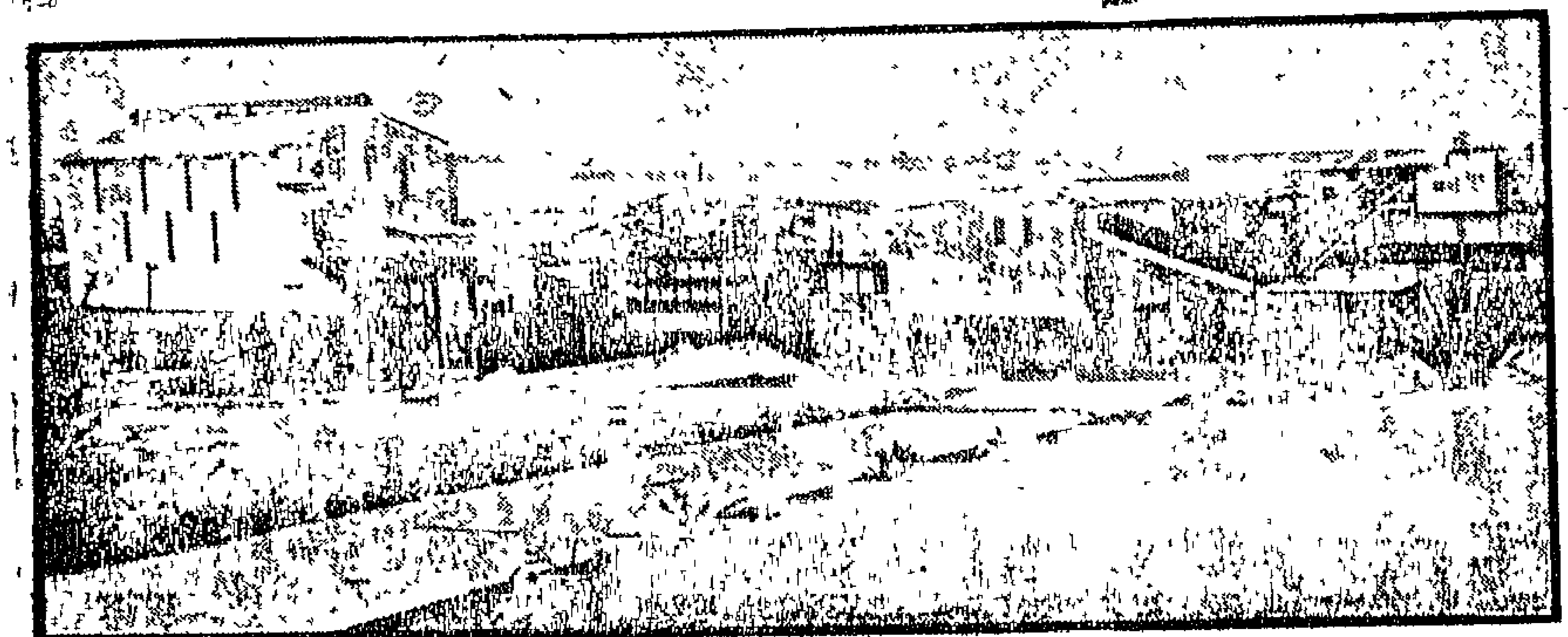

The Indumeni Coal Mine, near Dundee, which closed down this week

By SHAMI HARICHUNDER

THE shutdown this week of a giant Anglo-American coal mine in Northern Natal has sent hundreds of blacks packing to a bleak and jobless future in their impoverished homelands.

Almost 800 blacks — 80 percent of Indumeni coal mine's black labour force — have been axed in the shutdown.

Today they make the long trek back to their homelands as the last of the mine's production shifts grinds to a halt.

"It's going to be a future riddled with starvation, poverty and misery for us," father-of-four Mfana Xaba, said this week Mr Xaba, 38, is one of the almost 300 Zulus who will have to start job-hunting in KwaZulu when he leaves the mine today after working there for almost 21 years.

The remaining 500 retrenched workers are citizens of Transkei and Lesotho.

Their almost 80 Indian and white colleagues have been more fortunate All of them have been offered tranfers to other coal mines owned by the Anglo-American group

A small part of the black work force, comprising about 200, have been offered jobs on other company mines. They are mostly skilled workers.

The cause of the closure of the Dundee mine — one the oldest in the province and the eleventh in Northern Natal to close in recent years — is that Iscor, the giant iron and steel complex in Newcastle, has cut back

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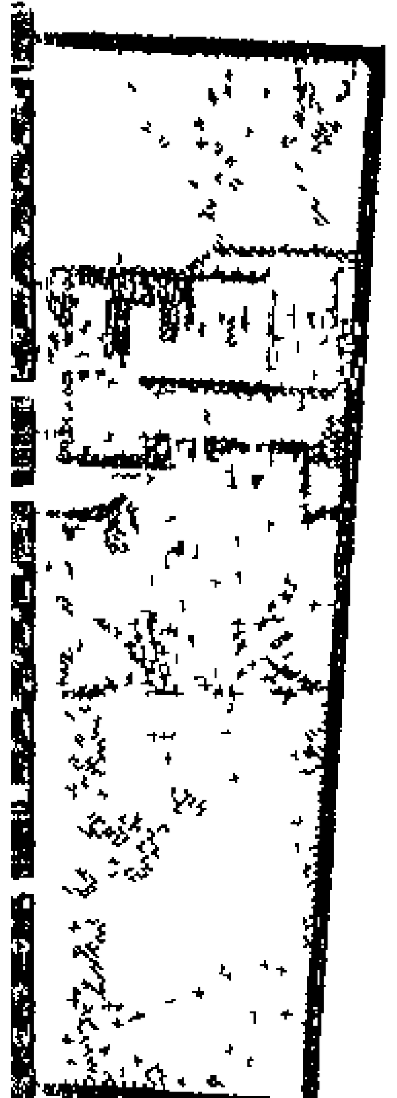
S AND THEIR FAMILIES FACE STARVATION AND DESPAIR AFTER MASSIVE LAYOFFS

bs in giant mine shutdown



By SHAMI HARICHUNDER

215-

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The cause of the closure of the Dundee mine — one the oldest in the province and the eleventh in Northern Natal to close in recent years — is that Iscor, the giant iron and steel complex in Newcastle, has cut back on steel production due to a shrinking market.

A spokesman for Anglo-American's public relations division in Johannesburg, Colleen Hendricks, said this week negotiations were continuing with Iscor to ascertain whether they were still willing to accept coal from the mine at a reduced quota.

She said if Iscor agreed to this, production would drop at the mine and there would not be a need to close down

The shutdown is expected to have ripple effects in surrounding towns, like Wasbank, Dundee and Glencoe, where business is expected to be badly hit

Hennie Annandale, who owns a trading store near the mine, said he would have to close his business if the mine was shut down He said he derived all his trade from mine workers

Frans Zwane, 26, who lives in Vugeni township outside Wasbank, said he is going to find it impossible to keep his home fires burning now that he is out of a job

He supports his elderly unemployed mother and three young brothers.

He said with his income of R130 a month he saw to all their needs

He lived in the mine hostel and did not pay rent

"I am not worried about myself. I can stay without good clothes and food It's my mother and brothers I am worried about I don't know how they are going to survive. They were dependent on me" he said

The future also looks bleak for Petros Chele, a 26-year-old Transkeian who has been working at the mine for six years

"I don't know what I am going to do when I go back to Transkei. There are no jobs there. Even if I walk the streets for six months I will not find work, he said

Petros Chele . . . no jobs in Transkei

Louvaine Woolway . . . the mistress

after sentencing

But outside, Mrs Woolway who has since left the police force and now works as a secretary, said "What he did was because of the love he had for me and I do not blame him for it."

Michael Hubbar, prosecuting, told Mr Justice Bristow that the sergeant's relationship with Mrs Woolway began soon after she was posted to Swindon police station and joined his duty group

He was still living with his wife, but the intensity of his passion for Mrs Woolway led to his obsessions of jealousy.

He thought she was seeing another police sergeant who was living in her road. Mr Hubbard said "Those fears were imaginary."

Sergeant Smith's jealous passion had a rapidly deteriorating effect on his work. He was suspended from duty and was left with time on his hands

On April 9 this year they spent the evening with friends then returned to Mrs Woolway's flat where she changed into her night clothes and Smith undressed

An argument developed about the other sergeant who had been receiving up to 13 anonymous phone calls in a single day. Smith called him and abused him, then ordered his mistress to call the man herself

Mrs Woolway ordered him from the flat and when he did not go telephoned his wife and asked her to collect him

Then, she told interviewing officers Smith went "absolutely mad", hitting her with a chair and stabbing her in the back He said "If I can't have you no one else will"

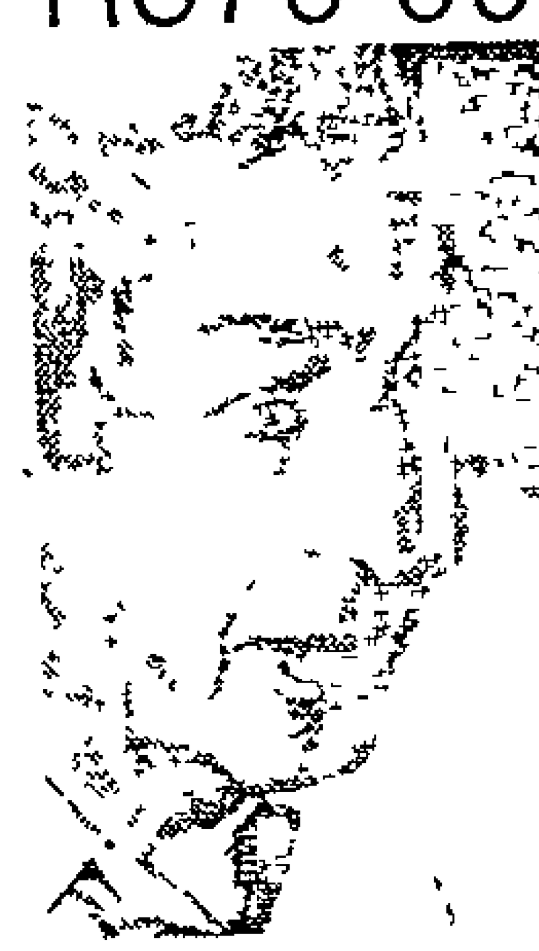
Mr Justice Bristow said that Smith might have faced a murder charge, since one stab wound had entered his victim's chest cavity, collapsing a lung

Barney keeps his coal

(217)

S Tribune 31/10/82

WHY MINE BOSS TURNED DOWN R870 000 OFFER



Barney Diamond: found a fortune

By Dominique Gilbert

THE owner of the last privately owned anthracite mine in South Africa, which was up for auction this week was a miller who never intended to go into mining

Barney Diamond 66, from Vryheid turned down an R870 000 offer for his farm and mining machinery Last year he was offered R2 1 million.

"It was a good offer, but I didn't think of selling at the time Now the economy has changed and with it the demand for coal Already 11 coal mines have closed down in the area" he said at his Vryheid flat this week

"I never intended getting mixed up with anything like this and I sometimes think it's either a curse or a blessing

Mr Diamond bought his farm in 1979 While he was planning water and fencing, he discovered the coal in an old donga.

"I was a miller before I sold the mill and retired But I'm not the retiring type, so I decided to go farming," said Latvian-born Barney

"I knew nothing about mining but I invested a lot of money in it and she changed into her night clothes and Smith undressed.

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Barney Diamond, 66, from Vryheid turned down an R870 000 offer for his farm and mining machinery. Last year he was offered R2,1 million.

'It was a good offer, but I didn't think of selling at the time. Now the economy has changed and with it the demand for coal. Already 11 coal mines have closed down in the area,' he said at his Vryheid flat this week.

'I never intended getting mixed up with anything like this and I sometimes think it's either a curse or a blessing."

Mr Diamond bought his farm in 1979. While he was planning water and fencing, he discovered the coal in an old donga.

"I was a miller before I sold the mill and retired. But I'm not the retiring type, so I decided to go farming," said Latvian-born Barney.

"I knew nothing about mining, but I invested a lot of money in it and learned a lot."

Although he was not prepared to disclose the amount he paid for the farm, he said: 'Even if I paid a cent for it, it cost me over a million rand to develop.'

After two years, the mine produced more than 400 tons of anthracite, a clean-burning coal that gives greater heat and is cheaper to mine than most coal.

"There's about five million tons in that mine and it's worth quite a bit of money. About two years ago a conservative quote on the farm was between R30-million and R40-million. But I'm not an expert. I only know about milling," he said.

He was not disappointed at the offer he turned down. He did not expect high offers because it was a bad time to sell.

I may or may not continue to mine depending on whether it improves or not, he said.

FM 5/11/82

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MINE FOR A MILLION

SA's first ever attempt to auction a coal mine has turned out to be a damp squib

The highest bid of R800 000 for D&G Anthracite in the Utrecht district of Natal (*Business* September 17) has been rejected by owner Barney Diamond, who wanted at least R1m Clive Winterstein, director of auctioneers Aucor, refuses to name the bidder

On offer was the mine, 366 ha of land, buildings and earthmoving and mining equipment Its main attraction is that it has a provisional 1985 coal export allocation It has produced unwashed low sulphur, low phosphorus anthracite since open-cast mining began two years ago However, the allocation is still subject to government approval and no underground mining has yet been attempted

A Canadian mineral exploration company was also interested Its local representative, consulting engineer Gerry Vangelatos, inspected it before the auction, and visited Aucor during the seven-day period when the mystery offer was considered.

Vangelatos will not reveal the name of his principals and refuses to comment on further plans

Price cutters threaten coal exports

(215) RDM

10/12/82

By BRENDAN RYAN
Mining Editor

PRICE cutting by South African coal exporters on the spot market is seriously undermining the market during price negotiations on long-term supply contracts.

Tremendous pressure to drop prices on long-term contracts is being exerted on suppliers by their international customers using the ready availability of coal on the spot market as a lever, say the heads of several major coal-exporting companies.

Mr Steve Ellis, chairman of Gencor's Trans-Natal Coal, said prices had reached ridiculously low levels But in spite of this little additional coal tonnage was being placed at the lower prices

"Buyers are using the offers received as a lever to force down further the prices offered by other coal producers," he said.

"Some South African suppliers are offering coal at prices which, when worked out on an fob basis, equate to below $30 a ton

"Given the average cost of producing coal in South Africa and the costs of railing it to Richards Bay that means some companies could be exporting coal at a loss I would rather leave the coal in the ground than do this"

Most long-term coal supply contracts stipulate tonnages to be provided at prices to be reviewed at intervals varying from one to three years

Reviews of these contracts take place normally between September and the end of March and current negotiations are tough, according to Mr Allen Sealey, chairman of the coal and base metals division of Rand Mines

"Buyers are throwing the spot prices in our faces, telling us to cut contract prices because they can get the coal cheaper on the spot market from other South African companies," he says

"The fact that we have a long-term contract to supply them with coal matters little to the buyers who are indicating they are prepared to ignore the contracts The situation is that a long-term contract amounts only to an agreement to get together each year to talk to one another"

According to Mr Sealey there is little the coal suppliers can do to counter this attitude by buyers

"You have to decide whether you want to hold market share, in which case you drop prices, or whether you want to keep prices up and let market share slide.

"My attitude is that we have to keep market share and have to be prepared to take lower prices within reason. When you consider the massive levels of fixed capital tied up in the collieries then any drop in tonnage comes straight off the bottom line because it is the marginal tonnages which are the most profitable"

Mr Sealey said Rand Mines had not exported coal at a loss and he knew of no shipments through Richards Bay which had been sold at a loss

Mr Michael Hawarden, general manager of JCI's coal division, says, "I think it is advisable to accept lower spot prices to maintain a foothold in the market and retain flexibility to take advantage of an upturn later on"

JCI currently exports only through the Transvaal Coal Owners Association, but is gearing up to start exporting the Richards Bay Phase Three entitlement, which it shares in a joint venture with Total, from the middle of next year

"We have great flexibility in our export programme and may put a small percentage on long-term contract, but there is no way we are looking to contract the full entitlement at this stage"

Precisely when the market for coal will turn is not clear

"The best we can hope for is an improvement by 1984," says Mr Sealey who estimates exports through Richards Bay will amount to 26 500 000 tons this year against export capacity of 28 500 000 tons

His tonnage estimate is echoed by Mr Ellis who, however, believes supply and demand in the coal market may come into balance only by 1986 or 1987

Mr Ellis says low prices could force some suppliers out of business, leading to a sharp turn in market prices if the supply were seriously affected

Mr Graham Boustred, chairman of Anglo American Coal Corporation, confirmed that coal prices were soft Amcoal was not involved in any contract negotiations now

Tonnage cut on the cards

Japan will seek lower price for SA coal

Star 21S
15/12/82 Oct

By Geoffrey Murray

TOKYO — Japanese steel mills will be demanding a tonnage and price cut when fiscal 1983 contract negotiations for Witbank coal get under way here.

Mill sources say the talks will open on January 24 with a delegation of five from the Transvaal Coal Owner's association.

The South African supplier has had a good year, the fiscal 1982 contract calling for record shipments of 2 695 000 tons

Industry analysts say one reason was South African readiness to come to terms quickly on a modest two dollar a ton increase, when the Japanese were worried about disruptions from Australian strikes

But fiscal 1983 will be different

There are indications the Japanese will press for a tonnage reduction and a sharp price cut amid signs that crude steel output will drop to 93 million tons this year — 10 million tons down on last year's output.

The steel industry insists it is in an emergency with the world's top producer, Nippon Steel, estimated to have had a multi-million rand loss, while other steelmakers are also in trouble.

The 3,6 percent increase in Witbank coal this year brought the price to 57 US dollars FOB Tokyo a long ton.

The Japanese argue that the rand depreciation has created room for South African mines to accept some price cut.

Industry sources believe the Transvaal association will be ready to accept a dramatic price reduction prompted by the scramble of world coal exporters to secure tonnages for fiscal 1983 rather than worry about price

They cite the example of the Electric Power Development Company which has just concluded a deal for South African Ermelo thermal coal at slightly less than 40 dollars FOB a metric ton, a 17,1 percent or 8,20 dollar markdown from the current year

The raw materials chiefs of various leading steel mills will be meeting soon to produce a firm estimate of fiscal 1983 coking coal demand

Industry sources say the mills want to share out any reduction evenly between major suppliers and predict South African shipments could total 800 000 to one million tons less than this year's six million plus. — Reuter

Coal Club to look at new classification

215

RDM 18/2/82

By BRENDAN RYAN
Mining Editor

HOW to cope with more selective consumers in the current coal-market downturn and the implications of the new United Nations coal classification system are to be examined by by the new Coal Club.

The club is to be a forum for the views and problems of members of the many professions whose work involves coal. It is headed by the convenor, Professor J F Sellschop, of the Nuclear Physics Research Unit at the University of the Witwatersrand

He says "Coal is one of the most under-researched materials despite its importance worldwide and particularly in South Africa in the fields of power generation, synthetic fuel manufacture and metallurgical uses.

"In South Africa there are various researchers in various corners doing good work, but we are not putting the big picture on coal together."

"We plan the Coal Club to be a meeting ground for all people involved in coal — from stockbrokers to geologists. It is a development which is long overdue"

Committee members of the club, which plans to meet at least quarterly, are Dr R M S Falcon, Mr A Bennington and Mr N Stavrakis

One of the major debates taking place in the coal industry is on classification and implications of a system being introduced by the United Nations Committee for Coal Utilisation, says Dr Falcon, who heads a coal petrography research laboratory

"This is to be introduced in the European Economic Community and is going to affect the coal suppliers trading in that market South African exporters must become conversant with it"

Main reason for the new classification is the inadequacy of the commonly used proximate analysis of coal which looks simply at volatile content, calorific value and ash content

The introduction time is not yet specified, but it could be within 18 months

"It is possible to get two coals with the same proximate analyses which behave completely differently when burnt. This aspect in particular has been noticed by the European coal users buying coal on the international market," says Dr Falcon

"The behaviour of the coal will depend on its original composition as well as the treatment process it is put through The same coal crushed or screened to different sizes may perform completely differently.

"This has long been recognised by the coke producers who use coal petrography analysis. It is essential for them to get the correct proportion of coal types to make coke with sufficient strength and reactivity for use in blast furnaces."

Coal is made up of three basic organic components — vitrinite, inertinite and exinite.

The coal classification the EEC intends to adopt will define coal by primary and secondary measurements. Primary factors wil be the reflectance of vitrinite, the percentage of inertinite, the calorific value and the coking-caking properties of the coal.

Secondary factors will be a list of specifications not yet fully agreed on, but which will include the ash percentage, volatiles percentage, the amounts of sulphur or phosphorous in the coal and other parameters, such as amounts of trace elements, still to be decided on

"There are major differences between northern and southern hemisphere coals which reflect properties given to the coal by the original environment and plant composition from which it was formed," says Dr Falcon.

"Northern hemisphere coal has a greater percentage of vitrinite which is the fast burning, very reactive element of coal Southern Hemisphere coal by comparison has a greater percentage of inertinite which is the slower burning, less reactive element in coal," she says

"Customers are trying to choose specific coal types while suppliers are trying to sell their kinds of coal no matter what the market wants."

Dr Falcon believes the downturn in the coal-export market should be used by the suppliers to do their homework to prepare for the next upswing and she is optimistic the Coal Club can promote this work

"We need to highlight the good points of South African coal. It is not fair to generalise and say it is low-grade, high-ash coal which is not suitable for many applications

"Our coal is beautiful if equipment is designed specifically for its use It has tremendous potential for conversion to synthetic fuels as has been shown by Sasol, for example"

Membership of the club is free and open to anyone whose work involves coal. The club hopes for an active membership of 100 people and the inaugural meeting should be held in February

MINING — COAL

1983 — 1984 JANUARY — DEC.

Standard believes that IBM's equivalent product, Professional Office System, which runs on a mainframe, is too vulnerable to communications breakdowns

"You need virtually 100% uptime," a Standard spokesman says "But your communications links can break down despite the best precautions" Standard's main computer centre is at River Club, several kilometres from Superblock The minicomputer which will run CEO is in Superblock, and will thus cut out the need for external links.

Standard planned Superblock from the start to accept electronic office equipment The building has false floors throughout, making it easy to pull cables from the computer to the workstations

It will be a long time before the bank has a terminal on every desk, but it has started giving workstations to senior secretaries, mainly for word processing and diary management for their bosses It will now cut its purchases of word processors Standalone word processors such as IBM's Displaywriter (a popular choice at the bank) cost about R15 000 each against R10 000 for the Data General workstations

So far most major SA companies have taken a cautious approach to office automation. Barlow Rand, which plans a groupwide data and text communications network, has decided to use CEO in some of its companies but has still to place firm orders Anglo American head office is doing a feasibility study on what information its managers and professional staff really need before shortlisting suppliers

Others looking at the office are Barclays Bank which would like to use its 12 000 Nixdorf terminals for office automation functions as well as customer transaction processing, Murray & Roberts, which is setting up an "information centre" to advise its subsidiary companies on systems and products, and Premier Milling, which is building its new headquarters in Killarney to accommodate an electronic office

The reason for caution is clear Data processing tends to cut boring and repetitive work, but office systems are likely to reshape jobs entirely And many people don't know how or if they will cope

In Standard's case, the success of existing computer-based systems has led to a clamour for more "We've got to run flat out just to keep up with user demands," a senior manager says

Just how fast they need to run can be judged from the fact that, in 1979, the bank had 1,2m lines of program code (the instructions which tell the computer what to do) By the end of last year, this had grown to 8m lines At the same time computer power had jumped from 2m instructions a second (mips) to 25 mips in Johannesburg alone

And this week the bank is installing the country's most powerful commercial computer, a 15 mips IBM 3081 K with 32 megabytes of main storage The new machine will be used only for development work

With the bank (and most other big companies) becoming increasingly dependent on the computer to provide systems which give them competitive advantages, the future popularity of massive computers and office systems combinations seems assured But staff shortages in the critical areas of database design (the way in which the company's information is stored) and communications (to get the information to where it is needed) may well delay this new electronic revolution

COAL

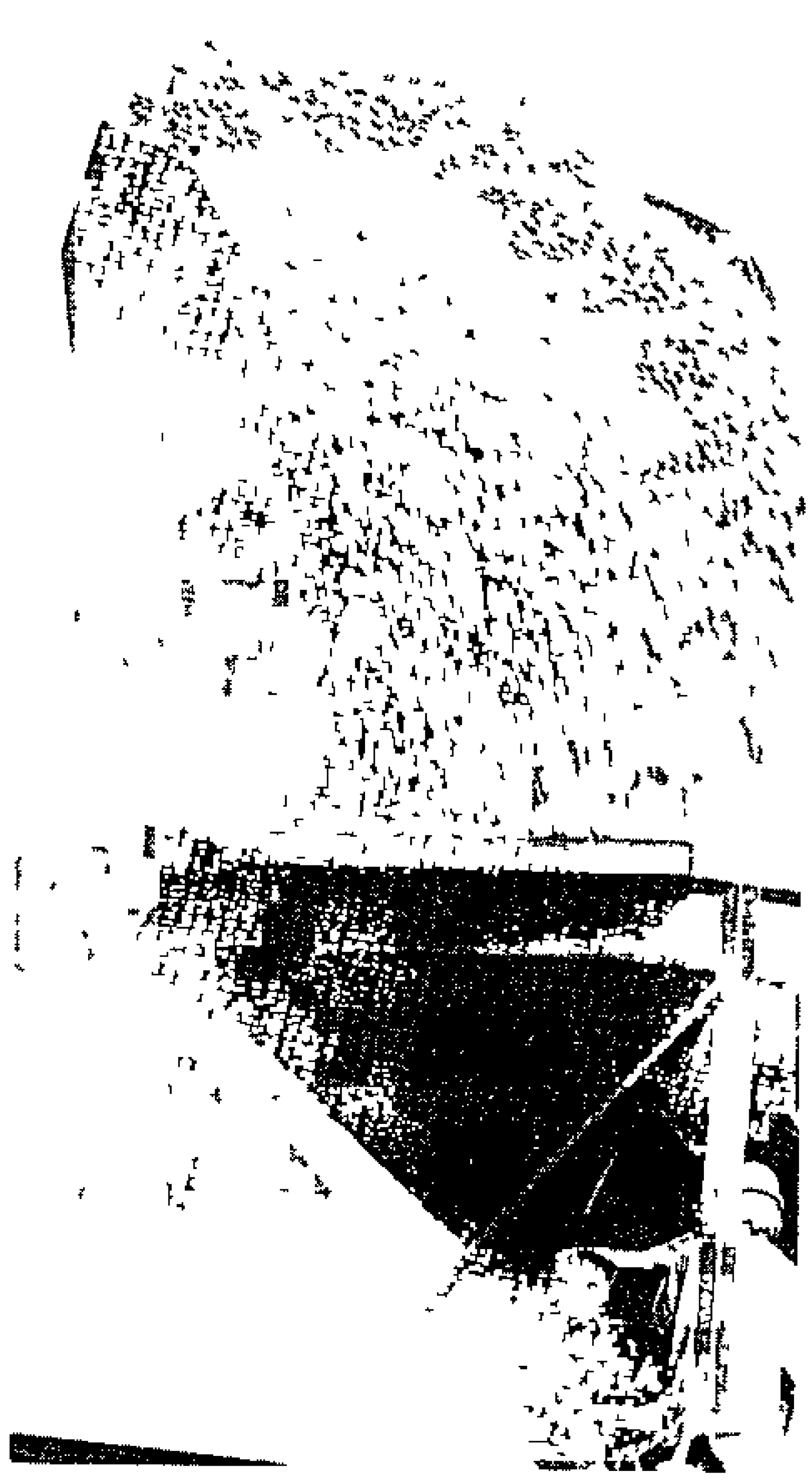
Losing fire

215 FM 14\1\83

For the past two years, while SA mining was backed into a corner, the coal sector was the industry's sole bright star Now gold and some other metals are enjoying a turnaround and it's coal's turn to suffer Soft export and domestic markets have forced producers to cut both production and expenditure on equipment

But there appear to be no deferments or slowing of development of new mining capacity for the phase 3 expansion of Richards Bay coal exports Due to start in July 1983, the programme should raise SA coal sales abroad to 44 Mt/year by 1985-1986 And major new mines which are to be tied to Escom, whose expansion is unaffected by the recession, are also going ahead

However, operating coal mines are following the route taken by gold mines more than a year ago, cutting budgets and spending on ongoing capital programmes and consumables Cost cuts are being made where possible Latest Chamber of Mines statistics show that the coal sector increased its 1980 expenditure on stores by 23% to R670 billion in 1981, but a significant decline is expected this year



SA coal ... less for locals

The worst of the slowdown in local consumption of coal appeared in the depressed steel sector Iscor's announcements late last year that mines contracted to supply coal to its steel mills are to close prematurely was the signal to initiate the economies

But the recession has reduced demand generally for coal to the domestic market, which normally consumes some 20 Mt/year, mainly in industry Allen Sealey, chairman of the coal division at Rand Mines, says local demand fell overall (excluding Escom) by 15%-20% in the past six to nine months

Exporters are struggling to maintain their hold on markets because large stockpiles are held in the main markets of western Europe, the US and Japan and demand has slumped Last year, stockpiles rose excessively at Richards Bay, but mines have since been instructed to reduce the tonnage railed to the port

Market share

Mine managements generally hope to maintain export tonnages as close to the planned volumes as possible to avoid loss of market share "Coal mine profitability is highly tonnage-dependent because so much of the capital is in fixed assets," says Sealey "Market share is extremely important,"

Export tonnages are often maintained at the cost of lower prices In some cases, complains Steve Ellis, Gencor's chief executive coal, exporters are under-cutting on prices without selling all their coal Spot and long-term prices now average $8-$10 less than a year ago, which adds to the cost squeeze

Some exporters are paring output rather than sell at uneconomic prices Production is also being cut at mines producing for the local market Says Sealey "Double shift operations have been reduced to single shift in many instances The next step is to close sections"

Expansion of export mines, or development of new ones for export, is going ahead because phase 3 allocations are held largely by big groups with the resources to see them through continued slack markets if there is no improvement by mid-decade Ellis expects steam coal markets to firm by late 1985, although Sealey is not convinced

Gencor is expanding Optimum colliery to produce an eventual 5 Mt/year for sale offshore Ellis says the group will export 7,5 Mt/year under phase 3 In addition to Optimum, Ermelo mine will produce 1,25 Mt The source of Gencor's remaining 1,25 Mt is to be decided It takes two years to bring a new mine to production and Ellis says work on a mine to produce this export coal will probably start in the second half of 1983

Rand Mines is developing the Middelburg Mines Project (with BP and Kanhym) to produce 4,25 Mt/year by 1986 It will start producing by July this year on a scheduled build-up

Amcoal is to increase its exports from the Transvaal from 1,8 Mt/year in 1981 to 6 Mt/year by 1987 The existing Kleinkopje will supply 3 Mt and the new Goedehoop will produce the remainder Production from Goedehoop starts in March 1983 and exports are planned to start in June

Ian Heron, MD of Joy Manufacturing, a leading supplier of capital equipment to coal mines, expects that demand for this equipment could fall in volume by as much as 40% in 1983. Joy has laid off 20% of its workers

"We are in a strong financial position because we foresaw a downturn in coal this year and strengthened our defences," says Heron. "But 12-18 months ago many coal mining equipment suppliers believed the coal boom would last forever. Those who did not change this view could be hurt badly."

He foresees that equipment like shuttle cars, cutters and continuous miners will be particularly affected as users will prefer to maintain existing equipment as long as possible

Tony Marshall-Smith, MD of the Boart group, a big supplier of consumables to coal mines, agrees that there was a marked fall in demand from mining houses in the last quarter of 1982 "I am not optimistic for this year My current feeling is that, at best, sales could be level with last year They could be worse," he says

Marshall-Smith adds that lower demand for equipment is leading to growing competition between suppliers and to pressure on prices "Our worst concern is falling demand for electricity and the squeeze on costs and capital could compel Escom to cut its expansion. That would be a serious blow to producers and their suppliers"

Iscor to open trial coal mine

26/11/83

ISCOR is to open a trial coal mine in the North-Eastern corner of Venda at an estimated cost of R12-million, the giant State steel corporation and the Venda Government announced in a joint statement in Pretoria yesterday

The mine would be situated in an area known as Block E, which lies between the Luvuvhu and Mutale rivers, where exploration work had uncovered a coal seam of between 2,5m and 3m in thickness, the statement said

"The coking quality of this coal is excellent," it added

Iscor said the establishment of a trial mine in the area was considered necessary to determine mining conditions underground and to confirm exploration results, particularly the presence of faults.

Benefication tests would be conducted in a plant to be erected at the trial mine

"The coal will be dispatched to the works, will be carbonised and tested in the blast furnaces to ascertain exactly what benefits Iscor will derive from the better quality coal

"On the strength of all these factors, the corporation will be in a position to decide whether the establishment of a full-scale mine in this area is economically justifiable," the statement added.

The proposed trial mine would be developed from the surface to a depth of about 250m. The primary development would extend from the surface — where a sub-outcrop of weathered coal occurs — to a main fault striking more or less east-west, Iscor said

"It is contemplated at this stage to despatch 1 000 tons of beneficiated coal per week

"At the expected 50% yield, therefore, 2 000 tons of run-of-mine coal per week will have to be produced," the statement said

Iscor said the establishment of the trial mine would create job opportunities for about 170 people in the area

"Close liaison will continue to be maintained between Iscor and the Venda Government, particularly in respect of the establishment of infrastructure and labour matters," the statement said — Sapa.

must pay higher prices in country B, the Consumer benefits because prices are lower and supply less. Thus in Country A, the producers like the tariff whereas the consumer are harmed by it, but it is vice versa in the exporting country.

Glowing prospects seen for SA coal mining industry

(215) Star 27/1/83

The dramatic development of the coal industry from a grimy minor league position in South African mining to a high-technology growth industry has often been outlined.

Figures given by Mr Dave Rankin, managing director of Anglo's coal division, draw a picture of imposing growth since 1963.

Speaking in Ermelo recently at the launch of the 1983 Safety Programme for Collieries, he emphasised what an important economic force our coal mining had become. Coal sold in 1963 totalled 41,9 million tons valued at R67,7 million In 1981, total sales were 127,8 million tons at R2 112,5 million, representing compound production growth of 6 percent and growth in revenue of 21,1 percent a year.

By the year 2000 annual coal sales would reach 250 million metric tons with an estimated value of R4 800 million at present prices.

"After gold it is quite easily the country's largest earner of foreign exchange," he said.

In 1963, coal exports totalled 1,2 million tons worth R6,9 million. In 1981 it was 29,9 million tons worth R977 million. By 2000, it was forecast to be 80 million metric tons valued at R3 700 million at present prices.

As an employer, it had risen as dramatically in stature In 1963, coal mines employed 72 778 people. In 1981, the number of employees had risen by 88,4 percent to 137 117. By 2000, another 50 000 jobs would have been created

After the US, Russia, China and Poland, South Africa ranks as the world's fifth largest producer

"Coal mining is now looked upon as an industry for the future," Mr Rankin said.

2Ah ...

Venda growth interest is sparked

Star 27/1/83

By Dirk Nel, Northern Transvaal Bureau

Iscor's announcement that an experimental coal mine is to be opened in Venda has aroused great interest in the Northern Transvaal

"After several years of prospecting by Iscor, it is encouraging to know that they consider mining to be viable at this stage," said the town clerk of Louis Trichardt, Mr Corrie van Rooyen

As the town was the nearest major growth point he would be watching developments with great interest, Mr van Rooyen said in an interview

Mr Richard Pennells, chairman of the Soutpansberg District Development Association, said he hoped the mine's opening would lead to greater things He felt attention now focused on the area could lead to stimulation of the local economy

RAIL LINK

Mr Jack Botes, chairman of the Regional Development Advisory Committee for the Northern Transvaal, said Iscor's announcement had brought a new dimension to Venda's future

"This confirms speculation that Venda has vast reserves of quality coking coal If greater production results a rail link will become essential," he said

Mr Botes felt a railway line alone would stimulate growth in Venda and the whole Northern Transvaal region

The opening of the mine was a step towards the development of vast iron ore resources just north of Pietersburg

The economic mining of coal nearby was essential to the establishment of a ferro-chrome industry, Mr Botes said

He hinted at further announcements of mining and industrial projects in the region during 1983

Star 27/1/83 (215)

Iscor to open trial coal mine in Venda

By Hannes Ferguson, Pretoria Bureau

Iscor is to establish a trial coal mine in the far north-eastern corner of Venda at an estimated cost of R12 million

According to Venda Government sources, exploration work had indicated a promising seam of excellent coking coal between the Luvuvhu and Mutale rivers bordering the Kruger National Park

The trial mine will determine mining conditions underground and establish any possible faults in the seam Tests will be conducted by the plant to be erected at the trial mine

The coal will be further tested in Iscor's blast furnaces to measure cost and quality benefits to be expected from the high-grade Venda coal Iscor will then decide on the feasibility of a fullscale mining operation

The trial mine will be developed from surface to a depth of about 250 m

Weekly, about 1 000 tons of processed coal will be obtained from 2000 tons of run-of-mine coal The mine will create job opportunities for about 170 Venda citizens

Threat to S A coal exports

(215)
Mercury
28/1/83

COLOMBO—China and Australia are challenging South Africa's position as top exporter of coal to Sri Lanka but Lankan Government officials say the Republic continues to beat other countries on price and delivery.

The Lankan deputy Minister of Power and Energy, Mr P Dayaratne, recently visited China to study the use of coal and Australia has sent a team of experts to Sri Lanka to test the feasibility of setting up a coal-fired electric plant there.

The Industries and Scientific Affairs Minister, Mr Cyril Matthew, said, however, that his Government would continue to use international tender procedure for the purchase of coal. South Africa was currently the best bidder and was also first on delivery deadlines

Mr Matthew said recent purchases from South Africa by Sri Lanka had been heavy. — (Sapa)

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Star 31/1/83

Sales top the R1 000 million mark

Record SA coal exports offset gold's decline

215

By David Bamber
Mining Editor

Coal exports soared to a record high last year, earning South Africa more than R1 000 million for the first time.

Even more impressive is that the four-figure mark was reached in the first 11 months of the year.

Figures releasedby the Minerals Bureau show that coal exports in November amounted to R99,4 million — R13,6 million higher than in October.

This took the total for the 11 months to R1 023,5 million compared with the previous high of R977 million reached in the whole of 1981.

Fortunately for South Africa, this performance came at a time when gold sales were sagging.

By the end of November the lower bullion price had left exports of gold at R6 725,8 million — about R1 800 million short of the total in the previous year, and with only one month to reach it

Earnings from gold accounted for 61,7 percent of the R10 897 million total exports of metals and minerals during the period under review

This is a good deal lower than in 1981 when gold exports were 73,4 percent of the total

Overall, there should be little difference in total earnings from metals and minerals

December exports will probably have been about R1 000 million, taking the total for the year to about R12 000 million compared with R11 655 million in 1981.

Diamond sales in the 11 months were R300,4 million so it seems likely that exports in the full year will be lower than the R339,9 million a year earlier

Iron ore did well even though sales tapered off towards the end of the year

Nevertheless, in the 11 months exports reached R210,8 million — just R5,8 million short of the total in 1981.

Manganese already passed the previous year's figure by the end of October, and by the end of November exports were R8,2 million higher at R125,4 million

Copper exports should comfortably pass the 1981 level With one month to go, exports had reached R128,2 million compared with R133,4 million in the whole of the previous year.

But earnings from fluorspar and nickel will fall substantially short In the 11 months nickel exports amounted to R35,2 million against R57,6 million in 1981 while fluorspar at R25,2 million is R20,1 million below the total for the previous year

Talks on Witbank

By Geoffrey Murray

TOKYO — Talks between steel milling officials and the Transvaal Coal Owners' Association on the fiscal 1983 contract for Witbank coking coal have ended with nothing settled and resume about February 20

The Japanese want to pay less than 50 dollars(at present 57 dollars) fob a long ton. Sources said the South Africans at this stage want an explanation of how the Japanese mills will cut an excess supply of 18 million tons a year caused by declining steel production and the effect of some overseas mine projects for the Japanese market coming on stream.

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2 not to communicate with other ith any person except the invigilator. swer book is to be torn out.

3. s must be handed to the commis- nvigilator before leaving the exam- ination.

... 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.

Any dishonesty will render the candidate liable to disqualification and to possible exclusion from the University

EDSON

Coal reserve estimate raised 11%

215 RDM

8/2/83

By BRENDAN RYAN
Mining Editor

SOUTH AFRICA'S recoverable bituminous coal reserves have been increased by 11,4% to 57 541 million tons from the previous estimate of 51 000 million tons.

This major re-evaluation of the reserves has been made by Dr F S J de Jager of the Geological Survey

This increase is the result of restructuring by major coal owners of their reserve estimates through more detailed feasibility studies and also of the inclusion of additional reserves to the 1981 estimate

In situ mineable reserves of bituminous coal have been increased 3% to 113 329-million tons from 110 000-million tons

Among the implications of the report's findings are that

- The gap between in-situ mineable coal and the amount of coal which can be recovered may not be expected to narrow to any great extent because of the high estimated recovery rates on the traditional coalfields of the South-Eastern Transvaal, Northern Natal and Northern Free State
- There is more high-grade coal available for use by Escom and Sasol than was previously estimated
- Reserves in the North and Central Transvaal fields will act as a back-up to the traditional fields The relative difficulty of mining these reserves plus the degree of beneficiation needed on the run-of-mine coal will make them more expensive operations

The report says the remaining potential for increasing in situ reserves of bituminous coal in the traditional mining areas, excluding the the Free State, is not estimated at more than 10% of present known reserves

The reserve estimates are compiled from figures provided by mining and prospecting companies for most of the traditional coal fields Reserves on a small part of the traditional fields and on other fields have been calculated by the Geological Survey from borehole results

Bituminous coal reserves in the traditional areas, which are the most easily mined and therefore most important, are estimated at 58 450-million, of which 36 914-million, or 63%, is estimated as recoverable

Some 27 978-million tons of the recoverable reserves are in the Highveld, Eastern Transvaal and Witbank fields where recoveries are high, ranging from 65% to 77%

Of the remaining 54 879-million tons of mineable coal in other fields, Dr de Jager estimates that only 37,6%, or 20 627-million tons, can be recovered

He calculates that the recoverable reserves in the traditional areas include 11 105-million tons of high-grade steam coal and 3 957-million tons in the recoverable reserves of the rest, excluding the potential of the upper coal zone of the Waterberg field

Present total authorised coal exports are 80-million tons annually for 30 years, amounting to 2 400-million tons

The study estimates total in situ mineable anthracitic coal in South Africa at 2 201-million tons, of which washed recoverable coal amounts to 863-million tons

On remaining coal potential, Dr de Jager's study says exploration results from the Northern Free State suggest that substantial additional reserves may be defined in this region where the coal is generally not of good quality

"It would be suitable for either power generation or liquid-fuel production provided that sufficiently large consolidated reserve areas could be found"

He believes substantial coal reserves may yet be found in the Springbok Flats which would on beneficiation yield either a general product of high-grade steam coal or a metallurgical fraction, but the latter only in the north-eastern sector of the field

The remaining potential of the Waterberg, Soutpansberg and Limpopo coal fields is insignificant except in the north-eastern sector of the Limpopo field

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NOTE CAREFULLY

1. The answers only on the right hand pa marked The left hand pages may b rough work, but no credit will be give work
2. Enter at the top of each page and in co the block on this cover the number of t you are answering
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4. Names must be printed on each separate sheet (e.g graph paper) where sheets additional to examination book(s) are used.

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EDSON 15255

, 1983

Coal exporters to resume Tokyo talks

ROM 21/2/83

By SIMON WILLSON
Industrial Editor

DELEGATES from the Transvaal Coal Owners Association are due to return to Tokyo in a week's time for a second round of talks with Japanese industrialists on exports of South African coking coal.

Initial negotiations took place in Tokyo last month and were adjourned without agreement But South African exporters stressed that there was no question of the talks being deadlocked

"The negotiations are not yet complete, and this has been the pattern over recent years," said Mr Ronald Hall, the TCOA managing director

"There has been the odd occasion in the past when we have reached agreement with the Japanese after our first meeting But for the past two or three years we have gone back a second time.

"This has enabled each side to assess the other's views and to return later having fully digested them"

He said the second round of talks should be successfully concluded by the second week in March

At stake in the negotiations are exports of low-ash coking coal to Japanese steel mills With this year's talks on coking coal exports to Japan overshadowed by the world recession, the question of the price quoted by the TCOA for its low-ash coal is more critical than usual

Other high-volume coal exporters — the Australians in particular — are competing more aggressively this year for Oriental markets as the industrial slowdown in the West lowers demand for coal from traditional European and American importers

Last December Japanese coal users and Australian producers set up a panel to study trade prospects An official Japanese trade publication commented that although Tokyo expected domestic demand for overseas coal to decline this year, it would "regard Australia as a major source"

From April to September 1982 South Africa supplied 1 140 744 tons of Japan's 7-million tons of imported thermal coal — less than Australia's contribution in the same time, but comfortably more than any other competitor.

South Africa overtook Australia as the leading supplier of thermal coal to Japan for the first time in February last year The reason was strikes which reduced Australian exports

Because the world's major coal exporters are increasingly anxious to maintain markets and secure new ones, importers such as Japan are haggling for lower prices Discounts of 10% to 20% have been mentioned as targets for the Japanese negotiators

Sources in the South African delegation confirmed that the Japanese were talking to the Australians in the interval between the expected two rounds of negotiations with the TCOA

The TCOA is confident that this year's discussions will follow the pattern of previous years and agreement will be reached soon

S American threat to SA coal exports

By BRENDAN RYAN
Mining Editor

24/2/83

AN export colliery being developed by Exxon Corporation in Columbia could prove a formidable competitor for South African coal exporters to Europe at the end of the decade

The Minerals Bureau of the South African Department of Mineral and Energy Affairs says the first shipments from the mine are scheduled for 1986 Full production of 15-million tons a year, all for export market, will be reached in 1989

"Production may be expandable beyond this point," says the Minerals Bureau report

The mine is on the northern block of the El Cerrejon coalfield in Columbia and is being developed by Intercor, the Columbian subsidiary of Exxon, in a 50-50 venture with the Columbian National Coal Corporation, Carbocol

"Assuming that Intercor is correct in its assessment of reserves, mineability and quality, the north Cerrejon deposit is indeed an excellent one, better than most in South Africa," says the Minerals Bureau

"The calorific value, without washing, is 30% higher than the in situ calorific value of South African export coal

"It is as high as, or slightly higher than, most washed South African coal exported as power-station smalls after a loss of 30% in cleaning

"The ash content is just over half of the South African washed product and the sulphur content is just as low"

The exploration phase of the north Cerrojon project was completed in 3,5 years and disclosed mineable reserves of 760-million tons to 100 m depth and 1 600-million tons to 200 m

Sixty coal seams were found, of which 42 are thicker than 1 m

The Columbian project has some transport advantages compared with Richards Bay The railway line to the coast is only 150 km long across flat country compared with 500 km with steeper return gradients on the Richards Bay line.

The shipping distance to North-west Europe is about two-thirds that from Richards Bay to the same destination. Planned train unloading rates and shiploading rates are similar to those at Richards Bay

"The net effect on operating costs of railage and shipping should be a difference in favour of Cerrejon of R4 a ton, depending on the state of the fluctuating shipping market"

Against this the bureau reckons the capital costs of the railway, terminal and harbour for the export of South African coal to be lower than those estimated for Cerrejon because Richards Bay has higher capacity and needs only moderate investment for expansion

"The capital charges on the difference in investment should approximately offset the operating advantages for the transport of the Columbian coal."

Overburden at Cerrejon will to be moved in dump trucks compared with the draglines used on most South African export mines and the Minerals Bureau considers this will increase Cerrejon's operating costs for labour and fuel, probably offsetting the cost of washing and losses in washing South African coal

"Therefore, on the basis of physical conditions and assuming the same costs for the same services Colombian and South African coal could be delivered to Europe at similar prices," the report finds

The bureau says Columbia has severe economic and political problems which could affect the proposed mine but it notes that the US$340-million Cerro Matoso nickel project went into production in August 1982 as scheduled and only three years after the go-ahead decision was announced

Total investment required for the Cerrejon project is estimated at $3 400-million including the mine, port, railway line, housing, power plant and other installations

A report by the International Energy Agency Coal Research Economic Assessment Service estimated Colombian coal could be landed in Europe more cheaply than South African coal and this would affect South African marketing in Europe

The bureau agrees, but reaches a more optimistic conclusion.

"South Africa will supply more coal to the Far East in future, not because of competition in Europe from Columbian coal, but because ports will be built in the Far East capable of discharging large ships.

"Therefore, Columbia will be a factor to consider in world coal markets, especially in Europe, but seems unlikely to displace South Africa, even if world demand is low when Cerrejon begins to produce"

SA is power king

S. Tribune 27/2/83

Finance Reporter

SOUTH Africa's massive power build-up fed by coal seams with a life span stretching into the next century, has made the country the giant of Africa, with an estimated 60 percent of the continent's electricity generation.

The eastern veld bristles with big power stations above vast coal deposits and, if Duvha and Matla were the Escom showpieces, they are givingway to a new breed of power-house projects under the banner of progress.

That's the translatio of the Zulu word, Tutuka. And it's Tutuka, out Standerton way, which is leading the new Escom power revolution — a 3 600mW dynamo which could eventually light up three Johannesburgs.

Tutuka is the first of six stations with a total generating capacity of 21 600mW which, along with Duvha, Matla, Kriel and the rest, will power the new South Africa's industrial infrastructure to support the cities and homes.

Backing the R2 000m Tutuka project is a programme of organisation and planning to prevent lost days which can add up toR200 000 on such an Escom venture.

For instance, tarred roads are already there at a nominal cost of R9m. Roads, say the planners, will have to be there sometime so why not now and so ensure that there is no "bog down" of precious equipment in the rain-belt area?

It's a detailed planning analysis that has not only the effect of getting Tutuka on to the national grid lines at the alotted time, but there will be the advantage of know-how inter-play with the other stations following in its wake.

"Programming has improved tremendously," says Tutuka construction manager Tom Jacobs of Escom. "In the days of the craftsmen, quality control programmes were unheard of.

"Now, with the tremendous growth both in sophistication and finance of the big projects, quality assurance is a vital factor."

Underlining the Escom and contracting teams' dedication to the QA factor is the fact that Tutuka was brought forward 18 months — probably because of the sudden realisation that a power shortage was looming — and yet they have the project into line with contract schedules.

Power station construction today is an ongoing experience which must bring the best together with Escom more selective in the choice of its contractors, going deeply into background, experience, track record and financial stability.

The result is a combination of building men who hit peaks and records in the construction business. The first 275m wind shield for the Tutuka chimneys went up in only 53 days — the work of the new costruction partnership in South Africa LTA and the German group Karrena.

Steinmuller boilers will be driving the GEC turbines when Tutuka comes on stream in 1985 and even now, Group Five Engineering company, CMGM Construction, the main "civils" contractor is five, eight and 12 months ahead of schedule on the three cooling towers.

This peformance alone is understandable for the cooling towers operation is under the direction of CMGM's Frans Barnard, who has now about 30 towers to his credit.

The consumer in the long run dictates to Escom how it should expand by using about seven percent more electricity every year — a clear indication why Tutuka and the rest of the power giants must be created.

Here is a simple equation of the power demands of the future: When one black man buys a R13 heater to use 1kW of electricty, it costs Escom R550 in capital cost in equipping, building and generating power at Tutuka.

715

RDM 3/3/83

Coal-mining equipment races in SA

By BRENDAN RYAN
Mining Editor

THE MARKET for coal-mining equipment in South Africa is expected to grow faster than in any other in the world according to Joy Machinery's president, Mr Carl Heinz

He said at the opening of a R8-million service centre in Wadeville yesterday that he expected the South African coal industry and the market for coal-mining equipment to grow at a compound rate of between 5% and 10% annually over the next 10 years

Major reasons for this were that South Africa had a national committment to mine and use coal It also had a highly developed coal industry in a developing economy

"This means demand for coal will continue to rise at a more rapid rate than in developed countries with well-established coal industries," he said

The operations of Joy-Manufacturing in South Africa provided about 12% of the $1 200-million turnover of its United States holding company, Joy Machinery, in 1982

Joy estimates that in 1979-81 it captured 85% of the market in South Africa for coal-mining machinery

The number of Joy machines on South African coal mines is estimated at 2 000

The volume of back-up and service work these machines provide for the company accounts for 17% of its annual revenue and justifies the expansion of Joy's service operations at the new site at Wadeville

The profit margin on sales of spare parts and the overhaul of machinery is higher than on the sales of new machines

The building housing the service operation cost R5-million and an additional R3-million was invested in the equipment required for servicing and overhauling the machines Another R1-million is invested in spare parts inventories at the plant

It is the first stage of a R25-million plan to move Joy's entire manufacturing operation to the 13 ha Wadeville site in four to five years

The company's manufacturing facilities are at Steeledale

The timing of the next stages in the plan will depend on the growth of the South African and world economies and consequent demand for Joy's products Mr Heinz said little growth in the SA market for coal-mining equipment was expected over the next 18 months

Joy Manufacturing's managing director, Mr Ian Heron, said the new service factory was Joy's vote of confidence in the long-term future of the coal-mining industry

"It is also a reinforcement of our policy of not only providing high-quality, cost-effective mining equipment but of supporting this equipment with the highest level of product support services," he said

Mr Heinz said the policy of the American holding company regarding its South African subsidiary was not to take dividends out of its operations now

The cost of the building and its equipment had been financed entirely from earnings

"We are ploughing the profits from the South African operation back into it with a view to increasing the company's size in the growing South African market

"Those of us who regularly visit South Africa have developed an admiration for the expertise and energy we find in your mining industry

"That industry is fast growing and dynamic The future for mining, coal mining in particular, is bright in South Africa and we in Joy are anxious to participate in that growth

"Our committment is displayed in machines like the 12HM9 continuous miner designed primarily for this market and in this service centre"

The SA content of Joy's mining equipment is 90% for cutters and loaders, 80% for shuttle cars and more than 75% for continuous miners The company claims it has built up availability levels of nearly 90% in its parts inventory

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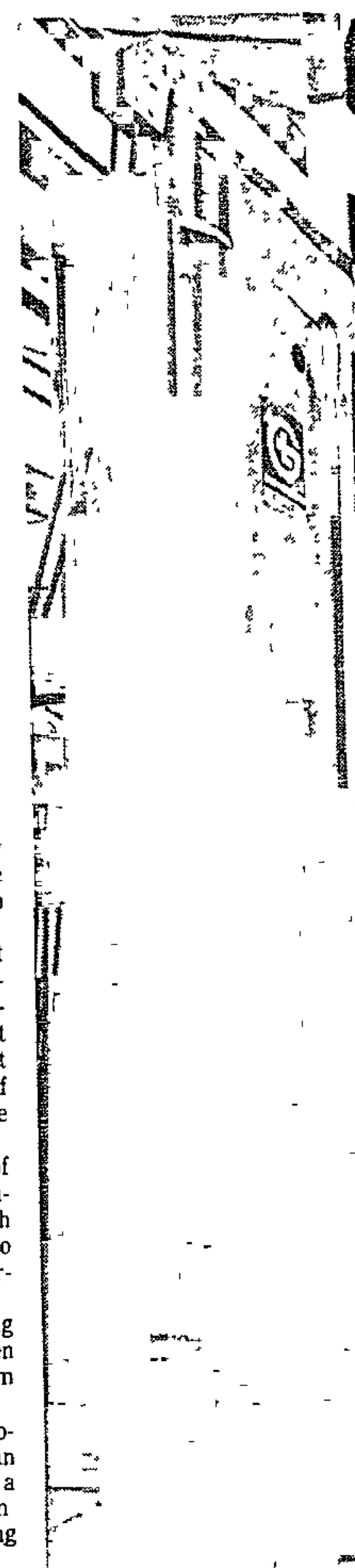

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...stry probably reached the ...ttom of its cycle in Novem-... Although he thinks that ...arkets for pulp and paper-...ard will probably remain ...eak for several months, ...ey seem to have stabilised ...line with declining world ...p inventories

...or similar reasons, the ... Four motor manufactur-... planned sharp increases in ...luction in the coming ...nths Inventories of new ..., at dealers declined by a ... between the third and ...th quarters of last year ...even though sales have ... some of their buoyancy ...recent weeks, Detroit's ...put in the first quarter of ...3 could be two-fifths ...ve last year's depressed

...thlehem Steel forecasts ... domestic steel ship-...ts in 1983 will rise to ...ut 72-million tons from ...illion tons in 1982, main-...ecause it thinks that cus-...ers cannot take their ...ks any lower Prices are ...inning to pick up in both ... steel and aluminium sec-..., and capacity use in the ...el industry — which fell ...m 60% to under 30% in ...2 — had edged back up to ...% by last week

The hope is that the inven-...y pipeline will gradually ...rt to be refilled in the next

215 FM 4/3/83

COAL

Catch a falling star . . .

Only a year ago, coal was the brightest star among this country's none-too-promising primary exports Since then, it has certainly lost its twinkle, if not its shine Coal export prices have tumbled and SA producers are struggling to sell in heavily over-supplied world markets

That would be bad enough But demand is falling in every other sector of our coal producers markets forcing production cuts at many mines Worse still coal companies are committed to invest many millions of rands in new mines and accompanying infrastructure to expand output for future export and to meet Escom's large requirements, even though Escom puts up some of the capital

Producers, faced with long lead times (it takes up to eight years to plan and bring a new mine to production), are finding it increasingly difficult to read the markets "If there's one word that sums up the mood in the coal industry now, it s uncertainty," comments Graham Boustred, chairman of Amcoal, SA s leading producer Its 13 collieries provide 28% of SA s coal sales, including 31% of exports and 50% of coal burnt by Escom the largest SA consumer

Boustred stresses that his long-term faith in coal is undimmed "If you believe in SA and the future of its economy then you have to believe in coal" he declares But he makes no bones that for the period immediately ahead — which he declines to quantify — profits will be strained

It s been a remarkable turnaround, one which serves as a reminder of how unpredictable all commodity markets can be

The change in coal's fortunes started early last year when it became clear that the rush to it as an alternative energy source to oil was causing a tremendous oversupply in world markets as conservation measures took effect There was further deterioration when the SA economy moved more fully into a recession, in line with its trading partners and domestic demand slumped

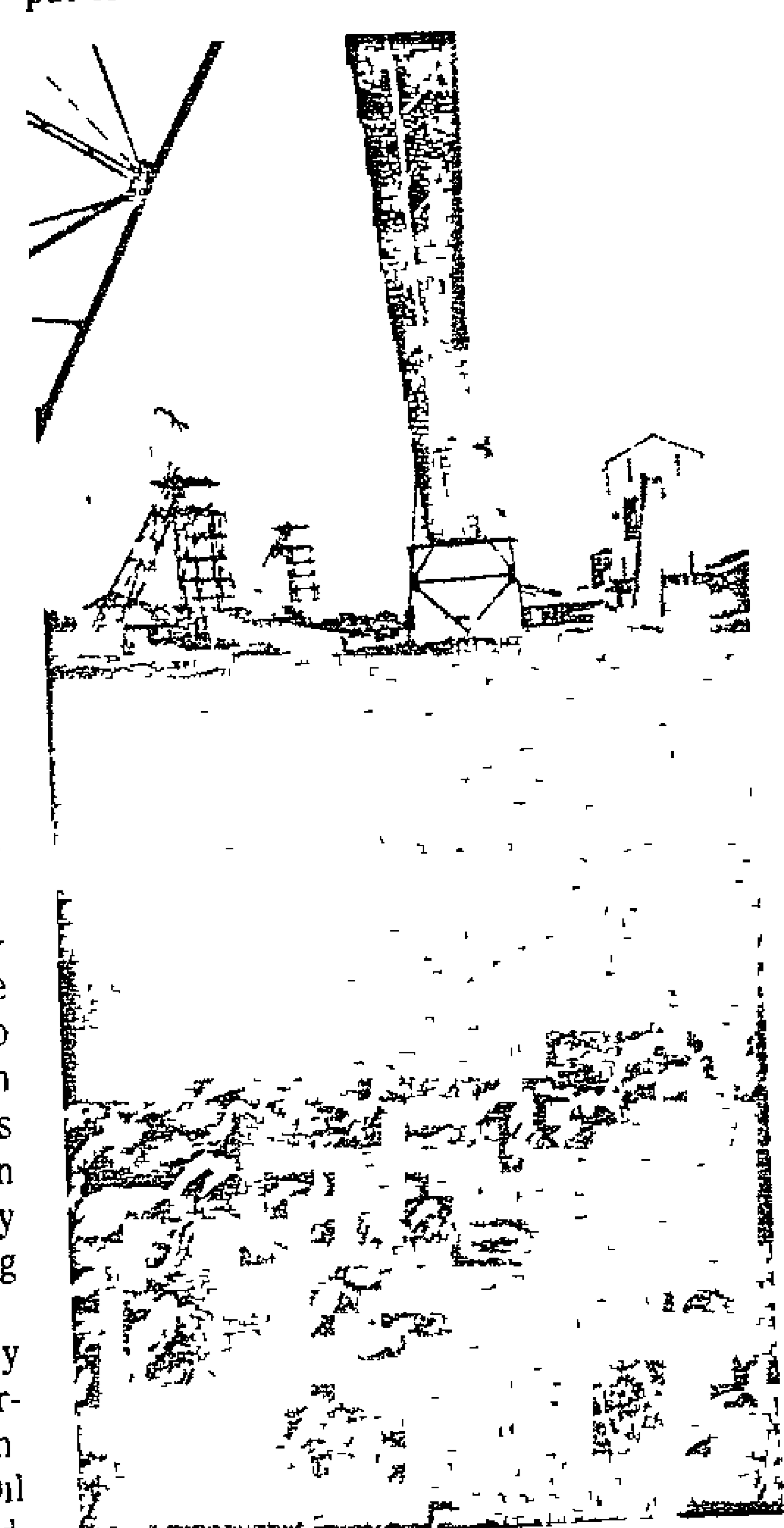
International demand was slowed by weak economic activity, by increased energy conservation by the mild European winter and by the glut in the oil market "Oil and coal prices have never been related But a glut of oil must impact on coal," says Boustred

Ironically, Boustred believes that falling oil prices could, in fact, help rejuvenate the coal market because they should help bring about economic recovery and lower inflation

However John Drake, MD of Shell Coal, which markets about 25% of SA's coal exports observes that the biggest factor is on the supply side

In 1980, an international energy conference in Tokyo predicted that an undersupply of coal would continue through the Eighties This caused producers in SA Australia Britain and the US to increase supplies while panicking consumers built up stockpiles, far larger than current requirements

Last year, Poland, which had cut its output of around 30 Mt/year by about half, resumed exporting at previous levels, pushing 15 Mt more coal into the market



Black gold . . . a bit less lustre, now

Consumers are playing off prices against tonnages and the effect has been severe even on coal already sold forward on long-term contract "Prices are falling by the day," laments Steve Ellis, Gencor's chief executive coal Ellis estimates that average export prices are down more than $10 on a year ago and spot prices by more than $14 The current average is about $35,50 The range is from below $30 to about $39, with the upper level still being challenged, he says

Boustred notes that spot export prices in particular have already fallen by 20%-30% "Re-negotiation of prices for coal already sold on contract is prominent in the market now," he adds

Both Ellis and Boustred are hopeful that the market will bottom during 1983 if it hasn't already done so However, nobody will predict when an upturn will come, and there is little expectation it will be this year or next

Total exports through Richards Bay in 1982 were just over 26 Mt, which was about 2 Mt short of the throughput capacity Capacity this year at Richards Bay will be about 34 Mt Because of the lower railage capacity, the target tonnage this year is about 30 Mt, but whether this level of throughput will be achieved is not at all certain

The Richards Bay phase 3 export target of 44 Mt/year is expected to be reached only in 1987, a year later than planned

In the domestic economy every sector except the now reviving gold mines are reducing energy consumption

Escom's electricity sales grew by only 3% last year compared with 10 7% in 1979, 7,2% in 1981 and the forecast annual average of 7% until 2000 Escom is commissioning new generating sets at two new power stations, Matla and Duvha, which creates additional power supplies To compensate for Escom's increased capacity when growth has slowed, most existing stations are reducing power generation and burning less coal

At Gencor, for example, Ellis notes that Komati and Hendrina have reduced output for this reason And Kilbarchan and Usutu power stations, whose coal is supplied by Gencor mines, have reduced consumption because their water supplies are at such low levels that these stations cannot run at capacity

Coal producers generally place a high value on Escom business It is less profitable than exports, but Escom is normally a very stable customer Now even here there is little near-term respite in sight, despite the programme to treble Escom's electricity generating output by 2010 An Escom spokesman says electricity sales growth is again likely to be around 3% this year

Iscor, the other major domestic consumer, announced late last year that three mines supplying its coking coal will close prematurely One still had about six years of life left

Other inland sales, normally about 20 Mt/year, sold through the Transvaal Coal Owners Association, are also sagging This is partly due to seasonal fluctuations, but Amcoal expects domestic sales will total about 17 Mt and could be as low as 16 Mt in 1983, a massive slide of 20%

Despite these setbacks, producers are going ahead with capital programmes to increase capacity for both Escom and export Because of the lead times, new export mines are being developed while existing ones cut back Ellis told the SA Energy in Perspective Conference in Pretoria this month that coal's capex would build up from R400m/year over the next few years to about R600m/year in the decade up to the mid-Nineties

Not least, there are economic consequences of the unaccustomed pressure on the coal sector

Export earnings down

The SA Minerals Bureau's deputy director, Brian Russel, notes that total SA coal exports through Richards Bay, Durban and Maputo are expected to be 31 Mt this year against 27,2 Mt in 1982 This would earn foreign exchange totalling about R1 131m, less than last year's R1 170m and well below the earlier forecast of R1 300m for 1983 These forecasts are based on a now optimistic looking average coal price of R36,50/t

The strengthened rand is another factor straining earnings To emphasise this, Boustred notes that a new project viable at today's dollar/rand exchange rate would probably not be acceptable if the rand rises to $1,20

And despite the long-term capex plans, coal is no longer a safe harbour for engineering companies and capital equipment suppliers during the current recession Spending on ongoing capex and consumables is being pared wherever possible Ian Heron, MD of Joy Manufacturing, a leading supplier, forecasts demand for equipment could fall in volume by as much as 40% in 1983 Competition between suppliers is intense, he adds

Altogether, the euphoria over coal is dissipating fast Boustred believes that the allocation of provisional export permits for Richards Bay phase 4, raising exports to an eventual 80 Mt, was poorly handled by the government He now expects that the ranks of new exporters could thin out considerably, particularly in view of the high capital costs A new greenfields export mine, costs about R80-R90/annual ton and the new facilities at Richards Bay could cost R500m

There are also indications that as confidence recedes, the co-operative relationships between public and private sector bodies may become less cosy in future

Difficult as it is to forecast the depth or the duration of this trough, it will certainly end As always, much depends on economic recoveries here and overseas One stockbroker's mining analyst sees a major recovery in oil, and then energy markets generally, within two to three years Until conditions improve, producers will have to use the fruits of their prosperous past to dig in for the future

Loading up even domestic sales are under pressure

Big price cut for SA coal exports

ARGUS 7/3/83

215

Argus Correspondent

TOKYO. — The price of South Africa's Witbank coal shipped to Japan in the year beginning next month has been cut by $12,50 (R13,75) a ton.

