

Singapore Government **PRESS RELEASE**

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ADDRESS BY THE CHAIRMAN, BOARD OF TRUSTEES, MR ONG PANG BOON, MINISTER FOR LABOUR, AT THE 4TH ANNUAL GENERAL MEETING OF NTUC FAIRDEAL BOOK CO-OPERATIVE LIMITED HELD AT THE ANNEKE AUDITORIUM, NTUC ANNEKE OPPOSITE TRADE UNION HOUSE, SHENTON WAY ON THURSDAY, 20 SEP 79 AT 7.00 PM

For the first time since its inception the co-operative has made a loss for its 1979 financial year 1st April 78 to 31st Mar 79. Three factors account for this loss. Firstly the profit margin has declined. Sales rose slightly by nine per cent from \$1.60 million for 1978 to \$1.74 million in 1979. The cost of sales however increased by 24 per cent from \$1.33 million to \$1.65 million during the same period. As a result the profit margin dropped from 17 per cent on sales for 1978 to five per cent on sales for 1979. Secondly about \$76,000 was written off stock. Thirdly operating expenses went up by nearly \$19,000, an increase of five per cent over that for 1978.

To enable FAIRDEAL to overcome its present financial problems, the NTUC has extended to it a loan of \$150,000. The loan is granted through the realisation that unless FAIRDEAL continues to provide the stabilising factor in the book market, a situation could develop where there will be large increases in the prices of textbooks causing a burden to lower income parents.

However the shortcomings of the co-operative must be rectified by its management. Efforts must be made to increase the profit margin. Over-stocking must be avoided. Better contacts must be developed with the Ministry of Education to ensure that the co-operative is not caught with dead stock as a result of changes in textbooks and syllabi. Operating expenses must be kept down.

Earlier this year a Ngoc Ann Study Team was called in to look into the organisation, finance and marketing of the co-operative. Many of the recommendations are being implemented. I trust we will be able to

reap the benefits of these recommendations in the future.

In order to reduce costs and to provide a better service, the co-operative is negotiating with the HDB for a centrally located trading space. This place is likely to be at the Bras Basah Complex. When this materialises the Queenstown bookshop which is not a lucrative retail outlet because of its poor location will be given up.

The co-operative will continue to improve in its work of stabilising the prices of school textbooks. In this regard FAIRDEAL will with effect from 1 Jan 80 establish a fund for every school whose bookshop is being serviced by the co-operative. While students will continue to be able to buy books at a discount, three per cent of the sales proceeds of the bookshop will be credited to the fund. This fund will be used to finance projects in the school. With this scheme we hope to be able to provide better competition to other bookshops for the benefit of schools and students. In addition our bookshops will also sell arts and crafts paraphernalia. This will be an added service to school pupils who will also enjoy a reduction of costs of such items.

We will need additional capital to expand the services of the co-operative. At present, the total share capital stands at \$331,770. This is not adequate. An increase in capitalisation is necessary and this will be looked into by the co-operative.
