

PUBLIC SECTOR — TRANSPORT — GENERAL

1991

JANUARY — JUNE .

# El Al to maintain SA-Israel link

AIR passenger volumes between SA and Israel have dropped 20% since October, but Israeli national carrier El Al is hoping to recoup some of its losses on the route by picking up passengers who would have flown SAA.

SAA decided last week to suspend flights between the two countries.

El Al Southern Africa GM Zvi Pomagrin yesterday confirmed the airline would maintain its scheduled weekly flights between Johannesburg and Tel Aviv, using 400-seater Boeing 747s, despite the drop in passenger levels. He said advance bookings were still respectable, although noticeably down on the same period last year. *Blam 8/11/91*

About 65% of El Al's passengers were South Africans, although the airline also carried many emigrants to Israel, he said.

The airline was to begin a cam-

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paign of "solidarity missions", which Pomagrin described as packages designed for groups wishing to express their support for Israel and who wished to travel there to show that it was a safe place to visit despite Iraqi President Saddam Hussein's threats of action against the country.

Last week SAA was joined by several major international airlines including Pan Am, British Airways, KLM and Scandinavian Airlines Systems, who announced either reductions or suspensions of flights to and from Tel Aviv because of soaring insurance premiums as the likelihood of a Gulf war increased.

A notable exception to the growing trend was the announcement by Interflug — formerly East Germany's national airline — that it would forge

a new route to Tel Aviv from Berlin's Schoenefeld airport.

Sapa-Reuter quoted Interflug spokesman Thomas Gralka as saying the route was "planned a long time ago." *(269)*

"But of course we may also be forced to suspend flights if war breaks out," he said.

Interflug's first aircraft to be used on the route, an Airbus A 310, flew to Israel on Sunday night and returned to Berlin early yesterday.

El Al has operated flights into Schoenefeld since late last year.

Interflug originally planned to begin its weekly four-hour flights at the same time, but was forced to delay the start for technical reasons, Gralka said.

He could not say whether Interflug's prices would increase to cover higher insurance premiums.

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# El Al to continue SA-Israel flights

By John Miller

The Israeli national airline El Al will continue flying from Johannesburg to Tel Aviv, although bookings are down by 20 percent because of the threat of war in the Middle East.

A spokesman for the airline said that although SAA had cancelled its flights to Tel Aviv, El Al did not have plans to introduce a second weekly flight between the two countries.

Mike Pfeifer of SAA said that their bookings were still the same.

"Even this week's flight to Tel Aviv which now terminates in Zurich is almost fully booked."

## Boarded

Meanwhile the airlines passenger load to Nairobi in Kenya do not look good at all. During last week's flight only 28 passengers boarded the airbus at Jan Smuts whereas 127 passengers caught the return flight.

Mr Pfeifer ascribed this imbalance to visa problems experienced by South Africans wishing to visit Kenya.

A spokesman for the Department of Foreign Affairs said that in spite of a previous statement on December 10 that South Africans would be issued with visas at the point of entry, there were still problems. The department was trying to clarify the matter as soon as possible.

# Muggers derail safe commuting

Cape Times 9/1/91 (269)

By CHRIS BATEMAN

AS knife-wielding muggers struck on board a train again this week, this time near Kuils River, police released statistics yesterday which show that the southern suburbs line has become the second-most dangerous in the Peninsula.

Figures showed that, while crime on Peninsula trains had dropped from December 1989 to last month, the number of attacks rose sharply over the festive season.

Captain Loekie Jordaan, head of the Peninsula Mobile Unit, said the highest incidence of reported robberies, murders, rapes, assaults and thefts was on the Khayelitsha/Mitchells Plain line — 28 reported incidents last month.

The Cape Town/Simon's Town line had 14 reported incidents last month, followed by the Bellville/Monte Vista-Goodwood/Vasco line, with 12 incidents reported over the same month.

"Of course, many commuters are afraid to report incidents for fear of retribution, and our figures are just an indication," he stressed.

A limping Cape Town photographic

assistant, Mr Archie Davids of Blue Downs, yesterday told of how commuters stormed from one third-class carriage into another when a gang of five "skollies" began robbing people between Kuils River and Blackheath.

"They had long knives and, as usual, there were no police or inspectors around," he added.

His leg had been severely bruised when he got caught in the stampede to get away from the gang, he said.

Captain Jordaan said this particular incident had not been reported to police.

His men, whose numbers he declined to divulge, had to cover 760 trains and 101 stations daily.

His unit made up for "severe understaffing" by working in civilian clothes and swopping trains.

"If the criminals see uniforms they just move operations elsewhere," he said.

There were 80 criminal incidents on Peninsula trains in the above categories in December 1989, compared with 71 this past December, he revealed. Last month's figure rose from 45 in November.



# Trains: <sup>CMT 7-4</sup> <sup>12/1/91</sup> 189 held in <sup>269</sup> crackdown

Staff Reporter

POLICE arrested 189 people in a Peninsula-wide crackdown on train criminals yesterday — and a Spoornet conductor claimed that better on-board communication would help safeguard commuters.

Mr Gareth Mars, a conductor of 15 years' experience, said locked doors to train drivers' cabins — where the radio link is situated — contributed to the killer of a commuter escaping with impunity last Saturday.

He said he was unable to report seeing a gang robbing people in a third-class carriage between Cape Town and Pinelands stations while the train was moving.

Only when the train stopped at Pinelands did he manage to report the incident to his driver — who was unsuccessful in relaying the message to his control station.

Mr Mars said the unidentified commuter was fatally stabbed by the gang at Netreg, two stations later. The man had stumbled from the train at Nyanga to report to the Guguletu police.

Police confirmed that a fatally stabbed man had reported to the Guguletu police station and died on Saturday evening.

Meanwhile, the Peninsula Mobile Unit yesterday arrested 189 people and confiscated knives, a bayonet, ammunition and dagga in a 12-hour operation executed by plainclothes policemen.

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## Trains

Police liaison officer Major Gys Boonzaaier said charges against the suspects, who are expected to appear on Monday, could include gambling, possession of stolen property, theft and robbery.

Although there was a shortage of police personnel "we are doing everything in our power to secure a safe journey to passengers"

"We have radio communications on trains and appeal to commuters to report cases immediately," said Major Boonzaaier.

A spokesman for Spoornet, Ms Yvette Olwage, said a top-level inquiry had begun into the incident reported by Mr Mars. Spoornet had been investigating equipping conductors with hand-held radios prior to this incident, she added.

"The safety of our commuters is an incredibly high priority and we'll look into this," she said.

She said the driver's door was locked for his own protection.

● A Simon's Town dock worker, Mr Martin Laguma, was robbed of R21 by a knife-wielding gang between Muizenberg and St James — while the police operation was being conducted. Police said that while Mr Laguma had confirmed the incident by telephone, he had not filed an official complaint.

Recent statistics released by police showed that the Simon's Town line had the second-highest crime rate in the Peninsula in December. The Khayelitsha line had the highest rate.

# SAA set to get US landing rights back?

Own Correspondent

LONDON. — Landing rights in the US are expected to be restored to SAA next month

The journal Africa Confidential, published here, says this will mark the start of an "incremental" lifting of the US sanctions package.

In an analysis of US policy on Africa, the journal says in its latest edition that while the continent "remains a dismally low priority on the US foreign agenda", South Africa is "the most ticklish political problem" for US Secretary of State Mr James Baker.

Although probably considered a domestic liability if Republicans are seen as soft on apartheid, the journal says Americans are happy not to have to try to "solve" South Africa

"Fortunately, things seem to be going well enough under their own steam, with the US appearing even-handed in encouraging Mr Nelson Mandela and President F W de Klerk to orchestrate reforms."

"We understand the US reckons sanctions will be lifted incrementally from February, starting with the return of landing rights to SAA."

The report also said that with the "less agonising" exception of South Africa, the continent still commanded less attention from Americans than any other part of the world

# Cape port authorities prepare for extra traffic in event of hostilities

CAPE TOWN — Port authorities are making contingency plans for a dramatic increase in the volume of foreign sea traffic around the Cape in the event of a Gulf war and the closure of the Suez Canal.

Provision has been made at Cape Town harbour for a substantial increase in staff, facilities and fuel supplies to accommodate foreign vessels forced to reroute around the Cape.

Cape Town's position and facilities make it the most likely detour port for traffic from Australia and the Far East to Europe and the US, Portnet officials say.

In the event of war, the number of cargo vessels servicing and refuelling at Cape Town is expected to increase sharply.

Excess demand for shipping services will be referred to Durban and Richards Bay, while limited facilities will be available in Port Elizabeth and East London.

"It is difficult to assess what the increase in volume would be, as cargo ships have become much bigger with capacity to travel longer distances, since the last Suez crisis," Cape Town assistant port captain Graham Davidson said yesterday.

"But it is likely there would be many

smaller cargo vessels needing to refuel and restock along the Cape coast, if a detour becomes necessary," he said.

Portnet spokesman Barend de Klerk said contingency plans were under way to increase the number of tugs and pilots, while additional bunker berths were being opened up.

A spokesman for the National Energy Council said contingency plans had been made to "assist as far as possible" in meeting additional demand for marine fuel

The economic benefits of a detour of shipping traffic around the Cape would be widespread. The port authorities would earn extra port and lighthouse fees; fuel companies, ships' chandlers and local shipping agents would see a substantial increase in trade while local engineering, repair, diving and other ancillary service suppliers would also profit.

De Klerk said cargo and the number of ships entering Cape Town's port had already increased by an average 12.5% this year as a result of political changes in SA and an economic upturn in the international shipping industry.

The increased activity had launched the local ship repair industry into a major boom period, he said.

But, Davidson said, facilities would become congested in the event of a substantial influx of new traffic.

Carriers of perishable goods could also decide to use Cape Town as a point of departure or a staging post for air freighting, shipping spokesmen commented.

Safmarine said yesterday it would be marginally affected by closure of the Suez

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## Port traffic

The company's major container service to Europe travelled via the west coast of southern Africa

ROBERT LAING reports that ocean freight rates out of SA surged last month. Vessels avoided taking cargo as ballast from the Gulf, resulting in fewer ships being available in the western Indian Ocean, said the International Coal Report.

Fear of a Gulf war pushed Thorntons Atlantic Capesize Index up 467 points to 4 617 on December 10, with SA coal exporters seeing the biggest increase

□ From Page 1

The Richards Bay to Spanish Med rate for Panamax class ships jumped from \$8 a ton in early November to \$12 a ton in the first week of December

The report said coal shippers took to the sidelines as grain and ore shippers, anticipating a war, tied up tonnage at high spot voyage rates for prompt delivery

However, not all players believed war would break out, and forward rate contracts for the first quarter of 1991 were lower than current rates

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LESLEY LAMBERT

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## SAA not hedging its fuel costs on forward markets

ROBERT GENTLE

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SAA said yesterday it was not hedging its fuel costs on international futures and forward markets because it believed the price would eventually fall after a short, sharp Gulf war.

SAA finance senior GM John Hare said SAA traditionally hedged a portion — he would not disclose how much — of its annual R750m fuel acquisition bill, which accounted for about 18% of operating costs.

This proportion had risen to about 25% since August last year when the jet fuel price started climbing in response to rising tensions in the Gulf.

Hare said that another reason SAA was now less active in the forward markets was that the premiums required to lock in acceptable prices were far too high to be cost-effective.

"We have been cutting back our hedging since August last year, a move which has left us better off," he said. He said excessive hedging costs had to be built in to ticket prices.

He acknowledged that increased operating costs caused by rising fuel prices also led to higher ticket prices, but said this took place less frequently and was often reversible.

### Eliminated

He cited the recent fuel levy on domestic fares, part of which he said was eliminated after fuel prices moved down again.

Jet fuel was trading at about \$350 a ton, Hare said, a figure he expected to be about 15% lower in the next six months if the short-sharp war analysts expect materialises.

Hare was unable to say to what extent SAA's hedging strategy was in line with foreign competitors, but said it was appropriate for the company's needs.

According to a recent article in the international publication *Intermarket*, a sample of six of the world's largest carriers suggest that fuel costs run between 24% to 30% of operating costs, and that many of them had developed sophisticated hedging techniques.

Hare disclosed that a number of local futures brokers or banks had approached SAA to get a slice of its hedging business, but with no success to date.

"If they were competitive, we would consider using them. We generally use the London market."

y, January 17, 1991

# Ships head for SA as Suez risks rise

B/day 17/1/91. 269

LESLEY LAMBERT

CAPE TOWN — More than 20 international ships are understood to have been diverted from the Suez Canal because of war risk and prohibitive insurance arrangements — and may arrive in South African ports within 10 days.

The Cape-based shipping agent Worldwide Marine said 15 ships were diverted from the Suez Canal at Gibraltar on Tuesday evening. International shipping agents reported that up to 17 ships had been rerouted and warned their Cape Town offices to expect unscheduled arrivals within the next two weeks.

Worldwide Marine MD Nils Warner said he had heard from international agents that the ships at Gibraltar — which were probably travelling east from Europe or Scandinavia — had been diverted by Suez authorities.

Large container vessels travelling from the Far East and Australia to western markets were also likely to be rerouted, he said.

A decision by Lloyds underwriters to stop insuring ships and cargo passing through the canal and to renegotiate contracts at significantly higher rates, was likely to prompt many more Suez-bound ships to change direction.

Sapa reported Lloyds spokesman Nick Doak as saying yesterday that such insurance would lapse in seven days and ship owners would have the choice of using alternative routes — such as the Cape — or of negotiating new contracts at significantly higher rates.

The new round of rate increases followed previous increases which were "substantial enough to warrant diversion via the Cape", said a Cape Town spokesman for the Association of Shipping Lines and the Association of Ships' Agents and Brokers.

Warner said Suez authorities might have refused some ships access to the canal because they were concerned that if a ship was sunk in the canal, other traffic would be disrupted for weeks.

US intelligence sources were reported to be concerned that the Iraqis planned to sink a bulk carrier filled with cement in the canal, he said.

Portnet officials said they had not heard of ships being refused access to the Suez Canal and US Consul-General in Cairo Vincent Battle said that while security measures had tightened "exceedingly", normal traffic appeared to be passing through.

Portnet spokesman Barend de Klerk said that while the Cape coast was the most obvious diversion route, cargo ships could choose the longer Panama Canal route if they were able to trade at US ports. "South African ports will be used largely for bunkering (refuelling) and servicing purposes — for those vessels that require these services en route. Larger vessels may be serviced off-shore," he said. SA bunkering services were internationally competitive, said an industry spokesman.

Cape Town and Durban harbour authorities said this week they were prepared.





**REUNION . . .** President F W de Klerk welcomes his wife Marike back with a kiss yesterday after she arrived on SAA's latest airliner, the ultra-modern Boeing 747-400 Durban.

## **SAA's latest airliner arrives at Jan Smuts**

**JOHANNESBURG** — SAA's brand-new pride and joy Boeing 747-400 ZS SAV Durban, — jetted into Jan Smuts Airport yesterday afternoon from its manufacturing plant in Seattle, Washington

On hand to receive it at 3pm was President F W de Klerk, who also welcomed back his wife Marike and the Minister of Mineral and Energy Affairs and Public Enterprises, Dr Dawie de Villiers.

Speaking at a function shortly afterwards, Mr De Klerk described the airliner as symbolic of a new era in relations between South Africa and the US

The Durban is the first of four 747-400s bought by SAA recently.

It is considered the world's most modern and fuel-efficient commercial airliner. Its extended range (13 580km) over previous Boeings will enable it to fly non-stop from Johannesburg to London — Sapa

# More security planned for Soweto trains

THE South African Rail Commuter Corporation Limited, which has contracted Transnet to run its trains in Metropolitan areas, has provided more security on certain Soweto stations to ensure safety of its commuters.

Mr Don Manaka, assistant manager (marketing communication), said this has been done through the assistance of the South African Police and can be seen on the Johannesburg-Naledi line.

The corporation was established last April to assume responsibility for rail commuter services throughout the country.

This followed the Government's objective

**By NKOPANE MAKOBANE**

and policy to deregulate and commercialise Transnet

According to Manaka, the legal obligation is in terms of the legal succession to the South African Transport Services Act of 1989 is to provide, in the public interest, rail commuter services in South Africa.

This means that the running of the trains is undertaken by Spoornet, a subsidiary of Transnet under contract to the corporation.

"The stations have

been made more safe through the installation of fences, better gate control and 24-hour police presence.

"We hope to extend this service over time to all major stations around South Africa

## Safety

"If funds permit, this service will be extended with the assistance of the SAP to all stations belonging to Metro where personal safety of commuters is threatened over a period of time

"I would like to point out that the corporation is responsible for the safe operation of its equip-

ment, while the SAP are entrusted with personal safety of commuters," he said.

Manaka said the corporation intends to improve the cleanliness of its rolling stock and stations.

Furthermore, it intended improving the basic facilities at stations to assist the commuters wherever possible.

"The corporation's vision regarding its commuter business is to strive towards a more financial independent service by providing a client-orientated and cost-effective transport.

"In the meantime, information will reach commuters through our newsletter, the *Metro Commuter*, which will be launched shortly," he said



DON MANAKA

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# Flight engineers' jobs 'assured'

LINDEN BIRNS

SAA and its Flight Engineers Association yesterday reached an agreement halting arbitration over engineers' fears that they will be replaced by computers and technical manuals on the airline's new jumbo jets.

The agreement is believed to include guaranteed employment for the airline's 165 flight engineers for five years while new two-man cockpit aircraft are brought into service.

After this period negotiations on redundancy procedures, retraining and alternative employment within SAA may be resumed.

The SAA Flight Engineers Association earlier decided to seek arbitration over claims that its members' job security was being threatened by recent technological advances.

Improved technology on the Boeing 747-400 — SAA took delivery of its first one on Sunday — has reduced the pilots' workload, enabling them to take on the flight engineer's

role of monitoring the aircraft's performance in flight. SAA will buy three more 747-400s. (2A) (470)

The flight engineer has been replaced by three Engine Indicating and Crew Alerting Systems (EICAS) computers, two of which provide a constant back-up. These issue aural and visual alert signals to the pilots in the event of problems and can display a read-out of any remedies to technical problems arising in flight.

SAA Flight Engineers Association chairman Ray Scott refused to comment on the agreement until it had been discussed in full by all parties concerned.

Sources close to both parties say the agreement was signed by SAA CE Gert van der Veer yesterday and will be discussed at the airline's board meeting this morning.

10/22/77

## Hike 'unjustified'

COMMUTERS in Port Elizabeth are angry about a 16 percent busfare increase introduced this week. (269)

Algoa Bus Company increased fares last Sunday, saying the increase was due to increased costs, inflation and part of the process of running a more economical, efficient and reliable bus service

"This is the third time the fares have been increased in the past year," said Mr Errol Page, who will have to pay more than R100 a month on busfares for his family

The company's managing director, Mr Hans Grebe, said the Algoa Bay Transport Steering Committee had announced last September that there would be a general increase from the new year

He said pamphlets informing the public about the changes had been circulated some time ago South 24/11 - 30/1/91

Mrs Dinah Murphy said she felt the increases were unfair. "I cannot afford to pay that much, but what can I do?" she said

Another commuter, Ms Nobuhle Ngwane said: "We will suffer because we will not get oil from the Arab states. I am earning peanuts and can barely afford groceries, let alone busfare increases," Ngwane said

Ms Phumla Zishushu, a worker at a brokerage firm, called the increases "unfair".



# Mugger shot on city train

CAC Tips 24/1/91

down the aisle During the short dis- traction I grabbed my 7.65mm pistol, and told them to stand still or I would shoot."

He said the muggers, who were caught off-guard, then shouted to one another "Vat af sy gun" (Take away his gun.)

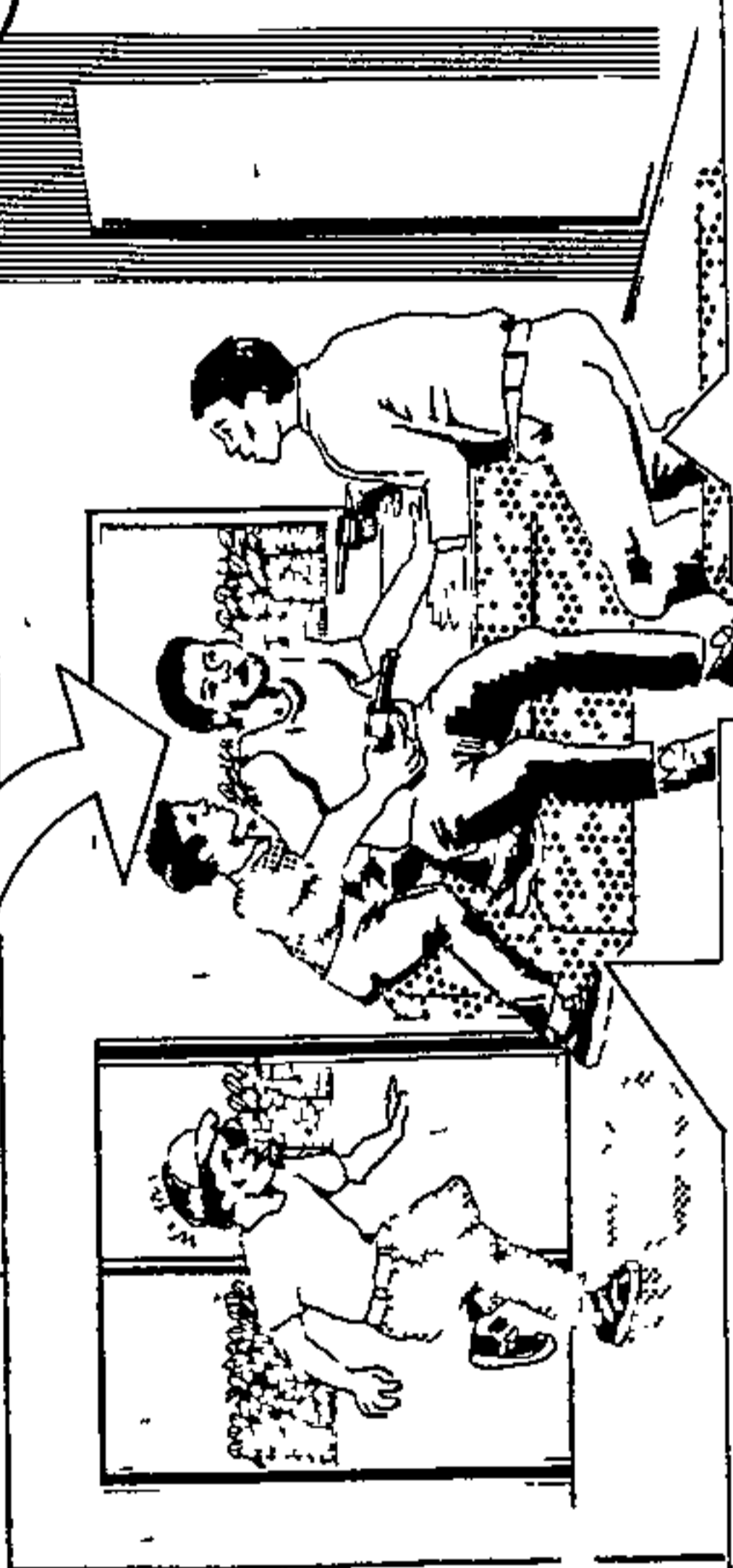
"One of them came at me and I pushed him away. He came again and I shot him in the chest. The muggers and screaming passengers then ran to the far side of the carriage."

The victim said that at that stage, the train pulled into Lakeside station. "All five muggers, including the man I shot in the chest, jumped through a window to escape. One of them broke an arm and a leg in the process," he said.

He said he alerted an off-duty policeman, who helped him arrest three of the suspects. Two others, including the wounded man, escaped.

Police confirmed the three arrests, saying the men would appear in court soon.

ROBBERS FLEE OUT WINDOW OF MOVING TRAIN



GANG ROBS COMMUTER AT GUNPOINT

VICTIM FIRES AT ATTACKERS

By DANIEL SIMON

A YOUNG self-employed Kalk Bay businessman calmly shot a mugger on a packed commuter train on Tuesday afternoon, moments after five men robbed him of a cheque and a wristwatch at gunpoint.

The incident has renewed fears that train muggings could increase, following a four-month lull after police stepped up patrols on station platforms and trains in the latter part of last year.

Recounting his ordeal, the 24-year-old victim, who does not want to be identified for fear of reprisals, said the incident occurred soon after he caught a train at Retreat for Kalk Bay at 5.55pm on Tuesday.

"It happened so fast. Normally I don't catch trains, but I had taken my bakkie to a garage for repairs."

He said he was sitting in the back of a third-class carriage when he noticed

some men "looking" at him. "One of them said: 'It is all clear'. Another with heavily scarred features then thrust his face into mine and pressed a gun against my throat

"While slipping my wristwatch off, they asked me if I had any money. One of them then found my R99 cheque and asked if I had more. I said yes and at that moment threw my carry bag



## Air links with Italy boosted

LINDEN BIRNS (269)

SAA and Alitalia will increase the number of weekly return flights between SA and Italy to six from November this year.

Department of Civil Aviation (DCA) administrative director Louw Booyse said yesterday that a 1956 flight agreement between the two airlines had been changed after talks on extra flights were initiated by Italy's government.

When initial negotiations between SAA and Alitalia failed, the DCA and Italian Civil Aviation Authority (CAA) were called in to help.

Further talks set up in Johannesburg by the DCA and CAA led to the airlines' signing an amendment to the bilateral agreement on Tuesday.

SAA, which operates one weekly return flight to Rome during the off-peak season and two during the peak period, will run one extra weekly flight from April and a third from November. It will probably drop its peak-only flights.

Under the amendment SAA will be able to operate these extra flights to Rome or Milan, but not between the two cities, Booyse said.

Alitalia, which flies to Johannesburg twice a week, will add a third weekly flight to its schedule from November 1, and in terms of the amendment may fly to a second SA destination — either Cape Town or Durban.

DCA director-general Japie Smit said in a statement yesterday he believed the amendment showed the Italian government's recognition of SA's tourist and business potential.

JAN SMUTS AIRPORT

# FORGOTTEN OFFER

269 FM 25/1/91.

A R600m offer by the private sector to take over and run the public buildings at Jan Smuts Airport seems to have died in Minister of Transport, Public Works & Land Affairs George Bartlett's office.

The offer was made six months ago by Errol Friedmann, former MD of the JH Isaacs group and now CE of Meridian development consultants, to Bartlett personally. But Bartlett has never let him know whether government is considering the proposal, neither has Bartlett replied to a number of letters Friedmann has written to him.

A fax sent by the FM to Bartlett's ministry asking about Friedmann's proposal elicited this response: "The department requires more information from you on this transaction" Ministry spokesman Don Boyd later said Bartlett could not be contacted and the Department of Transport had no record of the offer.

However, Friedmann says "We gave Bartlett a full presentation, including a slide presentation and conceptual plans. We also told him who our financial backers were" Friedmann declines to make the names of his backers public.

He says if Meridian gets the go ahead, it will spend the entire R600m on upgrading facilities and creating new ones, including a 400-room, four-star hotel linked by a bridge to the airport terminal building, and some sorely needed office accommodation.

"We'll create a large, attractive duty-free centre, similar to the one at Geneva airport, and become involved in passenger services and baggage handling," he says "We will also enhance the existing structure, create more friendly arrival and departure areas, and provide another 5 000 parking bays in addition to the 2 500 already there.

"We also made it quite clear that we think the airport should be publicly owned. Once it is operating properly, we will float the company on the JSE. If the Department of Transport wants a bit of the action then, it can buy shares."

He explains Meridian has no intention of

getting involved in the operation of the airfield, the control of aircraft, or sale of fuel — which will all remain in the hands of Transport and Civil Aviation.

"In addition to our rent, we will donate 5% of gross revenue to the airport authority for the expansion of flying facilities or improving the Customs and immigration section. The R600m deal is to lease the ground and buildings but, if government prefers, we'll buy them at a market-related price. We'll have no difficulty raising the money."

Says Friedmann. "We are following in the tracks of those who took existing US and British airports out of the red and heavily into the black. All our charges for parking, hotels, shops and any other space we let will be market-related. If we are given the go ahead, we estimate that by 1994 our net pre-tax income will not be less than 12,5% of the

R600m we plan to invest. If needs be, we'll invest R800m."

Meridian isn't the only private company proposing to upgrade Jan Smuts. Consulting engineers Scott & De Waal, for example, outlined a far-reaching, R850m plan (*Business* July 27) that included a new international arrival and departure building between the two runways. A motivation for that exercise was to prove that sufficient income could be derived from airport operations to attract private funding.

Friedmann recently put up a similar development proposal for Cape Town's Victoria and Alfred docks that was turned down by the co-owners — the

Cape Town City Council and Transnet — in favour of their own joint development company.

Leon Els, an SA Airways spokesman, says it's no secret that SAA CE Gert van der Veer favours the commercialisation of Jan Smuts, and is most unhappy with the way it is run. "He wouldn't have agreed to imposing the (R10 and R3) departure levies if he wasn't given the assurance that the money would go into a fund dedicated to improving Jan Smuts."

But fears that the money will be swal-

lowed up by the Treasury are well-founded. The Department of Transport, in a statement that doesn't please Els, says "The collected tax will be accrued to the Consolidated Revenue Fund until the Department of Finance has created a trading fund."

"The question is thus only of academic value, more so if you consider that income generated by the passenger transport tax is enough to cover only projects at Jan Smuts Airport."

David Pincus

## OIL PRICES FM 25/1/91. WAITING FOR RELIEF

Oil prices have plummeted since the start of the Gulf War, but SA consumers probably won't see any relief at the petrol pump until March.

The current PWV price of R1,35/l for 93 octane is based on a landed cost of oil of US \$26 a barrel. But the price of benchmark Brent oil has fallen to below \$20 a barrel. Jakkie Olivier of the National Energy Council, which monitors oil prices and compiles monthly averages, says "by March, we may be looking again at local pump prices" The price was last changed on December 21, when it dropped by 10c/l.