In negotiations just completed here, representatives oftheTransvaal Coal Owners Association were forced to accept the cut to protect their business with Japan.

As part compensation, Japanese steel mills agreed to moderate their demands for a cut in the tonnage to be shipped

Steel mill sources said the settlement had been reached on a price of $44,50 (R48,60) a long ton fob, compared with $57 (R62,30) in the present fiscal year

ONLY 2-M TONS

The Japanese will accept only two-million tons of Witbank coal, compared with the 2 695 000 tons they contracted to take in the current financial year

It could have been much worse.

The Japanese originally talked about a one-million ton reduction, later moderated to 800 000 tons

One industry source said "The final concession was quite generous in view of the heavy cuts being made in Japanese imports from other sources"

GLOOMY NEWS

The outcome of the Witbank negotiations will be gloomy news for other major coal suppliers like Australia and Canada because the Japanese mills had chosen the South African brand as the pace-setter for all fiscal 1983 contract negotiations

The mills are due to start talks with the Australians early next week with a strong demand that they follow the Witbank example in price and tonnage cuts.

Such reductions are considered essential by the steel industry here if it is to cope with a crippling slump in worldwide demand. Many mills are now operating at less than 50 percent of their capacity

GOT MESSAGE

Other coal suppliers have already got the message The Chinese have virtually agreed to come down to the Witbank price.

The Americans are accepting similar price cuts of around two percent, ranging from $10 to $15 The benchmark price is $12 cheaper than in the current year.

American mines are likely to be shipping five-million tons less, down from 17-million

(215) RDM 8/3/83

Export coal price slashed

Mining Editor

THE price of Witbank coking coal to be shipped to Japan this year has been slashed by $12,50 to $44,50 a long ton fob.

A spokesman for the Transvaal Coal Owners Association yesterday confirmed reports from Japan of the 22% cut in the price from last year's $57 a ton

The spokesman also confirmed that the tonnage to be delivered to the Japanese steel mills in the year ahead would be reduced by 35% to 2-million from 2 695 000 in 1982

The cuts in both price and tonnage have been caused by the worldwide recession which has seriously affected the demand for products from Japan's steel mills

The Japanese steel industry has estimated its coking-coal imports for the 12 months beginning April 1 at 57-million tons compared with 62-million tons for the comparable period from April 1, 1982

Although the drop in price is bad news for South African producers it spells trouble for the other exporters of coking coal to Japan, of which the major suppliers are Australia, Canada, the United States and China

These suppliers are expected to suffer a similar reduction to that of the TCOA

Asked about future negotiations, the TCOA spokesman said "We negotiate prices once a year and I do not want to comment on what the outcome of next year's negotiations could be"

(215) Hansard 9/3/83
Q 61, 576 – 578

Kruger National Park

*18 Mr. R R HULLEY asked the Minister of Agriculture

Whether his Department undertook or caused to be undertaken any soil tests in the Kruger National Park during the latest specified period of five years for which figures are available, if so, (a) during what specified periods were such tests conducted, (b) what was the (i) purpose and (ii) nature of the tests and (c) in which locations did they take place?

The MINISTER OF AGRICULTURE

Yes

(a) Since 1972 to date

(b) (i) To determine the distribution of soil types in the Republic

(ii) Pedological surveys were conducted as part of the Department's country-wide surveys of the climate, terrain and soils These surveys are supplementary to the Plant Growth Charts of Acocks

(c) South of the 24th degree of latitude

Rights to mine coking coal

*19 Mr R R HULLEY asked the Minister of Mineral and Energy Affairs

Whether Iscor has acquired the rights to mine coking coal in any national state, if so, (a) in respect of which locations were such rights acquired, (b) what is the extent of the rights, (c) what was the cost of acquiring them and (d) during what specified periods is it estimated that these rights will be exploited?

†The MINISTER OF MINERAL AND ENERGY AFFAIRS

No

(a), (b), (c) and (d) fall away

Kruger National Park

*20 Mr R R HULLEY asked the Minister of Mineral and Energy Affairs

Whether any branch of his Department has conducted any geological surveys in the Kruger National Park during the latest specified period of two years for which figures are available, if so, (a) who (i) conducted and (ii) authorized the surveys and (b) what (i) is the nature and (ii) are the findings of the surveys?

The MINISTER OF MINERAL AND ENERGY AFFAIRS

Yes

(a) (i) The Geological Survey

(ii) The then Minister of Mines after consultation with the National Parks Board and the then Minister of Agriculture

(b) (i) Detailed geological mapping and stratigraphic boreholes to confirm surface observations

(ii) The results have shown, amongst other, that the geology is complicated due to a large number of faults and that the coal-bearing seams occur from the border of the Republic of Venda over a distance of some 40 kilometres in a southerly direction in the Kruger National Park It is estimated that the total *in situ* tonnage of coal which occurs up to a depth of 500 metres within this area of 240 square kilometres amounts to approximately 900 million tons

Mr R R HULLEY Mr Speaker, arising out of the reply of the hon the Minister, may I ask If it is Government policy not to exploit the Kruger National Park in any way, why were these surveys carried out? [Interjections]

The MINISTER· Mr Speaker, the hon. member must please Table his question He could have included that question in his question on the Order Paper

215

(1) The sites are situated on a portion of ground set aside for the phase two of New Crossroads This portion of ground on which the 200 sites are available is called KTC

(2) Yes

(a) 66 sites

(b) The rest are in the process of being allocated

(c) (i) Water and toilet facilities

(ii) Costs are still to be determined

(3) The 200 sites are allocated only to legally present persons whose names appear on the official waiting list for houses

KTC squatter camp

*15 Mr K M ANDREW asked the Minister of Co-operation and Development

(1) Whether instructions have been issued for the demolition of the Nonzama Crèche at the KTC squatter camp, if so, (a) who issued the instructions, (b) when is the demolition due to be completed and (c) what alternative site has been provided, if not,

(2) whether it is the intention that such crèche be removed, if so, when is it proposed that the removal will take place,

(3) whether notice will be given of such removal, if so, what period of notice will be given,

(4) whether an alternative site for the crèche will be provided?

The DEPUTY MINISTER OF CO-OPERATION

(1) Approximately one year ago the Nonzame Crèche Committee was given permission to erect a temporary structure to serve as a crèche for KTC on condition that the structure would be removed if the site was needed for other purposes The Committee agreed to this condition

As only a few children, the number of which fluctuates from day to day, are presently being cared for at the crèche as a result of the resettlement of most of the KTC inhabitants at New Crossroads, the Committee was asked by the Administration Board to demolish the structure As a result of representations by the Committee the matter was not pursued any further

(2) The structure will have to be removed some time or other as it is in the way of planned development No decision has as yet been taken, and it is not possible to say when the removal will take place

(3) No decision regarding the period of notice has been taken yet

(4) Allocation of an alternative site will be made

Hansard Q 61 692 – 693
215 16/3/83

Kruger National Park

*16 Mr R R HULLEY asked the Minister of Mineral and Energy Affairs

(1) Why did he authorize the Geological Survey Branch of his Department to undertake a survey of coal-bearing seams in the Kruger National Park, as referred to in his reply to Question No 20 on 9 March 1983,

(2) (a) how many boreholes (i) were authorized for the purpose of the survey and (ii) have been sunk and (b) what personnel and equipment were used on location in the Kruger National Park during the survey,

(3) whether (a) this or (b) any other survey in the Kruger National Park is still in progress?

†The MINISTER OF MINERAL AND ENERGY AFFAIRS

(1) As the Karoo sediments in which coking coal had been discovered at that time in Venda and elsewhere extend into the Kruger National Park, it was considered essential to determine the distribution of the deposits which had been discovered Geological mapping of the whole country, including all game reserves and parks is part of the normal duties of the Geological Survey

(2) (a) (i) The direction to the Geological Survey did not specify the number of boreholes to be sunk but in terms of the arrangement with the National Parks Board at that time, some 30 holes were to have been drilled

(ii) Twenty-three

(b) The Geological Survey does not have at its disposal drilling machines and technicians required for this type of drilling and as foreshadowed by the then Minister of Mines in his press statement of the 26th September, 1977, use was made of the services of Iscor's drilling contractors and their equipment which had already been available at the time in the immediate vicinity In addition, two geologists a geophysicist and two geotechnicians of the Geological Survey who had their own apparatus etc , at their disposal, were used

(3) (a) and (b) No

Campus News

*17 Dr A L BORAINE asked the Minister of Law and Order

Whether the Police investigation into the origin of the pamphlet *Campus News*, is referred to in his reply to Question No 38 on 2 March 1983, has been completed, if so, what was the outcome of such investigation?

The MINISTER OF LAW AND ORDER

No the investigation has not yet been concluded

Mr D J DALLING Mr Speaker arising out of the reply of the hon the Minister, could I ask him what is causing the delay in the investigation of this relatively simple matter?

The MINISTER Mr Speaker, I do not know of any delay in the investigation The investigation is taking its normal course

For written reply

Stock theft

220 Mr P R C ROGERS asked the Minister of Law and Order

(1) How many cases of theft of (a) small stock and (b) large stock were reported in the magisterial districts of (i) East London, (ii) King William's Town, (iii) Stutterheim, (iv) Cathcart and (v) Queenstown during 1982 or the latest specified period of 12 months for which figures are available,

(2) how many persons were charged with theft of (a) small stock and (b) large stock in each such magisterial district over the said period?

The MINISTER OF LAW AND ORDER

Statistics in respect of magisterial districts are not kept Particulars in respect of the various police stations are supplied

	(1)		(2)	
	(a)	(b)	(a)	(b)
(i) East London	169	135	38	45
(ii) King William's Town	160	42	60	5
(iii) Stutterheim	295	34	200	20
(iv) Cathcart	123	15	43	0
(v) Queenstown	227	29	112	4

(215) Hansard Q.61 710 - 17/3/83

Coal reserves

478 Mr J J B VAN ZYL asked the Minister of Mineral and Energy Affairs †

(a) What were the coal reserves of the Republic as at the latest specified date for which figures are available (b) what percentage thereof is economically exploitable and (c) what is the (i) value (ii) tonnage and (iii) percentage of the Republic's share of the world coal trade?

The MINISTER OF MINERAL AND ENERGY AFFAIRS

(a) Bituminous and anthracitic coal at the end of 1982 113 329 million and 2 201 million tons respectively

(b) 50,8 per cent and 39 per cent respectively

(c) (i) R1 094 million and R84 million respectively during 1982

(ii) 25,6 million and 1 9 million tons respectively

(iii) The latest available figure is 10,8 per cent for 1981

Coal reserves for 35 years but Natal mine must close

(215) 160M 18/3/83

Mail Correspondent

DURBAN — A Ladysmith coalmine which started production 35 years ago has shut down — even though it has coal reserves to last another 35 years

The move affects 850 workers at the Platberg Colliery

Mr Malcolm Hyde, the mine's technical director, said the the shutdown had become inevitable because Iscor and Escom had slashed coal consumption

With such a reduced turnover, the mine could not afford to keep going

More than 150 000 tons of washed coal — worth about R3 000 000 — were stockpiled but could not be readily sold, he said It could not be exported because the mineral's sulphuric content was too high to meet overseas standards

Mr Hyde said the future of the company's employees was uncertain They were busy reclaiming machinery and "rehabilitating the site" but would have to be laid off as work finished and September last year.

Coal mine forced to close

Mercury 18/3/93

Mercury Reporter

A LADYSMITH coal mine, which started production 35 years ago, has closed although it has reserves for another 35 years

The move affects 850 employees at the Platberg Colliery, owned by local mining magnate Mr Graham Beck, and repercussions will be felt throughout the district's commercial and light industrial sectors

Mr Malcolm Hyde, the mine's technical director, said there had been no alternative to ordering the shut-down because Iscor and Escom had slashed coal consumption

With such a reduced turnover the mine could not afford to keep going

More than 150 000 tons of washed coal — worth about R3 000 000 — were stockpiled on the premises but could not be readily sold It could not be exported because its sulphuric content was too high to meet overseas standards

'Perhaps we'll sell it if a cold winter comes up '

The future of the company's employees was uncertain They were busy reclaiming machinery and 'rehabilitating the site' but would have to be laid off as work finished

An Escom spokesman confirmed that with the general downturn of the economy less power was being generated from stations where the demand for electricity was lower

Secunda mines probe under way

Star 22/3/83

(215)

By Mike Cohen, Crime Reporter

An investigation into irregularities concerning certain Secunda coal mines senior staff and employees had been handed to a senior policeman at John Vorster Square, a Sasol spokesman said in Johannesburg.

Management action had also been taken against certain personnel, Mr Gert Wolmarans said.

Apparently several employees have resigned their Secunda posts and others have been asked to resign although Mr Wolmarans could not confirm so today.

He said the matter was sub judice as it had been handed over to the police and the investigation would be headed by a colonel.

"All we are prepared to say at this stage is that certain irregularities are being investigated and certain management steps have been taken against employees believed to be concerned," Mr Wolmarans said.

The investigation of the irregularities which concerned mining equipment would allow management to take the necessary steps.

(215) **Steincoalspruit, Ladysmith** 29/3/83

~~2447~~ Hansard Q 61.845

504 Mr R A F SWART asked the Minister of Co-operation and Development

(1) Whether an evaluation of the (a) extent and (b) value of the coal deposits on the farm Steincoalspruit in the Ladysmith district of Natal has been completed, if not, when is it expected that such evaluation will be completed

(2) whether his Department intends removing the Indian and Coloured landowners at Steincoalspruit, if so, (a) why, (b) how many (i) Indian and (ii) Coloured landowners are to be moved (c) (i) where and (ii) when will they be moved and (d) what accommodation will be provided in the areas to which they are to be moved?

The MINISTER OF CO-OPERATION AND DEVELOPMENT

(1) (a) and (b) The valuation has not yet been received by the Department of Co-operation and Development and it is unfortunately not yet possible to indicate when the report will be made available

(2) No (a) (b), (c) and (d) Fall away

Good news for coal exporters

215

S. Times 10/4/83

By Neil Behrmann
London

SOUTH African coal exporters will capture a larger share of the Asian market from Australia and the United States during the 1980s, according to a Chase Manhattan report, "The World Coal Outlook to the Year 2000"

Other reports suggest that South Africa's coal exports are running at 29-million tons annually, below expected levels, but that sales in 1983 should reach 31-million tons in spite of a negotiated cut in deliveries to Japan

This reduction will take sales down 2-million tons, and was accompanied by a cut in price of $12,50 to $44,50 fob Richards Bay.

The total size of the international market, however, is expected to be affected only if oil quotes decline below $20, according to coal merchants and economists.

The international steam-coal market, however, remains depressed because of the overall slump in energy demand.

An economist of the International Energy Agency (IEA) says that short-term oil shocks will not have an impact on international coal trade.

South Africa and other coal producers sell the bulk of their coal on long-term contracts The only negative influence is that sharp oil-price fluctuations increase uncertainty.

The IEA economist says that coal prices are equivalent to around $16 to $20 when compared with a barrel of oil So coal remains competitive.

Bill Fischer, coal expert at Robertson Research International, a minerals research company, says that the coal market will remain depressed during the next seven months

He says that prices of South African steam coal had fallen by $5 in recent weeks and were currently trading at $28 to $32 a ton At the end of 1981 prices were in the region of $48 a ton

In a Financial Times Business Information publication, "Coal Trade Statistics", published a year ago, Mr Fischer predicted that international coal consumption would disappoint the optimists

He stated that demand for coal had slackened because of the international recession and slide in energy demand.

"Even though I was cautious, actual events proved that I should have been even more bearish," says Mr Fischer

He adds that the situation has worsened during the past few months and that there is "an international glut of coal"

"Belgium and Dutch ports are overloaded with coal and Canadian producers are closing mines," he says

The Financial Times coal report quotes a Gencor executive as saying that the domestic market for coal is even worse than the export market

"The depressed state of the steel industry and the lower demand for electricity have reduced local sales by as much as 10%," the Gencor executive said.

The newsletter quotes other South African mining men as saying that the export tonnages will not be maintained at present levels

After an abysmal second half in 1982, United States coal producers believe that short-term prospects are dismal

Pittston Co, the nation's largest coal exporter, does not expect a turnround in the market until late 1983 or early 1984

The department expects 1983 coal exports to total about 104-million tons — down 4,2% on the 108-million tons in 1982

The Chase Manhattan report finds that a collapse in the price of oil to $26 a barrel "had a minor impact on coal markets".

In the United States oil prices must fall below $17 a barrel before jeopardising the use of coal in power generation

But the Chase report says that falling oil prices would have a significant impact on seaborne coal trade.

Slower growth in the seaborne coal trade would lead to greater competition among suppliers South Africa's lower mining costs will be an advantage.

New coal slump victims

215

RDM 15/4/83

By BRENDAN RYAN
Mining Editor

THE depressed international and domestic coal market has hit the interim dividend from Rand Mines producers Witbank Colliery and Welgedacht Exploration.

Witbank Colliery has maintained its interim at 160c and Welgedacht has reduced its interim to 10c from 12c.

The conservative dividends reflect the needs of the companies to hold on for the improvement in the coal market while funding major capital expansion programmes

Opinion in the coal industry is that no real upturn in the market can be expected before the end of 1984

The Witbank payment is in line with predictions by the chairman, Mr Allen Sealey, who said in the annual report the company would maintain its dividend level this year

His prediction on Welgedacht was that only marginal dividend growth could be expected over the next few years The reduced interim may reflect harder than expected times for this producer

Welgedacht's sales fell 12,4% in the December quarter and Witbank's sales were 8% down The interim results, due shortly, may show a worsening performance by Welgedacht which last quarter announced a cut in its capex programme.

Poor demand for coal on the international markets has led to strong competition among exporters, particularly South African producers

Coal prices fob from Richards Bay have fallen to about $30 a ton. Although South African producers were cushioned last year by the weakening rand this may not happen this year

The rand is being allowed to appreciate against the dollar with the improvement in the gold price

A major recent blow to the industry was the reduction in the price of coking coal forced on the Transvaal Coal Owners Association by Japanese steel mills which slashed the price to $44,5 a ton fob for 1983 from $57

Witbank Colliery has been fortunate in that the commissioning of the Duvha power station has meant increasing demand from its Duvha colliery.

Sales to Escom from Duvha amounted to 5 060 000 tons in 1982 compared with 2 921 000 tons in 1981 and are projected at 7 167 000 tons for the current year to September

Full demand from the colliery of 10 300 000 tons is expected in 1984 when the sixth and final generating set at the station comes on line

Sales to Duvha were nearly 40% of Witbank's total 1982 sales of 12 929 000 tons

This growing demand will allow the company to maintain its dividends while continuing with its capital expenditure programme Witbank had capex of R88 700 000 in 1982 of which R29 400 000 was on Duvha The company estimates it will spend R96 490 000 in the current year

Current committments include a washing plant at Van Dyk's Drift, which will allow the exploitation of low-grade reserves, and a dragline at Wolvekrans section which should be completed by July

Welgedacht had capex of R15 400 000 in 1982 and has revised its estimated capex for 1983 to R9 407 000 from R15-million

Main projects are to complete an anthracite preparation plant at the Utrecht section and to mechanise the underground operations at this section

This plant will provide 50 000 tons a year to Karbochem's new synthetic rubber plant

Anglo-Transvaal Collieries whose main asset is its 15% stake in Witbank Colliery, has declared an unchanged final dividend for the year to June 30 of 100ca share.

With the interim of 152c (previous interim 133c) this increases AT Colls total payout to 252c from the previous year's 233c

ee 71

S.Tribune 17/4/83 (215)

CRITICAL YEAR FOR COA[L]

The men will be sorted from the boys in the fight for survival, says mines boss

Finance Reporter

THIS year will sort the men from the boys in the international coal market, according to Graham Beck, chairman of Natal Coal Exploration Company

Only those coal mines which are efficiently operated will come out as survivors," he said this week "I believe that the export market will be difficult for the next two to three years, by which time the world economy should be picking up, demand for coal should also improve and consequently prices"

"The company's annual report outlines progress on the development of Natal Coal's open-cast colliery Bee Sting

Beck said development should be complete towards the end of 1983 and although it can be expected that Bee Sting's sales will not be significant this year, they are expected to increase gradually from 1984 onwards and should be at the projected level from 1986

The required funds will be provided by various forms of outside financing which will be replaced as soon as possible out of the company's resources," Beck added

He predicts that Natal Coal's earnings and dividend per share for 1983 will at least equal, if not exceed, those for 1982 In 1982 the group earned 26,39 cents a share and achieved its forecast total dividend of 10 cents a share

Beck said he is confident of his forecast for 1983 because Natal Coal had significant tonnages committed under contracts and he anticipated that marked improvements in efficiency and economies would be achieved at Longridge Colliery

He reminded shareholders that 1982 was a momentous year in the history of the company,

VERY

[RE]AD!

good

Stormy FCI Exco talks ahead

Finance Reporter

THE abolition of the investment allowance and the harm the recession is doing to race relations will be two of the burning issues for discussion by the executive committee of the Federated Chamber of Industries at its closed meeting in Pretoria on April 25 and 26

The ravages of inflation and ways of curbing it will also merit serious consideration and discussion

The FCI is playing a prominent role in the fight against inflation

The withdrawal of the investment allowance has clearly angered many in industry who have lost no time in letting the FCI know of their displeasure and requesting the matter be discussed at the Exco meeting

The FCI officials will

Homelands' fund launch next month

FOR the first time in this country body parts for all makes of cars and bakkies are available at one-stop outlets in Durban (Pine Street), Johannesburg and Cape Town.

After four years of research and acquiring agents overseas, Ephron parts centres can now supply a comprehensive range of imported body parts for all light motor vehicles manufactured in this country.

Ephron director Heyns Du Plessis (pictured left) claims his imported parts cannot be beaten on price. They include anything from genuine and replacement doors and bumpers to grilles and lamps and are subject to stringent inspection before being released on the market.

IT'S A FIR[ST] FOR SO[UTH] AFR[ICA]

CRITICAL

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Beck said he is confident of his forecast for 1983 because Natal Coal had significant tonnages committed under contracts and he anticipated that marked improvements in efficiency and economies would be achieved at Longridge Colliery

He reminded shareholders that 1982 was a momentous year in the history of the company, having acquired Longridge Colliery and restarted mining operations there after a lapse of some 13 years

Results for last year were achieved notwithstanding the market downturn in the export market in the second half of the year

This poor coal market, which Beck described as the worst in 20 years, was expected to continue through 1983/84

Natal Coal's annual report this year outlines the history of the company which, before Beck took it over in 1981, had not paid dividends for three years

For the record, Natal Coal had a turnover of R19,5 million in 1982, an operating profit of R6,3 million, the 10 cent a share dividend absorbed R2,5 million and R3,4million was retained at the end of the year

VERY EAD!

e good Europe

more important role in the future"

The new political dispensation since the general election in Germany offers more than a shred of comfort to South Africa

"It has strengthened the hand of those in German politics who are prepared to evaluate the situation in the southern end of Africa without prejudices, without making sweeping judgments with respect for the problems and also for the expansive performance of this nation"

The improvement in the Austrian balance of payments situation is remarkable because it does not stem from increased trade, but mainly to judicious

Stormy FCI Exco talks ahead

Finance Reporter

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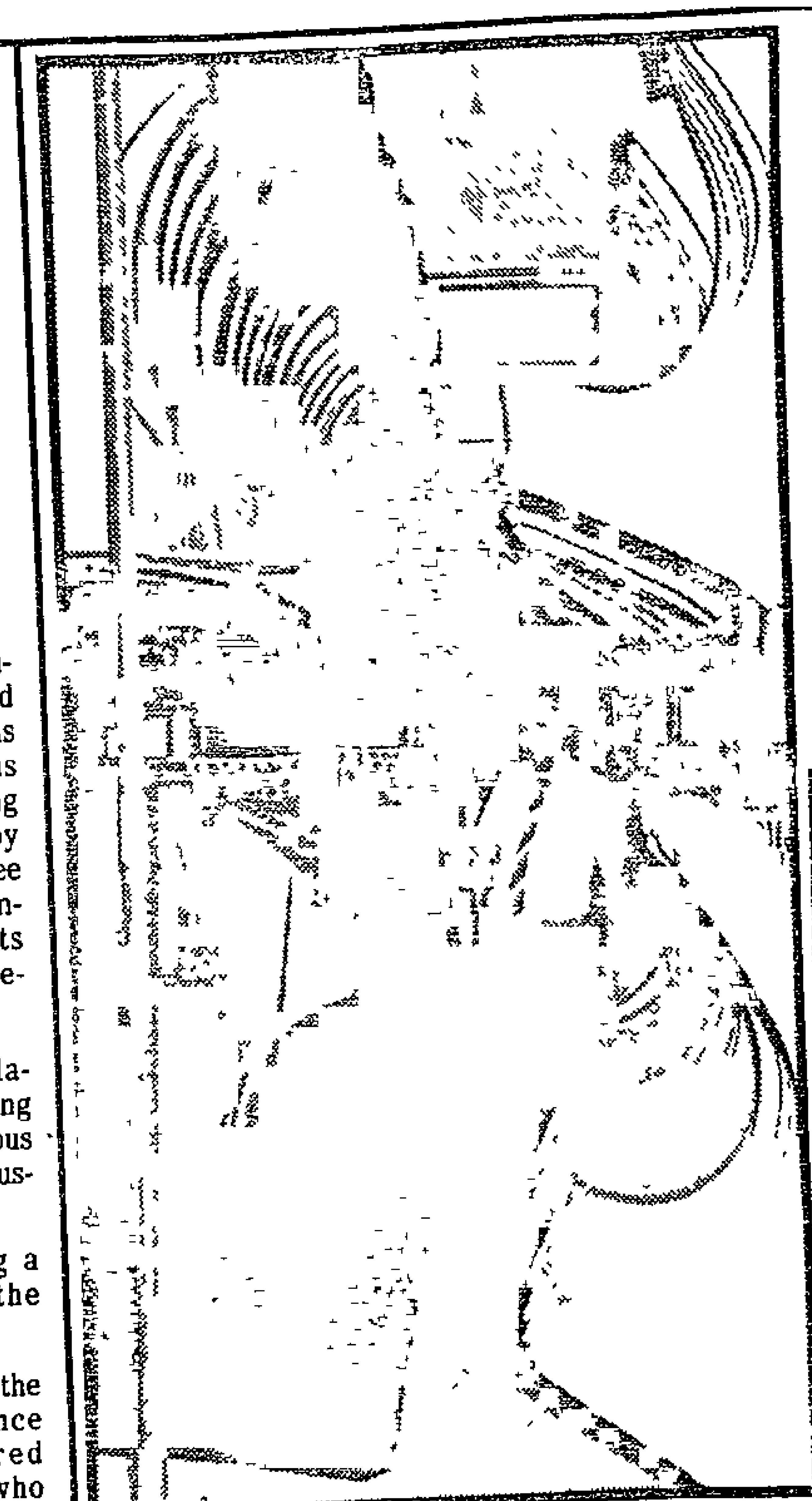
The withdrawal of the investment allowance has clearly angered many in industry, who have lost no time in letting the FCI know of their displeasure and requesting the matter be discussed at the Exco meeting

The FCI officials will report back on their discussions on investment incentives, held with the Minister of Finance and the Standing Commission on Inflation

The FCI's point of view, expressed in its meetings with the standing commission, is that industrialists should be treated in the same way as the mining and agricultural sectors They are allowed to write off the cost of capital equipment after the first year

The recession is creating "special problems" as far as industrial relations are concerned, among them, unemployment which is leading to increased unemployment benefits having to be paid

This topic promises to be the most important labour matter to be discussed



Homelands' fund launch next month

Financial Editor

TRANSKEI, Venda and Ciskei are starting their own unemployment insurance fund from the beginning of next month

South African employers who have commuter and contract workers from the four independent states (Bophuthatswana has had its own fund since 1977) will be expected from May 1 to deduct the prescribed contributions from their wages and send the money to the South African fund These contributions will then be distributed to the prescribed territories

The affect of the latest agreement is that all such workers will be able to draw unemployment insurance benefits of 45 percent of their normal earnings These benefits include payment to people who have lost their jobs and for whom no suitable work can be found, who become jobless through illness or pregnancy or who are dependants of contributors who have died

The benefits and the employer's contributions are the same as for workers resident in South Africa, but contract workers will apply for benefits their homelands

It is stressed by the Department of Manpower that workers must ensure their contributors record cards are handed to them by their employers on termination of service

The Department has asked employers and all trade union and employer organisations in order to dispel any misgiving, to stress to workers that an unemployment insurance fund is not a savings or provident or pension fund ment Affairs could ascertain proven coal reserves only occur on Portions 1 and 2 of the farm Grootspruit 23 HT

(2) (a) (b) and (c) No

(3) Falls away in that no known coal deposits are involved

(4) Yes Approximately 25% of that part of the farm Driefontein which is occupied by the Black Ngema tribe will be affected by the purchase line requirements for the dam basin

Mrs H SUZMAN Mr Speaker arising out of the reply given by the hon the Deputy Minister can he tell us why then it is necessary to remove the people living on the remaining 75% of that area?

The DEPUTY MINISTER Mr Speaker I want to be of assistance to the hon member but I am not familiar with this matter I have not dealt with it I want to ask her therefore to table the question to the Minister responsible

27/4/83

Daggakraal/Ngema/Driefontein

Q15) Hansard Q Col. 1113-1114

~~*14~~ Mrs H SUZMAN asked the Minister of Environment Affairs and Fisheries

(1) What are the names of the farms on which the coal deposits mentioned in paragraph 5 1 4 on page 11 of White Paper F—'81 occur

(2) whether any of these farms are owned by the Black community of (a) Daggakraal, (b) Ngema and (c) Driefontein, if so which farms in each case,

(3) whether compensation is being considered in respect of such Black communities, if so, what compensation in each case,

(4) whether any part of the area owned by each of the said communities will be flooded by the Heyshope Dam once it has been completed if so what percentage of each of these areas will be so flooded?

The DEPUTY MINISTER OF ENVIRONMENT AFFAIRS AND FISHERIES

(1) As far as the Department of Environ

labour - nil
capital - man
land - loans

market failure - no exclusion principle
- merit goods, social goods
important goods
failure may be due to in
no demand -> no supply
no days
Price no longer indicates demand

X CAPE TIMES 2/5/83 Y

Mines prepare for drought emergency

2/5

By BRENDAN RYAN

JOHANNESBURG — Measures taken by Escom to tailor generating capacity to water supplies, could have major effects on the collieries which supply the power stations with coal

Export and Escom-tied coal mines are also presently evaluating the effects on their operations of possible Escom power cuts caused by the drought.

In addition they are examining the water situation and possible effects on the supplies needed for coal crushing and washing plants if the drought worsens

Rand Mines coal division has already acted The washing plant at Witbank Colliery's Albion section has been closed down and coal mined from the section will be treated through the new washing plant at Van Dyk's drift

Rationalized

According to, Mr Roy MacGillivray, the deputy chairman of Rand Mines' coal division, operations throughout the group will be rationalized where possible to save power and water

"We are preparing for power cuts and looking to see where we could reduce electricity consumption if faced with power rationing," he said

The company's major revenue earner is Duvha colliery which supplies Escom's Duvha power station The station is building up to full generating capacity of 3 600 MW by 1984

"We don't think Duvha will be affected as the Duvha power station is more water efficient than many others and Escom should keep it going"

Mr J C Fritz, head of Gencor's mining operations said the group was concerned about the effects of possible power cuts and was assessing where power reductions could best be absorbed on the mines

Power stations

"A major factor affecting the collieries could be decisions taken by rationing and output cuts from power stations must be done on a responsible basis to minimize the adverse effects on industry and the supplying collieries

So far Escom has closed down two small stations, Ngagane and Umgeni, in Natal and reduced output by 60 percent from the Camden power station near Ermelo

This has hit Trans-Natal's Usuthu colliery which supplies Camden and provided 3 900 000 tons of the 4 600 000 tons of coal burnt by the 1 600 MW capacity station in 1981

Escom has also stepped up power generation from the older stations near the Vaal Dam which include the Vaal and Klip power stations

Benefit

Extra demand for coal from these stations will be to the benefit of Amcoal's Cornelia colliery near Vereeniging which supplies them It may also benefit Amcoal's Springfield colliery which supplies coal to Escom and is situated north of the Vaal Dam

Mr David Rankin, managing director of Amcoal, declined to comment on how the drought may affect Amcoal's collieries

These are small stations as Vaal has a generating capacity of 297 MW and Klip 396 MW

The benefits of extra coal consumption from them would be small compared to lower demand from a, for example 10 percent, cut at a major station such as Kriel which has a generating capacity of 3 000 mW and gets its coal from Amcoal

Kriel power station and the two 3 600 mW stations currently closest to completion, Duvha (supplied by Witbank Colliery) and Matla (supplied by Trans-Natal), are all situated in the Eastern Transvaal where yet more of these stations are being built.

Other large stations currently generating in

China's presence on commodity ma

Own Correspondent

LONDON — China is making its presence felt on the commodity markets through the recent increase in the amount of foreign currency at its disposal, according to traders in London

They say the Chinese, who have traditionally kept themselves inconspicuous on the commodity markets, have shown a marked increase in their trading activities over the past two months and have taken advantage of wide price swings

China has recently bought large quantities of copper, zinc, steel and rubber on the London and Singapore exchanges and traders see this as a sign that Peking is now planning the industrial expansion it has been aiming at for years.

China announced a record grain harvest and improved sugar and oilseed output in 1982

Expansion

A foreign trade surplus of \$2,83 billion (about R3,08 billion) means China has the hard currency for purchases needed for industrial expansion, the traders say

The price of copper on the London Metal Exchange has risen over the last two months partly because the Chinese have bought an estimated 200 000 tons But traders say the market is somewhat nervous because, if prices rise too steeply, the Chinese could sell part of this back in order to reap profits

Chinese buyers, however, have told merchants the copper is needed to meet expanded industrial demand and traders said shipping enquiries have been made to load copper from Rotterdam

China has also recently bought Zinc, with estimates ranging widely from 40 000 to 150 000 tons, mainly direct from producers, traders said Market talk is that the zinc is needed for stocking or industrial expansion rather than reselling at a later date

Rubber market

In the rubber market, traders report fairly

bitious industrial projects but after getting into financial difficulties, it embarked on a heavy economic retrenchment, cutting spending and investment

But the cuts also led to a fast growth in China's foreign exchange holdings, which at the end of 1982 were estimated at \$9,23 billion (about R10 billion) — a remarkably high level compared with other de-

'orton Glynn's Marius Diemont, who has ·nded the Cape Town end of Safmarine's PR account.

... Johannesburg on ıday when he told me ·' although the ingre- ·t list on the package ntioned peanuts, ıich were the source the aflatoxins in the yet unnamed cereal, : were in fact in it Given the scare over e carcinogenic sub- nce, it isn't surpris- g that Pronutro is lieved not to have the 'atted peanut meal in cereal formula, but en why say it does ntain peanuts?

Smith maintains Pron- ·o changes its formula :m time to time and at it and other packag- s have a dispensation use up old packaging, s the incorrect ingre- :nts list

Frankly, I don't like it, specially since the roduct is specifically ımed at health-con- ·ious consumers, many ' whom take a real in- ·est in what they eat ho knows, maybe some ronutro fans particu- rly like the idea of eanuts in their break- ·t cereal and will be isappointed to find at they haven't been ·'ting it

So far, nobody is com- enting seriously on : images of individual ereal brands following ^ scare, which was fter all pretty limited, ·t some manufacturers re calling for brands to : named to clear the ır for the rest

As for the non-con- orming ingredients ısts, something should finitely be done to sure consumers that hat is being touted as eing in a product is eally there

Safmarine account

·AFMARINE'S plumb ·t account has gone to ·orton Glyn Communi- cations' Cape Town office in conjunction with David Hilton Bar- ber in Johannesburg

Marius Diemont will be handling NG's end in the City Commenting on the somewhat unusual arrangement — NG does have a Johannesburg office itself — Barber said it wasn't the first time the two had been in joint ventures and they shared offices up north

The account, which was previously handled by Willie le Roux, has been hotly contested be- cause of the rub-off in prestige associated with the client — SA's national carrier on the high seas

Future booms

CARS, education and housing in South Africa offer booming growth prospects from now un- til the turn of the cen- tury, according to trends identified by the Unit for Futures Research at Stellenbosch University

Selecting bits of UFR info for its in-house communique, "Inter- com", Rightford Searle- Tripp & Makin notes that the motor vehicle "population" is sched- uled to treble to 10-mil- lion by the year 2 000 The number of black pu- pils is expected to leap from 5-million three years ago to 13-million, and the existing housing stock of some 6,2-million units should nearly double

Turning to the phys- ical environment, the UFR sounds a chilling note on the battle to beat insects which it says are becoming in- creasingly resistant to insecticides while the choice of remaining compounds for insecti- cides is limited

According to Mr Roy MacGillivray, the depu- ty chairman of Rand Mines' coal division, op- erations throughout the group will be rationa- lized where possible to save power and water

"We are preparing for power cuts and looking to see where we could reduce electricity con- sumption if faced with power rationing," he said

The company's major revenue earner is Duvha colliery which supplies Escom's Duvha power station The sta- tion is building up to full generating capacity of 3 600 MW by 1984

"We don't think Duvha will be affected as the Duvha power station is more water efficient than many others and Escom should keep it going"

Mr J C Fritz, head of Gencor's mining oper- ations said the group was concerned about the effects of possible power cuts and was as- sessing where power re- ductions could best be absorbed on the mines

Power stations

"A major factor affect- ing the collieries could be decisions taken by Escom regarding which power stations could have their operations limited by lack of wa- ter," he said

According to Escom spokesman Mr Etienne du Plessis, any power ... near Vereeniging which supplies them It may also benefit Amcoal's Springfield colliery which supplies coal to Escom and is situated north of the Vaal Dam

Mr David Rankin, managing director of Amcoal, declined to comment on how the drought may affect Am- coal's collieries

These are small sta- tions as Vaal has a gen- erating capacity of 297 MW and Klip 396 MW

The benefits of extra coal consumption from them would be small compared to lower de- mand from a, for exam- ple 10 percent, cut at a major station such as Kriel which has a gener- ating capacity of 3 000 mW and gets its coal from Amcoal

Kriel power station and the two 3 600 mW stations currently clos- est to completion, Duvha (supplied by Wit- bank Colliery) and Matla (supplied by Trans-Natal), are all sit- uated in the Eastern Transvaal where yet more of these stations are being built

Other large stations currently generating in this area are Arnot, (2 100 mW) which is sup- plied by Amcoal and Hendrina (2 000 mW) which is supplied by Trans-Natal

Dams

According to Minister of Mineral and Energy Affairs, Mr Pietie du Plessis, the Escom dams in the Eastern Trans- vaal will begin to run dry by August this year if there are no further rains

However, the emer- gency scheme being un- dertaken on the Vaal River to pump water to the Grootdraai dam and the other measures be- ing taken by Escom mean the Commission could generate at full power until March 1984, if there is no more rain before then

The construction scheme on the Vaal is expected to take five months which is cutting it fine if power cuts are to be avoided from August

Announcements by Escom on possible ra- tioning of power and possible cutbacks at power stations are ex- pected within a month

If they take place the result will be lower de- mand for coal from the affected collieries which must affect the earnings of the parent mining companies.

... means China has the hard currency for pur- chases needed for in- dustrial expansion, the traders say

The price of copper on the London Metal Ex- change has risen over the last two months partly because the Chi- nese have bought an es- timated 200 000 tons But traders say the mar- ket is somewhat nervous because, if prices rise too steeply, the Chinese could sell part of this back in order to reap profits

Chinese buyers, how- ever, have told mer- chants the copper is needed to meet expand- ed industrial demand and traders said ship- ping enquiries have been made to load cop- per from Rotterdam

China has also recent- ly bought Zinc, with esti- mates ranging widely from 40 000 to 150 000 tons, mainly direct from producers, traders said Market talk is that the zinc is needed for stock- ing or industrial expan- sion rather than reselling at a later date

Rubber market

In the rubber market, traders report fairly substantial Chinese pur- chases of Thai rubber over the last two months These have put up the price on the Far East markets

Prices have fallen in the past few days be- cause some dealers re- alize they may have over-estimated the size of the Chinese pur- chases but traders in London estimate total Chinese buying is well above the depressed levels of a year ago

According to Japa- nese steel industry sources, China last week bought 200 000 tons of steel pipe from Japan This will bring total purchases from Japan so far this year to about 500 000 tons, already well above the 300 000 tons it bought in 1982

In the late 1970s, China began several am-

Unless otherwise stated, all financial news in this issue was compiled by Paul Dold and sub-edited by Godfrey Heynes

Westplat output up 45%

By ADAM PAYNE

JOHANNESBURG — Western Platinum mine, operated by Lonrho, after an expansion pro- gramme has increased production by 45 per- cent but will not reap the full financial bene- fit for about six months because of the delay be- tween the production of metal and its sale

Because of the expan- sion and the higher milling rate, total costs in the six months to March 31 were 85 per- cent higher at R24 186 000 (R13 101 000) but the revenue — due to the delay — was not equally higher at R31 553 000 (R20 642 000).

Working profit was virtually unchanged at R7 367 000 (R7 541 000)

For the first time, pro- duction and develop- ment on the UG2 Reef is included in the results Production from that reef started in January

5-metre hedge cut and stolen

Own Correspondent

EAST LONDON — The hedge at Mr Trevor Wig- ley's Gonubie house here was stolen this week.

"When I first found out about it I was angry but now I see the funny side of it," he said yes- terday

Mr Wigley noticed that his five-metre-high hedge was missing from his backyard when he came home from work on Friday.

Indumeni gets R2m from Iscor

(215) RDM 27/5/83

By BRENDAN RYAN

INDUMENI has received R2-million from Iscor in compensation for the premature closing of the colliery.

A final dividend of 50c (previous final 25c) has been declared to make a total of 70c for the year

Dividends of 60c a share were paid in the 15 months to the end of March 1982

The results are not comparable because of the closure of Indumeni colliery last October — 18 months ahead of the planned date — because of reductions in output by Iscor

The iron and steel producer had been hit by the recession and has reduced production at its Pretoria and Newcastle works

Indumeni's results for the year to March 1983 show the colliery had turnover of R5 058 000 and a loss after taxa of R564 000

Profit after tax and the extraordinary item of R2-million from Iscor amounted to R1 436 000

With retained profit of R930 000 and an R8 000 transfer from general reserve the company had R2 374 000 available for appropriation

An amount of R1 230 000 has been appropriated from retained earnings to write down mining assets to estimated realisable value

The directors propose a capital repayment of 90c a share, totalling R1 260 000, by way of a reduction in the share premium account A meeting will be held on July 12 for approval of this step

With the end of mining operations all equipment was salvaged from the mine and the movable assets are being sold

Surface structures and plant will be demolished as required by the Department of Mineral and Energy Affairs and work will be carried out for surface rehabilitation

Indumeni has contributed R540 000 to the AAC coal division pollution control fund and the directors say this will be sufficient to meet rehabilitation costs

The company's one hope for any future operations is the provisional allocation under Phase 4A of the Richards Bay export programme.

It has an allocation of 300 000 tons of bituminous and/or anthracite coal a year for 30 years and may also export a further 150 000 tons of coal a year which is unsaleable on the SA market

Coal markets are expected to remain weak for at least two years

Indumeni's directors say "No viable project has been identified to date and it is evident that the cost of establishing the required capacity, both at the mine and at Richards Bay will be substantial"

Any exports under the Phase 4A programme are not expected to start before the late 1980s

SA coal users pay half the export price

215 Industrial Week 7/6/83

By Priscilla Whyte

CONSUMERS in SA pay half the coal price fetched on the international market because the Government controls the pithead price of bituminous coal sold to the SA inland market

Coal exports from SA have increased by more than eleven fold since 1975 and the high export revenue subsidises to a large extent the low inland price

Increase

The domestic price of coal is re-negotiated each year

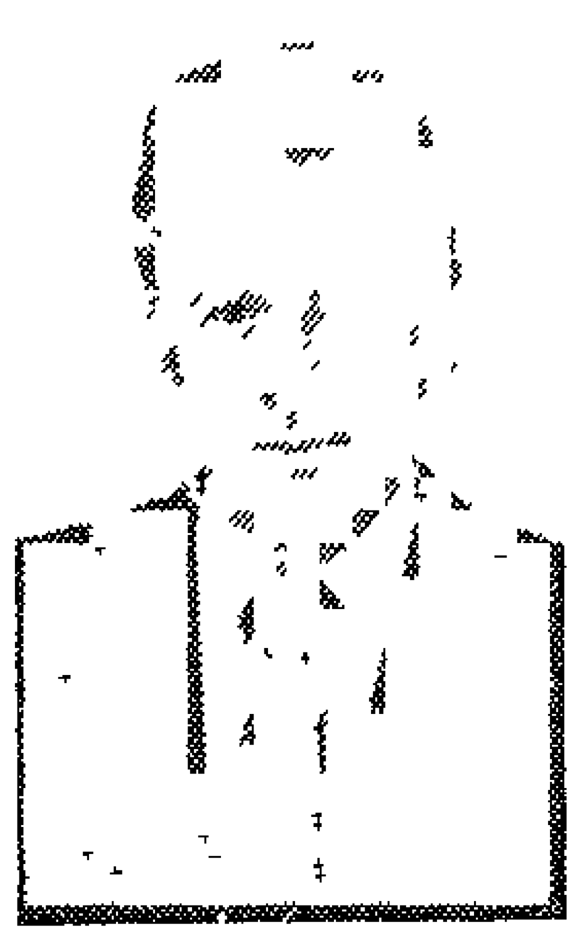
Mike Harris, GM, technical, of the Transvaal Coal Owners' Association (TCOA) told Industrial Week that the domestic price increase of 6,1% in April was substantially below the inflation rate

The TCOA offers four grades of coal and the use of lower grades is encouraged by offering discounts for duff

Dirk Neethling, chief director of the Dept of Mineral and Energy Affairs, said at an energy conference in January "It is an interesting thought that under the present and foreseen situation of an over-supplied domestic coal market, whether the forces of supply and demand within a free market economic system would not lead to even lower prices than that determined by the present formula

"What is required is either a re-negoiated formula or the abolition of price control"

On the other hand he said, this could lead to closure of mines dependent on the inland domestic market which did not have the advantage of either an export market or an Escom contract



Mike Harris

Control

The matter of price control is under investigation

Harris told Industrial Week that the TCOA had 25 collieries under its jurisdiction, five of which were geared for producing coal exclusively for export, and the rest furnish the domestic market

The major shareholders of the TCOA are Anglo American, Rand Mines, General Mining Union Corporation, Lonrho Goldfields and Eikenboom Colliery

Allocation

Harris said the TCOA had an export allocation through Richards Bay of 11,2 million tons a year, and as such was the largest single exporter

The TCOA had not been too seriously affected by the overseas recession because long-term contracts had been negotiated and little was sold on the spot market, he said

Other inland markets were electricity generation 28% (municipal and certain Escom power stations in the Cape), general industry 26%, cement 8%, small merchants 16% and railways 8,5%

Harris believes that with the phasing out of the steam locomotive the railway market will decrease, probably by a third, over the next five years

The domestic market is decreasing slightly with the advent of smokeless zones, but blocks of flats and commerce are switching to smokeless coal fired appliances

Harris foresaw that the biggest growth area could well be in general industry The present downturn was perceived as temporary

He said that the average rate of growth in tonnage had been 3% a year over the past five years for the TCOA

Demand

SP Ellis, chief executive of coal, General Mining Union Corporation, is on record as saying "The total demand for coal is projected to grow by 180% between 1981 and 2000, with the major market growth sectors being Escom (55% of total tonnage growth) exports (22%) and the petrochemical industry (16%) These sectors will together account for 93% of the total sales tonnage growth

"Together with the expected shift in emphasis towards nuclear power and renewable energy sources, coal demand for power generation is expected to reach a plateau in the early 21st century"

The coal industry could expect its most severe growth associated problems in the next 15 years said Ellis

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(215) (183) (189) (257) (185)

RDM 21/6/83

5 000 miners laid off as recession hits Amcoal

By BRENDAN RYAN

ANGLO AMERICAN Coal Corporation laid off 5 000 workers from its collieries in 1982 and about half of them were placed by the group in other jobs

Amcoal was hit by the depression in world and domestic coal markets as well as domestic steel markets in 1982 and was forced to close several collieries

The chairman Mr Graham Boustred expects lower earnings in the current financial year than the R113 444 000 attributable profit in the year to March 31

Many of the jobs lost are not likely to be replaced when conditions improve as Amcoal has mechanised more of its operations

Amcoal no longer supplies coking coal to Iscor from its No 5 seam mining operations The Main section of Springbok and the Navigation section of South African Coal Estates were closed last October

Springbok's Hope Section was closed at the end of May this year

Mining of metallurgical coal from the No 5 seam section of Bank was reduced to a single-shift operation in mid-1982 because of depressed conditions in the ferroalloy industry

Coke production from Vryheid Coronation is to be phased down over the next few months and the long-term position of the mine is under discussion

The reduced demand for anthracite coal both in South Africa and on world markets forced Amcoal to close Balgrav colliery in February this year and Natal Anthracite is now the group's only producer of anthracite coal

Coal sales by the Transvaal Coal Owners Association to the South African market dropped to 17 900 000 tons in 1982 from 19 200 000 in 1981, and are expected to fall to about 16-million tons in 1983

Amcoal also had to reduce output from some collieries supplying Escom in the second half of its financial year to March

Mr Boustred says in his annual review "Collieries supplying coal to Escom for power generation are expected to remain at lower levels of output throughout the current financial year

"An unknown factor is the possible change in the pattern of power station burning which may have to be brought about by Escom as a result of the serious water shortage now being experienced

"In spite of the planned commissioning of three large new projects later in the 1980s it is unlikely that the group will return to previous employment levels for some years, as the collieries closed were extremely labour-intensive, hand-got operations"

Amcoal's managing director, Mr David Rankin says the average number of employees on group collieries in 1982 dropped to 21 289 from 22 860 in 1981

The number of colliery employees in Amcoal peaked at 24 743 in 1977 but dropped to 17 863 in March 1983

He says it is expected that trade unions will represent black employees at wage negotiations in 1984

"Three unions, the National Union of Mineworkers, the Federated Mining Union and Black Mineworkers Union, have been granted access to mine property for the purpose of recruiting and other unions have requested access

"Discussions are being held with the Underground Officials Association regarding the possible cancellation of job determination No 27 which provides for the reservation of positions of surveyors, samplers and ventilation officials exclusively to white employees

"The agreement sought would provide for the appointment of these underground officials irrespective of race but with certain safeguards guaranteeing the interests of members of the association

"The implications of this development for non-racial manning are encouraging as also are discussions with the SA Boilermakers Shipbuilders and Welders Society regarding the issue of licences of exemption to semi-skilled employees for certain specified work and for the introduction of operators into semi-skilled positions"

Coal exports threatened

215

RDM 2/6/83

HIGH inflation poses a major threat to South Africa's plans to export 80-million tons of coal annually, according to Mr Graham Boustred, chairman of Anglo American Coal Corporation.

He also doubts whether export markets can absorb more than 44-million tons of South African coal a year before the end of decade.

By BRENDAN RYAN

He says in his annual report "It is of concern that South Africa's inflation rate is much higher than that being experienced by coal-importing countries and by a number of the Republic's competitor countries in international coal markets

"The present cost of establishing new mine export capacity in South Africa of R65 per annual ton escalates to R161 per annual ton over an eight-year period at an annual inflation rate of 12%

"This compares with a cost per annual ton of capacity of only R104 if the inflation rate is 6% over the same eight-year period

"The differential of R57 per annual ton of capacity over the period to 1991, when it is anticipated that world coal markets could absorb additional tonnages from the Republic, would place the South African coal export industry at a significant disadvantage against coal-exporting countries with lower rates of inflation

"A similar trend will be evident in respect of working costs, railage rates and port handling charges

"If the export industry is to develop and expand as envisaged in the latest Government policy objectives, which set a target of 80-million tons of coal exports for a period of 30 years, the country's double-digit inflation must be drastically reduced "

Exports at the maximum of 44-million tons annually for the Phase 3 programme through Richards Bay are expected to be reached in 1987

Shipping of the first Phase 3 tonnages has been delayed until September this year by construction problems at the terminal The target was June

"As a result the tonnage throughput for 1983 is likely to be about 30- million tons, one-million tons lower than initially planned

"However, based on the South African Transport Services' (SATS) programme to increase its coal-carrying capacity from the coalfields to Richards Bay, the tonnage shipped over the period to full commissioning in 1987 will not be significantly affected "

Turning to one of his well-known themes, Mr Boustred warns that the entry of large numbers of SA mini-exporters could be serious and the Government's objective of orderly marketing may not be attainable

Most of the 40 allocations for the first stage of the Phase 4 exports to total 27 million tons annually, was for tonnages of under 500 000 annually

"Preliminary feasibility studies into the expansion of the Richards Bay Coal Terminal to accommodate the Phase 4A export programme have indicated the Phase 1, 2 and 3 assets can be expanded on a brown fields basis to approximately 64-million tons a year which would meet the Phase 4A entitlements of existing members

"In order to cater for the new Phase 4A members, however, a further green fields expansion will be necessary

"Discussions are under way between the SATS, the Richards Bay Coal Terminal and potential exporters regarding the nature and timing of the proposed further expansion of terminal capacity "

South African exports through Richards Bay in 1982 were 26 600 000 tons, marginally lower than the 26 800 000 tons exported in 1981

Amcoal's exports in 1982 of steam- and low-ash coal dropped to 7 200 000 tons from an annualised figure of 8-million tons in 1981

The group maintained sales of its own entitlements at 1 800 000 tons, but its sales through the Transvaal Coal Owners Association dropped 12% to 5 400 000 tons

Amcoal's newest export colliery, Goedehoop, produced its first coal on schedule early in 1983 and the mine started conveying coal to its raw stockpile in March

Iscor in row with Gencor

23/6/83 RDM

(215)

By BRENDAN RYAN
Mining Editor

NEARLY 5 500 jobs and capital investments totalling R80-million are threatened by a dispute between Iscor and Trans-Natal Coal Corporation, the coal-mining arm of Gencor.

Trans-Natal announced yesterday it had given three months' notice of closure of the Hlobane Colliery in Northern Natal to the Minister of Mineral and Energy Affairs.

Hlobane has reduced mining operations by a third and is cutting staff by more than 1 200 — about 25% Gencor hopes to place these workers in other jobs in the group

The mine supplies nearly a million tons of coking coal annually to Iscor

Trans-Natal has spent about R80-million since 1980 to modernise Hlobane after reaching agreement with Iscor to exploit coal reserves in the western area of the No 1 mine

Two deposits, the Gus and Dundas seams, are mined separately by fully mechanised operations and a two-stream coal preparation plant has been built

Both Gencor and Iscor remained tight-lipped about the cause of the dispute last night

Mr Floors Kotze, managing director of Iscor, said "I have nothing to say about it, it is a business matter"

Mr Johan Fritz, head of Gencor's mining division, said "As discussions may continue between ourselves and Iscor it would not be constructive for me to elaborate any further on the statement we have published"

The Trans-Natal statement said the company had been advised that Iscor could no longer accept coking coal from Hlobane Colliery, except on certain conditions determined by Iscor

"Under the circumstances Hlobane has been left with no alternative but to stop delivery to Iscor of Gus seam coking coal.

"In view of the fact that the unilateral conditions stated by Iscor are unacceptable to Hlobane, the question of the feasibility and extent of further deliveries of Dundas seam coking coal has necessitated the giving to the Minister of Mineral and Energy Affairs of the requisite statutory three months' notice of closure of the colliery

"Discussions between the company and Iscor have, however, taken place and may continue This may lead to a change in the position

"The financial implications cannot be quantified until more clarity has been achieved A further announcement will be made as soon as circumstances allow"

Iscor has drastically reduced its output and work force because of the domestic and world recession in steel markets

Several coking coal mines belonging to Amcoal and Gencor have been closed because of Iscor's reduced requirements, but these are old mines and were due to be closed shortly

Although Iscor may be trying to force production cuts on Hlobane, it is believed the dispute concerns the price of Hlobane's coking coal

The row started at the end of April this year

Given Trans-Natal's huge investment, much of which may have been financed through loans, the company cannot afford any cut in price or planned production which would endanger its ability to pay the debt burden.

In the September quarter last year Trans-Natal raised loans of R145-million to be used as and when required for its capex programme.

Should the mine be closed the company would have to service its loans for Hlobane without any return from the investment. It would also have to carry the costs of mothballing the plant.

Trans-Natal, Iscor dispute threat to 5 500 jobs

~~236~~ ~~189~~ ~~260~~ 215

Cape Times 23/6/83

By BRENDAN RYAN

JOHANNESBURG — Nearly 5 500 jobs and capital investments totalling R80m are threatened by a dispute between Iscor and Trans-Natal Coal Corporation, the coal mining arm of Gencor

Trans-Natal announced yesterday it had given three months notice of closure of the Hlobane Colliery to the Minister of Mineral and Energy Affairs

Hlobane has cut back mining operations by a third and is reducing its staff by more than 1 200 or about 25 percent Gencor hopes to place these workers in alternative employment in the group

The mine supplies nearly a million tons of coking coal annually to Iscor

Agreement

Trans-Natal has spent about R80m at Hlobane since 1980 to modernize the mine after reaching agreement with Iscor to exploit coal reserves in the western area of the No 1 mine

Two coal deposits, the Gus and Dundas seams, are mined separately through fully mechanized operations and a two-stream coal preparation plant has been built.

