

# Newsprint pricing affects conglomerate's performance

By [Dumisani Ndlela](#)

28 May 2008

A ZSE-listed conglomerate says its newsprint production division had badly dented its performance during the half-year to March 31, 2008, blaming power outages and coal shortages for the crisis.

ART Holdings, the parent company of Mutare Board and Paper Mills (MBPM), Zimbabwe's sole newsprint producer, said its earnings had been "significantly diluted by poor performance of the newsprint manufacturer, Mutare Board and Paper Mills, which recorded a loss of Z\$27.5 trillion".

The group's newsprint division has been under pressure from government to increase supplies to the state-controlled newspaper group, Zimpapers, with government suggesting MBPM was linked to "the stepped-up anti-government, media-led hostility" by undersupplying newsprint to State-controlled newspapers.

"*The Herald, The Chronicle, The Sunday Mail and Sunday News* have now become city papers, not national as before. Government discussed this matter, wondering whether or not it was fortuitous that these supply problems surfaced around the time of elections and more or less the same time hostile tabloids published from Britain and South Africa were stepping up their imports into the country," said George Charamba, the Ministry of Information's permanent secretary, when he rebuked MBPM early this month.

ART board chairman Passmore Matupire refuted the accusation, saying price controls which have badly affected operations have hit local revenues.

He said, however, that dialogue with government pricing agents had resulted in a steady improvement in pricing, and could therefore result in improved supplies from MBPM.

During the half-year period capacity utilisation had been reduced to 42% because of power outages and coal shortages at the mills: "Increased finance charges were recorded during the period due to the high debt levels required to fund losses at Mutare Board and Paper Mills. The paper mills performance in the period was disappointing. Significant production time was lost to power outages, imported raw material and coal shortages. The low production volumes and unviable newsprint prices contributed to the losses recorded at Mutare Board and Paper Mills, introducing a significant strain on funding of the business," said Matupire.

## ABOUT DUMISANI NDLELA

Dumisani Ndlela is a Zimbabwean journalist specialising in business and financial reporting, with experience reporting on commodities, stock and financial markets, advertising,

marketing and the media. He has previously reported from a number of regional countries as well as from the UK and Germany on commodities and regional integration. He can be contacted on [dndlela@yahoo.co.uk](mailto:dndlela@yahoo.co.uk).

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