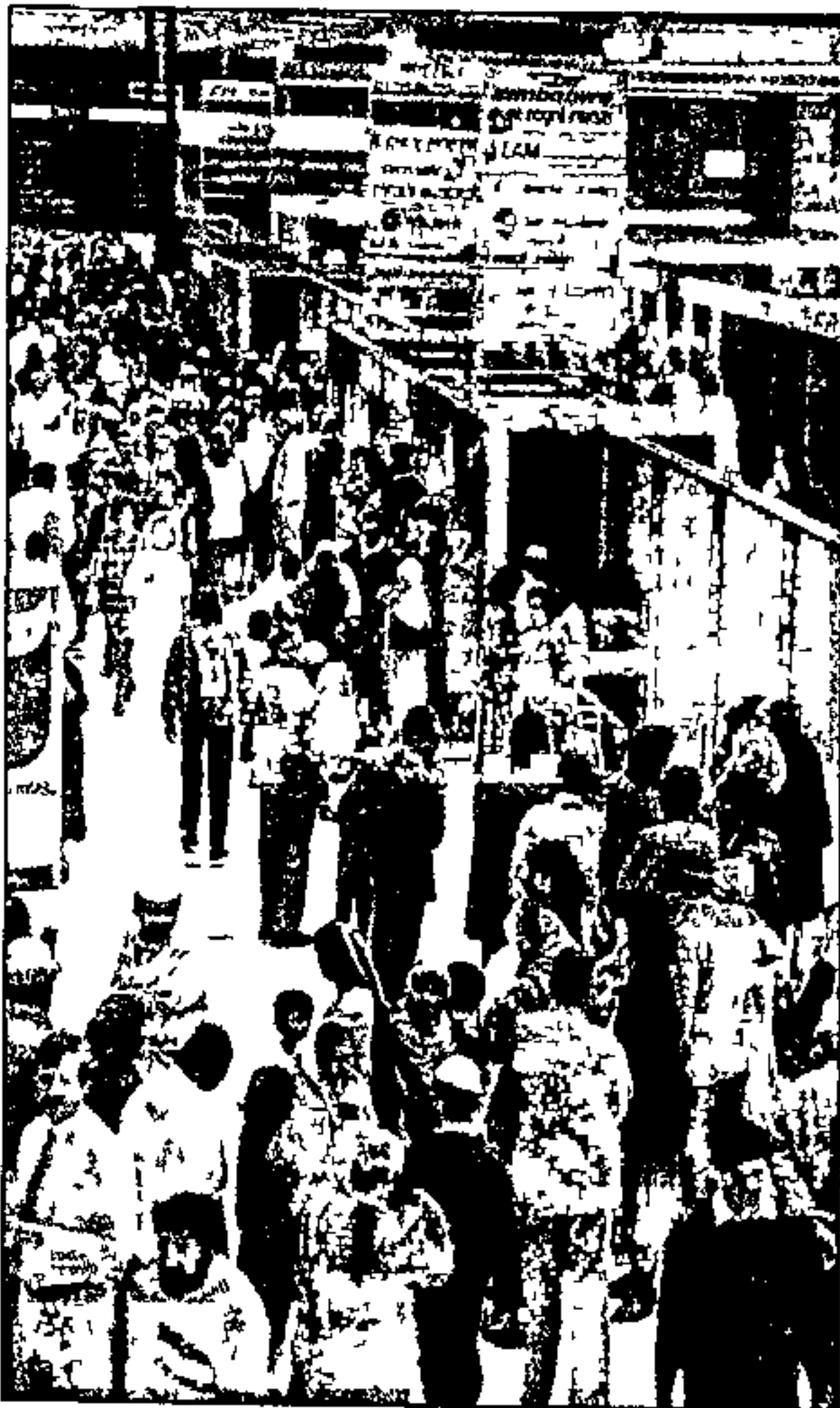
Of course, oil prices could shoot up again if the war takes an unexpected turn. But there seems to be no real threat to Saudi Arabia's refining capacity and supply lines. And with the rest of Opec now pumping more oil than before the war, global crude oil reserves have been topped up.

Former Saudi oil minister Sheik Yamani speculates that prices could drop to as low as \$12 a barrel when the war premium vanishes.

However, don't expect pump prices to fall as steeply as the cost of landed crude, cautions Lourens van den Bergh, the council's group executive. "Certain margins and charges levied against local fuel prices will create a differential." These include the levies to support Sasol. When crude prices exceed \$28,70 a barrel, Sasol pays 25% of its profits into the fuel equalisation fund. Sasol draws from this fund when crude oil prices fall below \$23 a barrel.

Consumers will get some relief this year if parliament approves a proposal that would allow more flexibility in the petrol price and more competition for petrol stations. The proposal would enable government to set minimum and maximum prices for petrol, instead of one fixed price.

Meanwhile, lower oil prices are not good news for the R9bn Moss gas synthetic fuel scheme. The sagging oil price confronts Engen, the project manager for Moss gas, with a



Airport blues . help may be coming from the private sector



# SA has air links with 17 African countries

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LINDEN BIRNS

AS a result of its diplomatic and economic foray into Africa, SA now has air links with 17 African countries, including some Indian and Atlantic Ocean islands.

In the past year landing rights have been secured and regular flights established to Kenya, Zaire and Madagascar, while flights to the Comores were resumed.

SAA now flies to Kenya, Zimbabwe, Zambia, Zaire, Malawi, Mozambique, Namibia, Botswana, Ivory Coast, Cape Verde Islands, Mauritius, the Comores, Madagascar and Reunion. Flights to the Seychelles are about to be resumed after direct links were severed in the early 1980s. *BIPay 28/1/91*

Overflight rights were also gained, allowing SA-registered aircraft to use Moroccan airspace, while landing rights without the establishment of scheduled flights were obtained from Congo and Rwanda.

Negotiations are in progress for landing rights in Gabon, but any agreements still have to be ratified.

The addition of the new African routes saw SAA increase the number of regional destinations served by scheduled flights by 20%.

SAA spokesman Leon Els described the situation as an "indication of the normalisation of relations".

"As things develop and improve so more new routes will be added to the airline's services, but at this stage there has been no indication of further breakthroughs."

Only Sudan and Egypt stand in the airline's way of being able to fly overland to Europe on an East African route.

This is an obstacle the airline is hoping to resolve in time for the placement of orders for its 1996 fleet update.

"The overflight issue will definitely have an influence on SAA's fleet planning for the mid- to late 1990s," Els said.

With major aircraft manufacturers recording production backlogs as high as \$90bn, insiders say orders placed now will be delivered towards the end of 1995.

By that time SAA's long-haul fleet will be due for replacement — the original 747s have a 25-year design life.

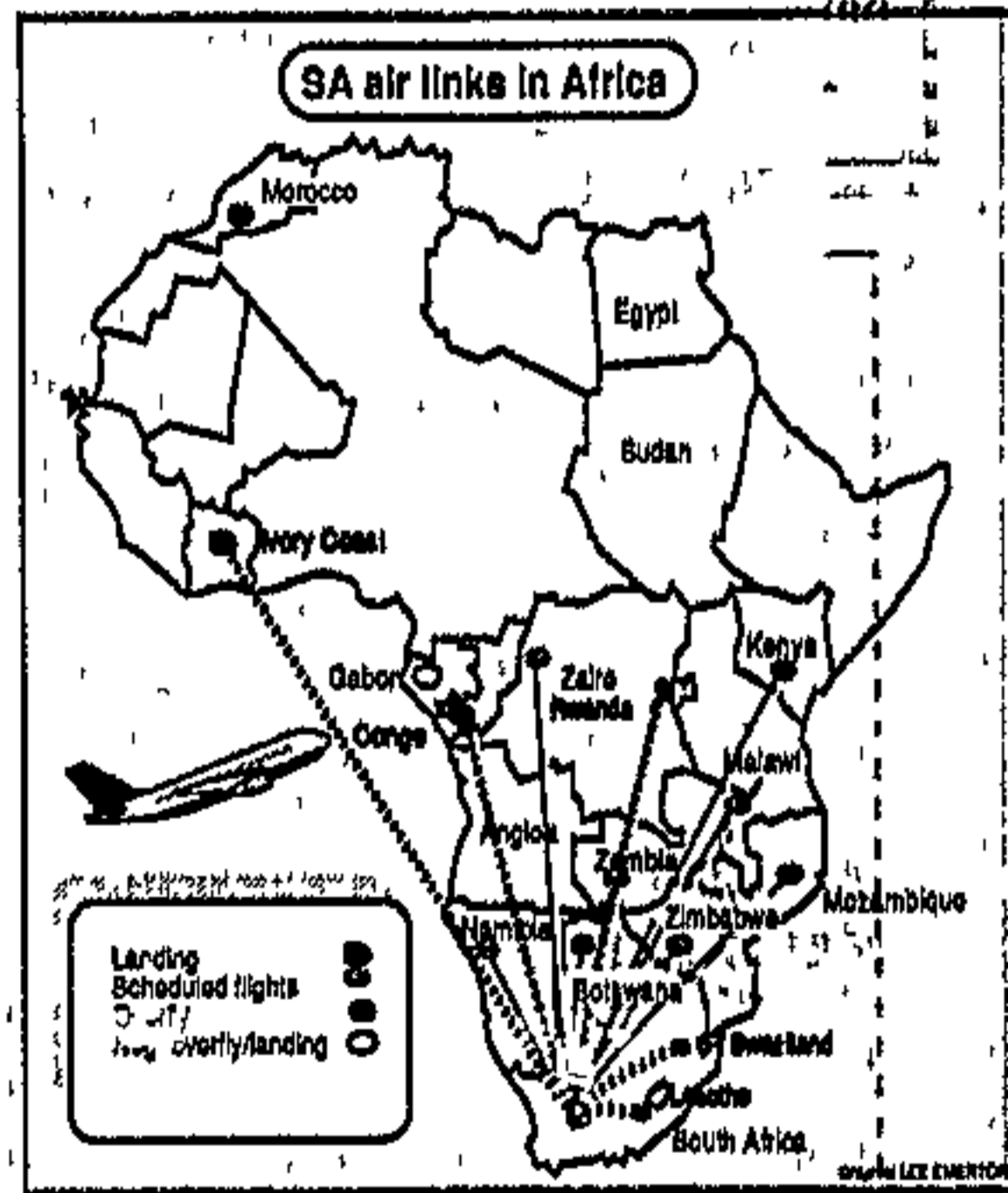
Fuel savings over shorter routes will be a major factor in the airline's choice of replacement aircraft.

If faced with the prospect of still having to fly around the bulge of Africa, it could mean that the airline would be forced to purchase long-range, high-capacity 747 class aircraft.

Should an overland route be established, the airline could then buy twin-engine, long-range, medium-capacity aircraft which cost about R150m each compared with R300m for a new 747.

On the overseas front, SAA opened a new service with flights to Manchester, resumed flights to Belgium and is standing by to restart services to the US and Australia.

Els said the resumption of flights to the US and Australia was an issue "in the hands of the politicians", but signs were positive that flights between SA and those countries could be resumed in the not-too-distant future.



# Govt warns of crisis in bus industry

By Louise Burgers

The bus transport industry is in a desperate financial position and could be in danger of collapse unless additional funds are forthcoming from Government for subsidies, the Department of Transport has warned.

Several bus companies in a number of metropolitan areas were on the brink of withdrawing or rationalising their services for financial reasons, the department announced yesterday in a statement.

## Stranded

Widespread intimidation when bus tariffs were increased, a reduction in Government subsidies, the booming minibus taxi industry and a loss in patronage in the commuter market were factors responsible for the near collapse of the industry.

Putco recently announced it was to close some of its Soweto routes, which could leave 14 000 passengers stranded.

However, after discussions with a delegation from Soweto civic associations, the Pan African Congress and commuter committees, Putco agreed to postpone its decision.

Said Putco's managing director, Dr Jack Visser: "The bottom line is that if we do not get more financing from Govern-

ment, we cannot operate

"We are running a business, we cannot be held responsible for the social consequences. We will eliminate all non-profitable services."

Transport deputy director Dr Danie Ackerman said several major bus companies faced severe cutbacks.

These included Empangeni Transport, which served Richards Bay and Empangeni, KwaZulu Transport, which operated in the Maritzburg area; Putco; and some smaller companies in rural areas.

Dr Ackerman said the Department of Transport had applied to the Cabinet for an increase in subsidies.

If funds were not available, the public bus transportation system was in danger of collapse, he said.

"It is a serious situation."

Dr Ackerman said local authorities were also experiencing problems with municipal bus services, which were often under-utilised.

The department said the Minister of Public Works and Land Affairs, George Bartlett, had given the assurance that all possible avenues would be explored to solve the crisis and that bus services would not be terminated unless it was absolutely unavoidable.

The Government's policy was, however, that only the most essential services would be subsidised, the statement concluded.

# City may help out in bus crisis

By Louise Burgers  
Municipal Reporter

The Johannesburg City Council is thinking about helping in the looming bus industry crisis by extending municipal bus services to areas south-west of the city, including Soweto.

Chairman of the council's transport and utilities committee, Paul Asherson, said the Department of Transport was paying for an urgent investigation into routes covered by Putco, with a view to allowing Johannesburg Municipality to enter the market.

"We recently became aware that Putco had given notice of their intention to terminate their services to Dobsonville in Soweto and the so-called coloured areas in the south-west of Johannesburg.

"We have indicated our willingness, without crippling this council financially, to assist wherever possible," Mr Asherson said.

He said consultants investigating the transport department had identified a need for the department to expand services to areas where transport was needed.

Mr Asherson and transport officials recently had a fruitful meeting with the Minister of Public Works and Land Affairs, George Bartlett, to discuss transport problems.



## Transnet seeks R1bn from capital market

ANDREW GILL

269

TRANSNET would be looking to borrow R1bn from the local capital market in the coming fiscal year, a Transnet spokesman said yesterday.

Although the budget had not yet been finalised, he said Transnet would be a net borrower of about R1bn. This compared with estimated borrowings of about R400m to R600m in the current financial year.

The higher amount from Transnet, however, is unlikely to change an expected surplus of institutional funds coming into the market, thus exerting downward pressure on rates.

Government is not likely to issue any more stock in the 1991/92 fiscal year than the current one and neither is the Post Office, while Eskom has said it would need only R1,6bn, of which R600m had already been financed.

Post Office treasury manager Willie Landman said the Post Office would be looking to borrow about R1bn. The budget had still not been finalised, he said, but it would not exceed that amount.

Louis Geldenhuys of stockbroking firm George Huysamer & Partners said government would probably be looking at a deficit before borrowing of about R9bn or 3% of GDP. *Bl Day 31/1/91*

Of this, a large proportion would be taken up by the Public Investment Commissioner (PIC) which, he said, had at least R7,5bn to invest in government stock and treasury bills.

Even with the maturing of R4,97bn of government loans in the 1991/92 fiscal year, there should not be any financing problems, he said.

# Potwa plans mass action

VERA VON LIERES

THE Post and Telecommunications Workers' Association (Potwa) yesterday announced it would launch a series of mass action campaigns from next week to back various demands, including a living wage, "people's post offices" and a halt to privatisation.

Potwa general secretary Mlungisi Hlongwane,

among new leaders elected recently, told a Press conference yesterday the call for mass action would embrace other public sector employees.

Potwa vice-president Floyd Mashele said a key target for worker action would be the Post Office Amendment Bill tabled in Parliament last year.

The Bill aims to divide the Post Office into separate units for posts and telecommunications.

The union said it was totally against the Bill. It believed it should be put on hold until workers had been consulted.

A Potwa statement warned that privatised sectors "would be nationalised without compensation".

Mashele said members would also take action on demands for a R1 300 minimum wage and a R500 across-the-board increase.

A spokesman for the Post Office confirmed negotiations between the two parties would take place shortly. He said issues raised by Potwa had already been discussed with the previous national leadership.

# Trek Airways now controls Safairlines

LINDEN BIRNS

TREK Airways has taken control of Safairlines and is planning to revamp and re-equip the coastal-based passenger airline.

Trek GM Jan Blake said yesterday Safairlines would take on a new corporate identity and name to prevent confusion with Safair Freighters, which previously ran Safairlines.

Safairlines has operated under that name since the first half of 1988, when it was taken over by Safair Freighters, which changed the airline's name from Air Cape. Safairlines operates scheduled flights between George, Cape Town, Alexander Bay and Walvis Bay.

Blake would not specify Trek's new shareholding in Safairlines or say how much was paid for it.

He said Trek was planning to re-equip the airline with a modern turbo-prop fleet to replace the two ageing 55-seater Con-Quair 580s bought from Namib Air in 1988.

"We're looking at new generation turbo props like the ATR 42, as used by Air Botswana, the De Havilland Dash 8 and the Fokker 50," he said.

Safairlines was granted a licence recently to operate on the previously under-utilised route between Cape Town and George, while Trek has been granted a licence to operate scheduled flights between George and Johannesburg.

Trek, Safairlines and Safair Freighters

all have strong Safmarine links, with the shipping company being one of three major Trek shareholders and Safair Freighter's holding company.

Trek is expected to announce later this month what type of jet aircraft it will use on its scheduled flights between Johannesburg, Durban, Cape Town, Port Elizabeth and East London.

"We are still looking at a few alternative financing packages," Blake said. "Ultimately we will be looking to lease aircraft with an option to convert the lease to outright purchase."

## Discussions

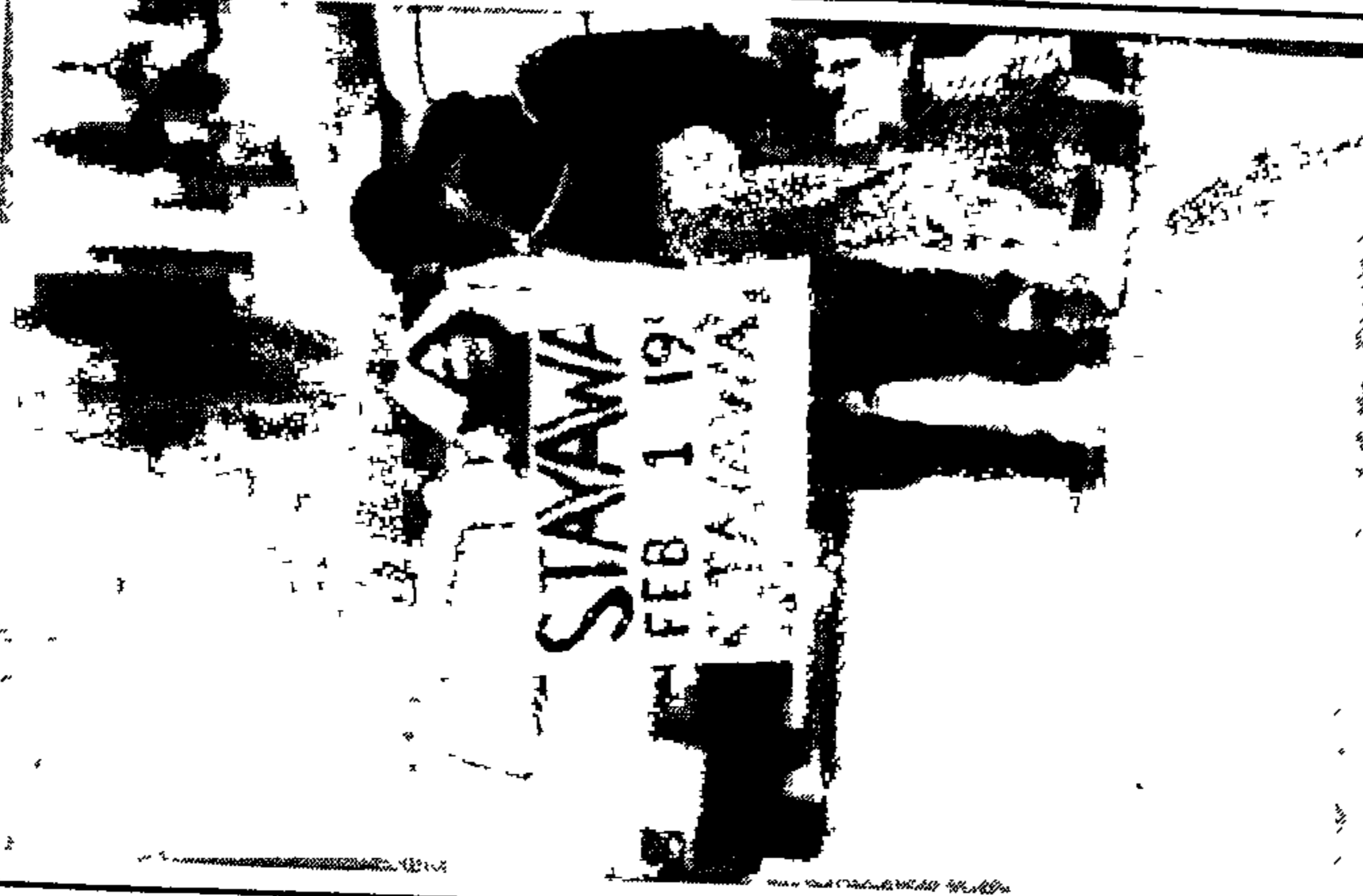
Trek, in December last year, became the first airline to be granted a licence to compete with SAA on these routes.

However, the airline has not yet started regular domestic flights. Boeing and British Aerospace (BAe) have both confirmed they are involved in discussions with Trek.

BAe has hinted it is near to closing a deal with the airline.

Blake said Trek was still on schedule to begin domestic operations in the third quarter of this year.

Trek, operating as Luxavia, is also the SA marketing arm of Luxair.



As part of its campaign of mass action, the ANC yesterday held a placard demonstration along Kotze and Pretorius streets in Hillbrow, Johannesburg. Picture ROBERT BOTHA

**HAMILTON RUSSELL VINEYARDS**



## More airlines to operate in SA - Durr

CAPE TOWN — Two more international carriers — Austrian Airways and Hong Kong's Cathay Pacific Airlines — are to start services to South Africa this year as the country's diplomatic, trade and tourist relations with the world improve.

The latest boost, announced last night by Minister of Trade and Industry and Tourism, Kent Durr, comes amid indications that South Africa attracted "well over" one million tourists last year, half from Africa.

This "magic figure", Mr Durr said, would create a new basis for growth in tourism.

### Gearing up

SAA is gearing itself for major expansions in expectation of the lifting of sanctions — which will see the airline flying to Australia and the US again.

An SAA spokesman yesterday said the airline was buying 11 new aircraft following indications by the Australian government that direct flights by SAA to Australia could resume soon.

The Star's Foreign Service in Perth reports that SAA's regional manager for the southwest Pacific, Trevor Henry, predicts flights will resume "within weeks" — Political Correspondent, Pretoria Correspondent.

## Aussie govt to ease visa restrictions

Star Foreign Service

MELBOURNE — The Australian government plans to relax tough and time-consuming visa restrictions on South Africans visiting Australia.

For more than five years South Africans wanting visitor or business visas have had to have their applications processed through the Australian High Commission in London.

This was because of an Australian ban on consular facilities at its embassy in Pretoria as part of sanctions against apartheid.

The ban meant inconvenience and delays of up to six months in getting visas approved.

The Australian Foreign Minister, Senator Gareth Evans, said the first sanction to be eased would be in the areas of people-to-people relations.

# Sports

LONDON — International moves to break down sanctions against South Africa gained momentum yesterday when the Commonwealth Secretariat confirmed that a special meeting of the nine-member Foreign Ministers Committee on South Africa would take place in London next week.

British Prime Minister John Major and, for the first time, his Australian counterpart, Bob Hawke, are putting pressure on the Commonwealth to ease sanctions and boycotts, particu-

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## Firm explains cooking oil spill on dam

By Jacqueline Myburgh

Mechanical failure and a thunderstorm were responsible for the cooking oil spill at an Edenvale Dam on Friday, Epic Oil managing director Trevor Wilkinson said yesterday.

At least three birds have died and fish are endangered as a result of the 75 000-litre sunflower seed oil spillage.

Mr Wilkinson said there was a total work stayaway at Epic that day, and the staff handling the oil when the accident occurred were voluntary workers.

The spill took place while oil was being pumped from a tanker into a storage tank. A pump system failed and oil was siphoned back on to the siding.

"Before the staff could react, there was a storm which washed the spilled oil into the stormwater drainage system."

Epic staff, in conjunction with the Edenvale Municipality, Department of Water Affairs and an expert on oil spillages, Greg Parton, have recovered most of the 15-ton spillage. A scientific adviser to Epic said there were no signs of dead fish.

Yesterday, 35 drums of oil which had been siphoned out of the dam stood on the banks.

Resident Peter Coates said he took a walk around the dam every morning, but now the smell had become unbearable.

He also remarked upon the disappearance of a family of Egyptian geese from the dam.

Edenvale town clerk Pieter Jacobs said he was satisfied with the cleaning-up operations, and believed the spill would not have any long-term effects.

Heal  
rubb

# Two new airlines to use SA

By MICHAEL MORRIS  
Political Correspondent

TWO more international carriers — Austrian Airways and Hong Kong's Cathay Pacific Airlines — are to start services to South Africa this year as the country's diplomatic, trade and tourist relations with the world continue to improve.

The latest boost, announced last night by Minister of Trade and Industry and Tourism, Mr Kent Durr, comes amid indications that South Africa attracted "well over" one million tourists last year, half from Africa.

## FLIGHTS INCREASED

Figures published in the National Transport Commission's annual report for 1989/90 — tabled yesterday — show that international flights to and from South Africa went from 27 200 in 1988/89 to more than 31 900 last year.

During the year, international scheduled air services were provided between South Africa and 32 other countries.

Twenty-eight foreign airlines had scheduled services to South Africa. Forty-six foreign points had direct air links with Johannesburg, four with Cape Town, four with Durban and one with East London.

8/2/91

# SAA cuts delays, improves fare

By John Miller

269

As SA Airways continues to cut its domestic departure and arrival delays, passengers can also look forward to better food on board.

Compared to 60 percent two years ago, the airline at present operates at more than 90 percent on-time service.

During the past three months, on-time departures have ranged between 91 and almost 95 percent, with arrivals slightly higher. The worst delays were the week before Christmas.

Johan Kuit, executive manager for domestic services, said about 3 percent of delays were caused by technical reasons and about 1 percent by passengers who did not board on time.

He said that in an effort to provide a more

efficient service and get to destinations on time, pilots were allowed to burn off more fuel during the affected flight.

"If a pilot decides to fly faster, he can normally make up about five minutes on the Johannesburg-Durban run and 10 minutes to Cape Town."

Mr Kuit said the airline received a quarterly report on passenger needs and this survey was used to improve services.

"Market research has shown us that the passenger wants hassle-free travel and so we try to make sure he leaves and arrives on time. We also provide a faster baggage delivery service and not more than a five-second wait on incoming calls to our reservations."

He said queue lengths at check-in counters were also a problem but

these were receiving attention, as was the quality of food.

Mr Kuit said there were two elements to food: what is on the menu and how it is prepared.

"The feedback from passengers is that the menu is fine but not the quality or how it is prepared. I am working on this with our suppliers."

He said another area to receive attention this year would be the number of business-class seats available on the airbus, which is currently only 13 percent compared to 25 percent on the 737.

Mr Kuit said the airline was also working on the attitude of its staff towards passengers and said cabin crews had already undergone a "tact course" to help them to interact better with passengers.



# Working group set up to probe community courts

WILSON ZWANE

JUSTICE Department officials and members of the Alexandra Civic Association (ACO) have agreed to set up a joint working group to investigate the possible creation of community courts in the township.

Justice Ministry spokesman Maj Elsa Jones said it had been decided to establish the working group at a meeting between Justice Minister Kobie Coetsee and delegates from ACO and the Resource Group, an organisation of legal experts, in Cape Town this week.

"Proposals emanating from the group's discussions will be considered by the minister in due course," Jones said. ACO official Richard Mdakane said the group would get going "soon after all the parties concerned have chosen their delegates".

Jones said the proposals put forward by ACO president Moses Mayekiso had much in common with government initiatives aimed at making "the administration of justice accessible to people of all levels".

Mayekiso recently said the proposed community courts would involve trained people who would resolve community disputes through mediation, arbitration and negotiation.

They would not be like the discredited kangaroo courts which were often constituted at the whim of an individual, Mayekiso said. And residents would not be coerced into using these courts.

The Resource Group, which was formed by the Wits Centre for Applied Legal Studies and the National Association of Democratic Lawyers (Nadel), would train people involved in the courts in the mechanisms of mediation, arbitration and negotiation.

# Fare rise to aid rail revamp

LINDEN BIRNS

SUBURBAN rail fares will increase by 10% on April 1 in order to help finance a major multimillion-rand overhaul of railway security and facilities.

Transport, Public Works and Affairs Minister George Bartlett announced the increase in Parliament yesterday.

Spoornet marketing GM Koos Meyer said the increased revenue would be used for a general upgrading of passenger safety and services at all Metro (suburban line) stations over a five-year period.

Stations in the PWV area, Durban, Cape Town, Port Elizabeth and East London would benefit.

"The major improvements we are looking at are in passenger safety and general security. We have an agreement with the SAP whereby we provide the infrastructure — items like secure fencing and charge-office installation — which they will then man," he said.

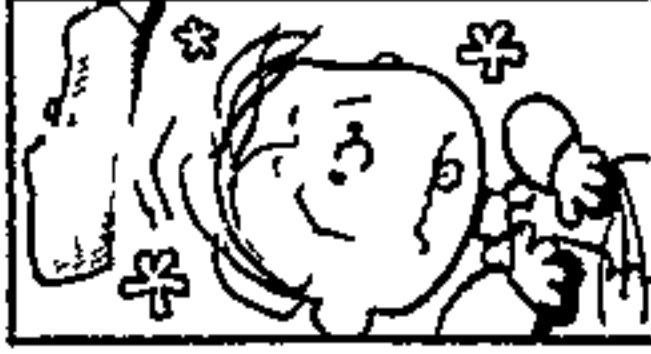
Other items to be repaired, upgraded or installed include platform lighting, benches, ablution facilities and roofing.

The programme would cost "many millions" over the next five years, he said. Work had already begun at stations in Benoni, Katlehong and Soweto, while 60 to 80 stations on the Reef and in the Cape would receive attention in the new financial year, Meyer said.

Spoornet is also planning to install a new electronic fare collection and ticket dispensing system to replace obsolete electro-mechanical machines currently in use. The fare increase is the second in five months with the most recent increase of 9% occurring in November last year.

## PEANUTS

By Charles Schulz



Standard Bank Investment Corporation Limited

(Incorporated in the Republic of South Africa)

(Registered bank controlling company) (Reg No 69/17128/06)

# Train fares to rise by 10 percent

METRO train service fares will increase by an average of 10 percent from April 1, Minister of Transport, Public Works and Land Affairs George Bartlett announced yesterday.

According to a statement released by the South African Rail Com-muter Corporation, the fare increase coincides with its initiatives towards rendering a more effective and client-orientated service.

"A process is already underway to improve general security at stations on a countrywide basis," the statement said. *Sowetan 13/2/91*

"Stations are being secured, access control reinstated and a police presence maintained in the interest of the commuting public.

"A faster and more sophisticated method of fare collection will be implemented in the near future. - Sapa.

# Metro train fares to go up by 10%

CMX 7-1-85 13/2/91 (269)

Staff Reporter

METRO train service fares will be increased by 10% from April 1, the Minister of Transport and of Public Works and Land Affairs, Mr George Bartlett, announced yesterday.

The fare increase coincides with the aim of the SA Rail Commuter Corporation (SARCC) to render a more effective and client-orientated service, the corporation said in a statement yesterday.

Cape Town Chamber of Commerce president Mr Lionel Hartmann said last night the timing of the increase was "not very clever" because "the economy was going through "a rough time"

He said most of the commuters af-

ected would be middle- to lower-income groups, which was not desirable

The SARCC said "a process" was already underway to improve general security at stations countrywide

"Stations are being secured, access control reinstated and a police presence maintained in the interest of the commuting public

"A faster and more sophisticated method of fare collection will be implemented in the near future, while station facilities are being upgraded to cater for the basic commuting needs of our clients," the statement added

The fare increase will affect 2,4 million, mainly black, commuters.



# Train fares to rise by 10 percent

Staff Reporter <sup>269</sup>

Train fares throughout South Africa will be increased by about 10 percent from April, a total increase of 20 percent in less than six months.

The fares rose last November.

Income from the latest increase would be used to improve security, upgrade passenger facilities, implement a faster

<sup>8/13/91</sup> and more sophisticated electronic method of fare collection and reduce the 70 percent State subsidy, said SA Rail Commuter general manager (marketing) Dr Koos Dreyer.

He said that in spite of the high inflation rate, rail commuter fares still compared favourably with other modes of transport.

Dr Dreyer said several

stations were already being upgraded and 361 would be improved in the next four years.

Improved security was being effected by fencing off stations, building charge offices for police, increasing security personnel and repairing vandalised lights and cables. A faster and more sophisticated method of fare collection would be implemented

## 6 train robbers arrested in city

CAA-70715 15/2/81  
Staff Reporter 269

POLICE arrested six train robbers at Kraaifontein station on Wednesday evening after they had robbed numerous passengers of cash and jewellery at knife-point, a police spokesman said yesterday.