Both Gencor and Iscor remained tight-lipped about the cause of the dispute last night

"I have nothing to say about it, it is a business matter," said Mr Floors Kotze, managing director of Iscor

"As discussions may continue between ourselves and Iscor it would not be constructive for me to elaborate any further on the statement we have published," said Mr Johann Fritz, the head of Gencor's mining division

The Trans-Natal statement said the company had been advised that Iscor could no longer accept coking coal from Hlobane Colliery, except on certain conditions determined by Iscor

"Under the circumstances Hlobane has been left with no alternative but to stop delivery to Iscor of Gus seam coking coal

"In view of the fact that the unilateral conditions stated by Iscor are unacceptable to Hlobane, the question of the feasibility and extent of further deliveries of Dundas seam coking coal has necessitated the giving to the Minister of Mineral and Energy Affairs of the requisite statutory three months notice of closure of the colliery" the statement said

"Discussions between the company and Iscor have, however, taken place and may continue This may lead to a change in the position

Announcement

"The financial implications cannot be quantified until more clarity has been achieved A further announcement will be made as soon as circumstances allow"

Iscor has drastically reduced its output and workforce in the face of the domestic and world recession in steel markets

Several coking coal mines belonging to Amcoal and Gencor have been closed because of Iscor's reduced requirements but these were all old mines due to be closed shortly anyway and Iscor's cutbacks merely speeded up this process

While Iscor may be trying to force production cutbacks on Hlobane as well it is believed the dispute concerns the price of Hlobane's coking coal

The row started at the end of April this year

Investment

Given Trans-Natal's huge investment, much of which may have been financed through loans, the company cannot afford any cut in price or planned production which would endanger its ability to pay back the investment and service the debt burden taken on

In the September quarter last year Trans-Natal raised loans of R145m to be used as and when required for its capex programme

Should the mine be closed the company will have to service its loans for Hlobane without any return from the investment they financed It will also have to carry the costs of mothballing the plant and may resort to extraordinary write-offs of the investment

Falling export price and inflation threat

Crisis for coal mines

215

RDM 27/6/83

By BRENDAN RYAN
Mining Editor

SOUTH AFRICA'S coal-mining industry is being hit from all sides as the effects of the recession build up.

The export market is swamped with coal and doubt is being cast on the sale of Richards Bay Phase 4 export quotas before 1991.

South Africa's continuing high inflation is undermining the short-term profitability of coal exporters facing prices which on the spot market have fallen to about $30 a ton fob Richards Bay. These prices are not likely to improve for the next two years.

The prices of coal sold on long-term contracts are higher than the spot prices but have been put under severe pressure by the weakness in the spot market.

In the long term, persistent rates of inflation above those experienced by South Africa's customers and coal export competitors threaten to price SA producers out of the market.

Add to this the effects on earnings of any strengthening of the rand against the dollar because of gold-price improvements and the situation looks unpleasant to say the least.

Transvaal Coal Owners Association sales on the domestic market dropped to 17 900 000 tons in 1982 from 19 200 000 in 1981 and are expected to fall to 16-million tons in 1983.

Apart from the fall in domestic sales, coal producers have been hamstrung by below-inflation rate increases in the administered price.

The price rose 7,1% in April this year. The previous price increase was granted 14 months previously — in February 1982 — making an annualised increase of 6,1% over the period.

In that time drastic production cutbacks by iron and steel producer Iscor have reduced the market for coking coal. It seems likely that Iscor's collieries may eventually supply its entire needs.

Metallurgical and coking coal is a small-volume but important business for producers. Trans-Natal's metallurgical coal sales in 1982 were 5% of total coal sales of 30 256 000 tons, but made up 20% of total turnover of R540-million.

The solid foundation for all the major coal companies is sales to Escom power stations.

However, since last year Escom has burnt less coal because of reduced demand for power caused by the recession. The effects of the drought may force further cuts at certain power stations unable to generate at capacity because of insufficient water for cooling.

Escom is having second thoughts about planned start-up times for some of its power stations and commissioning of the first generating set at Lekwe has been delayed for at least a year from its planned date of September 1989.

The major coal producers remain convinced about a profitable long-term future for coal, but some rough years lie ahead.

Mr Steve Ellis, head of Gencor's coal division, says: "Any pick-up in demand for export coal in the next few years will be matched by increases in production.

"Our forecasts show an increase in demand for coal next year on world markets of 20-million tons. However, next year another 20-million tons of production will become available.

"For 1983 we estimate world demand for coal exports will be about 99-million tons, but export production capacity is estimated at 141-million tons — putting a 42-million ton overhang on the market."

Mr Ellis estimates that only by 1986-87 will world supply and demand come into balance unless a number of producers cut back or close before then.

"At current price levels I do not believe all the producers can carry on. Some will have to hold back."

Mr Roy MacGillivray, deputy-chairman of Rand Mines coal division, believes that in spite of the gloomy outlook, South African producers cannot afford to be pessimistic.

"We should be positive. We should say that by 1989 the earliest we can get the harbour facilities for the Phase 4A quotas in operation we will be able to find markets for the coal.

"I believe that by 1987 we will see coal prices recovering to the rising trend which we thought would continue before the dip in the market took place."

Mr MacGillivray says decisions on the financing of the Phase 4A expansion at Richards Bay cannot be taken much later than the end of this year if the facilities are to be in operation by 1989.

Mr Graham Boustred said in his Amcoal annual review that discussions were under way between the South African Transport Services, the Richards Bay Terminal and potential exporters about the nature and timing of the Phase 4 expansion of terminal capacity.

He estimated coal exporters already in the programme could expand their existing mining and treatment facilities for about [illegible]4 million tons of exports a year which would meet their Phase 4A quotas.

Newcomers to the programme would generally have to bring in new collieries and facilities to use their quotas.

Mr Ellis says: "It will be interesting to see how keen all the people who were clamouring for Phase 4 export quotas are at this stage of the market."

Most of the 40 provisional allocations made for Phase 4A went to smaller companies and were for annual tonnages of less than 500 000.

Members of the Independent Coal Producers Association hold quotas totalling 4 700 000 tons annually for Phase 4.

According to ICPA chairman Mr Danie Kirsten the downturn in the coal market has not changed his members' plans to exploit their tonnages at this stage.

"Our members have gone a long way down the road to get their coal out of the country either through the Richards Bay Coal Terminal or by some other way," he says.

CAPE TIMES 4/7/83 215

Gencor becomes biggest shareholder in Samanco

By JOHN MULCAHY

JOHANNESBURG — Gencor has become the biggest shareholder in Samancor and Iscor has acquired Hlobane Colliery and Dunswart Iron & Steel in a series of deals that have arisen out of the dispute between Iscor and Trans-Natal over coking coal supplies

The dispute, which culminated in an announcement by Trans-Natal 10 days ago of its intention to close the Hlobane colliery in three months, a statutory requirement, is believed to have centred on the price of coking coal supplied to Iscor from Hlobane.

Although neither Trans-Natal nor Iscor has been prepared to discuss in detail the reasons for the dispute, some industry sources have pointed to the high price charged by Trans-Natal for the Hlobane product, and the apparent inclusion of debt servicing and other controversial items in the basis for the mine's fixed costs

The wrangle came to a head when Iscor unilaterally refused to accept delivery of Gus seam coking coal from Hlobane, which in turn caused Trans-Natal to question the feasibility and extent of further deliveries of Dundas-seam coal

Gencor then entered the discussions, and as managers of Trans-Natal, arrived at the complicated settlement

Apart from the transfer of various assets between Iscor, Gencor and Trans-Natal, the parties have agreed to waive all claims they may have had against each other arising from the dispute

Resolution of the dispute leaves Iscor with the mine and a guaranteed supply under its control, and Gencor with the valuable stake in Samancor, but the advantages to Trans-Natal are not as obvious

The notice given to the Minister of Mineral and Energy Affairs placed the jobs of almost 5 500 workers in jeopardy, and threatened further hardship for the depression-struck towns of Newcastle and Vryheid

In terms of the deal struck between Iscor and Gencor, the mining house will first acquire Hlobane colliery from Trans-Natal at net asset value, and then transfer that interest to Iscor

Iscor will also receive from Gencor its controlling interest in Dunswart Iron & Steel Works, and Gencor will acquire 50,25 percent of the issued capital of African Metals, whose sole asset is about 59 200 000 shares, equivalent to 39,6 percent, of Samancor

The total value of these transactions is R92 300 000, equivalent to 310c a Samancor share

In return for Hlobane, Trans-Natal will receive certain coal mining rights, now being exploited by Trans-Natal but owned by Gencor

Gencor will also assume some of Trans-Natal's loan obligations

A value of R69 900 000 has been placed on the Trans-Natal leg of the transactions

Dunswart minorities will be offered 185c an ordinary share, 100c for every 10,5 percent redeemable cumulative preference share, 120c for every six percent cumulative preference share, 120c for every six percent second cumulative preference share and par value for all 14 percent unsecured debenture stock

Gencor holds about 56 percent of Dunswart's ordinary share capital, and the Dunswart is valued at just over R20m in terms of the offer to minorities

Merchant banks Barclays, Senbank and Finansbank advised on the deal for the various parties

Hong Kong plant boosts SA coal sales

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Financial Correspondent

HONG KONG — South Africa's coal exporters have hit a bonzana here with the start-up of a massive coal-fired plant on an offshore island.

The Hong Kong Electric Company facility now in action on the north-west tip of Lamma Island has helped push sales of South African coal up by more than 450 percent since the beginning of last year.

Sources here said it had been planned to fuel the Lamma Island plant with coal from China from 1985

But because of China's tardiness in developing its huge coal industry and the necessary port infrastructure the sources forecast that South Africa could export profitably until around 1990

The export surge is spectacular and adds glitter to the lacklustre stastics of Hong Kong-South African trade

Some of the coal is also going to the Castle Peak power station in Kowloon set up by China Light and Power Company

The Lamma Island facility is one of Asia's biggest coal-fired plants, and has a towering 215-m chimney, Asia's tallest construction

It is set out on a 50-ha site at Po Lo Sui, giving directly on to the sea.

Planned capacity is 1 800 mw. Present working capacity is 625 mw

Hong Kong Electric chairman David Newbigging told the company's annual general meeting on May 27 that by the end of April the company had consumed more than one million tons of coal in the 12 months since the first unit was commissioned

Estimated annual consumption was 2,9 million tons.

A spokesman declined to disclose the amount of coal the company was buying from South Africa, but the plant's voracious appetite shows up in the trade statistics: South Africa's coal exports to Hong Kong have soared to HK$112 million in the first quarter of this year.

This is a 460 percent increase on exports for the corresponding 1982 period

For the whole of 1982 South African coal represented 21 percent of the colony's imports In the first quarter of this year it made up 52 percent.

In the long run China will be a tough competitor

It is making considerable efforts to develop its potentially world-beating coal industry and last year output was 666 million tons — a figure which surprised diplomats here, who had been forecasting about 648-650 million tons. Output in 1981 was 600 million tons.

But China has problems Although eight huge coal projects are getting top priority China does not have all that much coal to spare as it provides much of the country's energy.

Another problem is that the main coal fields are in east central China and the shifting of coal southwards on a clogged railway system is a constant headache.

China's coal-exporting ports need modernising — and all the coal to Lamma Island has to be shipped.

Miners reprieved

Sowetan 5/7/83

MORE than 6 500 coal miners have been granted a temporary reprieve from losing their jobs following the settling of a dispute threatening the closure of the Hlobane Colliery.

The takeover of the Gencor-controlled Trans-Natal Coal Corporation Colliery by Iscor for an estimated R70-million has meant that thousands of workers at the northern Natal mine could hold on to their jobs

Mr F P Kotze, managing director of the Iron and Steel Corporation said yesterday that they were reviewing their production planning and that they had no intention of closing the mine

He said no jobs would immediately be affected, but he was reluctant to speculate on what might happen in the future

Samancor sale: Flak flies

10/7/83

5-Times

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THE manner in which Gencor this week snatched control of Samancor, the world's biggest chrome and manganese company, has stirred a hornets' nest in financial and political circles

But the two main parties to the deal, Gencor and Iscor, insist that the transaction is fair and in the best interests of all — including the public

By DON ROBERTSON and DAVID CARTE

Critics, however, claim that, as Iscor is a State corporation, any sale of its assets should have been by tender to ensure that the best price was received

They are particularly concerned as the Government has stated its intention of "privatising" further State assets

Gencor gained control of Samancor by swapping its shares in Dunswart Steel and Hlobane Collieries

For the purposes of the transaction, Samancor was valued at its market price of 310c, while Dunswart was valued at 185c Hlobane was valued at net asset value

This means that Samancor was valued 32% lower than its price in April, before shocking results because of the world steel crunch sent it reeling, while Dunswart was valued 80% higher than its level in April

Since it owns the biggest chrome and manganese reserves in the world, many feel that Samancor's long-term growth record and outlook are decidedly better than Dunswart's Dunswart has had a chequered recent history

Few, even in Gencor, would dispute that control of Samancor passed on favourable terms

Samancor has been a prize cherished by other suitors over the years, including Anglo

Anglo six years ago, before a share split quintupled the number of shares in issue, offered 1 080c cash per share against a 900c offer by Gencor The Government blocked the deal

■ ■ ■

Anglo subsequently acquired 29,8% of the highly desirable company through the sale of its Middelplaats mine to Samancor for 9-million shares — and buying all available stock on the market.

This it did in competition with Gencor, and it is believed that, had it been allowed to bid for the Samancor stake, it might have been prepared to offer more than the 310c a share paid by Gencor

Anglo remains quiet on the deal, but is undertood to be more than peeved

Floors Kotzee, managing director of Iscor, tells Business Times that the deal was so structured because of the dispute over supplies and the only way in which it could be resolved was for Iscor to acquire the colliery

To pay for this, it had to relinquish control of African Metals and hence Samancor

Had the dispute not been resolved, says Mr Kotzee, a court case involving about R120-million could have ensued

Referring to Dunswart, he says the company is expected to break even in the current financial year, and points also to the strategic importance of Dunswart's sponge-iron plant.

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Rusp

2/9/83

Recession holding up Kangwane coal mines

By BRENDAN RYAN
Mining Editor

THE RECESSION in the world coal markets is delaying development of two coal mines in Kangwane, according to the annual report of the Mining Corporation

The Corporation plays the role of a government "mining house" with the aim of finding and developing mineral deposits in the National States

Once it has located economically exploitable orebodies, the Mining Corporation aims at developing them through joint ventures with private sector mining companies

The two coal mines are on the northern and central sectors of the anthracite field in the Nkomazi area of Kangwane

The field has total estimated reserves of about 300-million tons of anthracitic coal.

One coal mine is to be developed by Messina, while the other is to be developed by a joint venture involving two South African construction companies and Metellgeselschaft

Mining Corporation chairman Dr A H Taute says in his annual review there was a substantial drop in exploration expenditure by private sector mining companies in the National States during the year to end-March.

The Corporation has been in existence for 14 years but yesterday's annual report will probably be its last It is to be absorbed into the Southern Africa Development Bank

The Development Bank, which is to start operations this month, was formed in 1981 to be a major part of Government decentralisation strategy for the growth of economically underdeveloped areas

Mining Corporation staff will be placed, where possible, in the Development Bank or else transferred to other government departments

Apart from the Kangwane coal deposits, other major orebodies which could be developed, depending on market demand, are a 65-million ton anthracitic coal find in KwaZulu and a 35-million ton platinum-bearing ore body in Lebowa

This is the Maandaagshoek find, which the Mining Corporation has formed a joint venture with JCI's Rustenburg Platinum (Rusplat) to develop

Rusplat has been sinking exploratory incline shafts since the beginning of 1983 to determine the economic viability of the project

"The investigation is expected to be completed within three to four years, after which a final decision will be taken on whether to proceed with exploitation," Dr Taute commented

Other mineral finds are a 260-million ton vanadium/iron ore deposit in Lebowa, a 32-million ton nickel/copper/platinum ore body also in Lebowa, 95-million tons of blend coal in Venda, 108 000 tons of magnesite ore in Gazankulu, and 1 300 000 tons of uranium bearing ore in Qwa-Qwa

(215) RDM 22/11/83

UK OPENING FOR SA ANTHRACITE

By NEIL BEHRMANN

LONDON. — South African anthracite exports to the UK may increase because the National Union of Mineworkers is involved in an overtime dispute.

The National Coal Board says UK production cannot meet demand. The loss of 5 000 tons of anthracite production is costing the coal industry about R700 000 a week. The overtime ban has lasted for four weeks.

South African anthracite makes up a small proportion of UK coal imports. In the eight months to August, the UK imported 12 000 tons of South African anthracite and coking coal blends.

In the same time last year imports from SA totalled 63 000 tons. Britain imports 4-million tons of coal a year and mines 120-million tons.

The National Union of Mineworkers complains that the UK plans to import South African anthracite to counter its overtime ban. It has asked the Transport and General Workers Union to support its action. The National Union of Seamen intends monitoring ships carrying foreign anthracite.

The miners are asking for a 5,2% pay increase. The Coal Board estimates that about 3 000 workers are affected by the ban. It also believes the miners are weakening in their resolve to continue the dispute.

Secunda plants outstrip own colliery production

Sasol tops target, buys coal from outsiders

215 RDM 25/11/83

By ADAM PAYNE

OIL and chemical production by Sasol 2 and Sasol 3 plants at Secunda is going so well — at nearly 6% above scheduled level — that they have to buy coal to supplement that supplied by the Secunda Colliery.

Secunda Colliery is also ahead of budgeted production, but not as high as 6% — hence the need to buy outside on a scale which is small in relation to the huge consumption of the two plants.

The coal costs more than Secunda Colliery coal.

A mining engineer told me that Secunda had moved seven long-wall mechanical miners because of dykes in the past three months and this had affected production.

The Sasol spokesman denied that this was the cause of outside buying, saying "The move of long-wall miners was carried out according to programme and the purchase of coal from outside sources is looked on as a bonanza because it enables us to produce oil and chemicals at optimum level. We buy the outside coal at satisfactory prices on a flexible contract."

The other side of the picture is that the coal must cost about R17,50 to R18 a ton because of road transport costs of R7,50 a ton between the Witbank area and Secunda The contract price is likely to be between R10 and R11 a ton at the mine

Several mines were asked to tender for the contract. Some Escom coal was supplied to Sasol when Escom-tied collieries were stockpiling because of lower power generation caused by the water shortage.

Gencor tendered as did Witbank Colliery whose Wolvekranz opencast producer, with a new R21,5m dragline, won the present contract which runs to April next year and could be renewed. Wolvekranz was producing about 112 000 tons a month and had stockpiled coal

I am told that it is now mining about 200 000 tons a month, although the controlling house, Rand Mines, declined to comment on the contract or provide production figures

However, on Sasol can be assumed to be buying between 60 000 and 80 000 tons of coal a month from Wolvekranz

The Sasol spokesman said the cost figure of R18 a ton was incorrect, but he would not give the figure. "There is no truth in statements that we have had mining problems. We are proud of Secunda's outstanding achievements It is the largest underground colliery in the world with four sections — Bosjesspruit, Brandspruit, Twistdraai and Middelbult

"Secunda began supplying Sasol 2 in January 1980 and in the year to June 30 last produced 22,2-million tons of coal — almost double the 11,4-million tons in the previous year By January this year the colliery was producing at a rate of 27-million tons a year and the final target is 29-million tons"

He said the two oil and chemicals producers needed nearly 6% more coal than was budgeted for at this stage

Athough Secunda Colliery was ahead of schedule it was not producing at a rate equal to the increased needs of the two plants and a small amount of coal was bought outside.

"We could have sat back and been satisfied producing oil and chemicals above budgeted levels, but by buying outside we are able to raise output"

Unions back bar on SA coal imports

215 204 25/11/83

SYDNEY — Union delegates from 14 nations voted yesterday to back efforts by the Miners' Federation of Australia to bar imports of South African coal.

The president of the Federation, Mr Bob Kelly, told the International Conference of Mining and Power Industry Unions that Australian miners would consider industrial action to stop imports of South African coal if the government failed to act.

Mr Kelly said the imports were robbing Australian mines of work at a time when the domestic coal industry faced serious problems.

"The eventual destruction of the South African regime requires effective isolation of it through the implementation of mandatory sanctions by the international community — the international trade union movement has a big role to play here," Mr Kelly said.

A delegation of exiled South African blacks also voted in favour — Sapa-AP

'Successful' talks on fuel supplies to SA

Star 8/12/83

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The Star's Foreign News Service

ROME — Mr Pietie du Plessis, the Minister of Manpower, has had vital discussions in London and in Rome about the supply of petroleum to South Africa

This was confirmed here yesterday by Mr du Plessis

In an unpublicised visit, Mr du Plessis met businessmen in London and Rome, held discussions with Dr Chester Crocker, the Reagan Administration's Assistant Secretary of State for African Affairs, and Mr Clelio Darida, the Italian Minister of State Industries

Mr du Plessis stressed that the businessmen he referred to were acting on behalf of "other countries"

He commented yesterday "There is very little that I can say about these discussions except that they were highly successful from the point of view of assuring the supply to South Africa of petroleum at satisfactory prices"

In Rome on Tuesday, Mr du Plessis paid what he referred to as a "courtesy visit" to Mr Darida "I used the opportunity to discuss the supply of coal from South Africa to Italy"

When he met Dr Crocker on Tuesday, Mr du Plessis discussed largely labour relations and trade union affairs "We discussed the South African Government's labour policy, my own attitude to these problems and how I see the road ahead

"In turn, Dr Crocker gave me an extensive outline of his government's position on the labour situation in South Africa"

Mr du Plessis left for South Africa today

SA expected to lead coal sales to W Europe

215 Star

28/12/83

By Howard Williams
The Star's Foreign
News Service

WASHINGTON — South Africa is likely to remain the leading exporter of coal to West Europe, says an American government report just issued.

The report — "1983 Annual Outlook for US Coal", published by the Energy Information Administration — also predicts that, while maintaining their lead in the West European market, South African coal exporters can look forward to earning more.

The report says: "The worldwide use of steam coal is expanding...

"This is especially true in the Organisation for Economic Co-operation and Development countries which are striving to become less dependent on oil imports from the Organisation of Petroleum Exporting Countries

"They have, therefore, turned to coal imports to maintain their economic growth."

The United States, Australia, South Africa and Poland remain the world's four major steam coal exporters, says the report.

"All four have the capacity to increase exports Australia, however, is expected to make the largest gains.

"Australia has been and will be the major competitor of the United States in the Pacific, and South Africa the main competitor in West Europe.

"It is likely that exports from both of these countries will have a price advantage vis-a-vis US exports."

But there is still room for American coal Australia has recently had labour problems and South Africa is "perceived to face political uncertainties".

The report claims that America is regarded as the most 'stable' provider of export coal and therefore can expect to continue competing on world markets.

But domestic events within the United States can still help South African and other coal-exporting competitors gain more money for their produce.

One of the significant factors determining the price of US export coal is the cost of transporting it from the mines to the ports Most goes by rail.

But with the recent de-regulation of the US rail transport industry, the agency predicts that export coal prices will have to increase

US exports of coal may also decline as a result of these price increases.

This could result in world market prices rising, says the report

"Aside from selling more coal, other coal exporters could raise their prices toward the higher prevailing levels set by the United States, thus capturing higher profits"

From Tokyo, the Star's correspondent, Geoffrey Murray, reports that Japanese steel mills are likely to seek a price cut of up to $4 a ton for Witbank coking coal when negotiations on fiscal 1984 shipments begin in mid-January.

Mill sources say the talks with representatives of the Transvaal Coal Owners' Association are likely to start about January 16.

In the current year, the Japanese are scheduled to accept 2 million tons of coal at $44,50 a ton fob.

The sources predict a strong effort to bring this price down to about $40.

Similar efforts have already begun for comparable New South Wales grades.

The sources also say that the tonnage to be shipped may vary depending on the South African reaction to the price cutting move.

(1020) (215) D. Dispatch 30/12/83

Coal ~~mining~~ venture for Lady Frere area?

EAST LONDON — A Transkei attorney and entrepreneur — Mr Michael Kelembe — says that American interests are considering investing several million rands in exploiting the country's coal deposits in the Lady Frere-Cala area

Mr Kelembe, who holds the mining rights to the untapped coal resources, said two American geologists have just spent two weeks checking the deposits and have indicated that certain areas are "economically viable"

"The two geologists — Mr Bill Haines and Mr David Smith — said the coal is semi-anthracite and could find a ready market overseas," he said

Mr Kelembe, who is based in Lady Frere, said the two geologists have returned to the United States, "taking samples with them to show the Los Angeles financier who is interested in investing in a mining project"

"Before leaving they indicated that mining operations would have to be on a shaft-sinking basis and the project could get underway in about 18 months time," he said

Mr Kelembe declined to say how much the American backers were prepared to sink into the project, but added "It will be a multi-million-rand venture which will provide jobs for about 4 000 people"

The attorney said "We have known for years about the coal deposits, but have not known whether they were viably exploitable, that is, not until now"

Mr Kelembe said the American interests will now carry out a feasibility study and the outcome should be known by early February

He pointed out that all coal would be exported to the Far East

Transkei's secretary of commerce and industry, Mr B B Pukwana, said he knew of the proposed venture, but declined to discuss it

He refused to say whether the Transkei Government approved of American finance being poured into the country or comment on the decision to export the coal if it is mined

The Minister of Commerce and Industry, Mr Ramsey Madikizela, was not available and is understood to be on holiday — DDR

RDM 18/11/84

Colliery workers strike over colleague's suspension

(215)

Mall Reporter

BETWEEN 500 and 800 workers at the Rietspruit colliery near Springs, most of them members of the National Union of Mineworkers (NUM), walked off the job yesterday morning after disciplinary action was taken against a colleague

The worker was among those who took part in a preplanned stoppage on Friday in sympathy with two workers who died in an accident at the mine last week

A NUM spokesman said the worker was suspended after being involved in a row with the production manager over the stoppage

The workers returned after it was agreed the case would be reconsidered

The suspended worker was subsequently reinstated, a spokesman for the company said

The stoppage took place during an inquiry into the deaths

● In a separate dispute, about 1 400 dismissed workers at Impala Platinum Refinery near Springs have been collecting their pay and returning home

The workers, all members of the NUM, were fired after striking in sympathy with seven dismissed colleagues

The company fired the workers in spite of a last-minute compromise by the union under which the workers would have returned while the cases of the seven were investigated

Cape Times 14/2/84 (2/5)

Anglovaal rationalizes group coal interests

Own Correspondent

JOHANNESBURG — Anglovaal has rationalized its group coal interests to be able to set up a mine producing 1,5m sales tons of coal annually towards the end of the decade

Coal interests belonging to Grinaker Holdings have been transferred and placed under the direct control of Anglovaal and its coal investment partners, Anglo-Alpha and Middle Witwatersrand

Construction group Grinaker is controlled by Anglovaal through Anglo Transvaal Industries subsidiary Avgrin Holdings

Cash payment

However, for unknown reasons Anglovaal refused yesterday to disclose the amount of the cash payment it has made to Grinaker for the transferred coal assets.

A spokesman said this information should come from Grinaker but no Grinaker executive could be reached who could release the information.

Grinaker Holdings, through subsidiary Grinaker Desert Spar, holds rights to coal deposits in northern Natal as well as Phase 3 and Phase 4A coal export quotas.

Two deposits, near Dundee, are being mined and coal and anthracite from them exported through Durban under the company's Phase 3 export permit for 500 000 tons annually for 30 years

Grinaker's provisional Phase 4A coal export allocation is for another 500 000 tons annually which is linked to its northern Natal deposits

Anglovaal has a Phase 4A provisional allocation of one million tons a year which it could meet from its coal reserves in the Bethal area or on the farm Mooifontein in the Carolina/Breyten area

Allocation

Once it gets the go-ahead for this Phase 4A allocation Anglovaal intends combining Grinaker's Phase 3 500 000 tons allocation with its own Phase 4A allocation and setting up a mine in the Bethal area to produce 1,5m sales tons annually to meet both quotas

Grinaker's existing mines will continue producing to meet the company's own 500 000 tons a year Phase 4A allocation

Timing of the construction of the new mine near Bethal will depend on the phasing in of the Phase 4A programme at Richards Bay

Mine deaths: Iscor blamed

Cape Times 18/2/88

Own Correspondent

VRYHEID — Iscor, owners of the Hlobane coal mine, should be held criminally responsible for the death of 68 mineworkers in a methane blast on September 12 last year, the magistrate presiding over the joint inquiry and inquest on the disaster has found

Delivering his findings in the Vryheid Magistrate's Court yesterday, Mr M J Reynders said the explosion was due to the negligence of miner Mr T J Bezuidenhout — also killed in the disaster — who had failed to test for gas properly on the morning of the blast

Mr Reynders said that from interpreting the Criminal Procedures Act widely, the company should be held liable for Mr Bezuidenhout's negligence and for the disaster

He said his finding was being forwarded to the Attorney-General of Natal, who would then decide whether or not to prosecute the mine, which was owned by Iscor

Mr Donald Morris, the Deputy Government Mining Engineer, who assisted Mr Reynders, agreed with the finding

He said he would also be sending a report to the Attorney-General on contraventions of the Mines and Works Act regulations at the mine which were not directly related to the explosion

Explosive

Earlier, Mr Denis Kuny, SC, representing the relatives of five of the dead, submitted a list of 21 regulations which, according to evidence, had been contravened at Hlobane Some of them had been contravened up to 14 times

Mr Reynders said the explosion had come about because there was methane gas present in explosive quantities and some source had ignited the gas In addition coal dust had played a role

There had been a lot of evidence that an earlier holing operation had created a significant opening which should have been sealed It was the fault of Mr Petrus Claasens, the shift boss, and Mr Robert Morgan, the miner, that it had not been sealed

The mine captain, Mr P Swanepoel, was not criminally responsible in this regard

Mr Reynders found that Mr Claasens and Mr Morgan had been negligent but their negligence was too remote to be a direct cause

Gencor profits higher — raises dividend

CADC Arch 6/3/84

Own Correspondent

JOHANNESBURG. — Increased contributions from all sectors except coal and minerals helped to lift General Mining Union Corporation, Gencor's earnings by 14 percent for 1983, and the final dividend has been raised to 135c from 120c.

The profit improvement is somewhat higher than the market expected, and the dividend increase is even more of a surprise, although it will serve to ease the path of the coming rights issue

An analysis of Gencor's divisional contributions for the year to December shows that commerce and industry 37,1 percent of attributable income was again the main contributor, followed by gold and uranium 29,2 percent, with the financial division in third place, 16,8 percent.

In the minor placings were platinum 7,2 percent and coal 7,2 percent, with minerals contributing 2,5 percent.

Asset value

Assets under Gencor's control at December 31 amounted to R7,255 billion, compared with R5,871 billion at the end of 1982, and the net asset value at the year-end amounted to R41,04 a share (R40,24)

Gencor's turnover rose to R4,659 billion last year from R3,959 billon in 1982, operating income rose to R528,0m from R366,0m, investment income increased to R186,5m from R169,1m and the surplus on realization of investments fell to R3,7m from R13,6m

Interest soared to R180,5m from R129,3m, exploration costs rose to R16,5m from R14,9m and amounts written off investments and assets rose to R34,3m from R25,9m

The higher interest payment is a reflection both of higher rates and of substantially increased borrowings, which saw the loan capital balance rise to R1,262 billion at December 31 from R748,4m a year before

Dividends

The tax charge almost doubled to R84,7m from R47,1m and after deducting minorities and preference dividends of R93,8m (R64,1m) attributable profit amounted to R305,4m compared with R267,4m for 1982.

Earnings rose to 382c a share from 335c and the final of 135c (120c) takes the total for the year to 190c (175c).

Reviewing the year to December, Gencor's chairman, Mr Ted Pavitt, highlighted the drop in the rand/dollar exchange rate, which had led to an improvement in the rand-denominated gold price

"This is another reminder of the fact that a significant improvement in the rand exchange rate can have a serious effect on exports, especially of raw materials"

On the industrial side Mr Pavitt singled out the turnaround by Darling & Hodgson and the improved results from Sappi, and in the financial sector, township development "had a very successful year"

Economic upturn

For 1984, Mr Pavitt said the prognosis for the year was "more of the same", with little prospect for an economic upturn, and drought conditions persisting

However, Gencor was looking for a repeat of 1983's earnings this year, said Mr Pavitt.

He said the improved result for 1983 was achieved in spite of several negative factors prevailing in the South

To page 13

Gencor

C.T. 6/3/84

From page 12

African economy

- The worst drought for many years
- High interest rates
- High inflation rate
- Continued weakness in the economy, which indicated a decrease of 3,2 percent in gross domestic product this year after a fall of 1,2 percent in 1983

Positive factors

Mr Pavitt said positive factors for Gencor were the acquisition of a controlling interest in Tedelex, filling a gap in the group's distribution of interests, last year's agreement with Iscor, which led to the acquisition of a substantial stake in Samancor, and the Beatrix gold mine, which will be brought to full production this year

Asked to comment on exchange losses incurred by Tedelex, Mr Basil Landau, Gencor's executive director, commerce and industry, said the gross losses amounted to R9m, and after tax the loss was about R4m

He stressed, however, that the losses were in respect of long-term loans, and might never be realized, but they had been fully provided for in Gencor's accounts

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Mine that has turned its back on migrant labour system

By NKOPANE MAKOBANE

TWO hours' drive east of Johannesburg is the Witbank coal region, and here under the gently undulating grassland lie the richest coal deposits in South Africa.

It is here that one finds the R200-million Rietspruit colliery — one of South Africa's largest opencast operations

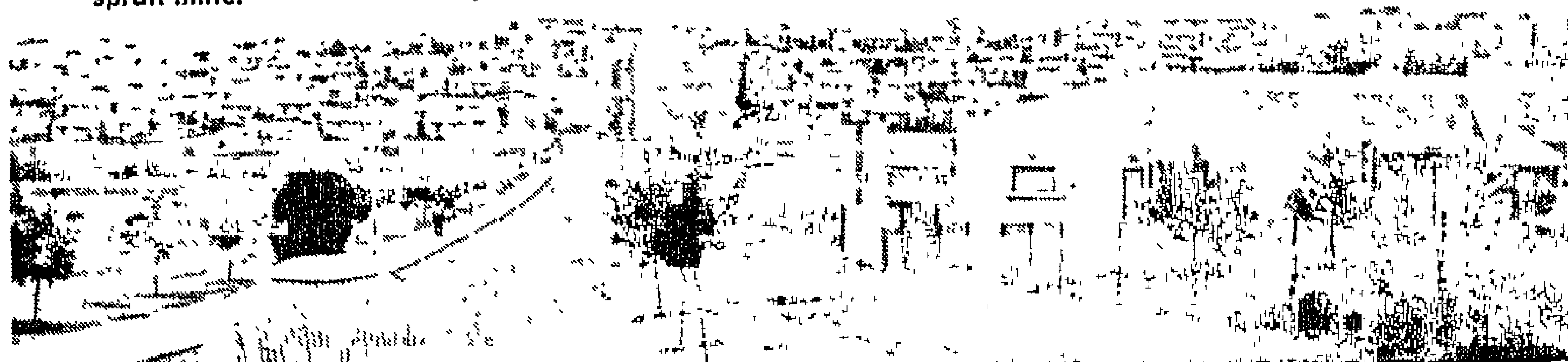
The complex named after a stream that supplies its industrial and domestic needs is a joint venture in which Shell South Africa (Pty) Ltd participates with the Transvaal Consolidated Land and Exploration Company Ltd, each owning half the assets

The mine is managed by Rand Mines which has a majority shareholding in TCL and is a wholly-owned subsidiary of Barlow Rand Ltd

This means that the mine personnel can transfer between Rietspruit and other Rand Mines subsidiaries for career development purposes

And last week during a guided tour of the mine, a group of journalists were told by Mr Pappy McDonald, general manager of the mine, that the go-ahead for the mine was given in 1976 and work began on the site in November of that year.

Today, in the middle of a once empty landscape, is a fully fledged community complete [illegible]



SOME of the houses for workers at Rietspruit mine.

STANDARD one pupils of the Lehlaka Primary School

mine is mechanised, virtually everyone — some 1 000 blacks and 250 whites — does a special-

McDonald said large-scale opencast mining is a relatively new technique and requires

this basis ensures that there is a fair objective assessment of jobs as different as drill opera-

ward exceptional performance

The minimum pay is based on assessments of

earn more than the Supplemented Living Level (SLL) assessed by the bureau for the mine

Less than a fifth of mine employees are in the lowest pay grade Unmarried staff at this level earn much more than the relevant SLL. Apart from this, everyone also gains from the generous benefits that are provided free of charge

The philosophy of Rietspruit, Mr McDonald said, is to offer long-term opportunities for employment and career development, rather than to follow the traditional short-term contract approach

Wo[illegible]

MR PAPPY McDONALD, general manager of Rietspruit colliery

houses is exactly the same for the black and white families, and by any standard extremely high. There are 10 grades of housing, but even then the lowest — for staff in the lower job grades — is an attractive straw-coloured brick building topped with red tiles, containing three bedrooms, a kitchen, bathroom and a living-/dining area

The rent for this is just R5 a month, with electricity for heating, cooking, lighting and so on, water and all maintenance provided free

When a man is promoted to a new job in a higher housing grade, he can move into a better house and even receives an allowance to compensate for any inconvenience

Employees living on a bachelor basis are also well looked after They live in comfortable single-storey houses, each containing eight individual rooms grouped round a central lounge and equipped with all modern conveniences, including colour television

The two housing estates — Lehlaka Park for blacks and Reed Stream Park for whites, both translations of Rietspruit — are carefully sited so that they are within walking distance of the industrial area of the mine, but far enough away not to be disturbed by the mine activities.

Employees of Rietmine personnel can transfer between Rietspruit and other Rand Mines subsidiaries for career development purposes.

And last week during a guided tour of the mine, a group of journalists were told by Mr Pappy McDonald, general manager of the mine, that the go-ahead for the mine was given in 1976 and work began on the site in November of that year.

Today, in the middle of a once empty landscape, is a fully fledged community complete with educational, medical and recreational facilities, where more than 1 200 people and their families are making their homes while helping to supply the world with energy for the rest of this century and beyond.

Pleasant

According to McDonald, the opencast mining operation at Rietspruit has some real advantages. He said it is usually easier to mine larger tonnages and recovery is greater since coal does not have to be left in place to support the mine workings

Again, it is also safer and more pleasant for the miners who do not have to work underground

He also said because most of the work at the mine is mechanised, virtually everyone — some 1 000 blacks and 250 whites — does a specialised skilled task requiring a high degree of ability and training They man electrical stores, warehouses, servicing areas and the administration block

Mr McDonald said because physical development has been matched by social progress, Rietspruit has grown into a community unique in the South African mining industry

Wherever possible, staff are recruited locally and no migrant labour is used. All jobs are open to anyone who has suitable qualifications, irrespective of race or sex, and salaries are based on a qualitative job evaluation system, guaranteeing equal pay for equal work

Elaborating on equal pay for equal work, Mr McDonald said large-scale opencast mining is a relatively new technique, and requires skills different from those of the traditional mining industry

Every job at Rietspruit is evaluated according to the demands it imposes and the skills and experience needed to do it. A single evaluation scheme covers every job at the mine and it is in relation to these evaluations that pay categories are established for the different job grades

Jobs at the mine are evaluated in terms of the Paterson plan, an internationally recognised job evaluation system which is widely used in the mining industry in South Africa and elsewhere

Jobs are graded from 1 (the lowest) to 15, the grade of the general manager Grading on this basis ensures that there is a fair objective assessment of jobs as different as drill operator, tractor driver, technician, clerk, cook, barman, analyst and radio operator

Pay categories are determined to reflect the different levels of job responsibility and are reviewed annually to take account of economic conditions and going rates of pay in the market.

Interim reviews may also be given to individuals as a result of promotion, transfer, upgrading of a job or to reward exceptional performance.

The minimum pay is based on assessments of living costs made independently by the Bureau of Market Research at the University of South Africa (Unisa), as recommended by various international codes of conduct. The bureau was asked to assess living costs at Rietspruit based on the different needs of unmarried people, permanent residents and married people living on a bachelor basis.

As a result, even the lowest-paid employees — R260 up to R280 — (SLL) assessed by the bureau for the mine.

Less than a fifth of mine employees are in the lowest pay grade. Unmarried staff at this level earn much more than the relevant SLL Apart from this, everyone also gains from the generous benefits that are provided free of charge

The philosophy of Rietspruit, Mr McDonald said, is to offer long-term opportunities for employment and career development, rather than to follow the traditional short-term contract approach.

Workers are drawn from nearby areas, with preference given to married people who want to live on the mine with their families.

The major breakthrough was the special dispensation from the Government that the mine be allowed to build houses for more than 500 black employees, making it possible for their families to live on the mine and share all the facilities of the community

The quality of the single-storey houses, each containing eight individual rooms grouped round a central lounge and equipped with all modern conveniences, including colour television

The two housing estates — Lehlaka Park for blacks and Reed Stream Park for whites, both translations of Rietspruit — are carefully sited so that they are within walking distance of the industrial area of the mine, but far enough away not to be disturbed by the mine activities.

Employees of Rietspruit enjoy a number of benefits which, among them, is education All the children on the mine are provided with free education, either on the mine or in local State schools

At Lehlaka Primary school, with 668 pupils and a teaching staff of 23, children between the ages of 4 and 12 are taught in Zulu and Sotho, the two main African languages among the mine workers. The teacher:pupil ratio is 1.35.

STANDARD one pupils of the Lehlaka Primary School.

Row blazes on coal price cartel charges

S. Times 1/4/84 (215)

A SHAKE-OUT in the Reef's R105-million a year coal supply industry seems imminent.

Mudslinging among the Reef's 35 coal merchants resurfaced this week with an allegation that some of them had met to discuss price-fixing

Merchants are unwilling to discuss what is described by one of them as a "very ugly business".

One coal firm says it was was asked to attend a meeting on Tuesday which, according to its sponsor, was aimed at halting the current price war The alleged proposal was to increase consumer prices

The meeting was held, it is said, in anticipation of a 4% to 5% price increase to be announced by the Department of Mineral and Energy Affairs tomorrow

Happy family

Price-cutting on the Reef has resulted in coal selling at well below R30 a ton The official price is R45 a ton. Some buyers on the West Rand are paying only R23 a ton, which is below the price five years ago

A merchant said "Coal must be the only product in SA which has decreased in price"

Merchants say the only way to avoid a shake-out is by rationalising their trade. Some say competitors will go to the wall unless a pricing system is agreed to

The only alternative, says

By Barry Sergeant

a merchant, is to consolidate and live as "one big happy family".

Some merchants claim competition is healthy, and must continue. The statements come from those who benefited from a Government ruling which caused a storm on its publication last year It required merchants to have certain stockpiling facilities before they could qualify for a licence

Some of the entrants managed to obtain licences with minimal stockpiling facilities Established merchants have higher overheads and find their customers being poached

Renier Roets, deputy director of the Department of Mineral and Energy Affairs, says. "Government Notice No 895 was designed to promote competition in the industry One of the main requirements for a licence is the ability to make sufficient strategic stockpiles This is to smooth demand which differs hugely between summer and winter"

One of the new companies acquired a depot and was given authority to sell coal in January Asked to comment on the Tuesday meeting, it said it was invited, but refused to attend

Andre Fowler, marketing director of McPhails, said he could not comment on whether the meeting took place

Les Weiss, managing director of the Transvaal Coal Owners Association, which represents the mining companies, said "Competition among merchants must not intensify to such an extent that service standards begin deteriorating"

Mr Weiss said some non-TCOA members were making inroads into the market by negotiating contracts directly with end-users They were able to undercut TCOA prices in some instances because of lower beneficiation treatment

Merchants' profit margins are being squeezed by suppliers, consumers and each other.

Pressure

Some merchants are exploiting transport companies bringing coal from the mines to the Reef The carriers are under pressure because of reduced demand caused by the recession In their desperation to maintain income, they accept low-priced cartage contracts from merchants

● The Competition Board's report on coal distribution and retailing was tabled in Parliament this week Johan Lambrechts, chairman of the board, says "We do not know to what extent the recommendations have been accepted by the Government"

The report was commissioned by the Minister of Commerce, Industries and Tourism, Dawie de Villiers, in 1982 Other reports are taken at the initiative of the board

Coalmen want to form a cartel

Ram 2/4/84

215

By JOHN MULCAHY

IT HAS become unnecessary to use a calendar to signal the advent of autumn on the Highveld. Infighting in coal distribution is a sure sign that winter is on the way.

Bitter competition on the Reef, where prices for bulk coal slumped to R28 a ton and lower from more than R38 two years ago, has forced some of the main suppliers to call others in the trade to the negotiating table

While the terms of the negotiations are euphemistically termed rationalisation talks, what the chief protagonists are aiming at is a cartel, which will ensure prices at least R5 a ton higher than now.

The timing for the price increase was intended to coincide with a special Government Gazette announcing an increase by the Department of Mineral and Energy Affairs.

The Gazette is expected today and the intention was to lift the prices an additional R5 a ton. This would be disguised by the official price increase.

In the centre of the storm is MacPhail, owned by Triton Energy, part of the W&A Investment Corporation group

MacPhail is the market leader in the Johannesburg area. Also in the stable is Omega and a string of minor companies, many of them operating independently but part of the wider MacPhail group.

A MacPhail spokesman declined to comment on the talks but Business Day spoke to other participants in the market.

The nub of the problem is the heavy overheads carried by MacPhail and other big suppliers They have argued successfully in the past that the high cost of distribution to domestic consumers needed the quid pro quo of bulk supply

For traditional white urban domestic markets the suppliers need a fleet of vehicles in use for only four months of the year and, for this imbalance, there should be the compensation of a restricted bulk market

For many years Reef distribution was an oligopoly, with many of the participants closely linked — in some cases, different companies had the same telephone number

The public has mostly fallen for this supposedly open market, and the business was a low-key affair until the fly-by-night Mr Laurence Goldberg moved in on the then Coal Cartage group and, together with some colleagues, set about revolutionising the retail business in the Transvaal.

Part of the strategy was to clean up the distribution side, aim at cutting the huge fleet of trucks, and to re-educate — or coerce — urban domestic coal/anthracite users to collect their supplies from central outlets

With this innovation came huge price increases and, inevitably, more efficient, small distributors began to snipe and gain market share, especially in the industrial bulk sector

Instead of operating high-cost fleets and sophisticated storage facilities, these distributors use cartage contractors to deliver coal directly from mines to customers

In desperation, the traditional distributors — and again in the forefront was MacPhail — sought protection from the Department of Mineral and Energy Affairs, which then imposed restrictions on those in the market.

Some of the requirements contained in the Department's order, now commonly known as Notice 895 (Government Gazette No 895), were so restrictive that, according to one distributor, "it only stopped short of requiring each participant to do 10 cartwheels a day, and it soon became evident that coal supplies on the Reef would grind to a halt if the notice was applied to the letter"

Amid astonishing tales of top-level shenanigans, the Department of Mineral and Energy Affairs became increasingly lax about applying the rules.

One supplier, who asked not to be named, cited the requirement of a stockpile as one of the more ridiculous of Notice 895's conditions.

"The coal mines are within two hours of the Witwatersrand and, even in crisis, this is the sort of delay we are talking about It is not as though we were thousands of kilometres from the coalfields and were vulnerable to railage bottlenecks"

Another supplier, who also requested anonymity, told of a visit to his premises by officials of the Department of Mineral Affairs and the Price Controller, to see the company's records

It was only when evidence was produced of transactions that are best interpreted as "less than arm's length", that the pressure eased

As the time approached for the gazetted price increase, a meeting of suppliers was called, but not all agreed to attend.

"We are happy to make 50c or R1 a ton after overheads and tax," said one dissident "The volumes are so huge that small margins are possible."

One supplier said the requirements had eased to the extent where the Department no longer insisted on a stockpile "As long as you have a site, in case of emergencies, they are happy. We have a site, with not a pound of coal on it."

In the background of the turmoil is the political sensitivity attached to coal supplies, especially to black urban areas

It has not passed the Government's notice that disturbances tend to occur on empty stomachs and in cold weather

We have already seen the results of one supplier making all sorts of promises about the Reef market and failing to produce the goods. Perhaps the authorities should allow a free-for-all.

Cartels are undesirable and more particularly when they aim at maximising profit from a commodity as essential as coal.

Mine dispute talks

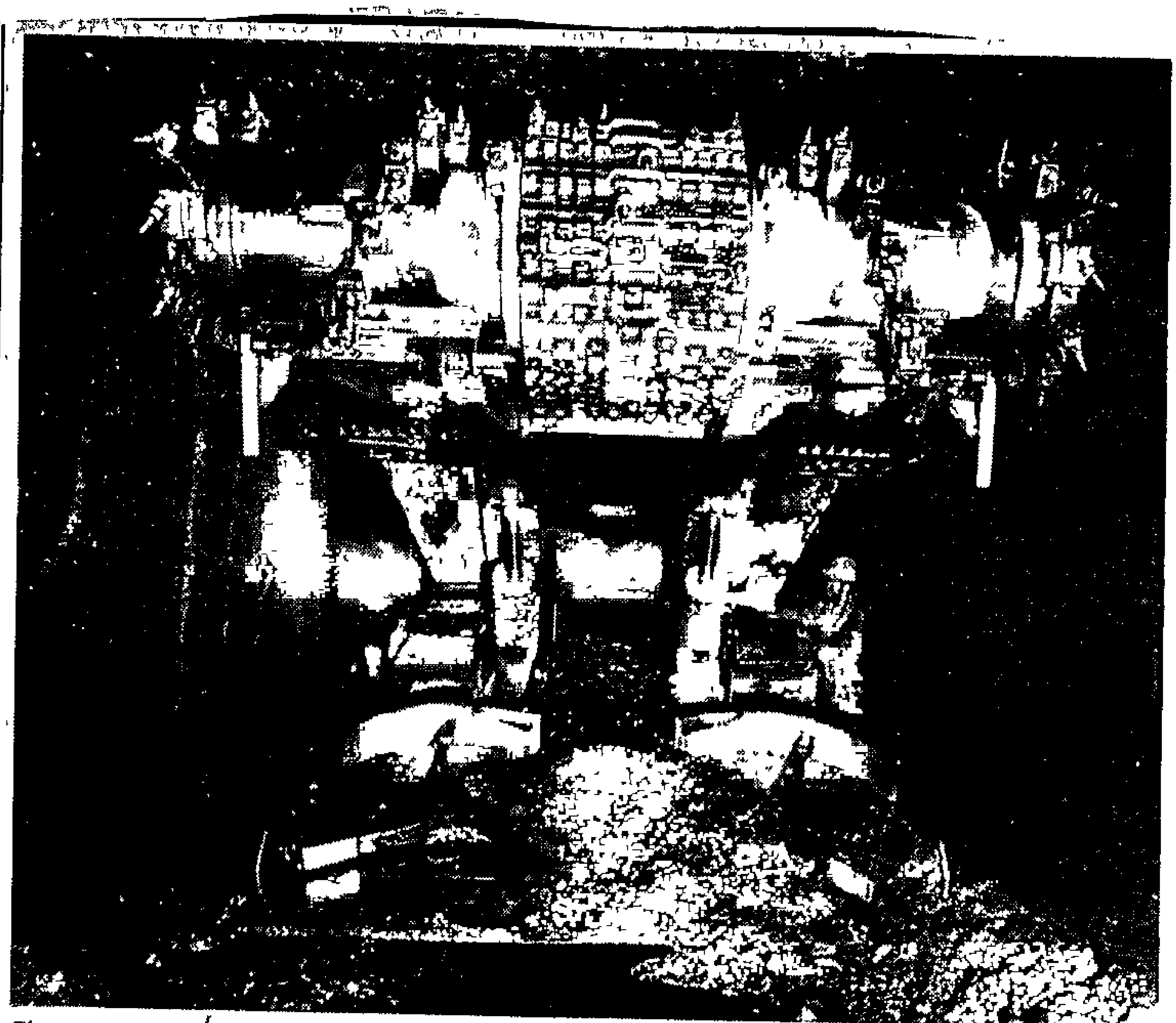
THE National Union of Mineworkers (Num) is to continue talks today with the Rand Mines' Rietspruit colliery management on the shaft steward recognition dispute following a strike by over 1 200 miners last week.

The colliery's public relations officer said that the talks, which started sometime ago, were "progressing in good spirit" and the outcome would be known later

Miners at the plant, members of the Num, went on strike last week over what the union described as "reluctance, to recognise the shaft stewards" while management blamed the strike on "misunderstanding" on the part of certain workers

Eight workers were arrested by police during the strike and have since been charged under the Intimidation Act in the local magistrate's court. They have been released on R500 bail each and will appear again on April 18, a union spokesman said yesterday

Sowetan 4/4/84



The Joy 12HM9 continuous miner that last month produced a record-breaking 121 008 tons at Middelbult Colliery, in Sasol's Secunda complex.

(215) Star 24/4/84

Big boost for exports as SA increases coal sales to Japan

Financial Correspondent

TOKYO — South Africa scored major gains in its shipments of coking coal, thermal coal and anthracite to Japan in fiscal 1983, according to Japanese Government statistics just released

In coking coal, South Africa's mines sold Japan 3 629 345 tons, a 20,5 percent increase from the previous year. That raised South Africa's share of the Japanese market from 4,8 to 5,8 percent, consolidating its position as the number four supplier after Australia, the US and Canada.

As far as the average price was concerned, South African shippers took a 24,2 percent cut, and only Chinese and Indonesian coal is now cheaper in terms of the Japanese yen, the statistics reveal.

Japanese imports of thermal coal continued to rise last year, although the increase was much less dramatic than in previous years — a six percent jump to just over 14,5 million tons.

South African shipments rose 20,1 percent to 2 626 399 tons, continuing the strong expansion seen throughout the 1980s so far

South Africa now has 18 percent of the Japanese thermal coal market and is the third largest supplier after Australia and Canada.

But the continued slump of prices was demonstrated by South African coal being sold at an average 19,2 percent less than the previous year Only Russian coal is now cheaper than South African brands, and Russian shipments last year were negligible anyway.

The best South African performance was in anthracite, where South African's shippers increased their tonnage 19 times.

At just under half-a-million tons, South Africa was able to gain around 45 percent of the Japanese market, thanks mainly to an extremely competitive price that official statistics reveal no-one else was able to match.

GFSA gets Liberty stake in Clydesdale

2/5

CAPE TIMES 2/5/84

By BRENDAN RYAN

JOHANNESBURG. — Goldfields of South Africa (GFSA) is acquiring the Liberty Life group's controlling stake in Clydesdale Collieries.

The deal has been struck at R14,50 a Clydesdale share which compares with the suspension price on the Johannesburg Stock Exchange of R13 and places a value of R146m on the market capitalization of the company

The Liberty Life group is to take payment from GFSA in the form of new convertible redeemable cumulative preference shares (prefs) issued at R29 a share which compares with yesterday's JSE closing price for GFSA ordinary shares of R29,50

Dividend rate

The Liberty Life group will receive 50 prefs for every 100 Clydesdale shares held

The dividend rate on the prefs will be 10 percent and the prefs will be converted to GFSA ordinary shares on a one-for-one basis when GFSA's annual dividend reaches R2,90 a share

GFSA's dividend for the year to end-June was R1 a share

If conversion in this way does not take place by July 1, 1987 then the shares can be converted at the choice of the holders on July 1 of any of the years 1987 to 1996 inclusive

GFSA will also make an offer to all other shareholders in Clydesdale to acquire their shares on the same terms

The chairman, Mr Robin Plumbridge, said at a press conference in Johannesburg yesterday, "we are making the offer to other shareholders because we are required to do so by the regulations of the Johannesburg and London stock exchanges

"We are not after the full shareholding in Clydesdale and will be quite happy to have as many of the other shareholders stay with us for the future operations of the company"

Option

Guardian Bankers Growth Fund, which holds 250 000 shares (2,4 percent) in Clydesdale will have the option of taking either the GFSA prefs or the R14,5 cash alternative for its shares

The executive director of Liberty Holdings, Mr Roy McAlpine, said at yesterday's conference the fund would certainly take up the offer and sell its shares to GFSA

However, the fund is an independent trust which was not part of the Liberty Life group and could therefore not be included with the rest of the group in accepting the GFSA pref offer

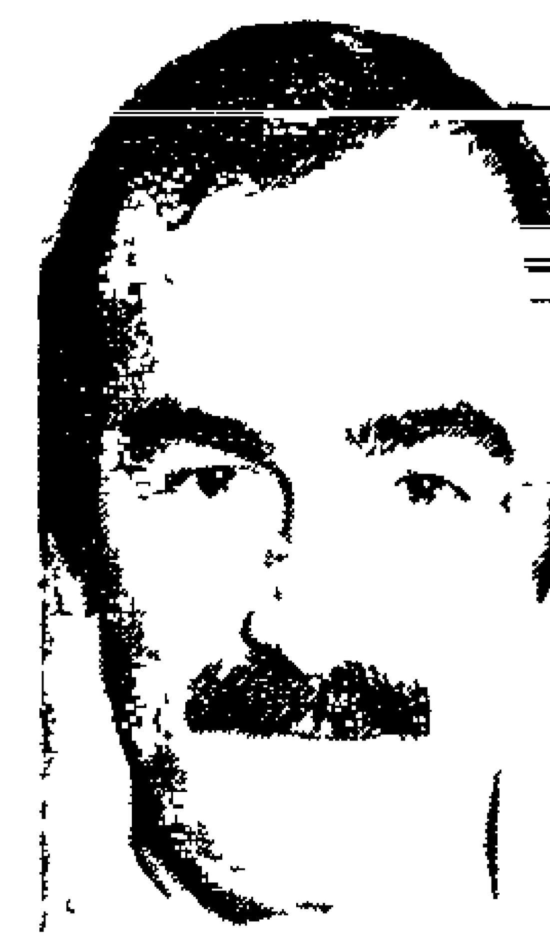
Mr Plumbridge said the deal had resulted from a recent conversation between himself and Liberty chairman Mr Donald Gordon and had been put together in a short space of time

He said the acquisition was consistent with GFSA's overall strategy of increasing its investment in mining operations where suitable opportunities were seen

The acquisition would have a small financial benefit for GFSA in the medium term

He said GFSA's main concern at present was

To page 13



Mr Andy Maclaurin, human resources executive for Checkers, has been appointed to the executive committee of Checkers SA Ltd.

Southe earnin

JOHANNESBURG Southern Sun Hot Holdings had a drop attributable earnings seven percent in th year to March 31 thi year, compared with th previous year

Net attributable ea ings were R29 500 00 compared wi R31 759 000 the previo year, equivalent to 53,1 a share (57,2c)

However, the dire tors point out in the pr liminary profit a nouncement that th restructuring of th group's casino intere on October 1 last ye

2 more accords at mines

RDM 16/5/84 215

Mall Reporter

THE National Union of Mineworkers (NUM) has signed recognition agreements at two Rand Mines-owned collieries near Witbank, bringing to 17 the number of agreements the union has now signed in the less than two years since it was launched

The agreements at Duvha and Rietspruit — both of which have experienced work stoppages this year — followed months of negotiation between the NUM and Rand Mines, mining arm of Barlow Rand

The NUM, the largest mainly black trade union in the country, now has eight agreements on gold mines, four on coal mines, two at mine hospitals, one at the Rand Refinery, one at the Teba recruiting centre and one at the Chamber of Mines Sports Club

Neither Duvha nor Rietspruit, which are open-cast mines, are members of the Chamber of Mines and are the NUM's first non-chamber agreements

Mr Alan Cook, deputy chairman of Rand Mines' collieries division, said the agreement closely resembled the chambers' agreement with the NUM, and was granted after the union had gained 50% representation at the two mines

Sowetan 22/5/84 213 215

Coal workers down tools

ABOUT 300 workers at the McPhail Coal Company in Karzene, Johannesburg, yesterday downed tools demanding wage increases and improved working conditions.

The workers felt that the company — whose motto is "Mac won't Phail you" — has failed its employees A spokesman for the workers said they were being paid "poverty wages" and that working conditions are "deplorable " Work came to a standstill yesterday as the coalmen were joined by others from the Wadeville depot demanding a hearing

The workers claimed that those who were classed as labourers are paid R45 a week and the drivers are paid R65 a week plus a R20 bonus which brings their weekly wages to R85

They demanded that the labourers be paid R65 a week and the drivers R120 a week

Talks

A spokesman for the company yesterday confirmed that there was a work stoppage He said he could not comment on the matter as the situation was still delicate Worker representatives and management were still holding talks

Cape Times 24/5/84

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Anglo American Corp gets further stake in GFSA

Own Correspondent

JOHANNESBURG — Anglo American Corporation (AAC) has acquired a further 5,6 percent stake in Gold Fields of South Africa (GFSA) in a deal worth more than R125m.

Anglo has accomplished this through a share swap of 8,5m Barlow Rand shares for 4,6m GFSA shares with the Old Mutual The shares were registered with their new owners on Friday last week.

The deal was revealed yesterday in a circular to GFSA shareholders concerning the group's acquisition of the controlling stake in Clydesdale Collieries.

The document showed that Anglo American Corporation's stake in GFSA had risen to 8,9 percent at May 22 from the 3,3 percent reported in the last AAC annual report.

Implications

It also showed that the Old Mutual no longer had a stake of more than five percent in GFSA. It held six percent at June 30 last year.

The implications of the deal are significant in terms of the shareholdings being built up by the Anglo greater group in GFSA and the Old Mutual in Barlow Rand.

Old Mutual held 29,5 percent of Barlow Rand before the deal which has given it an additional 5,2 percent stake to take its total holding to 34,7 percent.

Anglo American Corporation (AAC) now holds a direct 8,9 percent stake in GFSA, while 49 percent held associate Anglo American Gold Investment Co (Amgold) has another 10,9 percent which takes the direct group stake in GFSA to 19,8 percent

Speculation

However, the Anglo group has a significant indirect holding in GFSA through its international arm, Minerals and Resources Corporation (Minorco) which in turn has a large stake in GFSA's controlling company, Consolidated Gold Fields

There has been repeated speculation over the past few years that Anglo is keen to acquire control of GFSA which manages arguably the finest stable of South Africa's gold mines

The speculation has concentrated on the activities of Minorco and the possibility that it might launch a take-over bid for Consolidated Gold Fields.

AAC holds a 41 percent stake in Minorco while De Beers Consolidated Mines holds a further 22 percent to give a combined AAC/De Beers controlling interest in Minorco of 63 percent.

Minorco in turn holds 29 percent of Consolidated Gold Fields which is the largest shareholder in GFSA with 48 percent.

Regulations

If Minorco wants to take its stake in Cons Gold to more than 30 percent then, in terms of London Stock Market regulations, it will have to make a take-over offer to all Cons Gold shareholders

Apart from AAC, Amgold and Cons Gold there are no other holders of a more than five percent stake in GFSA

An AAC spokesman yesterday denied the acquisition of an additional 5,6 percent stake in GFSA was part of an overall plan to gain control of the company.

Estimated costs of two mines R1,175-bn

TC Land, Wit Cols to set up Escom-tied coal mines

CAPE TIMES 29/5/84

By BRENDAN RYAN

JOHANNESBURG. — Transvaal Consolidated Land and Exploration (TC Land) is to form a joint venture with 71 percent-held subsidiary Witbank Colliery to set up two Escom-tied coal mines.

The contracts for these collieries were awarded to TC Land by Escom in 1982.

One of the coal mines will also be developed as a multi-product colliery to meet TC Land's Phase 4A export allocation through Richards Bay of 2,5m tons of coal annually.

Total cost of the two collieries is estimated at R1,175 billion in current money values

Each Escom colliery is expected to cost about R392m and the development of the export section at one mine will cost an additional R392m

The collieries are Khutala, which will supply Escom's 3 600 MW Khutala power station near Ogies, and Majuba which will supply the 3 600 MW Majuba power station near Amersfoort

Coal from Khutala's No. 5 seam will be mined for export as this seam does not form part of the coal reserves committed to Escom for the power station's use

The joint venture will be held 70 percent by Witbank Colliery, through its wholly-owned subsidiary Douglas Colliery, and 30 percent by a TC Land wholly-owned subsidiary

TC Land will assign the use of the Escom contracts, its export allocation and its coal rights to the joint venture

In addition to its direct 30 percent share of the profits from the joint venture TC Land will also receive the royalty payable by Escom on each ton of coal its power stations burn from the collieries

Payments by Escom to the tied collieries for each ton of coal used comprise the three separate elements of return on capital invested, working cost, and royalty

TC Land and Witbank Colliery will fund the bulk of the capital expenditure through internal resources and the balance through borrowings which have to a large extent already been arranged

Minimal financial benefits from the joint venture are expected by TC Land and Witbank over the next two years but earnings a share for both companies will improve after this period

Khutala colliery, on the Bombardie-Cologne coal field, is scheduled to start coal production in 1987 and rise to full output of about 12,2m tons a year in 1992

The first 600 MW generating set at the Kendal power station is scheduled to come on stream in 1989 and the sixth and last set in 1993

Production from Majuba is planned to start in 1989 and build up to full output of 11,9m tons a year by 1994.

Majuba's first generating set is scheduled to come on stream in 1990 and the final set in 1995.

Escom has already postponed the start of the first set at Majuba by a year and there is a possibility that the station may be subject to further postponement if Escom defers 5 000 MW of new generating capacity from its expansion plans to 1995

The new generating capacity will be deferred if the low growth rate in demand for electricity shown over the last two years continues

Construction

The prime candidate for deferral is the Lekwe power station, to be supplied by Amcoal, as Escom has not yet placed orders for boilers or generators for this station

"We have received no further notification from Escom on construction delays since the initial one-year postponement of Majuba," said Witbank Colliery's deputy chairman, Mr Allen Cook, yesterday.

"Decisions by Escom which defer the construction of the colliery increase its capital cost because of the effects of inflation on that cost over the longer time span to completion

"This in turn affects the rate of return which we require from the new colliery Should the colliery be delayed we would have to resolve this issue with Escom as it involves the price charged for coal supplied to the power station," he said

Mr Cook said the joint venture agreement provides Witbank with an opportunity to invest funds into additional Escom and export business

The company is at present restricted by its location in investing surplus cash into new coal mining ventures.

SOWETAN, Wednesday, June 6, 1984

213

Num in dispute with Chamber

THE National Union of Mineworkers (Num) is to take the Chamber of Mines to the Industrial Court after declaring a dispute over wages.

Num's general secretary, Mr Cyril Ramaphosa, said that the Chamber has failed to bargain with the union "in good faith" by not accepting their demands.

The union declared a dispute when the two parties failed to reach an agreement over increases for Num's thousands of members in the coal mines This follows the union's special conference at the weekend when miners rejected the Chamber's 10 percent wage offer and threatened to go on strike

The declaration of the dispute is one of the steps taken towards a legal strike and may strain relationships further between the parties, according to sources

Mr CYRIL RAMAPHOSA: Miners' leader.

Mr Ramaphosa said that the Chamber has clearly indicated that it was not prepared to increase its offer much further The Chamber treated the union "like small boys and we are tired of this kind of action "

The union is demanding wage increases ranging from 30 to 60 percent for its 70 000 workers in the coal and gold mines The Chamber has offered a 10 percent increase

"We can no longer wait for the Chamber's delaying tactics because traditionally black miners' wages are implemented on July 1," he said

The union is to hold further talks with the Chamber regarding pay increases for its members on the gold mines tormorrow according to Mr Ramaphosa

A spokesman for the Chamber said they had advised the union they would not be in a position to table a response at this week's meeting to the union's lists of 20 demands, including wage increases

"The Chamber required the union to motivate and clarify its proposals The union refused to motivate and declared a dispute with the Chamber," the spokesman said

The spokesman said that a meeting would be held in an attempt to resolve the impasse next week.

RDM 6/6/84 215

SA spot market success may be short-lived

THE UK coal strike, along with rising demand from Spain, has boosted SA and Australian spot sales in the past month

However, the general feeling among producers and traders is that this achievement will be short-lived

Business Day, in collaboration with SA Shipbrokers, features a monthly column on worldwide trends in the coal industry — an issue of vital importance to the South African economy.

The UK's National Coal Board still has its problems with the National Union of Miners

The strike is costing the country £25m a day One of the effects is to bite hard at the British Steel Corporation, in particular at its Ravenscraig plant in Scotland

The mill relies upon imported coal for two-thirds of its 1,5-million tons a year and the NUM has been trying to prevent this coal from reaching the mill

However, the BSC plant at Scunthorpe, which has up to 3-million tons a year capacity and uses 100% NCB coal, has had its steel production cut by half

The NCB has been buying, on the sea, coal bought by the Central Electricity Generating Board from Australia, and redirecting this to customers in Morocco, Scandinavia and elsewhere to meet its export sales commitments

This, as far as the British Government and Treasury are concerned, kills two birds with one stone it helps to reduce the stocking costs for CEGB Australian coal on the Continent, and enables the NCB to maintain export markets in the absence of UK indigenous supplies But at what further cost to the British taxpayer?

The Spanish are reportedly in the market for up to 1-million tons of coal on the spot market

The Spanish cement utilities have traditionally been able to buy from the UK and Poland but, because of the demise of both sources of supply, and the fact that most SA suppliers appear to be fully committed, they are finding it difficult to cover their short positions

One trader has commented that if they could find coal between $31 and $32 a ton fob Richards Bay he would be able to place a number of cargoes in Spain

Spanish coal production rose in 1983 by 1,5% to 39,5-million tons However, consumption also increased, by 3,2% to 47,42-million tons

The biggest increase in demand came from the power stations, although demand from coking plants and cement utilities fell in Australia, despite the strong resistance to cuts in fiscal year 1984 prices on coal moving to Japan

Australia's hard coking coal producers are finally are agreeing to lower prices of between $1,50 a ton to $3 a ton from the fiscal year 1983 prices

According to the Japanese mills, New South Wales mid-vol coking product will be priced at $52,50 a ton, while mid-vol coal from Queensland will bear a price tag of $51 a ton

The Australian government is reluctant to approve the new cuts, however

It said in a statement it had no choice but to accept the new prices, which resulted from negotiations with the Japanese Because of competition between Queensland and New South Wales suppliers, Japan had succeeded in playing one company off against the other

A side-effect of the price cuts will be job losses. It is estimated that upto 1 000 miners could join the dole queue over the next two or three months

Price cuts by SA and other suppliers had left prices too low for the Australians to match, thus compounding the problem for the coal companies

Canada's metallurgical coal suppliers are monitoring the Australian-Japanese situation carefully, and are also agreeing to price and volume cuts for 1984

Three suppliers — Westar Mining, Fording Coal and Luscar — have settled on a price of $54,41 fob Contract tonnages have also been reviewed downwards by about 10%

Concurrently, contract talks between the Japanese mills and the Soviets for 1-million tons of Kuznetsky coking coal are also near agreement, at a reduced price from fiscal year 1983's price of $52,95 a ton to "reflect market conditions"

In SA, the exports continue at the pace planned by Richards Bay coal terminal and the Railways after the cyclone damage in January

The May exports totalled 3,1-million tons in a total of 47 vessels This remains on target for the projected 34-35-million tons total for 1984.

LABOUR RDM 6/6/84 215

Dispute will not hamper miners' pay negotiation

By PHILLIP VAN NIEKERK

WAGE negotiations for black workers in the coal mining industry would continue — despite the declaration of a dispute against the Chamber of Mines by the National Union of Mineworkers (NUM)

Mr Cyril Ramaphosa, the general secretary of the NUM, said yesterday the NUM had charged the chamber with an unfair labour practice because it had refused to come forward with a pay offer at the opening meeting

He said the dispute was over the chamber's bargaining practices and not over pay and that the NUM was prepared to continue the negotiations which resume on Monday

"The purpose of declaring an unfair labour practice is to ensure that the chamber does not do this kind of thing again," he said

Mr Johan Liebenberg, the chamber's industrial relations adviser, said yesterday the NUM had not made that distinction on Monday when they had declared the dispute However, the chamber would be prepared to continue the negotiations

The NUM declared the dispute at the first round of negotiations on Monday, when the chamber refused to reply immediately to the NUM's demands for increases ranging between 30% and 60%

The union is recognised as representing black mineworkers on five of the chamber's 55 collieries

Meanwhile, Mr Liebenberg reiterated yesterday the pay offer on the table to the NUM for black workers in the gold mining industry was not the final one

The offer of increases ranging from 9,5% to 10,9% was rejected by a NUM special conference in Klerksdorp at the weekend.

Workers committed themselves to declaring a dispute and possible industrial action if the chamber did not come back with a satisfactory final offer

Mr Liebenberg said the chamber was in a position to improve on their offer

At the weekend conference workers decided they could not go lower than the union's demand of 25% until the chamber gave a final offer, which would be considered by the NUM's negotiations committee

Mr Ramaphosa said if the chamber was not prepared to make a final offer a dispute — which could lead to widespread industrial action — was likely

Threat of miners' strike grows stronger

New union disputes on coal wages

Rdm 21/6/84

215

By PHILLIP VAN NIEKERK

THE National Union of Mineworkers (NUM) yesterday added to their dispute with the Chamber of Mines over wages for black gold-mine workers by going into dispute with the Chamber over wage increases for black coal miners.

The two disputes are the early stages in what could lead to the first ever legal strikes by black mineworkers in South African history.

As in the case of the gold mines the chamber has announced it will bring into effect its final offer for chamber-affiliated collieries on July 1 on the grounds that the vast majority of workers are not members of the union and are expecting increases on that date

This is despite warnings by Mr Cyril Ramaphosa, general secretary of the NUM, that a unilateral pay increase could lead to labour unrest on the mines.

However, the chamber has argued that as there is uncertainty over NUM membership, it would be unwise not to award the increases to all mineworkers

The chamber said in a statement last night after talks between the chamber and the NUM that the increases would not apply to "some anthracite producing collieries which are currently operating in a very depressed market"

The increases announced for surface employees at the collieries average 14,1% while those for underground employees will average 13,4%, the chamber said.

Various improvements in working conditions, including a minimum service scheme providing for a 0,5 % annual increment and a shift allowance scheme, have also been introduced

The coal offer is very similar to the gold offer even though the two sets of negotiations were seperated at the beginning because of the different circumstances in each

The NUM — which claims a membership of some 70 000 on both coal and gold mines but is only recognised by the chamber on a few collieries — has been demanding a 25% across-the-board increase and has also rejected the fringe benefits offered by the chamber

The NUM is already in dispute with the chamber over the coal mine wage talks The NUM has accused the chamber of an unfair labour practice for allegedly refusing to bargain in good faith at the very beginning of the coal talks

Sowetan 22/6/84

(215)

Coal miners in deadlock

THE BREAKDOWN in pay talks between the Black Mineworkers' Union and the Chamber of Mines concerning workers at Chamber Gold Mines has been repeated in the case of the coal mines.

Yesterday talks between the Chamber and the National Union of Mineworkers (Num), which claims a membership of 70 000, ended in deadlock — a carbon copy of Monday's deadlock over improved pay and working conditions in the gold mines And as it did on Monday, Num has declared a dispute with the Chamber

The Chamber has adopted the same stance with the collieries as with the gold mines it represents It will bring into effect its "final offer" on July 1 on the grounds that the vast majority of employees are not members of the union and are expecting increases on that date

However this will not apply in the case of "some anthracite producing collieries which are currently operating in a very depressed market," a Chamber spokesman said

Following Monday's deadlock, Mr Cyril Ramaphosa, Num's general secretary, warned that it could lead to labour unrest The union, which has also rejected the fringe benefits offered by the Chamber, was willing to accept an across-the-board 25 percent wage increase — Sapa

1 500 strike at colliery

Mercury 26/6/84

Pietermaritzburg Bureau

215

MORE than 1 500 workers at the Coronation Colliery in Vryheid downed tools yesterday after dissatisfaction over wage increases last week.

Police were 'keeping a watch' on the situation after isolated cases of stone-throwing had been reported

Mr Errol Symons, Chief Press Officer for Anglo American, which owns the mine, said the workers had not reported for work in the morning following salary increases announced by the Chamber of Mines

Negotiations between the mine's manager and the workers' representatives were in progress.

Some buses had been stoned during the day, Mr Symons said.

1 killed, 4 hurt in miners' riot over wage increases

Argus 26/6/80

Argus Correspondent

DURBAN. — One mineworker was killed and four injured, one seriously, when 1 700 striking mineworkers at Anglo American's Coronation Colliery near Vryheid rioted last night

A police spokesman in Pretoria said the man was killed when "unknown persons near the white residential area, within the mine complex, shot at the riotous mineworkers about 9 pm"

He said the mineworkers had gathered about 4 pm. The police had used teargas in an effort to stop a march of the miners on the white residential area

A mine beerhall and food store was broken into by the miners and there was extensive damage to buildings and other mine property, the spokesman said

The miners took to rioting over dissatisfaction with their wage increases.

Three policemen were injured and several of their vehicles were badly damaged when the miners tried to drive them back, using broken bottles and stones.

It took police about three hours to confine the mineworkers in an area near the compound

A spokesman for Anglo American said today "a large proportion" of the work force of 3 000 miners were involved in the strike.

He said mine management was endeavouring to communicate with the workers in order to stabilise the situation. — Sapa

MINE RIOT

1 shot dead, many injured during strike

Sowetan 27/6/84 ~~215~~ ~~214~~ 215

A MAN was shot dead, four others seriously injured and several others slightly injured, as rioting miners fought with police during a strike over wages at the Coronation colliery, near Vryheid yesterday.

Police have detained six black men on charges of public violence following the outbreak of violence in which the police used tearsmoke to disperse the workers

By JOSHUA RABOROKO and SAPA

A spokesman for the Police Directorate in Pretoria yesterday told The SOWETAN that shots were fired by "unknown people at the rioting miners" near a white residential area

In an attack on the Chamber of Mines, the National Union of Mineworkers condemned the action and said the mine "bosses" may be faced by this type of labour unrest country-wide

The injured are Mr Milton Ntshingala (wounds to his thighs), Mr Simon Nxumalo, Mr Simon Negovu and Moses Nkosi

The union also said that the strike action was sparked-off by the Chamber's refusal to meet the workers' demands during a series of wage talks in Johannesburg in recent weeks

Management

A police spokesman said that the striking miners gathered near the colliery and demanded to talk to management Police who later arrived at the scene used tearsmoke to disperse the strikers as they advanced near a residential area

This was followed by the stoning of police vehicles, beerhalls and other mine property Two members of the SAP were slightly injured and a number of vehicles damaged by the rioters

Cars parked near the gates were smashed as the miners drove the police back A running battle then ensued along the main road through the mine property.

During the battle police wearing helmets and carrying riot shields clashed with rioters The situation was later brought under control and by late yesterday the police described the situation as "quiet "

Mr Errol Symons, chief Press officer for the Anglo American group of companies, said the police were called to maintain peace and order at the colliery.

The workers refused to go back to work and management was negotiating with the Num. He confirmed that a black miner was killed, but his name would not be released until the next of kin had been informed

"The strike comes soon after we warned the Chamber that there would be large scale labour unrest if they implemented the announced wage increases coming into effect as from July 1.

"The workers have expressed their anger at the low wages which they have been offered by the Chamber," the Num said

RDM 27/6/84

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Union warning after killing

By PHILLIP VAN NIEKERK

AT LEAST one black mineworker was killed, another seriously injured, and three others slightly injured when "unknown persons" opened fire at striking mineworkers from the Coronation Colliery near Vryheid on Monday night.

The incident happened after about 1 700 mineworkers went on strike earlier in the day in dissatisfaction with this year's pay increases for black mineworkers announced by the Chamber of Mines last [illegible].

[illegible] the general [illegible] Cyril Ramaphosa, National secretary of the Mineworkers Union of [illegible] (NUM), which has rejected the increases, yesterday called on the Chamber to return to the negotiating table to "avert a catastrophe which is going to hit the mines".

He said the strike was "just the beginning of the mineworkers' struggle for a living wage" and that the mining houses would be "faced with this type of unrest from all mines countrywide".

A spokesman for Anglo-American, owners of the mines, said the workers had returned to their jobs yesterday afternoon after discussions between management and worker representatives and had agreed to accept the wage increases.

There were unconfirmed reports that workers at the adjoining Hlobane mine had downed tools yesterday, also in protest against the wage increases which are to come into effect on July 1.

The reports were denied by Hlobane's owners, Iscor.

The NUM claimed police were called when striking mineworkers attempted to talk to management about the increases. Teargas was used against them and later when they were moving peacefully towards their hostels, unidentified people started firing shots at them, killing two workers and injuring four others.

However, Colonel V H Heynes, a police spokesman in Pretoria, said the shots were fired by "unknown persons" when the mineworkers marched on a white residential area near the colliery at 9pm on Monday.

He said rioting miners had clashed with police carrying riot shields for more than two hours.

The president of the Chamber of Mines, Mr George Nisbett, last night expressed the hope the outbreak of violence was an isolated incident which would not be repeated on other mines.

"I wish to appeal to all employees in the mining industry not to participate in strike action or acts of violence which, in the end, will benefit nobody," he said.

Mr Nisbett said he believed the unrest was linked to the recently announced wage increases which, he felt, compared favourabl[y] with pay rises in other [indus]tries.

Cape Times 27/6/84

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Anglo regrets mine deaths

JOHANNESBURG — The Anglo American Corporation expressed regret last night at the loss of life at the Coronation Colliery in Natal during labour unrest on Monday night.

"Anglo American Corporation deeply regrets the loss of life and the injuries sustained, and the circumstances of the strike and subsequent unrest and violence will be fully investigated," an Anglo spokesman said.

He said discussions had taken place between senior AAC executives, the mine management and the workers throughout yesterday to determine the cause of the work stoppage at the colliery and to "fully clarify the details of the industry-wide wage increase."

In the wake of clashes at the colliery near Vryheid on Monday night, the black National Union of Mineworkers (NUM) yesterday warned of countrywide unrest if pay claims were not met.

"This is just the beginning of the workers' struggle for a living wage. The Chamber (of Mines) and the mining bosses will be faced by this type of unrest from all mineworkers countrywide," the NUM general secretary, Mr Cyril Ramaphosa, said.

His statement followed an incident at the colliery in which police said unknown gunmen had opened fire on Monday night from a white residential area on black strikers. The miners returned to work yesterday.

Police said one miner was killed. The NUM said two had died and four were injured. — Sapa

Lammie Snyman dies at 77

Own Correspondent

JOHANNESBURG — Mr J H (Lammie) Snyman died at his home in Honeydew last night. He was 77.

Mr Snyman, a retired judge, was appointed chairman of the Publications Appeal Board in 1976 soon after retiring from the Transvaal Bench. He held this post for five years.

In 1979 he took long leave and in April 1980 he retired from his post on the Publications Appeal Board.

His wife, Margaret, said last night her husband contracted flu in April and never completely recovered.

Mr Snyman had a colourful career in South African politics. As a United Party candidate he defeated Mr Ben Schoeman, the then National Party candidate for Maraisburg, in the 1973 general election.

In 1961 he was appointed to the Bench and was commissioned by the government to investigate the Poqo riots in Paarl which claimed the lives of several people.

In 1974 he was appointed to investigate riots at the University of the North and his findings were tabled in Parliament in 1976.

He leaves his wife and three children — two daughters and a son.

Woman shot

Staff Reporter

A REDELINGHUYS farmer's wife was wounded in the leg last night by a bullet from her husband's rifle.

A Piketberg doctor who treated her gave her condition as serious.

She was identified as a Mrs Boonzaier and was taken to Tygerberg

giving away their products in an overtraded market.

He said some shops were hiring out videos at between 50c and R3 a video and he thought it should be increased to between R5 and R8.

"It will still be one of the cheapest forms of entertainment," he said.

Too late for classification

DEATHS

FREEDBERG — Bob. Our most dearly beloved cousin and friend passed away suddenly. Will be remembered with loving thoughts. Esme and Leslie Chait, Melanie and Cavin.

FREEDBERG — William. My darling nephew passed away suddenly. Very deeply mourned. Aunt Pearl (Lynn).

FREEDBERG — William. My dearly beloved nephew passed away suddenly. Very deeply mourned. Uncle Joe.

LOST

SPECTACLES in leather case. Dublin optician, lost in Sea Point. Reward. Phone 65 3210.

9.00 News
9.28 Weather
9.31 Sport The European ...
France will be scree...
Ezenkolo (Epilogue)

TV 2 rev...

CISKEI may have been disgraced by recent spates of upheaval, but it can boast a track record of having produced perhaps the most brilliant Xhosa authors in the country.

Last night the series on Xhosa authors took a brief but interesting look at the beginnings of Xhosa literature from the early years of the famous Tiya Soga — whose books left a timeless stamp on the traditions and culture of the Xhosa people — up till the present moment.

It was ironic that a former Ciskei Government minister, Chief

Cape Times 27/6/84

Anglo regrets mine deaths

JOHANNESBURG — The Anglo American Corporation expressed regret last night at the loss of life at the Coronation Colliery in Natal during labour unrest on Monday night

"Anglo American Corporation deeply regrets the loss of life and the injuries sustained, and the circumstances of the strike and subsequent unrest and violence will be fully investigated," an Anglo spokesman said

He said discussions had taken place between senior AAC executives, the mine management and the workers throughout yesterday to determine the cause of the work stoppage at the colliery and to "fully clarify the details of the industry-wide wage increase".

In the wake of clashes at the colliery near Vryheid on Monday night, the black National Union of Mineworkers (NUM) yesterday warned of countrywide unrest if pay claims were not met.

"This is just the beginning of the workers' struggle for a living wage The Chamber (of Mines) and the mining bosses will be faced by this type of unrest from all mineworkers countrywide," the NUM general secretary, Mr Cyril Ramaphosa, said

His statement followed an incident at the colliery, in which police said unknown gunmen had opened fire on Monday night from a white residential area on black strikers The miners returned to work yesterday.

Police said one miner was killed The NUM said two had died and four were injured. — Sapa

Mercury 27/6/84

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Six arrested as mineworkers clash with police

PRETORIA—Police have arrested six blacks on charges of public violence since the outbreak of unrest at the Coronation colliery near Vryheid, in which one mineworker was killed and four others injured, a police spokesman, Lt Henry Beck, said in Pretoria yesterday.

He also disclosed that a number of police and private vehicles had been stoned and damaged on the Vryheid-Louwsburg road on Monday night

Police said four mineworkers injured in a clash between rioting miners and police at the troubled colliery were Moses Nkosi, who is reported to be in a serious condition after being wounded in the stomach, Milton Charlie, who has bullet wounds in both thighs, Simon Nxumalo and Phillip Ngcobo, who both suffered bullet wounds in the thigh

A police spokesman in Pretoria Col Vic Haynes, said shots had been fired by 'unknown persons at the rioting mineworkers' near a white residential area near the colliery

The name of the mineworker killed has not yet been released

About 1 700 mineworkers went on strike on Monday dissatisfied with this year's pay increases announced by the Chamber of Mines last week.

Mr Cyril Ramaphosa, general secretary of the National Union of Mineworkers, yesterday called on the chamber to return to the negotiating table to 'avert a catastrophe which is going to hit the mines'

He said the strike was 'just the beginning of the mineworkers' struggle for a living wage' and mining houses could be faced with unrest from all mines countrywide

Mr Errol Symons, chief Press officer of the AngloAmerican-owned Coronation Colliery near Vryheid, said yesterday that after talks between the mine management and strikers, all the work-

◆ TURN TO PAGE 2

P.T.O.

...n, he says ... hold gave way ...

Mercury 27/6/84

...r tariff ...ion reversed

mended that the council revise the minimum tariff for water consumption and charge a reduced fee

Chairman of the committee, Mr Neil MacLennan, said since the reintroduction of the minimum charge at the end of water restrictions, some blocks of flats had found they were not using as much water as they were being charged for

These blocks had been fitted with water meters which, in terms of the original minimum charges, required a consumption greater than needed for ordinary household needs

But the larger meter inlets were needed to provide the necessary fire protection for the buildings, Mr MacLennan said

In a report to the committee the City Engineer, Mr Don Macleod suggested revising the minimum monthly quotas, substantially reducing the charges for the smaller meters

'If people still find they are being charged for water they have not used, because of the revised minimum tariff, they can put in a claim to the City Treasury and substantiate it with past accounts,' Mr MacLennan said

Mr MacLennan warned that the chance to apply for a change in the minimum charge would hold for only a limited time after the introduction of the revised tariffs

Clash at Vryheid mine

FROM PAGE 1

ers returned to their jobs and agreed to accept the previously announced wage increases

He said 'a large proportion of about 3 000 black workers' at the colliery had gone on strike on Monday as a result of dissatisfaction with wage increases

Police and their vehicles were stoned by the workers and two policemen had been slightly injured, a number of vehicles damaged and a beerhall and a foodstore belonging to the mine broken into during the riot

Terror

NUM, which is demanding increases of 25 percent, declared disputes with the chamber last week over its offer of increases ranging from 14 percent to 15 percent for black workers in both the coal and goldmining industries

The chamber said when they announced the increases that they were going ahead with them because the majority of workers on the mines did not belong to the NUM and had been expecting increases

Sapa reported that President of the Chamber of Mines George Nisbet expressed the hope last night that the outbreak of violence was an isolated incident and would not be repeated elsewhere

Residents of the miner's village at the riot colliery yesterday described their night of terror as thousands of miners confronted police and mine security staff late on Monday

A helicopter equipped with a powerful spotlight had been called in to locate marauding groups of workers and tear-gas was used to disperse larger gatherings

A woman from Coronation village told how her children got into a panic when they heard the shooting after 7 30 p m

The woman paid tribute to the police who had patrolled the complex throughout the night, calling in at homes occasionally to reassure occupants

Some residents said mineworkers had made it clear their fight was with management, not their white counterparts

A parked car was badly damaged when it was rolled down an embankment

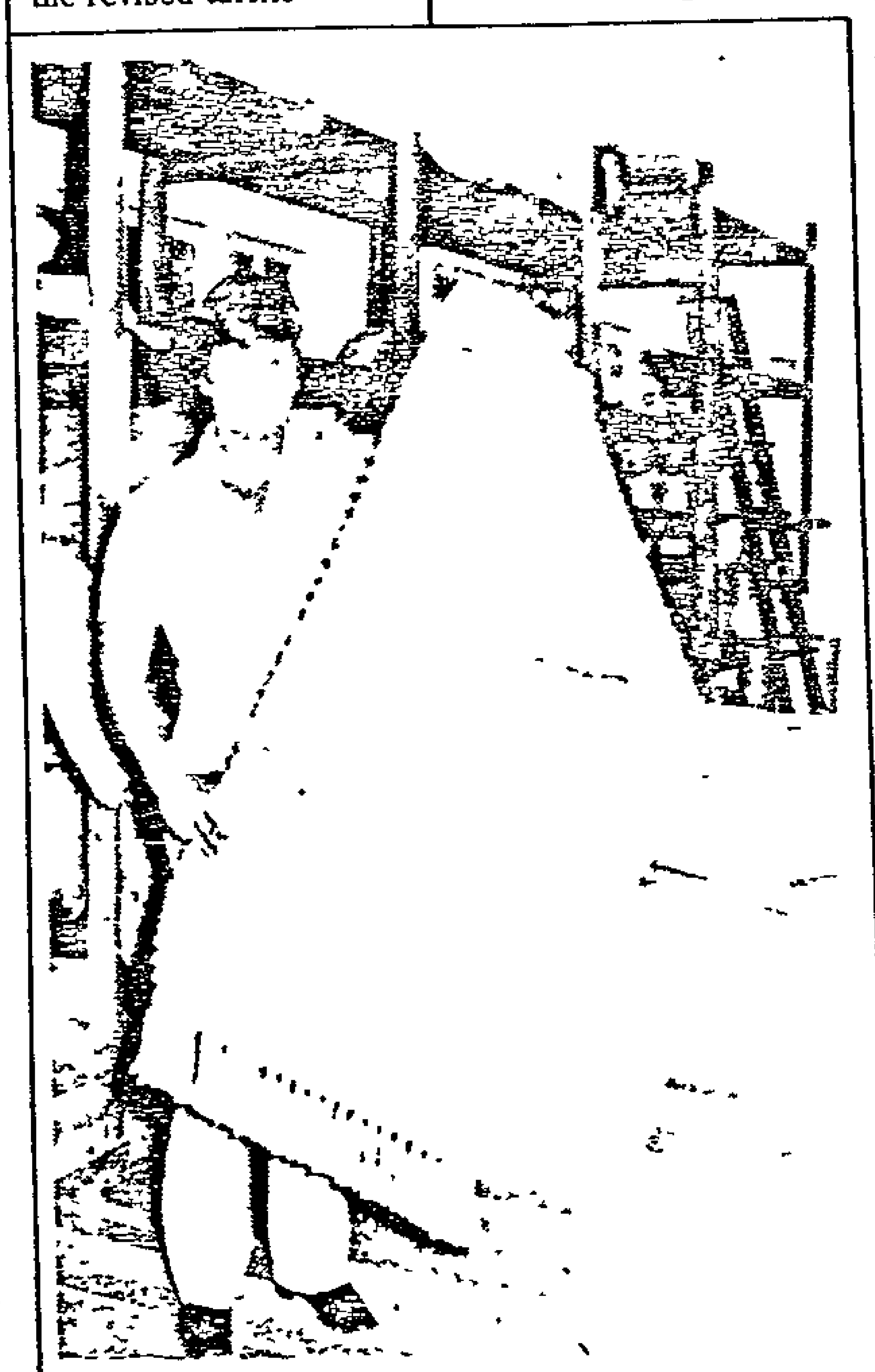
Of the 150 white families living at the mine, a number were understood to have driven to Vryheid, 30 km away, for the night and only seven of more than 100 children at the mine school arrived for classes yesterday

Pilot named

HARARE—The pilot of a light aircraft which crash-landed on Sunday night at the Harare Airport has been named as Mr W G Andrews No address was given Mr Andrews was not hurt The plane was American registered — (Sapa)

Appointment

CAPE TOWN—The State President has appointed Dr Schalk van der Merwe, chairman of the constitutional committee of the President's Council, to the council of the University of Cape Town, the university announced yesterday — (Sapa)



Mr Otto Hoffman holds a Bavarian carpet similar to those which were stolen

Mercury Editorial 28/6/84 (215)

Irresponsible threat

HAVING made its point, at the cost of at least one life and a good deal of damage and unrest at the Coronation Colliery near Vryheid, the National Union of Mineworkers would be wise to back off from its looming confrontation with the Chamber of Mines

Mr Cyril Ramaphosa, the bright young lawyer who is general secretary of the NUM, will not increase respect for his struggle for better wages for miners by threatening the mine bosses with countrywide strikes and unrest

The Coronation miners' return to work after the new pay deal was explained to them suggests that the chamber has won the first round But the coal miners are only a minor aspect of the deal, which also affects more than 460 000 black workers on the gold mines

Negotiations with the NUM broke down when the chamber said it could not delay traditional July 1 increases expected by the vast majority of black miners who are not union members The NUM, which lays doubtful claim to 70 000 members, sees this as a move to undermine it.

The responsible thing to do is to await the outcome of the NUM's application for a conciliation board, but if the union is not prepared to do that the country could be facing a very bruising test of strength

RDM 29/6/84 (215)

Coal-sellers in bullish mood, but wary of future

Business Day, in collaboration with SA Shipbrokers, features a monthly column on worldwide trends in the coal industry — an issue of vital importance to the South African economy.

THE bullish trend among coal-sellers continued in June.

However, traders and producers are wary of what the future holds. Some industrial problems have still to be solved and American miners must decide on a plan of action at the end of September when the United Mine Workers' three-year agreement expires

Previous strikes lasted as long as 111 days. On this occasion, coal producers have no clear ideas how long the strike, if it occurs, will last.

It is interesting to note that some producers have factored in a 60-day allowance for their cash flow One effect of the strikes has been that European and Japanese buyers of coking coal have been buying in anticipation of a shortfall of supplies in the fourth quarter

This is borne out by the fact that Japanese metallurgical coal import figures are running 700 000 tons up on the same period in 1983 and overall coking coal exports from the US are up by 3-million tons.

As a consequence, US exporters fear the fourth quarter could bump along at minimal levels. Japanese steel mills will buy more than 60-million tons of coking coal this financial year, compared to 58-million tons in 1983

Their principal supplier, Australia, is expected to ship about 26-million tons, which is only a slight increase on 1983's figure

Although the mills managed to obtain price cuts of between $1 and $3 a ton for seven coking coal brands, Japanese sources say these cuts will be more than offset by the increased price of 10 other brands for which the mills have long-term contracts.

Canada has increased its coking coal shipments to Japan by 3,5-million tons this year. These shipments stand at 14,5-million tons, compared with 11-million tons in 1983

US coking coal shipments to Japanese mills are expected to fall by about 2-million tons to 13-million tons

However, it appears the mills are increasing their take of South African coal. Japanese sources estimate the mills will receive about 4-million tons of South African coal, consisting of about 2,6-million tons of Witbank coal, 1,35- million tons of optimum coal and a reported 500 000 tons of bank coal from Witbank

The Soviet Union is selling about 1-million tons of coking coal to Japan this year

In the spot market the Japanese are reported to be looking for high-quality material for blending with the lower-quality Australian product.

But exporters are having some difficulty finding good-quality coal to fulfil contracts with the Japanese. Combined with this situation is the continuing rail-car shortage, which is worsening and leading to delays in ports, forcing some exporters to pay demurrage

Japanese buyers are fully aware of all these problems and are checking the coal for quality so that no one will be able to get away with shipping coal that does not meet contract specifications.

Apart from the Japanese, the British Steel Corporation (BSC) is rumoured to have asked for tenders from American coking coal producers It is possible that the BSC may take three cargoes of coking coal from two US producers to supplement their problematical supplies from the strike-bound National Coal Board

It is also interesting to note that Greece has just finalised a purchase from the NCB for 600 000 tons of coal at just over $33 fob plus $8,70 for freight

Most of this coal will be replacement stock from Australia supplied by the NCB and originally destined for the UK's Central Electricity Generating Board

The UK coal strike, now in its 109th day, looks no nearer to settlement than at any time during the dispute. The only point of agreement is that the strike will eventually end When that will be, however, is anybody's guess.

Mr Arthur Scargill, the miners' leader, talks of the dispute continuing until December Mr Ian Macgregor, chairman of the NCB, says he is quite prepared for the strike to continue until then

Most attention is being founded on the relationship between the miners, steelworkers, railwaymen and seamen Although the unions not directly involved have pledged support for the miners, coal is still being imported. Coal is still moving by rail and, most important of all, steel is still being produced at 70% to 80% of normal levels

It would seem the situation has to get worse before it gets better In any event, one of the key NCB requirements that led to the dispute in the first place has now all but evaporated The need for a 4-million-ton cut in production this year

With the strike showing no signs of a breakthrough, the miners have virtually achieved that figure already

South African exports continue at a heady pace In the first week of June the Richards Bay coal terminal shipped 1-million tons However, in the last three weeks, because vessels were more evenly spread and stockpiles still low, the pace slackened

The month-end figure for June is 2,9-million tons, which is on target for the projected 33-million tons for 1984.

Sources say 1985 exports will be about 39-million tons Stockpiles are still low in Richards Bay, a hangover from January's cyclone damage and it now seems unlikely that they will return to normal before the end of the year

Between July 1983 and May 1984, Richards Bay coal terminal exported 29,4-tons of coal in 461 vessels.

50 held after mine violence at Vryheid

Mercury 29/6/84 ~~215~~ 216

~~211~~

Crime Reporter

AT LEAST 50 people have been arrested in Vryheid following the unrest at Coronation Colliery earlier this week in which one mineworker was shot dead and four others wounded

About 1 750 workers went on strike at the mine on Monday and later clashed with police who were on the scene. Cars and buses were stoned in the violence

Yesterday police said more arrests were possible

The arrests were mainly for public violence Nobody has yet been detained in connection with the shootings

General secretary of the National Union of Mineworkers, Mr Cyril Ramaphosa said last night that the Chamber of Mines was not prepared to reopen wage talks, but had offered to meet the union in a bid to avert a catastrophe on the mines

But he said the union was not prepared to meet the Chamber of Mines unless it returned to the negotiating table to discuss wages

'We believe that the only issue that can avert a catastrophe on the mines is the reopening of the wage negotiations,' he said

Talks reached a deadlock last week after the Chamber of Mines rejected a union demand for a 25 percent wage increase and instead offered increases ranging from 13 percent to 14,4 percent to come into effect from July 1

Last night Mr Ramaphosa told the Mercury 'As far as we are concerned we are not going to meet the Chamber of Mines to discuss how the danger of a catastrophe on the mines can be averted

'We will wait for the appointment of the conciliation board and if it fails to resolve the dispute, our members will decide whether or not to take industrial action,' he said

Chamber of Mines officials could not be reached for comment last night.

S-Tribune 1/7/84 215

BLACKOUT

It's back to normal, says Anglo America

By BARNEY MTHOMBOTHI

MINING conglomerate Anglo American and the SA Police this week imposed a news blackout on the company's trouble-torn Coronation Collieries, near Vryheid in Northern Natal.

No visitor nor stranger was allowed to enter mine property from the time the workers were forced to resume work on Tuesday afternoon and no news was available from either the company or the police later in the week.

One worker, Mhlenguleni Mthethwa, 39, from Mtubatuba, was killed during the unrest and many were injured after workers went on strike on Monday morning in protest against their annual increase which take effect today.

Many of the injured are in hospital under police guard

Anglo American, owner of the mine, this week refused the Sunday Tribune permission to enter the mine complex to probe the cause and cover the aftermath of the strike.

Anglo's chief Press officer Errol Symons said management felt it was "inopportune" to allow strangers in Investigations were in progress and the company had no further information on the matter.

In any case, he said, things were back to normal.

A Tribune team which managed to enter the white residential area at Coronation was immediately intercepted by security officers after they were alerted by a resident. The reporters were taken to the mine manager, Mr A P Budgen, who said he would not allow strangers on to mine property as the situation was "a bit sensitive".

Priests at Vryheid told the Tribune security at Coronation was so tight they were not allowed to visit the area.

The police threw a cordon around the mine after 1 700 miners went on strike in protest against their annual increases which they said were too low. The workers went back to work on Tuesday afternoon after a meeting with mine management in the presence of police in 24 armoured vehicles which had escorted management to the meeting

The workers, armed with an assortment of sticks and stones, had clashed earlier with police who had used batons and and teargas

The road passing through Coronation was blocked on each side by police because, they said, passing motorists had been stoned by strikers. The measures were slightly relaxed on Wednesday but police maintained a heavy presence.

Vryheid, some 32 km from Coronation, was teeming with riot police all week.

Police said Mr Mthethwa was killed during the fracas when shots were fired from the white residential area.

Colonel S J N van der Merwe, of the SAP's Newcastle Division, praised the white residents saying they were withing their rights to shoot at striking miners and had prevented widespread murder

"If it were not for those people shooting at the rioting miners, there would have been a lot of murder," Col van der Merwe said

"The National Union of Mineworkers has expressed alarm at the colonel's comments

"It is obvious two types of justice exist in this country," commented NUM general secretary Cyril Ramaphosa.

"It is not for the police to give their opinion; it is for a court of law to decide whether any person should be brought to justice," he said.

Some of the injured miners are at the mine hospital and others were transferred to the Vryheid Hospital.

The Tribune received permission from Vryheid hospital authorities to interview the patients but the police refused to sanction it saying the men were "prisoners"

Police were rounding up suspects this week and it was difficult get-

No mandate: Num declines offer by mine bosses

The National Union of Mineworkers (Num) has rejected an offer to meet the Chamber of Mines to discuss ways of averting possible labour unrest on gold and coal mines in coming weeks.

A union's spokesman said that they did not have a mandate from their members to discuss anything, unless to re-negotiate wages — the central issue in three strikes which occured last week.

There were three wage-related work stoppages at the Vryheid colliery, Rietspruit open cast colliery and at Dover Colliery in Witbank involving more than 2 000 workers last week.

Police

At Vryheid, police used tearsmoke to disperse strikers. One man was killed and four others seriously injured during a clash with police.

It was in the light of these uprisings that the Chamber appealed to the Num to meet and discuss the possible outbreak of violence on the mines. The union had warned the Chamber that similar incidents might occur following the Chamber's announcement that wages will be effected as from July 1 — an offer which Num has rejected.

The union spokesman said that they were dismayed by the Chamber for not changing their attitude to this sensitive issue. The union will wait and see what happens when the Chamber implements the new wages.

Happy

The Chamber said that while it would be happy to meet with Num to discuss ways and means of averting any further unrest and violence, changes to the improved wages and conditions of employment that have been announced will not be discussed.

However, the stoppages at Rietspruit, Rand Mines owned colliery, occured on Tuesday after management unilaterally announced wage increases. The strike by about 800 mineworkers at Dover occured last Friday. Both mines are not affiliated to the Chamber

Mercury 3/7/84

Two more mines hit by pay strikes

25

Mercury Correspondent

MINEWORKERS at two collieries in the Eastern Transvaal downed tools yesterday in a pay row.

They were protesting against the implementation of the Chamber of Mines' annual pay increases for black workers, which came into effect on Sunday.

Anglo American, the mines' owners, said that about 1 000 workers at the Goedehoop and Kriel collieries, in the Eastern Transvaal highveld, downed tools as the first shift was due to begin.

The firm said the 1 000 strikers numbered about a third of the workforce.

Discussions were being held between management and workers to determine their grievances.

All was reported to be quiet at the mines.

The stoppages follow the strike over increases at Anglo's Vryheid Coronation Colliery last week, in which one mineworker was killed and several others injured.

Warning

The National Union of Mineworkers — which has gone into dispute with the Chamber over the increases — has warned of the possibility of widespread unrest in the industry.

The increases — ranging from 13,3 percent to 14,4 percent — were announced after negotiations with the NUM and the Federated Mining Union reached deadlock two weeks ago. The unions are demanding 25 percent.

Apart from the strikes at Kriel and Goedehoop — where the NUM has membership, but no formal recognition — there were no other stoppages in the industry, yesterday or at the weekend.

Workers at Gold Fields' West Driefontein Colliery and Gencor's Ermelo Colliery queried the increases, but spokesmen for the two companies said these were explained.

Cyril Ramaphosa, general secretary of the NUM, and other senior officials of the union, were not available for comment yesterday. They had left for the Eastern Transvaal to consult with their members over the strike.

MINERS STRIKE

1 000 workforce downs tools over wage dispute

AT least 1 000 miners went on strike yesterday in the first wage related strike in the mining industry.

The strike at two Anglo American collieries, Kriel and Goedehoop, affected a third of the total workforce at the mines, a spokesman for Anglo American said. Both mines are in the Eastern Transvaal.

The miners have downed tools a week after a colleague was killed and four other people injured in violence at Coronation Colliery in Vryheid. The violence was also related to the wages dispute.

By JOSHUA RABOROKO

The mineworkers' strike follows the announcement by the Chamber of Mines that wage increases for miners will be implemented as from July 1, despite protests by the National Union of Mineworkers.

The Num's general secretary, Mr Cyril Ramaphosa, has warned that the implementation of the disputed wage increases would lead to labour unrest.

Talks

The union has also refused to hold talks with the Chamber on the possible outbreak of violence on the mines. "We have no mandate to discuss other matters except to re-negotiate wages with the Chamber," Mr Ramaphosa said.

Anglo American's public relations officer yesterday said that about 1 000 mineworkers at the Kriel and Goedehoop collieries refused to go underground in the morning.

He said that discussions were being held between management and the workers to determine the exact nature of the grievances.

"However indications are that dissatisfaction over the recently announced industry-wide wage offer is the main cause of the work stoppage," the officer said.

The situation at both mines has been reported to be "quiet" as no serious incidents occurred, he added.

The first signs that black mineworkers were dissatisfied with the Chamber's wage offer was the strike by 1 700 workers at Vryheid Coronation colliery last week. This was followed by stoppages at Rand Mines' Rietspruit colliery and at Dover in Witbank after a deadlock in wage negotiations.

Sowetan 3/7/84

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KOM 3/7/84

Mineworkers in court

25

Mail Correspondent

MARITZBURG — A group of 88 black mineworkers appeared in the Hlobane Magistrate's Court near Vryheid yesterday in connection with charges of public violence following last week's strike at the Vryheid Coronation Colliery.

One mineworker died from a gunshot wound while several were injured during a wages strike at the mine on Monday night.

The mineworkers were remanded in custody by magistrate Mr D. Rossouw, to appear in the Regional Court at Vryheid on August 16. The prosecutor was Mr A. Botes.

S RDM 3/7/84 215

Mineworkers down tools at Transvaal collieries

By PHILLIP VAN NIEKERK
Mail Reporter

MINEWORKERS at two collieries in the Eastern Transvaal downed tools yesterday in protest against the implementation of the Chamber of Mines' annual pay increases for black mineworkers, which came into effect on Sunday.

According to a statement by Anglo American, owners of the mines, yesterday, about 1 000 workers at the Goedehoop and Kriel collieries in the Eastern Transvaal Highveld downed tools as the first shift was due to begin.

The statement said the strike involved about a third of the workforce and discussions were being held between management and the workers to determine their grievances.

All was reported to be quiet at the mine yesterday.

The stoppages follow the strike over the increases at Anglo's Vryheid Coronation Colliery last week in which one mineworker was killed and several others injured.

The National Union of Mineworkers (NUM) — which has gone into dispute with the Chamber over the increases — has warned of the possibility of widespread unrest in the industry in protest against the increases.

The increases, ranging from 13,3% to 14,4%, were announced after negotiations with the NUM and the Federated Mining Union (FMU) — which are demanding 25% rises — deadlocked two weeks ago.

Apart from the strikes at Kriel and Goedehoop — where the NUM has membership but no formal recognition — there were no further stoppages in the industry yesterday or at the weekend.

Workers at Gold Fields' West Driefontein and Gencor's Ermelo Collieries queried the increases, but according to spokesmen for the two groups these were explained to them and there were no stoppages.

Mr Cyril Ramaphosa, the general secretary of the NUM, and other senior officials of the union were not available for comment yesterday afternoon as they had left for the Eastern Transvaal to consult with their members over the strike.

2 000 Anglo colliery workers end strike

By PHILLIP VAN NIEKERK

MORE than 2 000 striking workers at Anglo American's Kriel and Goedehoop collieries in the Eastern Transvaal returned to their jobs yesterday following talks between mine management and worker representatives

The workers downed tools on Monday in protest against the Chamber of Mines' industry-wide wage increases for black mineworkers which come into effect this week

At Kriel, workers returned yesterday morning after they had been addressed by officials of the National of Mineworkers (NUM), which claims to represent more than half the black workers at the mine

The NUM is officially in dispute with the Chamber of Mines over the increases for workers in both the coal and goldmining industries and this could lead to the first-ever legal strike by black workers in the industry.

At Goedehoop — where the NUM also claims substantial membership — workers returned to their jobs yesterday afternoon.

The stoppages followed a strike over the same issue at the Vryheid Coronation Colliery last week in which one mineworker was killed and several others injured

Anglo American said in a statement yesterday afternoon that the "entire workforce returned to their normal shifts today following the successful completion of discussions between management and employees

"At Kriel workers returned to normal shifts this morning, while at Goedehoop they returned about midday"

An Anglo spokesman said the number of 1 000 on strike was swelled on Monday night to more than 2 000 after the night-shift workers refused to work as well.

RDM 4/7/84 215

RDM 4/7/84 215

Rand slide hoists gold earnings to R500 an oz

By BRENDAN RYAN
Mining Editor

THE slide in the value of the rand against the dollar has pushed rand revenues to the gold mines over R500/oz or R16 000/kg.

Gold mines, as well as platinum, coal and base mineral producers, will benefit from the plunging rand, depending on the extent to which their controlling mining houses have covered forward on expected dollar receipts from mineral exports.

Gold Fields of South Africa's gold producers should reap the full benefit of the fall in the rand's value because the house's policy to date has been not to take forward cover on expected dollar receipts from the sale of its gold.

Other mining houses have taken varying degrees of forward cover on their gold/dollar revenues following last year's relaxations of exchange control affecting them.

However, if they have underestimated the weakness of the rand and tied up contracts at higher expected exchange rates, they will benefit far less.

JCI did this in the March quarter in forward currency dealings for Randfontein. Amcoal's management also did not expect the rand to drop as far as it did in the group's financial year to March.

Mining houses which have left portions of their expected dollar revenues uncovered will benefit fully.

At yesterday's closing rate in Johannesburg of R1/$0,7085, a gold price of $369/oz is equivalent to a rand price of R521/oz or R16 744/kg.

This is well above the rough average the gold mining industry has been working on over the last year of about R15 000/kg or R466/oz

The gold price has never sustained levels of more than R500/oz for longer than about a month and if the present trend is maintained for any length of time it will be one of the highest-earning periods for the gold mines.

When gold peaked at $850/oz in January 1980 the rand price got up to about R580/oz.

Since then there have been only two periods when the rand price has moved over R500/oz.

These were September 1982, when it briefly touched R535/oz, and then during the first quarter of last year when the gold price got moving and the rand price hit R560/oz briefly and remained over R520 for about a month.

In real terms, however, the benefits to the mines of the current level of gold price will have been hit by the heavy rises in working costs over the past four years.

For coal producers the effects of the weakening rand will be beneficial on uncovered sales or correct forward exchange rate estimates.

The current spot price for steam coal fob Richards Bay is about $33 a ton.

Two weeks ago that was worth R43 on an exchange rate of R1/$0,7680. Yesterday it was worth R46,6 at R1/$0,7085.

The lower rand means the coal mines can survive greater price competition pressure in the export markets and stay profitable.

Cuts in the dollar price forced on them by consumers are being offset by the dropping exchange rate.

LABOUR NEWS RDM 5/7/84 215

3 000 colliery workers down tools over pay

By PHILLIP VAN NIEKERK

MORE than 3 000 black mineworkers at two sections of Rand Mines' Douglas colliery near Witbank went on strike yesterday in protest against the Chamber of Mines' pay increases due this month.

The workers — 900 from the Wolvekrans section and about 2 300 from the Van Dyk's Drift section of the colliery — gathered peacefully at their hostels yesterday and refused to work.

At Wolvekrans, workers locked the gates of their hostel, chanted "Mali" ("money") and put "60%" notices up on the gates, to indicate their dissatisfaction with the increases.

Their action follows the strikes at three Anglo American-owned collieries over the past ten days in protest against the increases, which have been rejected by the National Union of Mineworkers (NUM).

Mr Cyril Ramaphosa, general secretary of the NUM, said that management at Wolvekrans — where the union is recognised in several grades — forbade him to address the workers or speak to the union's shaft stewards yesterday.

He said that the union was committed to using the legal channels and only wanted their members to come out once a legal strike was declared, but what was happening was the "type of anger we warned the Chamber of Mines about".

Mr Alan Cook, the deputy head of the coal division of Rand Mines, Barlow Rand's mining division, said it was a "management-worker problem" and there had been no need to involve the union, which "was not sufficiently representative anyway".

He said "the chaps were told last week on Wednesday what their increases would be and the company has queried the rationale behind the strikes and suspects they could have been orchestrated".

Mr Cook — who said volunteer white labour had been used to keep part production going yesterday — said he was not sure if the workers would return today.

Though the company had taken no decision to fire the workers they might be forced to "reconsider the situation if the strike continues".

In an incident at Wolvekrans yesterday Mr Ramaphosa said he was called a "kaffir" by a white security guard.

However, Mr Cook said the guard was considering laying a charge of assault against Mr Ramaphosa for allegedly punching him in an agitated state after overhearing a remark in Afrikaans that "these people should be disciplined".

S RDM 6/7/84 215

End to mine strike likely — Rand Mines

By STEVEN FRIEDMAN
Labour Correspondent

THE strike by about 3 000 workers at Rand Mines's Douglas Colliery, near Witbank, is likely to end this morning, Mr Alan Cook, deputy head of Rand Mines's coal division, said yesterday.

Mr Cook said the afternoon shift at the colliery's Wolwekrans section had resumed work and workers at the bigger Van Dyk's Drift section had undertaken to return today.

He warned that, if Van Dyk's Drift workers did not return this morning, they would face mass dismissal.

Mr Cook said workers were returning "without preconditions" and would not be paid for the period they were on strike.

The workers — about 900 from Wolwekrans and about 2 300 from Van Dyk's Drift — struck on Wednesday in protest at the implementation of a Chamber of Mines wage increase for black coal mine workers.

The Chamber and the National Union of Mineworkers are in dispute over wages on coal and gold mines and there have been strikes at several collieries in protest at the Chamber's decision to implement an increase before the dispute is settled.

Mr Cook said the afternoon shift's decision to return at Wolwekrans "coincided with the arrival of our pay wagons to pay strikers off".

He said workers had correctly interpreted this as a sign that management planned to dismiss them if they did not return. About 300 workers had returned.

This, he said, followed an ultimatum to workers at both sections to return or face dismissal.

Workers at Van Dyk's Drift had said they were willing to end their strike but asked to be excused from work yesterday as they had not eaten since Wednesday evening because canteen staff had joined the strike.

The canteen was now operating again and the workers had agreed to return this morning.

"If they do not, our patience will be exhausted and we will have no option but to institute a mass dismissal," Mr Cook said.

He said Van Dyk's drift workers had been asked to man coal-washing operations yesterday evening, but had refused.

Mr Cook charged workers at Wolwekranse had been ready to work yesterday morning, but were prevented by "intimidators". Management had attempted to act against the "intimidators" but "this only unified the workforce".

He said the NUM's general secretary, Mr Cyril Ramaphosa, arrived at Wolwekrans shortly before the strikers returned and met union shop stewards after being denied permission to adress strikers.

Mr Ramaphosa had advised the strikers to return to work, he said.

Mr Cook added that Mr Ramaphosa had also visited Van Dyk's Drift and urged workers to return but "seems to have had less effect".

This, he said, may have been the case because "it is a much bigger mine and it is more difficult to communicate with the whole workforce".

Mr Ramaphosa, who was reported earlier yesterday to be seeking urgen talks with Douglas management, could not be reached for comment.

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Star 6/7/84

Striking coalmen return to work after ultimatum

Labour Reporter

Operations at the strike-torn Rand Mines' Douglas Colliery outside Witbank returned to normal today after the more than 3 000 striking black mineworkers resumed work this morning

The decision to end the strike was taken by workers after a final ultimatum was issued yesterday by management — return to work or be bussed home

Mr Allen Cook, deputy chairman of the Coal Division of Rand Mines, said the 900 striking workers at the Wolvekrans section of the colliery had decided to return for the afternoon shift yesterday after busses were ordered and an armoured pay-truck despatched to the miners' hostel

The strikers demanded that the mine manager of Wolvekrans address them personally, and an initial return-to-work deadline of 11 am was waived while the section manager spoke.

Mr Cook said it appeared the mineworkers had "elevated aspirations" about the increases they were to have received and were agitated about the outcome of the conciliation board in the wage dispute between the Chamber of Mines and the National Union of Mineworkers (Num).

Mr Cook said many employees had approached management after the end of the strike to explain that they had not wanted to take part in the action at all.

"We estimate as many as 90 percent did not want to be involved."

Mr Cyril Ramaphosa, Num general secretary, addressed shop stewards at the Van Dyk's Drift section yesterday afternoon in an attempt to avert the threatened mass discharge

There were no preconditions set for the return-to-work and strikers will have their pay docked for the two-day disruption in production.

The Douglas Colliery strike brings to four the number of collieries hit by recent labour unrest.

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Strikers deadlined

Sowetan 6/7/84

24

MORE than 3 [illegible] striking black miners at two collieries have been warned to return to work or face dismissal, a mine spokesman said yesterday.

The workers at Van Wyks Drift and Wolvekrans near Witbank went on strike on Wednesday in protest against the Chamber of Mines' wage increases due to be implemented this month.

Meanwhile the chairman of the National Union of Mineworkers, Mr Cyril Ramaphosa, was involved in an incident when he was called a "kaffir" by a white security guard at Wolvekrans. He was on his way to negotiate with management when the incident happened.

(215) Star 9/7/84

SA is now better off for coal — by 6-billion tons

By Russell Gault

South Africa's recoverable reserves of coal have been revised upwards by 6 billion tons.

The Department of Mineral and Energy Affairs states the latest data in the coal industry indicates that recoverable coal now totals 57,5 billion tons, compared with 51 billion two years ago.

Mineable coal reserves now total 113 billion tons.

The difference between recoverable and mineable depends on the export price.

The technical consultant of the Transvaal Coal Owners' Association, Mr George Harrison, told 24 Hours that the recoverable coal was more than enough for South Africa to fuel its own needs and fulfil export orders for centuries to come.

Last year coal exports were the biggest foreign exchange earner after gold. In spite of an international decline in demand, South Africa exported an extra 1,5 million tons, taking the total to 29,7 million tons.

But the export price dropped from R43 a ton to R38.

Local sales increased by 3,4 percent to 112,6 million tons. Much of this increase was due to the completion of Sasol 3 and Sasol 2 reaching full capacity.

"If we get the high export prices of a few years ago when coal reached 47 US dollars a ton, we could exploit much of the mineable coal which, at this stage, is too deep for economic opencast mining."

South African coal mines reach a depth of 150 m.

"With the higher price, we could afford to open up the ground at that depth but we need the export prices. The internal price would never justify it. Today we are getting R15 a ton for the best quality coal at the pithead," said Mr Harrison.

Experts believe South Africa's huge coal deposits could later put it in the same position as Middle East oil producers.

Argus 10/1/84 (215)

Plan to smash SA coal cartels

Political Staff

THE Government intends to break up the cartels and monopoly conditions in the supply of coal in South Africa

This was announced today in a joint statement by Dr Dawie de Villiers, Minister of Industries, Commerce and Tourism, and Mr Danie Steyn, Minister of Mineral and Energy Affairs

The ministers said they accepted in principle the recommendations of the Competitions Board which investigated "the existence of restrictive practices in the supply and distribution of coal"

Objectives

The board has been instructed to open negotiations to bring about the changes

The main objectives would be to terminate exclusive supply agreements which force coal merchants to buy coal from a restricted number of suppliers, to scrap the setting of exclusive sales areas and to break down common shareholding in major controlling bodies

In the statement the ministers referred particularly to the "substantial" shareholdings and permanent chairmanships on the boards of directors existing between the Transvaal Coal Owners' Association and its wholesale agents, Highveld Coal Traders and Southern Coal Traders

Phasing out

Although the Government accepted Government "disengagement" from the industry, the ministers said this would be an objective, but that for various reasons — including the strategic importance — it would not be done immediately

Government involvement, which would be phased out on certain unlisted conditions, included price control, restrictions on sending coal from the Transvaal to Natal and the limitations placed on who could sell coal and on what conditions to consumers.

18c + 2c GST

Coal shortage sends a bitter chill

COAL: Only two days' supply of coal is left.
Pic MBUZENI ZULU

A shortage of coal is facing thousands of households and industry on the Witwatersrand, a major coal merchant warned yesterday.

By SELLO RABOTHATA

Mr Brian Aires, the managing director of MacPhail Limited, said there are only two days' supply of domestic coal and a perilous four days' supply for industrial coal. He said if the cold weather continues, this critical shortage of coal could mean not only that South Africans are in for a chilly time, but the wheels of the country's industry could grind to a halt.

He said: "Over the past couple of weeks, with the cold weather, stockpiles in merchants' yards have been run down sharply. Right now there are only two days' supply of domestic coal here on the Reef.

"The supply of washed coal for industrial purposes is slightly better — there is enough for four days. But the public should be warned, washed coal and anthracite is in very short supply."

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Mr Aires criticised the fact that some coal merchants do not carry sufficient stockpiles. He said it was laid down by the Department of Mineral and Energy Affairs in April 1983 that as part of the coal distribution rationalisation programme, all merchants had to carry sufficient stockpiles.

Strike problems

"Had the department's decree been effectively implemented, we would not have situations like this," he said.

He said the idea behind the programme was to avoid shortages such as the present one. Some merchants do not hold adequate stockpiles themselves at times like this, when the industry is facing short supplies and the collieries have problems such as strikes, the public and industrialists have to suffer shortages.

He said the situation has been worsened in recent weeks because there have been strikes at several collieries. This apparently has caused some collieries to run short of coal. There has also been delays at the collieries.

Sapa reports that a spokesman for the Transvaal Coal Owners Association, Mr Trevor Savage, said he was unaware of a coal shortage. "As far as I am concerned there is no shortage. We are moving full steam and the coal is rolling." A spokesman for the Johannesburg Electricity Department has also said residents need not fear power cuts as the department had sufficient supplies to meet present and future power demands

Business Day/COAL

RDM 18/7/84 (215)

Coalmen set for new round of supply talks

By BRENDAN RYAN
Mining Editor

GOVERNMENT'S acceptance of Competition Board findings on domestic coal distribution will have little effect this year on the complex and confused industry.

Key point is that Government involvement, which includes price control and moves by the Department of Mineral and Energy Affairs (MEA) to set up an orderly coal distribution market, will not be touched at present

Reason given for this is Government concern that there should be no disruption in the local supply of coal which could have major political and social consequences.

Some coal merchants say MEA's attitude appears to be that its involvement in the industry should "continue for 200 years".

The Competition Board's report clearly indicated that it wanted a rapid end to Government interference with the market.

The board is preparing to negotiate with the Transvaal Coal Owners' Association (TCOA) to curtail some of its activities in coal supply.

The Competition Board head, Dr Stef Naude, said yesterday "The decision on the speed of Government's disengagement from the coal supply industry lies with the Government and we cannot force this issue

"We will certainly retain our contacts with MEA and continue to give our opinions on how we see the situation"

The MEA is pressing ahead with its rationalisation programme which is causing considerable disquiet with both coal mines and merchants

Latest move by the MEA towards an orderly market is to try and stop the cash coal trade between collieries and small entrepreneurs. The group most affected is Duiker for whose collieries this is important business

Mr R A Lee, managing director of Duiker, which is part of the Lonrho group, confirmed that he had been requested by MEA to consider stopping cash coal sales.

"We would be happy to co-operate in any programme that would apply universally to the entire coal industry However, the key word is universally because we are in a competitive business.

"We see no point in voluntarily agreeing to such a restriction if it means we lose business and the consumer gets his coal from a competitor while nothing has been gained towards the rationalisation of the market," Mr Lee said.

TCOA company secretary, Mr Trevor Savage, has declined to comment before the first meeting between the Competition Board and TCOA.

"TCOA needs to have clarification from the Competition Board and the Department of Mineral and Energy Affairs on how they view the Government's vague statement put out last week which accepted the Board's findings," he said

The TCOA provides about 80% of coal consumed domestically and when the Government finally does drop price control on local sales the TCOA may be seen as a restrictive trade organisation because of its size.