Major Jan Calitz said the arrests took place at about 8pm after some of the passengers complained to policemen who were travelling on the Wellington-to-Cape Town train.

# Cutback on trains

CMT 7/14/6/2/91 264

Staff Reporter

FOLLOWING a series of train-fare increases, Metro services are cutting back on the number of commuter trains operating in the city by 10,57% on March 1.

This was announced yesterday by the managing director of the South African Rail Commuter Corporation, Dr Kobus Nel, and amended train schedules are to be announced next week.

Of the 1 343 commuter trains operating in the city, a total of 142 trains are being withdrawn, including 84 of the 724 trains running on weekdays, 26 of the 378 trains used on Saturdays and 40 of the 241 trains operating

on Sundays

The breakdown for the various train-lines are as follows.

- Simon's Town line — cut by 16 trains — reductions include cuts from 169 trains to 159 on weekdays, Saturday trains are reduced from 81 to 77 and on Sundays from 36 to 34
- Wellington line — cut by 37 trains — reductions include cuts from 213 trains to 187 on weekdays, from 100 to 96 on Saturdays and on Sundays from 70 trains to 63.

- Settlement areas (Cape Flats and Khayelitsha line) — weekday reductions from 255 to 217, Saturday reductions from 147 to 136 and on Sundays from 102 to 84

Dr Nel said the amendments to the new schedule "required adjustments" and would possibly cause "measures of discomfort", but they believed their clients would appreciate that it is in the interests of all

And Mr Coen van Niekerk, marketing director of the SA Rail Commuter Corporation, said yesterday that the amended train schedules would reduce the number of trains running in off-peak hours, but trains running in peak hours would be increased.

The reductions form part of the SA Rail Commuter Corporation's rationalisation programme. Seventy percent of commuter fares (R700 million annually) are being subsidised

by the state. But the state now wants to reverse this system and with subsidy cuts sought to recover 70 cents of every rand back from the commuter.

In December Dr Nel announced that as part of the rationalisation programme government subsidy cuts would send train fares soaring beyond the rate of inflation in the next five years.

On Wednesday the Minister of Transport, Mr George Bartlett, announced a 10% fare increase from April 1. In February last year fares were increased by 13,2%. A 9% fare increase followed in November and pensioners' discounts of 40% were also scrapped in the same month.



# Freight takes back seat

81 Times 17291

COSETTING of SA Airways, overemphasis on air routes for passengers and the institution of more and more direct flights to far destinations are costing the country dearly, says Johannesburg Chamber of Commerce and Industry past president Pat Corbin. He hopes the reviews of international aviation initiated by the Directorate of Civil Aviation last year will result in more competition and will divorce cargo from restrictive passenger flight legislation. Since 1949, State policy has been directed at promoting the national airline — frequently at the expense of the total economy, says Mr Corbin.

"Restrictions on our airfreight operation, particularly in the past 15 years, have resulted in loss of foreign-currency earnings on exports of billions, not millions

## Evidence

"The lost opportunities are particularly in Africa and the lucrative Persian Gulf markets where we have an airfreight cost advantage over our competitors. "Airfreight is unidirectional with large directional imbalances on many routes. "This indicates the unsuitability of passenger-driven routes for efficient freight movements."

Mr Corbin says conclusive evidence to this effect was presented to the Margo Commission of inquiry into aviation by organised business led by the Johannesburg Chamber of Commerce and Industry in 1979.

But it was ignored by the Government, probably because of SAA's dominant influence at the time.

"The trend to direct flights to Europe for passenger convenience is resulting in many tons of extra fuel being carried in place of freight," he says.

The SA traders' and forwarders' tendency, after years of restrictive transport legislation, is to adapt the export effort to the trans-

port on offer. "But the function of transport is to facilitate and not frustrate the trade transaction

## Leap

"An acceptance of this fact will bring many challenging opportunities. Fortunately, the Government has acknowledged that current aviation legislation is not in conflict with its policy — the promotion of private initiative and competition.

"SA businessmen should anticipate trading conditions in Africa, and further afield, as being normal and leap ahead of the politicians," says Mr Corbin.



PAT CORBIN Billions lost

SUNDAY TIMES, 1911

# SAA's 5/11/11 17/2/91 overseas air fares take a <sup>269</sup> tumble

By GWEN GILL and  
ROGER MAKINGS

INTERNATIONAL air fares have been slashed in a bid to boost business

The fares, sanctioned by SAA and at least six foreign airlines, will be available to last-minute travellers

Discounts could be as high as R1 000, but SAA says they will be R300 on average.

The new Super Pex tickets must be booked 30 days or less before the flight date, and only on dates and flights specified by the carrier.

The move is believed to have been precipitated by news that the country's first discount fares company, Just The Ticket, would open its doors on Thursday.

MD Bob Williams said he had gathered 22 airlines, including SAA, on Wednesday to break the news of his venture.

## Empty

JTT will be offering tickets on most airlines flying out of South Africa," he said "We'll sell the lowest fares a passenger can get.

"We'll buy empty seats from the airlines and sell them at low prices

"They will be sold on a 'no frills' basis.

"We'll run advertisements on seats and prices each week"

Partners in the operation are Mr Williams's company Travelink and the Nedtravel Group.

Nedtravel MD Gordon Young said of SAA's new fare "This isn't the fare for the passenger who likes to plan his trip way in advance or the businessman with set appointments"

SAA's senior manager for SA, John Smith, said "The discount fares will be available if travellers fly when it suits us"

# Buses dirty and inefficient, say commuters

By Shehnaaz Bulbulia (269) and Louise Burgers

Johannesburg municipal buses are almost never on time, are overcrowded and often dirty, say bus commuters surveyed by The Star.

In a snap survey at Johannesburg bus stops during peak hour, The Star discovered dozens of disgruntled commuters who called for alternatives to the municipal bus service.

Asked for comment on the efficiency of the Johannesburg bus service, one woman retorted, "What service?"

Most of those interviewed complained that bus times were changed at random and often buses did not stop at their designated pick-up points, causing confusion.

At the Vanderbyl Square terminus The Star witnessed commuters waiting for a bus bound for Highlands North pass its pick-up point and stop 8 metres away.

## Dirty

An irate woman who had waited 15 minutes for the bus said "I'm supposed to get on that bus, but I think they expect me to play guessing games."

Commuters also grumbled about dirty seats. One man said "This morning before I boarded the bus my shirt was clean but after a ride on the Johannesburg municipal bus my shirt had black stains on it."

Several people suggested competition would force the Johannesburg municipal bus service "to pull up its socks."

Those interviewed complained of reduced frequencies of buses on their routes, overcrowded buses and rude drivers.

A commuter moaned "It's bad enough that the bus service is non-existent, but dealing with rude drivers is the limit."

Paul Asherson, chairman of the transport and utilities committee in the city council, said all problems within the Johannesburg transport department were being addressed by a team of consultants appointed after he had inherited the portfolio nine months ago.

The consultants had submitted recommendations on rationalising non-viable routes and this month the department re-



Fares please - but some commuters complain that drivers are rude

scheduled buses on certain routes

"In the past, a lot of innovative thinking was stifled by bureaucracy; there was a lack of understanding of the transport business and excess political involvement," Mr Asherson said.

Transport acting director

Gert Tighy said the service was running at a loss, in spite of a yearly R25 million subsidy from the council.

"We must tell the public that many of the peak buses only cover 30 to 40 percent of their total cost in peak hours."

In addition there are many

18/2/91 (269)  
off-peak buses which do not even cover their variable costs (tyres and fuel)"

The recent rationalisation of certain routes would save the department about R4 million a year.

The transport department would be completely restruct-

tured by July next year.

The consultants concluded that:

- Many trips and routes were not viable.
- Fare structures would have to be revised
- Marketing could be more effective.

Picture Ken Oosterbroek

● A revision of target routes was needed

● The department could become more cost effective.

Bus passengers who have complaints about the bus service can contact John Stoltz or Jannie Gerricke at 836 2061 during office hours



# SAA in cut-price move on fares to fill more passenger seats

LINDEN BIRNS

(269)

THE air travel industry is scrambling to recoup some of the R350m lost each year through 100 000 empty airline seats on flights between SA and long-haul international destinations.

Two new South African developments include the launch of "open bucket-shop" trading and the announcement of a new discount fare on SAA's long-haul international flights.

British Airways planned to launch a discount scheme "less restrictive" than SAA's, BA said.

SA's first official discount air ticket broker, Just The Ticket (JTT) will open for business in Sandton this week, initially selling discount seats to 40 long-haul destinations. 810am 20/11/91

JTT MD Bob Williams said yesterday the new venture had forced the hand of international airlines serving SA to "come out into the open" with the discount tickets they had, in fact, sold previously but on a low profile.

Williams said of the 100 000 empty seats, about 20 000 would become available on the discount seat market each year.

SAA's new Super Pex fare, which had to be reserved within 30 days of departure and allowed a 14- to 30-day stay, was introduced to increase incremental traffic on the airline's overseas routes. This would comprise mainly holidaymakers who were previously put off travelling by the prohibitive standard air fares.

Spokesmen for some major international carriers were sceptical that such an incremental market existed, in that R300 did not represent a big enough discount on a R4 000 return fare between SA and Europe.

SAA senior manager international operations John Smith said the new scheme would not affect fare structure agreements in terms of bilateral pooling contracts and multilateral airline resolutions.

British Airways GM in SA Malcolm Freeman said at least 20% of passengers travelling between London and SA had begun their journeys in the US and that this market had "totally dried up".

"We have filed for a new discount fare a lot less restrictive than SAA's Super Pex, enabling travellers to book seats months and not weeks in advance, and with the knowledge they will get a discount seat."

# Train crime drops on city route — Vlok

By BARRY STREEK

SERIOUS crime on trains between Simon's Town and Cape Town declined by nearly 70% between November and January compared to figures for the previous year, the Minister of Law and Order, Mr Adriaan Vlok, said yesterday.

Between November 1, 1990, and January 31, 1991, 51 serious crimes were committed on trains between Simon's Town and Cape Town, in comparison with 73 crimes during the corresponding period a year previously.

"This represents a decline of 69,86%," Mr Vlok said in reply to a question tabled by Mr Jannie Momberg (DP, Simon's Town).

In addition to the deployment of mobile police units, a plan was underway

to safeguard stations countrywide "which will ensure more effective access control in order to more effectively keep criminal elements off trains".

Mr Vlok said 19 serious crimes were committed on Cape Town to Simon's Town trains in November 1989, 22 in December 1989 and 32 in January 1990, compared to 11 in November 1990, 24 in December 1990 and 16 in January 1991.

From Nov 1989 to Jan 1990, there were 25 thefts, two rapes, 38 robberies, one attempted robbery, one attempted murder, one sodomy and five serious assaults.

From Nov 1990 to Jan 1991 there were 15 thefts, 31 robberies, three attempted robberies and two attempted robberies, Mr Vlok said.

CMV 20/1/91

269

*B/D am 22/2/91*  
**Airport upgrading to international standard**

SOUTHERN Africa is set to gain another international airport with the upgrading of passenger and aircraft facilities at Pietersburg's airfield

Although the airport will not become a second Jan Smuts, it is envisaged as a gateway to Zimbabwe, northern Botswana and Mozambique, as well as a major hub in the deregulated SA air transport industry.

Pietersburg town clerk Attie Vermaak says the town council has allocated R3,5m to the project over the next three years.

"Some of the important features, such as navigational aids, approach beacons and runway lights have already been installed," he says.

The airport will be managed by the council, although all aircraft-related functions will be run by the Department of Civil Aviation

Vermaak says this will give the council the right to let office space to airlines and car-hire firms, which presently occupy prefabricated huts and rondavels next to the apron

The airport is served by

SAA, which operates scheduled freight services between Jan Smuts and Pietersburg using a chartered Dakota.

Scheduled passenger flights are operated by Link Airlines and Letaba Airways, which have included Pietersburg as one of their destinations on the Johannesburg to northern and north-eastern Transvaal routes

*B/D am 22/2/91*  
**Airlinks** 269

This has led to airtlinks between Pietersburg and Tzaneen, Phalaborwa, Hoedspruit, Nelspruit, Giyani, Thoyoyandou, Messina, Louis Trichardt and Maputo

Although Pietersburg also hosts a jet combat airbase, it was decided not to enter into a joint development project with the SA Air Force on their airfield as the movement of passengers through a top-security installation could pose security risks, Vermaak says

No plans are envisaged to upgrade the existing runway at the civil airfield, as it already handles small jets and medium-sized multi-engine propellor planes.



## COMMUTER BUSES 269 ~~269~~ SHRINKING SUBSIDIES

The bus industry and government are on a collision course over who pays for mass transport. The likely losers are the tens of thousands of workers who can get to work only if fares are subsidised.

At issue is government's commitment to reduce and eventually phase out the subsidies it pays bus companies to transport commuters. In the last fiscal year the subsidy was R626m, this year's proposal is for R595m and next year's will probably be even less. FM 22/2/91.

"If government eliminates subsidies the industry will have to adopt normal business principles, concentrate on profitable routes and stop transporting commuters on uneconomic routes — and most routes are uneconomic," says Jackie Walters, executive director of the SA Bus Operators' Association.

There are two options: employers would have to pay workers more without expecting a corresponding increase in productivity or workers would have to pay the full cost of their transportation.

The first proposal won't work because even if employers went along, it would force up the price of their goods and services,

hurting workers in the long run. The second idea can't be seriously considered either because ticket prices would jump 50%-60% without a subsidy. Prices have already been soaring by 21% annually during the past four years.

"Experience has shown that about 20% is the maximum increase that can be taken," Walters says. "Anything more invites stonings, boycotts and mass protest. Old-style politicians placed black workers more than 160 km from their work and promised they would subsidise bus companies to transport them to and from work. Modern politicians who renege on this promise must realise that bus companies cannot transport workers over long distances and still show a profit on their investment without adequate fares or subsidies."

However, Algoa Bus Co MD Hannes Grebe says subsidies aren't necessary to show profits. Backed by loans from banks, finance houses and the local regional services council, Algoa bought Tramway Holdings' shares in Port Elizabeth Tramways and started operating on January 1.

"We rationalised our services, we re-trenched 100 workers and reduced the fleet by 21 vehicles. The company will show a profit with its subsidies still in force but we must prepare ourselves to be profitable without them."

Grebe believes that if bus companies' fares are competitive, they will entice passengers back from taxis. "Many of our passengers pay cash anyway because they cannot afford monthly or weekly season tickets. They also pay cash in taxis. So if we provide a reliable service, and our fare is less than the taxis', we'll get our passengers back."

This is anathema to Jack Visser, MD of Putco, which has been mauled by black taxis. In 1985 it carried 323m passengers over 188m km. Last year it conveyed 143m passengers over 125m km. It reduced its fleet from 3 348 buses to 2 662 and its work force

from 10 917 to 6 813.

He says a bus company owes allegiance to its shareholders and, unless paid to do so, isn't obliged to cater for commuters. "The social responsibility isn't ours. If routes don't pay we close them down. We were losing R300 000 a month on our Dobsonville services and gave a month's notice we would close them. The Department of Transport intervened, agreed to compensate us for our losses, and asked us not to close them because no other mass transport mode was available. So we're still operating."

"There can be no free market competition in the mass transport industry while we're heavily regulated as far as routes and fares are concerned, but black taxis can go where they like, when they like and charge what they like," he adds. ■

# Peace bad news for local aviation — manufacturers

By John Miller

Star 25/2/91

While almost all sectors of the economy welcome local peace initiatives and hope to prosper, South Africa's aviation and defence force equipment manufacturers are deeply pessimistic

Following the cancellation of several projects, leading manufacturers of aviation equipment, systems and weapons spoke of gloom in the industry during a two-day symposium on the state of the aircraft industry last week.

Armcor executive director Trevor Gibbon warned the industry faced further cuts in the defence budget at a prime time for investment in technology and training

"A new strategy is required for survival and

we must diversify and look at the export market to survive and grow".

Managing director for Altech Electronic Systems Dawid Botha said people were demotivated after new projects were cancelled halfway through.

"We are at the crossroads and have extreme talent here and unless we can harness the skill and technology fairly urgently we will lose everything we have gained."

Atlas Aircraft Corporation general manager Johan Ecksteen believed the arrival of the new 747-400 would mark the last time that such a deal would be signed without an offset agreement included

Mr Justice Cecil Margo, speaking at the

same symposium on the recommendations and results of a commission into civil aviation, said that suggestions to form a southern African civil aviation convention had been misunderstood.

The commission also recommended that South African Airways establish air links with Japan, India, Pakistan, the Middle East, Africa and Eastern Europe

He believed that other airlines were "holding Africa open for South Africa".

He also criticised Jan Smuts airport over its "lack of facilities and business sense".

Delegates decided to try to establish a single body to act in the best interests of the industry and to lobby Government for support.



(1) (a) How many persons are employed by the staffing division of the Department of Education and Culture and (b) what are the (i) ranks and (ii) qualifications of the three most senior personnel,

(2) whether he will make a statement on the matter?

D12E  
The MINISTER OF THE BUDGET AND AUXILIARY SERVICES:

(1) (a) None

(b) (i) and (ii) fall away.

(2) No

Mr K PANDAY Mr Chairman, arising from the answer that has been given, could the hon the Minister supply me with information with regard to how many members of the personnel in his department are employed in the staffing division of the Department of Education and Culture?

The MINISTER OF THE BUDGET AND AUXILIARY SERVICES Mr Chairman, with regard to the question posed by the hon member about those employed in the Department of Education and Culture, and of course I have given him the answer, no one is employed in that division. The staffing work is done by the

HOUSE OF ASSEMBLY

Hansard 27/2/91  
The MINISTER OF NATIONAL HEALTH

(1) (a) (i)

Coloureds  
and  
Indians

Compensatable diseases

(First degree) R27 342 R16 485

Compensatable diseases

(Second degree) R50 410 R29 634

Tuberculosis R11 574 R6 544

Blacks

Compensatable disease R3 695

Compensatable disease plus

Tuberculosis R4 611

Tuberculosis R2 096 and

(ii) 13 July 1990 and (b) 13 July 1990

in terms of Amendment Act No

117 of 1990,

(2) (a) yes, as soon as an actuarial report is

submitted, a suitable draft amend-

ment bill will be submitted to Parlia-

ment with the purpose of eliminating

differences and (b) the best method

of equalisation will be found and

applied

Spoornet: claims lodged

71 Adv J J S PRINSLOO asked the Minister of Mineral and Energy Affairs and Public Enterprises † Hansard 27/2/91

(a) What was the total amount of the claims lodged by users and insurers against Spoornet during the period 1 April 1990 up to and including 1 January 1991 as a result of the disappearance of goods transported by train in the Republic and (b) what were the total amounts for the corresponding periods in 1986-87, 1987-88, 1988-89 and 1989-90, respectively? 269

B187E  
The MINISTER OF MINERAL AND ENERGY AFFAIRS AND PUBLIC ENTERPRISES

(a) and (b) Information pertaining to claims as a result of theft is of a sensitive nature and can be used against Spoornet by competitors. Therefore, such information has not been disclosed or published since the corporatisa-

tion of Transnet

HOUSE OF ASSEMBLY

Hansard 27/2/91  
The MINISTER OF NATIONAL HEALTH

(1) (a) (i)

Coloureds  
and  
Indians

Compensatable diseases

(First degree) R27 342 R16 485

Compensatable diseases

(Second degree) R50 410 R29 634

Tuberculosis R11 574 R6 544

Blacks

Compensatable disease R3 695

Compensatable disease plus

Tuberculosis R4 611

Tuberculosis R2 096 and

(ii) 13 July 1990 and (b) 13 July 1990

in terms of Amendment Act No

117 of 1990,

(2) (a) yes, as soon as an actuarial report is

submitted, a suitable draft amend-

ment bill will be submitted to Parlia-

ment with the purpose of eliminating

differences and (b) the best method

of equalisation will be found and

applied

(a) 1 288 White

(b) 4 113 Black

(c) 173 Coloured, and

(d) 39 Indian

Occupational diseases: benefits payable

43 Mr J J WALSH asked the Minister of National Health † Hansard 27/2/91

(1) (a) (i) What are the benefits payable in terms of the Occupational Diseases in Mines and Works Act, No 78 of 1973, to persons found, after the commencement of the Act, to be suffering from compensatable diseases and (ii) in respect of what date is this information furnished and (b) when were these benefits last revised;

(2) whether consideration will be given to removing the disparity in the benefits paid at present, if so, (a) when and (b) how will benefits be equalised; if not, why not?

B162E



FM 1/3/91

shop" has thrown the industry into something resembling disarray. (269)

As soon as Just the Ticket — a joint venture between Nedtravel and Travelink — advertised international airfare discounts of between R600 and R3 000 to some 40 destinations, British Airways and SA Airways rushed to slice many of their own fares.

Within the industry, opinion is clearly divided — the big agents don't seem to mind, but the smaller ones feel threatened. Barney Singer, president of the Association of SA Travel Agents (Asata) condemns "bucket shop" operations. "We believe discounted fares are available from all Asata travel agents in the country. There is no need for a special shop to open selling so-called cheaper tickets."

Asata CE Chris du Toit, however, believes the whole issue is a tempest in a teacup. "Just the Ticket is a niche company that will attract the incentive traveller who can fly at any time provided the price is right. Maybe we need this catalyst to get discounting off the ground."

But the real concern in the industry is that travel agents could be made redundant in a climate of avid price-cutting.

Just the Ticket MD Bob Williams denies he is competing with travel agents. "We will not offer any agency services, such as itineraries, hotel bookings or visa services. We are simply a ticketing operation. Our major target market is people who generally book directly with the airlines and who can no longer afford international travel."

Williams, in fact, hopes to work closely with travel agents. He says a division of Just the Ticket — Trade Tickets — will make blocks of discounted tickets available to agents. It is this aspect of his operation that has provoked most of the industry criticism.

Retail travel agents buy their tickets directly from the airlines and don't see any advantage in dealing through a subsidiary. And while the airlines might be tempted to sell their tickets *en bloc* to Williams, they regard the agents — who sell 62% of airline seats — as their marketing arm. Any preferential or exclusive deal with Just the Ticket would endanger the airlines' relationship with agents.

Malcolm Freeman, British Airways' manager for SA, says the airline does not sell tickets in bulk to anyone. "We have a very sophisticated network of agents and we cannot afford to fragment the industry."

For Williams, it makes economic sense for airlines to give any consolidator like himself excess seats because, unlike agents, he is geared to dispose of them quickly.

Williams also says the 9% set commission airlines pay agents is something of a farce.

## BUSINESS & TECHNOLOGY FM 1/3/91

He suggests that, in many instances, agents receive far more and could pass some of it along to the consumer.

In fact, he has been offering discounts for years through his wholesale travel agency, Williamsworld. In 1984, he was granted Reserve Bank permission to import tickets cheaply from Singapore. This authority was limited to routes not used by SAA. He is also one of the very few operators who has access to SABA, a US-based international computer that provides up-to-the-minute information on how many seats are left on each flight — a feature not available on SAA's outdated reservations system. (269)

The Gulf War definitely has made air travel cheaper, but Williams believes the reasons for discounting are more complex than that. He claims that international airline tickets have risen 24% a year since 1983 and that despite some 100 000 unsold seats on SA routes last year, airlines still considered 1990 to be a good year. "This suggests their profits must be very high."

Freeman admits there has been a tendency to keep prices as high as possible for as long as possible.

Clearly, what's needed is deregulation and the end of the SA's government's control of international air routes. Then the fun would really begin. But until then travellers can still enjoy watching Williams make everyone else in the air travel industry scramble. ■

AIR TRAVEL FM 1/3/91

## SAVING A BUCK (269)

The revolution has begun — at least in the travel industry. Last week's launch of SA's first discount international air ticket "bucket

**The decision** by thousands of foreign tourists to sit out the Gulf War at home rather than take a holiday abroad is affecting airlines and hotels in SA. The ripple effects go much further.

Bus tour operators, car hire companies and even sales of new aeroplanes are suffering. Tourists still prepared to travel are, however, benefiting from hotels and airlines slashing rates to drum up business.

With tourists wary of airports and airlines that may be targeted by terrorists, air traffic out of the US is down 47% on last year, down 22%-23% from the UK and 16% from the rest of Europe.

This is a setback for the SA tourist industry, which earned R2,3bn from foreigners last year, but the impact is far worse in Israel, Egypt, Turkey, Greece and Italy, where tourism has come almost to a standstill.

SA Tourism Board executive director Spencer Thomas says final figures aren't available but it appears that the number of visitors arriving as part of organised group tours has plummeted by 40% compared with the same period last year.

"The war has not had a marked effect on business travel and so-called VFR (visiting friends and relations) traffic," Thomas says. "But the flow of tourists from countries such as the US and Italy has slumped badly."

The fallout from the war has hit SA hotels at a bad time because they are still smarting from a poor Christmas season (*Business* January 11.)

Protea Hotel group sales manager Danny Bryer says 20%-30% of bookings are being cancelled. "Resort hotels suffer more than downtown hotels. Operators book tours but cancel them with as little as a month's notice when the support they hoped for doesn't materialise."

Holiday Inn MD Chris de Kock says the hotels at Oudtshoorn and Cape Town, which normally prosper at this time of the year because of the influx of tourists from the chilly northern hemisphere, are suffering. "Overseas group tour operators cancelled 2 300 room nights — or 50% of the normal occupancy — in January and February in the Wilderness Holiday Inn because of the war."

Thomas points out that "the rush to lower tariffs and fares will benefit those still prepared to travel and SA is seen as a safe place as far as the Gulf War is concerned."

But he warns "It would be naive to expect everything to return to normal immediately after the war. It must be accepted that terrorism may continue and the use of foreign airports and airlines will still be perceived as dangerous. Some US airlines are already in trouble and there will be more losses in the long term."

SA Airways spokeswoman Zelda Roux says there was a 10% reduction in the number of flights from Europe in the first six weeks of this year, compared with the same period last year, but flights to the Far East haven't suffered, because of the Chinese New Year.

British Airways manager Malcolm Freeman says 18% of the airline's traffic into SA comes from the US. Half of that was lost at the beginning of the war but local travellers, as well as discounts on certain flights, helped to fill much of the gap.

Lufthansa's marketing manager Peter Burmeister says flights from Germany were packed in the first half of January but customers deserted after January 17 when the ground fighting started. Patronage recovered and is about 5% down on last year. He isn't concerned because "February is our weakest month anyway."

Placo sales manager Gert Mouton blames the lull in aircraft sales on the fall in overseas group tours. He says air charter operators have enough aircraft to cope with demand. The slowdown has hit aircraft distributors who have become used to charter operators increasing their fleets at this time of year.

Springbok Atlas international sales manager Lew Rood says Springbok, one of the biggest bus tour operators, is suffering from "a substantial number of cancellations, probably in the region of 15%."

For the car hire industry the war has made a bad situation worse. The industry's performance last June was 93% of June 1989, in September it was 88% of September 1989, and in December it was 80% of December 1989. February's figures are expected to be even worse.



# Cheaper air tickets — but still out of reach for most people

DON'T get too excited by news that you can fly from South Africa to faraway places for a song. You may be able to fly for less but the price of travel remains high.

As Association of Southern African Travel Agents (Asata) executive director Chris du Toit points out, the poor still can't travel easily

"You can get to London and back for around R3 000 but then you have to spend £75 a day for bed and breakfast, which comes to another R5 000 or so over two weeks."

So cheaper fares notwithstanding, the weakness of the rand still puts travel out of the reach of many people. The exceptions are those known in the trade as VFRs (visiting friends and relatives).

Still, after decades of Hobson's choice, South African air travellers do have the option of cheaper fares, though the flights themselves have conditions attached. (Sources say these are not enforced too strictly, though.)

More seriously, the cheaper fares may not be around for long.

Just The Ticket (JTT), a joint venture between Nedtravel and Travelink, headed by discount fare pioneer Bob Williams, last week announced cut-price fares to London, New York and other destinations. The target market is those VFRs.

At the same time, spurred on by this, SAA and British Airways have offered new discounted air fares

For those willing to take the chance, discounted fares have always been available.

The conditions, such as a 50 percent cancellation fee if the passenger misses the flight, and, say, a minimum stay of two weeks, do introduce some risk.

JTT, a streamlined operation selling tickets only, offers bigger discounts than have been available before, and

*W/Mail 1/3 - 2/3/91*  
A new airfare discount operation has just opened in South Africa. But will 'bucket-shop' tickets take off here — and will air travel really become cheaper? **REG RUMNEY** investigates

BA and SAA have followed suit.

BA's new Randsaver Pex fare between SA and the UK is R3 019 return, but it applies only to travel in February, March, April, May, October and November, and on Sundays, Mondays, Tuesdays and Wednesdays

These are the days and the months where BA's flights have not been fully booked.

JTT's equivalent is R2 987. SAA is offering what it calls a Super Pex, with a saving of around R300 a ticket, which should bring its Pex fare down to around the same level

The reason discounted air fares available in the rest of the world weren't available in South Africa boils down to regulation. In the US and elsewhere deregulation has meant strong competition.

The commonly held belief is that in South Africa the "pool partners" — the international air carriers that operate out of this country and SAA — control the market and fix fares among themselves.

Sources tell *The Weekly Mail* inter-governmental agreements on air traffic between countries limit the scope for fare slashing

These agreements are generally bilateral: SAA has the right to fly to the UK and BA the right to fly to South Africa.

Could an airline buck the trend? In theory, yes, but the Department of Civil Aviation grants airlines rights to operate into and out of South Africa. SAA could appeal to the department if an airline discounted fares to the extent that it put the market in jeopardy.

In the past the airlines, which set their faces against discounting, at least officially, used other means to attract passengers in low season or at times their aircraft were underbooked.

BA GM Malcolm Freeman explains that BA in the past offered special deals in trough periods on car hire and hotel accommodation, as well as other consumer promotions.

Certain travel agents even offered "free" traveller's cheques of a specified amount as a form of discount.

Now the airlines are simply calling a discount a discount.

The reason the airlines can and want to offer lower fares is, according to Williams, that they need to fill seats. There are simply too many empty seats on flights out of South Africa.

He says the price of air travel has risen by 24 percent a year over the past seven years

This has put the price of air travel out of reach of many, and the size of the overseas travel market in South Africa hasn't increased in the last 14 years.

Moreover, adds Williams, last year — in what was considered a good year — the airlines had around 100 000 seats empty on flights between here and Europe, constituting a loss of R350-million. This year they expect 200 000 empty seats, he says

Freeman agrees empty seats have caused lower fares but says the reason is international air traffic has fallen sharply in recent months as Americans took fright at the Gulf crisis.

If demand rises and seats fill up again the airlines will have little incentive to offer widespread discounts.

However, the dwindling of discounted offers should in theory be counter-balanced by a fall in air fares if as it is likely the price of crude oil, and hence aviation fuel, will drop after a cessation of hostilities in the Gulf.



# No plain sailing at Safren

Safren hit some choppy waters in the six months to December but still lifted profits 11,3 percent over the same period last year.

The group reported at the weekend that attributable profits for the period were R120 million compared with the previous year's R107,7 million. Earnings per share grew by 10,8 percent to 225c (203c).

Group turnover was only up by three percent at R2,111 billion (R2,050 billion) while operating profit at R383,7 million was up by about eight percent.

Safmarine earnings were up 11,8 percent. Contributing factors were the gold crisis and a declining level of world trade.

The board states the outlook for Safmarine in the next six months is more uncertain than it was during the same period last year.

An interim dividend of 60c has been declared (55c) — Sapa.