Not surprisingly, the TCOA is not sure of its role in the market.

The Competition Board report specifically requested that TCOA's vertical integration with the Transvaal wholesalers, Highveld Coal Traders, and Cape Province wholesalers, Southern Coal Traders, should be discontinued.

The TCOA has about a 30% stake in each Removing the TCOA link, according to some market observers, could result in greater TCOA involvement in the market rather than less because the market flow would then be direct from TCOA collieries to merchants.

According to one TCOA member, policing the system is also easier with bulk rail shipments to the wholesalers as opposed to dealing with a larger number of merchants

Policing of the MEA rationalised system is a sore point with nearly everybody involved in the industry

An important requirement for merchants to be granted a licence by the MEA to sell coal is that they hold stockpiles

Mr John Cutten, a director of Macphail, the major coal supplier on the Witwatersrand, says the MEA does not have the staff nor facilities to do this effectively and to control merchants whom, he claims, are not keeping stockpiles.

Mr Lourens van der Berg, director, energy supply for MEA, said the Department intended setting up a committee system to police the coal distribution industry.

It will consist of the coal merchants and the TCOA and is intended to bring contraventions of the permit system to the attention of MEA.

Reaction from TCOA sources is that this is not on. The TCOA has set out the conditions on which it will supply coal and the organisation sees no reason why it should hire extra staff and incur extra costs to perform additional policing functions.

The TCOA, in response to Competition Board criticism that its system of requiring its consumers to deal only in TCOA coal was a restrictive practice, has brought in a new 17-clause agreement for the supply of coal

Merchants can now deal in both TCOA coal and coal from non-TCOA mines but a key requirement is that TCOA coal must be stockpiled and handled separately from coal supplied from other sources.

This is aimed at preventing blending of TCOA coal with other supplies which could be of lower grade and sold as TCOA coal to the detriment of the organisation's reputation.

Board appointed to end mines dispute

Labour Correspondent

THE MINISTER of Manpower has appointed official conciliation boards to settle the wage dispute between the black National Union of Mineworkers and the Chamber of Mines on gold and coal mines.

The boards, which consist of representatives of the two sides under the chairmanship of a Department of Manpower official, have been appointed in response to the NUM's decision to declare a dispute with the Chamber after wage talks between the two deadlocked

If they fail to settle the dispute within thirty days, the NUM, which claims a membership of about 75 000, will be entitled to hold a legal strike ballot on the mines

This could lead to the first-ever legal strike by black miners

The appointment of the boards was revealed yesterday by the NUM's general secretary, Mr Cyril Ramaphosa, and confirmed by a Chamber spokesman. They were established late last week, but the NUM was informed of the Minister's decision yesterday

Mr Ramaphosa said no date had been set for the boards' first meeting He added, however, that he remained pessimistic about the prospects of a settlemen, and warned that the NUM would fight "through to the end"

If the boards failed to settle the dispute, the union would go ahead with plans to hold strike ballots

The NUM is demanding a 25% increase for its members, while the Chamber has replied with an offer of around 14%

The Chamber recently decided to implement its offer ahead of a settlement of the dispute, a move which led to strikes at several collieries

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RDM 27.7.84 215

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Disaster mine fine condemned

By PHILLIP VAN NIEKERK

THE National Union of Mineworkers (NUM) has condemned as "ridiculously low" the R400 fine imposed on the owners of the Hlobane mine for irregularities arising out of last September's methane gase explosion which killed 68 workers

Mr Cyril Ramaphosa, NUM's general secretary, said yesterday that workers were "shocked" that the Department of Justice apparently treated the whole matter as a minor incident.

And a research officer at Wits University's Centre for Applied Legal Studies, Mr Paul Benjamin, said the level of fine rendered the Mines and Works Act regulations "virtually ineffective" by removing any proper deterrant.

The Vryheid (Natal) Railway Coal and Iron Company — a wholly-owned subsidiary of Iscor — was found guilty in the Vryheid Regional Court on Wednesday by Mr J D Crafford and fined R400 for three contraventions of the Mines and Works Act.

The mine's manager, David Watson, was found guilty, cautioned and discharged.

A shift boss, Petrus Claasens, was convicted of neglecting to obey an order from the mine captain to close a break in one of the tunnels and fined R200; and Robert Morgan, a miner, was convicted of failing to carry out Claasens' instruction to close the hole and fined R200

Mr Ramaphosa said he was alarmed that the Department of Justice had not even informed the attorneys of the NUM that the case was to come to court this week.

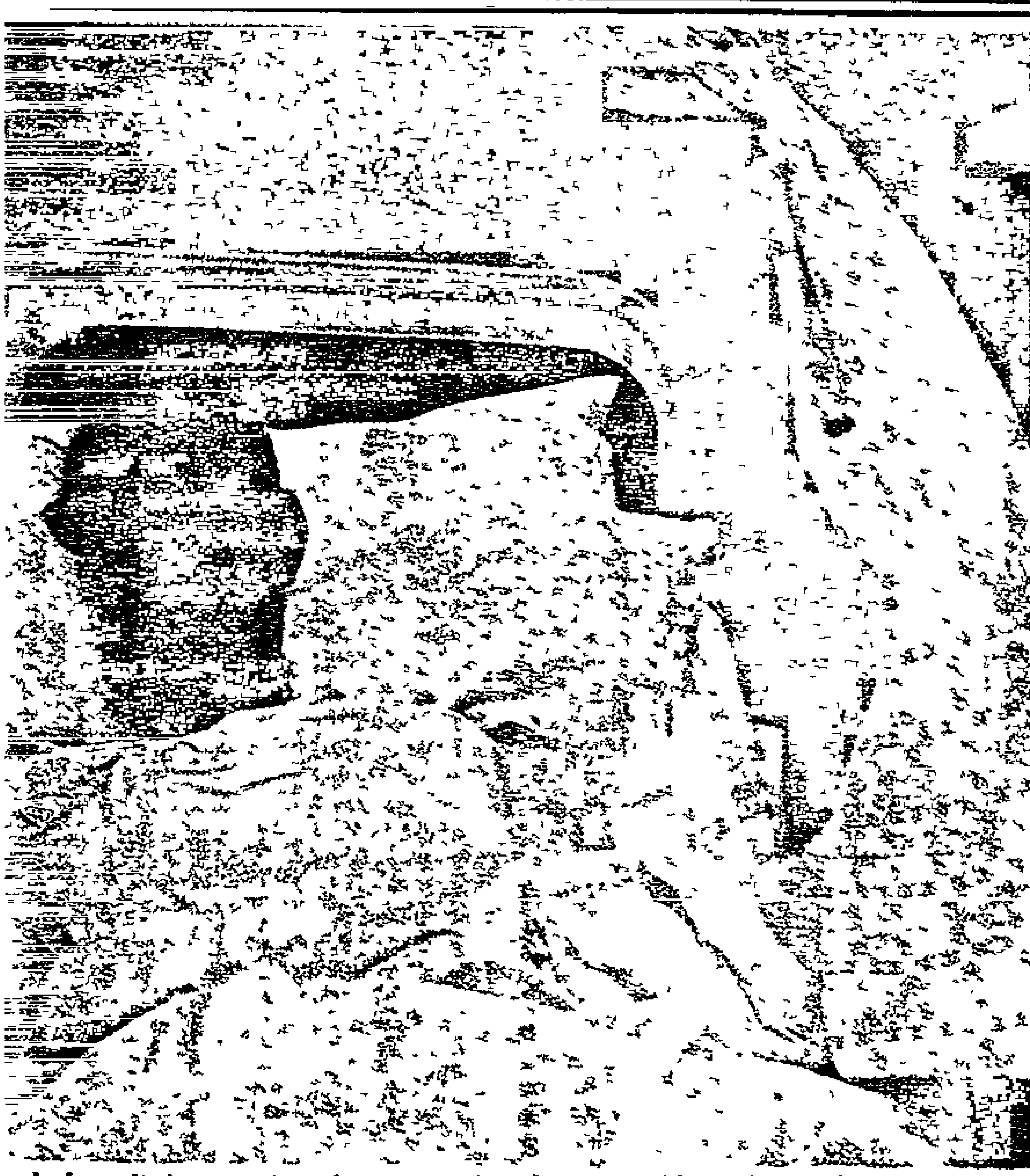
He said the department appeared oblivious of the local and international concern generated by the disaster, which had raised important questions on the safety of workers in South African mines

Mr Ramaphosa questioned the justice of the low fines seeing that 68 men had died.

This was a "gross disregard for safety", and the NUM would be pursuing a civil claim against the company, he said.

"If the Department of Justice and the Government Mining Engineer take this attitude to safety, then this leaves workers with no option but to seek other methods outside the courts of ensuring their own safety and redress from death and injury"

A spokesman for the Natal Attorney-general's office said yesterday he had received no complaints from the NUM and therefore was not in a position to comment.



in hospital yesterday after parts of his hands had been blasted away when a ...ded.

Picture: TONY NAIDOO

'First it hissed, then it exploded'

By COLIN HOWELL

AN ELDERLY Heidelberg man, Mr Rulof Bouwer, yesterday told how a device — suspected to be a practice hand grenade detonator — hissed and exploded in his hands after he used a penknife to prise a "ring" off it.

Bleeding profusely and severely shocked, he used his mutilated arms to wave down a passing car and was rushed to hospital.

"I thought the ring would make a nice key holder," Mr Bouwer, 64, said from his hospital bed at Sandton Clinic yesterday

Mr Bouwer lost three fingers and received severe burns and cuts to his hands, body and face in the blast, that took place beside the N3 highway, opposite the Heidelberg military training camp, on Wednesday

Mr Bouwer, a Roads Department operator for the Province, said a labourer, Mr Philimon Williams, handed him the "army green" device while he was sitting in a truck at about 1pm

"Philimon found it while he was raking ground next to the highway I asked him if it was a bomb but he said he didn't know and walked away very quickly," Mr Bouwer said.

He described the device as having been about 12cm long, with a steel ring on top and a copper pipe, with one end threaded, on the side

"I was taking the ring off with my penknife It came free and I noticed that a pin was attached to it.

"The object started hissing and at that moment, I realized it was a dangerous weapon," Mr Bouwer said. "It exploded as I was about to throw it aside"

The blast "sounded like thunder. with a flash like arc welding", he said.

"I don't know whether I was blown out of the truck or not, but the next thing, I

To Page 2

Ghostly presence

...oops lighting up

ONLY R400! IS THAT ALL MY SON AND HIS FRIENDS WERE WORTH?

S. Tribune 29/7/84 215

The agony of the embittered

By Barney Mthombothi

SHE stares blankly into space and her eyes well with tears at the mention of her son's name She wails — loudly, violently shaking her head

Elderly Nokujabula Mbatha cannot bear the thought of her son The mere mention of his name causes tears to stream down her cheeks

Sipho Mbatha, 29, her only son, and 67 fellow coalminers died in a methane gas explosion at Hlobane, near Vryheid, last September

In February this year, a Vryheid magistrate found the Iscor-owned Vryheid Railway Coal and Iron Company was responsible for the deaths

In a final chapter this week the company and three senior officials were found guilty of using unsafe apparatus and neglecting safety precautions at the time of the explosion

The company was fined a R400 The mine manager, David Watson, was found guilty and cautioned and discharged The shift boss, Petrus Johannes Klaasens, and a mineworker, Robert Morgan, were each fined R200 or 20 days' imprisonment

The Sunday Tribune this week traced some of the relatives

"Only R400!" Mrs Mbatha exclaimed when told of the fine

"Is that all my son and his friends were worth?"

At her lowly home at KwaDamba, near Mahlabathini, she told how she had raised her only son because her husband had other wives and commitments

"Sipho had to go to work at a very early age because we were starving He joined the contract seven years ago Being my only boy, he was my only hope"

She said he was home a week before the disaster and was in very high spirits

What overwhelmed her most was the thought of her son being incinerated and overcome by poisonous gases deep with no hope of receiving help

Her son, she said, was a natty dresser, but all his clothes had disappeared When his relatives went to the hostel to fetch his possessions all they were handed was a bundle of coat-hangers He had a new watch, which he showed his mother a week before he died, but that too was gone

Mrs Mbatha said she had gone from Government office to mine office trying to sort out problems relating to compensation

She said clerks at Nongoma told her she would not be helped unless she took out a KwaZulu citizenship certificate But when she got this, she was told to get a marriage certificate

"I've just been married," she chuckled, waving a certificate of customary union

This week she received the last of two cheques of more than R4 000 each as compensation for her son's death But, she said, it was too little Her son was still young and would have been a great asset to her

Mrs Jessie Zulu, a widow, of Esidakeni, also in Mahlabathini, lost her eldest son, Bhekithemba, in the blast

"After the death of his father, he became head of the family I have been up and down trying to sort this thing out I still haven't received the money promised"

She said she was consoled by the fact that she was able to bury him

"He was in bad shape but I was able to identify him Some of the bodies were so mutilated their families could not recognise them"

Hlobane mine manager David Watson refused to see the Sunday Tribune He passed a message through another official that only Iscor could comment

The general secretary of the National Union of Mineworkers, Cyril Ramaphosa, said this week his union would claim between R1 million and R5 million compensation on behalf of the families of those dead and injured

ASKS AGEING WOMAN

Hlobane mothers

Business Day/COAL

KWB171 1/8/84 215

Coal producers profit from dearth

Business Day, in collaboration with SA Shipbrokers, features a monthly column on worldwide trends in the coal industry — an issue of vital importance to the economy.

CERTAIN grades of SA coal are still being sold on the spot market — and may be the only material available — despite European claims that producers are sold out for the year.

SA prices are rising and not only for coal leaving Richards Bay. During the past month sales have been made via Maputo and Durban

Two months ago prices for SA coal in Europe were about $40 a ton cif Rotterdam.

Today, prices are reckoned to be about $48 — interesting, because during the last month the cost of freight in panamax or Cape-size vessels has decreased by at least $1 a ton. Observers may draw their own conclusions.

Within the European Economic Community, hard coal production in 1983 was down 5% at 229-million tons. In 1984, due to capacity reductions in West Germany, and the UK miners' strike, coal production is likely to be at a very low level.

However, because of the uncertainty surrounding the length of the strike, it is inevitable that there is a large amount of speculation in the total UK production figures

Excluding inter-community trade, imports in 1983 fell to 61-million tons of which 18-million tons was coking coal and the balance thermal.

This year, although the recovery from the economic recession is continuing at varying rates, there are encouraging signs for increased imports.

These include higher crude steel production, currently 12% up to end of May, a 5% rise in industrial production and an 8% jump in electricity production.

The reduction in coal stocks in West Germany and the UK should go some way to improving the overall coal balance

Denmark, in particular, which has no domestic hard coal production, has had to import more coal on the spot market this year.

The main users of imported coal are the electricity utilities Smaller quantities are used by industry, especially for the production of non-metallic minerals and paper but, essentially, coal is used for steam-raising in the production of electricity.

SA industrial and household consumption in 1983 accounted for some 580 000 tons, compared to 8-million tons used by the power stations

Depressed by the world recession, Italian steel production fell to 21,7-million tons in 1983, the lowest level for 10 years.

In 1984, a strong recovery is anticipated with production running some 16% ahead of last year at an annual rate of around 25-million tons.

Japanese imports of coal in the first half of the year have raced ahead of last year's levels.

The reasons have been better economic conditions resulting in improved domestic demand, particularly for special steel for the engineering and car-manufacturing sectors.

On July 26, the UK National Coal Board announced a record loss of £875m in the financial year 1983/84.

With no settlement to the miners' strike in sight, prospects for the industry in the short term remain bleak.

Meanwhile, coal stocks — a key factor in the dispute, both in terms of rhetoric and fact — while continuing to fall at the power stations to 18,4-million tons from 19,4-million at the end of April, have, in fact, increased at the collieries despite the reduced production.

At the end of May, colliery stock had increased to 22,1-million tons, up from 21,9-million tons a month earlier due to the difficulty in delivering coal from the mines.

Mr Santos said at a Press conference at Maputo Airport before Mr Schoeman returned home last night that it was natural in the wake of Nkomati for the private sector to be interested in Maputo harbour.

It was therefore essential for the Ministers concerned to co-operate in that regard.

Meanwhile, in Pretoria, government talks between South Africa and Mozambique yesterday focused on the continued security problem in Mozambique.

Afterwards the Minister of Foreign Affairs, Mr Pik Botha, said the two governments expected to meet regularly in the future to sort out the security problem "once and for all".

The Mozambican delegation was led by the Minister of Economic Affairs, Mr Jacinto Veloso, and the Deputy Minister of Defence, Mr Sergio Veiera, who held a brief meeting in the morning with Mr Botha and later met the Prime Minister, Mr P W Botha, at the Union Buildings.

Mr Pik Botha then held a lengthy working lunch with the Mozambicans and ended the visit with an informal joint Press conference.

The SA delegation included the Minister of Defence, Mr Magnus Malan, the Minister of Mineral and Energy Affairs, Mr Danie Steyn, the Minister of Manpower, Mr Pietie du Plessis, the Minister of Finance, Mr Barend du Plessis, the Minister of Agriculture, Mr Greyling Wentzel, and the head of the National Intelligence Service, Mr Neil Barnard.

Mr Botha said the meeting was a continuation of regular talks between the two governments on bilateral interests and the implementation of the Nkomati Accord.

Although the talks were wide-ranging, the security problem posed by the activities of the Mozambican Resistance Movement (MNR) had "naturally" featured, he said.

Solving this problem was a priority and economic, agricultural and other forms of co-operation would come later.

He added that the Prime Minister had given the assurance that South Africa would adhere to the spirit and letter of the Nkomati Accord and would act without hesitation if it knew of any contraventions.

He could not say how long it would take to solve the security problem.

Although the Nkomati Accord was signed five months ago, Mozambique is known to be concerned about continued MNR activities.

For example, Mr Teodota Hunguana, Deputy Minister of Internal Affairs and a member of the Mozambican delegation, told journalists of two major MNR attacks in the Zambezia Province in the last fortnight.

In one, 14 civilians were killed and 18 wounded when MNR members rounded them up at a tea factory and gunned them down.

Mozambique was in general satisfied with the implementation of the Accord.

● Picture — Page 2

RDM 14/8/84 (215)

Deadlock paves way for legal mine strike

By PHILLIP VAN NIEKERK

LAST-DITCH attempts to resolve the pay dispute between the Chamber of Mines and the National Union of Mineworkers have failed, opening the way for the first-ever legal strike by black workers on South African gold mines.

The second official conciliation board meeting between the two parties ended in deadlock yesterday after the chamber refused to increase their basic pay offer.

Instead, the NUM was offered several fringe benefit improvements and a reduction of the normal working hours for underground workers, which would increase overtime payments.

An NUM statement said they could not accept the chamber's revised offer as it fell too far short of their revised demands. The union is now reporting back to its members, who will take a final decision on a course of action.

From Friday, more than 40 000 NUM members at the eight gold mines where the union is recognised will be entitled to strike legally in terms of the Labour Relations Act.

As an unregistered union, the NUM is not bound to hold strike ballots, though the union could hold ballots to prove the support of their members.

The affected mines employ more than 100 000 black workers. Non-members could also be drawn into a strike — as could thousands of NUM members at other gold mines.

There is a high chance the deadlock will be repeated on Thursday, when the chamber and the NUM hold a conciliation board meeting to resolve their dispute over the pay of black coal mine workers.

Both conciliation boards were appointed last month after the chamber, which was offering 13 to 14% increases, and the NUM, which was demanding a 25% increase, went into dispute.

In spite of the dispute the chamber went ahead and implemented the increases.

A chamber statement said that at yesterday's meeting, the NUM rejected their revised offer — made in response to the NUM amending its demands. The offer was made in a "spirit of conciliation", the statement said.

"After the rejection of the chamber's offer in the conciliation board yesterday the two parties agreed that the Minister of Manpower be advised that deadlock had been reached."

The statement said the chamber had been compelled to withdraw their offer after it was rejected by the NUM.

Deadlock in the gold mining talks was preceded last week by deadlock between the NUM and a non-chamber Rand Mines-owned colliery, Duvha, where a possible legal strike is also pending.

The mines which are affected include Anglo American's Elandsrand, Anglo's three divisions of Western Holdings, Anglo's two divisions of Vaal Reefs, Anglo's President Brand and Gold Fields' Kloof mine.

100 motorists on drink cha

By JOHN MILLER

MORE than 100 motorists appeared in courts across the Reef yesterday after being arrested in connection with drunken driving allegations.

Almost 50 of the motorists appeared in courts on the East Rand, with only eight having been arrested on the West Rand.

More than 30 people appeared in courts in and around Johannesburg, with 23 of those motorists appearing in the Hillbrow Magistrate's Court after being arrested at a roadblock in Hillbrow on Friday night.

The East Rand centre with the highest number of drunken driving arrests was Germiston with 30, 21 of whom were arrested at a roadblock held there on Sunday evening.

Traffic authorities on the Reef were divided in their opinions about a change having taken place in the drinking habits or number of arrests made since the increased fines and jail sentences came into effect a few months ago.

Traffic officials in Roodepoort, Germiston and ... little chang... burg, Kemp... Randburg ... drunken dr...

Mr T OL... for Johann... more awa... allowed to ... legal limit ... reduction i... ple we hav...

He said t... of motorist... is nothing ...

Sap rises as Spring hits Highveld

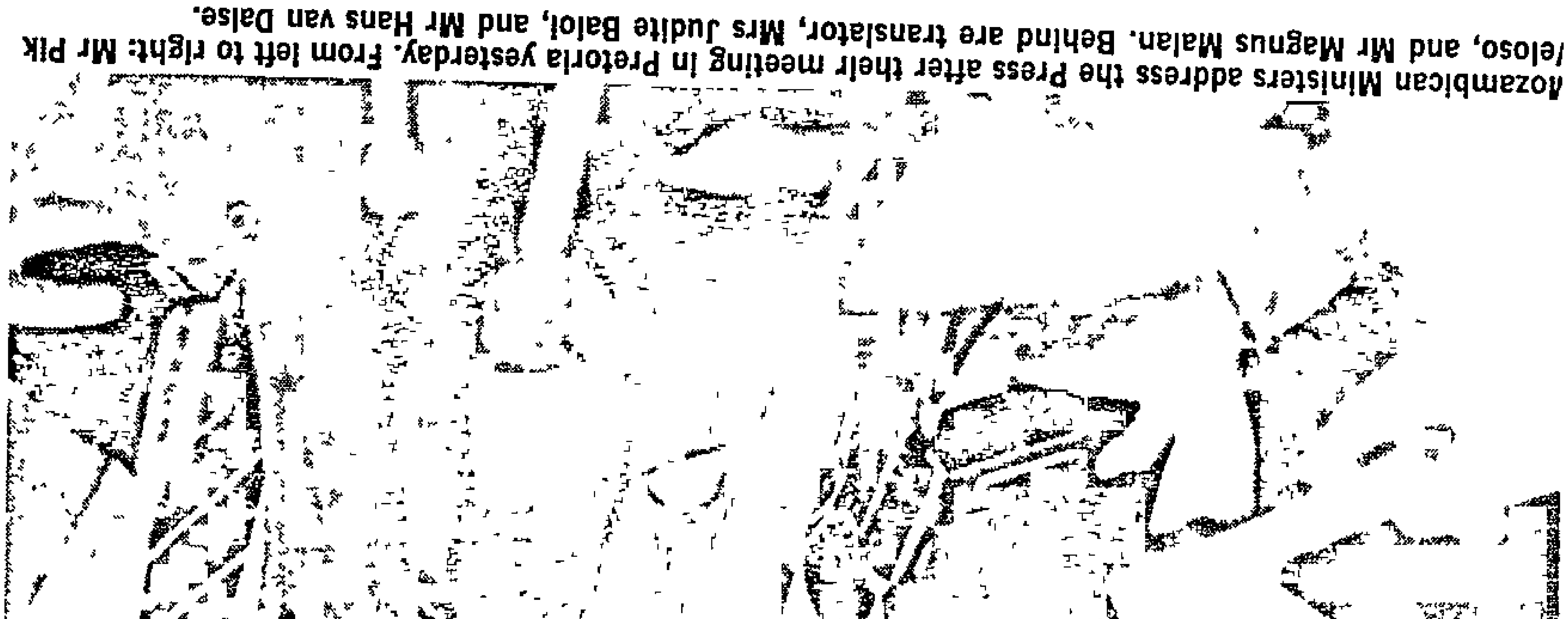
Mail Reporter

Helicopter in dramatic rescue

By DAVID CAPEL

AN SOS call brought a helicopter down from the Sky', Paul Beresford, was called by the traffic and am- ... 8am when 702's "Eye in the

Indian voters 'bribed'



Mozambican Ministers address the Press after their meeting in Pretoria yesterday. From left to right: Mr Pik ... Veloso, and Mr Magnus Malan. Behind are translator, Mrs Judite Baloi, and Mr Hans van Dalse.

Picture: PAUL BOSMAN

Price control on coal to stay

(215)

D. Despatch 16/8/84

WITBANK — Price control on coal and the rationalisation of coal distribution would remain in force until the government was convinced that the demand for coal for domestic and other smaller users could be met on a satisfactory basis

This was stated yesterday by the Minister of Mineral and Energy Affairs, Mr Danie Steyn, when he opened a new coal quality control laboratory — The Transvaal Coal Owners' Association (TCOA) Laboratory — at Witbank.

Mr Steyn said he and the Minister of Industries and commerce, Dr Dawie De Villiers, had decided that the abolishment of both price control on coal and the rationalisation of coal distribution in the local market could not be considered at this stage

The Competition Board had recommended that the government should withdraw from any form of control over the commodity

"However, after discussions between the board and the Department of Mineral and Energy Affairs, it was agreed that particular circumstances exist necessitating continued intervention until such time as a combination of factors such as socio-economic aspects makes government's withdrawal possible," he said

"Due to the importance of coal as a source of energy in our economy, it is important that its price be kept stable It is imperative that coal should at all times be freely available to all consumers, certainly also to those consumers who are dependent on coal for cooking and heating purposes"

Mr Steyn said the Department of Mineral and Energy Afairs was finalising the requirements in consultation with the TCOA and the SA Coal Depot Operators Association, to which all merchants dealing in coal would have to adhere to qualify as licenced merchants

Prospective merchants would be allowed to enter the market freely, if they met the requirements .

The minister also said research was being done to develop a refinement process for millions of tons of surplus dross-coal (stofsteenkool) which, because of its particle size, could not be absorbed by the local market and because of its low heat value could not be exported

Mr Steyn said the main thrust of South Africa's energy policy — as was the case in most other countries — was aimed at securing adequate and consistent supplies of energy at reasonable costs for domestic use — SAPA

SA coal is to power German VW plant

17/8/84 Star

215

The Star's Foreign News Service

BONN — South African coal will fire a new power plant to generate electricity and heat for Volkswagen's main plant in Wolfsburg, the company has announced.

"No-one would build a power plant if it had to be fired exclusively with German or European Community coal because it is too expensive," Volkswagen spokesman Mr Ortwin Witzel said "South African coal, even after adding transportation costs, is cheaper here in Germany than German coal"

Mr Guenther Demant, general director of VW Kraftwerk AG, revealed recently that his firm had signed a contract to import 700 000 tons of coal from South Africa

By law, half of the fuel burnt in any German coal-fired power plant must be from German or other European Community mines

The new power plant at Wolfsburg will generate 260 megawatts of electricity and 180 megawatts of heat

The Buschhaus power plant south of Wolfsburg will be fired initially with brown coal and later with salt coal found in the area.

"Wolfsburg's emissions of sulphur dioxide will be one-tenth those of Buschhaus," said Mr Witzel

Merchant prepared to sue Ministry

RDM 24/8/84 (215)

Blazing coal row goes to Pretoria

**By BRENDAN RYAN
Mining Editor**

CONTROVERSY over domestic coal distribution has intensified with one merchant threatening to take legal action against the Department of Mineral and Energy Affairs (MEA).

The merchant, Aluchem/Reef Coal, had its coal trading licence revoked by MEA for breach of stockpiling requirements, but the company is claiming MEA actions amount to restrictive practices.

Debate over the rationalised distribution system has raged since the Government accepted in principle Competition Board recommendations that its involvement in domestic coal distribution should cease.

However, the Government said its involvement would remain for an unspecified period to prevent disruption to the local coal industry which could result in social unrest.

"The impression given by Government acceptance of Competition Board findings was that controls were to be relaxed but the controls have in fact been severely tightened," said Mr Paul McNaughton, a director of Aluchem.

"To meet the requirements MEA wants to impose on Aluchem (see page 10) we will have to make a capital investment of R500 000 in trucks, unloading facilities and handling equipment.

"In addition, meeting MEA requirements for 50% of our coal to be transported by rail will mean cost increases of about R7 a ton caused by double handling of coal received by rail instead of transporting it direct from mine to end-consumer," he said.

Mr McNaughton rejected MEA requirements that the coal merchant should own or lease its transport and coal-handling equipment.

"Whether we want to hire the equipment, or buy it outright or lease it is purely for us to decide. We believe that the free market principles enshrined in the new constitution support this view," he said.

Mr McNaughton added that the MEA strictures could take away an estimated 75% of Aluchem's market including industries on the East Rand

"We are going to do everything in our power to stop it doing this and we are prepared to take legal action against MEA should we be forced to do so," Mr McNaughton said.

Details of the exchanges between Aluchem and MEA have been fowarded to the Competition Board.

Background to the situation lies in the operations of Mr Laurence Goldberg who moved in on the former Coal Cartage group, formed the Triton group, and proceeded to tie up distribution in the Transvaal.

The result was hefty price increases in coal. Small operators like Aluchem then began to cut prices and gain market share, particularly in the industrial bulk sector.

These distributors used cartage contractors to deliver coal directly from mines to customers and avoided operating high-cost transport fleets and sophisticated storage facilities.

The major distributors, the largest of which is MacPhail, sought protection from the MEA which responded with Government notice R895 through which it has since imposed its rationalised distribution system on the market

Mr McNaughton said MEA was trying to squeeze small merchants in other ways, particularly by trying to stop the cash trade in coal from TCOA collieries (Business Day — July 18).

He has listed in letters to the Competition Board 18 distributors whom he claims do not comply with MEA requirements but have licences.

This has been rejected by a MacPhail director, Mr John Cutten, who said yesterday· "The crux of the matter is that the Government wants merchants to stockpile coal on the Witwatersrand because of the possible disruption to coal supplies a strike on the collieries could create.

"Those are the rules and if people don't comply with them then they will be blown away.

"If Competition Board recommendations for a totally free market were accepted then MacPhail would not stockpile coal either, in order to cut costs to compete, and a very dangerous situation would be created.

"That's why Government has kept the rationalised market system in force"

Business Day/COAL RDM 24/8/84 (215)

The MEA gets tough with coal merchant

Pretoria has introduced a rationalised system for the distribution of coal in an attempt to maintain an orderly market. BRENDAN RYAN, Mining Editor, shows how the requirements of the system are hitting one merchant.

INDEPENDENT coal dealers are furious over conditions of the rationalised distribution system being implemented by the Department of Mineral and Energy Affairs.

The new system, says the Minister of Mineral and Energy Affairs, Mr Danie Steyn, is designed to allow prospective coal merchants to enter the market freely, provided they meet the conditions.

The effects are clearly shown by a comparison of the original authority granted to Aluchem Reef Coal and terms the MEA now insists Aluchem comply with to regain its licence.

The original authority in terms of Government Notice R895 was granted in February in a letter from the MEA.

It said Aluchem was authorised to sell coal in Benoni, Boksburg, Germiston, Kempton Park, Bedfordview, Edenvale, Olifantsfontein and Chloorkop.

The conditions were: "Coal should be available to any consumer of coal on demand. In other words, your company/firm must be in a position to service the entire market, including bagged coal, in the areas stated above.

"Coal should be stockpiled in the above areas of operation in such a way that shortages do not occur due to any fluctuation in the supply of or demand for coal.

"It is suggested that a stockpile of three to four weeks of annual turnover be kept from April to August, while a stockpile of 10 to 14 days should be adequate during the months September to March.

"It is also recommended that stockpiling for the winter should be done as early as possible when rail capacity is more freely available.

"As a result of the price of coal being subject to formal control, no coal merchant may increase the retail selling price of coal without the prior authorisation of this department. It is, therefore, also a condition of this authority that no price increase will be implemented without the necessary authority to do so.

"The above conditions may be altered in the future."

Aluchem's licence was revoked by the MEA by telex on July 10.

Negotiations to get it re-instated resulted in a telex from the MEA on August 20. It offered a provisional authority, valid for six months, for the company to trade in the areas of Olifantsfontein, Modderfontein, Kaalfontein, Halfway House and Kempton Park.

The six-month period was for Aluchem to comply with requirements, in terms of Government notice R895, which the MEA listed as

."The merchant shall occupy a depot suitable for stockpiling coal according to size and grading of such coal Such depot shall be conveniently situated in the area of operation

"The merchant must be in possession of all the necessary clearances as required by the local authority in which area its depot is situated for the type of business to be undertaken

"A merchant shall either have a rail siding in the depot or have the exclusive use of a rail siding in close proximity to the depot

"A merchant must receive at least 50% of his total coal purchases by rail.

"A merchant must stockpile consumable coal at his depot. A minimum quantity, unless otherwise agreed to by the department, equivalent to 10% of annual sales in respect of each size that he sells to consumers during the period September to January, shall be stockpiled, which stockpiling shall be increased to 15% by not later than the end of March.

"A merchant must service the full spectrum of the coal market within his area of operation and should adequately publicise his capability and willingness to do so

"A merchant's business must be open for normal trade on all normal business days throughout the year.

"A merchant must satisfy the department that it owns or leases all appropriate de ices for the handling and bagging of coal unless otherwise agreed by the department

"A merchant must satisfy the department that it owns or leases all vehicles necessary for executing the delivery of bagged and bulk coal unless otherwise agreed by the department.

"All coal delivered in bulk shall be weighed on an assized scale, hence a merchant must have access to an assized weighbridge situated at or within reasonable distance of his depot. In the case of coal sold in bags, the necessary weighing apparatus for determining the mass of bags must be owned.

"A merchant must have a sales office situated conveniently within his area of operation from where his coal business can be conducted.

"An authority issued in terms of Government

RDM 24/8/84 215

Notice R895 is not transferable and no merchant in possession of a valid authority may allow any unauthorised persons to procure coal supplies on the strength of its authority.

"Should any merchant transgress the above rules the department reserves the right to withdraw the authority of such merchant."

The MEA telex also specified the stockpile capacity of Aluchem's Olifantsfontein depot.

"In your letter dated 23 July 1984, you stated that the Aluchem depot at Olifantsfontein is capable of stocking 2 700 tons of coal. According to the report by Sacdoa following its investigation, at the request of the department, of your Olifantsfontein depot, it is stated that 'estimated stockholding capacity is plus-/minus 1 700 tons, inclusive of sites they (Aluchem) hold an (sic) option.'

"In view of the difference in stockpiling capacity as estimated by yourself and that by Sacdoa, a stockpiling capacity of 1 700 tons is accepted by the department until such time as a higher tonnage can be confirmed to the satisfaction of the department."

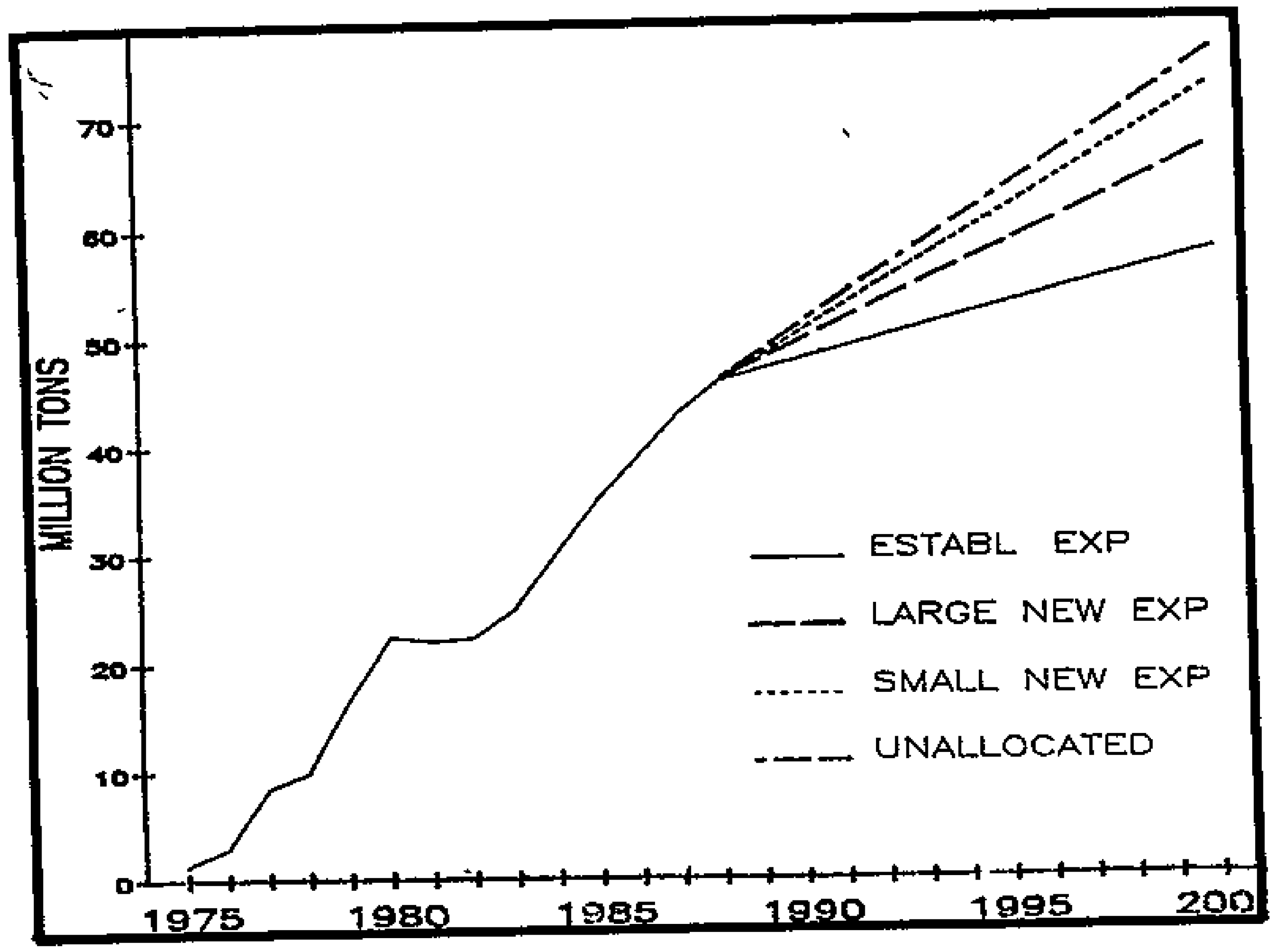
An Aluchem director, Mr Paul McNaughton, said yesterday: "Sacdoa (South African Coal Depot Operators' Association) consists of the major coal merchants in the main centres in the country.

"There are about 300 small coal traders which do not belong to Sacdoa and about 18 large ones which do.

"How can they make an objective assessment of our stockpiling capacity when they are our competitors or allies of our competitors?" he asked.

'SA expects to stay competitive on world coal market'

(215) Star 21/9/84



The graph shows the breakdown of South Africa's steam coal exports, both historical and projected.

By Stan Kennedy

South Africa does not want to be considered a low price coal supplier — rather a competitive alternative supplier of reliable, consistent quality coal for consumers who want to diversify their supply risk.

The country's market share is expected to remain almost constant for the forseeable future — about 25 percent of internationally traded steam coal.

At the Aspen Coal Conference in Colorado yesterday, the chief executive of Gencor's coal division, Mr Graham Thompson, said South Africa would export some 35 million tons of coal this year.

Of this 33,5 million tons would be routed via Richards Bay, the rest via Durban and Maputo.

Exports would more than double during the next 10 years as Phase 4 of the expansion programme came on stream. A substantial tonnage would be from new, smaller producers

"The ability of SA exporters to compete in the world market rests on several major factors," he said.

"South African coal sales were some 143 million tons to inland and export markets last year, making it the world's fifth largest producer; sales this year should grow to 156 million tons."

South African exporters had considerable expertise in coal production and preparation technology. These strengths had assisted in establishing them as competitive and reliable suppliers of a consistent quality product in the market

On price competitiveness, he said it had been reported that South Africa's high inflation rate would price its exports out of the world steam coal market

"We suffer from an inherent Third World element in our economic structure and a long-term inflation rate above those of the developed countries has been experienced and can be expected to continue

"But studies have shown the exchange rate adjusts over the long term for the trend in the purchasing power parity of the SA rand against the currencies of its major trading partners

"The major concern of coal producers is to contain costs to the general inflation rate so they do not become uncompetitive in SA, and long-term currency movements will adjust for the inflation rate differential.

"It would therefore be premature to write off SA's future competitiveness on this basis"

Coalminers' strike looms

JUST over 59 percent of the 1 000 black mineworkers at Rietspruit opencast colliery outside Witbank have voted in favour of a legal strike at the mine.

A spokesman for Rand Mines, owners of the coalmine, said yesterday that 638 of the total workforce of a little more than 1 000 black mineworkers participated in the ballot held by the National Union of Mineworkers

Out of the NUM's total membership of 692, 594 miners in categories one to eight voted in favour of striking, 18 voted against and there were 26 spoilt papers

This means that 85 percent of NUM members at the colliery are likely to go out on strike in support of wage demands

The dispute with Rand Mines, which bargains outside of the Chamber of Mines in respect of its Rietspruit and Duvha collieries, was declared by the NUM in June this year

Conciliation boards were appointed in both disputes in an attempt to reach settlement, but both ended in deadlock

Increase

As an unregistered union in an industry which does not have an industrial council, the NUM was not required to hold a strike ballot on either colliery However, now that the ballots have been held, the way is clear for a legal strike on both mines

The union's initial demands were for a 60 percent wage increase and Rand Mines management responded with an offer of an 11,3 percent increment The NUM later lowered its demands to below 25 percent in the Rietspruit negotiations, said Mr Cyril Ramaphosa, general secretary of the NUM

Heads for business . . .

TWO BLACKS — a sales manager and a former educational officer — will be among 20 men and a woman who will be issued diplomas in business management at a hotel in Pretoria tonight.

Mr Somkhulu Mgidi and Mr Isaac Lentsoane, both of Soshanguve, will receive diplomas of the Dale Carnegie Business Management Course

The other 18 students are all whites The ceremony is scheduled to start at 6 30 pm

SWAZILAND: A trip to spend a week from Bosmont and Coronationville

R2-m fo

ABOUT R2-million has been earmarked for the development of Atteridgeville Ext 2, the local town council announced yesterday.

At their monthly meeting held yesterday morning, the council also announced that the Government has at last approved the prices for the sale of sites in the new area — after almost 15 months of waiting

A spokesman for the council said although they had budgetted R2-million for the building of roads, ... erage in the ... they were ... Government ... for the ... amount

Minister ... granted th... authority to ... cents per ... for the use ... R13,96 per ... for the lay... structure in ... dential area

The coun... nounced that immediately views to fin...

RDM 28/9/84

Miners' union drops action over firing of 17

Mail Reporter

THE National Union of Mineworkers (NUM) has withdrawn its important industrial court case in which 17 workers — fired for refusing to work in an area of a mine they believed unsafe — were demanding reinstatement.

The case was regarded as a key test of the right of workers to refuse to work in conditions they considered dangerous.

The workers were fired on September 22 last year after repeatedly refusing to work in a section of the West Driefontein mine near Carletonville on the grounds that conditions were unsafe.

A Government mining engineer's inquiry subsequently found the area to be objectively safe.

The NUM pursued the case on the grounds that management had not done enough to allay the workers' fears.

They charged management ... with committing an unfair labour practice by firing the workers.

A Gold Fields statement said that in terms of the settlement, the mine is not required to re-instate the 17 workers.

"Gold Fields views the culmination of the proceedings today as formal confirmation of the union's inability to substantiate its allegations," the company said.

Mr Cyril Rampahosa, general secretary of the NUM, said they had withdrawn the case because it was not co-ordinated .. due to the absence of a number of the witnesses.

"The whole question of safety still' remains unresolved.

"The struggle for safety still has to continue and it will be handled by collective bargaining," he said.

LABOUR NEWS RDM 2/10/84 215

2 500 Witbank miners strike over pay move

By PHILLIP VAN NIEKERK

MORE than 2 500 coal miners went on strike at Johannesburg Consolidated Investment's Tavistock collieries near Witbank yesterday, according to the National Union of Mineworkers (NUM)

Mr Cyril Ramaphosa, general secretary of the NUM, said the workers were objecting to a management decision to move their payday from Friday last week to today

The workers on strike were from the Phoenix section of the collieries

The NUM claims substantial membership at the mine, but has not yet been recognised Mr Ramaphosa said a union organiser had been denied access to speak to the miners during the strike

He said the workers were still out yesterday afternoon and had not yet indicated when they would return to work

The Mail was unable to get comment from JCI late yesterday

The strike took place amid union meetings to decide a date for the pending legal strikes by workers at Rand Mines' Duvha and Rietspruit collieries No date has been set yet

● Meanwhile, the NUM's dispute with the Chamber of Mines over pay for workers at the Rand Mutual Hospital has reached deadlock

Mr Ramaphosa said the deadlock was arrived at during the official conciliation board talks between the Chamber and the NUM aimed at resolving the dispute yesterday

And in a change of direction from previous disputes between the NUM and the chamber, it has been referred to mediation Mr Ramaphosa said both parties had agreed to take the matter to mediation before Wednesday next week

Sowetan 3/10/84 (215)

Coalminers still out on strike

THE strike by 2 500 black mineworkers at Johannesburg Consolidated Investment's Tavistock Collieries outside Witbank entered its second day yesterday, as strikers at two sections of the collieries refused to go underground

The stoppage began on Monday morning whem the mineworkers protested a management decision to move back pay day, and there were objections over pay increases

Mr Cyril Ramaphosa, general secretary of the National Union of Mineworkers, which claims a representative membership at Tavistock Collieries, said the strikers had objected when they were not paid on Friday, as is the custom

"According to reports we have received from our members there, the mine's management gave the assurance they would be paid today (Tuesday). However most of the men on the Tavistock and Phoenix sections of the colliery were not happy with this," he said

The strikers were reported to be sitting quietly inside their hostels Two other sections of the collieries holding company were continuing work as usual

Mr Ramaphosa said the union had been refused permission to speak to its members by the mine management

Mr P F Retief, spokesman for JCI, was unavailable for comment

No moves have been made at the Rand Mines-owned Duvha and Rietspruit open-cast collieries outside Witbank where strike ballots were held last week

It is expected that legal strikes will be held at both mines, which have a combined workforce of more than 2 000, at some time during the week

RDM 3/10/84 215

JCI fires 1 100 coalminers

By PHILLIP VAN NIEKERK

JOHANNESBURG Consolidated Investments yesterday fired 1 100 striking coalminers at two of its collieries near Witbank for not meeting an ultimatum to return to work, a spokesman for the company said

The miners — from the Arthur Taylor and Tavistock collieries — went on strike on Monday with more than 1 000 more from the Phoenix and South Witbank collieries over a management decision to move their September payday from last Friday to yesterday They were also believed to be unhappy at their annual pay increases

All the collieries are part of JCI's Tavistock group of collieries

The JCI spokesman said that the 1 100 miners were being paid out yesterday evening because they had not met the ultimatum to return to work in the morning

If the company pushes ahead with the dismissals, the miners face the prospect of being sent back to the homelands.

Mr Cyril Ramaphosa, general secretary of the National Union of Mineworkers, said they were consulting their attorneys to see what they could do in the situation

He said it was clear that management had made up its mind from the very beginning to take a hard line against the workers, who had a legitimate complaint.

"If union officials had been allowed in — instead of being barred from the mine — the situation could have been very different by now"

A JCI statement yesterday said the action began when black workers at the Phoenix Colliery refused to report for the morning shift on Monday, but returned to work after worker representatives met with mine management.

"However, most of the morning-shift at the Tavistock Colliery downed tools at midday, and black workers at the Arthur Taylor Colliery went out on strike in the afternoon".

The statement said that "some 1 100 workers at the Tavistock and Arthur Taylor Collieries are illegally on strike, notwithstanding that they were informed by mine management the night before that they should return to work this morning or be in breach of their contracts and face dismissal"

● More labour news — See Page 4

Scarred girl tells of dog attack

By JOHAN BUYS

AN eight-year-old Boksburg schoolgirl who was admitted to hospital with four fractured ribs, a perforated lung and 115 stitches on her body after being attacked by a dog, told a magistrate yesterday she could not remember much of the attack.

Stephanie Webb, daughter of Mr and Mrs Eddie Webb, of Van Heerden Drive, Parkrand, was giving evidence in the case in which the dog's owner, Mr David John Kennedy, 42, of Packer Street, Parkrand, is charged with allowing a vicious dog in a public place.

He is also charged with not having a dog licence. He pleaded not guilty

Stephanie, a grade two pupil at St Dominic's Convent, and Pippa Bowler, 6, were on their way to visit a friend when the dog, a Rotweiler named Max, attacked her on May 29

She was rushed to the intensive care unit of the Johannesburg Hospital after an emergency operation in the Boksburg-Benoni Hospital.

With scars from the attack still clearly visible below her left eye, she stood next to her mother, Mrs Lorraine Webb, yesterday, to tell the court of the attack

Stephanie, barely audible, said. "I and my friend Pippa went to give a letter to Zoe Martin The dog came out when Mr Kennedy's son, coming from school, opened the gate.

The dog came straight at me He grabbed me by the neck. Then a Mr Bennet came out and took the dog off me. Then I went into a bathroom in Mrs Martin's house and she took me to hospital"

Questioned by the prosecutor, Mr R de Jonge, Stephanie said "The dog bit me in my chest and on the left side of my face and on my throat and on my leg"

Asked to describe the attack in more detail, she said she could not remember much

Pointing to the scars on her face, she said "The dog bit me there and the dog bit me in my ribs and it went into my lung

"I was standing at the garden wall when the dog came for me"

Mr Kennedy's neighbour, Mrs Corinne Martin, said the dog had attacked her three-year-old son Alexander a year previously

She said. "I was busy in the kitchen when I heard my daughter, Zoe, scream that Max was attacking Stephanie I ran out and saw the dog on top of her

"Martin Kennedy was standing on the pavement and said to me 'shoot the dog'"

Mrs Martin said she ran into the house and returned with a gas spray gun, which she sprayed at the dog, but it had no effect.

Then Mr Kennedy arrived and shouted at the dog The dog left the girl alone.

"Stephanie was covered in blood I rushed her to hospital"

56 hurt as bus crashes

CAPE TOWN — Fifty-six injured people — most of them women teachers — were rushed by ambulance to Paarl East Hospital yesterday after the bus in which they were travelling was involved in a double collision at the foot of Du Toit's Kloof Pass

The teachers were travelling from Worcester to Cape Town in a 75-seater bus when it collided with a truck

According to witness reports a second truck, a delivery van, then collided into the back of the bus

A Paarl East Hospital spokesman said. "Most of them have been discharged already"

Israeli dese

LABOUR NEWS RDM 4/10/84 ~~3/3~~ 215 ~~143~~

Colliery re-employs 600 miners fired after strike

By PHILLIP VAN NIEKERK

JOHANNESBURG Consolidated Investments (JCI) yesterday re-engaged hundreds of miners at their Tavistock collieries near Witbank who were fired for striking the day before

Amid claims by the National Union of Mineworkers (NUM) that JCI were rehiring selectively, a spokesman for the company said they were re-engaging all those who had reapplied

"There is, however, a very strong possibility that there might be a few ad-hoc cases of instigators who would not be considered for re-engagement," he said

The Rand Daily Mail was unable to establish the final number of those fired, but a JCI statement yesterday said in the morning they had rehired 600 of the 1 100 fired the day before

The JCI spokesman confirmed that teargas was used against workers on Tuesday evening, but denied claims by the NUM that police with dogs had baton-charged and fired rubber bullets at workers

"The mine security had a hassle with intimidators at one stage," he said, "and teargas was used"

Mr Cyril Ramaphosa, general secretary of the NUM, said workers were attacked while gathering peacefully and this was borne out by the fact that not a single window or piece of mine property had been damaged

"This is really getting out of hand," Mr Ramaphosa said "Management can't continue treating our members in this way"

The JCI spokesman said the reason the company had refused the union access to the workers during the strike was that the NUM was not recognised

Meanwhile, miners interviewed yesterday said the unrest began when the company divided workers into two lines — one for Pedis, Sothos and Ndebeles and the other for Mozambicans

The Mozambicans had been kept on, while the others had been told they were being discharged and had the words "discharged for participating in an illegal strike" written in their records of service.

They said after they had been dispersed by a baton-charge, many were arrested while others had scattered in terror throughout the mine

Sowetan 4/10/84 215

Coalminers work again

Striking mineworkers at Johannesburg Consolidated Investment's Tavistock Colliery outside Witbank had all returned to work this morning, ending a two day pay strike at the mine.

None of the 1 100 mineworkers threatened with dismissal if they failed to meet Tuesday's deadline to return to work were fired, said Mr M W Hawarden, general manager of JCI's coal division

He said the mine management had "isolated troublemakers and instigators" but otherwise everything was back to normal and the situation was encouraging

More than 1 200 mineworkers participated in the strike at the Phoenix, Arthur Taylor and Tavistock sections of the Colliery They were demanding a 25 percent increase as opposed to the 16 percent increases implemented last month A change in the pay day schedule had also upset the miners

Mr Cyril Ramaphosa, general secretary of the National Union of Mineworkers (NUM) said the union would be obtaining legal advice for those members whom JCI intended dismissing

RDM 17/10/84 (215)

Gazette move outflanks court orders

Pretoria changes coal supply rules

By **BRENDAN RYAN**

THE Department of Mineral and Energy Affairs has introduced new rules for the distribution of domestic coal.

It has withdrawn Government Notice R895, of April 29 1983, through which all control was enforced.

All licences granted under R895 will end on November 1 and distributors will have to re-apply.

The move follows legal defeats for the department in the Supreme Court over its implementation of R895.

Three coal merchants· Aluchem/Reef Coal, of Johannesburg, Elrays General Dealers and Singhs Wood and Coal, both of Durban, won unopposed court cases against the department.

The department had to return trading licences and, in the case of Aluchem, civil servants were forbidden to inform anyone the company did not have a valid trading licence (Business Mail, September 22).

The independent coal merchants are now back at square one

The gazetted rules have been toned down slightly from those the department tried to force on Aluchem.

The department had wanted coal merchants to own or lease transport and coal-handling equipment. This move was aimed at merchants who arranged with hauliers to move coal from mines to homes to cut overheads.

This requirement has not been gazetted.

The department previously said a coal merchant had to have a rail siding and receive at least 50% of coal supplies by rail.

These requirements have been gazetted as. "unless otherwise indicated, either have a rail siding on the premises on which the said depot is situated or have the exclusive use of a rail siding in the direct proximity of the rail depot... unless otherwise indicated, receive at least 50% of his total coal supplies by rail from his supplier."

The department's deputy-director, Mr Renier Roets, said yesterday "For strategic reasons we want coal merchants to receive 50% of their coal by rail. However, we may be prepared to look at exceptions depending on factors such as locality.

"These gazetted regulations may not be the final form of the rationalised coal distribution system. This will depend on how these new regulations work out in practice"

Much will depend on how the department applies the rules to applications for coal trading licences.

Independent traders have been angered by the department's attempts to rationalise the domestic coal market because they claim its actions have amounted to restrictive practices against them and in favour of major coal merchants such as MacPhail and Omega.

The situation has been highlighted by the Government's acceptance in principle of Competition Board recommendations that it should end its interference in the domestic coal market.

However, the Government intends keeping the rationalised system for the time being for strategic reasons, mainly to avoid social unrest which it feels could be caused by coal shortages.

An Aluchem director, Mr Paul McNaughton, said yesterday "We are considering what course of action we should take following the way in which the department has changed the rules of the game."

He added "We are also looking at forming an association of the independent coal traders in the Transvaal and Natal to organise a concerted effort in whatever direction we decide to move."

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SUNDAY EXPRESS October 21, 1984

New laws threaten small coal companies

Traders say government regulations favour distribution giants

By JO-ANNE RICHARDS

HUNDREDS of small coal distributing companies across the country face ruin after the government gazetted new regulations for the industry this week.

The move, which comes in the midst of one of the country's most severe recessions, also means that hundreds of employees may lose their jobs

Stunned by the action, which the government describes as rationalisation, Mr B Ramlall Singh, director of Durban-based Singh's Wood and Coal, commented "I have been in the distribution business for 53 years and these regulations could put me out of business.

"What would I do at my age? This is a bad thing"

The rules which come into effect when merchants are forced to reapply for licences on November 1 will hit the 40 to 50 small traders in Soweto and others on the platteland At the same time, the regulations favour most distribution giants.

Mr A H Limalia, director of Elrays General Dealers in Durban, said the new regulations "give us all a very hard time".

The director of Aluchem/Reef Coal, Mr Paul McNaughton, said the new regulations could force his company out of business "But we don't consider that as an option," he added "We will fight to the bitter end."

Consumers suffer

He said the consumer would suffer if small independents disappeared. Coal prices dropped by 40% after they had entered the market The three companies have taken legal advice

The new regulations require dealers to stockpile 10% of their annual sales during summer and 15% during winter.

To comply, small companies would need stockpiling facilities and enough working capital to stockpile to this extent

The regulations also require that, "unless otherwise indicated", distributors must rail 50% of their coal from the supplier — most small merchants use cheaper road transport which eliminates double handling.

Merchants must also have exclusive use of a rail siding close to their depots, "unless otherwise indicated" Small distributors say most available rail sidings are in the hands of the merchant giants. And very few of them can afford an exclusive siding.

Mr Renier Roets, Deputy Director of Mineral and Energy Affairs (MEA) stated that the wording of this requirement allows for exceptions But small traders have pointed out that the new rules would become meaningless if hundreds of exceptions were allowed.

Mr Roets denied the new regulations could affect small independent distributors. "These rules are necessary and they are here for everyone," he said.

"I do not think they favour the big businesses Anyone is free to enter the market if they can comply with the regulations."

The MEA has given what some traders regard as "spurious" reasons for the "rationalised"-system Mr Roets said rationalisation was necessary to ensure a continuous supply of coal because of a cyclic demand.

Stockpiling was necessary to "carry us through the winter", or in times of miners' strikes.

Road access

Small traders said stockpiles at the collieries together with road access to large cities made this requirement excessive or even unnecessary

When approached recently a director of the largest Reef distribution company, MacPhail, Mr John Cutten, denied the regulatio had been introduced to aid the big businesse

The rationalisation was very necessa and the "carpet baggers" who did not comp with the rules would be "blown away"

The Progressive Federal Party spoke man on finance, Mr Harry Schwarz, th week criticised the move as many business were dying in the economic squeeze Th country could not afford to add to the num ber with regulatory measures not designe to protect the economy, he said

It was legitimate to try to ensure a co tinuous supply of coal, but the small com panies should then be helped to make financially possible for them to comply through an agency such as the Small Bus ness Development Corporation

Protection of the South African Transpo Services through the regulations also ra counter to the government's stated aim considering privatisation, Mr Schwarz sai

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UK coal imports from SA doubles

From NEIL BEHRMANN

LONDON — British imports of South African coal have more than doubled this year because the prolonged strike is depleting stocks.

The secretary of the Coal Merchants Federation of Great Britain, Mr Ian Hall, estimates that imports of South Africa coal will rise from around 200 000 tons last year to 500 000 tons

Total British coal imports were running at an annual rate of 9m tons against 4,5m tons in 1983

British customs and excise statistics do not reflect the dramatic rise in South African imports, because the bulk of coal is sent to Rotterdam and other major ports and then re-routed to the UK.

British coal stocks are falling to dangerously low levels, now that the weather is becoming colder.

The crucial question is whether the sequestration of the National Union of Mineworkers' assets will bring an end to the strike.

But if it drags on, power cuts will be necessary unless the UK imports more coal

Imports, are coming from all parts of the world. Apart from the main producing countries, Poland, Australia, the United States, and South Africa, there have been supplies from Czechoslovakia, East Germany, Lorraine, Nigeria and Vietnam

Producer

Boats are arriving daily and are depositing coal in small and large ports of the UK, normally the world's fifth largest coal producer and Western Europe's biggest coal consumer.

Coal stocks at power stations fell from 14m tons to 13m tons last month, barely sufficient to last more than two months in average winter weather.

Analysts predict that if stocks are depleted at this rate there will be power cuts in December

A year-ago power station coal invetories were twice as high as they are today.

A further 20m tons is stockpiled at National Coal Board (NCB) pitheads, nearly 20 percent of the Coal Board's deep mined production in a normal year.

Coal users are taking steps to reduce demand The Central Electricity Generating Board (CEGB) normally burns 75m tons of NCB coal a year — three quarters of deep-mined production

Power stations

But since the start of the strike it has become much more reliant on its nuclear power stations and oil-fired ones

The CEGB has about 3m tons stockpiled in Rotterdam and other ports and also imports from the United States

The British Steel Corporation which normally buys half of its metallurgical coal from the NCB is now importing all its coal

General industry has received about 85 percent of its material from the NCB since the strike

Householders

There will be a sharp increase in imports for householders

The Coal Merchants Federation estimates that imports of these consumers will easily double this year to around 2m tons

Britain has been importing South African anthracite for well over a decade, but this year large amounts of bitumous and industrial coal also were shipped into the country.

US spending

NEW YORK. — Real capital spending should rise 10,4 percent to $385,29 billion in 1985, Rinfret Associates Inc's president, Mr Pierre Rinfret, said.

SA coal exports to Japan up 43 pc

Argus Foreign Service

TOKYO — South African coking coal exports to Japan were up 43 percent in the six months to end-September — the first half of the Japanese fiscal year — Ministry of Finance figures show

The figures also show South Africa supplied the lion's share of ores for use in ferroalloy production

The market share for South African coal mines increased from 5,2 percent over the same period last year to 6,5 percent in 1984

The share increase seems to have come mainly at the expense of the United States and Australia, both of which registered declines.

The Australian share slipped just under 4 percent to 40,5 percent while the Americans dropped from 26,9 to 22,9 percent

The South African increase is seen as stemming mainly from Japanese steel mill fears that a United Mine Workers strike in the United States would sharply curtail overall supply

But since that labour contract was settled without a strike, it is difficult to predict how South African suppliers will fare in the next six months of the fiscal year

The Ministry of International Trade and Finance, however, forecasts third quarter shipments will be down about 17,6 percent from the second quarter for a total import of 3,89-million tons for the year.

PRICE DECLINE

The MITI figures are based on predictions for blast furnace pig iron production and do not appear to take the first half rise in imports into account

In all, South African mines shipped 2,25-million tons of coking coal in the first half at an average price of 11 895 yen (then about R79) a ton, down 12,7 percent from an average price of 13 627 yen last year, the Ministry figures show

Overall, South Africa suffered the third biggest price decline, exceeded only by the US at 12,8 percent and New Zealand at 13,4, among major Japanese coal suppliers.

On the anthracite front, South African exports were up 96 percent over the first half last year and the price a ton showed a 3 percent rise from an average 10 330 yen to 10 640 yen

Shipments totalled 399 127 tons, nearly double the 203 877 tons in the same period last year and almost four times as much as those from China, the next largest supplier

South African sales of ores used in ferroalloy production amounted to 12,9-billion yen (about R86-million) in the first nine months of 1984

Sales of unwrought nickel amounted to 656-million yen (about R4-million) over the same period

S Express
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State official linked to 'coal battles'

R2m CONTRACT AWARDED TO HIGHEST TENDERER

By JO-ANNE RICHARDS

A GOVERNMENT official's admitted role in the granting of a lucrative provincial tender last year — which went to the costliest supplier — has become the centre of spreading controversy among coal distributors.

The main provincial contract to supply hospitals with coal was granted to MacPhail, the country's largest distributor, last year. It involved a turnover of R2,5-million and has been estimated to have cost the public at least R200 000 more than rival bids would have.

In a confidential memorandum to a colleague, the managing director of MacPhail, Mr Brian Aires, disclosed that the contract had meant a net profit of R500 000 a year for the company.

In the memo, Mr Aires said Mr Renier Roets (deputy director of the Department of Mineral and Energy Affairs), "has been of great assistance to our company in securing the hospital contract".

Mr Aires added: "If we had lost the contract, it would surely have meant the downfall of the company"

Mr Roets bought an Audi car for the bargain price of R4 000 from MacPhail in 1983, and was "wined and dined" several times by Mr Aires a few weeks before the tender was awarded.

Mounting

With tenders for this year's contract closing on Friday, controversy is mounting over Mr Roets's role in the granting of the same contract last year.

Mr Roets has admitted to the Sunday Express that he played an "evaluating" and "guiding" role — giving "technical" and other advice to the Transvaal Provincial Administration — in the tender process.

But he strongly denied that he had "influenced" the tender board, saying the board could have overruled him. And his role had in no way been influenced by personal gain.

"I can assure you," said Mr Roets, "that I have no skeletons in my cupboard. I am just the meat in the sandwich — the man in the middle"

He was unable to explain Mr Aires's memo "I don't know how he could have said that," he said.

Mr Aires commented: "All Mr Roets's assistance amounted to was to see to it that everyone stuck to the rules in submitting tenders."

Commenting on the R4 000 Audi — independently valued at R8 000 — Mr Roets said it was a "normal business transaction".

Asked to comment on their social contact, Mr Roets and Mr Aires admitted they had dined together "many times"

● To PAGE 2

P.T.O.

Blacks as good as gold for collieries

S. Times 215

11/11/84

By Roy Bennetts

THE South African black coal-miner is worth his weight in gold compared with his counterparts in Britain, America and Germany.

In spite of his limited education and poor productivity, the black miner is good value to his employers.

His wage and other benefits cost R3,90 a ton of coal produced against R4,22 in the UK, R4,41 in Germany and R3,93 in the US.

The British coalface miner earns about R1 665 for producing 394 tons of coal a month. The German miner earns R1 696 for 384 tons a month and the American R1 443 for 367 tons.

Weak rand

The black worker on a South African mine may produce only 120 tons of coal a month, but his low cost factor of R369 a month in wages, plus free bed and board, estimated at R100 a month, makes him best value for money.

The weak rand has been a major factor in making the black miner so cost-effective. Had the rand still been worth $1,35, the American miner would have made the SA black look expensive.

But what makes the SA black miner an irresistible proposition is that he can be employed in large numbers and this saves enormous amounts of capital investment.

Training bill

Mine managers claim that switching to more capital-intensive European and American mining methods would increase capital costs by 30% and add millions of rands to the training bill.

Some mining experts say SA underground mining methods are 20 years behind the rest of the world.

South African mining houses have long preferred to employ people instead of machines — as long as they remain cost effective.

Germany mines its coal at twice the depth of South African deposits, but produces soft lignite coal. South African mines tend to be no deeper than 500m, but most produce hard, low-sulphur anthracite.

Compounds

Much has changed since Sir Percy Fitzatrick wrote letters to The Times in London condemning the compound system of South African mines.

The contracted black worker still lives in a compound, but his food and clothing are free. Most major mines provide free television, and in some instances video.

The black workers' hostels on most mines have four beds to a room for the ordinary worker, and single bedrooms for senior black miners. Each group has a lounge and laundry area, with a washing machine provided.

Marriage

After deductions by the Chamber of Mines Employment Bureau to provide for his family in the homelands, most of a black miner's wages are disposable. This could give him more discretionary income than his British counterpart.

The major disadvantage black miners face is a legal limitation on married quarters. The miner is expected to lead a celibate life for the duration of his contract, which does not induce him to return to the mine too quickly.

This delay in returning means retraining which costs the mining houses several millions of rands a year.

Mercury 13/4/84 215

Still no agreement on coal prospecting

Political Reporter

THERE is no agreement yet between the Natal Parks Board and Gencor on coal prospecting in the 22 800 ha corridor between the Umfolosi and Hluhluwe game reserves

It was reported last month that an agreement between the two was expected 'within days'

But yesterday Dr John Vincent, deputy director of the NPB, said the board was still waiting to hear from the mining house

'Negotiations toward an agreement haven't advanced and there are still many things to sort out,' he said yesterday

Earlier this year the Government granted the Trans Natal Coal Corporation, a Gencor subsidiary, a coal-prospecting licence for land earmarked for the NPB

Meetings between the board and Gencor have been held to discuss the future of the land The NPB instituted an impact study and Gencor has shown interest in researching the ecology of the area with the Parks Board before launching its prospecting programme

The Parks Board is opposed to any prospecting or mining in proclaimed conservation areas and as such is opposed to prospecting and mining in the corridor because the land was promised to the board two years ago but has yet to be transferred formally from the Government

Mr Dering Stainbank, MEC for the Parks Board, has asked the Government for clarification over the delay in handing over the corridor to the board but has not received a reply

A Gencor spokesman was unavailable for comment yesterday

...s galore as ...rain causes chaos

...rter

ported major traffic congestion on the N 3 and southern freeway as a result of

Vandalism

Rdm 13/11/84 (215)

Coal mine slams Govt interference

By BRENDAN RYAN
Deputy Editor

ONE of the country's largest coal producers has hit out at the Government's delay in ending its interference with domestic coal distribution.

Witbank Colliery chairman, Mr Allen Sealey, says in his annual review that if the coal producers are to exploit the lower quality reserves in the most effective manner, then the distribution of their product must be left to them.

"Some 80% of the coal consumed is supplied direct by rail from the producers to the consumers and the channel of distribution is well-established.

"With free competition, the necessary channels for the distribution of coal to the balance of the market, including the smaller consumers, will improve.

"It is difficult to understand why circumstances, as they currently exist, do not permit the immediate withdrawal of Government," says Mr Sealey.

"Even before the current recession there was an oversupply of coal, following the entry of a number of new producers and reduced demand.

"There has not been a coal shortage for some years. Some producers are selling below the controlled price. Escom's growth in electricity sold has declined in recent years to about 2,4% a year and it has secured its future requirements for some years.

"Even bearing in mind the socio-economic implications of the withdrawal of Government, it is doubtful whether conditions will be more conducive to the change at some future date," Mr Sealey says.

Government earlier this year accepted in principle the Competition Board's recommendations that it allow the domestic coal distribution system to operate under free-market conditions.

However, it stated that its own involvement would only be phased out when circumstances permitted.

The coal industry is annoyed that these restrictions are being kept in force while the Transvaal Coal Owners' Association (TCOA) has been forced to disinvest from its wholesale agents.

A number of independent coal merchants have taken the Department of Mineral and Energy Affairs (DMEA) to court over the granting of licences to sell coal and won their cases.

The DMEA has since introduced new legislation to circumvent these legal defeats and the wrangle is continuing.

Witbank's average rand value a ton of coal sold decreased in 1984, compared with 1983, in spite of a drop in the value of the rand from R1/$0,91, at September 30, 1983 to a low of R1/$0,59 during the 1984 financial year.

Witbank followed a policy of covering forward on the bulk of its coal sales at the time the contracts were confirmed to secure rand values on the sales which are made in dollars.

Mr Sealey feels the overall effect of this was not material to the company's earnings because, at the same time, Witbank Colliery entered forward currency contracts to cover its purchases of imported equipment.

The purchase price of this equipment on delivery would have increased with the drop in value of the rand and Mr Sealey feels the two have largely cancelled each other out.

He expects Witbank's 1985 earnings to be higher than in 1984, although, once again, the company has taken out forward cover on sales at rates less favourable than those to which the rand has fallen.

He also expects Witbank to maintain its 1985 dividends at an unchanged 400c a share, in spite of Witbank's capital expenditure commitments to the Khutala and Majuba collieries.

Transkei starts coal exploration

17/11/84 (215) D. Dispatch

UMTATA — A coal exploration project has begun in northern Transkei in a previously unexplored extension of the Molteno basin.

The managing director of the Transkei Mining Corporation (Tramincor), Dr H. Hitzenberger, said yesterday the project was still in the early stages.

"All we are doing at this stage is follow the line, simply to see if coal is there, and to check whether the quality of the coal warrants mining."

Dr Hitzenberger explained that the Molteno basin, which stretches from Aliwal North through Molteno and up to Maclear, was mined 100 years ago, although never on a large scale, but the extension of the line to Matatiele had never been explored

Trench-digging, to determine the thickness of the seam and the quality of the coal was in progress.

The next phase would be underground drilling and geophysical exploration.

Deposits on the line might yield between 200 and 500 metric tons of coal. If 500 tons of coal are mined per day, it would create about 300 working places."

An interesting impact would be the creation of secondary industry. A rule of thumb, Dr Hitzenberger said, was that for every job created in mining, about five would be created in secondary industry

Investors were "no problem." In fact, "money is the least of our worries", he said Investors would be provided with feasibility studies

Dr Hitzenberger said the objective was not to export coal because of the high costs involved with transportation to the nearest harbour at Durban.

"We are looking for deposits just big enough to cover the local market," which included northern Transkei, Lesotho (if a licence were obtained) and surrounding areas of South Africa.

If coal were used for energy, instead of oil, "we may have the cheapest energy in the world," provided a market for the coal was available.

Tramincor was conducting a study to prove that coal was an ideal additional source of energy The aim was not to replace existing energy sources, but to supplement them.

Dr Hitzenberger explained that for every 10 megawatts of energy produced from coal, between 500 and 1 000 job opportunities were created, while the same amount of energy from a hydro-electric station, which cost about three times more, only created five or 10 extra job opportunities.

Discussions with the Transkei Government were continuing in the hope the government would help create a market by generating electricity from coal. — DDR

WM 17/11/84 215

NUM accuses mine of unfair actions

By PHILLIP VAN NIEKERK

THE National Union of Mineworkers has charged management at Tavistock collieries near Witbank with "primitive industrial relations practices" following the dismissal of hundreds of workers during a strike at the mine last month.

The charges are contained in an application to the industrial court for the temporary reinstatement of 42 of the workers pending settlement of the dispute at conciliation board talks or by the court.

The union has accused the Johannesburg Consolidated Investments-owned mine of victimisation for selectively firing Sotho-speakers and union members during the strike.

A spokesman for the company said yesterday they had received the charges and would be contesting the issue, but refused to answer the specific allegations.

The 42 men were among about 600 who were dismissed and deported to Lesotho and the homelands during the strike over pay, in early October.

The union alleges the company refused to deal with the union during the strike and that this refusal was accompanied by the "unwarranted, unlawful and illegal use of force".

It says the hostels were teargassed during the strike "without reason". Some workers fled from the compound while others were "unlawfully" detained in the hostel dining room until the following day.

During the strike, the union says workers were summarily informed whether they were to be re-engaged or not.

"The applicants claim the major criteria for dismissal was whether they were Sotho or members of the union. They know of no Mozambicans not re-employed."

The union claims this is an unfair labour practice.

A spokesman for the company said he would comment later.

Govt faces a third court action by coal traders

S.Express 18/11/84 (215)

THE government will this week face its third court action in two months over its interference in the distribution of coal in South Africa.

By JO-ANNE RICHARDS

Attorneys for Aluchem/Reef Coal have confirmed papers have been lodged with the Supreme Court for an urgent application this week, challenging the government's stringent coal regulations.

Two months ago Aluchem and two Durban-based merchants, Elrays and Singhs Wood and Coal, started legal action against the government in two separate actions after their licences were revoked. But the actions did not reached the courtroom because the government settled out of court.

Behind the implementation of the government's controversial coal "rationalisation", which could put hundreds of small traders out of business, is the belief that coal is a "strategic" commodity, the Minister of Mineral and Energy Affairs, Mr D W Steyn told the Sunday Express this week.

He said the rules were "not designed to bar small merchants from selling coal, but were aimed at and designed to ensure a continous supply of coal to consumers as well as to serve the entire market".

He defended the Deputy-Director of Mineral and Energy Affairs, Mr Renier Roets, who has been criticised for "guiding" the TPA Tender Board in the consideration of a tender — granted to the highest tenderer, MacPhail — for delivering coal to hospitals, and said Mr Roets's comments to the TPA before the contract was granted were "in line with government policy".

Policy

The 'rationalisation' policy has come under fire from both small and large traders, and has been attacked by Mr Allen Sealey, chairman of one of the largest mines, Witbank Colliery, as an invasion of the free market principle.

One small Transvaal merchant, Mr A H Smith, accused the government of selective implementation of its regulations and said he knew of nearly 50 black small traders who could no longer receive their normal coal supplies from the mines.

Among other requirements, the government's rules say traders must have adequate stockpiling depots and the capital to stockpile large amounts of coal to qualify for licences.

"It is impossible for 99% of the traders who buy coal on a cash basis to comply with the government's regulations," he said.

"These men are furious. Many could go out of business and it's their only livelihood," he said.

Representatives of the three small companies who recently challenged the government feel their companies have been victimised because of the financial threat they pose to larger companies in the Transvaal and Natal.

Owner

Mr A H Limalia, owner of Elrays, said the government's actions amounted to "harassment".

"Every couple of months, they restrict my supplies or withdraw my licence. Each time the department is challenged it backs down. But the timing is significant.

"They lifted my first restriction just too late for me to tender for the provincial contract to supply coal to hospitals," Mr Limalia said.

The managing director of NCC, Mr P Bestal, disagreed that some small merchants were being pushed harder, but said the policy was not being applied "on a rational basis".

Mr John Cutten, chairman of MacPhail, the largest coal distributor in the Transvaal, said selective implementation was, in his view, wrong.

"Government policy favours us, it is true, and it is not free competition. But rationalisation should be applied even-handedly.

"I think the government's objectives were honourable, but they have been badly implemented and their public relations handling has been lousy."

Mr Cutten said his company was not interested in being part of the government's protected infrastructure. "We're just interested in getting a turnover."

He was not concerned if the government opted for rationalisation or a free market, as long as he was informed. If it had decided to go the free market route, he would have adapted the company by cutting overheads, he said.

He did not think the selectivity was intended but could be caused by the lack of "policing" by the department. It relied on companies to inform on other companies.

Complaints

He admitted his company had complained to the department about other companies. "It's only fair that they should also have to comply," he said.

He denied that his company had any "closeness" with Mr Roets, the man in charge of licensing coal traders. The sale of a bargain-price car to Mr Roets had been an "arms length" transaction of no significance.

Mr Steyn denied the government was artificially bolstering large companies.

"All infrastructures used in coal distribution, large or small, are of importance for the establishment of a viable coal distribution network," he said.

Business Day

RDM 20/11/84 (215)

Coal licence action looms again

By BRENDAN RYAN

COAL merchant, Aluchem/Reef Coal, is again taking legal action against the Department of Mineral and Energy Affairs (DMEA) over its coal trading licence.

Last Thursday the company lodged an urgent application with the Supreme Court in Pretoria calling for the re-instatement of the trading licence it held under Government notice R895.

The return date for the respondents to notify the court that they intend opposing the application is this afternoon.

The respondents in the application are the Minister of Mineral and Energy Affairs, the Director-General of Mineral and Energy Affairs and the Price Controller

The Government last month withdrew notice R895 and replaced it with notice 2241

This invalidated all previous trading licences with effect from November 1 and required all coal dealers to apply for new licences under the new legislation

The change in the legislation followed legal action through which Aluchem/Reef coal and two Natal coal traders successfully challenged the DMEA under R895 and won their cases for re-instatement of their trading licences, which the DMEA had revoked

Aluchem director, Mr Paul MacNaughton, said yesterday that the DMEA had awarded a trading licence under 2241 to Aluchem but only for a joint venture with another company, Beukes.

The new licence removes from Aluchem much of its business by not allowing the company to trade in areas where it did so previously

The new licence also contains two requirements not gazetted as part of notice 2241 The DMEA wants Aluchem to keep coal handling and delivery vehicles permanently based at its Olifantsfontein depot and also to modify its coal-bagging hopper.

...y up to 60%...

RDM 22/11/84 (215)

Court restores Aluchem trade licence

Coal merchant scores a victory

By BRENDAN RYAN
Deputy Editor

THE coal merchant, Aluchem/Reef Coal, has won round two of its legal wrangle with the Department of Mineral and Energy Affairs (DMEA) over its coal trading licence.

An order was granted in the Pretoria Supreme Court yesterday by Mr Justice Margo allowing Aluchem/Reef Coal to continue trading normally until March 1 next year.

The order was granted pending a Supreme Court hearing next February 26 on the action brought by Aluchem/Reef Coal against the Minister of Mineral and Energy Affairs, the Director-General of Mineral and Energy Affairs and the Price Controller.

The action was brought after Aluchem Reef Coal's trading licence was revoked in October when Government Notice R895 was removed and replaced by Government Notice 2241.

This required holders of coal trading licences under R895 to reapply for new licences under the revised rules.

The change in legislation followed a successful court action on September 21 when Aluchem/Reef Coal won an unopposed order against the DMEA for the re-instatement of its coal trading licence which the DMEA had revoked on July 10 this year.

Aluchem/Reef Coal applied for and was awarded a coal trading licence under 2241, which a company director, Mr Paul McNaughton, said removed much of the company's previous business.

Last week Aluchem/Reef Coal made an urgent application for its licence to be fully restored, citing as respondents the Minister of Mineral and Energy Affairs, the Director General of Mineral and Energy Affairs and the Price Controller.

The application was opposed, but negotiations on Tuesday between Aluchem/Reef Coal's attorneys, William Aronsohn & Goodman, and the State Attorney resulted in the order of court granted yesterday.

Mr John Cuzen, the attorney acting for Aluchem/Reef Coal, said in Johannesburg yesterday

"Our clients regard the interim relief afforded to them pending the outcome of the application as satisfactory from the point of view that they can, for the time being at least, trade virtually as before

"Furthermore, they are also eligible to be awarded certain of the Transvaal Provincial Administration tenders which fall due during early January 1985."

The order says that Aluchem-/Reef Coal is entitled to sell coal to any consumer in the municipal areas of Benoni, Boksburg, Germiston, Kempton Park, Bedfordview, Edenvale, Olifantsfontein and Chloorkop until March 1.

The company is also entitled to sell coal to 41 specific customers who were listed in a written authority from the DMEA, dated February 2, 1984.

Aluchem/Reef Coal is allowed to supply coal to Coronation Hospital, Discoverers Memorial Hospital, Goudstad Onderswyskollege, Sebokeng Hospital, Vereeniging Hospital and Vanderbylpark Hospital for which supply tenders have been called.

Aluchem/Reef Coal has applied for an order of court declaring Government Notice 2241 *ultra vires* and of no force and effect.

The DMEA made use of the Price Control legislation to withdraw notice R895 and bring in notice 2241.

Aluchem/Reef Coal claims the Price Controller cannot validly delegate his powers to the DMEA for this purpose.

Aluchem/Reef Coal also claims that it has been treated in a prejudiced manner by the DMEA in that other companies which do not comply with the requirements of 2241 have been granted satisfactory trading licences.

The allegations are rejected by the DMEA.

1 000 workers down tools at Witbank colliery

Star 215

By Gary van Staden 4/12/84

The entire workforce at Rietspruit Colliery outside Witbank came out on strike last night in the second legal strike called by the National Union of Mineworkers this year

The workforce of almost 1 000 downed tools last night, according to NUM spokesman Mr Cyril Ramaphosa

"The entire workforce is out," he said today

The strike follows a wage dispute between the NUM and Rand Mines, owner of the colliery

"The dispute has been going on since June," said Mr Ramaphosa The NUM had followed a formal strike procedure and exhausted all channels before today's strike was called

COAL SUPPLY

South Africa's first legal strike by black mineworkers was called in September by the NUM The mines affected then were gold mines in the Free State town of Welkom

One of the functions of the Witbank collieries is to supply low-grade coal to the giant power stations near Witbank, Kriel and Sasolburg

It is not clear at this stage how long the strike is due to last

During the last legal strike, violence erupted with the arrival of riot police Several other mines in the area called an illegal strike at the same time, which complicated the situation

Mr Greg Kukard, public relations officer for Rand Mines, was not available for comment today at the time of going to press

Cape Times 5/12/84

Rand coal miners begin legal strike

Own Correspondent

JOHANNESBURG — Members of the National Union of Mineworkers at Rand Mines' Rietspruit Colliery yesterday began a legal strike in support of wage demands — but management and union accounts of the number of workers involved conflict sharply

According to the NUM's general secretary, Mr Cyril Ramaphosa, all but 40 of the mine's 1 000-plus black workers are on strike But Rand Mines said yesterday that less than half the nearly 600 day-shift workers had joined the stoppage yesterday morning

The company says it will not pay strikers, although it concedes that they are legally entitled to stop work

The strike is only the second legal stoppage by black mine workers It follows a wage deadlock between the NUM and Rietspruit in September after the union demanded a 25 percent rise

The company offered 11,3 percent, and the NUM held a strike ballot in which 59 percent of workers voted to down tools

In another development yesterday, the Chamber of Mines and NUM settled their wage dispute at the Chamber's Rand Mutual Hospital

Witbank colliery strike enters 2nd day

5/12/84 By Stuart Flitton Star

215

The legal strike at Rietspruit Colliery outside Witbank called by the National Union of Mineworkers entered its second day today with conflicting reports about how many workers had downed tools

Mr Allen Cook, deputy head of the coal division of Rand Mines, said yesterday about 250 workers — less than half the day-shift — were on strike

Mr Cyril Ramaphosa, NUM's general secretary, today put the figure at about 900

"About 100 people have gone to work As far as we know, none of them is a NUM member," he said

The strike follows a wage dispute between the NUM and Rand Mines The dispute was taken to a conciliation board, where talks broke down and ended in deadlock on September 10

On September 25 a strike ballot got enough support to allow the NUM to call for a strike

Mr Ramaphosa said the NUM had followed formal strike procedure and exhausted all channels before calling for a strike

Mr Cook said the strikers had been told by management that unless they returned to work they would not be paid It had also been made clear that no further pay offers would be made to the workers, Mr Cook said

Witbank coal strike ends

6/12/84 Star 187 (215) (213) (214)

A ~~strike~~ at ~~the Rietspruit~~ opencast coal mine near Witbank which started on Tuesday is over

The strike, the second legal stoppage called this year by the National Union of Mineworkers, centred around a pay dispute

A Rand Mines statement released today said "The entire morning shift was back at work today and the mine is operating normally"

Sides differ over ...ber of strikers

...n Correspondent

THE number of workers taking part in a legal strike at Rand Mines' Rietspruit Colliery dropped slightly yesterday, according to the company — but the National Union of Mineworkers insisted that the vast majority were still on strike

According to Rand Mines about half its black workers have ignored the strike call

Union officials could not be contacted yesterday, but a NUM source said almost all the workers were still on strike

The NUM had said all but 40 of the mine's 1 000-plus workers joined the strike on Tuesday

Workers at Rietspruit began only the second-ever legal strike by black mineworkers folllowing the deadlock since September between the company and union over wages

Rietspruit offered an 11,3% increase, but the NUM, which demanded 25%, rejected this and called for a strike ballot.

According to the union source, workers are now demanding a 16% increase

The company has accepted that workers are legally entitled to strike but says it will not pay those who do It also says it will not increase its offer from 11,3%

Yesterday, Rietspruit refused a request by the NUM's general secretary, Mr Cyril Ramaphosa, to address the entire workforce, but did say he could speak to NUM shaft stewards at the mine

Mr Allen Cook, deputy head of Rand Mines coal division said the company had done this because "the NUM only represents 75% of the workers and it seems that even some of these are unhappy with it — hence their refusal to strike"

Mr Cook claimed that 32 morning shift workers who struck on Tuesday had worked yesterday, "boosting attendance to 61,2%"

"Figures for the afternoon shift were vague but about 50 workers had reported — nearly double Tuesday's figure of 27," Mr Cook added

RDM 6/12/84

215

Successful Black Sash ...'proved lawful'

7/12/84

Legal strike over at colliery

(215)

Own Correspondent

JOHANNESBURG — The legal strike by members of the National Union of Mineworkers at Rietspruit Colliery near Witbank has ended — but the NUM says its members will continue to press their wage claims at the mine

The strike began on Tuesday and followed a wage deadlock between the NUM and Rietspruit in September The union demanded a 25 percent increase, while the company offered 11,3 percent. It was the second legal strike ever by black mineworkers

The mine did not threaten to fire strikers, but refused to pay them while they did not work. It also refused to change its wage offer

Business Day/COAL

RDM 12/12/84 (215)

Steam coal prices improve

Business Day in association with South African Shipbrokers (Pty) features a monthly column on trends in the world coal market.

NOVEMBER has seen many contract renewals in the steam coal sector for 1985 at prices generally much improved from 1984 levels.

With no solution to the UK coal strike in sight, spot prices have lifted again, especially for coal that can be screened to household use for the UK market.

Fob barge prices are quoted at the beginning of November at $45-$46 for South African steam coal of 5 900 kcal/kg.

Demand has tightened in the whole of Europe as South African producers are sold out for 1984 and, rumour has it, there does not appear to be much left for 1985

Many traders have been active during the last few months and as yet have not committed all their long positions

Italian importers believe that average fob prices, basis Richards Bay, in 1985 will be $33-$34.

Agip is reported to be unable to renew its South African contract for 1985 and is said to be looking to Maputo for deliveries.

However, the generally higher ash content of these coals and problems getting the coal out through Maputo could cause great inconvenience.

Sats has announced that only one public berth in Durban may be used for coal loading during 1984. Also the bulk coaling appliance (bca) is giving operational problems to the users, resulting in substantial demurrage bills for the exporters.

These, compounded by delays and terrorist activity hampering Maputo and Richards Bay suppliers already heavily committed for 1985, means there's no reason that demand in the early part of the year from Europe and, in particular, the UK, should not outweigh supply and maintain good price levels for South African exporters with any excess tonnage.

However, a question mark hangs over the latter part of the year and observers are awaiting moves from the Australians and Colombians before committing themselves to comment or pricing policy — except for existing clients who want large quantities for long-period contracts.

In the metallurgical coal sector, European buyers have as yet to agree on prices with the US.

In the meantime, the Japanese have concluded a number of deals with US producers at unchanged prices from 1984 levels and a 20% reduction in tonnage.

It is also reported that one South African mining house has concluded a deal with the Japanese, but details on price and volume are not available

In the coal freight market within the EEC, coking coal imports reached 11,2-million tons in the first half of the year and it is feasible that if this rate is maintained, the record set in 1982 of 22,6-million could be exceeded

Even though the expected UMWA strike did not materialise, the effect of the early-year heavy stock buildup of US metallurgical coal could still mean that for the year as a whole the EEC has a requirement in excess of 20-million tons.

Coke stocks, meanwhile, have fallen by 2-million tons since the beginning of the year, mainly as a result of reductions in West Germany

In the UK — still suffering from a nine-month miners' strike — coke stocks are largely unchanged from year-end and are actually 16% greater, compared to the position a year ago.

No immediate end to the UK strike now appears in sight and both sides are talking of the strike continuing into the New Year.

The strike in the UK has been conspicuous for its lack of impact on the freight market.

Most of the UK's overseas customers have been able to make up their shortfall from other nearby sources such as Poland or from stockpiles held on the Continent.

This has pushed up rates for small bulkcarriers in the short-sea trades (3 000 to 15 000 dwt), as there has also been the additional demand from UK buyers taking industrial and household grades from overseas while domestic supplies are not available

Some pre-winter restocking of steam coal by EEC countries has been seen and cargoes of 90 000-ton size from Hampton Roads were covered in November, at $5,30 for Holland discharge.

Cargoes from the US Gulf were covered at just below $8 The Hampton Roads/Japan coking coal trade, quieter in the late summer after being moderately active earlier in the year, is showing more life, with Cape-size cargoes being covered at around $11, including topping off en-route in South Africa

There are reports that major Japanese mills have been able to arrange contract cover for 1985 at just over $10 in this trade, which lends weight to the argument that 1985 is not going to be a particularly strong year for the freight market.

Similarly, there are reports of contracts being arranged for trans-Atlantic coal at $5,75 from Hampton Roads and $8 from the US Gulf in panamax vessels to Rotterdam for 1985, which also support this view.

Single coal cargoes from South Africa have been arranged at just over $8 for Cape-size to the Continent and at a similar level for panamax cargoes to Hong Kong.

Again it is possible to arrange contract cover for 1985 at rates close to these

Panamaxes are carrying coal from the Canadian west coast to the Continent at around $13,50 on a spot basis The difference of 20 days' steaming time between panamaxes and Cape-size ships, with the smaller ships going through the Panama Canal, coupled with the small differential between rates for the two sizes, means that there are few shipments arranged on this route for the bigger ships

This situation is likely to continue until the rate differential increases again as overall demand picks up.

Meanwhile, in the trans-Pacific coal trade to Japan, South Korea or Taiwan, there is at least a dollar difference, with Cape-sizes costing about $6,50 Robertsbank/Japan, compared with just over $7,50 for a panamax shipment

In fact, the panamax rate is probably higher than that now, due to the pressure on early positions from the grain trade

Cape-size cargoes Queensland/Japan have been covered at just below $5,50 and panamaxes from New South Wales at just below $8, while to Northern Europe, panamaxes from NSW have been fetching $14-$15, with Cape-sizes at $12-$13

Freight contracts have been arranged in this trade, which is an important backhaul for the Hampton Roads/Japan coal and Brazil/Japan ore trades, at $12/12,50 in Cape-size from NSW for 1985, with about 50c less for Queensland.

FURNITURE NATAL B - Page 2

Packer
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Current Hours: 44 Hourly Change 1975 to date: Nominal +0.0% Current Real Weekly Wage: R 31.28

Office Empl
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Driver <430kg
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Drvr 4530-6350k
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Drvr >6530 kg
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Current Hours: 44 Hourly Change 1975 to date: Nominal +0.0% Current Real Weekly Wage: R 39.18

Drvr Steam Veh
0.00 69.11
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Current Hours: 44 Hourly Change 1975 to date: Nominal +0.0% Current Real Weekly Wage: R 39.18

Drvr Forklift
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Current Hours: 44 Hourly Change 1975 to date: Nominal +0.0% Current Real Weekly Wage: R 30.12

MINING – COAL

1985

13/1/85 – 13/11/85

(215) S. Express 13/1/85

Coal exports are on the up

By TONY KOENDERMAN
Financial Editor

SOUTH African coal exports are going from strength to strength, both in volume and in value, and earnings are likely to top R2-billion this year — at least an 80% rise in rand terms in only two years

Minerals Bureau estimates, recently revised upwards, are that 37-million tons of coal were exported during 1984 (25% more than the figure of 29,7-million tons for 1983), and this is expected to rise 8% to 40-million tons for 1985 Throughput at the Richards Bay Coal Terminal is expected to increase by 10%-12%, according to producers

And with the rand sagging, export earnings are rising even more In September, the Minerals Bureau predicted export earnings of R1 575-million for 1984, but the actual figure is going to be substantially more than that when the final results come through

Earnings

Figures for the full 1984 year are not available yet, but in the first 10 months of the year 30,2-million tons of coal were exported According to preliminary figures from the Department of Customs and Excise, earnings from coal exports in the first nine months were R1,1-billion

The value of the rand, which averaged 80 US cents last January, has plunged to 46 cents this year, and is expected by many forex dealers to go even lower However, coal exporters have not enjoyed the full benefit of the decline because they cover forward a proportion of their contracts

While the decline in the value of the rand has been the main factor in the revenue increase, there has been help from firming coal prices, which are quoted in dollars on world markets

Prices for European contracts so far this year are 8%-12% up on last year's $30-$31 per ton, and the industry is hoping for at least a similar increase from its other major market, Japan, with whom negotiations for 1985 are about to begin

"Things are looking very positive," said Mr Les Weiss, managing director of the Transvaal Coal Owners Association "Most South African coal exporters using Richards Bay appear to be virtually sold out for 1985. World demand is showing a steady but not dramatic improvement."

This belies recent reports suggesting there would be a coal glut for the rest of the decade. A report by London-based mining consultants Robertson Research International in December said world exports would increase by 100-million tons a year in the next five years, while demand would at best rise by 50-million tons

But Mr Weiss said a lot would depend on how responsible suppliers were "If they act irresponsibly in increasing production too much, there could be a problem," he said "Many people feel the coal producers contributed to the collapse of prices in 1983-84. But now there seems to be some degree of responsibility, and people are more cautious."

● Amcoal's Kriel colliery, which set a production record of 774 000 tons during November. The colliery produces coal exclusively for Escom's 3 000mW Kriel power station

The feeling is that the Australians have geared their production to lower levels of demand and will not easily be persuaded to raise it again Indications from Poland are that for this year at least they will be sending more of their coal to Comecon countries and less to the West

And while a major new supplier in Columbia is coming on stream this year, the volumes are not yet large

Although American suppliers have big stocks to get rid of after their build-up in anticipation of industrial stoppages which did not occur, their production costs are so high that they do not pose a significant threat to low-cost producers like South Africa.

"US prices are $10-$13 higher FOB than anybody else," said Mr Weiss. "Their transport cost advantage through being closer to the markets is not enough to make up for this"

South Africa has not gained much from the British coal miners' strike, having sold only a couple of hundred thousand tons there But the arctic conditions in Europe this winter have provided a short-term boost to coal demand. Some regular customers for South African coal have already indicated interest in increasing their purchases

Fury over massive powers of new coal controller

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S. Express

13/1/85

COAL mining companies, distributors and exporters are furious over draft legislation which seeks to set up a 'coal controller' who will have dictatorial powers over the industry.

By JO-ANNE RICHARDS

The measures introduced in the draft Bill have "horrified" local coal mining companies, distributors and exporters, most of whom feel it is being "rushed through with indecent haste".

The Sunday Express has obtained a copy of the draft Coal Control Bill, which is on the agenda for the coming parliamentary session It is the latest in a series of controversial moves by the government to control or "rationalise" the industry.

The Bill creates a government coal controller who will have almost carte blanche powers in the coal industry.

It follows the government's acceptance in principle of Competition Board recommendations that it should end its interference in the domestic coal market

This apparent turnabout has been condemned by many, including Mr D Kirsten, chairman of the Independent Coal Producers' Association comprising most independent mining companies.

"Why did they spend all that money on a Competition Board inquiry if they intended to do the exact opposite," he said "This legislation is aimed at giving them total control of the industry."

Mr L H Weiss, managing director of the Transvaal Coal Owners' Association — the largest coal producing body for domestic coal, believed there to be no need for the "totally unacceptable" provisions.

Responsible

"Our members, who include Barlow Rand, JCI and Anglo American, are responsible companies who don't need the government to dictate to them," he said.

Mr E Meintjes, managing director of Minesa, a coal exporting company, said he was "horrified" by the draft Bill There was no doubt that the government was trying to exert greater control over the industry.

"This horrendous Bill" was seen by a director of Aluchem/Reef Coal, Mr M Rosch, as a real threat to the existence of many small distributors "The controller can put any of us out of business as he sees fit, and we would have very little recourse"

In pushing this Bill through, the department was allowing itself to be swayed by "companies who do not have the interests of the industry at heart, but rather their own specific interests", said Mr Meintjes

Legal opinion is that the Bill lacks "natural justice" and could theoretically open the way for bribery and corruption, were there to be an unscrupulous controller.

Coal consumers felt the lasting effects of the Bill would result in a monopoly situation which would lead to coal price rises

Mr Renier Roets, Deputy Director of the Department of Mineral and Energy Affairs, said the Bill was not aimed at creating a monopoly It was merely a consolidation of provisions at present under a number of Acts.

"These have not been changed, but have been adapted to accommodate coal," he said

"It is not being done in haste as the rationalisation of the public service has been going on since 1981."

The extensive powers of the controller did not represent a danger as "he will be an instrument of the government, subject to the decisions of Cabinet," Mr Roets said.

Japanese expected to block increase in export price of coal

18\11\85

By Darryl Gibson

TOKYO — South African suppliers of coal to Japanese users are expected to accept a price freeze for 1985 coking coal shipments, say Japanese sources in Tokyo.

The sources said freezes accepted by Canada, most Australian suppliers and others will likely mean the Transvaal Coal Operators Association will abandon plans for a price hike at talks to begin in Tokyo Monday

The South Africans had hoped for a hike because they were afraid a freeze in Japan would affect negotiations for thermal coal for Europe, but a $1,50-2,00 per tonne hike allowed by European buyers has only brought the price there to the Japanese level, taking pressure off the Japanese.

Slippage of the rand against the US dollar has also taken some of the pressure for a price increase off, the Japanese added.

Meanwhile, reports from Japanese power companies indicated 1984 consumption for power generation in Japan increased 18,3 percent over consumption in 1983

Particularly because Shikoku and Chugoku utilities completed changeovers from heavy oil use to coal at three different plants during the past year, consumption ballooned from 8,88 million tonnes in 1983 to 10,51 million tonnes last year

Although no demand projections for 1985 were included in the statistical survey, it appears 1985 consumption will equal or surpass 1984, sources indicated

RDM 7/2/85

Coal men spurn Govt deal

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By BRENDAN RYAN

THE Government appears to have back-pedalled slightly on the draft Coal Control Bill because of fierce opposition from the coal mining and trading industries

However, the possible concessions shown so far are nowhere near enough, according to the Transvaal Coal Owners' Association (TCOA), and coal merchant, Aluchem/Reef Coal

The key point is that Government appears prepared to review the position of the all-powerful Controller of Coal, whose powers under the proposed legislation are seen as "draconian" by coal industry leaders

Dr Louw Alberts, the director-general of the Department of Mineral and Energy Affairs (DMEA), last week sent a telex to the various coal organisations which had immediately opposed the draft legislation.

One proposed new clause says "The Minister shall, as soon as possible after the date of commencement of this Act, appoint an advisory committee which, in his opinion, is representative of persons with a direct interest in the coal industry of the Republic.

"The Minister exercises any power conferred upon him in terms of this Act only after the said advisory committee has been consulted in connection with the principle or action involved."

Dr Alberts' telex also says "It is furthermore suggested that the office, as well as references to and powers vested in the Controller of Coal, be deleted in the Bill and that the relevant provisions be rephrased in order to authorise the Minister to provide mechanisms, if and when necessary, in consultation the advisory committee, for the orderly and regular supply of coal to all users and to optimise, again in consultation and with the co-operation of the coal mining industry (advisory committee), the exploitation of the country's coal resources."

Mr Les Weiss, managing director of the TCOA, said yesterday "From this draft, it appears we will not have a direct Coal Controller, but the Minister will still have the powers and will be able to delegate them — which amounts to a Coal Controller in another form.

"I cannot accept at all the need for this legislation. It will work very much to our detriment in world markets, where one of our strong points is the absence of Goverment interference in our coal exports

"The Government is concerned about the domestic coal trade, but that accounts for 4-million tons a year out of annual South African production of 150-million tons, and this Bill amounts to using a sledgehammer to crack a little peanut," he said.

"Further, the Government is talking about redrafting the legislation, but we have not actually seen any redrafts yet," he said.

Aluchem/Reef Coal director, Mr Paul McNaughton, said yesterday. "On principle there is no place for this legislation I will comment further when I have seen the draft legislation in full."

2 Business Day

RDM 8/2/85 215

Assocom adds fuel to the Coal Bill fire

Financial Reporter

ASSOCOM has rejected the draft Coal Control Bill outright and, in so doing, has joined the coal mining and trading industries in their condemnation of the proposed legislation.

"The legislation cuts across certain fundamental principles pertaining to the free enterprise economic system, which is a cornerstone of Assocom policy and which is also the stated policy objective Government," according to an Assocom statement yesterday.

It has been submitted to the Deparment of Mineral and Energy Affairs.

Assocom has urged that, if it is Government's determination to introduce the Bill, suitable safeguards must be built in to ensure appropriate redress to common law principles.

The statement quotes the findings of the Competition Board which recommended that Government ends its participation in the coal market.

Government accepted these recommendations in principle and Assocom says the Coal Control Bill does not conform with the stated intention of Government to shed its involvement in coal supply and distribution.

Assocom says the proposed legislation is a retrogressive step and provides for the entrenchment of existing distribution outlets.

It must therefore be regarded as somewhat of a contradiction to its recent questioning of economic concentration in business.

"Furthermore, the Competition Board is conducting an investigation into the practice of collusion on prices and market sharing.

"It is submitted that the legislation proposed by the Coal Control Bill will accommodate and further such practices in the coal industry, albeit under the benign hand of the Department of Mineral and Energy Affairs.

"Assocom must state that it finds the broad content of the Bill unacceptable. Specifically, Assocom must state categorically that it is opposed to price control and to distribution controls/regulations designed to achieve 'orderly marketing'.

"The Bill seeks to achieve, through direct control measures, certain strategic and socio-economic objectives which the authorities assume cannot be secured through the normal market process.

"Assocom, accordingly, suggests that the Minister consider discussing the problem of coal distribution with the Association of Chambers of Commerce to establish whether a more market-orientated solution can be found.

"In so far as the Bill constitutes the very anthithesis of the free enterprise system. Assocom is unable to support it in principle"

Union's claim of 50 injured at mine denied

20/2/85 D. Dispute

JOHANNESBURG — Claims by the National Union of Mineworkers (NUM) that more than 50 people had been injured in unrest at the Rietspruit opencast colliery near Witbank were "absolute hogwash", a senior mine spokesman said yesterday

The spokesman, Mr Allen Cook, deputy head of Rand Mines' coal division, also dismissed NUM claims that Rietspruit mine security personnel were being used to force strikers to return to work.

Rand Mines, joint owners of Rietspruit with the Shell Company, issued an ultimatum to striking black staff on Monday to return to work yesterday, or face dismissal.

An NUM statement said yesterday "The mine has locked the main gates and has turned Rietspruit into a concentration camp and curtailed movement of workers"

Mr Cook described the allegation as "absolutely untrue".

The union also claimed it had received reports that its members were being forced by mine police to return to work. Those who resisted were being paid off.

It added that security personnel were using dogs, rubber bullets, and tear-smoke on "passive miners"

Mr Cook said the last incident of unrest at Rietspruit had been on Sunday evening when rubber bullets, dogs and tear-smoke were used to disperse a crowd of about 150 workers advancing on white married quarters.

Mr Cook strongly disputed the NUM's claim that 50 people had been injured He said there had been eight injuries by Sunday and most of the victims had been beaten by union activists.

He denied people were being forced to return "You don't get a day's work out of a man who is being forced to work," he said.

The mine's main gates had not been locked, although on Sunday there was extra control at the boom following rumours reaching management that outside union activists were being called in to boost the strike

Mr Cook said the 86 dismissed workers left the mine yesterday "of their own accord".

He was not aware of any court actions to prevent eviction of workers from their houses and said no one was being evicted.

He also said the majority of the 86 dismissed men appeared to be "young Turks" who had realised their cause was lost and had decided to leave

Mr Cook said on Monday a strike at Rietfontein had been sparked off when NUM shop stewards refused to co-operate with management in setting a mutually acceptable time for the holding of a memorial service for a black worker killed in an accident almost two weeks ago

"The stewards chose, instead, arbitrarily to stage a work stoppage in the middle of the morning shift last Wednesday."

Mr Cook claimed workers had been subjected to intimidation "on a house-to-house basis" at the weekend but, in spite of the threats, 192 of the 612 day shift workers had returned to work on Monday

Mr Cook said that workers who went on an illegal strike at the Duvha opencast colliery also near Witbank yesterday had returned to work

NUM officials had told management the stoppage was in sympathy with the strike at Rietspruit, he said.

"Less than 50 of the morning shift of 550 turned up for work at Duvha this morning, and we told those that stayed away that unless they were back at work before the end of the shift at 2 pm, they would be dismissed," Mr Cook said

He said NUM officials told management workers would return to work only when two NUM shop stewards dismissed at Rietspruit last week had been reinstated and when "agitators" taken into custody at Rietspruit on Sunday night had been released.

"The strike was patently organised by the NUM We simply cannot tolerate these illegal and disruptive work stoppages," Mr Cook said

He added that management had urged workers to return to work and had impressed upon them that the strike was not in their interests — SAPA.

ruary 17, 1985

R2bn as coal exports boom

215

S. Times

17/2/85

By Roy Bennetts

SOUTH African coal export accounts are firmly in the black, and prospects for 1985 sales are bright.

The managing director of the Transvaal Coal Owners Association, Leslie Weiss, says exports increased by 10% to 37-million tons last year and revenue by a third to R2 000-million.

The New South Wales rail strike has caused sales openings in the Pacific Rim areas, Australia's traditional trading ground. South African coal exporters have not been slow to take advantage of the market gap

Potential

Mr Weiss believes Japan, Hong Kong, South Korea and Taiwan large potential for South African coal

The British miners' strike has not caused any market opening because the UK has large stockpiles of coal and has increased the use of oil in power generation

South Africa is the world's largest exporter of steam coal and fourth in the combined steam and metallurgical coal league

Australia normally has the top combined figure with 65-million tons carried by sea America ships 61-million tons, and rails 20-million tons to Canada Poland exports 40-million tons a year.

South Africa's exports tons included 3,5-million tons of metallurgical coal, mainly to Japan.

Recoverable South African coal accounts for 11% of the world's known reserves, but it has limited amounts of metallurgical grade.

Europe takes more than half South African exports and Asia 40%.

High costs

High production and transport costs trim the export of American steam coal which sells at $12 a ton more than the world average of $33

Although South Africa could undercut many producers, the TCOA believes a price war would not be to its long-term advantage.

Richards Bay coal terminal could handle 40-million tons a year soon. Durban, Port Elizabeth, East London and Maputo could ship 10-million tons a year, but there would be rail transport probelms

Increased coal exports would raise the price of domestic coal from its pit-head price of R14,50 a ton

Mr Weiss believes that more can be gained by management design to match production to the rail service and Richards Bay's capacity

Mr Weiss says SA may not be able to meet foreign demand for coal this year

Dealers on the spot market may find the coming year a thin proposition with many buyers and few sellers

STRIKING MINERS 'SHOT AT'

26/2/85 215 C. PRESS

MORE than 50 miners have been injured during the strike at Rietspruit Colliery — with miners saying the Witbank mine is "like a concentration camp" since they stopped work.

The mine gates have been locked and workers' movements severely curtailed, according to a member of National Union of Mine workers, who said workers were being harassed

The NUM spokesperson also claimed police had been called in by the mines — a claim which has been denied by the police

"The police are using teargas, rubber bullets and dogs on miners," the spokesperson said.

"The miners have withdrawn their labour in protest against the suspension of four of their shaft stewards — now the police come in"

But police spokesperson H Beck denied this, saying only mine security officials had been used at the mine

Thirty-five people have been detained since unrest broke out at the mine on Sunday

Coal bill opposed

Cape Times 22/3/85 (213)

HOUSE OF ASSEMBLY. — South Africa's coal industry needed more competition, not more regulation, Mr Brian Goodall (PFP Edenvale) said yesterday during second-reading debate on the Coal Resources Bill.

The bill would give the minister power to regulate prices, prescribe export conditions "as he may deem fit" and withdraw exemptions to conditions laid down in the bill without giving reasons.

"It could happen that we find ourselves in a situation in which we have no oil. But we have so much coal that we are exporting something like 40 million tons a year," Mr Goodall said.

The Competitions Board had recommended relaxation of government control over the industry, and the bill had been opposed by the Chamber of Mines, Assocom, FCI and initially by Sasol.

Mr John Malcomess (PFP Port Elizabeth Central) said the minister was doing his "level best" to put small entrepeneurs out of business by forcing them to comply with arrangements — for transportation, storage and sale of coal — they could not afford.

● Mr S P Barnard (CP Langlaagte) said the bill could lead to big businesses receiving protection they did not need. It was the small trader who needed protection.

● The Minister of Mineral and Energy Affairs, Mr Danie Steyn, said he had met 87 small coal distributors and only three opposed the bill.

He said he was prepared to scrap regional regulations governing coal distribution provided suppliers met certain conditions — for instance if they gave the assurance they would provide supplies to all who needed them.

The bill was read a second time after a division, in which the PFP and the CP voted against the NRP and the NP.

● South Africa is buying the cheapest oil available on the world market, Mr Steyn said while replying to second-reading debate on the State Oil Fund Amendment Bill.

"Oil is freely available and cheap."

However, efforts to cut off the supply to the Republic had intensified and suppliers had warned that if South Africa disclosed where the oil was coming from, supplies would stop immediately.

Small dealers — and a few giants — blackball 'horrible little Bill'

215 S.Star 24/3/85

Blast for coal control

Jasper Mortimer

SMALL coal merchants are waging a powerful campaign to stop the controversial Coal Resources Bill being steamrollered through Parliament

They are pinning their hopes on rejection by the House of Delegates. The fate of the entire coal industry — which earned R2 000 million in foreign exchange last year — lies in the hands of 45 Indian MPs

The "horrible little Bill", as the PFP's Brian Goodall calls it, confers all-embracing powers over the price, production, sale and export of coal on the Minister of Mineral and Energy Affairs

This week the National Party swept the Bill through its second-reading debate in the House of Assembly and a similar clear passage is expected in the House of Representatives. But in Natal 20 small coal merchants called the Coal Dealers (Pty) Ltd are trying to persuade both parties in the House of Delegates to oppose the legislation.

"We want the Bill to be scrapped," Coal Dealers chairman A H Limalia, told The Sunday Star.

On Tuesday Mr Limalia, who owns the firm Elrays, and Mr B Ramlall of Singh's Wood and Coal in Durban, met Mineral and Energy Affairs Minister Danie Steyn in Parliament Also present were the chairman of the Council of Ministers and National People's Party leader, Mr Amichand Rajbansi, and more than 20 Indian MPs including Mr Y Mullah, who stood in for opposition Solidarity Party leader Mr J N Reddy.

"No final decisions were made," said Mr Limalia of the meeting, but he expects representatives of both parties to confer with him before the Bill is debated next week

If the House of Delegates rejects the Bill, then it will most likely be shelved Although President Botha could refer the Bill to the President's Council, where the NP majority would push it through, observers believe he would be reluctant to do this when trying hard to create the image of "consensus" politics.

"The President will only refer essential items to the President's Council," said one "Once he uses that option, he exposes the tricameral system for what it is — loaded in the Nats' favour He won't want to do that at this early stage."

Mr Limalia and Opposition energy spokesman Brian Goodall oppose the Bill because its "incredibly far-reaching powers" will allow the government to interfere in every aspect of the industry. The Bill also flies in the face of the 1983 report of the Competitions Board which recommended that State control be phased out and free enterprise allowed to prevail.

The government's record in fixing coal prices was disastrous, said Mr Goodall "The interests of the consumer would be better served if there were more competition and less government interference"

The Bill has also been attacked by giants such as Assocom and the Transvaal Coal Owners' Association, whose 21 collieries include those of Anglo American and Gencor

The Department of Mineral and Energy Affairs claims the Bill is necessary to ensure the orderly supply of coal to all consumers. The Bill's memorandum says the Competitions Board report was accepted only as an objective and could only be implemented "when a combination of circumstances makes this possible"

Court declares Govt coal rules invalid

NM 17/4/85

215

Mercury Correspondent

JOHANNESBURG — Current Government regulations controlling the domestic distribution of coal in South Africa have been declared invalid by a Supreme Court judge

In a judgement handed down in the Transvaal Provincial Division of the Supreme Court yesterday Mr Justice McCreath declared Government Notice 2 241 of October 12, 1984 to be ultra vires and of no force and effect

Government Notice 2241 lays down the regulations through which the Department of Mineral and Energy Affairs (DMEA) is trying to enforce its rationalised distribution system on the coal trading firms.

Yesterday's judgement is the most resounding victory yet for coal-trading firm Aluchem/Reef Coal in its long-standing feud through the courts with the DMEA

The firm last year had its coal trading licence revoked by the DMEA in terms of the previous controlling regulation which was Government Notice R895 of April 29, 1983

RDM 24/4/85 (215)

Now up goes the price of coal

By GERALD REILLY
Pretoria Bureau

THE price of coal at pitheads has gone up 13% — with serious repercussions for the consumer, according to economists

The increase was announced in Pretoria yesterday by the price controller, Mr G J J Breyl The price of pithead coal was last raised in April 1984, by 9,8%.

A spokesman for a large Witwatersrand-based coal company said yesterday distributors had to be compensated for the 40% fuel price imposed earlier this year and increased railway tariffs

Both costs had been "contained" by distributors until now, he said

The latest coal price increase will hit the black community particularly hard, as they are reliant on coal for cooking and heating It will also adversely affect inflation

Production costs at Iscor and other iron and steel producers will have to rise, causing upward adjustments in the prices of consumer goods

An Iscor spokesman said yesterday 75% of the corporation's coal needs were supplied from its own mines. The latest increase meant the cost of the remaining 25% would rise by between 10% and 15%

Economists said this would strengthen Iscor's case for a steel price increase in July

The effect on Escom, however, would be minimal, a spokesman said yesterday

Inland power stations were supplied on a long-term contract basis and only the coastal stations would be affected, the spokesman said

Consumer representatives fear the increase will lead to another escalation in electricity tariffs, which last went up in January

A Consumer Council spokesman said the increase could not have come at a worse time because of the approach of winter

RDM 24/4/85

Apex to appeal on merger

215

Financial Reporter

APEX MINES is to appeal against a Supreme Court decision to dismiss the company's application to confirm its merger with Clydesdale Collieries

The merger was approved earlier this year by a majority of Apex shareholders, but it had then to be confirmed by the Supreme Court for the terms to be binding on all shareholders

The application for confirmation of the scheme was opposed by a number of minority shareholders who felt the ratio of Clydesdale shares being offered for their Apex shares was too low.

The Witwatersrand Division of the Supreme Court declined last month to confirm the merger, but granted Apex leave to apply for permission to lead more evidence on key points.

A subsequent application to lead evidence was dismissed at the same time as an application for confirmation of the merger scheme

RDM 25/4/85

Coal price pressure

215

Financial Reporter

244

A SPOKESMAN for the Transvaal Coal Owners' Association (TCOA) said yesterday that the 13% increase in the price of coal at pitheads was below the expected rate of inflation for this year, 1985-86.

Increases, determined by Government, over the last six years had also been under the annual rate of inflation — 9,4% for 1984 and 8% the year before, he said D-grade coal, used by the domestic market, principally the black market, is only going up by 10,3%

"There have been production cost increases at the producing collieries and production cost increases are significantly above this latest percentage increase in the price of coal at the pitheads I think the fact that increases have always been below inflation has put considerable pressure on the producers," he said

The increase applies to about 25-million tons of coal, total production of SA coal is about 150-million tons

ARGUS 25/4/85 (215)

CONSUMER

Plea on coal price rise

Argus Correspondent

JOHANNESBURG — With winter looming, black consumers — already reeling under the effects of inflation and increases in gas and paraffin — are to appeal to the Government to reconsider the average 13 percent coal price rise gazetted on Monday

Mr Eldridge Mathebula, executive director of the Black Consumer Union, said the union intended to seek a meeting with the Minister of Mineral Resources about the matter.

"We black people depend on coal and winter is at the door We are also charged exorbitant prices by the merchants," he said

There has also been criticism of the Government from the Housewives Union. If the Government cannot control administered prices, how can it expect private companies to keep prices down, it asked?

Mrs Joy Hurwitz, president of the Housewives League, said "We have just had increases in paraffin and oil, which have especially hit the consumers in the townships and rural areas hard — and now coal."

"We cannot carry on with this constant procession of price increases which the consumer is supposed to just happily absorb When you consider inflation, unemployment and money not buying what it did how are we supposed to surive?

"Coal is another area where an administered price will push up our inflation rate. It will affect other industries and manufacturers"

A spokesman for the Transvaal Coal Owners Association said the increases announced over the various grades of coal averaged 13 percent But the increases of top grade coal were greater than the increases of the lower grade.

Grade D coal, which was used by many consumers in the townships would rise by 10,3 percent The higher grade coal, bearing the greatest increase of about 15 percent, was mainly used by people with complex boilers and mechanical equipment requiring sophisticated types of coal

He said the Government determined the price increases

"The last coal increase was in April 1984 Over the last six years the price increase has been below the consumer price index This year we expect it will be below as well if we go by the economists"

He said the rise was necessary because of the increased costs of producing coal

Sowetan 26/4/85 (2215)

Blacks decry coal price

By LEN MASEKO

BLACK consumers have slammed the 13 percent coal price increase gazetted this week.

The National Black Consumer Association yesterday sent a telegram to the Minister of Mineral Resources seeking an urgent meeting with him The consumer body is to appeal to the Minister to reconsider the price hike

"This is frustrating for the black consumer who is still reeling from a spate of price hikes on other basic commodities," a spokesman for the Black Consumer Association said

The coal price hike means that Grade D coal, used by most township consumers, will go up by 10,5 percent

The Soweto Coal Dealers Association is to call a meeting to discuss the increase. The association's members have been asked not to increase their prices yet

Meanwhile Pretoria housewives yesterday slammed the increased coal price and said it was high time women took joint action against the ever-increasing cost of living, reports Alinah Dube

Ms JOSEPHINE MZIMBA: Representation should be made to the Government to reconsider the coal price hike.

Ms PAULINE MONKOE: The increase will result in consumers being ripped off by coal dealers.

Ms C... "hardest"

Housewives in Pretoria said that was the most "shocking decision" to have been taken when the demand for coal was to increase in black homes as winter was approaching They added that the increase was bound to affect other household items and as a result they had to brace themselves for more problems

But Mrs Evodia Motaung, an Atteridgeville housewife, said some of the problems could be minimized by getting women organisations involved in teaching their members less expensive ways to run their homes.

There was little people could do unless joint action was taken, she added

Inflation

"Women should use bodies such as the 'societies' and housewives leagues for the benefit of their families Entertainment, which seems to be given first priority by most organisations, should be abandoned for a while to give members enough chance of restructuring ways of dealing with inflation," Mrs Motaung said

Other women interviewed said organising a system of bulk buying for several

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Sowetan 26/4/85 (2...) (215)

decry coal price hike

... MZIMBA. Representation to the Government to ... the coal price hike.

Ms PAULINE MONKOE: The increase will result in consumers being ripped off by coal dealers

Ms CAROLE DLAMINI: Blacks will be the hardest hit because they are bulk users of coal.

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Inflation

"Women should use bodies such as the 'societies' and housewives leagues for the benefit of their families. Entertainment, which seems to be given first priority by most organisations, should be abandoned for a while to give members enough chance of restructuring ways of dealing with inflation," Mrs Motaung said

Other women interviewed said organising a system of bulk buying for several households could also save a lot of the hard-earned money. That could also lead to the point where they could stop buying from the shops after negotiating with wholesalers. It did not matter, according to them, how the move could affect some of the businesses for as long as they ensured the survival of their children "this shows that we have come to times when it will be completely impossible for us to feed our children. No one will do things on our behalf unless we, as women, stand up and fight for the survival of the black community," she said

Cape Times 15/5/85 (215)

Amcoal lifts profits 42%

JOHANNESBURG — Increased export volumes, higher levels of interest and the favourable dollar/rand rate have all contributed to Anglo American Coal Corporation (Amcoal) achieving a soaring lift of 42 percent in attributable earnings for the year ended March 31 compared to the financial year 1984.

As a result, the dividend for the year is up by 35 percent with a final of 132,5c a share making a total distribution of 195c for the year (1984 145c)

Amcoal's attributable earnings increased from R109,2m (446,8c a share) to R155,2m (634,9c a share) in the year, while turnover was R841,81m (R705,52m)

Profit before amortization, depreciation and taxation was R336,8m (R233,1m).

Amortization of mining assets and depreciation of refractory assets were R26,4m (R21,6m) leaving a pre-tax profit of R310,4m (R211,5m)

Normal and deferred tax totalled R146,6m (R92,8m) and the profit after taxation was R163,8m (R118,8m)

Profit attributable to outside shareholders in subsidiary companies decreased by R1m to R8,6m.

Dividend cover rose from 3,08 in 1984 to 3,26 — Sapa

215 S Times

SA caught in cleft stick over Taiwan barter deal

19/5/85

By Ciaran Ryan

A SOUTH African coal for Taiwanese clothing barter deal, said to be worth R50-million, may still be signed in spite of claims that it has been cancelled.

Should the coal for clothes counter-trade deal go ahead, and it could do so without any Government knowledge or interference, it would give rise to several ironies. The Department of Trade and Industry disapproves of counter-trade because it involves cashless or only part-cash transactions.

But the Government is keen to foster closer trade links with Taiwan and this may prepare the way for counter-trade deals which would fly in the face of the Department of Trade and Industry's position on barter.

Sales slump

The National Clothing Federation, which represents 80% of South Africa's clothing manufacturers, fears that cheap clothes from Taiwan will be dumped on a depressed market.

It will probably try to have the deal stopped when it meets the Minister of Trade and Industry, Dawie de Villiers, in a few weeks' time.