### Births registered

96 Mr L F STOFBERG asked the Minister of Home Affairs †

How many births were registered in South Africa in respect of (a) Whites, (b) Coloureds, (c) Indians and (d) Blacks in 1985, 1986, 1987, 1988, 1989 and 1990, respectively?

*Hansard 6/3/91* B264E

### The MINISTER OF HOME AFFAIRS

	(a)	(b)	(c)*	(d)**
1985	79 863	83 705	20 396	257 945
1986	72 955	81 825	19 560	306 451
1987	70 431	83 356	20 286	304 464
1988	69 189	77 752	19 525	603 071
1989	70 964	82 484	20 644	411 485

1990 still being processed

\* Information only available in respect of Asians, which include Indians

\*\* Excluded births in National States

### Gold production

99 Dr W J BOTHA asked the Minister of Mineral and Energy Affairs and Public Enterprises †

(1) (a) What percentage of the Republic's gold production for the current financial year has been produced at a loss, (b) what is the amount in rand of this loss and (c) in respect of what period is this information furnished, *Hansard 6/3/91*

(2) what amount have gold mines received in subsidies from the State in the current financial year to date,

(3) what amount have gold mines paid in tax in the current financial year to date,

(4) what were the corresponding figures in respect of paragraphs (1), (2) and (3) above for each of the preceding five financial years?

The MINISTER OF MINERAL AND ENERGY AFFAIRS AND PUBLIC ENTERPRISES

- (1) (a) 13,79%  
 (b) R150,607 million  
 (c) January—December 1990

### The MINISTER OF DEFENCE

(1) (a) Quartermaster General Headquarters Organisation

*Hansard 6/3/91*  
 SA Defence Force Zevenfontein Horse Stud

State President's Unit

5 Military Works Unit

Air Force Base Port Elizabeth

12 Squadron Waterkloof

16 Squadron Port Elizabeth

25 Squadron Ysterplaat

27 Squadron Ysterplaat

88 Maritime Operational Training School Ysterplaat

114 Commando Squadron

Naval Command East Headquarters (Durban)

Naval Command West Headquarters (Simon's town)

Naval Base Durban

Naval Base Richards Bay

Naval Base Port Elizabeth

Naval Base Saldanha

Naval Base Cape Town

Naval Base Walvis Bay

SAS SONNEBLOM

Marine Corps

General Naval Workshop Wingfield

12 Medical Supply Depot

14 Medical Supply Depot

15 Medical Supply Depot

(b) The rationalisation programme came into operation on 12 January 1991

(2) Yes, steps are continually taken to reduce the SA Defence Force's budget. Details will be finalised by the date of the budget vote

**Sponsorships: donations**

110 Adv J J SPRINSLOO asked the Minister of Mineral and Energy Affairs and Public Enterprises † *Hansard 6/3/91* 269

(1) What total amount was donated during the period 1 April 1990 up to and including the latest specified date for which information is available by (a) Transnet, (b) Spoornet and (c) the South African Airways as sponsorships for the activities of other bodies,

(2) what amount was donated during the corresponding period in the previous year by the South African Transport Services

as sponsorships for the activities of other bodies?

B300E

The MINISTER OF MINERAL AND ENERGY AFFAIRS AND PUBLIC ENTERPRISES *Hansard 6/3/91*

(1) (a), (b), (c) and (2) According to the Managing Director of Transnet Limited sponsorships for the activities of other bodies are only undertaken if there is reasonable certainty that the value obtained from advertising is well in excess of the costs involved in sponsorships 269

Sponsorships are therefore normal business decisions which are not administered centrally but are decentralised and are administered by the various business units and organisations and even at regional level

Owing to these factors and having regard to the wide spectrum of sponsorships undertaken, the information requested is unfortunately not readily available

### Leeuwkop Maximum Prison: punishment

111 Mr L FUCHS asked the Minister of Correctional Services

(1) (a) How many prisoners received (i) dietary and (ii) other forms of punishment at the Leeuwkop Maximum Prison in the 1990 calendar year and (b) what, in each case, are the details of this punishment,

(2) whether he will furnish the names of the prisoners who received such punishment, if not, why not, if so, what are their names in each case, *Hansard 6/3/91*,

(3) whether provision has been made at this prison for procedures for the filing of complaints by prisoners, if not, why not, if so, what are the relevant details?

B301E

The MINISTER OF CORRECTIONAL SERVICES

(1) During the period 1 January 1990 to 31 December 1990 the following sentences were imposed at the Leeuwkop Maximum Prison in terms of the stipulations of the Prisons Act, 1959 (Act 8 of 1959),

(a) and (b)(i) In seventy five (75) cases



# SAA may have regular flights to US by May

6/Day 8/3/91 KEVIN DAVIE (269)

SAA could be flying to the US on a regular basis soon after May 1.

US official sources indicate a probable compromise deal between President George Bush and the US Congress whereby some sanctions are lifted. Most likely is that the 1986 ban on landing rights will go.

SAA said yesterday it was aware that the US might lift its ban on landing rights on May 1. It had the capacity to lay on extra flights and train pilots in simulators to land at New York as soon as landing times had been arranged.

The deal is emerging from the fact that SA is soon expected to have complied with four of the five conditions for the lifting of sanctions laid down by the Comprehensive Anti-apartheid Act (CAAA) of 1986.

Influential congressmen want sanctions to remain until a full democracy is in place, while the US administration is understood to be keen to modify the CAAA as soon as is legally possible.

Recent discussions between President F W de Klerk and ANC deputy president Nelson Mandela have left the ANC optimistic that political prisoners will have been released by April 30, as agreed in the Pretoria Minute, and the way is likely to have been cleared for the return of exiles.

Sources suggest right-wing political prisoners could be released at the same time to neutralise political opposition.

However, significant opposition still exists in Congress to any easing of sanctions until the ANC gives the go-ahead.

The Bush administration is likely, therefore, to agree with Congress to a compromise whereby some sanctions, such as the bans on landing rights and agricultural imports, are lifted.

The SAA spokesman, who asked not be named, said discussions with US authorities on landing times would begin only once the ban was lifted. "Once we get the go-ahead we will start talking about slot times and allowing reciprocal flying rights to American airlines. The pilots who used to fly these routes are still with SAA. They can be retrained in the simulators to land at New York."

The US official said a possible issue with

To Page 2

SAA 6/Day 8/3/91

(269)  From Page 1

the granting of landing rights to SAA might be the extent to which the airline had been practising affirmative action.

The SAA spokesman said it was an equal opportunity company and hired anyone who had the requirements for the job. Fifteen percent of personnel were black, and SAA would soon start a flying academy to increase black pilot numbers

Further US sanctions will go later when the fifth condition is met with the repeal of the Population Registration, Group Areas and Land Acts. But US sources say some conditions of the CAAA may still be operative when all five conditions have been met. This is because the CAAA stipulates that no new measures may replace existing measures, and also specifies that good faith negotiations must be under way





**UNITED FRONT** . . . Skills Training for Employment Centre students demonstrate against gangsterism on the platform at Salt River station yesterday.

Picture: RICHARD BELL

CAH-714B 12/3/91

## Students unite to <sup>PC</sup> fight train gangs <sub>69</sub>

By DAVE MARRS

A GROUP of Salt River students has launched a campaign to encourage commuters to unite and stand up to gangs of thieves that roam railway carriages on some lines, intimidating and robbing passengers.

Spokesman for the Skills Training for Employment Centre (Stec) students, Mr Stanley Soko, said the students decided to act after three classmates were attacked recently, threatened with knives and robbed within a week on the Mitchell's Plain and Khayelitsha lines.

One of the students, Miss Roselyn du Preez, escaped with minor injuries after jumping off a moving train near Mandalay station to get away from a gang that had robbed her of her jewellery.

Mr Soko said the students would hold placard demonstrations on station platforms and hand out leaflets to passengers to encourage them to form carriage committees and improve security by travelling in groups.

(d) Approximately 44 000 cubic metres of effluent daily

(2) Yes The discharge of effluent directly into the Mandimi River was unacceptable as the assimilative capacity of the water is insufficient for the amount of pollutants discharged by the industry Dissolved oxygen has been identified as the most critical variable as regards water quality Aesthetical problems regarding colour and foam are still being investigated for possible improvements

The Department of Water Affairs and Forestry required that an impact study be done by an independent consultant to determine the effect of dissolved oxygen on the recognised water uses in the lower Tugela River downstream of the point of discharge The CSIR who acted as consultant found that if the organic substances of the effluent in terms of the biological oxygen requirement be limited to 315 milligram per litre, there will be no detrimental effect on the dissolved oxygen in the water environment This finding and subsequent recommendation was accepted by the Department

*Business interrupted in accordance with Rule 180C (3) of the Standing Rules of Parliament*

Falcon 50 airliner

\*8 Mr R V CARLISLE asked the Minister of Transport (269)

- (1) Whether his Department recently acquired a Falcon 50 airliner for use by VIPs for approximately R13 600 000, if so, when, Hansard 12/3/91
- (2) whether the current list price for this airliner is approximately R34 020 000 (13 500 000 American dollars), if so,
- (3) whether he will explain this transaction to the House? B391E

The MINISTER OF TRANSPORT

- (1) The Department of Transport did not recently acquire a Falcon 50 airliner but it did rather acquire a Falcon 900 and therefore I will treat the question as if it was asked in connection with a Falcon 900 and not a Falcon 50 On 19 November

Notwithstanding the fact that a large number of accused appear in the courts without legal representation, it is notable that only about 18 percent of them are convicted and committed to prison Our system of adjudication of criminal matters provides for various intrinsic safeguards to prevent miscarriages of justice and this means that accused appearing in courts are not necessarily prejudiced by a lack of legal representation Hansard 12/3/91

Furthermore, considerable progress has been made regarding the enquiry into and the establishment of a public defender system It is envisaged that a pilot project will be launched on 1 June 1991 in Johannesburg This is the first project on which various bodies and organizations combined forces and it is hoped that their efforts will lead to the establishment of a public defender system of unquestionable legitimacy which will eventually provide quality legal services to many more indigent accused

Certain members: investigations

\*10 Mr J VAN ECK asked the Minister of Correctional Services Hansard 12/3/91

- (1) Whether any investigations have been instituted against certain members of his Department in King William's Town in connection with certain actions taken by them between 21 and 23 March 1990, if so, what actions, Hansard 12/3/91
- (2) whether these investigations have been completed, if so, what were the (a) recommendations and (b) findings of the presiding officer,
- (3) whether the Commissioner of Prisons approved and/or accepted the above recommendations, if not, what steps did the Commissioner take against each of the members in question? B406E

The MINISTER OF CORRECTIONAL SERVICES

- (1) Yes Inquiries in terms of the provisions of Regulation 77 of the Prisons Regulations promulgated in terms of section 94 of the Prisons Act, 1959 (Act 8 of 1959) were instituted against thirty-six (36) members of the King William's Town Prison in order to report to the Commis-

sioner of Correctional Services on their suitability or otherwise of remaining in the Department of Correctional Services or retaining their ranks or seniority The conduct of the members which gave rise to the inquiries was inter-alia the following

— the members took part in a strike and this conduct was considered prejudicial to the administration, discipline and efficiency of the Department of Correctional Services,

— as a result of their participation in strikes the members were suspended and they failed to comply with the conditions of their suspension

(2) Yes Hansard 12/3/91

(a) In compliance with Prisons Regulation 77(4) a presiding officer makes no recommendations following the conclusion of an inquiry He only records his findings

(b) The presiding officer found that twelve of the defendants were not competent to retain their rank, twelve were not suitable for retaining their seniority in rank while the remaining twelve defendants were found to be competent to continue their services in the rank and position they occupied before the inquiry

(3) In terms of the stipulations of Prisons Regulation number 77(4) the commissioned officer who held the inquiry pronounced his findings and his reasons therefor at the conclusion thereof and submitted the record of the proceedings together with a written statement of his findings and his reasons therefor to the delegate of the Commissioner for a decision in terms of section 13 of the Prisons Act, 1959 (Act 8 of 1959) It was decided that four (4) members would be dismissed, two (2) members be demoted in rank and thirty (30) members be demoted in seniority

Section 13 of the Prisons Act also states that a member may appeal to the Minister against any order discharging him or demoting him in rank or in seniority and in such event the Minister may confirm,



# Spoornet signs R6-bn coal agreement

Star 13/3/91

By Sven Lünsche 269

The South African coal industry and Spoornet yesterday signed a five-year agreement, worth R6 billion, for the transport of coal to the Richards Bay Coal Terminal (RBCT).

The agreement, which determines the freight rates set by Spoornet, makes provision for increased exports through the RBCT, culminating in exports of 53 million tons in the 1994/5 period.

Exports in the current 1990/1 period are forecast at 44 million tons, compared with 43.5 million tons in 1989/90 and 41 million tons in 1988/9 (see graph).

The agreement was signed by Allen Sealey, chairman of Rand Mines coal division, who repre-

sented the coal industry, Barry Lessing, chief executive of Spoornet, and Mike Dunn, MD of RBCT.

Over the last three years contracts between the parties were negotiated annually, but the latest agreement recognises "the long-term strategic importance of the coal industry".

Mr Lessing would not give details of the freight rates, but he indicated that increases over the five years would be less than inflation and in the region of eight percent a year.

The escalation of rates would be determined by the volume transported as well as production cost inputs.

The increased rail tonnage coincides with an extensive R320 million

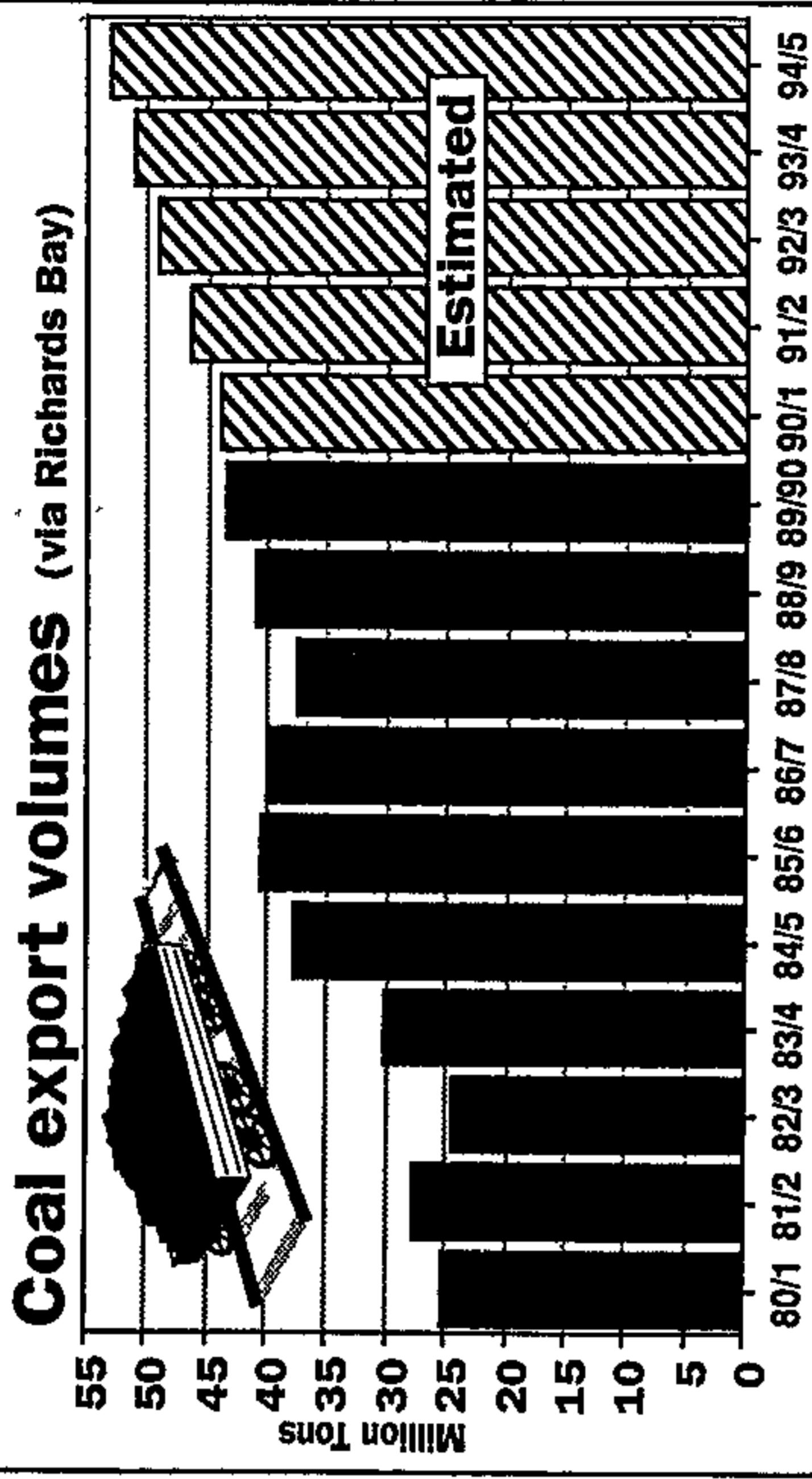
refurbishment programme at RBCT, which, according to Mr Dunn, will increase capacity to 53 million tons by the end of this year.

The RBCT coal line has a capacity of 65 million tons a year.

Coal industry analysts expect that South Africa can exports will easily reach that target over the next few years as sanctions have been lifted or are due to be scrapped in Denmark, France and Japan and new markets open up in Eastern Europe.

Furthermore SA coal's low sulphur and ash content is an important consideration for overseas buyers, who are faced with increasing pressure from environmental groups.

South Africa's total



coal exports last year — via Richards Bay and Durban — totalled about 48 million tons at an average price of around \$41 per ton.

There has been little

fluctuation in the price since early 1988, but industry sources admit that SA coal has been trading at a considerable "political discount".

Over the last few years this discount averaged between \$3 and \$5 a ton and has cost the coal industry roughly R200 million in lost export revenue.



# Abidjan airport now on SAA's regional map

SAA would begin regional flights to Abidjan on the Ivory Coast next month, an airline spokesman confirmed yesterday.

SAA spokesman Leon Els said the airline would use Boeing 737 twin-jet aircraft on the route, which would include a stopover in Kinshasa, Zaire, for refuelling.

He said the flight would probably take about seven-and-a-half hours, including the Kinshasa stop.

Els said SAA had been waiting for the Zairean government's clearance

14/3/91  
LINDEN BIRNS

for landing at Kinshasa.

"We currently fly to Lubumbashi, but decided to apply for clearance to change our landing destination to Kinshasa as the Zairean capital is better suited to our business and tourist travellers," Els said.

He said SAA would fly north to Kinshasa and Abidjan on Wednesdays, with the return flight leaving the Ivory Coast on Thursday mornings.

At present Abidjan is a refuelling point on some of SAA's long-haul flights to Europe.

Els said the introduction of the new flight would change Abidjan's status from an international to a regional SAA destination.

In the past year the airline has added Nairobi, Lubumbashi, Reunion, Seychelles and Madagascar to its African network which already included flights to Windhoek, Harare, Bulawayo, Gaborone, Lusaka, Maputo and Blantyre

# UNLOADED FLIGHTS

**Cape Town** Chamber of Commerce has persuaded the city's mayor to throw his weight behind its continuous efforts to eliminate add-on fares on international flights to and from D F Malan Airport.

Every country has only one airport that is recognised by the International Air Transport Association as its gateway. This airport is used to determine basic international fares to that country. Jan Smuts Airport is SA's gateway. Airlines that fly between Cape Town (or Durban) and overseas destinations are entitled to add a portion of the domestic airfare between Jan Smuts and the departure airport to their fares.

This is standard international practice. Kennedy Airport in New York, for example, is the US's gateway. Flights out of other international airports in the US are subject to add-ons.

But the chamber has long wanted to eliminate the loading on its international tickets. This time it is enlisting the support of Durban.

According to the chamber's *Weekly Bulletin*, Cape Town's mayor is involving the mayor of Durban in its efforts to designate Cape Town as the gateway airport for flights to and from South and North America. The prize for Durban will be that it "could perform a similar function" on flights to and from the Far East.

The plan is that airfares for those routes should be set to Cape Town and Durban.

*Continued on page 98*

*Continue P98*

## BUSINESS & TECHNOLOGY

respectively, and that continuation in SA, including flights to and from Johannesburg, should be subject to an add-on component. In effect, the chamber's bulletin argues that SA should have three gateways, Johannesburg, Cape Town and Durban.

Cape Town's strong opposition to the current add-on system is based on the belief (*Business* September 14) that SAA and British Airways — the two major carriers — are creaming R22m a year from the add-ons on the 900 return tickets a week between Cape Town and London.

However, it's a proposal that is not likely to get universal support. Many who fly between Cape Town and London are tourists, not business people. Chris du Toit, executive director of the Association of SA Travel Agents, says the plan is uneconomic. Few tickets to the Americas or the Far East are sold in Durban or Cape Town so most passengers would be paying add-ons.

The add-on on the direct flight between Cape Town and London is about 50% of the cost of a normal Johannesburg-Cape Town domestic fare. The SAA fare for a return business class direct Cape Town-London flight is R8 500, a direct return flight from Johannesburg, also business class, costs R8 052, R448 less. The Johannesburg-Cape Town business class domestic return fare is R958.

Malcolm Freeman, BA's SA manager, feels the airline is entitled to charge an add-on. "We charge for what we fly. We do not fly direct to London, as SAA does from Cape Town. Our flights to and from Durban and Cape Town fly through Johannesburg."

Lufthansa's Karin Lambson says add-ons are normal. "A return, business-class fare on Lufthansa from Johannesburg to New York, which is on the east coast of the continent, through Frankfurt costs R9 924. A similar flight to Los Angeles, which is on the west coast and nearly 5 000 km further, costs R13 281."

# Flying overseas will cost 10% more

CAPT T-14

18/3/91

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**JOHANNESBURG.** — International air travellers face a double-headed fare increase on April 1 which will push tariffs up by at least 10%.

An Iata 5% (average) fare increase will come into effect with a general currency adjustment increase, also estimated at 5%.

SAA spokeswoman Ms Stephanie de Witt said the first increase was agreed to at the most recent Iata conference in September 1990.

"This increase, which will mean a 5% tariff hike, is the result of commercial considerations and is not based solely on world fuel prices," she said.

The second increase arose out of a currency adjustment in fare structures after fluctuations in the US dollar's value.

A source at another leading airline said the Iata decision would push some fares up by as much as 7%. "The object is to bridge the gap between the different types of special fares," she said.

In effect, all normal economy, business and first-class fares would go up by 7%, peak-time fares by 6%, shoulder-season tariffs by 5% and low-season by about 4%, she said. The source said the currency adjustment increase was not an unusual occurrence and was usually made every quarter.

Lufthansa spokeswoman Ms Karin Lambson said at the weekend that the Iata increase had to be approved by the German government before it could be implemented.

"At this stage our government has not approved it and, as far as we know, neither has the SA government," she said.

Under the new tariffs, a first-class peak-season return ticket between Johannesburg and London — which sells at R11 460 — will cost R12 835; business-class fares will increase from R8 052 to R9 018; and return economy-class tariffs will go up from R6 975 to R7 812.

The increases will affect not only long-haul international flights, but also regional cross-border flights.



# Commuters terrorised on trains

CMA NEWS 18/3/91

WJW

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Staff Reporter

IN a sequel to violent scenes at a sports meeting at Green Point stadium on Friday, gangs of youths terrorised commuters on trains, knifing and robbing some and throwing two from coaches.

During the day, shop owners in Main Road, Green Point, had their hands full controlling groups of drunken schoolchildren who looted a bottle store, stole goods from shops and robbed pedestrians.

Three youths were also stabbed outside a delicatessen in Main Road. Police liaison officer Major Attie Laubscher said yesterday that 14 people, including several schoolchildren, had been arrested on Friday night in connection with incidents on the trains.

He said the trouble had begun at Green Point stadium, where several schools held an athletics meeting, and had continued after the youths boarded trains at Cape Town station to go home.

A commuter, who had boarded a 6.30pm train on the Mitchells Plain line, said "drunken youths robbed and stabbed coloured people in the coach".

"They were wild and I was very nervous," said the man, who asked

not to be identified for his own safety.

"There was no security in sight and the youths were running up and down the third-class coaches with knives and searching the woman for money and rings," he added.

When approached by a drunken youth aged about 19, the commuter, who spoke Xhosa, told the mugger he had no money as he had just come from hospital.

He said the youth had screamed racist comments at him in Afrikaans before moving to another passenger in the coach. The passenger was surrounded by several muggers and slapped around, the man said.

"Then a woman, who was obviously absolutely terrified, had a handbag ripped out of her hands," he said.

The man said that when the youths alighted at Heideveld station he saw fighting on the platform.

A group of policemen had chased the gang, he said.

Major Laubscher confirmed the incident but said no arrests had been made at the station and the gang had escaped.

An ambulance services spokesperson said yesterday that two commuters who were thrown off city trains had been treated for dislocated

shoulders at Woodstock hospital on Friday night.

# Air fares to take off by 10%

SA INTERNATIONAL air travellers face a double-headed fare increase on April 1 which will push tariffs up by at least 10%.

An Iata 5% (average) fare increase will come into effect with a general currency adjustment increase, also estimated at 5%.

SAA spokesman Stephanie de Witt said the first increase was agreed to at the most recent Iata conference in September 1990.

"This increase, which will mean a 5% tariff hike, is the result of commercial considerations and is not based solely on world fuel prices," she said.

The second increase arose out of a currency adjustment in fare structures after fluctuations in the US dollar's value.

A source at another leading airline said the Iata decision would push some fares up by as much as 7%. "object of the increase is to bridge the gap between the different

LINDEN BIRNS

types of special fares," she said.

In effect, all normal economy, business and first class fares would go up by 7%, peak-time fares by 6%, shoulder-season tariffs by 5% and low-season tickets by about 4%, she said.

The source said the currency adjustment increase was not an unusual occurrence and was normally made every quarter.

American Airlines SA MD Mike Tyler said the currency adjustment was worldwide and not applicable only to SA.

Although SAA is preparing its new fares in accordance with the Iata increase, the German airline Lufthansa will not raise its fares, at least for the time being.

Lufthansa spokesman Karin Lambson

□ To Page 2

## Air fares

said on Friday that as far as the airline was concerned, the Iata increase had to be approved by the German government before it could be implemented.

"At this stage our government has not approved it and, as far as we know, neither has the SA government," she said.

Under the new tariffs, a first class peak-season return ticket between Johannesburg and London — which sells at R11 460 — will cost R12 835, business class fares

will increase from R8 052 to R9 018, and return economy class tariffs will go up from R6 975 to R7 812

First class peak season return fares for Johannesburg-Taipei flights will rise to R15 755, business class fares to R12 327 and economy class fares to R10 719

The increases will affect not only long-haul international flights, but also regional cross-border flights

□ From Page 1

... this project

# Masstran planners hope to integrate all transport

By Julienne du Toit

Masstran, the consultants conducting a feasibility study into the optimum integrated mass transport system for Greater Johannesburg, say all existing means of transport, including minibuses, should complement each other

Masstran is investigating means to integrate modes of transport — buses, minibus taxis, light rail (trams), and conventional heavy rail.

The trams, also called Light Rail Transport (LRT), and possibly an underground metro system at some later stage, have also been taken into consideration.

Minibuses would be encouraged to be feeder services from residential areas to railway or tram stations

sta 18/3/91  
269  
This would mean they could make more money out of many short trips during rush hour than only one or two on long haul routes

The existing rail service, the "backbone of mass transport" according to Masstran, should be made more attractive and cost effective

Ben Kruger, one of the consultants, said railway stations should be made safer by a police presence. This would encourage private enterprise to set up businesses nearby.

"We will be opening up niches for the market, (and) not forcing anyone," he said.

A final report on the feasibility study, which projects its plans to the year 2005, will be presented to the Department of Transport in June.



## SAA fares up again in April

By John Miller

South African Airways is to increase its international air fares by five percent next month. *Star 18/3/91*

SAA spokesman Zelda Roux yesterday described the rise as a commercial increase and said it was not only a result of the current price of jet fuel.

During the past year, SAA international fares have increased by 19 percent, with 16 percent due to fuel surcharges.

The latest increase means that from April 1 passengers travelling economy class to London will pay more than R7 000 for a return ticket. A first class return ticket will cost more than R12 000.

On the Hong Kong route, economy class will now cost more than R10 000 and first class almost R15 000.

Miss Roux would not say whether there would be any increase in domestic fares within the next three months, but said domestic jet fuel was still 62 percent higher than before the Gulf War.

This contradicts an Iata fuel expert interviewed by The Star last week, who said that spot jet fuel prices were in fact lower now than before the war.

Hansard

## QUESTIONS

† Indicates translated version

For oral reply

## General Affairs

## Tongaat Town Board: representations

\*1 Mr M RAJAB asked the Minister of Transport

- (1) Whether he has received representations from the Tongaat Town Board for the land earmarked for the La Mercy Airport to be released for industrial and housing purposes; if so, (a) what form did these representations take, (b) when were they received and (c) what was his response thereto,
- (2) whether he will make a statement on the matter?

D35E

## The DEPUTY MINISTER OF TRANSPORT

- (1) No, but the Department of Transport did
- (a) A written application as well as a resubmittance thereof, was submitted by the Town Clerk of the Township of Tongaat
- (b) The original application was received on 2 December 1986, and the resubmittance thereof on 13 December 1990
- (c) In response to the original application the Department indicated amongst others that certain portions of land could be made available for temporary purposes such as agricultural use but that the establishment of an industrial township would commit the Department to a programme with insufficient flexibility, which would hinder the development of an airport at the La Mercy site

On 18 January 1991 the Department responded to the resubmittance of the application concerned, by indicating that, in view of completed new improvements to the terminal facilities at Louis Botha Airport, passenger growth that is being experienced and expected in future, an in-depth

HOUSE OF DELEGATES

Hansard

study of the ultimate capacity of this airport and a projected time scale associated therewith, is being undertaken by the Department. Once the study has been completed the application of Tongaat would be reconsidered in view of the findings reached, since those will have an impact on the requirement for the development of an airport at the La Mercy site

- (2) No, the afore-mentioned elucidates the matter sufficiently

Mr M RAJAB Mr Chairman, arising out of the hon the Deputy Minister's reply, could he please tell this House whether he has any idea when that report will have been completed?

The DEPUTY MINISTER OF TRANSPORT Mr Chairman, I would like the hon member to put his question on the question paper, so that the hon the Minister can answer it

## King Edward VIII Hospital/Natal Medical School: vacant posts

\*2 Mr M RAJAB asked the Minister of National Health

- (1) Whether any professional posts are vacant at the (a) King Edward VIII Hospital and (b) Natal Medical School, if so, (i) how many, (ii) in which departments and (iii) in respect of what date is this information furnished,
- (2) whether she will make a statement on the matter?

Hansard 19/3/91 D37E

## The MINISTER OF NATIONAL HEALTH

- (1) (a) Yes and  
(b) yes,  
(i) King Edward VIII Hospital 14 posts  
Natal Medical School: 10 posts,  
(ii) King Edward VIII Hospital

Anaesthetics  
Internal Medicine  
General Surgery  
Nursing  
Physiotherapy  
Occupational Therapy  
Pharmacy  
Social Work

## Natal Medical School

Cardiothoracic Surgery  
Orthopaedic Surgery  
Urology

## Anatomical Pathology

Virology

Human Anatomy

Psychiatry

Physiology

Medically Applied Psychology

and

(iii) 28 February 1991;

(2) no

Mr M RAJAB. Mr Chairman, arising out of the reply of the hon the Minister, could she please tell this House whether she has any ideas as to the reasons why there are so many vacant posts?

The MINISTER OF NATIONAL HEALTH Mr Chairman, I am sorry, but I cannot explain the reasons for the vacancies

Mr S PACHAI Mr Chairman, further arising out of the hon the Minister's reply, could she tell us when these posts will, in fact, be filled, and if not, why not?

The MINISTER Mr Chairman, we are phasing in a new management model for academic hospitals. By doing so, we hope to enable them to manage their own affairs within a specific budget. We hope we will be able to address the problems concerning the vacancies in this way.

Mr S PACHAI Mr Chairman, further arising out of the hon the Minister's reply, could she tell us whether the quality of service at these hospitals is affected as a result of the present vacancies?

The MINISTER Mr Chairman, I have stated on many occasions that I am not satisfied with the situation at the King Edward VIII Hospital. I presume, therefore, that the position will be affected because of these vacancies. However, we are doing everything in our power to address the problem.

Mr P C NADASEN Mr Chairman, further arising out of the hon the Minister's reply, I firstly want to know if she is entrenching the own affairs system, and secondly, does she concede that there are disparities with regard to, for instance, the Natal budget?

Hansard

The CHAIRMAN OF THE HOUSE Order! I do not think the supplementary questions that were asked by the hon member bear any relevance to the reply given by the hon the Minister

## Conference: local government affairs

\*3 Mr Y M MAKDA asked the Minister of Planning, Provincial Affairs and National Housing

- (1) Whether the Administrator and/or Executive Committee of the Transvaal hosted a conference on local government affairs in Pretoria on or about 12 February 1991, if so, what are the relevant details,
- (2) whether representatives of Black local authorities were invited, if not, why not,
- (3) whether representatives of Indian and Coloured management committees were invited, if not, why not in each case,
- (4) whether he will make a statement on the matter?

Hansard 19/3/91 D43E  
The DEPUTY MINISTER OF PLANNING, PROVINCIAL AFFAIRS AND NATIONAL HOUSING

(1) The Administrator invited all White local governments to a meeting which took place at the CSIR on 12 February 1991. The primary objective of the meeting was to request White local governments to render assistance to Black local governments, and where possible to establish joint administrations between neighbouring local governments

(2) No. The purpose of the discussion was to request specifically White local governments to assist. Discussions are already taking place on a local level between neighbouring local governments

(3) No. Indian and Coloured Management Committees were not invited because the meeting was held with the specific aim to effect arrangements between White and Black local governments

(4) The Administrator released a press statement after the meeting

The CHAIRMAN OF THE HOUSE Order! I would just like to inform hon members that the time for questions is about to run out. If hon

HOUSE OF DELEGATES

# Transport system must serve all <sup>269</sup> Minister

By Carina le Grange 19/3/91

Changes on the political, constitutional and socio-economic fronts at the start of the 1990s have necessitated a new approach in respect of passenger transport policy. Minister of Transport and of Public Works and Land Affairs, George Bartlett, said in Midrand yesterday

Mr Bartlett, speaking at the launch of the Midrand Transport Association, made certain observations about the Government's transport policy.

He said that in response to the latest changes, a discussion group had been established to advise his department.

"The ideal visualised is an integrated, multi-modal passen-

ger transport system which will serve the needs of all," he said

Among policy objectives accepted to bring this about were

- Promoting public transport
- Satisfying user needs
- Promoting safety and reliability in public transport
- Applying the principles of deregulation, privatisation and devolution of authority where

possible

Mr Bartlett said the rapid expansion of the minibus taxi industry could not be seen as the result of the Government's policy of deregulation as it was a "natural movement" that had started before the publication of the White Paper on National Transport Policy four years ago



# Airports to be commercialised

GEORGE — SA's nine state airports could be fully commercialised by next year, Transport Minister George Bartlett said yesterday.

Bartlett said state airports would not be privatised but would probably continue to be run on a commercial basis by companies owned 100% by the state.

Bartlett was speaking at a ceremony at which George's P W Botha Airport received the Airport of the Year award.

He said full privatisation of airports was "a long way off" and that commercialisation under state control was the preferred means of making them profitable concerns.

"Airports have to offer all user airlines equal service opportunities and accommodation in landing slots, ground facilities and passenger and baggage handling services," he said.

Bartlett said a task group comprising the Directorate of Civil Aviation and other parties with interests in the commercialisation of airports had been convened to investigate several possible models.

Bartlett said full commercialisation

LINDEN BIRNS

could be expected within the next year.

In terms of the commercialisation proposals, separate companies would be set up each responsible for one of the nine state airports.

"These companies, with independent trading accounts, will be accountable for the failure or success of each airport which will have to be run according to sound business practices," he said

Bartlett likened the proposed model to the UK's previous state-controlled Airport Authority, and said the new structures would probably resemble state corporations similar to Eskom, Iscor and Sasol.

He added that the Transport Department had been preparing for the change in airport management and had called for nominations of people to sit on an Air Services Licensing Council which would be charged with implementing new policies.

SAA CE Gert van der Veer said the airline was not going to make a nomination as it was not prudent for airport users to be put in a position where they would be granting themselves licences.

## Delegates will discuss union issues

VERA VON LIERES

THE Nactu-affiliated Metal and Electrical Workers' Union (Mewusa), representing 26 000 workers, is to hold its national congress in Johannesburg this weekend.

Mewusa general secretary Tomi Oliphant said yesterday about 350 delegates from various regions countrywide would meet to discuss a range of issues.

Mewusa is one of the 12 unions involved in negotiations in the metal and engineering industries.

It is demanding a R1,50-an-hour across-the-board increase for all employees and a minimum hourly rate of R6 for the lowest grade workers.

It is also demanding a 40-hour week and pushing for wage differentials between various grades to be eliminated.

Other demands include March 21 as a paid public holiday; an increase in shift allowances; and a minimum four weeks severance pay per year of service.

The union has also tabled demands on the training of operatives and artisans which, it says, is one of its main demands.

The next round of talks in the metal and engineering industry will take place early next week.

## 'Major health care challenges face SA'

GERALD REILLY

PRETORIA — The provision of an equitable non-discriminatory health care system was one of the major challenges facing the health care sector, National Health and Population Development director-general Coen Slabber said yesterday.

Speaking at the SA Nursing Council AGM, Slabber

said other challenges were AIDS, the unacceptably high population growth, rapid urbanisation, the low economic growth rate and shortage of funds.

It was decided that the future health care system had to be based in primary health care and had to pro-

vide an equitable service accessible to all.

And Nursing Council president Wilma Kotze said there was reason for grave concern about the shortage of nurses particularly in the fields of intensive care and cancer.

She said the number of nurses had risen by 2% last year.

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# SAA eyes USSR, Eastern Europe

B Day 20/3/91 (209)

SAA was investigating the possibility of operating regular flights to the Soviet Union and Eastern Europe, and would probably fly three times a week to New York once the US reinstated its landing rights, CE Gert van der Veer said yesterday.

Van der Veer said in an interview that opening new commercial and trade markets in Eastern Europe and the Soviet Union would be carefully monitored.

Once market and traffic volumes warranted it, SAA would apply for routes to these areas.

"We are in contact with East European and Soviet airlines, but there's no immediate market," he said

## Criticism

"For the foreseeable future we'll continue to interline with these airlines via our European destinations

"We already have an interline agreement with LOT of Poland through Frankfurt," Van der Veer said.

He denied criticism that SAA would operate flights to the US, once the ban on the airline's landing rights was lifted, only for political status reasons.

"We are a profitable business; we fly to make money out of it.

"The latest statistics show that SAA carries more US-originated passengers now — through Europe — than it ever did before

## LINDEN BIRNS

the imposition of sanctions," he said.

American Airlines's SA spokesman Mike Tyler said although a bilateral agreement with SAA would be offered as a right to a US carrier, it was doubtful that this right would be exercised as SA represented a very small market

"SAA will probably be the only party to operate on routes between Johannesburg and the US, as it really wouldn't be a worthwhile market for a US carrier," Tyler said

Van der Veer said SAA would probably operate three flights a week to New York when the go-ahead to resume flights was given.

"Prior to the imposition of sanctions, SAA flew five weekly flights to New York, so we've no doubt of a market need," Van der Veer said

He added SA's international civil aviation policy would come under review next month but it was unlikely that any meaningful liberalisation would take place on international routes to and from SA

The focus would probably be on allowing new players into the market while maintaining the current bilateral agreement policy, rather than a complete deregulation, he said

This was in line with international trends

● See Page 4



Winnie Mandela, flanked by a Court yesterday.

## Trial trio's indemnity hopes high

PRETORIA — The three right-wingers allegedly responsible for the Melrose House bombing in Pretoria last year had applied to President F W de Klerk for indemnity, but had not received a reply, the Pretoria Regional Court heard yesterday.

Regional magistrate W F Kruger granted a postponement to June 6 at the request of counsel for Jan Dirk Heyns du Bruyn, 37, of Krugersdorp, Gert Johannes Jacobus du Bruyn, 30, of Elandsrand, and Artur Detlef Guderian, 23, of Blyvooruitzicht.

Counsel for the defence J Roussouw indicated that in the light of the "perpetrator" (presumed to be extreme right-wing Orde Boerevolk leader Piet "Skiet" Rudolph) being granted indemnity on Monday, the chances were his clients would receive similar treatment.

As yet, the three men have not been formally charged.

They face charges of sabotage and the illegal possession of an explosive device.

The charges are related to the explosion of a home-made bomb at Pretoria's historic Melrose House on May 23 last year.

The men's bail of R2 000 each was extended.

They have to report every Wednesday to their nearest police stations. — Sapa.

# Alexandra mayor accused of 'importing murderers'

B Day 20/3/91

ALEXANDRA Civic Organisation (ACO) president Moses Mayekiso yesterday lambasted the township's mayor Prince Mokoena for allegedly fuelling instability by bringing in foreigners who "mercilessly murdered" residents

Addressing a media briefing in Johannesburg, Mayekiso said his organisation condemned forces which wanted to reverse political gains made by Alexandra's people

Alexandra has been the scene of intense factional violence in which more than 50 people have been killed over the past 10 days. Mokoena, who recently sought a home in Inkatha, had told the ACO leadership he would "hit the community very hard"

"There are also allegations that Mokoena facilitated the influx of foreigners into Alexandra," Mayekiso said It was believed these "foreigners" included peo-

## WILSON ZWANE

ple from Mozambique, as some were overheard speaking Portuguese.

"The importation of roodoeke from the East Rand, West Rand, Natal and Mozambique was done behind the scenes, without the knowledge of political organisations, by the third force, which is manipulating structures and leadership of some political organisations

"This shows how the supposedly progressive organisations are infiltrated by criminals to use innocent members to commit violence," Mayekiso said

"ACO will intensify its campaign for the resignation of Mokoena and his council People are staging a sit-in at Mokoena's offices and they have vowed to continue with their protest until Mokoena resigns"

Mokoena could not be reached for comment.

## Cast denies trying to derail negotiations

THE Civic Associations of Southern Transvaal (Cast) charged yesterday that it was not a front for the ANC and that its campaign to isolate black town councillors had the support of most residents in townships where it operates

In a statement in Johannesburg, Cast denounced allegations that its isolation campaign was aimed

at derailing the negotiation process

"Cast is on record as being supportive of the ANC initiative around talks with the government

"However, we have also said that the pace and content of the talks must be dictated by the majority of our people

"The campaign is one way of involving our people

in this process," the organisation said

In a similar statement, former Daveyton mayor Tom Boya distanced himself from reports that his resignation was precipitated by intimidation from the ANC and Cast

"The system of the black local authorities is bankrupt," he said — Sapa.



# SAA in for rough ride

Star 20/3/91 (269)

**O**VER the past 10 years, SAA's airfares have increased by 315 percent — increases made up of currency adjustments (135 percent) and commercial and inflationary rises of 180 percent.

"Besides the normal inflation which every industry faces, we have had an additional burden which is the currency imbalances, especially with the weak rand, and that most of our expenditure is in foreign currency," says Leon Els, senior public relations manager of SAA.

Like other airlines, SAA went through difficult times during the Gulf War when jet fuel prices rocketed. Notwithstanding last year's dramatic increases in domestic and international airfares, SAA has managed to keep its prices at a reasonable level, says Mr Els. He claims fares are still more than 3 percent below satisfactory tariffs.

Defending the almost 400 percent across-the-board increases during the past 10 years, Mr Els points out that for 28 months from January 1986, domestic

South African Airways will have to perform a balancing act with its air fare increases this year, as it tries to find the right levels between consumer acceptance and market resistance. The Star's JOHN MILLER reports.

fares did not go up. He said the series of increases in these fares up to the beginning of 1990 merely allowed the airline to catch up and begin making suitable returns to repay debts on its fleet.

For the first time in some years, the domestic wing of the airline should break even or make a small profit this year compared to a shortfall of R26 million the previous year.

"Most of the increases on international fares have either been commercial or currency adjustments due to the weak rand. However, these have been more regular and smaller than those in the domestic market"

When SAA introduced a business class on its planes in October 1984, the fare structure was 15 percent higher than economy class. It now stands at about 25 percent more. Mr Els denies that SAA caters mainly for the businessman on its domestic flights, saying "almost 45 percent of the domestic revenue comes from discounted fares".

Lufthansa spokesman Karin Lamb says that over the past 10 years her company increased its domestic fares by about 38 percent and for business class between Frankfurt and New York by 67 percent.

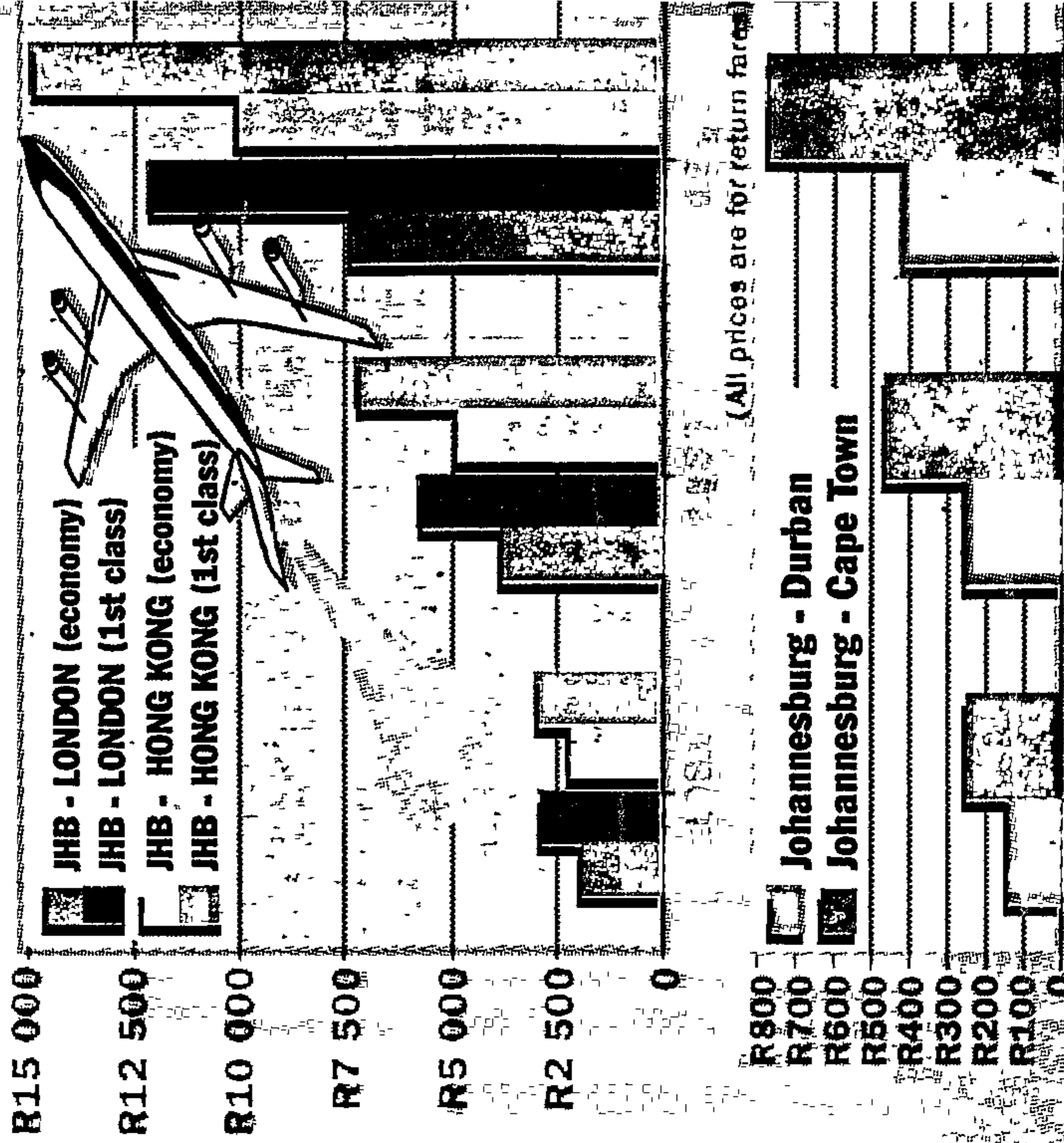
She says Germany, unlike South Africa, does not have to contend with a high inflation rate and a weakening currency.

Kathy McWhirter, general manager marketing at Rennie's, says SAA will have to keep air fare increases down to a minimum, especially with deregulation already occurring.

"Deregulation might in fact be good for the traveller and at least allow him to choose the airline and type of service he is prepared to pay for." □

## BRIEFING

### Airfares locked



Graphic by Liz Warder



# Airbus deal 'will cost Trek R795m'

TREK Airways, which will soon compete against SAA on domestic air routes, is understood to have placed an order worth at least R795m for "five to seven" Airbus A320 aircraft, which it will have in the skies by the end of July.

SAA has ordered seven of the same 150-seater aircraft, but will receive its first plane, also to be used on internal routes, only in November.

Trek MD Jan Blake was unavailable for comment yesterday. The airline's GM Reinhart Mecklenburg said Blake was yesterday signing contracts confirming aircraft orders.

Mecklenburg declined to specify exactly what aircraft had been ordered, but said he hoped Trek would be able to "confirm the rumours once and for all" today.

It is not yet clear whether Trek will be leasing the aircraft as was initially planned, or whether they have opted to buy outright the aircraft from Airbus.

A recent newsletter from Airbus Industrie in Toulouse, France, said an unnamed customer had placed an order for seven new aircraft. Airbus spokesman David Velupillai would not confirm whether Trek was the unnamed customer.

"All I can tell you at this stage is that Airbus has briefed Trek on the A320, and Trek is very interested. More than that I

Bl Day 21/3/91

LINDEN BIRNS

am not allowed to tell you right now," he said.

Sources close to the Boeing Commercial Airplane Company, which sent several missions to Johannesburg to try to close a deal with Trek, confirmed that Trek had rejected Boeing's offer.

British Aerospace has also made a bid to secure a sale, but was also unsuccessful.

Another unsuccessful contender was McDonnell-Douglas, which was anxious to create a presence in the Boeing-dominated African civil aviation market.

Last December Trek was awarded licences to operate 12 daily flights between Johannesburg, Durban, Cape Town, Port Elizabeth and East London.

At the time Blake said he aimed to capture at least 20% of the total local passenger market. This week sources close to SAA's domestic services predicted Trek might in fact get an even bigger market share, possibly in the region of about 35%.

Trek is jointly owned by Rentmeesterbeleggings Ltd, Safmarine and Muelklin (Pty) Ltd. None of the three owners has a controlling interest in Trek.

Blake said earlier the new domestic services would be financed mainly from internal sources but that further investments by the three co-owners would probably be required.

# RSCs willing to share state's transport load

PATRICK BULGER

CENTRAL Witwatersrand Regional Services Council chairman John Griffiths said yesterday RSCs would have no objection to taking over part of the state's transport subsidies.

He was reacting to Finance Minister Barend du Plessis's Budget announcement that RSCs should help shoulder the subsidy burden from July 1 next year.

The state spent almost R600m in transport subsidies in the 1988/89 financial year.

Du Plessis said to ensure cost-effective transport subsidies, an integrated strategy was being developed by state departments to co-ordinate subsidy expenditure involving land use, housing, job opportunities and other factors that impacted on the demand for transport.

Responsibility for transport subsidies should be allocated on a regional basis, so that each regional authority would accept responsibility for subsidisation of commuters in its region.

Griffiths said if funds were available, the RSCs should be able to make a contribution. At present, however, RSCs did not have the funds to subsidise transport due in part to their commitment to allocating bridging finance to black local authorities.

## VAT to push up domestic airfares by 12%

DOMESTIC airfares are set to rise by at least 12% with the introduction of VAT at the end of September (269) (242)

SAA spokesman Stephane de Witt said yesterday no tax (GST) was charged on internal flights but the introduction of VAT would apply to domestic airfares

However, SAA spokesman Leon Els said exact plans had not yet been made to accommodate the new tax (10/24/91) 22/3/91

Association of SA Travel Agents (Asata) president Barney Singer said in Cape Town yesterday government still had to "spell out" how VAT would be applied to domestic air fares

With Trek Airways entering the domestic passenger market during the third

LINDEN BIRNS

quarter of the year, it was possible that the addition of VAT to tariffs could be the spark needed to set off a domestic price war between SAA and Trek, Singer said.

Els said he doubted that SAA or Trek would be able to undercut one another.

Just The Ticket (JTT) MD Bob Williams said while international air travel was recovering — albeit slowly — in the aftermath of the Gulf war, domestic air travel would be adversely affected by the introduction of VAT

JTT, which opened as SA's first "bucket shop" air ticket brokers, processed more than R1.5m in international air tickets during its first 15 operational days, he said.



## SAP members: convictions

76 Mr A J LEON asked the Minister of Law and Order *Hansard 22/3/91*

How many members of the South African Police were convicted of (a) murder, (b) culpable homicide, (c) assault with intent to do grievous bodily harm and (d) common assault in 1987, 1988, 1989 and 1990, respectively?

B218E

## The MINISTER OF LAW AND ORDER

(a) *Murder*

1987 — 3  
1988 — 22  
1989 — 27  
1990 — 11

(b) *Culpable homicide*

1987 — 30 members (of which 11 were involved in motor collisions)  
1988 — 48 members (of which 20 were involved in motor collisions)  
1989 — 45 members (of which 14 were involved in motor collisions)  
1990 — 35 members (of which 11 were involved in motor collisions)

(c) *Assault with intent to do grievous bodily harm*

1987 — 86  
1988 — 119  
1989 — 136  
1990 — 77

(d) *Common assault*

1987 — 345  
1988 — 420  
1989 — 338  
1990 — 295

## Note

Although there has been a drastic decrease in 1990, in comparison with 1988 and 1989, in the appearance of convictions against members for offences of this nature, the situation is still not satisfactory, and to the Commissioner, the South African Police and myself it remains totally unacceptable

Steps are being taken to make members aware of this unacceptable state of affairs, to warn them against such deeds and the committing of

Route Office expenses not directly attributable to the toll plazas

(ii) The cost of maintaining the stretch of road in question amounted to R2 709 026,00 for the 12-month period ended 30 June 1990

(iii) Construction costs on this section of road amounted to R153 222 000,00 for the 12-month period ended 30 June 1990 and includes plaza construction costs

(b) The total amount of toll money collected for the 12-month period ended 30 June 1990 amounted to R44 045 894,00 (after concessions and discounts)

(c) Toll money forfeited through toll concessions amounted to R1 270 060,00 for the 12-month period ended 30 June 1990

(2) Yes, the Department of Transport did pay over money to the company mentioned in (2)(a)

(d) The name of the company which financed, constructed, operated and maintained certain sections of the N3 as a toll road as agents of the State, is Toll Road Concessionaires (Pty) Ltd (Tolcon)

(b) (i), (ii) In terms of the State's agreement with Tolcon an amount of R44 145 053,00 (equal to the toll income and sundry income collected on this section of road) was paid to Tolcon towards meeting their expenses incurred on the toll road for the financial year ended 30 June 1990

The expenses incurred by Tolcon on this section of road are as follows

— Plaza operating costs R3 397 142  
— Route overheads R474 323  
— Route maintenance R2 709 026  
— Route services R629 024

— Share of corporate office costs R2 228 895

— Share of promotional costs R311 428

— Share of training costs R528 667

— Share of interest costs R34 860 747  
R45 139 252

The shortfall of interest was capitalised by further borrowings

(iii) No money had been paid over to Tolcon by the Department of Transport in respect of further construction costs on the N3 toll road between Heidelberg (Transvaal) and Pietermaritzburg as construction costs are financed from money market loans procured by Tolcon as an agent of the State

## Military hospitals: bed occupancy rate

157 Lt-Gen R H D ROGERS asked the Minister of Defence *Hansard 22/3/91*

What was the average bed occupancy rate in military hospitals in 1990?

B401E

## The MINISTER OF DEFENCE

54,4%

## SA Co-ordinating Consumer Council

194 Mr L F STOFBERG asked the Minister of Trade and Industry and Tourism

(1) What amounts have been (a) voted to the South African Co-ordinating Consumer Council and (b) generated by this council itself since 1985, *Hansard 22/3/91*.

(2) whether he is the only member of the Cabinet who is authorised to concern himself with the implementation of policy by this council, if not, (a) why not and (b) what other members of the Cabinet are authorised to do so,

(3) what procedure is adopted in appointing a chairman for the said council?

B547E

# New crackdown on train-gang terror

ARGUS 22/3/91

269

By SHARKEY ISAACS  
Staff Reporter

SPOORNET and the SA police are stepping up efforts to curtail crime on the railways after a renewed outbreak of armed robbery, muggings and terror attacks by gangs on Peninsula trains travelling to black and coloured townships.

Fourteen suspects were arrested in the latest flare-up after gangs of youths terrorised commuters. Some were knifed and robbed. Two people were injured when they fled their attackers and fell off passengers coaches last Friday.

Mr Dumisana Fbayi, an education officer at the SA Museum, who travels daily to the city from Guguletu said the situation was getting bad, especially in third class passenger coaches.

"Police know about it and there is a strong presence on trains and stations."

Police deployment was stepped-up last week after friction between black and coloured commuters near Heideveld.

Captain Loekie Jordaan, head of the police mobile unit, said every effort was being made to contain crime.

A Spoornet spokesman said security teams were working with police and arrests had been made.

Spoornet has a toll free number, 080 021 0081, and commuters are urged to report incidents.

Criminals had 640 trains to choose from Monday to Friday, 353 trains on Saturdays and 201 trains on Sundays.

FM  
22/3/91

## AIRFARES GET SET TO TAKE OFF

269  
~~269~~

The 4%-7% increases in international fares that SA Airways and its pool partners will charge from April 1 are only the first of more to come this year.

The International Air Transport Association-sanctioned increases are intended to enable its members to cover general operating cost increases. They are not intended to counter specific increases, such as in rising fuel costs or depreciation of the rand. No doubt fare increases to cover these will follow.

They were set in November at the annual IATA tariff co-ordinating conference in Geneva, which decided normal fares would be increased by 7% and discount fares by 4%-6%.

The effect of this, says Stephanie de Witt of SA Airways, is that a business-class return air ticket to London will be increased by 7% to R8 616. A first-class return to the same destination will go up from R11 460 to R12 263.

Pex fares, which allow travellers to stay

abroad for between 14 days and six months, will be increased by 4% in the low season, 5% in the shoulder season and 6% in the high season. A low-season Pex return ticket to London, increases from R3 319 to R3 452, a shoulder-season return fare from R3 519 to R3 695 and a high-season ticket from R3 987 to R4 227.

UTA GM marketing Richard van Zyl welcomes the increases — as much for the airlines as he does for the retail travel industry which, to get business, often shares commissions with bargain-seeking travellers.


"The higher fares will enable them to earn more," says Van Zyl. "Airlines cannot operate without them but the way they were going about things was making it difficult for them to stay in business. It wasn't increasing the pool of potential travellers. Anyone who can afford to fly to Europe will fly whether he saves R300 on his ticket or not," he says.



Alexandra Civic Organisation sit-in protestors at the Council office of the mayor, Prince Mokoena. ■ Pic: TLADI KHUELE

## Armed guards to travel on trains

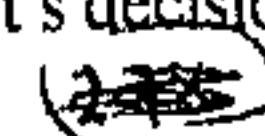

By SOPHIE TEMA

(269)   
A 24-HOUR police guard has been introduced on black trains and stations in Johannesburg to protect passengers

Police will travel on trains between Johannesburg and Naledi and some stations have been made safer by the installation of fences for better gate control. *Ciphen 24/3/91*

The South African Rail Commuter Corporation (SARCC) this week made the announcement

The SARCC was established in April

last year to assume responsibility for rail commuter services in view of the government's decision to deregulate the railways.  

While the SARCC is responsible for the safe operation of railway equipment, the SAP are to take responsibility for the personal safety of passengers on trains

Violence on trains, resulting in the deaths of scores of commuters, led to an exodus from the railways to minibus taxis

# Making life safer for commuters

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**THE** South African Rail Com-muter Corporation is to spend millions of rands on upgrading of security measures at its 356 metro station nationwide in the next five years.

The SARCC, which has contracted Transnet to run its trains in metropolitan areas, is engaged in this huge financial programme to provide more security on stations and ensure safety of its commuters.

The five-year plan, from 1991 to 1995, will involve stations in the metropolitan areas of Johannesburg, Cape Town, Pretoria, Durban, Port Elizabeth and East London.

Mr Don Manaka, SARCC's assistant manager (marketing communication), said of the total of 356 metro stations, 247 would eventually be fully policed.

The upgrading meant making stations safe through the installation of proper security fencing, erection of satellite reporting offices, better gate control and 24-hour police presence.

Manaka said upgrading of facilities and security has already been completed on the Naledi-Mzimhlophe line.

He said work on 30 Reef stations will be finished this year.

"This means they will be properly fenced in, facilities upgraded and have staff manning ticket offices and barriers.

"We are going to extend this service, with the assistance of the SAP,

**BY NKOPANE MAKOBANE**

over time to all major stations around South Africa.

"It must be noted that the corporation is responsible for the safe operation of its equipment, while the SAP are entrusted with personal safety of commuters," he said

Manaka also said the corporation was concerned with the recent sporadic attacks of passengers on trains.

"We are aware that people want to travel without fear of being robbed, raped or assaulted.