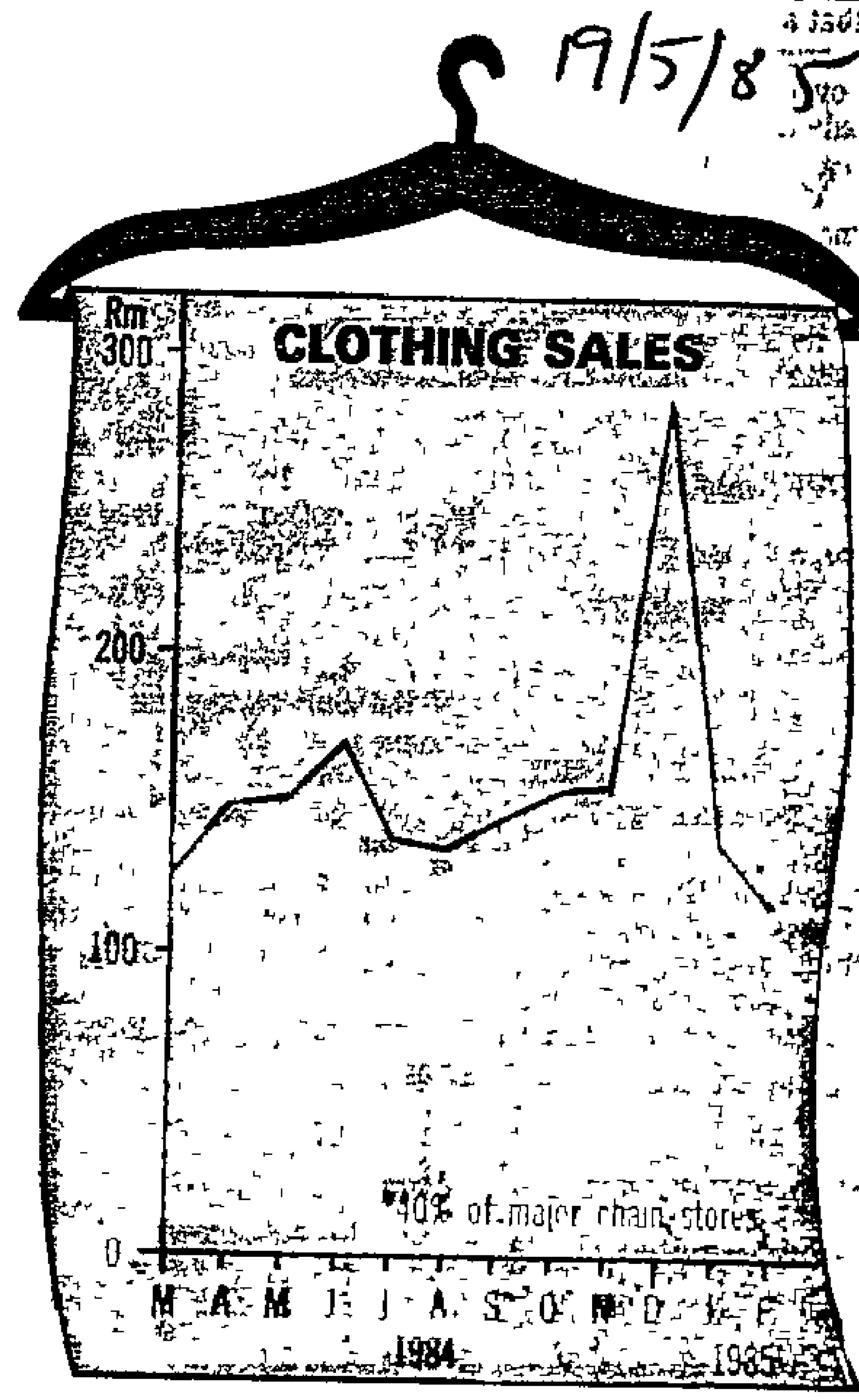
South African clothing manufacturers are going through hard times and 8 000 workers have been laid off in the past year. Sales are down 10%.

The Taiwanese have made a sustained assault on the South African clothing export market. Taiwanese entrepreneurs who establish factories in Ciskei and other homelands are able to export under the South African banner.

They now account for about half SA's clothing exports which will be worth about R50-million this year.

There are more than 20 Taiwanese manufacturers in the Southern African states.

Many decentralised clothing manufacturers make a profit by employing large numbers of workers to take advantage of decentralisation allowances — R110 is paid to the company for each employee. But many companies pay their workers only R60 a month, says Mike Getz, president of the National Clothing Federation.



Quotas cut

"In effect the South African taxpayer is asked to fork out for overseas competition to come here and slit our throats."

Taiwanese clothing firms are battling in their traditional export markets. One reason is Taiwan's favourable balance of trade with the United States, as a result of which its export quotas have been reduced.

One way around this is to set up in one of the homelands with all their incentives, and make it look as if the clothes originate in South Africa which has a large American quota. Nearly completed clothes are sent to Ciskei where they are finished. RSA labels are added and the goods are exported.

Cut-throat

Taiwan is under pressure from China which has undercut even the cut-throat Taiwanese prices. A considerable amount of gerrymandering is taking place to circumvent the United States quotas.

Several Chinese manufacturing companies have been established in Hong Kong to benefit from its generous export quotas.

But the United States market is not as healthy for South Africa as it used to be and the Taiwanese factor is thus all the more damaging. The strong dollar has resulted in cheap imports to the US which are hurting its industry. The US has responded by enforcing a 35% value added regulation — only 35% of the value of an item can be imported.

South Africa's clothing industry is worth R1,8-billion annually, and has remained static in real terms since 1980.

CAPE TIMES 24/5/85 215

Coal: SA 'over-reliant'

Political Staff

HOUSE OF ASSEMBLY — South Africa needed to find an alternative to coal power and nuclear energy was one it should be investigating, Mr Brian Goodall, chief opposition spokesman on mineral and energy affairs, said in Parliament yesterday

The country did not need to rush to find an alternative but there was a danger in being "over-reliant" on coal, he said during the debate on the budget vote for the Department of Energy and Mineral Affairs

"But, I believe we should be looking for an alternative amd obviously, nuclear energy is one of them "

Mr Goodall said he was well aware of the problems attached to nuclear energy, such as waste disposal and radiation, and he knew too that it was expensive

It had been estimated that the cost of nuclear energy in America was 65 percent more than coal

Nuclear plants were expensive and internationally the cost of nuclear energy was doubling every four years which seemed to indicate there was little advantage in it at present.

It cost more in South Africa too

"Koeberg's electricity costs 5,6c per kilowatt hour and electricity generated by an inland power station would be 4,3c and our average cost at present is 1,9c," he said.

The US had become disenchanted with nuclear energy but Japan, "despite Hiroshima and Nagasaki", would have 34 percent of its electricity supplied by nuclear energy by 1986.

Taiwan would have 38 percent and South Korea was expected to have 50 percent France already obtained 40 percent of its electricity from nuclear energy and was aiming at 75 percent by 1990

Dangers to the environment

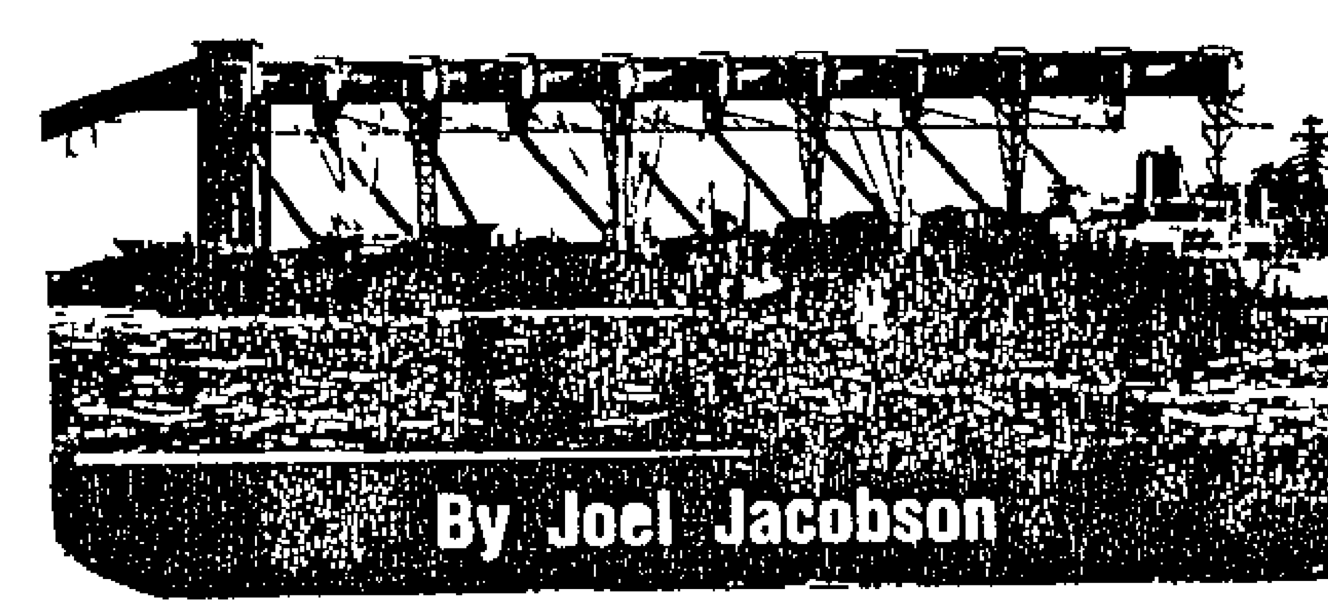
South Africa could learn something from the overseas experience.

"I believe there is one point we sometimes forget," said Mr Goodall "We are all aware of the dangers to the environment of nuclear power stations but we forget that coal power stations are also dangerous.

"They emit radiation and they dispose tons of sulphur waste — acid rain — over South Africa "

It was estimated that Escom released 3 000 tons of sulphur dioxide into the atmosphere each day

SHIPS and SHIPPING



By Joel Jacobson

Transkei coal could aid harbour

The harbours salvation as far as coal exports were concerned lay in Transkei

This was disclosed by the port manager here, Mr Jannie Beukes, who said there had been talk of mining for coal in Indwe in Transkei for a number of years

"We of course would become the natural port for exporting of the commodity being mined in our own-interland

"We are keeping our fingers crossed If they find coal there, it could effectively mean we could also invest in a more sophisticated plant to allow for a higher productivity rate at the harbour"

Mr Beukes said Port Elizabeth had the edge over East London at present mainly because its draught for ships was greater

This meant that bigger ships could call at Port Elizabeth and they could handle greater loads

"We are tied to a 9,6 m draught whereas Port Elizabeth has a 12,4m one"

Mr Beukes said he had also heard Port Elizabeth was holding trials on an ore-loading plant

"If they are successful they will better their rate of shipping productivity This is a vital factor as far as exporters are concerned because it means cheaper rates"

Meanwhile the public relations officer for the South African Transport Services (Sats), Mrs Alet van Jaarsveld, said it was 50 cents a ton cheaper to rail coal to Port Elizabeth than to East London

Speaking from Sats Johannesburg head office, she said this was because Port Elizabeth was closer in distance to the Transvaal collieries than East London

A major shipping company here, Grinrod, was commended for the outstanding way in which it managed to bring four Marion draglines to South Africa

A giant South African mining company, Gencor, said in the May edition of its house journal, the draglines were brought in pieces from America and transported by Grinrod to site at an optimum colliery, which supplies Escom's Hendrina Power Station, as well as coal to the export market

The journal said "The succesful execution of the steps involved in getting the draglines from America to their South African destinations is a feather in the cap of the shipping company

"It is all to the company's credit during the shipment there was not a single claim"

The journal goes on to explain after interviewing Grinrod's Johannesburg projects division head, Mr Bill Kettles, the administrative complexities as well as the technical ones involved in safely bringing the draglines to their destinations

"The forwarder has to arrange abnormal vehicles and undertake route surveys The movement of cargo has to be co-ordinated with the loading dates of the vessels in port"

The journal quoted Mr Kettles as saying a dragline comprised about 30 shipments, of which four or five contained the major part of the project

"Since these are the more critical, detailed planning and co-ordination is required to ensure smooth flow of cargo

"Once the vessel arrives at its destination, new challenges have to be faced From the detailed technical drawings supplied by the manufacturer, all abnormal pieces are identified and negotiations entered into with the abnormal hauliers to determine the correct horse and trailer combinations," the journal said

East Londoners who were privileged at some stage to travel the high seas aboard the Astor will have learned with regret her owners have sold the ship

The Astor sounded its final farewell to South Africa on May 20 when she set sail for Southampton, to fulfil several charter-cruise commitments in northern waters

Her owners, Safmarine, have sold the vessel to an East German company

Public relations consultant for the shipping company, Mr Marius Diemont, said the Astor would be replaced with a bigger, West German-built cruise liner designed to carry 650 passengers, in about a year

Another passenger ship, the England, also sailed from South African shores for the last time

She left on her last run to the Falklands after ferrying about 4 000 workmen back and forth between Cape Town and Port Stanley for about two years

The workmen helped construct an airfield at Port Stanley

CAPE TIMES 4/6/85 215

Amcoal raises profits 42,1%

JOHANNESBURG. — Substantially increased export volumes, the containment of unit working costs, working capital and capital expenditure, and the low dollar/rand exchange rate enabled the Anglo American Coal Corporation (Amcoal) to record a 42,1 percent increase in the profit attributable to shareholders for the year ending March 31, 1985.

In his review for the year, the chairman of Amcoal, Mr W G Boustred, says unit working costs increases were significantly below the inflation rate for the second consecutive year, while the tight control over working capital and capital expenditure enabled Amcoal, "to take full advantage of the high interest rates which prevailed".

Profit attributable to shareholders amounted to R155,2m, compared with R109,2m earned in 1984

"In difficult trading conditions, the Vereeniging Refractories group (Verref) increased its earnings for the year by 8,6 percent from R8,9m to R9,7m," says Mr Boustred

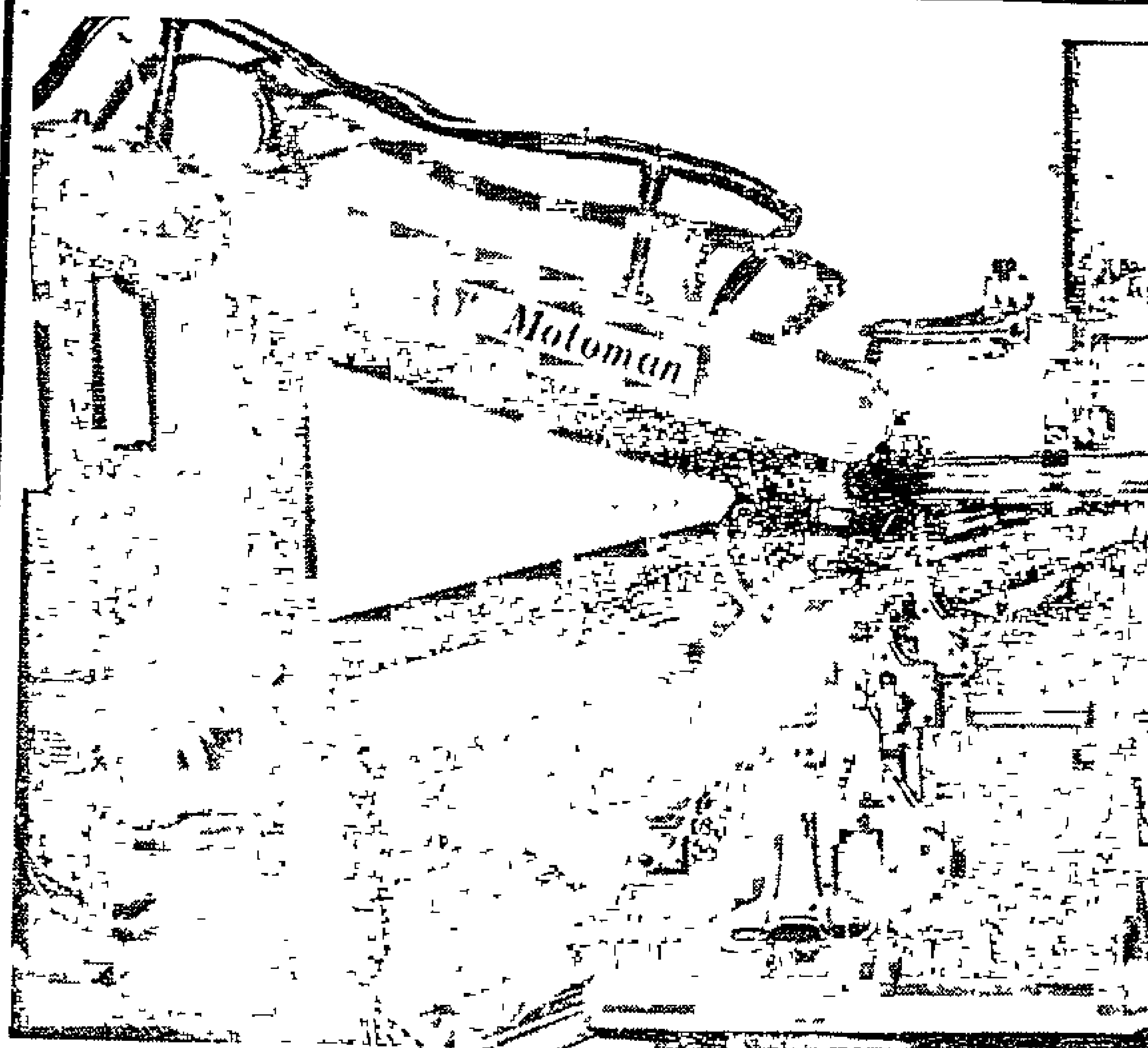
The Group sold 36,6m tons of coal and coke in the year, 2,4m tons or seven percent more than was sold last year.

Operating profits from coal mining activities rose from R188,6m to R261,7m.

The unit cost increase for the year was limited to 6,7 percent and it is to the credit of colliery management that, over the past two years, the total unit cost increase amounted to 9,6 percent compared with the 25,6 percent rise in the Consumer Price Idex. — Sapa

EVENING POST, THURSDAY, JUNE 13, 1985

Post Business



A Motoman L10W MIG welding robot, recently installed at Volkswagen's No 1 plant in Uitenhage.

215 E. Post 13/6/85

VW scores an SA first with 3 robots at Uitenhage plant

GEC ROBOTIC COMPANY, part of GEC Systems Automation and Control has supplied and installed three Motoman robots at Volkswagen's No 1 plant in Uitenhage

The value of the contract is in the region of R400 000

The robots will be used in the sub-assembly of the new Golf and Audi ranges

"The installation of the three robots is in line with Volkswagen's philosophy of only introducing robotics where the high technology of sophisticated parts makes it a necessity or where Vokswagen's parent company in Germany specifically states the ue of robots in the manufacture of certain parts,' said Mr Dietmar Dupsky general manager of Plant 1 at Volkswagen in Uitenhage

Volkswagen is the first automotive plant in South Africa to have robots in operation The facility follows closely behind the installation of a fully automatic machining centre

Now coalminers to hold strike ballot after dispute deadlock

NM 29/6/85

215

Mercury Correspondent

JOHANNESBURG—The ~~National Union~~ of Mineworkers announced yesterday that they are to hold a strike ballot for black coal-miners next week after deadlock was reached at conciliation board talks with the Chamber of Mines yesterday.

The announcement came within 24 hours of an NUM decision to hold a strike ballot among black workers on the gold mines, and opens the way for a massive legal strike on both gold and coal mines

While exact support for the NUM is not known, a spokesman for the NUM said their latest figures showed they had a signed-up membership of 160 000 black miners

Indication

And the first stirrings of dissatisfaction with this year's increases, due to come into effect from Monday, were felt yesterday when more than 3 000 workers at the Bracken gold mine, near Evander, failed to go underground

Mr Ramaphosa said he had had no indication of whether the chamber was to offer more than its 'final' offer presented at a conciliation board meeting on Monday

There are only four percentage points separating the two as the chamber is offering increases of around 19 percent while the NUM is demanding about 23 percent.

Invited

Meanwhile, a statement from Gencor, owners of the Bracken mine, said night shift workers had refused to go down on Wednesday and that all but a few day-shift workers also failed to go underground yesterday

The strike started soon after the annual increases, which amount to about 19 percent, were announced

The Gencor statement said insignificant damage was reported to mine property, and the situation at the mine was calm

It said mineworkers had been instructed to return to work and had been invited to appoint representatives to discuss possible grievances

A statement released by the chamber last night said: 'The Chamber of Mines and the National Union of Mineworkers today reached deadlock in conciliation board negotiations on the wages and other conditions of employment for about 5 000 of the union's members employed on 11 out of 55 coal mines.

'The Chamber of Mines regrets the fact that the union was unable to accept the employer's final offer which was a very good one

'In addition to wage increases the offer included a reduction of two hours a fortnight in working hours, an improved leave bonus, and the introduction of an industry leave scheme

'Taking all the components into account the offer amounts to an increase higher than the current rate of inflation.'

Anthracite project kicks off

215

5 times

30/6/85

By Don Robertson

ALFRED McAlpine & Son will start immediately on an extensive evaluation of the KaNgwane anthracite deposit near the Mozambique border.

As reported in last week's Business Times, a deal with the KaNgwane Economic Development Corporation (KEDC) gave McAlpine a 60% stake in the deposit, KEDC holding 40%

McAlpine managing director Bill Gillespie says the investigation will be conducted in three stages Firstly, a complete evaluation of the site will be conducted to establish what capital expenditure might be needed. At this stage a decision will be taken on whether to go ahead with the project

If it is decided to go ahead, a viable small production facility will be built, followed by expansion to full-scale production

Early indication suggest reserves of 100-million tons of anthracite in situ, which could support a mine producing about 500 000 tons for export a year from total output of about 850 000 tons.

The coal would be exported either through Maputo or Richards Bay when the line from Komatipoort joins the existing line from Swaziland. It is expected that the first coal could be produced by the beginning of 1987

Messina

A second deposit at Nkomati, south of KaNgwanem, is being investigated by Messina.

Danie Kirsten, general manager of the mining division at Messina says the company is far advanced with exploration and feasibility study and bulk sampling is being undertaken to establish the coal's quality.

A decision on whether to go ahead with the project, which has an estimated 60-million tons in situ, will be taken before the end of the year. The deposit will initially be mined by opencast methods and then by underground mining.

The KEDC is looking for partners for a third deposit called Southern Anthracite

COAL (215)

Coal export glee Down Under

B. Day 2/7/85

South African Shipbrokers, Sandton, report on the coal market

THANKS in part to the aftermath of the UK miners' strike and problems with Polish coal production, Australia is set for another record coal export year.

With UK exports well down on last year and the Poles likely to be some 4-million tons short of their export target after a long cold winter and a railcar shortage affecting handling capacity, Australia has been able to place significant quantities in the European and Scandinavian markets at around US$34 to US$35 a ton fob.

Here the strong American dollar has helped, and the persistently weak freight market has also made it easier.

Danish utilities alone have purchased about 700 000 tons of Australian coal this year on the spot market, and Finnish buyers still have some 600 000 tons of purchases to make, and are looking to Australian, Canadian and Colombian suppliers.

After a long and hard-fought battle, Australian steam-coal producers have secured an average 12,5% increase in Australian dollar-priced coal to the Japanese EPDC (Electric Power Development Corporation).

New prices for fiscal 1985 range from A$46,90 to A$49,45, depending on quality, with provision for a further maximum A$2,50 escalation on costs and a possible maximum A$1,50 variation up or down in case of fluctuations in the American dollar exchange rate.

In a further move towards diversification of supplies, Japanese buyers have been turning their attention to Colombian steam coal, and discussions are under way between Exxon and Carbocol, partners in the 15-million-tons-a-year Cerrejon north-zone project, and representatives of Japanesse steel mills and electricity companies.

The high-quality Colombian coal (up to 12,500 btu/lb, 9% ash unwashed and below 1% sulphur) may be suitable for use as a blend coking coal, and this has aroused special interest in Japan.

A steel-mill official says that the El Cerrejon coal has the potential to become an alternative to South Africa's semi-soft coking coal, since it can be used for making formed coal or for pulverised coal injection.

While Australia, Canada and South Africa will all have record coal exports this year, the US has been the big loser, with the dollar working against it and pricing it out of the market in most cases, possibly excepting cement producers willing to take a cheap product of up to 4% sulphur.

Not surprisingly, therefore, American producers have been clamouring for protection against imports (in the form of an import tariff of up to US$8 per ton) from low-cost producers, the perceived threat coming mainly from Colombia and, to a lesser extent, South Africa.

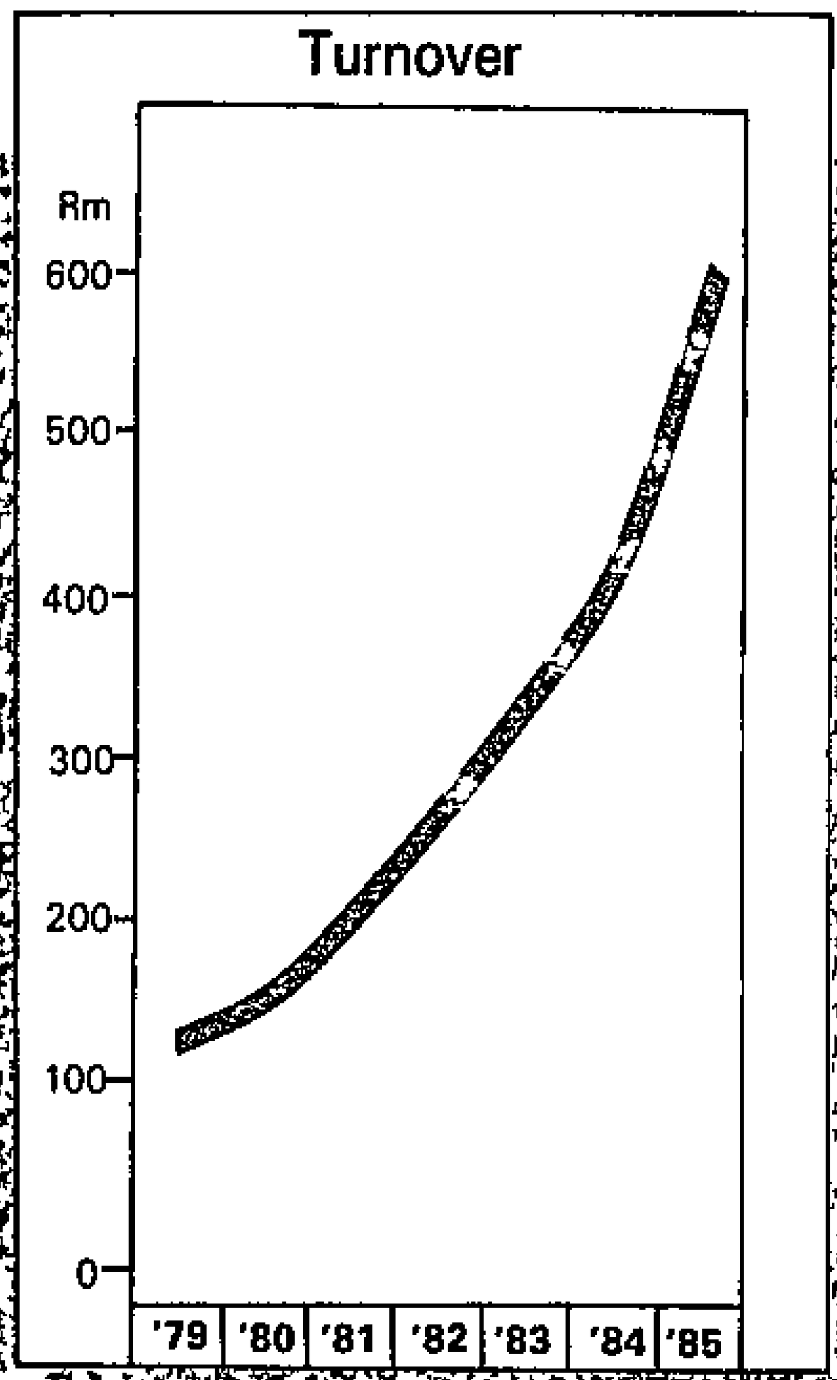
Given the total volume of imports likely, however, (2-million to 3-million tons a year), compared with total American consumption (upwards of 800-million tons a year), this aproach has received little sympathy from the free-market-oriented Reagan administration.

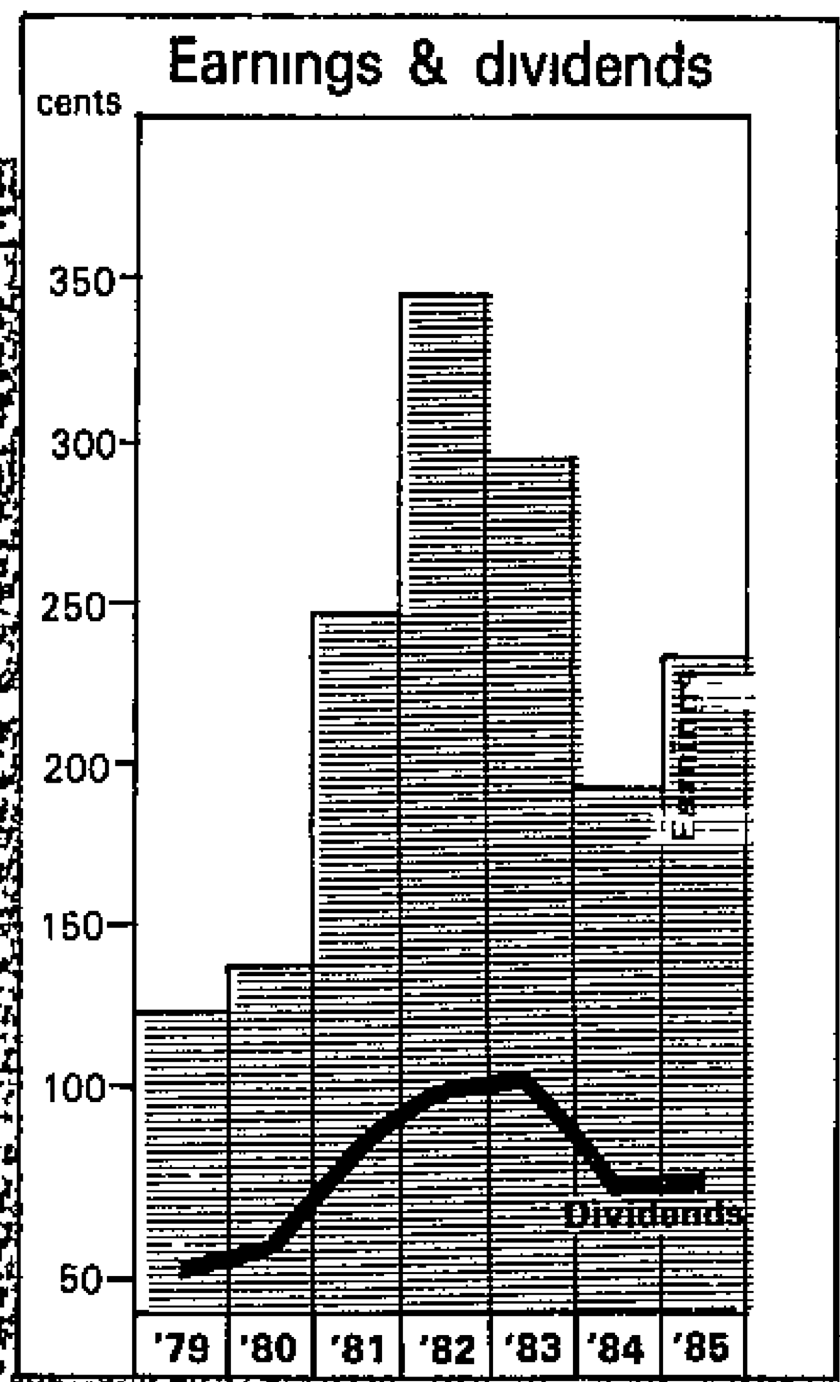
In South Africa, exports continue at a heady pace, with the figures via Richards Bay looking as follows:

JANUARY	3,0 million MT in 50 vessels
FEBRUARY	3,1 million MT in 49 vessels
MARCH	3,6 million MT in 56 vessels
APRIL	3,0 million MT in 50 vessels

SALES RISE

EARNINGS RECOVER





used to boost shareholders' reserves and offset R20,2m in forex losses

This avoided the need to charge forex losses against profit — which Wiese argues would distort the ongoing trading position — and enabled attributable profit to rise 22% to R19,8m Pepkor, at the same time, can later buy back the properties at their selling prices and capitalise on their future capital growth

Such strategies have contributed to a favourable rerating of the share It has risen from 860c at end-February to 1 300c, far outpacing the advance in the stores index. This would be advantageous for any rights issue But dividends have lagged behind the advance in earnings a share in the last five years, showing a compound annual average growth of 12,4% since 1980, against the comparable 25,7% rise in earnings. The share needs to produce better dividends

Wiese, however, believes the stock's growth during this decade will outpace that of the average for the stores sector He expects earnings will rise 10% this financial year, spearheaded by profits from Pep Stores, an increased contribution from House of Monatic, and a low tax bill for the year resulting from a remaining R51,6m of assessed tax losses

In the next five years, he forecasts, annual average increases in earnings should be greater than 16%, as the full asset potential of Pepkor's takeovers is unravelled He adds that conditions in the relatively poorer Eighties, which have seen personal consumer expenditure lag behind gdp, should "reinforce businesses like ours which offer the lowest range of prices " Wiese is targeting turnover of R1,5 billion by the end of the Eighties.

At 1 300c, the share yields 5,3% on dividend In view of the above-average performance and prospects, the counter could be cheap, particularly when compared to the stores sector's average yields of 6,4% on earnings and 3,5% on dividend The challenge will be to show convincing growth and dividend prospects *Christopher Marchand*

COAL INDUSTRY

Still a warm glow

(215)

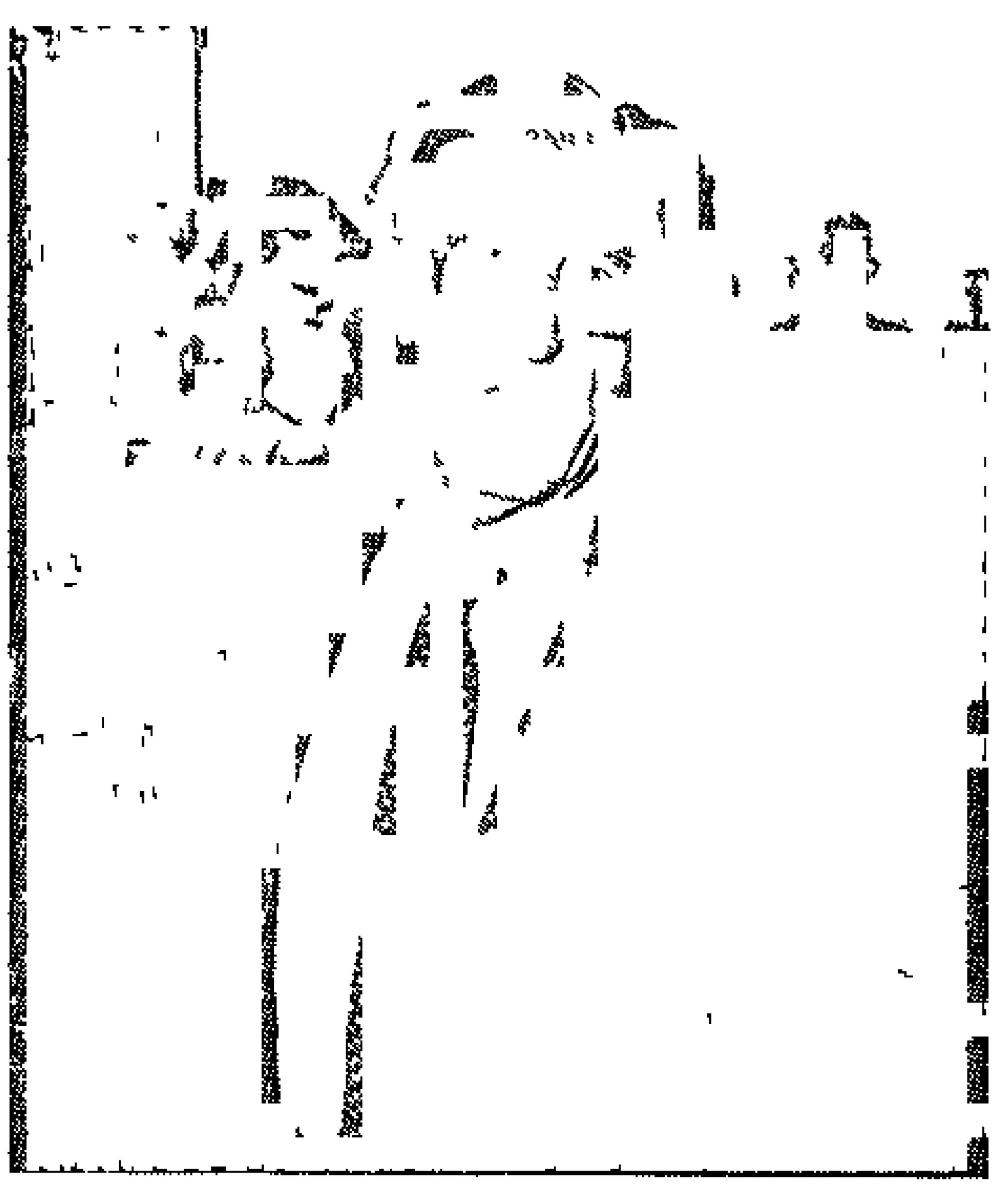
The world could be heading into a situation of energy glut. Nonetheless, particularly since the inception of the Richards Bay Coal Terminal, SA's producers have benefited from an expanding market locally and in exports.

Ten years ago, South African coal was not a particularly significant commodity It contributed little to the economy and even less to the export market Things have changed Coal is now the country's second largest export after gold, SA is the world's fifth largest producer, the West's second largest producer, and the world's largest exporter of steam coal

But the outlook for the mineral is changing World energy consumption is declining, and with it world coal consumption Can our coal industry continue to grow in an increasingly hostile environment?

From 1973-1984, SA coal production increased from 62,35 Mt to 163,03 Mt, an increase of almost 162%, according to Simpson, Frater, Stein and Strong's (SFSS) latest coal report SFSS continues "Over the same period total sales have increased 159% Although local sales have risen substantially over this period, by 103%, export sales rose more dramatically from 1,99 Mt to 38,06 Mt, an increase of over 1 809% "

Coal's growth can be attributed largely to the inception of the Richard's Bay Coal Terminal (RBCT) Even more directly, the credit should go to the RBCT's most prominent members — companies like Amcoal, Barlow's TC Lands, Trans Natal and the Transvaal Coal Owners' Association (TCOA) Analysts agree that these four participants rank among the world's greatest authorities on coal and it will be through their formidable expertise that SA coal can hope to retain its strong position in world markets



Amcoal's Boustred . . . one key is marketing

However, no matter the expertise available, it is not possible to halt the decline in energy consumption, nor the long-term trend towards more energy-efficient fuels and the development of nuclear-powered industries In addition, reserves of other energy fuels, such as oil, gas and uranium, are constantly being revised upwards These factors, says SFSS, are already beginning to effect a less positive trend in coal consumption

Coal's continued strength — despite the decline in energy consumption — is due partly to uncertainty about oil supplies and historically high oil prices In contrast, coal is cheap and there are proven reserves of hard coal sufficient for 198 years of world consumption If other coal resources, such as lignite and brown coal reserves, are added, then the total would be sufficient for 3 456 years of constant 1983 consumption, according to SFSS "Of all the currently known energy resources, coal is by far the most abundant," notes SFSS analyst David end-February (the worst period of the year for stock turn measurement since winter stocks have been accumulated), the policy of counting stock in transit, which is not done by all retail chains, and the chain's broad geographical base Pep Stores has some 550 branches scattered throughout the country, with about 50% in the platteland and the rest in urban areas

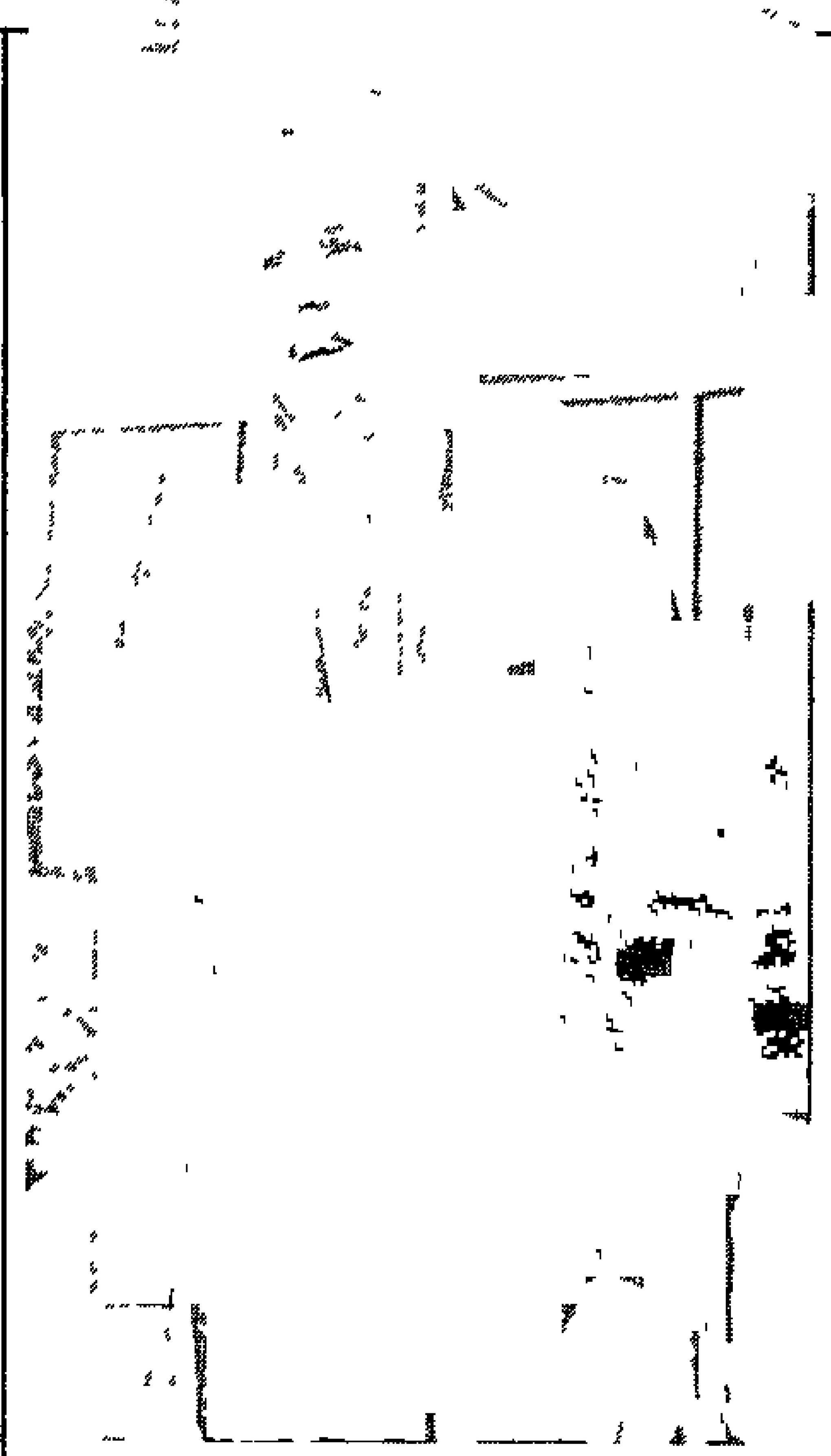
But Pep Stores' main growth prospects lie in the towns, and even before the Ackermans purchase considerable management energy had gone into developing the Metro Pep concept The urban based, loss-making Ackermans chain, with a turnover of R80m, was bought early in 1984 from Edgars (which had bought it 18 months before from Greatermans), and its takeover greatly accelerated Pep Stores' urban development As Wiese notes, "It would have taken us five years to acquire the floor space in the urban areas which Ackermans gave us In one transaction, we were up and running"

Ackermans was returned to profit in its first year under Pepkor, mainly because of rationalisation benefits, such as the closure of the head office Sales, however, fell short of target, this being attributed by management to Pepkor's lack of familiarity with Ackerman's retail cycle But profit is forecast to advance this year

The main retail diversification has taken place in Shoprite, Pepkor's food retail arm, which has 26 stores in the western and NW Cape, and has plans to expand to the southern and eastern Cape "It's the poor man's Pick 'n Pay," says Wiese "It sells articles which used to be sold by the old general store"

Shoprite has, however, shown compound annual growth in turnover of 53%, and an annual profit growth of 24% in the last five years, and is planned to serve as one of the group's major growth pillars Had the mooted Grand Bazaars tie-up come off last year, Pepkor's profile in food retailing would have been strengthened considerably It remains a potential alliance that would be a logical step in the group's development

Pepkor is experimenting in the western Cape with Hyperettes, a US-inspired concept of convenience food retailing in the middle- to upper-income residential areas The Hyperettes aim to compete with corner cafés by offering a wider variety of foods at cheaper cost OFS-based Kloppers (durable discount stores), bought by the group in October 1983, is being moved away from departmental store retailing in favour of its original function of selling consumer durables in an effort to improve its profitability These are white goods, garden furniture, appliances and sports goods



Chairman Wiese ... significant urban gains

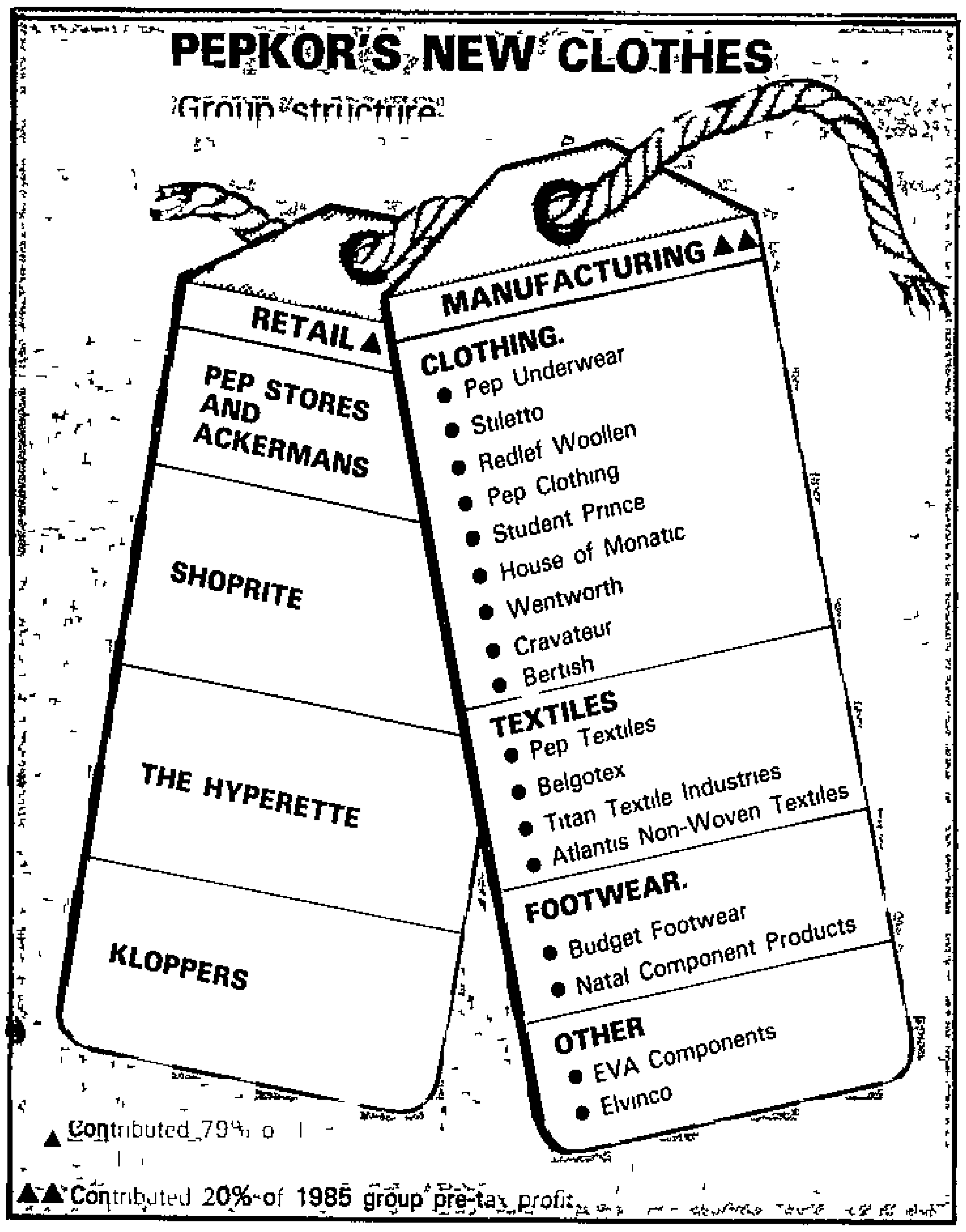
Clothing manufacturing has for some time been an important element of group operations, accounting last year for 26% of turnover and 20% of profit Management's policy has been to draw 50% of clothing sales from the group's own factories, which helps stabilise production levels in the factories By contrast, Seardel has had to slash its factory output, owing to a fall in demand from its major customers, the large retail chains

Last year, however, although the factories operated at full capacity, they produced less than 40% of Pepkor's clothing sales Constraints on capacity prompted House of Monatic — which Pepkor acquired three-and-a-half years ago when the Rembrandt-owned I L Back group was taken over — to buy the Bertish group This acquisition brought with it the reputable Embassy and Consulate brand names and a skilled work force

Brand names are, of course, essential in maintaining consumer loyalty, especially in the upper end of the market Wiese says that, apart from efforts to sharpen management and financial controls, House of Monatic's prospects for improved profits rest on the reputation of its names, and the desire of clothing retailers to diversify their brand supply sources

More than 95% of the House of Monatic's production is sold outside Pepkor, but the bulk of group clothing and footwear production (that is, non-brand name, low-cost items such as blankets, towels, jerseys, underwear and zips) is sold through Pepkor's retail divisions The weak rand has spurred clothing and footwear exports, and Wiese forecasts export sales will rise this year from R1,5m to R8m A further rise in sales of at least 50% is projected for the year to end-February 1987

A disquieting aspect of the expansion of assets is the strains which have appeared on the balance sheet A restructuring of the capital base has become essential At end-February, the debt/equity ratio was 1,22, compared with a target of 1,0 with the shortfall due to unrealised forex losses The interest bill ballooned 140% last year to R23,2m and accounts payable rose 89% to R121,8m



Wiese says the options include either a rights issue of ordinary shares, or one of convertible prefs or debentures He wants Pepkor to dilute its debt equity ratio by issuing irredeemable preference shares when purchasing assets, as it did when it paid R8m for Bertish's assets (but not liabilities) at end-March

This strategy places a premium on ensuring that assets perform profitably The group has in the past turned its acquisitions to profitable account after an initial period A stockbroker's analyst notes "I'd be happy if they concentrated this year on what they've got But Christo Wiese is a creative guy There's always something up his sleeve"

Certainly, Pepkor has handled its forex losses in an unusual way In below-the-line transactions, it sold off properties to banks and financial institutions for R42,6m, which has been

Analysts Whillier (l), Keefe . . . how long, King Coal's reign?

Keefe

Coal's importance to industry has been further enhanced by the difficulties, both political and financial, of developing nuclear power

However, Keefe believes the tide is changing and that a world energy-glut is looming He says "The decline in energy consumption worldwide will continue, and it is bound to filter through to the less advanced countries, too "

From 1979-1983, total world coal trade grew at 3,2%/year SFSS says "As a result of the trend towards reduced energy consumption and, particularly, reduced electricity consumption, we foresee total growth of only 1,1%/year between 1984-1990 " Between 1990-1995 SFSS says there will be a slightly higher growth of 1,9% with a further increase to 3%/year in the period 1995-2000

Most analysts paint a rosier picture But, Keefe says, "coal forecasters have fallen into the same trap as other primary energy forecasters and have failed hopelessly to detect the fundamental and dramatic change which is occurring in world energy markets "

International analysts Robertson Research (RR) comment on the "anti-social factor" associated with coal "It is difficult to mine, store and transport, is bulky and dirty and leaves significant residues " It is this "social factor," says RR, which is responsible for coal's inability to make significant inroads into general industry and commercial firms, and it "explains why, in Europe, coal has continued to lose ground on the domestic market since 1980 "

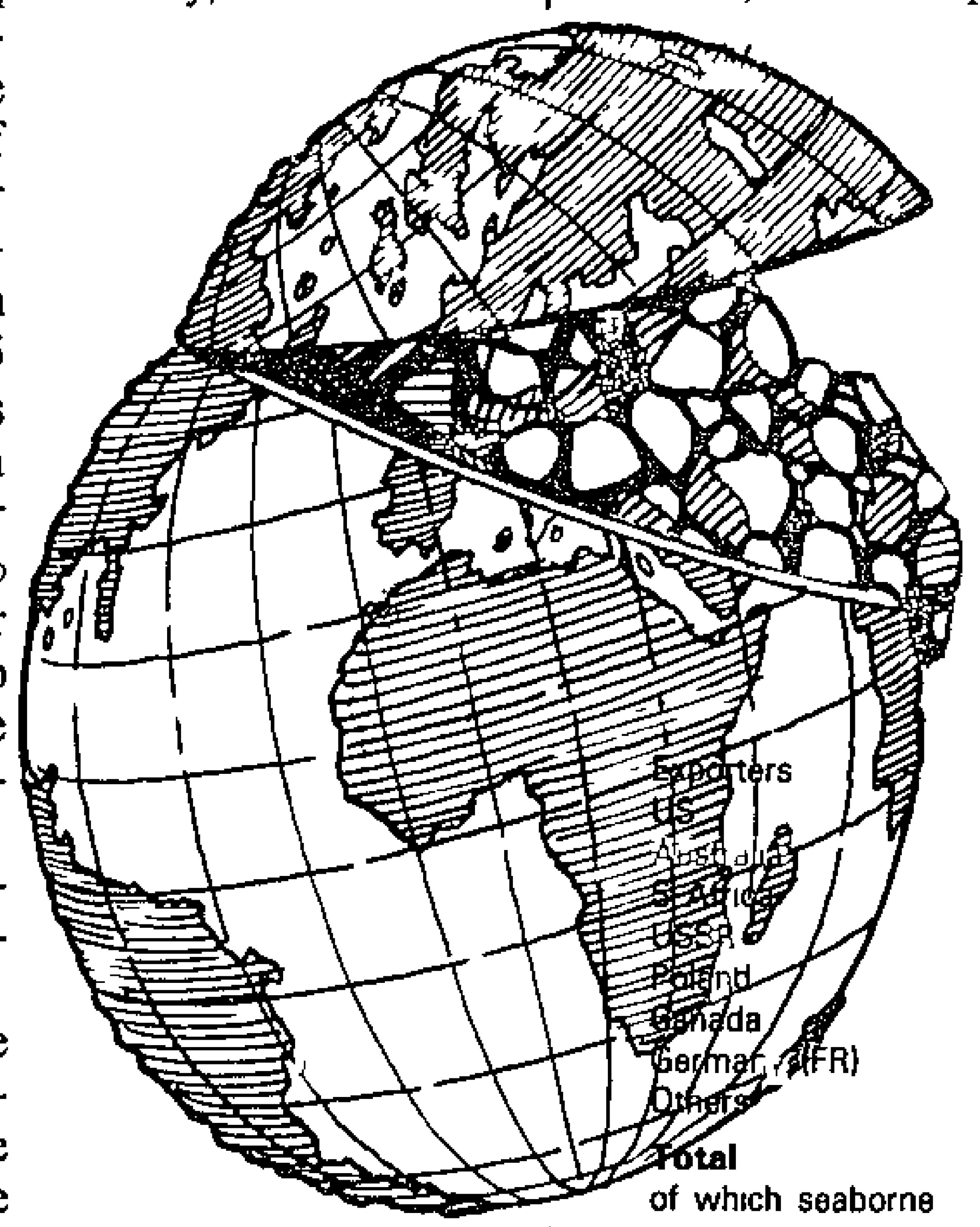
Where does this leave the SA coal industry? The ability to market well and be price-competitive will be all-important factors, asserts Amcoal chairman Graham Boustred Coal exporters have already proved that they watch the coal market as sharply as any forecaster and, it seems, they are more optimistic

"Sooner or later, industries will turn to renewable energy sources and technical developments will take place," says Trans Natal's planning manager Gavin Turner However, he believes power stations employing today's technology will be used for about another 60 years, and, "while a relatively cheap energy source is available the pressure won't be so hot "

The effect on international coal trade of a decline in electricity consumption in some countries is compensated for by the expanding requirements of other countries, argues Turner He says there are many areas where coal consumption is increasing — in the Far East, in Korea and Japan particularly, and in Israel, Portugal, Spain and Italy

While the world outlook is debatable, it is unlikely that SA coal will suffer significantly in the next 20 years its competitive advantages are overwhelming

Over the past 10 years, SA's major competitors, Australia and Poland, have suffered from intermittent bouts of political and union problems, leaving their supplies unreliable SA, however, has built up a reputation as a reliable and solid supplier In addition, SA can boast competitive production and



A GLOOMY VIEW

Total world hard coal

	ACTUAL					EST.	FORECAST		
	1979	1980	1981	1982	1983	1984	1990	1995	
Exporters									
US	59,9	83,2	102,1	96,4	70,4	72,0	58,0	62,0	67,0
Australia	40,4	42,8	51,0	49,8	59,6	74,0	80,0	82,0	90,0
S Africa	23,4	29,2	29,2	27,5	27,1	38,0	52,0	57,0	75,0
USSR	23,9	25,6	22,0	21,7	21,5	18,0	17,0	15,0	14,0
Poland	41,3	31,3	15,0	28,3	35,2	42,1	34,0	32,0	30,0
Canada	13,9	15,3	15 6	16,0	17,1	22,5	32,0	46,0	55,0
Germany (FR)	15,3	11,7	12,8	9,6	9,5	10,0	Included in "others"		
Others	10,7	19,0	24,2	19,4	19,1	19,4	42,0°	51,0°	71,0°
Total	228 8	258,1	271,9	268,7	259,5	295,5	315,0	345,0	400,0
of which seaborne	N/A	N/A	N/A	N/A	198,3	220,0			
Importers									
EEC	78,0	91,7	90,5	87,4	75,6	83,0	85,0	90,0	94,0
Japan	57,9	68,6	78,3	78,3	74,7	86,5	85,5	86,5	94,0
E Europe	32,5	33,7	32,5	30,1	33,8	36,2	39,0	42,5	47,5
W Europe (exc EEC)	19,5	19,8	23,1	23,0	22,2	25,0	27,0	30,0	36,0
North America	19,5	17,2	17,5	17,5	16,6	16,5	15,0	10,0	8,0
Latin America	6,3	6,5	6,0	6,2	6,3	8,3	15,0	21,0	27,5
Others	15,1	20,6	24,0	26,2	30,3	40,0	48,5	63,0	88,0
Total	228,8	258,1	271,9	268,7	259,5	295,5	315,0	345,0	400,0
SA Market Share of Total Exports	12,0%	11,3%	10,7%	10,2%	10,4%	12,9%	16,5%	16,5%	18,8%

° Including Germany (FR)

Source Simpson, Frater and Stein

transport costs as well as good quality, low-sulphur coal

In terms of proven recoverable reserves and resources of hard coal, SA has a 10,2% share of the world total, ranking fourth behind China, the US and the Soviet Union — none of whom are direct competitors in world markets

The latest arrival on the export scene is Colombia Like SA, its coal is low in sulphur content, making it attractive to countries concerned with pollution, such as the US In addition, Colombia has already been able to take advantage of current anti-SA feeling, which prompted Denmark to replace SA with Colombia as a source

However, Colombia is unlikely to be able to make significant inroads in SA's other markets Colombia is not well-placed geographically, except for North America — which SA barely supplies anyway Again, Latin American countries are not renowned for their stability While SA is entering a difficult political phase, coal producers are confident that this should not affect supplies And lastly, Colombia lacks the marketing muscle and expertise SA exporters have built up through the years

As for the danger of other new competitors, Turner dismisses the threat He says "It is unlikely that a new coal supplier will emerge which is able to seriously threaten SA's position in the coal market "

Growth assured

Amcoal's Boustred shares Turner's confidence, and he believes the producers have the ability to weather the storms. He agrees, although more cautiously, with SFSS's prediction for the next five years "There will be a slowdown in consumption growth " But, he stresses, "there is still growth "

Domestically, demand expansion depends largely on Escom which is forecasting a fall in the economic growth rate from 1984's 8% to 6% annually Keefe believes this represents the first of many downward revisions, foreshadowed by the late-1984 announcements of the deferment of Lekwe and the postponement of Majuba SFSS predicts a slowdown in growth within SA

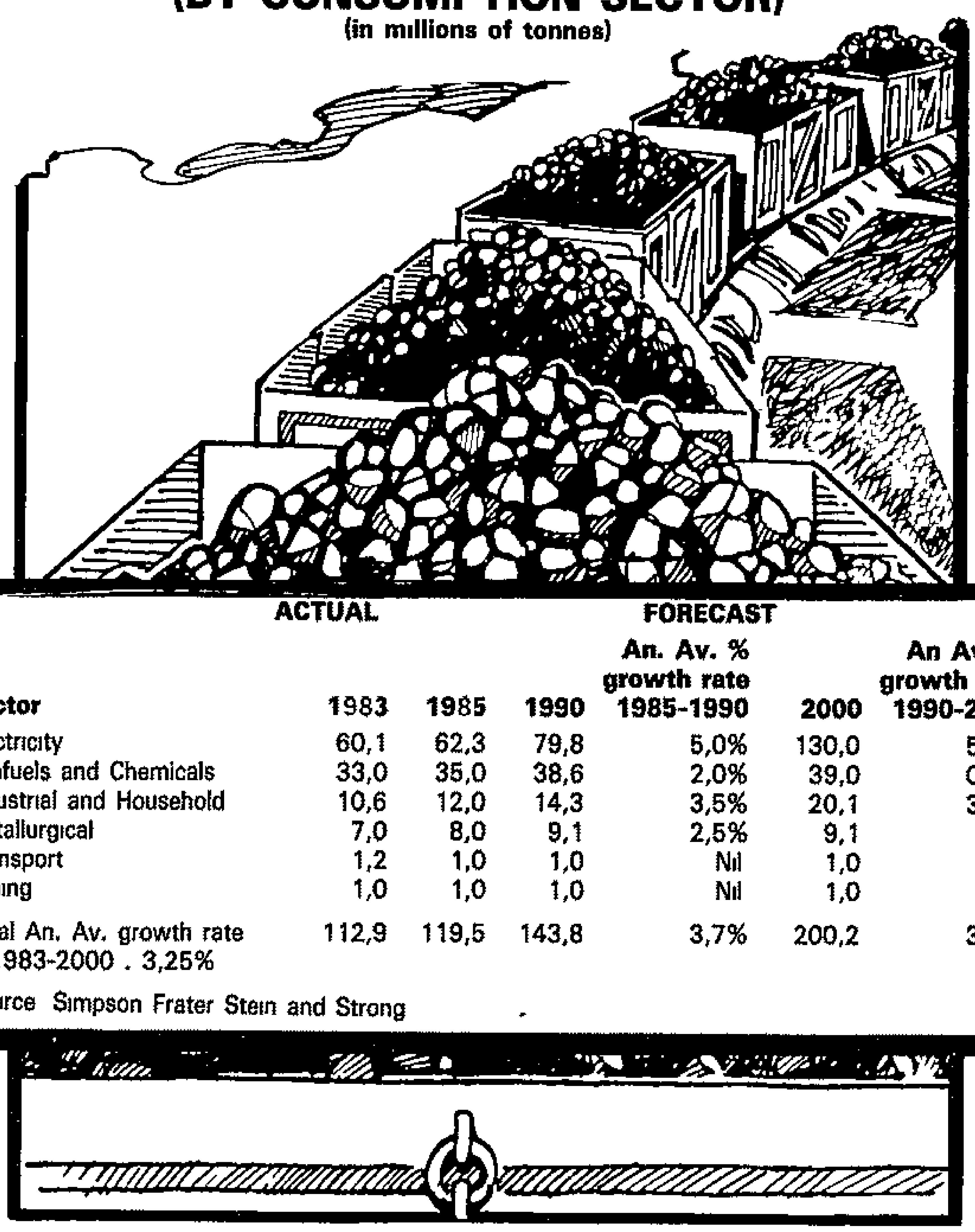
Another Johannesburg analyst, John Whillier, points out that once the two Koeberg power stations are commissioned, with a combined capacity of 1 844 Mw, coal consumption will be hard hit This situation could be aggravated if, and when, Mozambique's Cahora Bassa power station functions at full capacity