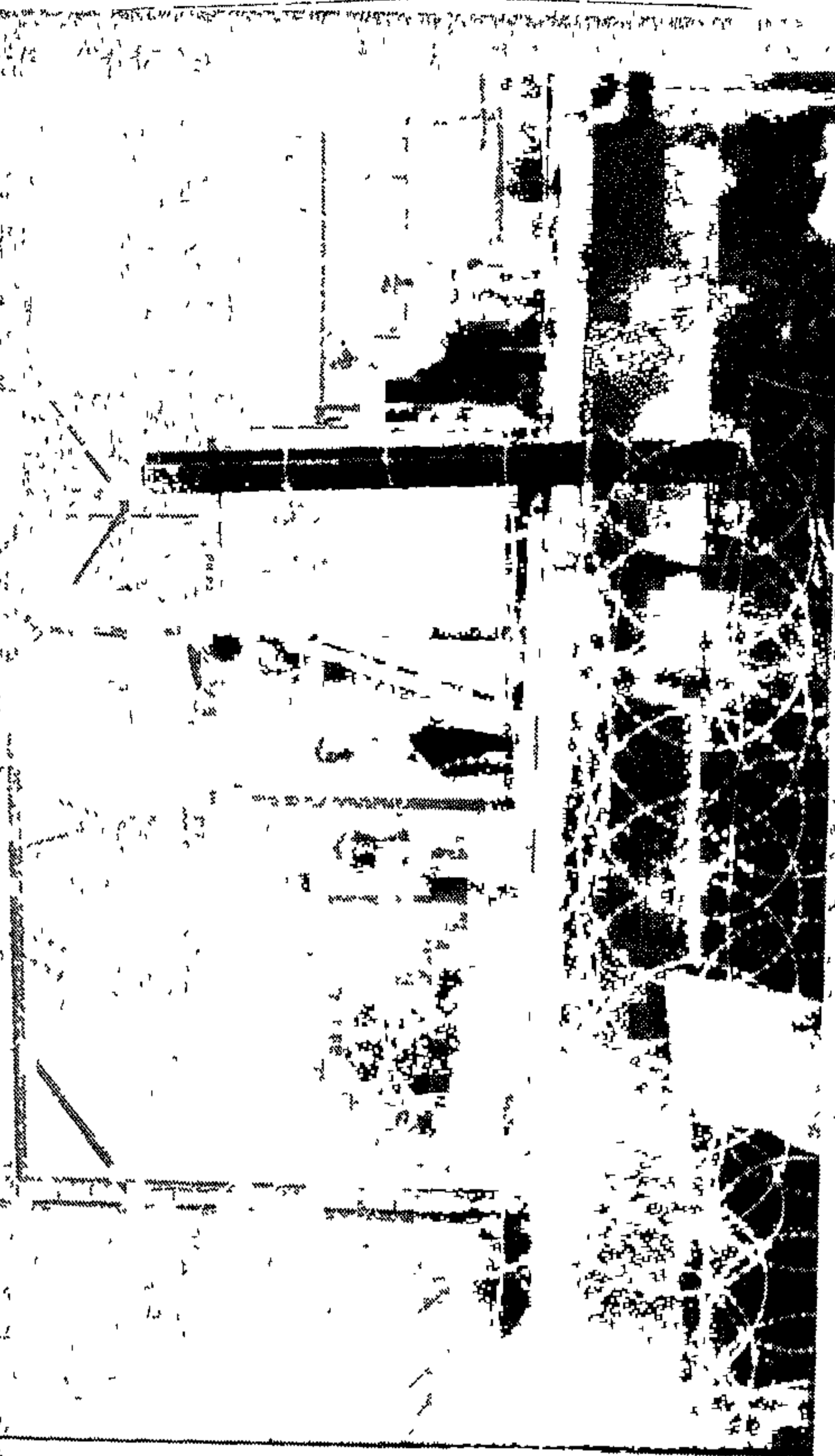
"The corporation is confident that steps already taken and those envisaged, will greatly contribute towards making rail commuting a safe and pleasant experience once again.

"We believe that commuters are the most important assets and therefore we want to make them feel safe, as well as comfortable in the trains," he said.

Manaka explained that since its inception the corporation has swiftly reacted to market indicators.

He said the security situation on its property was identified as one of the most important issues

"To improve the quality of its services and to give better value for money to all its clients, toilets, shelters, benches, lighting and so on, are being repaired and will also cost the corporation millions of rands," he said.



**Workers busy at Phefeni Station as part of the SARCC programme to upgrade facilities at stations nationwide that were vandalised in the past few years. Pic by MOFFAT ZUNGU**

# Getting them back on the rails

269

**THE** South African Rail Commuter Corporation, which has lost hundreds of passengers to other means of transport, is determined to win them back.

The last few years have seen many black travellers, who for many years solely depended on the railways, change to taxis.

Even the loyal urban commuter who relied on trains to travel daily to and from work, has switched to taxis and buses.

In an interview with *Sowetan*, Mr Don Manaka, SARCC's assistant manager (marketing communication), said there were many factors that needed to be examined.

**By NKOPANE  
MAKOBANE**

when it came into being. These were, to maintain the present levels of service; persist with a policy of non-investment and allow levels of service to decline to zero level and; to raise the level of service to the standard of 1984.

"It was evident that an efficient suburban passenger transport system was indispensable to a new South Africa. Subsequently the corporation decided to accept the challenge to raise the level of service.

## Reaction

"The corporation has also, since its inception, swiftly reacted to market indicators. The security

Sowetan 26/3/91

"Some stations would only be patrolled by a mobile police squad once a day or night, depending on the environment. These would be stations where the level of activities do not warrant policing.

"Provision is being made for additional policemen. Once we have police at major embarking and disembarking points, they would ensure that armed culprits do not gain entry into stations. This would be one of the most effective ways to curb violence on trains.

"We also intend using certain security measures while people are in transit. We cannot divulge them at this stage because that would be alerting the criminals.

"Although this is a long-term programme, we

will be made safer through the installation of fences, upgrading of facilities, satellite reporting offices, better gate control and 24-hour police presence," he said.

In addition, Manaka said the corporation intended to improve the cleanliness of its trains and stations. Furthermore, it wanted to repair basic facilities on stations such as toilets, shelters, benches and lighting

## Vandals

He urged commuters to regard all these efforts as a joint venture. He pointed out that money spent by the corporation comes from the taxpayer.

"It is important that every commuter keeps an eye on vandals. Any crime committed on the

corporation's property can be reported. We have introduced a scheme in which we reward people reporting incidents of crime

"Very shortly a toll-free crime reporting telephone number will appear all over in stations, trains and the media. Meritorious reports will be rewarded, while all information received will be treated as confidential.

"We are going to pay rewards of up to R25 000 to people who report vandalism. This is not just our property, but the taxpayers' as well."

**Mr Don Manaka . . . wants the passengers back.**





## History

He gave the following background to the history of the railways in South Africa.

The SARCC was established on April 1 1990 to assume responsibility for rail commuter services throughout the country. It evolved from the South African Transport Services following the Government's policy of deregulating and commercialising Transnet.

The legal obligation in terms of the succession to the Sats Act of 1989 was to provide rail commuter services in South Africa. This meant that the running of the trains was to be undertaken by Spoomet, a subsidiary of Transnet, under contract to the corporation.

Transnet has been contracted to run the corporation's trains in metropolitan areas of Johannesburg, Cape Town, Pretoria, Durban, Port Elizabeth and East London.

## Support

He said suburban passenger services in South Africa had always been dependent on Government support. As a result of continued losses, the Government followed a policy of minimum investment in commuter services since 1984.

"Consequently levels of service deteriorated. The phenomenal growth of the taxi industry and the socio-political climate in South Africa, with urbanisation, further contributed to the problem.

"The increasing popularity of taxis was also a clear indication that the travelling needs of passengers have become far more sophisticated

"Unfortunately, it is also true that the quality of rail commuter services in terms of rolling stock, station and transfer facilities as well as personal safety of passengers, did not always meet with expectations," he said.

To remedy the situation, he said, there were three possible options that faced the corporation

situation on corporation property was identified as one of the most important issues."

He pointed out that until 1986, security regarding commuter services of the then Sats was the responsibility of the railway police.

"Since the amalgamation of the railways police with the South African Police, security has deteriorated. Vandalism, theft and intimidation of and assaults on passengers, unfortunately, became virtually commonplace.

## Safety

"Research also clearly indicated that personal safety was the single most important factor discouraging people from using the Metro services.

"This issue has been dealt with at the highest level. A decision was taken by the State Security Council that the function of security of the rail commuter services rested with the SAP, he said.

According to Manaka, it is for this reason that the corporation in the next five years will be spending millions of rands on upgrading security measures at each of the 356 Metro stations nationwide.

believe eventually we will root out all criminals. We are glad that we are instilling more confidence in our passengers.

## The aim

"The corporation is confident that all the steps already taken, and those envisaged, will greatly contribute towards making rail commuting a safe and pleasant experience once again.

"Our bid is to listen to and work with the community. Negotiations to this effect are underway. We are doing our best, in the interest of commuters to keep fares reasonable. We want to provide a reliable, safe and congestion-free transport system.

"We believe we will win back those lost passengers. They must put us to the test. We can provide far better transport service than anybody else.

"The positive reaction thus far from the commuting public is a clear indication that the corporation is on the right track with these actions

"We are happy that upgrading of facilities and security has already been completed on the Naledi-Mzumhlophe line. Work on 30 Reef stations will be finished this year.

"This means stations

# Getting them back on the rails

THE South African Rail Commuter Corporation, which has lost hundreds of passengers to other means of transport, is determined to win them back

The last few years have seen many black travellers, who for many years solely depended on the railways, change to taxis

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He gave the following background to the history of the railways in South Africa

The SARCC was established on April 1 1990 to assume responsibility for rail commuter services throughout the country. It evolved from the South African Transport Services following the Government's policy of deregulating and commercialising Transnet

The legal obligation in terms of the succession to the Sats Act of 1989 was to provide rail commuter services in South Africa. This meant that the running of the trains was to be undertaken by Spoornet, a subsidiary of Transnet, under contract to the corporation

Transnet has been contracted to run the corporation's trains in metropolitan areas of Johannesburg, Cape Town, Pretoria, Durban, Port Elizabeth and East London

## Support

He said suburban passenger services in South Africa had always been dependent on Government support. As a result of continued losses, the Government followed a policy of minimum investment in commuter services since 1984

"Consequently levels of service deteriorated. The phenomenal growth of the taxi industry and the socio-political climate in South Africa, with urbanisation, further contributed to the problem

"The increasing popularity of taxis was also a clear indication that the travelling needs of passengers have become far more sophisticated

"Unfortunately, it is also true that the quality of rail commuter services in terms of rolling stock, station and transfer facilities as well as personal safety of passengers, did not always meet with expectations," he said

To remedy the situation, he said, there were three possible options that faced the corporation

By NKOPANE  
MAKOBANE

when it came into being. These were, to maintain the present levels of service, persist with a policy of non-investment and allow levels of service to decline to zero level and, to raise the level of service to the standard of 1984

"It was evident that an efficient suburban passenger transport system was indispensable to a new South Africa. Subsequently the corporation decided to accept the challenge to raise the level of service

## Reaction

"The corporation has also, since its inception, swiftly reacted to market indicators. The security situation on corporation property was identified as one of the most important issues"

He pointed out that until 1986, security regarding commuter services of the then Sats was the responsibility of the railway police

"Since the amalgamation of the railways police with the South African Police, security has deteriorated. Vandalism, theft and intimidation of and assaults on passengers, unfortunately, became virtually commonplace

## Safety

"Research also clearly indicated that personal safety was the single most important factor discouraging people from using the Metro services

"This issue has been dealt with at the highest level. A decision was taken by the State Security Council that the function of security of the rail commuter services rested with the SAP, he said

According to Manaka, it is for this reason that the corporation in the next five years will be spending millions of rands on upgrading security measures at each of the 356 Metro stations nationwide

*Sowetan* 26/3/91

"Some stations would only be patrolled by a mobile police squad once a day or night, depending on the environment. These would be stations where the level of activities do not warrant policing

"Provision is being made for additional policemen. Once we have police at major embarking and disembarking points, they would ensure that armed culprits do not gain entry into stations. This would be one of the most effective ways to curb violence on trains

"We also intend using certain security measures while people are in transit. We cannot divulge them at this stage because that would be alerting the criminals

"Although this is a long-term programme, we believe eventually we will root out all criminals. We are glad that we are instilling more confidence in our passengers

## The aim

"The corporation is confident that all the steps already taken, and those envisaged, will greatly contribute towards making rail commuting a safe and pleasant experience once again

"Our bid is to listen to and work with the community. Negotiations to this effect are underway. We are doing our best, in the interest of commuters, to keep fares reasonable. We want to provide a reliable, safe and congestion free transport system

"We believe we will win back those lost passengers. They must put us to the test. We can provide far better transport service than anybody else

"The positive reaction thus far from the commuting public is a clear indication that the corporation is on the right track with these actions

"We are happy that upgrading of facilities and security has already been completed on the Naledi-Mzimhlophe line. Work on 30 Reef stations will be finished this year

"This means stations

will be made safer through the installation of fences, upgrading of facilities, satellite reporting offices, better gate control and 24-hour police presence," he said

In addition, Manaka said the corporation intended to improve the cleanliness of its trains and stations. Furthermore, it wanted to repair basic facilities on stations such as toilets, shelters, benches and lighting

## Vandals

He urged commuters to regard all these efforts as a joint venture. He pointed out that money spent by the corporation comes from the taxpayer

"It is important that every commuter keeps an eye on vandals. Any crime committed on the

corporation's property can be reported. We have introduced a scheme in which we reward people reporting incidents of crime

"Very shortly a toll-free crime reporting telephone number will appear all over in stations, trains and the media. Meritorious reports will be rewarded, while all information received will be treated as confidential

"We are going to pay rewards of up to R25 000 to people who report vandalism. This is not just our property, but the taxpayers' as well."

Mr Don Manaka wants the passengers back



269 ~~2007~~  
**SAA gives reasons for air fare rise**

By John Miller <sup>Star</sup> 2/13/91

SAA has defended its latest international air fare increase

SAA's reasons for the 7 percent increase include the price of jet fuel — which it says is still 25 percent higher than before the Gulf War — and the weakening rand.

SAA media manager Leon Els stood by the reasons for the latest price increase, adding that the cost of spares and salaries all played a part

The increase comes into effect on Monday. The increase on special or discounted fares will range between 4 and 6 percent depending on the season

A travel industry source said SAA could not justify the increase and use fuel prices as the reason for this rise, adding that until deregulation took place, passengers would have to accept the dictates of SAA

Excluding the April 1 increase, the airline has increased its air fares by 19 percent in the last year, of which 16 percent was directly the result of fuel price surcharges



*Handwritten: Hansard*

(iii) Mrs Erika van Rooyen (formerly Bester)  
 Magistrates' Courts  
 George Knysna  
 Quidshoorn

(iv) Sneller Recordings (Cape) (Pty) Ltd  
 Beaufort West  
 Bellville  
 Caledon  
 Goodwood  
 Cape Town  
 Kulsriver  
 Malmesbury  
 Mossel Bay  
 Parow  
 Simonstown  
 Somerset West  
 Strand  
 Vredenburg  
 Vredendal  
 Wynberg  
 Alwal North  
 Cradock  
 Fort Beaufort  
 Graaff-Reinet  
 Grahamstown  
 King William's Town  
 East London  
 Port Alfred  
 Port Elizabeth  
 Queenstown  
 Somerset-East  
 Uitenhage  
 De Aar  
 Kimberley  
 Upington  
 Vryburg  
 Cape of Good Hope Provincial Division of the Supreme Court of South Africa  
 Eastern Cape Division of the Supreme Court of South Africa  
 South-Eastern Cape Local Divi-

(v) Mrs J H de Wet  
 Magistrate's Court Ceres

(vi) Mrs M S D Botha  
 Magistrate's Court Middelburg (Tvl)

(vii) Resource Date Services (Pty) Ltd  
 Magistrates' Courts  
 Ermelo  
 Beifast  
 Bethal  
 Standerton

(viii) Floreat Trust (Pty) Ltd  
 Magistrates' Courts  
 Bethlehem  
 Bloemfontein  
 Bothaville  
 Ficksburg  
 Harrismith  
 Heilbron  
 Kroonstad  
 Odendaarsrus  
 Sasolburg  
 Virginia  
 Welkom  
 Botshabelo  
 Orange Free State Provincial Division of the Supreme Court of South Africa

(ix) Sneller Recordings (Pty) Ltd, Durban  
 Magistrates' Courts  
 Camperdown  
 Dundee  
 Estcourt  
 Greytown  
 Howick  
 Ladysmith  
 Newcastle  
 Pietermaritzburg  
 Vryheid  
 Natal Provincial Division of the Supreme Court of South Africa

(x) Secretarial Services, Durban  
 Magistrates' Courts  
 Chatsworth  
 Durban  
 Empangeni

*Handwritten: Hansard*

Managing director—  
 J S Theron

(ix) Sneller Recordings (Pty) Ltd, Durban  
 Shareholders—  
 L G van Tonder  
 C J van Tonder  
 Managing director—  
 L G van Tonder

(x) Secretarial Services, Durban  
 Mrs C V Gardner  
 —Sole proprietor

**Sandton: post offices/postal services**

176 Mr D J DALLING asked the Minister of Mineral and Energy Affairs and Public Enterprises *Handwritten: Hansard 2713191*

Whether it is the intention to provide any additional (a) post offices and (b) postal services in the Sandton area in 1991, if so, (i) where, (ii) what services, and (iii) when, in each case?

*Handwritten: 269*

B486E  
**The MINISTER OF MINERAL AND ENERGY AFFAIRS AND PUBLIC ENTERPRISES**

(a) Yes

- (i) Kelvin,
- (ii) post office, and
- (iii) 30 June 1991—

unforeseen circumstances have unfortunately caused further delay in the matter. According to the owner of the Kelvin Shopping Centre, the accommodation for the proposed post office will now be ready for occupation at the end of June 1991

(b) yes

- (i) Linbro Park and Buccleuch,
- (ii) Linbro Park—new mail collection point with 1 500 private boxes to serve Linbro Park and Extensions  
 Buccleuch—new mail collection point with 2 000 private boxes to serve Buccleuch and Extensions, and
- (iii) Linbro Park—30 March 1991—problems are still being encountered with the contractor and the date of com-

269  
pletion has unfortunately been delayed further

Buccleuch—30 September 1991

The following supplementary information is furnished for the sake of completeness

(i) Investigations have revealed that a post office in Morningside will not yield sufficient revenue to make it economically viable. The efforts to obtain hired accommodation have accordingly been ceased. The situation is, however, being kept under surveillance with a view to providing such facilities when justified

(ii) The anticipated date of completion of the new Wendywood Post Office is now June 1993

#### Schools: enrolments

185 Mr A GERBER asked the Minister of Education and Training †

(a) How many pupils were enrolled in schools under the control of his Department as at the latest specified date for which figures are available and (b) what amount was appropriated for his Department for the year in respect of which the above-mentioned figure is furnished? *Handwritten: 27/3/91 B512E*

The MINISTER OF EDUCATION AND TRAINING

(a) 2 225 713

(b) R2 536 823 000

Enrolment as on 4 March 1990

#### Note

The above amount excludes the amount of R226 818 000 which has been allocated for the improvement of conditions of service on budget vote 31, but it includes the provision for four universities and one technikon

#### Rape: prosecutions/convictions

186 Mrs C H CHARLEWOOD asked the Minister of Justice *Handwritten: 27/3/91*

How many (a) Blacks, (b) Whites, (c) Coloureds and (d) Indians were (i) prosecuted for and (ii) convicted of rape during the periods 1 July 1988 to 30 June 1989 and 1 July 1989 to

30 June 1990, respectively? *Handwritten: 27/3/91 B513E*

The MINISTER OF JUSTICE

(i) Number of persons prosecuted for rape

*Handwritten: 27/3/91*  
1 July 1988 to 1 July 1989  
30 June 1989 to 30 June 1990

(a) Blacks 7 249 6 983

(b) Whites 224 254

(c) Coloureds 2 545 2 525

(d) Indians 76 75

(ii) number of persons convicted of rape

1 July 1988 to 1 July 1989  
30 June 1989 to 30 June 1990

(a) Blacks 3 577 3 466

(b) Whites 123 135

(c) Coloureds 1 431 1 366

(d) Indians 36 24

#### Suburban trains: persons injured/killed

192 Mr J CHIOLÉ asked the Minister of Mineral and Energy Affairs and Public Enterprises † *Handwritten: 27/3/91*

(1) (a) How many persons were injured and killed, respectively, on suburban trains during each month from 1 April 1990 to 31 January 1991 as a result of incidents of (i) political unrest and/or (ii) unrest, (b) how many of these persons were Spoornet employees and (c) where did these incidents occur, *269*

(2) (a) how many additional members of staff is it estimated will be necessary to safeguard trains against incidents of this nature and (b) in what capacities will these members of staff have to be employed,

(3) what security measures have already been taken in this connection in order to protect commuters?

B524E

The MINISTER OF MINERAL AND ENERGY AFFAIRS AND PUBLIC ENTERPRISES.

The Managing Director of TRANSNET LIMITED has indicated that the information required by the honourable member is as follows

(a)	(b)		(c)
	(i)	(ii)	
INJURED KILLED	INJURED KILLED	INJURED KILLED	
July 1990			
1	—	—	JOHANNESBURG STATION
1	—	—	DURBAN
1	—	—	LYNDELLA
1	—	—	EERSTE FABRIEKE
—	1	—	WYNBERG
—	1	—	GEORGE GOCH
—	—	—	WYNBERG
—	—	—	BLACKHEATH
—	—	—	FLORIDA
—	—	—	MAYFAIR
—	—	—	ATHLONE
—	—	—	KHAYELITSHA
1	—	—	EERSTE FABRIEKE
—	—	—	NALEDI
—	—	—	CROWN
10	1	—	SALT RIVER
—	—	—	SALT RIVER
—	—	—	UMKOMAAS
—	—	—	CARADENE
—	—	—	IRENE
15	1	13	
August 1990			
1	—	—	KHAYELITSHA
—	—	1	AMANZIMTOTI
2	1	—	VERWOERDRBURG
—	—	—	KLIPTOWN
—	—	—	RETREAT
—	—	—	UMBILO
—	—	—	KHAYELITSHA
—	—	—	NANCEFIELD
—	—	—	DELVILLEWOOD
—	—	—	SHELL CROSS
—	—	—	ROSSBURGH
—	—	—	WINKLESPRUIT
—	—	—	ROODEPOORT
2	1	—	ATHLONE
—	—	—	ILLOVO BEACH
5	2	11	
		1	
		5	

269  
 plication has unfortunately been delayed further

Bucleuch—30 September 1991

The following supplementary information is furnished for the sake of completeness

(i) Investigations have revealed that a post office in Morningside will not yield sufficient revenue to make it economically viable. The efforts to obtain hired accommodation have accordingly been ceased. The situation is, however, being kept under surveillance with a view to providing such facilities when justified

(ii) The anticipated date of completion of the new Wendywood Post Office is now June 1993

**Schools: enrolments**

185 Mr A GERBER asked the Minister of Education and Training †

(a) How many pupils were enrolled in schools under the control of his Department as at the latest specified date for which figures are available and (b) what amount was appropriated for his Department for the year in respect of which the above-mentioned figure is furnished? *Answered 27/3/91* B512E

The MINISTER OF EDUCATION AND TRAINING

(a) 2 225 713

(b) R2 536 823 000

Enrolment as on 4 March 1990

**Note**

The above amount excludes the amount of R226 818 000 which has been allocated for the improvement of conditions of service on budget vote 31, but it includes the provision for four universities and one technikon

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The MINISTER OF JUSTICE

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 30 June 1989 to 30 June 1990

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 (b) Whites 224 254  
 (c) Coloureds 2 545 2 525  
 (d) Indians 76 75

(ii) number of persons convicted of rape

1 July 1988 to 1 July 1989  
 30 June 1989 to 30 June 1990

(a) Blacks 3 577 3 466  
 (b) Whites 123 135  
 (c) Coloureds 1 431 1 366  
 (d) Indians 36 24

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(2) (a) how many additional members of staff is it estimated will be necessary to safeguard trains against incidents of this nature and (b) in what capacities will these members of staff have to be employed,  
 (3) what security measures have already been taken in this connection in order to protect commuters?

The MINISTER OF MINERAL AND ENERGY AFFAIRS AND PUBLIC ENTERPRISES B524E

The Managing Director of TRANSNET LIMITED has indicated that the information required by the honourable member is as follows

(a)	(i)		(b)	(c)
	INJURED KILLED	INJURED KILLED		
July 1990		(ii)		
1	—	—	1	JOHANNESBURG STATION
1	—	—	1	DURBAN
1	—	—	1	LYNDELLA
1	—	—	1	EERSTE FABRIEKE
—	—	1	—	WYNBERG
—	—	1	—	GEORGE GOCH
—	—	1	—	WYNBERG
—	—	1	—	BLACKHEATH
—	—	1	—	FLORIDA
—	—	1	—	MAYFAIR
—	—	1	—	ATHLONE
—	—	—	—	KHAYELITSHA
1	—	—	1	EERSTE FABRIEKE
—	—	—	—	NALEDI
—	—	—	—	CROWN
10	1	—	—	SALT RIVER
—	—	—	—	SALT RIVER
—	—	1	—	UMKOMAAS
—	—	1	—	CARADENE
—	—	1	—	IRENE
15	1	13	1	
August 1990				
1	—	—	1	KHAYELITSHA
—	—	1	—	AMANZIMTOTI
2	1	—	—	VERWOERDBURG
—	—	1	—	KLIPTOWN
—	—	1	—	RETREAT
—	—	1	—	UMBILO
—	—	1	—	KHAYELITSHA
—	—	1	—	NANCEFIELD
—	—	1	—	DEL VILLEWOOD
—	—	1	—	SHELL CROSS
—	—	1	—	ROSSBURGH
—	—	1	—	WINKLESPRUIT
—	—	1	—	RODEPOORT
2	1	—	—	ATHLONE
—	—	1	—	ILLOVO BEACH
5	2	11	1	



(1)	(a)	(i)	(ii)	(b)	(c)
		INJURED KILLED	INJURED KILLED		
		September 1990			
		1	1	1	WYNBERG
		1	1	1	PRETORIA
		1	1	1	WESTGATE
		1	1	1	UMLAZI
		1	1	1	ATHLONE
		1	1	1	NORTHdene
	12	5	1	1	JEPPE
		1	1	1	DUNSWART
		1	1	1	JOHANNESBURG
		1	1	1	JOHANNESBURG
		1	1	1	KATHLEHONG
		1	1	1	MHIMHZLOPE
100		26	2	2	BENROSE
		2	2	2	SITUNDU HILLS
		7	7	7	JEPPE
		1	1	1	DURBAN
		1	1	1	MULDERSVLEI
5		1	1	1	BRAAMFONTEIN
		1	1	1	GELDENHUYS
		5	5	5	WITPOORTJIE
		1	1	1	HERCULES
		1	1	1	NANCEFIELD
		1	1	1	MITCHELLS PLAIN
		7	1	1	NEW CANADA
		7	1	1	CROWN
		1	1	1	WILLEM
		1	1	1	BELLVILLE
		1	1	1	EIKENFONTEIN
		1	1	1	DASSENHOEK
		1	1	1	FLORIDA
		3	1	1	UMGENI
		3	3	3	CLAIRWOOD
		1	1	1	VERWOERDBURG
117	38	35	7	13	
	October 1990				
		5	5	5	MARAISBURG
1		1	1	1	UMBILO
		1	1	1	NALEDI
		1	1	1	CROWN
		1	1	1	VERULAM
		1	1	1	UMLAZI
		1	1	1	JOHANNESBURG
		1	1	1	BRAAMFONTEIN
		1	1	1	MULDERSDRIF
		1	1	1	ROSSBURGH
		1	1	1	TEMPEL
		1	1	1	KLIPTOWN
		1	1	1	CROWN
		1	1	1	VERULAM
		1	1	1	UMLAZI
		1	1	1	JOHANNESBURG
		1	1	1	BRAAMFONTEIN
		1	1	1	MULDERSDRIF
		1	1	1	CROWN
		1	1	1	DASSENDAL
		1	1	1	DASSENDAL
		3	3	3	KLIPTOWN
		1	1	1	TEMPEL
		1	1	1	INDUSTRIA
		1	1	1	WINKELSPRUIT
		1	1	1	CLAIRWOOD
		1	1	1	BELLVILLE
		1	1	1	OAKMOOR
		1	1	1	KLIPTOWN
		15	1	1	VAN RIEBEECK PARK
		1	1	1	BELLAIR
		14	4	5	
18		14	4	5	
	November 1990				
		1	1	1	MULDERSDRIF
		1	1	1	GOODWOOD
		1	1	1	UNIFIELD
		1	1	1	BRAAMFONTEIN
		1	1	1	GOODWOOD
		1	1	1	VERULAM
		1	1	1	KWAMASHU
		1	1	1	DURBAN
2		4	1	1	
	December 1990				
		1	1	1	ROSSBURGH
		1	1	1	TEMPEL
		1	1	1	KLIPTOWN
		1	1	1	CROWN
		1	1	1	VERULAM
3		1	1	1	UMLAZI
		1	1	1	JOHANNESBURG
		1	1	1	BRAAMFONTEIN
		1	1	1	MULDERSDRIF
3		7	0	2	

(1) (a) (b) (c)

(i)	(ii)	(b)	(c)
INJURED KILLED	INJURED KILLED		
January 1991	January 1991		
—	—	1	SOUTH FIELD
—	—	1	BELLEVILLE
—	—	—	CLEVELAND
—	—	—	PLUMSTEAD
—	—	1	WALSLEY
—	—	—	KLIPTOWN
—	—	—	REUNION
—	—	1	ELANDSFONTEIN
—	—	—	CROWN
—	—	—	CROWN
1	1	—	ROSSBURGH
1	—	—	MULDERSVLEI
1	—	—	STEENBERG
1	—	—	MAITLAND
2	—	—	ELSIES RIVER
—	—	1	RANDFONTEIN
—	—	1	SITUNDU HILLS
—	—	—	BENONI
6	13	6	

Statistics from 1 April to 30 June 1990 are not available

(2) (a) and (b)

The safety situation on trains varies continually and it is therefore not practicable to furnish the information as requested by the Honourable Member. Additional personnel will, however, be appointed as and when necessary.

(3) Security personnel are being utilized at stations and on trains in conjunction with the SA Police.

Secondary schools: Latin

204 Mr D J DALLING asked the Minister of Education and Training Hansard 27/3/91

(a) How many secondary schools fall under his jurisdiction and (b) how many of these schools offer Latin as a matriculation course?

B549E

assistance to the Honourable Member, the following information was obtained from the Central Statistical Services for the period 1 July 1988 to 30 June 1989 and 1 July 1989 to 30 June 1990 Hansard 27/3/91

1 Crimes against the human life and bodily security of a person (including culpable homicide, assault with intent to do grievous bodily harm, common assault and murder)

Sentences imposed Number of persons 1988/89 1989/90

Fine	17 831	16 576
Corporal punishment	6 303	5 134
Imprisonment (Not specified)	42 702	50 187
Suspended sentence	13 189	12 762

2 Theft and related crimes

Sentences imposed Number of persons 1988/89 1989/90

Fine	522	616
Corporal punishment	11 686	11 744
Imprisonment (Not specified)	57 741	58 305
Suspended sentence	13 386	13 854

Each province: convictions

215 Mr L FUCHS asked the Minister of Justice

(1) How many persons were convicted of (a) murder, (b) culpable homicide, (c) rape, (d) assault with intent to do grievous bodily harm, (e) common assault and (f) theft in each province in 1989 and 1990, respectively,

(2) how many of the above persons were members of the (a) White, (b) Coloured, (c) Indian and (d) Black race group?

Hansard 27/3/91 B563E

THE MINISTER OF JUSTICE

(1) The information is not readily available in the Department. In an effort to be of assistance to the Honourable Member,

the following information was obtained from the Central Statistical Services

Period 1/7/88—30/6/89 1/7/89—30/6/90

Crimes	Persons	Persons
(a) Murder	2 696	4 721
(b) Culpable homicide	3 689	3 508
(c) Rape (attempted rape included)	5 160	4 990
(d) Assault with intent to do grievous bodily harm	50 188	45 897
(e) Common assault	41 325	37 438
(f) Theft	83 736	85 298

(2) The information is not readily available, because the statistics are no longer kept separately for each race group

Strikes: man-days lost

227 Mr A GERBER asked the Minister of Manpower †

How many man-days were lost as a result of strikes in the Republic in 1986, 1987, 1988, 1989 and 1990, respectively?

Hansard 27/3/91 B599E

THE MINISTER OF MANPOWER

1986 =	1 308 958
1987 =	5 825 231
1988 =	914 388
1989 =	1 238 686
1990 =	2 973 921

Note

The figures for 1989 and 1990 are for the period 1 November until 31 October of the following year, while for 1986, 1987 and 1988 it is for the period 1 January until 31 December

Own Affairs

Hormone herbicides

44 Mr P C CRONJÉ asked the Minister of Agricultural Development

(1) Whether it has been brought to his attention and/or that of his Department that physiologically active levels of certain hormone herbicides, the names of which have been furnished to the Minister's Department for the purpose of his reply, have been found in the air, rain-water and

## AIR BARRIERS UNDER EXAMINATION

Fm 29/3/91

259

Deregulation is going to be an expensive business if government's revised privatisation budget is anything to go by.

For starters, government has set aside R2m — the largest item in its new budget — for a probe into how SA Airways should be restructured for deregulation.

As part of the study, Mineral & Energy Affairs and Public Enterprises Minister Dawie de Villiers instructed his department in May to hire a consultant to investigate the most efficient structure for SAA in a competitive air transport market.

Price Waterhouse was chosen and its work is now almost complete. Privatisation unit head Pieter van Huyssteen says "certain recommendations have been made and we are conducting further studies."

He adds that the point of the study is to determine what barriers exist that prevent other airlines from competing with SAA on domestic routes and how they should be removed.

"Most of the barriers have gone," says Comair MD Pieter van Hoven. "The biggest problem is how to attract private enterprise to what is essentially a loss-making enterprise. No one shows a profit (on domestic services)."

Trek Airways MD Jan Blake disagrees. "The marketing approach will determine which airlines survive as profit-

makers." This, however, does not mean that SA will have an airline price war such as in the US after deregulation in 1978, he believes. "Local air fares are low compared with other parts of the world," he says (*Business* May 25).

Blake believes that SAA's monopoly on internal major routes is the biggest barrier facing prospective airline operators. "SAA must undertake to make services available to other airlines and allow access to their support facilities." These vital facilities include the central reservations and communications systems, cargo and baggage handling facilities, and training programmes.

Independent airlines are eager to see the results of the SAA probe and whether the regulatory measures De Villiers said might be necessary will in fact be introduced. De Villiers could not be reached for comment on what regulatory measures he had in mind. Price Waterhouse declined to comment.

Van Huyssteen says he does not know when the minister will make findings in the report public; the entire report will not be released because it contains confidential information about SAA. "We normally play these things openly but in this case the recommendations are being considered internally," he says.

The final cost of the probe will, it is hoped, also be played openly.



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# SAA to fly to Ivory Coast

Staff Reporter *24/9/61*

The South African Foreign Trade Organisation (Safto) has welcomed the reintroduction of South African Airways flights to the Ivory Coast this week following a year-long break in the service.

A Safto spokesman said the weekly flight from Jan Smuts Airport would have great advantages for businessmen in both countries.

He said the Ivory Coast was mainly a coffee producer and exporter but, like other former

French African territories, it was receiving increasing aid from France, which could benefit local businessmen involved in the steel and building industries.

Businessmen in the Ivory Coast have also welcomed the reintroduced air link. Previously it took almost 24 hours to reach South Africa.

The link will also benefit tourists from the Ivory Coast wishing to visit Mauritius. During the past year the Indian Ocean island could be reached only by flying from Europe.

# 'Berserk' slasher runs amok

CAF  
TWP  
3/4/91

By DALE GRANGER

FIVE people were injured — one has a fractured skull — when they jumped from a moving train at peak hour yesterday to escape a "berserk" knife-wielding man who ran amok through the carriages.

Police said last night that the commuters, three women and two men, had jumped from the train as it approached Fish Hoek station about 5.30pm.

Ms Camelia Daniels, 31, of Ocean View, was taken to False Bay Hospital with a fractured skull. She was in a satisfactory condition last night.

## Man arrested

The other four passengers — Mr Maurice Greeff, Ms Ruste Richards, Ms Debbie Thomas and Mr Quinton Fisher (ages unknown), all of Ocean View — were discharged after treatment for arm and leg injuries and shock, a hospital spokesperson said.

Shortly after the incident, officers boarded the train and arrested a 31-year-old man, said police spokesman Major Jan Calitz.

Yesterday's was the latest in a spate of incidents on commuter trains in the past year:

- Last month gangs of knife-wielding youths returning from a Green Point sports meeting terrorised Cape Flats commuters, despite the fact that Spoornet had deployed armed guards on city trains to stem the tide of violence.

- Shortly after the deployment, the unit arrested a gang who had assaulted and robbed a woman commuter.

- In January, a Kalk Bay businessman shot a mugger in the chest on a packed Simon's Town train, after five men had robbed him and pressed a firearm to his head.

- Also in January, a gang of five robbed commuters between Kuils River and Blackheath. Passengers were injured when they panicked and stampeded to escape the gang.

# Aussies may soon lift SA flight ban

B1009 3/4/91

LINDEN BIRNS

BEHIND-the-scenes negotiations on restoring SA-Australian airlinks had already begun, Australia's SA ambassador disclosed yesterday

Ambassador Colin McDonald said he was optimistic that the links — severed in the mid-1980s — could be restored by Christmas if current political reforms remained on track

In another development, Satour chairman Piet van Hoven has disclosed that Japan Air Lines (JAL) was negotiating direct airlinks with SA, but that these were subject to the lifting of sanctions

Van der Hoven told a recent Fedhasa conference that additional airline capacity and an improvement in the international tourism market after the Gulf war could boost foreign tourism to SA by between 15% and 20% this year

SAA and JAL spokesmen, however, said they did not know of such negotiations

McDonald confirmed that representatives of Australia's Qantas airline had already held talks with senior SAA officials, but said no formal negotiations had started. He said airline representatives were "scouting things out"

In terms of a February 16 proposal by the Commonwealth monitoring group of

Ministers, Commonwealth countries distant to SA will be allowed to drop airlink embargoes against SA if the SA government meets certain conditions. Commonwealth members close to SA were exempt from the organisation's air embargo

The conditions relate to the repeal of remaining apartheid and security laws, the granting of indemnity and release of political prisoners and the return of exiles

"Australia is taking SA at its word on these reforms, but right now it's still premature to talk about proper negotiations. Obviously, when the conditions are met, which it appears they will be, then negotiations will move swiftly," McDonald said

SAA spokesman Mike Pfeiffer yesterday denied any talks had taken place with Qantas representatives. Qantas's Harare manager Gary Warnock said he had also not been informed of any talks

Qantas switched its flights from Johannesburg to Harare when Australia decided to sever airlinks with SA in the mid 1980's

Warnock said the twice a week Harare-Perth-Sydney return flights had become one of the airline's most lucrative routes

□ To Page 2

## Flight ban

"If there were changes regarding SA, we'd still have to protect and look after the markets we serve through Harare," Warnock said

Directorate of Civil Aviation (DCA) chief Japie Smit said airlines could initiate airlinks, with diplomats and politicians tying up the "official loose ends"

He said before airlinks between SA and Australia were resumed, a new bilateral air services agreement would have to be drawn up

"When Australia announced it was cutting ties with SA, it also terminated the bilateral agreement between Qantas and SAA," said Smit

SAA still held the SA-Australia route

licence, but that would not prevent another SA airline applying for the same licence, although it would be met with stiff opposition from SAA which would legally be entitled to ask for government protection, he added

McDonald said Canada, Australia, Guyana, Tanzania, Nigeria, Zaire, Zambia and Zimbabwe had agreed to the February proposals drawn up in London

Smit said the DCA had not been involved in talks with Canada or Japan regarding the establishment of airlinks with SA

SAA flies to Hong Kong, while Cathay Pacific is due to begin flights between Johannesburg and Hong Kong in July

□ From Page 1



# COPs act ON Train crime

CAPL TINKS  
4/4/91

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**By DANIEL SIMON**  
**POLICEMEN are to be stationed at many Peninsula railway stations in a bid to halt the violent crime on commuter trains.**

And more policemen will be assigned to the Mobile Unit.  
This follows the latest incident on Tuesday night in which three women and two men were injured after jumping from a train approaching Fish Hoek station to escape a crazed man brandishing a knife.

At present, there are only "a few dozen" Mobile Unit members who police many of the 640 daily train services which travel throughout the Peninsula over a 19-hour period.

The trains transport an estimated 500 000 commuters each weekday. Several incidents have occurred on packed trains where passengers have jumped from moving coaches because of gang fights or gang robberies.

As a result of ongoing incidents of violence, Mobile Unit chief Captain Lukie Jordaan said "requests" for more police manpower to be assigned to the unit were being addressed.

"There is a crime problem at the moment and we are short of manpower. But we are busy with a large-scale plan with Spoornet to solve this. The plan includes assigning more policemen to the unit and establishing a permanent police presence at many railway stations."

Captain Jordaan, however, said that one of the major problems facing unit members in fighting crime on trains was their access to other coaches while trains were moving.

"A policeman can be travelling on one carriage while a crime is being committed in the next one. We cannot do anything until the train stops at a station."

He said the problem resulted from Spoornet locking passage doors which linked one coach to another. This was done to prevent the theft of aluminium railing and other fixtures.

Captain Jordaan added that Spoornet had been asked to provide the unit with special keys so that police could move freely from one coach to another while trains were in motion.

Spoornet spokeswoman Ms Yvette Olwage said she acknowledged that police had a problem, but said numerous carriages did not have doors, as these, had also been stolen.

She said Spoornet had placed pieces of hard-board instead to protect commuters and prevent further vandalism.

PAGE 3  
rocket  
assault, rape  
Jomy involv  
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st year

# DF Malan upgraded, but is it enough?

2/9

Cape Times 6/4/91

By DALE KNEEN  
Weekend Argus Reporter  
THEY called it "the worst airport in the world". Travellers sniggered when they passed through it. Businessmen avoided it, and well-wishers stood well back.

But all that may change. Authorities from the Department of Transport this week tried to streamline domestic departures by reallocating terminals for these flights.

## Far from perfect

This got a positive response from SAA and the Cape Town Chamber of Commerce but travel agents and passengers said the "white elephant" was far from perfect.

Passengers interviewed at the airport before the 11.15pm flight to Johannesburg this week complained about the drab interior of the airport and long queues and delays.

Others, like Miss Irene Schuurmans, said "although the airport is unlikely to be listed as the world's greatest" it was a lot better than many others overseas.

Cape Town resident Mr Chris Mitchell said "The only problem I have with the airport are the frustratingly long queues at the pay booths at the parking lot exit.

Miss Dalia Katz, who was flying to Johannesburg, said the "rather drab-looking" airport interior could be modernised.

She had used the new domestic departures terminal B which is being used for check-in of flights departing to Johannesburg, Upington, Kimberley and Bloemfontein.

Passengers travelling on SAA coastal flights to Port

Elizabeth, East London and Durban are now using Terminal A which was previously only used for Johannesburg-bound flights.

SAA's public relations officer Miss Janie van Vuuren said the move was necessitated by the congestion occurring at the check-in of high passenger volume flights to the Transvaal at certain peak times.

She said she was pleased the Department of Civil Aviation had allowed the move as it had resulted in more space and therefore better conditions for the passengers.

However the chairman of the Association of South African Travel Agents Mr Hylton Ross questioned why the signage on terminals A and B had not been changed.

"The authorities seldom implement changes quickly and professionally which results in passengers being confused," he said.

Cape Town Chamber of Commerce's business manager Mr Albert Schuitmaker said he hoped the new changes at the domestic halls would be an improvement.

He said the chamber had vested interests in the facilities at DF Malan airport and that its transport committee would monitor the changes at the domestic departures hall.

Although a crisis at the domestic terminals appears to have been averted fears are mounting that increased domestic flights could once again lead to congestion.

A new airline called Trek is expected to begin operating at the end of the year which would mean more passengers in the domestic halls and SAA, Safair and Trek staff sharing check-in counters.

Deputy airport manager Mr Chris Vermeulen said he believed the facilities at the domestic departures hall were adequate even if there was an increase in flights.

He agreed that the international halls were under-utilised and that the Department of Public Works was upgrading the interiors of these.

Air travel in South Africa is expected to pick up tremendously in the next few years and Cape Town's estate agents are expected to fight for more direct flights to the city.

Air links with the United States and Australia Airlines are expected to be resumed and Hong Kong's Cathay Pacific has indicated they are interested in starting services to South Africa.

The airport authorities were confident that DF Malan could cope with more international flights.

If there is a massive increase in international air traffic bigger and better facilities may be necessary, said SAA's Miss van Vuuren.

Mr Vermeulen said the Department of Public Works was "looking into" improving the airconditioning at the international arrivals and departures hall.

Some elderly and wheelchair-bound passengers recently fainted in the heat during a two-hour wait at the international arrivals lounge.

Mr Vermeulen said the interiors of the international halls were also being decorated with flowers and pot plants.

Mr Schuitmaker responded by saying the chamber was pleased the authorities were taking some action to improve the facilities at the international halls.

# SAA continues

## Kenya flights

South African Airways will continue flying to Nairobi despite Kenyan president Daniel arap Moi's dismissal of all the Kenya Airline directors at the weekend.

SW 9/4/91

A Kenyan press report said the dismissal followed mismanagement and the inability to turn the airline into a profit-making organisation.

Mr Moi said the airline had not made a profit because of its disastrous policy. He also denied speculation that Kenya Airways would introduce flights to South Africa soon. — Staff Reporter.



tion must excuse me if I do not remember all his questions, but I will try my best

Firstly, the period for which people have to wait before their tests does not fall within my department's area of responsibility. As hon members know, most testing is carried out at local level.

**THE LEADER OF THE OFFICIAL OPPOSITION** By the province

**THE MINISTER** At the end of the day, the province is involved. In Natal the body involved might be the province. In the Transvaal, it is the local authority, for example the traffic department of Germiston or the city council of Johannesburg.

Regarding the second question, we are thinking of broadening this to accommodate more people, but at the moment some people say that we are sitting with over a million—some say 300 000, some say a million—people who have licences but were never tested. They therefore must have acquired them fraudulently. We first have to clean up our system. As the hon the Leader of the Official Opposition will know, we discussed the road traffic legislation about four weeks back, and the problem is specifically addressed there.

As far as the use of schools is concerned, schools do not fall under my department, so I am not in a position to answer that question.

**THE LEADER OF THE OFFICIAL OPPOSITION** You must consider it.

**THE MINISTER** I can pass it on to the hon the Minister responsible. I think he is sitting in this Chamber, and we can ask him, specifically with regard to Indian schools [Interjections.] In the case of Coloured schools or those of other race groups, there are the responsible hon Ministers who can be consulted, but I am not in a position to answer that question.

**THE LEADER OF THE OFFICIAL OPPOSITION** Mr Chairman, further arising out of the hon the Minister's reply, and in connection with drivers' licences, is he aware of the fact that there have been reports about the privatising of the issuing of drivers' licences so as to enable driving schools to issue licences?

**THE MINISTER** Yes, Mr Chairman, many people have come forward with suggestions, but

HOUSE OF DELEGATES

(a) Five persons of colour were considered after nomination for appointment during 1989 to 1990, and

(b) Four persons are currently appointed in terms of section 3(1)(h) and (k)(iv) of the Transport Advisory Council Act, 1987 (Act 58 of 1987)

(2) No

**THE LEADER OF THE OFFICIAL OPPOSITION** Mr Chairman, arising out of the answers given, is it policy for the hon the Minister or his Department to consult any Minister or the Ministers' Council or the Administration House of Delegates in respect of the submission of names of members of the Indian community?

**THE MINISTER OF TRANSPORT** The Minister of Transport only consults when he appoints people. Strictly speaking he does not appoint anyone. There are 40 people on the advisory council and every one of them is a nominee from a different organisation and none of them is appointed by the Minister. He does not have the authority to nominate anyone. They must all be nominated in order of priority. An organisation like the Black taxi association may, for example, nominate ten members of whom we elect one to represent them on the council. All this is specified in the Act.

If the hon the Leader of the Official Opposition goes back to the Act he will see that there are different people with whom liaison must take place before we can appoint anyone to this Transport Advisory Council.

**THE LEADER OF THE OFFICIAL OPPOSITION** Mr Chairman, further arising out of this reply, I wish to put a question in respect of a related matter. In cases where nominees do not have to be appointed from certain institutions, is the Ministers' Council of the House of Delegates consulted?

**THE MINISTER** I think the related matter should be placed on the Order Paper and then I shall answer it [Interjections.]

**THE CHAIRMAN OF THE HOUSE** Order!

**MR M NARANJEE** Mr Chairman, the hon the Minister has just assumed his new portfolio, but further arising from the question, may I ask him what the difference, if any, is between the council and the board?

**THE MINISTER** Mr Chairman, I do not know what the difference is, but there is no board. There is only an advisory council. I do not know about a board.

**MR Y M MAKDA** Mr Chairman, arising out of the answer of the hon the Minister earlier, can he confirm that in terms of the Act the Indian and Coloured members serving on the council at present were nominated by the national *ad hoc* committee of local government associations and further whether a certain Mr R Panday, who was also nominated, was not accepted by the hon the Minister?

**THE MINISTER** Mr Chairman, the answer to the first question is that Mr A K Asmal was appointed. I do not know about the second one, because 18 months ago I was not the Minister responsible for appointing these people.

**MR N SINGH** Mr Chairman, further arising out of the hon the Minister's reply, I believe there is a body called the Transport Advisory Board. I have also read reports which they have published in terms of those reports, very little or no activity was undertaken during the past financial year as their terms of reference from the Department of Transport have not been defined very clearly. Would the hon the Minister care to comment on that?

**THE MINISTER** Mr Chairman, I would like to agree with the hon member for Umzimto. The Transport Advisory Council did not function to its full potential during the first year, and I do not know the reasons for this. However, I plan to investigate the matter and I hope to find out why it did not function in the first place. Secondly, I am of the opinion that we need to look at the structure of the advisory council on which 40 people each have a seat. Is this number too high or not? Those are the questions that need to be answered.

I hope that by 3 June—when my Vote is debated—we will be in a better position to discuss this. An hon member has stated that we need to look at the name again. Transport Advisory Council is the correct name. I do not think Transport Advisory Board is correct. However, I shall look into that. As I have said, I hope that on 3 June we will be in a position to discuss this issue more thoroughly.

HOUSE OF DELEGATES



TRANSNET

Fm 12/4/91.

# ONE YEAR DOWN THE LINE

269

One year after Transnet began transforming itself from a government bureaucracy into a business, it still has a long way to go to streamline its management, produce bigger profits and get all the aircraft to arrive and depart on time. But it certainly has accomplished one thing — it's silenced many of its harshest critics.

Before it became commercialised, SA Transport Services (Sats) was continuously berated by customers and competitors. Critics pounded home complaints of abysmal service, unresponsive management and pricing that didn't make sense. These same critics say they have little to gripe about now.

Henaway Freight Services chairman Pat Henagan, who seldom let pass an opportunity to lambaste Sats, says, "From our point of view, things have worked very well. We haven't had any problems with the operating companies."

Hultrans MD Mike Norris says he has nothing negative to say about Transnet. In the past he described as rubbish Sats' claims that it was obliged to provide a total transport service and he accused it of providing services at unrealistic rates at the taxpayers' expense (*Sats Survey* May 31 1985).

Since Sats disappeared and the commercialisation process began on April 1 1990, Transnet has reduced its work force by 8 500 out of 172 500, turned what it calls a "satisfactory" profit and started to think like a private-sector company for the first time. It's still owned by government but is overseen by a board filled with businessmen.

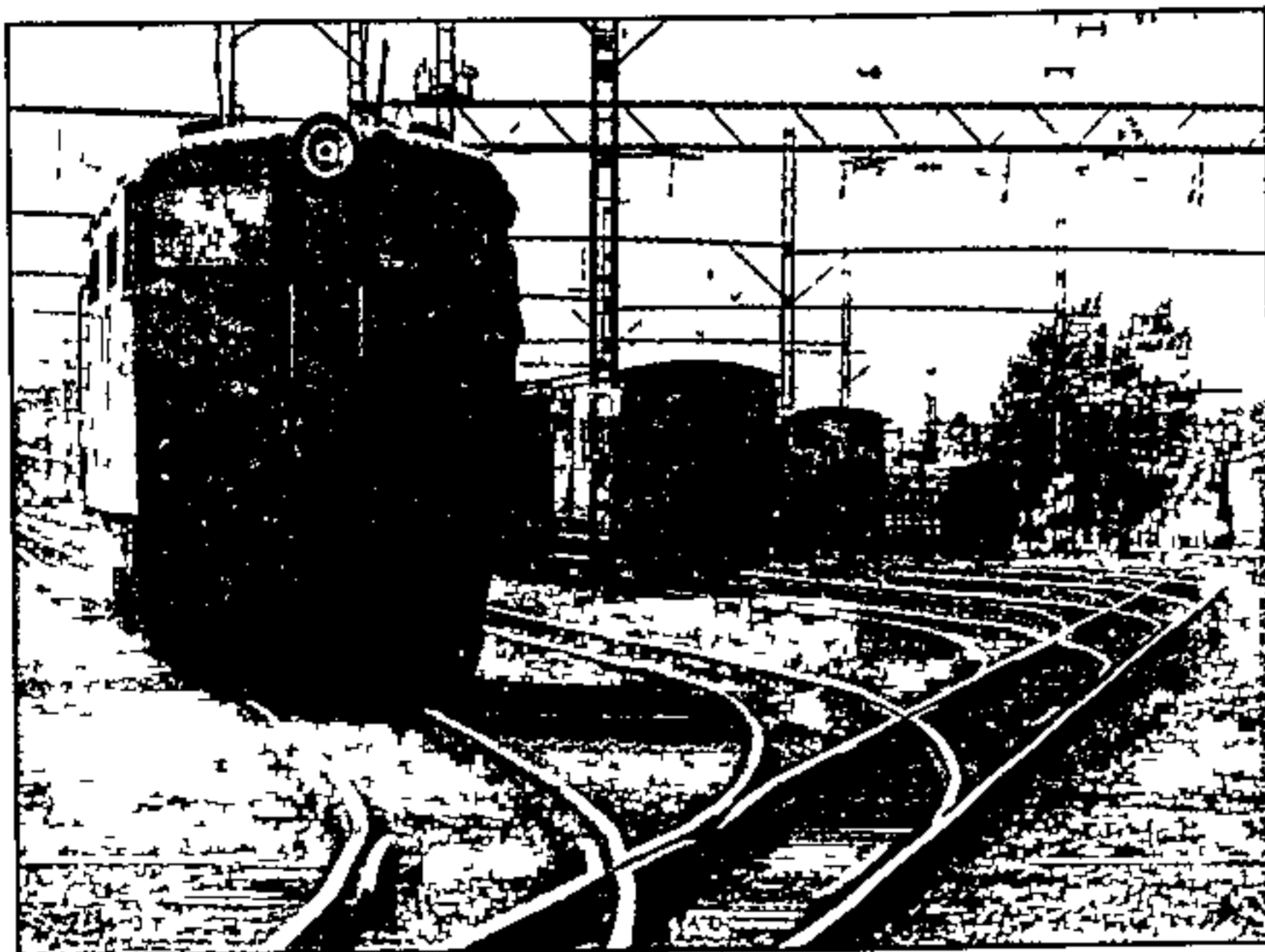
Transnet was formed by the combination of one unprofitable and four profitable Sats divisions. The profitable ones were Railways, which became Spoornet; Harbours, which became Portnet; Pipelines, which became Petronet; and SA Airways, which wasn't forced to endure a change of name.

The unprofitable division was Road Transport, now Autonet. It's chasing business but has little chance of turning a profit because it must supply services discontinued by Railways in the early Eighties when loss-making branch lines were closed. Sats' deficit-ridden rail commuter service was hived off and became SA Rail Commuter Corp, overseen and subsidised by parliament.

Ron Haywood, deputy director-general of the SA Chamber of Business, says he is impressed with the expertise and actions of

the board members. He finds little to criticise but warns that some chamber members are grumbling.

These members feel that Transnet must stick to its core business — transport. They fear that by forcing it to show profits without first being privatised, it is almost forced to compete for any work it can get. One example: Haywood has been asked what would



Commercialisation .. on the right track

stop the catering division, which has run at a huge loss, to try to reduce its losses by catering for weddings.

Alan Cowell, executive director of the SA Association of Freight Forwarders, says he is happy with the way Transnet middle managers are thinking less like bureaucrats, though he wishes this new attitude would trickle down to the lower echelons.

He realises that trade union demands keep Transnet from moving faster than it is. For instance, he says Transnet has become sympathetic to private-sector hauliers' requests that they should be allowed to go into the City Deep terminal and bring out containers. But, though it allows this at Pretoria's terminal, Railnet's drivers' unions oppose it in Johannesburg on the grounds that it will cut unionised jobs.

"But it's Transnet's problem and it will have to sort it out quickly," he says. "And while we agree that Transnet is improving, we feel it isn't improving fast enough. With deregulation of road transport a fact, it will have to become more competitive if it is to achieve its privatisation ambitions."

Transnet MD Anton Moolman says the company did show a profit for its first year but he won't reveal figures until they're released officially, probably in June. He says it will continue to commercialise "until investors look on Transnet as an asset they will want to buy into because it will give them a suitable return on their equity." But he adds

"We're not there yet. There's lots to be done before we can go to the JSE, including rectifying deficits in the pension fund." He won't estimate when Transnet will be privatised.

Overall, Moolman says he is happy with the progress so far. "It would have been nice if we could have changed our identity when economic conditions were not as harsh as they were, but they were. The silver lining is that we showed we can operate profitably in a tough climate." He says he likes being a company, as a company, Transnet must adhere to the discipline of the Companies Act and board members know precisely what is expected of them.

But he is not satisfied with the way all of Transnet's units are working. The stores department, for example, needs to get its act together, he says. It is entitled to levy a handling charge on items it acquires for other Transnet units but many such items are available for less from private-sector suppliers. For Transnet's first three years, all ordering and maintenance must be done in-house. But Moolman warns that after that, nonperformers will be history.

"If Transwerk's (the workshops) prices do not suit Spoornet after the three years are up, Spoornet will be entitled to go to the private sector for its maintenance. Transwerk must be efficient and not try to load its inefficiencies on to Spoornet." ■

Fm 12/4/91  
SUGAR INDUSTRY

## HOW SWEET IT IS

Low world sugar prices and surplus stock on international markets don't offer much encouragement for SA Sugar Association (Sasa) exports, but there's a sweetener in the form of a 10-year supply contract to Botswana.

The deal will result in about 46 000 t being railed to the neighbouring state next year. This is a fillip for a domestic market that saw record sales of 1,3 Mt in the season that ended on March 31, says Sasa.

The association does not reveal contract prices but, going by the current industry price on the domestic market, the extra 46 000 t would be worth about R56,9m. The price paid by Botswana, however, will almost certainly be lower.

Demand from Botswana is also likely to grow. Sasa national market director Frans Oosthuizen, who was involved in the six-month negotiations with Botswana's State-owned Sugar Industry Ltd, says authorities there forecast a 5% growth in the market.

He adds "They are hard bargainers but very businesslike and professional. We're



# Taxpayer to foot bill for failed bank

S1 Times 14/49 (Bus/T)

TAXPAYERS could be the biggest losers in the collapse of Cape Investment Bank (CIB) this week.

The State-controlled SA Commuter Corporation (SACC) which operates urban rail traffic for Spoornet has the largest exposure to CIB with deposits estimated at R239-million.

Minister of Transport Piet Welgemoed called on Friday for an investigation into the activities of the SACC relating to its capital, money-market and budget activities. He questions whether the SACC has operated "according to guidelines and authorisations". He has appointed "two authorities" to investigate the loss.

CIB was placed in provisional liquidation in the Supreme Court, Cape Town. It was said that its liabilities exceeded assets by at least R49-million.

In a rare move, the Reserve Bank agreed to a multi-million-rand rescue for some investors, but only those with deposits of less than R5-million. They will be paid in full, but those with deposits of more than R5-million will have to rely on the winding-up dividend.

A controlling interest in Cape Investment Bank

By DON ROBERTSON

Group which controls CIB was acquired by Prima Bank Holdings in December. It instituted measures to rationalise CIB, including closure of the Johannesburg office and selling certain divisions. In January, however, certain areas of "concern" arose regarding the acquisition price and CIB shares were suspended on the JSE.

Asked why the SACC had committed such a large amount to a small bank, managing director Kobus Nel said that when the deposit was made nine months ago, CIB was "not considered to be a small bank, but was recommended by the market and the Reserve Bank as an up-and-coming bank".

## Effect

"Since November, however, we have been in constant touch with Prima Bank and the Reserve Bank, but there was no indication it would fold."

Dr Nel is unable to estimate what effect the bank collapse will have on the SACC because new audits are being conducted. He says the SACC budget in the past fiscal year was R1.2-billion.

Dr Nel believes it is "strange" that the bank should be liquidated with a shortfall of only R49-million. He also queries where "all the assets are in this".

Dr Nel says Prima Bank had control of CIB before it was put in provisional liquidation.

"We are taking legal opinion on this."

## Chances

Johan Bellingan, managing director of Prima Bank, believes the "shortfall" is much more than R49-million.

"I know they (the SACC) are taking legal advice on Prima's position, but they can take opinion as much as they like. They have two chances — they can claim against a liquidated CIB or await the winding-up dividend."

Mr Bellingan says that when the bank was liquidated, SACC's deposits with CIB represented 84% of its total book. He wonders whether this was a wise decision.

"CIB was bankrupt when we took it over, but only after 'due diligence' did we discover the extent of the problem."

"We took it over because we believed it still had between R10-million and R20-million left, but it has already wiped out R60-million."



# Investigation ordered into Sarcc investment in CIB

By Derek Tommey  
Minister of Transport  
Piet Welgemoed wants  
to know how and why the  
South African Rail Com-  
muter Corporation  
(Sarcc) invested  
R249 million in the Cape  
Investment Bank (CIB),  
which went into provi-

sional liquidation last  
week

At liquidation proceed-  
ings it was stated that  
the bank's liabilities ex-  
ceeded its assets by  
R49 million, that it has  
share capital of only  
R27 million and that it  
had been carrying on  
business although insol-

vent  
The Reserve Bank  
says that all depositors  
other than Sarcc will be  
repaid in full. But the  
Sarcc will receive only  
a liquidation dividend.

The Sarcc was the sole  
organisation to have de-  
posited more than  
R5 million in the bank

Mr. Welgemoed says  
the reasons for and the  
activities of the Sarcc on  
the capital and money  
markets will be investi-  
gated

The investigation will  
cover the financial re-  
quirements arising from  
the corporation's budget  
and the associated condi-

tions stipulated by the  
Minister of Finance

It will also be ascer-  
tained whether the cor-  
poration had operated  
according to the guide-  
lines and authorisations  
laid down by the Minis-  
ter. Ministers concerned  
have appointed two  
authorities to carry out  
this investigation and to  
report to me as soon as  
possible.

No further statements  
or comments will be  
made until the investiga-  
tion has been finalised

Analysts say the Sarcc  
stands to lose substan-  
tial sums by way of in-  
terest payments and a  
fair amount of its capi-  
tal.

It will probably need  
to seek bridging finance  
elsewhere.

In announcing that  
CIB's other depositors  
would be repaid in full  
Governor of the Reserve  
Bank Dr Chris Stals  
criticised the practice of  
institutions of investing  
large sums of money in  
small banks

# SAA Hong Kong monopoly ends

CAT-7443 17/10/91

269 337

Own Correspondent

JOHANNESBURG — SAA's monopoly over the lucrative Hong Kong route will end on July 4 when Cathay Pacific Airways starts scheduled flights to the city with flights in Boeing 747-400s taking up to three hours less than SAA flights.