However, Whillier disputes SFSS projections for domestic growth A more realistic figure for Escom consumption in 1990 is about 85 Mt, he says, while total domestic coal consumption should reach between 161 Mt-170 Mt SFSS estimates that in 1990 SA's total coal consumption will not be much higher than 143 Mt SFSS expects Escom to consume less than 80 Mt of the total

Although SA coal producers can expect growth both locally and in exports, it seems

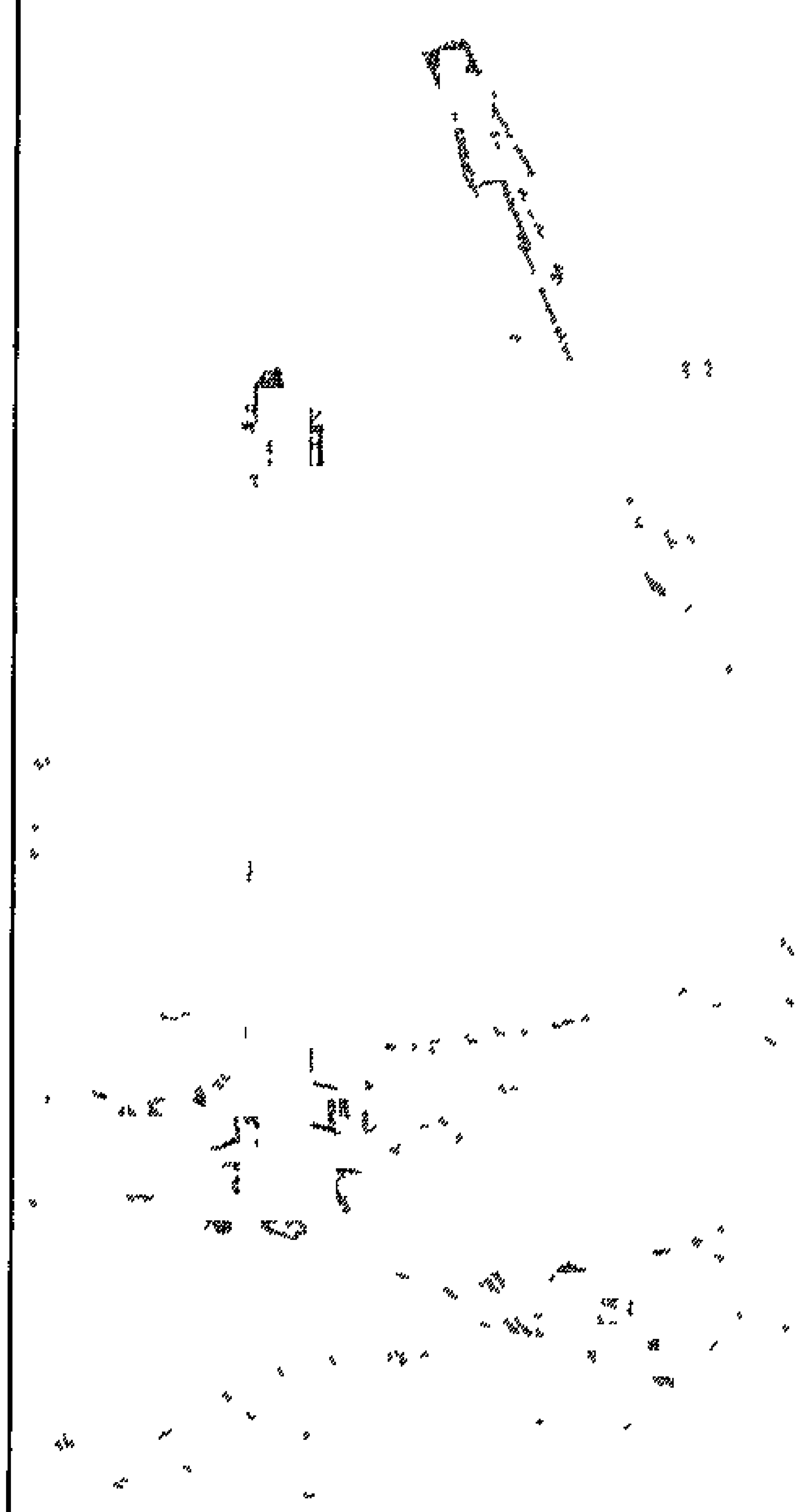
ACTUAL AND PROJECTED DOMESTIC DEMAND (BY CONSUMPTION SECTOR)

(in millions of tonnes)



	ACTUAL		FORECAST			
Sector	**1983**	**1985**	**1990**	**An. Av. % growth rate 1985-1990**	**2000**	**An Av. % growth rate 1990-2000**
Electricity	60,1	62,3	79,8	5,0%	130,0	5,0%
Synfuels and Chemicals	33,0	35,0	38,6	2,0%	39,0	0,1%
Industrial and Household	10,6	12,0	14,3	3,5%	20,1	3,5%
Metallurgical	7,0	8,0	9,1	2,5%	9,1	Nil
Transport	1,2	1,0	1,0	Nil	1,0	Nil
Mining	1,0	1,0	1,0	Nil	1,0	Nil
Total An. Av. growth rate 1983-2000 . 3,25%	112,9	119,5	143,8	3,7%	200,2	3,4%

Source Simpson Frater Stein and Strong



Getting it out . . . enough for centuries

that coal's position will change in the early part of the next century Whillier gives the status quo about another 25 years, adding that coal will continue to be necessary to the petro-chemical industry But Keefe is more pessimistic, seeing major changes happening at the turn of the century

Uranium poses by far the greatest threat to coal It is a clean fuel, more easily mined and efficiently used, with potential reserves rivalling present coal reserves

Thus, it would seem that SA should exploit its coal reserves to their full potential over the next 20 years But, as Boustred says, there must be some control in order to keep the market stable and lucrative

SFSS complains that coal executives are too optimistic, but Turner notes that Trans Natal's demand forecasts are based on "direct feedback from customers all over the world on expansion plans, and not on long-term projections " He adds "Our forecasts are continually updated "

Producers emphasise the difficulty of making accurate predictions The world is not predictable, and any major upheaval in any area can affect coal sales either adversely or beneficially Nevertheless, this is a factor which producers are accustomed to considering and they are confident of their ability to tackle the market

In the long term coal's status will change But for the present, while export opportunities exist, SA coal is alive and glowing ■

TCOA opposes call for interdict

Coal traders in court fight over 'breach of deal'

215

B Day 12/7/85

By LINDA ENSOR

THE Transvaal Coal Owners' Association (TCOA) has been accused of using its monopoly on coal supplies to prevent a wholesaler executing its orders

Reef Coal claimed in the Rand Supreme Court yesterday the TCOA had breached an agreement to supply it with coal, but TCOA denies the existence of any such agreement

TCOA is opposing Reef's urgent application for an interim interdict ordering it to accept and execute all its coal orders except impossible ones

The hearing was postponed by Judge A J Heyns until Wednesday to allow TCOA time to reply to Reef's allegations

TCOA has exclusive control over the marketing distribution and sale of coal mined by its 21 members

Until its closure in June, Highveld Coal Traders (HCT) operated as TCOA's wholesale distributor supplying coal mined by TCOA members to small and medium secondary industry and domestic markets HCT had a 90% share of the wholesale coal market in the Transvaal

When HCT stopped operating, Reef Coal decided to fill the gap, said director and shareholder Michael Rosch

TCOA's support of the plan was essential, Rosch stated, as Reef needed its volumes and grades of coal to be able to supply to HCT's former customers

TCOA's marketing GM Alan Howell allegedly confirmed that HCT's customers were "up for grabs" and on June 19 allegedly agreed to supply Reef with the necessary coal

Customers were canvassed and orders were taken by Reef which allegedly placed them with TCOA TCOA, however, confirmed neither the agreement nor the orders

Last week Reef was allegedly told TCOA had issued instructions that no coal was to be supplied to Reef and Reef allegedly learnt from two TCOA employees that TCOA wanted — on account of an old grievance — Reef customers to take their business elsewhere TCOA denies these allegations

TCOA was allegedly contacting alternative coal suppliers and instructing them to supply the customers for whom Reef had placed orders

Unless an immediate arrangement was made to meet the coal needs of Reef's customers, they would be permanently lost, Rosch said "Certain of the customers who placed orders with Reef are in urgent need of coal which TCOA is able to supply"

Reef was, he said, under contract to supply 350 tons of coal a week to Chamotte Holdings, Naschem, Nufcor and Delta Manganese Company, and could face claims for damages by failing to do so

TCOA denies the existence of the agreement saying there were only discussions

"It was never at any stage communicated to Reef Coal that TCOA were prepared unconditionally to supply them with coal for wholesale operations," said a letter written by TCOA's attorneys

Any loss or prejudices suffered by Reef were "entirely their concern and results from their own actions", the letter said

Rob Wise instructed by William Aronsohn & Goodman appeared for Reef and John Myburg instructed by Webber Wentzel for TCOA

Rand Mines merges coal interests

215 TA32 Star 16/7/85

By Duncan Collings

Rand Mines is to merge ~~its two~~ coal mining interests — Witbank Colliery and Welgedacht Exploration

Witbank will offer one new share for every 10 Welgedacht TC Lands, which owns 71 percent of both companies, will underpin the deal by offering Welgedacht shareholders an alternative of R68,50 in cash for each Witbank share that they are entitled to.

The deal will have a minimal effect on Witbank's earnings a share for the year to September 1986, but Welgedacht shareholders will benefit They will get the forecast Welgedacht final dividend for the current financial year of 10c, making 15c for the year. In the 1986 financial year Witbank is expected to pay at least a total of 440c on the higher issued share capital — the same as the 1985 forecast on the old capital

On this basis Welgedacht shareholders will receive in 1986 the equivalent of 44c for each of their old Welgedacht shares. If the deal does not go through Welgedacht is forecast to pay only 30c in 1986 because of its heavy capex commitment.

A further sweetner for Welgedacht shareholders is that the offer places a value of R6,85 on each Welgedacht share against the pre-suspension price of R4,80 on the JSE

Better utilisation of Welgedacht's export allocation and rationalised operations will result in more efficient financing of the combined capex programme.

US Congress votes ban on imports of SA coal, uranium

(215) Star (?) 19/7/85

By Neil Lurssen

WASHINGTON — The US House of Representatives has agreed to ban the importation of uranium and coal from South Africa and Namibia.

But the ban, an amendment to an appropriations bill, will not become US law unless it is also approved by the Senate.

The measure was introduced in the House by Democratic congressman Mr Bill Richardson of New Mexico who said uranium imports from South Africa increased by 350 percent between 1981 and 1983

He said a top American uranium broker had estimated that the US could be importing as much as 6 million kg of SA uranium by 1995.

Mr Richardson said 347 of the existing 362 US uranium mines were not operating now — but it was possible for American suppliers to make up the shortfall to replace the SA product

"South Africa is the largest exporter of coal to the US," Mr Richardson added "We imported 612 447 tons of coal from SA in 1984"

In the last two years, SA had obtained almost $43 million in foreign exchange from coal exports to the US

These figures had to be seen in the context of a stagnating US coal industry with between 60 000 and 100 000 US coal miners out of work

The amendment was supported by liberal congressmen who were behind the sanctions legislation recently approved by the House

One of them, Mr Howard Wolpe of Michigan, said, "The uranium imports sanction would strike at the fourth largest SA import into the US

"While US jobs in the uranium industry are disappearing, uranium produced by cheap labour in SA and SA-occupied Namibia is being exported to the US in increasing amounts"

BUSINESS TODAY

Shell SA to invest R60 million in new mining venture

ARGUS 25/9/85

By DEREK TOMMEY
Financial Editor

SHELL South Africa, one of the country's major oil distributors, is on the way to becoming an important mining company as well

Already a major coal exporter, Shell is spending R60 million developing an open cast lead and zinc mine at Pering, near Vryburg, the chairman, Mr John R Wilson, reports in a review of the company's activies.

Shell is also planning to develop a tin-tungsten mine near Upington, once market conditions for these metals improve

Expenditure on the new mine will push Shell's investment in South Africa to above the R1 billion-mark, making it one of the biggest foreign investors in the country

COAL EXPORTS

The Pering mine will be open cast and worked with conventional truck and shovel equipment It will produce 60 000 tons of zinc concentrates and 9 000 tons of lead concentrates a year

Shell exported 5,8 million tons of coal last year, which was a million tons more than in 1983

Mr Wilson says that the capacity of the Richards Bay Coal Teminal, in which Shell has a 12,5 percent stake, has been raised to 44 million tons, and could be raised to 80 million tons by 1997

However, he warns that future South African coal sales overseas could be constrained by political considerations

He says discussions are taking place between the oil industry, the Government and motor vehicle manufacturers on the desirability of lowering the lead content of petrol

A programme has been designed which, if implemented, will lead to a reduction in the lead content of locally manufactured petrol by 1986

Should this happen it would substantially increase production costs of petrol

SELF-SERVICE STATIONS

New filling stations were being designed to facilitate fast flow and to be converted at short notice to accommodate self-service

Under the oil industry rationalisation plan Shell has been able to open only five new filling stations in the four years ended December 1985, and a further one, up to a maximum of five, for every four filling stations closed

Since 1981 Shell has spent R3 million on an educational programme for blacks, aimed at upgrading their language, mathematical and scientific knowledge and skills to acceptable levels for university education

Liberty, UBS form new life company

A NEW life insurance company with the medium and lower end of the market as its target has been formed by Liberty Life and the United Building Society

The company, Charter Life Insurance, initially will have assets of about R70 million and premium income of R19 million

Liberty will have a 67 percent stake and UBS Insurance will hold 33 percent.

- **Metal Closures Group** is paying an unchanged interim dividend of 31c although net profit dipped to R2,2 million from R2,4 million
- **Free State Development and Investment Corporation** is raising its final- dividend to 55c (37,5c) after a rise in earnings to R3 million from R2,2 million
- **Sage Group's** three property trusts, Fedfund, Pioneer and CBD Fund, all raised their earnings and dividends for the half-year to June

Fedfund's interim is up by 9,7 percent to 11,39c, Pioneer's is 11,83c, up by 17 percent while CBD Fund is paying 11,95c

- **Everite's** total dividend is a same-again 60c after an unchanged final of 40c although

Sinclair sued for R4 milli

sale merchants buying its coal to comply with similar conditions, and refused to supply coal to Aluchem

The court battle was instigated by Aluchem's insistence that the TCOA had agreed, in discussions, to supply coal and then stalled orders When the orders were stalled, says Rosch, "other wholesalers had an advantage because we had nowhere else to go for higher quality washed coal"

Rosch claims the case was lost "on a mere technicality" Aluchem had changed its name to Reef Coal Pty Ltd, but continued to trade under the name of Aluchem Reef Coal "The TCOA claims it did not know who it was dealing with," he says

But the TCOA says Aluchem lost the case because it could not prove there was a contract While secretary Trevor Savage admits discussions were taking place, he says no conditions of sale were drawn up — "and there is no contract without conditions"

"The TCOA was not satisfied that Aluchem was working within the conditions we prescribe for our coal," says Savage Among the conditions is one which does not allow a merchant to mix his coal sources. "Aluchem stated that it was not prepared to handle only TCOA coal, and that is a condition of sale," he says.

Rosch contends that at least one other wholesaler supplied by the TCOA has more than one source.

Savage says the TCOA, the largest supplier to the Transvaal wholesale market, lays down conditions to maintain quality However, Aluchem maintains "it's just monopolistic practice." ■

VIDEO INDUSTRY

Checking charges

The Competition Board has opened a preliminary investigation into SA's video industry after complaints against distributors by retailers

The inquiry is, at this stage, "informal," a board official tells the *FM*. "We are gathering information, and the next stage could be a full inquiry into practices within the industry"

SVS' Geustyn . . . missed big titles

In the meantime, Peter Geustyn, MD of Sandton Video Services (SVS) which was placed in provisional liquidation three weeks ago (*Business* July 12), blames conditional selling and price-fixing by major video distributors for his problems

"Video distributors, including Ster-Kinekor Video, Warner Home Video and CIC MGM — the three largest in SA, are guilty of price fixing and conditional selling," says Geustyn He rented movies out at R3 each, and says all three of the majors threatened not to supply him unless he charged at least R4 a movie

Not surprisingly, the majors deny the charge Ster-Kinekor Video's (SK) joint MD Brian Heitner says. "We never insist on minimum prices as this is against the law As long as retailers pay, they get our product And they can rent it out at whatever price they like" He points out that Geustyn refused to sign a standard rental agreement, and an internal error at SK allowed him to get stock which was repossessed when he stopped payment on a cheque for SK

CIC's national sales and marketing manager, Peter Lees, says CIC MGM does not practise conditional selling, but for smaller stores there's a minimum order limit of three tapes per store. And companies must place large orders to qualify for discounts

Lees says CIC allows 60 days for payment, and this month opened accounts for around 20% of its 1 000-odd customers.

Geustyn says a Swiss company, Toufimag Establishment, of Vaduz, Liechtenstein, was interested in pumping funds into SVS, but withdrew when it emerged that SVS would have difficulty getting regular supplies

In its last days, SVS had products from Warner, CIC (only old releases), Thorn EMI, and from independent distributors. "But we couldn't stay in business without videos from the majors," says Geustyn

He says a large listed company is negotiating to take over SVS, but the provisional liquidators are still compiling the necessary documentation ■

CAs CLOSE IN

More than 90% of accounting officers appointed by Close Corporations (CCs) are professional chartered accountants (CAs), according to figures from the Registrar of CCs.

The CC Act provides that every CC must appoint an "accounting officer" who must have passed exams in accounting and related fields of study So far, of the 5 529 CCs registered, 5 109 have CAs as accounting officers, 146 have chartered secretaries, 29 have cost and management accountants, and 245 have appointed commercial and financial technicians

COAL 715 FM

Overmining fears

Overmining of high-quality coal in the Witbank area could severely threaten SA's position as a producer and exporter of the strategic mineral, worth some R1,7 billion in foreign sales last year

Although reserves of 58 billion tons make SA the world's fourth largest holder of economically recoverable coal, only about 10% of that coal is low-ash coal with a high calorific value, says Rosemary Falcon, MD of Falcon Research Laboratories, specialists in petrographic analysis This is the coal that supports exports, she says, and it is the only grade suitable for some processes

Falcon believes this coal is rapidly being mined out "We are going through a transition phase Now, in the boom, we are using up high-quality, accessible coals at a frightening rate But, in 20 years we'll be left with coal which is far less accessible and much more expensive to mine" She adds "And in 50 years there will be no recourse to additional reserves"

While SA has massive reserves, much of it is not well placed geographically, explains Falcon Coal in the OFS is mainly poor quality Unexploited reserves of better quality coal are, generally, remote near SA's borders At present, most mining activity is

26/7/85

(215) FM 26/7/85

centred in Witbank, where better qualities predominate Although current reserve estimates are not strictly reliable, most experts agree it is unlikely another major coalfield will be discovered in SA which could handle long-term export contracts or supply another Escom power station

The major consideration, says National Coal Research Institute deputy director Mel van Vuuren, is not the adequacy of reserves of low-grade coal, but that "mining methods and utilisation are not wasteful"

But Falcon says both are wasteful "Coal left in the ground is relativel inert in terms of its reactive components, which makes it difficult to burn, and private sector consumers are not geared up to use the lower grades. This is the trend overseas"

The issue is sensitive, says an industry source More mining houses are aware of the problem and are trying to retain coal for export contracts

Amcoal MD David Rankin is reluctant to discuss the issue, but adds "It is complex"

At the heart of the problem are coal mining techniques, government policy and long-term demand projections, both for export and local consumption Consequently, producers differ in the degree of concern

Rand Mines (RM) chairman Alan Sealy believes the industry is "very conscious of utilising collieries to the maximum" New mining methods enable previously sterile reserves to be exploited, he says

"Multi-product" mining is also helping Collieries tied to power stations, which burn low quality coal, can cream off higher grades for export While government would like this applied more widely, Sealy says scope is limited as there are few consumers on the same scale as Escom

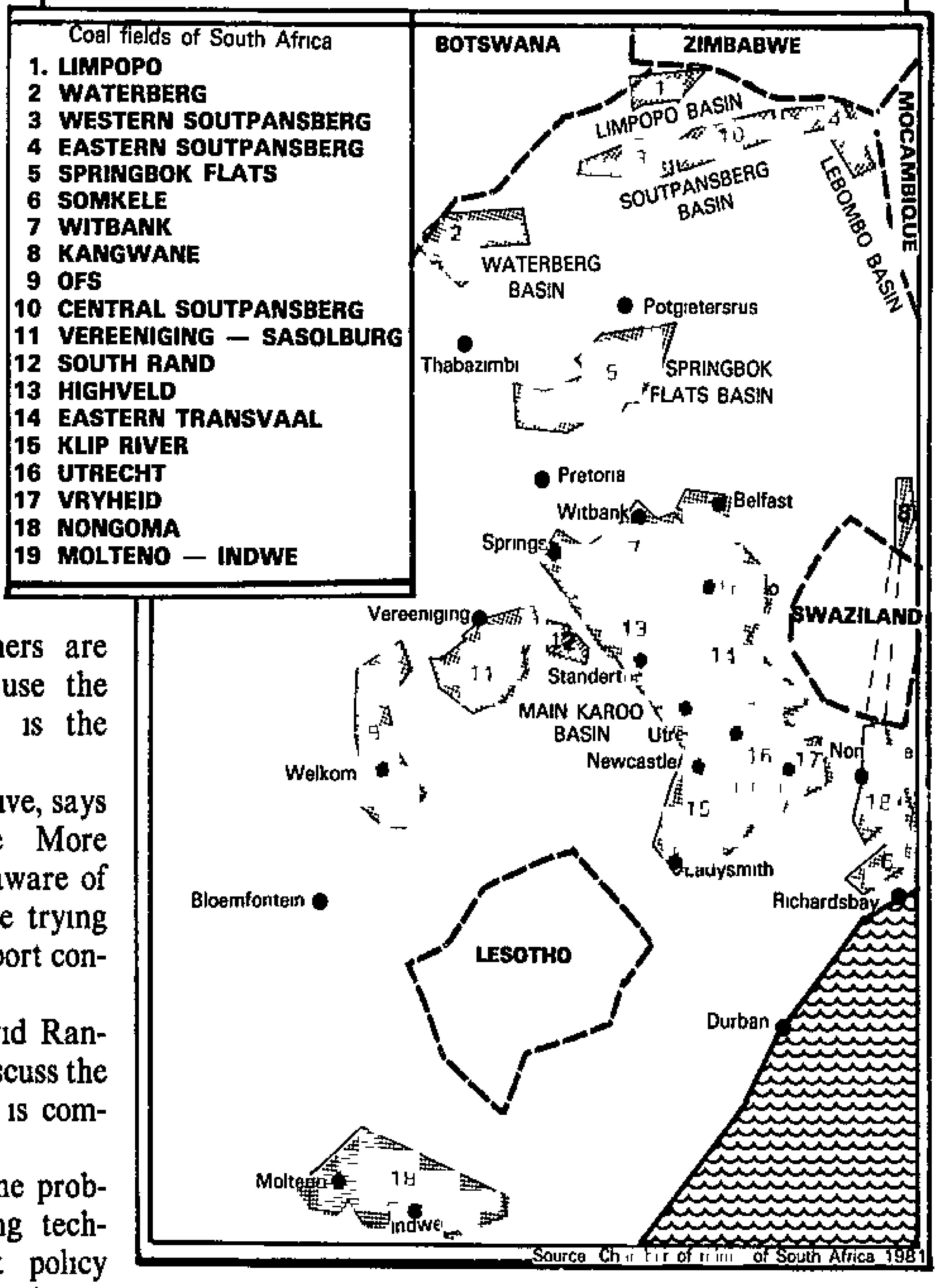
In the same way, he says, production costs limit the exploitation of lower quality, less accessible coal Sealy considers price structure to be the main obstacle "Existing price differentials between grades provide neither producer nor consumer with incentive to develop the use of the poorer coals"

Trans-Natal planning manager, Gavin Turner, points out that "theoretically, in a free market economy we mine the coal for which there is a demand If a producer were to mine coal of a significantly lower quality than competitors, no-one would buy it"

He says SA's best quality coal was mined out early this century. In the same way, what remains in 50 years will not be as good as that available now. However, he disputes Falcon's 20-year deadline "The major producers, in particular, are capable of continuing to supply known market quality needs for at least 30 years," he stresses. "Government export quotas, granted in 1981 to be phased over 30 years, were allocated on that basis

"The point is," he says, "there is a real benefit to the economy from mining the most cost-competitive coal now." ■

WHERE IT'S AT



DISINVESTMENT 62 57

Countering threats

The American Chamber of Commerce in SA (Amcham) has come out strongly against US disinvestment and sanctions legislation

Amcham president Frank Lubke says he hopes the legislation expected to come from the Joint Committee of the two houses of Congress this year will not be too serious, and that it will allow US companies to carry on business without too many restraints He also trusts that the House's draft legislation banning new US investment in SA "will fall away"

Expected to remain — at this stage — is the banning of new bank loans to the SA government "I expect the eventual outcome will be a strong message of US disenchantment with SA's racial policies But I hope the beneficial impact of US business ties with SA will be allowed to remain largely intact," he says

Lubke is adamant that US business links with SA play an important role in promoting social reform in SA "US companies like IBM and Rank Xerox are deeply involved in voluntary social improvement programmes, and Amcham has recommended that its members continue the excellent work," he says

Underlining Amcham's opposition to discrimination — "whether it occurs in the workplace or outside" — Lubke says US business has made a significant contribution towards peaceful change in SA And that is exactly why they should stay on, he says.

"American companies have made considerable investments in the training and advancement of their black workers, as well as investing some R76m in the last six years in projects outside the work place Any restriction on American businesses' ability to compete fairly, widely and openly must affect that contribution," he says

Other statistics which show the increasing benefits of US business involvement in SA are

☐ The number of blacks undergoing training programmes in US-owned companies jumped from some 5 000 in 1979 to about 34 000 in 1984,

☐ Expenditure on these programmes increased from $1m in 1979 to $11m in 1984;

☐ The number of schools receiving financial support from US companies under the "Adopt a School" programme grew from 96 in 1980 to 280 in 1984, and

☐ Some 77% of all transfers of 99-year leasehold properties to urban black South Africans take place to employees of US companies operating in SA

Of Amcham's 180 US members — employing some 120 000 blacks — 149 are signatories to the Sullivan Code of business principles Lubke says Amcham does not monitor compliance with these principles as "they have their own organisation doing this" Nevertheless, in the past six months another 20 US companies operating in SA have become signatories

Lubke says Amcham made no direct representations to the US Congress on disinvestment legislation, but individual members keep their US parents informed of developments inside SA

"Only significant political and social reform will remove the disinvestment threat from SA," says Lubke "We are encouraged by the attitude of the State President and the government to reform But the question remains How soon and to what extent will this be carried out? The US Congress and Administration cannot determine the pace of change in SA — it is in the hands of the SA government and its black citizens," he says ■

30/8/85

SA coal deal firm despite the unrest

PENSACOLA — Florida's Gulf Power Co officials said on Wednesday that their wait-and-see attitude about renewal of a contract for buying SA coal remained unchanged by recent racial unrest.

Joseph Lowery, president of the Southern Christian Leadership Conference, had asked the Southern Co, Gulf's parent company, at a May stockholders' meeting not to renew the 10-year contract when it expired in 1987 because of SA's "evil" apartheid policy.

At that meeting in Biloxi, Mississippi, Southern president Ed Addison said Lowery's request would be considered when the renewal time came but that the decision would be "based on both economic and human considerations".

He said Gulf "cannot foreclose on an option which might be in the best interest of our customers", because coal that was more expensive or higher in sulphur, requiring more anti-pollution equipment, would mean higher rates.

"We are still maintaining that same posture," said Scott Harrington, a spokesman for Gulf, on Wednesday.

Gulf, which imports 800 000 tons of SA coal a year, is the only power company in Florida, and probably the only one in the United States that uses SA coal, according to Carter Haynes, another Gulf spokesman. — Sapa-AP.

Mercury 24/9/85

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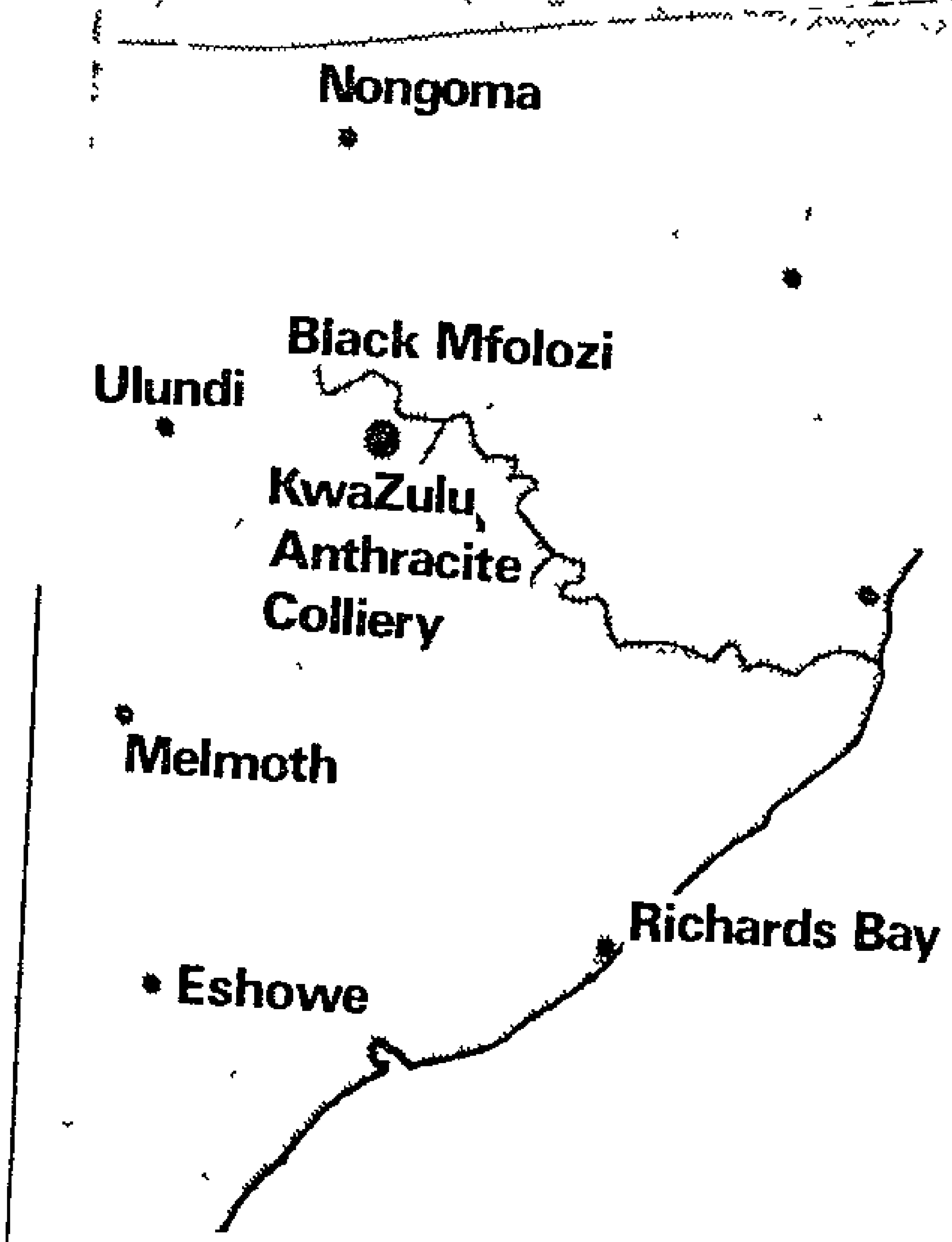
24/9/85

Coal mine near game



The colliery which lies north of Ulundi is on the upper reaches of the Black Umfolosi River and above the Hluhluwe game reserve Coal has been discovered nearer the reserve by geological prospecting teams.

Rodney Hayter visits the Okuku mine

IT'S less than a year since Gencor's subsidiary Trans Natal Coal placed its first brick on the site of their R80m KwaZulu Anthracite Coalmine at Okuku in the heart of KwaZulu, but during those ten months the area has mushroomed into a small town.

Looking west across the valley from a high crest that houses the north shaft below, the colliery, currently at half production of its intended 875 000 tons annual output, looks a little incongrous against the backdrop of mobile homes, reticulation works, airstrip, dam and administration buildings, but seems to have come to terms with the brown thornbush surrounding it

Surprisingly, the lack of noise and dust, gives the scene of intense activity and mechanised movement an almost ethereal quality, but noise control and pollution according to Gencor Projects Mangager, Mr Jim Bigham, has been a primary consideration costing over R250 000

Output

Present output of the mine is about 60 000 tons and the speed of which it has been achieved by Gencor suggests the whole project is profitable as it was evaluated when the rand was at 87 U S cents

A further fillip, according to Mr Bigham, is the dwindling supply of good quality anthracite on world markets which has been further aggravated by over-pricing of the European suppliers

When at full production 700 000 tons will be exported to Europe and the Far East (headed by Japan) Coal with an eight percent ash content will be destined for Europe while that with a 15 percent content will go to the Far East.

Inclined

The mine has two incline adit shafts At the north shaft mining has already reached 600m from the surface into the five degree sloping seam which varies in thickness from 1,8m to 3,1m and lies at an average depth of 94m

Work on the south shaft, some three kms away from the colliery has only just begun Mining is on the same seam which is expected to link up with its northern counterpart in eight years

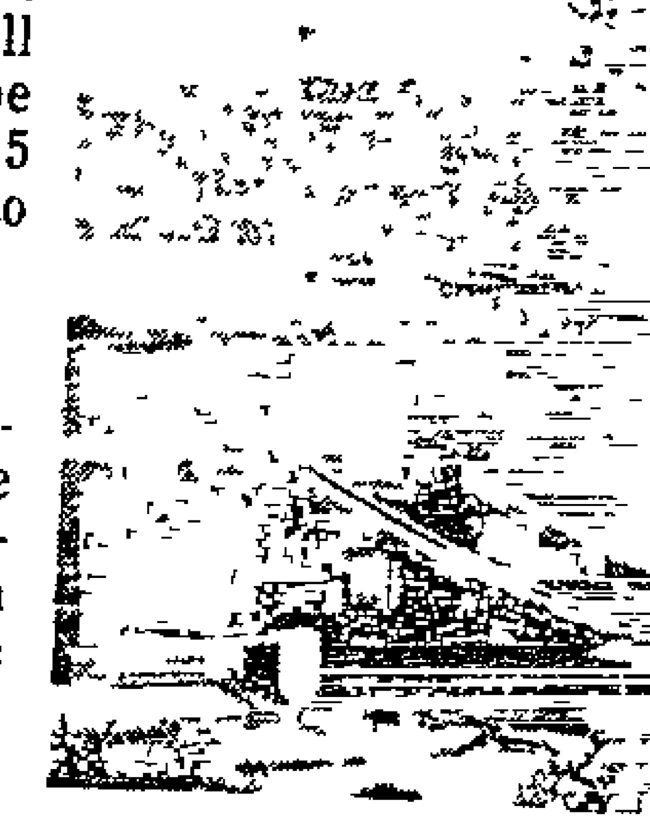
Anthracite from the north shaft is conveyed to a surface by belt, while from the south it is transported to the colliery by heavy transport After washing and processing it goes to a railway siding on the main Richards Bay railway line 26 kms away

River

The colliery is 600 m from the banks of the Black Umfolozi river which continues its passage coastward through the Umfolozi Game Reserve 7 km from the mine It operates a two-shift five-day week with most of the families living in Empangeni, 160 kms away It shuts down every Friday at 4 pm and buses staff to Empangeni where they are collected on Monday for start up again at 8 am.

It has estimated reserves for 22 years, but according to Mr Bigham the reserves eight and 45 kms further north could be extended pending further geological exploration

Mr Bigham is keen to emphasise that no mining or prospecting is being carried out in the 22 800 ha corridor between the Umfolozi and



Hluhluwe Game Reserves

The development has been given full support by the KwaZulu Government in Ulundi and already spinoffs by local entrepreneurs into secondary industry include a brick factory

Employs

Gencor estimate the project employs about 540 locally recruited Zulu's and will make a favourable social impact on their lives

Mr Bigham said the 300 000 cubic metre dam built by Gencor which holds enough water for seven months operation at the colliery, was considered for wind surfing and other water sports, but this was discouraged when the Natal Parks Board pointed out that crocodiles could eventu-

24/9/85

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the south it is trans-
ed to the colliery by
y transport After
ng and processing it
to a railway siding
ne main Richards Bay
ay line 26 kms away

or

colliery is 600 m
m the banks of the
k Umfolozi river
h continues its pas-
coastward through
Umfolozi Game Re-
7 km from the mine
perates a two-shift
day week with most
e families living in
pangeni, 160 kms
It shuts down every
at 4 pm and buses
to Empangeni where
are collected on
for start up again
am

has estimated re-
s for 22 years, but
ding to Mr Bigham
reserves eight and 45
further north could
extended pending fur-
er geological
oration

Bigham is keen to
hasise that no mining
prospecting is being
rried out in the
ha corridor be-
the Umfolozi and

Hluhluwe Game Reserves

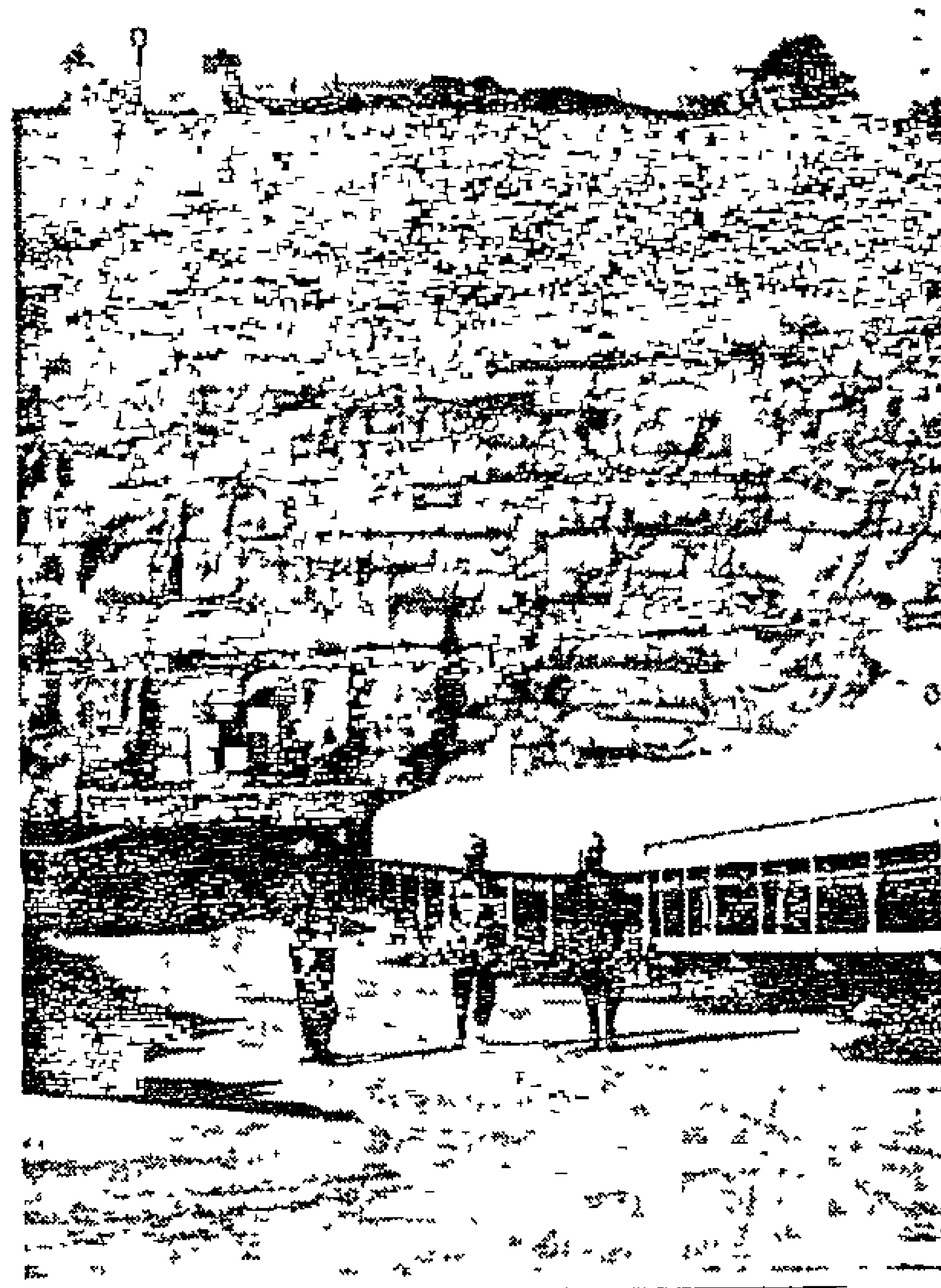
The development has been given full support by the KwaZulu Government in Ulundi and already spinoffs by local entrepreneurs into secondary industry include a brick factory

Employs

Gencor estimate the project employs about 540 locally recruited Zulu's and will make a favourable social impact on their lives

Mr Bigham said the 300 000 cubic metre dam built by Gencor which holds enough water for seven months operation at the colliery, was considered for wind surfing and other water sports, but this was discouraged when the Natal Parks Board pointed out that crocodiles could eventually make their way from the Black Umfolozi where the water is obtained

As insurance against polluting the river Gencor has built a dam for waste water in a natural basin where the water is re-circulated to the mine



Mr John Daley (above), manager technical services, looking across Gencor's R80m KwaZulu Anthracite Colliery in Okuku In the distance on the right is the accommodation In the picture -right - are three Zulu miners leaving the north shaft entrance The conveyor belt brings coal out of the mine

COMPANIES

215 B. Day 25/9/85

Coal embargoes are 'not directed at SA'

ROY BENNETTS

FEARS of embargoes by foreign dockers against coal exports do not appear to be based on facts.

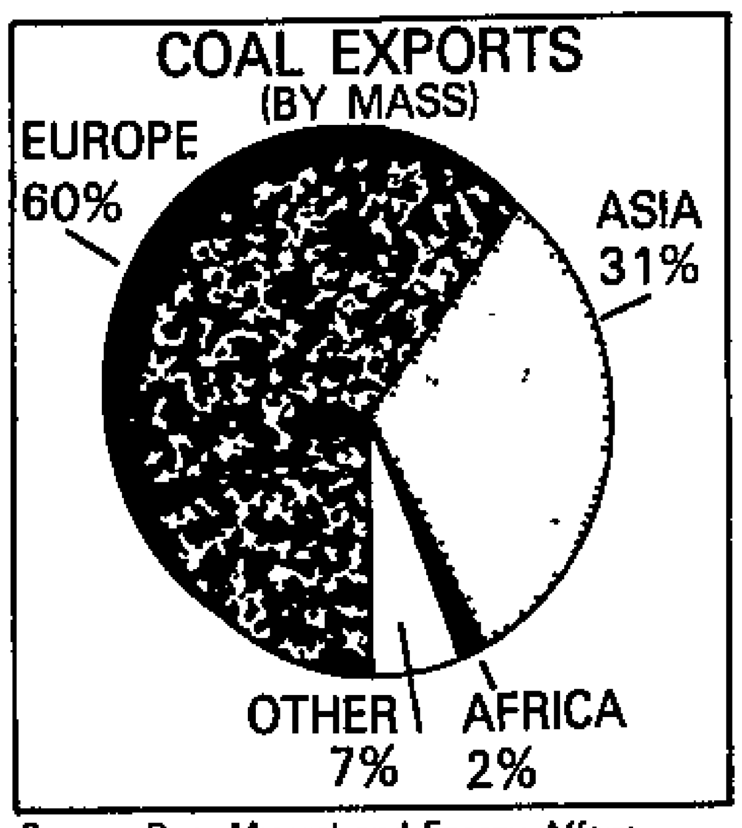
Managing director of the Transvaal Coal Owners' Association, Les Weiss, says that latest reports of disruptive action by Continental stevedores do not signify a new spirit of anti-South Africanism, but are rather an act of solidarity with Continental miners.

He says these actions are directed against the importation of any coal rather than an anti-South African movement

"Such events have happened in the past, but I do not share any pessimistic view of their long-term results.

"Unions have a history of taking industrial action on behalf of other unions, and the latest occurrences have their background in sympathy with both French and British miners, who face a loss of employment due to pit closures," says Weiss.

In the face of increased coal production in America, Russia and China, it is reported that Britain's National Coal Board planned to reduce total coal output by about 4-million tons a year with 20 of its remaining 169 collieries earmarked for closure.



Source Dep Mineral and Energy Affairs

Manpower figures are expected to fall by 15 000 to about 156 000 in contrast with 700 000 employed at 958 pits in 1947 when the industry was nationalised.

This follows the 12-month miners' strike last year after which there was a massive switch from coal to oil-burning power stations, resulting in coal's share of primary energy consumption falling from 35% to 21%.

The Department of Mineral and Energy Affairs declines to reveal the exact breakdown of coal exports But in its review of the South African minerals industry it claims that last year 60% of total exports found their way to Europe and 31% to Asia.

Which means that industrial action by European unions could disrupt potential revenue of R1,44bn

Japan and other Pacific rim countries are not overtly anti-South African and could take additional supplies of coal released by European customers.

Last year Japan remained South Africa's main customer for steam coal, with shipments of 6-million tons There was a significant increase in exports to France, up from 4,5-million tons to 5,8-million tons, and to Italy from 4-million to 5,6-million tons

The higher exports to France are believed to be as a result of problems in the country's nuclear power industry, while Italy is committed to raise the level of coal-fired power dependence from 16% to 23% of total energy input by 1990

This year a total of some 40-million tons is expected to be exported at a value of R2,4bn, but the actual amount of revenue received in local terms will depend of the rand/dollar exchange rate

The TCOA believes that it is unwise at present to estimate a local value of coal exports, but that in dollar terms the selling price is concentrated at $33 a ton

215 17/12/85 BUS DAY

Relief in the offing for coal distributors

ALAN PEAT

THE retail distribution market for coal is likely to be freed from many of the controls imposed on it earlier this year by the Coal Resources Act

The Act has been condemned by Assocom, the Federated Chamber of Industries (FCI), the coal-mining industry and retailers for cutting across free enterprise principles

It is regarded by many in the industry as a watered-down version of the regulatory Government Notice 2241, which was declared *ultra vires* by the Supreme Court last April.

Opponents say powers given to Mineral and Energy Affairs Minister Danie Steyn are too wide-ranging. Independent dealers are particularily incensed by price controls, the need for stockpiling and a limit of choice on the means of transport laid down by the Act.

After debate in all three houses of parliament, the Bill was almost halted by the House of Delegates, only to be passed after assurances by Steyn that a predominantly private-enterprise committee would be appointed to revise the issue and that his department would dissociate itself from control of the industry when it became expedient.

However, government officials say relief could be some time in coming.

A spokesman for the department's advisory committee says: "I do not think there will be any legislation going through Parliament until after next winter. It is easier to implement the change in the summer when business is quiet.

"The committee is still processing recommendations on price controls and rationalisation of the industry imposed by the Act

"But even if they recommend it not be enforced, it will probably remain on the books for another year."

BUS. DAY 10/12/85 (215)

EEC major SA coal user

BRUSSELS — The European Economic Community buys more than half of the coal exported by South Africa which is cheaper than EEC coal, the European Commission said yesterday.

Replying to a written question from European Parliament member Brigitte Heinrich, it said SA coal was competitive on world markets due to "favourable conditions of both exploitation and transport".

The EEC imported 19,6-million tons of South African coal last year — 52% of its exports — with Italy and France taking more than half. Whether the imports should continue was a political question for member states to decide, the commission said.

It said said an average miner in South Africa produced 2 900-tons of coal a year, compared with about 670 tons in the EEC. — Sapa-Reuter.

SHIPPING BUS DAY 3/12/85 (215)

Danish ban on SA coal threatens 5 000 jobs

GEORGE YOUNG

LAST month it was the Norwegians who argued about the wisdom of cutting shipping trade with SA. This month it is the Danes.

An 11-week ban on handling SA coal cargoes consigned to the Elsam electricity utility in two ships, Elsam Fyn and Elsam Jylland, could put more than 5 000 workers out of work.

The ships, now carrying 320 000t from Richards Bay, normally discharge at Aabenraa, in Jutland, and provide considerable work for dockers, stevedores and others.

If the ships are to be boycotted for six weeks or longer, the crews may have to be paid off. And the Employer's Federation says the boycott is in breach of labour contracts and could lead to court action

Denmark is seeking alternative sources of coal, but concedes that no overseas supplier could prove as economical as SA.

Colombia is regarded as a possibility for future supplies if, as reported, the utility stops buying SA coal in four years. However, economics, rather than politics, frequently prescribe policy, and SA coal has much to commend it for coal-fired power stations

In addition to the two bulk carriers now approaching their destination, a third vessel on charter is nearing its discharge port and its hire may have to be cancelled if continuity of employment cannot be assured

The Danes also plan to embargo SA fruit, but none is moving at present and the subject will be considered in March

Meanwhile, the Norwegians are maintaining their connections with the Republic

For ships on the Canadian route, southbound cargoes constitute a problem because the exchange rate discourages imports by SA

— forced resettlement — Sapa-Reuter.

AR6u3748(1)8) 21/1/1986 280

French ban on imports of SA coal

Argus Foreign Service

PARIS — French Prime Minister Mr Laurent Fabius has extended anti-apartheid measures to include a ban on South African coal imports

He told the National Assembly yesterday "We will stop South African coal imports from January 1" He said France, "a country of human rights", could not possibly buy coal "from an apartheid country of blood"

Mr Fabius said France — the first Western European country to implement a major trade boycott of South Africa — would not renew its coal contracts with South Africa

The move could be seen as a victory for the French Communist Party, and its CGT trade union ally, which have led a vigorous campaign against coal imports, with commando units preventing ships unloading it or trains carrying it

In 1984 France bought 5,6-million tons of coal, though imports this year averaged about 4,5-million tons The largest contract — for 3-million tons — expires on December 31

There are several other contracts but it was not immediately clear when they expired

It was presumed by the coal trade here that by mid-1986 France would have to find an alternative supplier to replace South African coal

Dr Zac de Beer, a director of Anglo American, who is visiting Paris said "I heard the news with great regret because an immediate effect will be a loss of jobs in South Africa, and they will be primarily black jobs"

AR6u 327

Case dropped

Education Reporter

NO charges are being laid against 17 University of Cape Town students who spent a week in detention after allegedly attending an illegal

Spot price hurts coal exporters

57 ST 5/11/86

215

By Brendan Ryan

THE spot price for internationally traded steam coal has dropped below $30/ton free-on-board (fob) because of producer oversupply to the market.

South African producers have been protected to a large extent by the depreciation of the rand, which has boosted their profits in spite of stagnant dollar prices.

Eroded

However, these profit margins are being eroded by the country's soaring rate of inflation, which is boosting the mines' working costs.

One of the reasons for the oversupply is the growing output from the new Colombian export coal mine El Cerrejon.

In recognition of the market situation, it now appears that the participants in the Phase 4 expansion of the Richards Bay coal terminal have agreed to cut back on the planned expanded capacity of the terminal.

Originally intended to have the capacity to export 78-million tons of coal annually, it is understood that the Phase 4 expansion will be only to a level of about 70-million tons, which will cut down on the capital cost of the expansion and also match expected market demand more closely.

The deputy chairman of Rand Mines coal division, Allen Cook, says "Currently the spot price for coal sales from Richards Bay is between $29 and $30 a ton, and the longer-term contract prices have been knocked back to those levels as well.

"However, we have heard that other local coal producers have been negotiating at around the $26/ton mark on spot sales, which is not a healthy development, as the consumers use these prices to force prices from other suppliers down as well.

"The Australian coal producers are also selling at levels just under $30 a ton. They are being cushioned by the weak value of the Australian dollar in the same way that we have been cushioned by the weak value of the rand.

"However, the difference is that our mines are generally lower-cost producers than the Australian mines, and, while we are showing profits on current dollar sales prices, many of the Australian producers are not.

S. Times 3/11/85

Kangra in merger with Italian group

By Brendan Ryan

GRAHAM Beck's Kangra coal group has clinched a merger with Icodev, the South African coal subsidiary of Italian energy group Agip Carbone.

The merger has led to the formation of a group which will eventually export annually 4,5-million tons of coal, currently worth about R400-million

Details are sketchy, but the deal was signed in Johannesburg this week by Agip chairman Francesco Cossrini.

Mr Beck, a multi-millionaire better known to the public for his horse racing activities than his coal-mining operations, could not be reached for comment this week

Details

Icodev managing director Alan Tew said "In broad terms, there has been a merger of interests in South Africa between Kangra and Icodev in relation to bituminous coal"

A company had been formed to control Kangra and Icodev Details of how it would operate and representation at board and management levels were still being made final.

Mr Tew declined to disclose whether there had been any cash payments between Kangra and Icodev

He said the deal showed Agip's determination to stay in South Africa and develop its interests

Agip had held discussions with Gold Fields of South Africa (GFSA), but no agreement was reached.

Reserves

Both GFSA and Kangra have coal deposits close to those held by Icodev in the Carolina district of the Eastern Transvaal

Icodev has coal reserves and a 2-million ton Phase 4 export quota, but no mining operations

Kangra, wholly owned by Mr Beck, runs several collieries. It exports 1,15-million tons of anthracite annually through the Anthracite Producers Association (APA) and 1,1-million tons of bituminous coal through the Natal Associated Collieries (NAC).

Kangra also has a 350 000 tons a year provisional Phase 4 export allocation

The deal is another expansion of Mr Beck's coal-mining interests which have taken off since he bought Anglo American Corporation's 48% stake in Natal Coal Exploration (NCE) in 1978

Another step

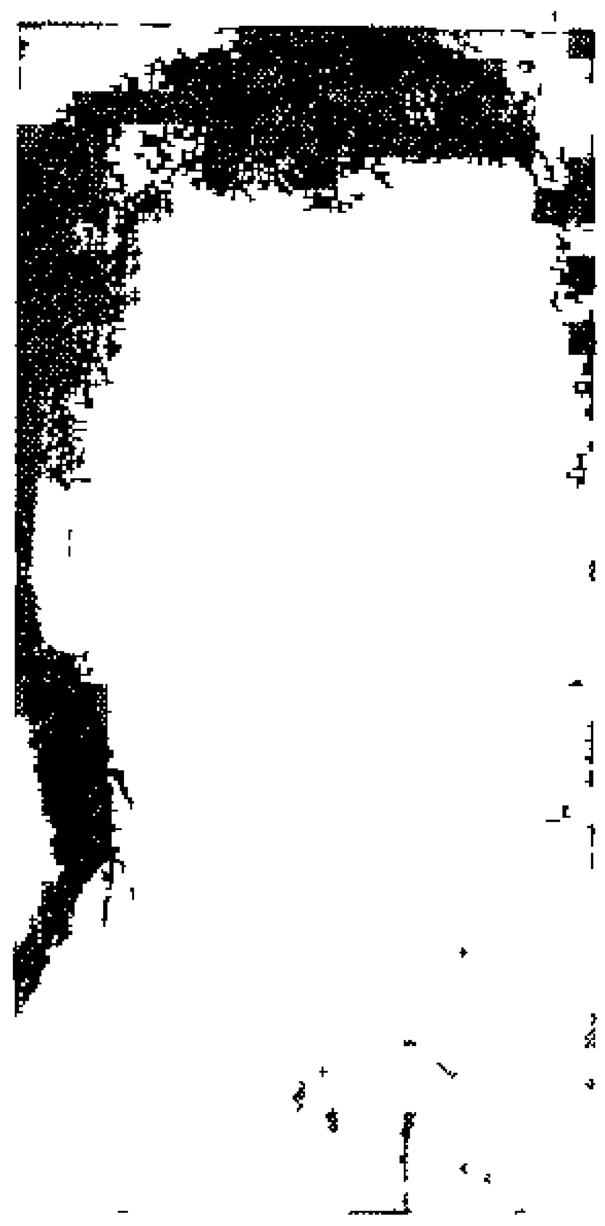
In 1982 he consolidated his grip on NCE through an internal deal in which he sold it the Longridge colliery in return for shares. NCE also acquired the Bee Sting colliery near Ogies.

NCE subsequently acquired the Springlake colliery, also from parent Kangra

Kangra eventually raised its stake in NCE to 90% in October 1984 and this year took out minorities to make it a wholly owned subsidiary

The latest deal provides Mr Beck with a 50% share in Icodev's 2-million ton Phase 4 export quota. Icodev has linked up with an existing producer whose infrastructure can be expanded to exploit its reserves.

Cape Times 13/11/85 215



Mr Roger Veysey has been appointed chairman of Murray & Roberts Civil, coastal.

Amcoal raises earnings, div

JOHANNESBURG — An interim dividend of 80c a share has been declared by Anglo American Coal Corporation (Amcoal) for the half year ended September.

This is a 28 percent improvement on the previous interim dividend of 62,5c a share

The directors say that the improvement in earnings for the first half of the year is attributable to higher sales, both in the export and domestic markets, lower United States dollar-rand exchange rates and an increase in interest earned on larger cash balances held.

Profit before tax of R23m represented an increase of 61 percent over the same period last year. Profit attributable to Amcoal shareholders amounted to R100,81m, an increase of 45 percent

This lower rate of increase, say the directors, resulted from the substantially higher tax level imposed on coal mining companies in the last Budget

The directors say that in spite of uncertainty in the international coal market and the volatile rand/dollar exchange rate, earnings for the year as a whole are forecast to show satisfactory growth but the rate of increase in earnings in the second half of the year is expected to be lower than in the first half — Sapa

Nuclear power to play major role (215)

Coal production 'won't keep pace with demand'

B. Day 7/10/85

FRED STIGLINGH

COAL production by the year 2010 will not be able to keep pace with demand. More nuclear power will be necessary.

The latest report from the RAU Institute for Energy Studies forecasts coal production will peak between 2045 and 2051 at more than 587-million tons a year.

After 2010 production growth will not be able to keep pace with demand.

"It is obvious that nuclear power will play an increasingly important part in energy supply," writes Professor Dawie Kotzé

"With the long lead times for nuclear plants, it will be necessary for decisions concerning further plants to be taken in the very near future"

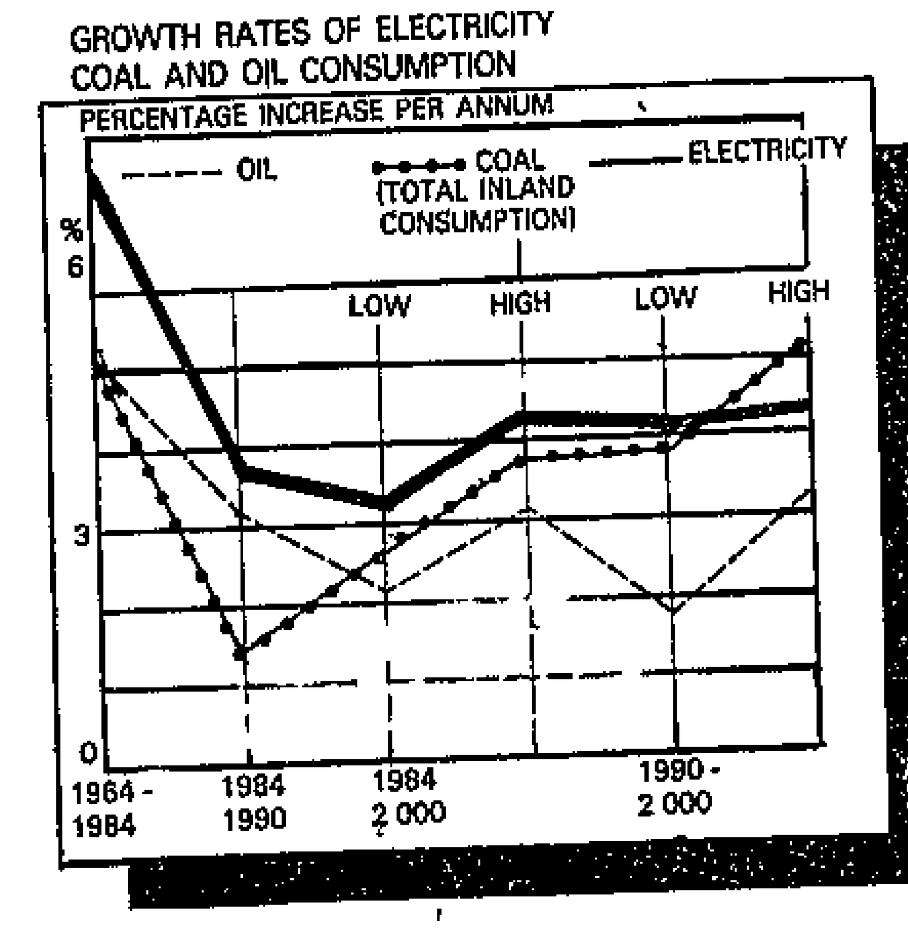
Current estimates of energy demand are much lower when compared to the previous projections, made in 1977.

Kotzé gives the reasons as poor economic conditions since 1980, and the much lower economic growth projections now assumed for the period to 2000

The same reasons are given for the low projected growth rate of electricity demand At between 3% and 4,3% for the period 1984 to 2000, it is much lower than the historical growth rate of 7,8% a year for the two decades prior to 1984

"The implications on the development programmes for future power stations is profound," says Kotzé "Much less capital will be required than has previously been projected."

GROWTH RATES OF ELECTRICITY COAL AND OIL CONSUMPTION



Use of oil, which has increased at about 5% over the past 20 years, is expected to decline to 3,2% for the period 1984 to 1990, and to between 1,7% and 3% between 1990 and 2000.

Inland coal consumption has a low (1,4%) expected growth rate for the period 1984-1990, and higher growth rate (between 3,7% and 5,1%) for the period 1990-2000.

The higher growth rate for the latter period, says Kotzé, is due to the projected increase in coal liquefaction The current coal-liquefaction capacity, he says, will need to be increased by between 120% and 150% by the year 2000.