It will be the first time the Hong Kong-based airline will fly to Africa. Its distinctive green and white colours are usually seen in the Pacific and Europe

Cathay Pacific is to launch a R1 million media campaign in SA during May.

The new flight will leave Hong Kong on Wednesday nights and arrive in Johannesburg early on Thursday morning. Return flights will depart Johannesburg on Thursday afternoons and arrive in Hong Kong the following morning

● Sapa reports that it has been reported yesterday that the Soviet airline, Aeroflot, may begin flights to South Africa.

Mr Yuri Bagrov, an official of the Soviet Union's tourist office, Intourist, said. "It's possible Aeroflot would actually fly to South Africa in the near future." A group of Intourist officials are visiting South Africa

**TRAIN DRAIN**

(269)

The CP is gearing itself for an all-out attack on government in the wake of an investigation into the SA Rail Commuter Corporation's R249m investment with bankrupt Cape Investment Bank (CIB)

In the process the position of corporation chairman Bart Grové could become the focus of an intense political debate

CP spokesman Jurg Prinsloo says the NP government is responsible for appointments to the top structure of the corporation. "The Nats should accept responsibility if there was maladministration of funds," he adds

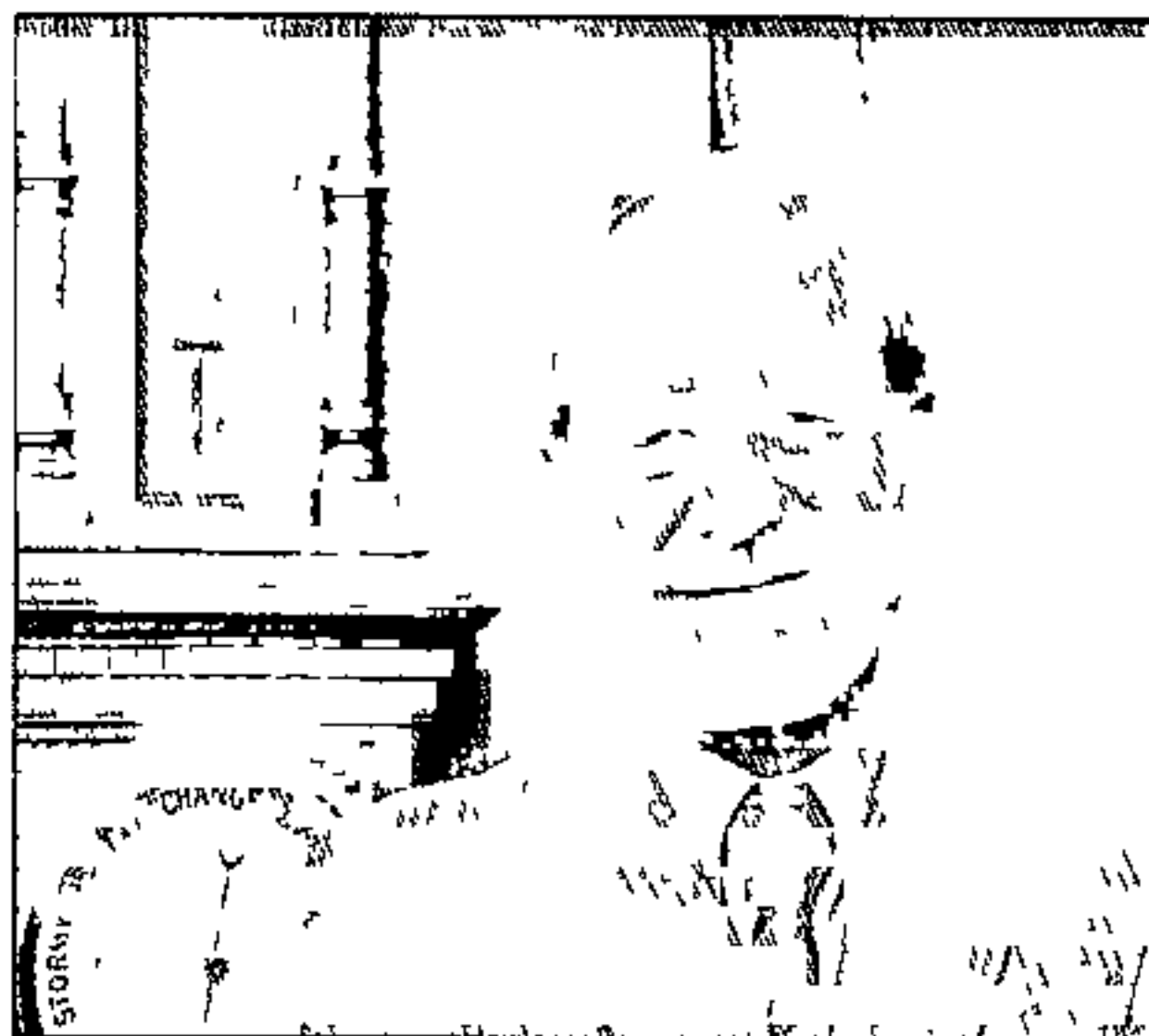
Prinsloo, with various speakers from the DP, last year took part in a vigorous debate

when government was questioned on a R3,2bn forex loss by what was then SA Transport Services (Sats) "The CP will, as was the case with the foreign currency debacle, fully investigate the CIB investment. Thereafter we will call government and any appointed official — no matter who he is — to account for their actions," Prinsloo says.

Grové, who had been at the head of Sats at the time of the debacle, was personally vindicated by a commission of inquiry into the forex losses. But the commission found it unacceptable that Sats' management, in the light of the size of the forex exposure and the risks attached to it, had not found it necessary to prescribe policy to deal with such risks

Grové was not available for comment this week, and corporation MD Kobus Nel has been instructed by new Transport Minister Piet Welgemoed not to discuss the matter. Welgemoed has ordered an investigation into the corporation's investment with CIB (see *Economy*.)

A ministerial spokesman says Welgemoed



**Grové**  
*focus of debate*

is recuperating at home after a minor operation and will comment only once the investigation has been completed. At such time he will also comment on Grové's position if he feels it necessary

During the February 22 debate last year, the DP finance spokesman Harry Schwarz (now SA ambassador in Washington) attacked government for its reaction. "With great respect, this is an example of speculation, inadequate control and inefficiency and parliament is supposed just to put its rubber stamp on R3bn of the taxpayers' money."

Schwarz also attacked former deputy Transport Minister Myburgh Strecher for "his audacity to compare this to the private sector." Said Schwarz "Who pays for the loss when a private company makes a loss through an error of judgment? The people in that company do"

Since that time Sats has been renamed Transnet, a commercialised company. Transnet is no longer responsible for many railway stations and suburban passenger trains, which are now run by the corporation under the chairmanship of Grové. Transnet still supplies train personnel and, because it cannot pay for itself, the corporation is heav-

ily subsidised by the State and regional services councils

□ Last year *Finansies & Tegniek* reported that Transnet group manager Giel Holz had resigned after 39 years of service at Sats. The magazine said Holz had been deputy chief of finances during the forex disaster

The magazine also reported that the Advocate-General, Justice Piet van der Walt, had investigated certain complaints. Justice Van der Walt told the *FM* this week that he has completed his investigation and that his report would be tabled in parliament during this session

Holz has meanwhile been appointed to the offices of the Accountant General in the Department of Finance.

*Eddie Botha*

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unlikely that they could be realised in a market as tight as the JSE without depressing prices

The Iscor shares cost R609m, more than their current value, so the IDC would be reluctant to sell, particularly as it has undertaken to market the bulk of the shares as a pro rata rights offer, implying a discount to market value. "At the price the IDC would like," says Van der Merwe, "the offer might be one an Iscor shareholder could refuse"

The IDC also feels that its overhang has depressed the Sasol price, which at about R12 is thought by some analysts to be well below value. But this of course is circular — as long as the market thinks the IDC shares may be sold, the discount may continue.

A problem with such a large rights offer is that four or five institutions would have to take a large portion. The IDC hopes to find other solutions, which could arise when State pension funds enter the equity market.

Sappi and Sentrachem are relatively small parcels that could easily be placed. But these are seen as important "partnership" shares. Though the IDC controls Indsel and Natsel it has limited room to manoeuvre with these.

The big unlisted holding is Foskor. Van der Merwe says any decision to sell would have to be taken by the State, as this would be in the nature of privatisation. The IDC feels that Foskor is not suitable for widows and orphans — it is a single product company, operating in difficult, cyclical markets (sounds just like a gold mine!)

Van der Merwe reckons it could fit well in diversified institutional portfolios. "You then enter the debate on the concentration of economic power, and other politically sensitive subjects, so it's a difficult decision."

The IDC has two large operating subsidiaries, Atlantis Diesel Engines and Sapeko. The former is not doing well, is being restructured and is not expected to be a candidate for sale of control for many years. The latter, an agricultural development arm, is not deemed suitable for a sale because, while it yields positive returns, there is no potential for adequate cash yields to private investors — though that surely depends on the price.

Borrowings and cash flow will remain the first source of finance for new projects. Van der Merwe says sales will, however, have to be made if only a small proportion of the projects now being considered get the green light — but there is no clarity on when this point will be reached.

One or more of Van der Merwe's objections, of course, could be applied to virtually any privatisation — or, indeed, most flotations. Any decent merchant bank could get around them in five minutes, some can be proved or disproved only by being put to the

continue

IDC

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## SALE HOPES DASHED

A statement in February signed jointly by then Ministers Wim de Villiers and Kent Durr and Industrial Development Corp (IDC) chairman Koos van Rooy said the IDC was expected to expand its role as financier of industrial enterprises and mobilise its full financial resources to this end.

It added that assets would be realised to provide finance, triggering expectations that the IDC could soon sell some large investments. Such hopes, it seems, were misplaced.

No such sales are thought necessary immediately, and almost certainly not this year. In a presentation to the Investment Analysts' Society this week, MD Carel van der Merwe listed the IDC's marketable investments — and explained the obstacles to realising them with any urgency.

That in itself is no surprise. The IDC has never shown much enthusiasm about selling mature investments to the private sector. And, as was clear from the February statement, the purpose of disposals would be to provide finance; there was no indication that privatisation was the objective.

Van der Merwe adds that the IDC has never been limited so much by lack of finance as by a lack of project opportunities.

Listed holdings include 170m Sasol shares, with a market value of about R2,1bn, 300m Iscor (R580m); 144m Industrial Selections (R370m), 180m National Selections (R300m), 3m Sappi (R170m), and 15m Sentrachem (R84m). These total about R3,5bn, but, Van der Merwe points out, it is

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test. It should be more important to mobilise capital — in the process, making the JSE a more liquid market — than hold on to listed shares indefinitely, waiting for a "right" moment to sell — that may never come.

The whole performance smacks more of self-justification for refusing to dismantle an empire which the IDC really has no business to maintain than of economic logic.

Andrew McNulty



# New name, new planes for airline

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articles 19/4/91

By DAVID YUTAR  
 Staff Reporter

SAFAIR is to change its name and spend R108 million on new aircraft in preparation for deregulation.

On January 1 the company became a 100 percent owned subsidiary of Trek Airways, a subsidiary of Safmarine

The new name had yet to be announced, said general manager Mr Glynn Nortje

## Extend network

Last month the airline's application to operate on several new routes was granted by the National Transport Commission, enabling the company to extend its domestic network.

The routes are between Cape Town and Johannesburg with stops at Upington, Kimberley and Bloemfontein; between Cape Town and Durban with stops at George, Port Elizabeth and East London, between Port Elizabeth and Bloemfontein and between Johannesburg and Durban

Safair intends to spend about R108 million on three new prop-jet aircraft in the 50 to 60 seat range to replace its ageing Con-vaire 580s

The aircraft will be selected from the 64-seater British Aerospace ATP, the 62-seater ATR 72, the 50-seater Fokker F50 and a 50-seater De Havilland Dash 8

The models were being evaluated and a final selection would be made before the end of the month, Mr Nortje said.

He predicted that the new aircraft would be in service before the end of the year.

In the meantime Safair has increased the frequency of its Cape Town to George flights

"This gives the Cape Town and George business communities the option of four same-day returns a week," said Mr Nortje.

Meanwhile, Air Malawi is the latest airline to buy new Boeing aircraft in an attempt to capture a greater share of the South African market.

Mr Rex Lazard, a former South African, who was appointed general manager of the airline last

month said the two 737-300s, which cost more than R200 million, will be used on the Johannesburg, Harare, Lusaka and Nairobi routes

"Johannesburg is our most important route and with the new aircraft this will help us to bring operating costs down and increase our credibility"

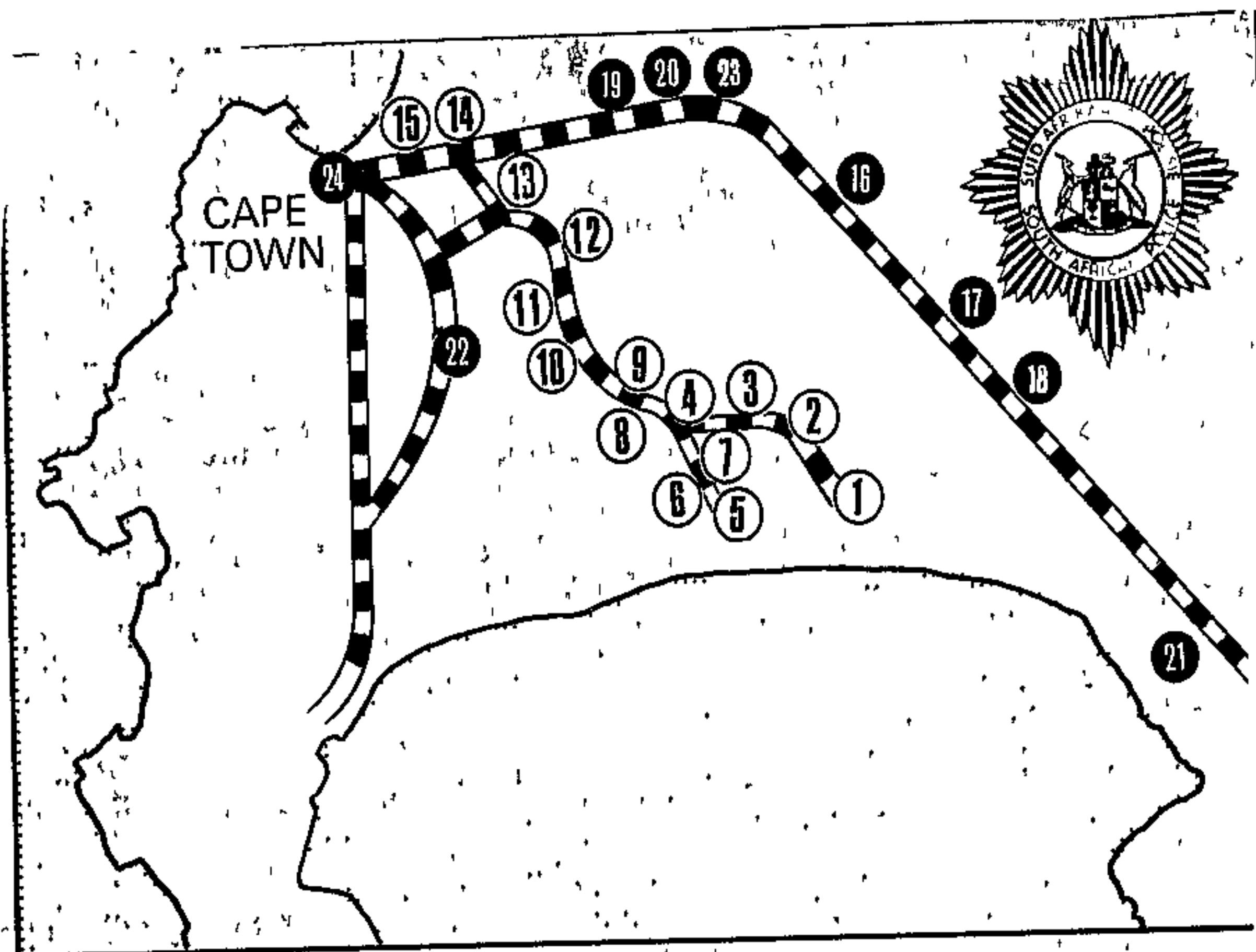
## Malawi route

He said one of the first objectives will be to provide a regular and efficient service to the Lake Malawi and extend the service. The company also intended replacing the aircraft used on the domestic route within the next six months

Mr Lazard said he would also be looking at several other package deals in co-operation with their pool partners SAA.

A spokesman for Boeing said during the past nine months Malawi with South African Airways, Zimbabwe, Mozambique, Egypt, Zambia, Ethiopia and Morocco have all purchased new aircraft in an attempt to upgrade their services.

C



**PROBLEM STATIONS** ... Stations to be policed from July 1 are: Khayelitsha(1), Nonqubela(2), Nolungile(3), Mandalay(4), Kaptein's Klip(5), Mitchells Plain(6), Lentegeur(7), Philippi(8), Nyanga(9), Heideveld(10), Netreg(11), Bontheuwel(12), Langa(13), Mutual(14) and Woltemade(15). From September 1 there will be a police presence at the following stations on the Mitchells Plain, Belville, Cape Flats and Strand routes: Kuils River(16), Blackheath(17), Melton Rose(18), Parow(19), Tygerberg(20), Strand(21), Athlone(22), Belville(23) and Cape Town(24).

# Bid to halt violence on city trains

*CAR - Times 20/4/91*

*269*

By DANIEL SIMON

IN a bid to halt the violent crime on commuter trains, 24 Peninsula railway stations will be upgraded and permanent facilities for police provided at "problem platforms".

The upgrading programme will see several new police stations, to be manned around the clock, on five Peninsula train routes. Other stations, which will be upgraded to improve commuter security, will be patrolled by police.

The programme is aimed at counteracting ongoing violence which has claimed many lives on trains in the past year. Passengers have also leapt off moving coaches to escape gang fights or gang robberies.

The programme is part of the Rail Commuter Corporation's five-year plan to upgrade and improve security at its 360 commuter stations around the country, RCC general manager Dr Koos Meyer said yesterday.

At present, only a "few dozen" members of the Mobile Unit police many of the 640 trains travelling throughout the Peninsula over a 19-hour period, transporting an estimated 500 000 commuters every weekday.

Dr Meyer said that in the Peninsula the RCC had targeted 15 stations on the Khayelitsha line for urgent atten-

tion to deteriorating facilities and serious security problems. He said work had begun at some of the stations and facilities should be ready for police on July 1.

Dr Meyer said a second upgrading phase to be completed by September 1 would involve nine stations along the Mitchells Plain, Belville, Cape Flats and Strand routes.

He said this year's programme did not extend to stations on the southern suburbs and Simon's Town routes.

"We have concentrated on the Khayelitsha route first because those stations pose a serious problem. Because of the number of commuters using the service and the income derived we want to combine our efforts to improve safety and render a better service," Dr Meyer said.

Claremont MP Mr Jan van Eck said that although he understood the priority given to the Khayelitsha and Mitchells Plain routes, he found it "totally unacceptable" that no provision had been made for the southern suburbs line.

Simon's Town MP Mr Jannie Momborg said that although he was "disappointed" that the Simon's Town route had not been catered for, priority had to be given to the Khayelitsha route because of the vast numbers of people using it and the high incidence of crime.



# Foreigners want air link with SA

AIRLINES are keen to establish links with South Africa. Austrian Airlines and Cathay Pacific are to start flights to SA in May and July respectively.

China Airlines will resume a service in about September. Other countries showing an interest, albeit unofficially, are the Soviet Union's Aeroflot, Japanese Airlines and European and African carriers.

## Revoked

Poland and Hungary have indicated a they seek an agreement.

But Japie Smit, director of the Department of Civil Aviation, says "South Africa is reviewing its policy. Many European countries wish to establish air links, but the potential market is too small to fly to each of them."

Air Seychelles, which has revoked Luxavia's landing rights to land on the islands, will start operating the route in August. Until now Luxavia flew the route for SAA.

By TERRY BETTY

America has no plans to resume air links with SA, says a US embassy spokesman. He says the "Comprehensive Anti-Apartheid Act (CAAA) of the US terminated landing rights for SA aircraft in the US, and barred our carriers from providing air transport to SA."

Australia's Qantas stopped flights to SA before sanctions were imposed and cancelled SAA's landing rights a year later. It has not asked to resume these routes.

To establish links, an agreement is drawn up between governments, giving airlines the reciprocal right, but no obligation, to operate. Many have the right, but do not exercise it.

Among them are Madagascar, Hong Kong, China and Seychelles. SAA regularly flies to these countries, but they do not come here in spite of having the right.

Times (Bursell) 2/14/77

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# Police probe the collapse of Cape bank

By DAVID CARTE

POLICE are investigating the collapse of Cape Investment Bank — the first bank put into liquidation in South Africa.

A police spokesman told the Sunday Times that the Attorney-General of the Cape had referred the liquidation to the commercial branch. He refused to divulge the names of persons or institutions who may be investigated.

Transport Minister Piet Welgemoed has ordered an inquiry into why SA Rail Commuter Corporation deposited R239-million in a bank with capital of only R40-million.

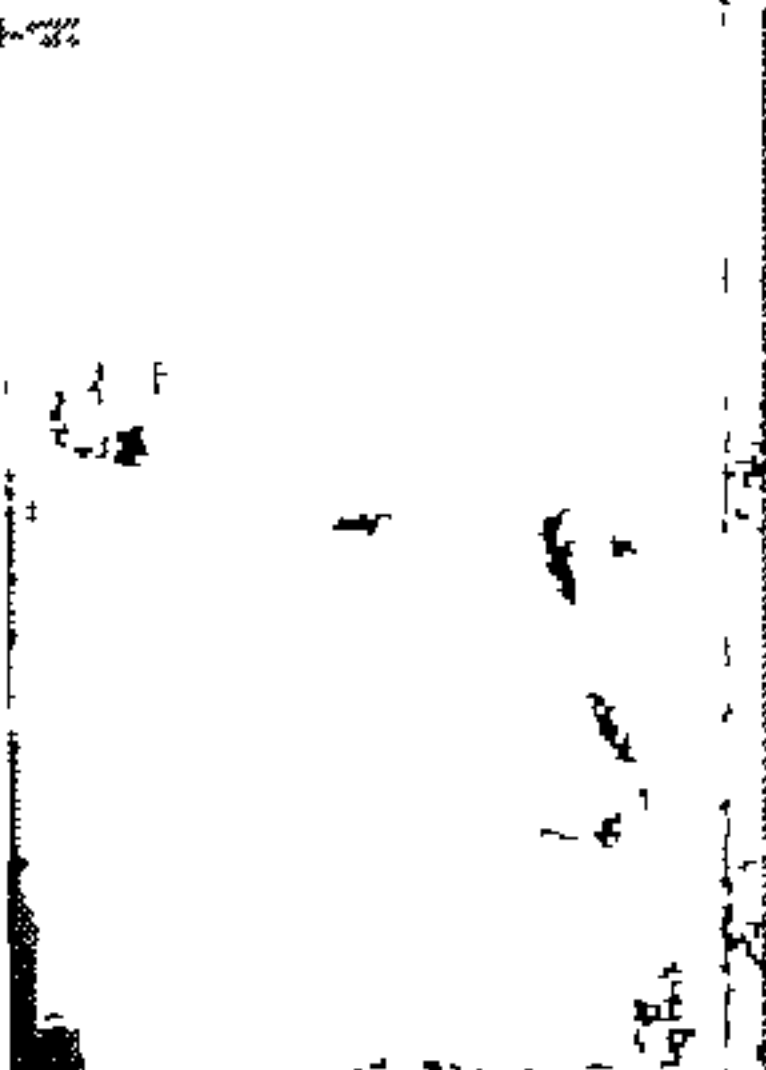
After the collapse of several companies, to which it then lent the funds, CIB could not repay SARCC when the deposits matured.

SARCC will have to stand in line with other creditors who want their money back. Depositors with less than R5-million in the bank will rank first.

Hundreds of shareholders and creditors stand to lose money in the acrimonious collapse of CIB and two of its listed clients, Transvaal Distillers and Rico Breweries.

Litigation is expected between Picardi Investments, one-time controller of CIB, Prima Bank, which bought control just before the collapse, the former management of the bank and clients in liquidation. Some parties are talking of suits against the Registrar of Banks and/or the Reserve Bank.

The R239-million exposure of SARCC is the



BART GROVE

second huge financial setback in six years in a department overseen by SARCC boss Dr EL "Bart" Grove.

In 1985, when Dr Grove was head of SA Transport Services, Sats lost more than R3-billion in foreign exchange transactions.

Former managing director of CIB, Andy Swartz said he can explain several controversial aspects of the bank, from the SARCC deposit to its lendings.

"SARCC had quite a number of deposits, each with a different maturity date. It was a prudent book, spread over five months. Deposits which matured before I left on December 14 were all repaid on time," he said.

In an independent valuation, Rand Merchant Bank has marked down the value of CIB's lending book by R115-million.

## Trouble

Said Mr Swartz "I can only imagine they have valued the book on the assumption that the loans have to be recovered immediately, which is not the case."

In the past, in keeping with international practise, the Reserve Bank has aided banks in trouble.

Christo Wiese, deputy registrar of banks, said the governor ruled as he did in this case because he did not think the banking system was threatened.

Picardi Investments sold its 40 percent holding in CIB to Prima Bank in December.

Picardi reportedly claimed this week that CIB shareholders are owed at least R12-million by Prima. Prima has not responded to the claim.

# Lift state control of air fares, says report

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BIDAY 22/4/91

THE elimination of government control of air fares will come under the spotlight at an international aviation conference in Cape Town tomorrow.

Proposals made by an international think tank for freeing global aviation policies are to be debated at the conference where SA's international aviation agreements policy will be reviewed.

The recommendations were published in a recent report by UK-based Global Aviation Associates.

The report's recommendations include abolition of pricing structures, and prohibition of anti-competitive agreements, predatory practices by international airlines and the abuse by major airlines of their dominant positions domestically and internationally.

The report also calls for elimination of government subsidies to airlines. It says registered airlines operating within a country should be free to operate scheduled and charter operations to, from and within that country without flight-frequency restrictions.

Airlines will still have to meet stringent safety standards before they are licensed.

One of the major contributors to the report is Global Aviation's European MD Ray Colgate, who will address tomorrow's conference on trends and developments in international aviation.

Colgate was one of the principal authors of Britain's competition, licensing, pricing

LINDEN BIRNS

and charter operations policies.

Other contributors were drawn from major airlines, government bodies and international air transport organisations.

The report finds that industry protectionism has become irrelevant in the light of political changes which have promoted free enterprise.

Despite the setback experienced as a result of the Gulf war, commercial aviation is on the brink of a boom with passenger volumes set to double by the turn of the century.

More than 40 state-run airlines are moving towards privatisation and promising to place greater emphasis on consumer interests, local and regional development and tourism, the report says.

Bilateral agreements — the system used by most civil aviation directorates in granting scheduled international flight licences — encourage bureaucracy, and are costly and limited in scope, the report finds.

"Provisions should be included to ensure fair, non-discriminatory practices in respect of commercial opportunity, sales and distribution outlets, computer reservation systems, fund transfer, taxation, charges, expatriate employment, customs duties, ground handling of aircraft and the like," the report says.

The report also calls for all agreements to be published in full.



# Control of air fares under scrutiny

Own Correspondent

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# No more newspaper round on SAA's business class

FROM next week, SAA business class passengers will have to go out of their way to get a copy of their favourite newspaper

The airline will stop supplying complementary copies of Business Day and other newspapers on domestic flights from May 1

Business class travellers will instead have to collect their newspapers — which will still be on the house — from airport kiosks

SAA spokesman Zelda Roux says the airline has found it difficult to assess how many copies of each newspaper are needed

Weight restrictions preclude carrying a copy of each newspaper for every business class passenger

"If all the passengers wanted copies of Business Day, for instance, there would not have been enough to go round"

Due to demand, more copies of Business Day than any other newspaper have been carried on SAA's morning flights

Now business class passengers will have to produce their gold cards or boarding passes to get a newspaper free of charge from a kiosk

LINDEN BIRNS

SA newspapers will still be distributed on SAA's long-haul international flights

Meanwhile SAA has also announced plans to increase the size of business class cabins on its A300 Airbus fleet

Spokesman Stephanie de Witt said the move was in reaction to a recent survey of SAA's Frequent Flyers *61009 23/4/91*

"At present, 12,5% of cabin space is taken up by the business class section, but this will probably be increased to about 25%," she said

The A300 Airbus fleet is used extensively on high density flights between Johannesburg, Cape Town and Durban, and on some regional flights to southern Africa

Engineers are currently studying several proposals for the project which the airline hopes to complete before the end of the year

De Witt was unable to say how much the changes would cost

Star 24/4/91

# Fare changes wanted

By John Miller

(269)

SA Airways would call for the abolition of all pricing structures on international routes once sanctions were completely lifted and a normal market place returned, SAA chief executive Gert van der Veer said in Cape Town yesterday.

He told an international deregulation policy conference: "Fares should still be filed with the respective aviation

authorities, but with each airline separately."

He said he thought the present pool agreements between SAA and all the other overseas airlines would be amended and some replaced with commercial agreements.

Mr van der Veer added that he expected fierce competition in the future and it was possible the airline might have to align itself with a foreign carrier to survive



## SAA chief

move towards negotiating "multilateral" agreements in line with global trends.

Multilateral agreements are formed when airlines within a group of countries negotiate with each other on common routes and allow for an airline in one country to fly between two other points, not necessarily operating within or from its own country.

This would allow the creation of a south-

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ern African multilateral agreement which would enable SAA to fly between destinations outside SA.

SA could face having to renegotiate its agreements with European airlines when the EC implemented its new aviation policy in 1993. This would happen only if SA's present policy which was anti-competitive and biased towards protecting SA was not changed.

## SAA chief calls for deregulated airfares

CAPE TOWN — Government control over setting international air fares should be scrapped as soon as possible and other SA-based airlines should be allowed to compete with SAA on international routes, SAA CE Gert van der Veer said yesterday.

Van der Veer, who was addressing a conference convened by the Department of Transport and the CSIR to review SA's international aviation policy, said airlines should determine their own fares, based on market demand.

Delegates to the conference agreed that SA's international aviation policy was con-

LINDEN BERG

servative, protectionist and out of step with world trends.

Aviation authorities should be informed of each airline's fares, but these should only be disallowed when the two countries' governments disapproved.

Airlines with "interline" agreements should be given the option of setting fares in accordance with International Air Transport Association (IATA) regulations. SAA has such agreements — where it acts as an agent for airlines not flying to SA —

with American Airlines and the LOT airline of Poland.

"In practice this means the full deregulation of the fare structures, while an acceptable mechanism would be created to guard against predatory pricing," Van der Veer said.

He said existing bilateral agreements between SA and other countries should be maintained as this ensured that the SA government retained an equal say in negotiating air trade.

He said there should be an incremental

To Page 2

If SAA allowed to overfly Africa . . .

# Air fares to Europe could be cut by 10%

CM-Tints 24/4/91 (269)

By AUDREY D'ANGELO  
Business Editor

AIR fares between SA and Europe could be cut by nearly 10% when SA Airways (SAA) is allowed to overfly other African countries, delegates to a conference at a Sea Point hotel heard yesterday

Competition on the route will intensify as more airlines resume, or introduce, flights to SA and this could cause overcrowding at Jan Smuts airport — strengthening the case for giving gateway status to Cape Town and Durban airports

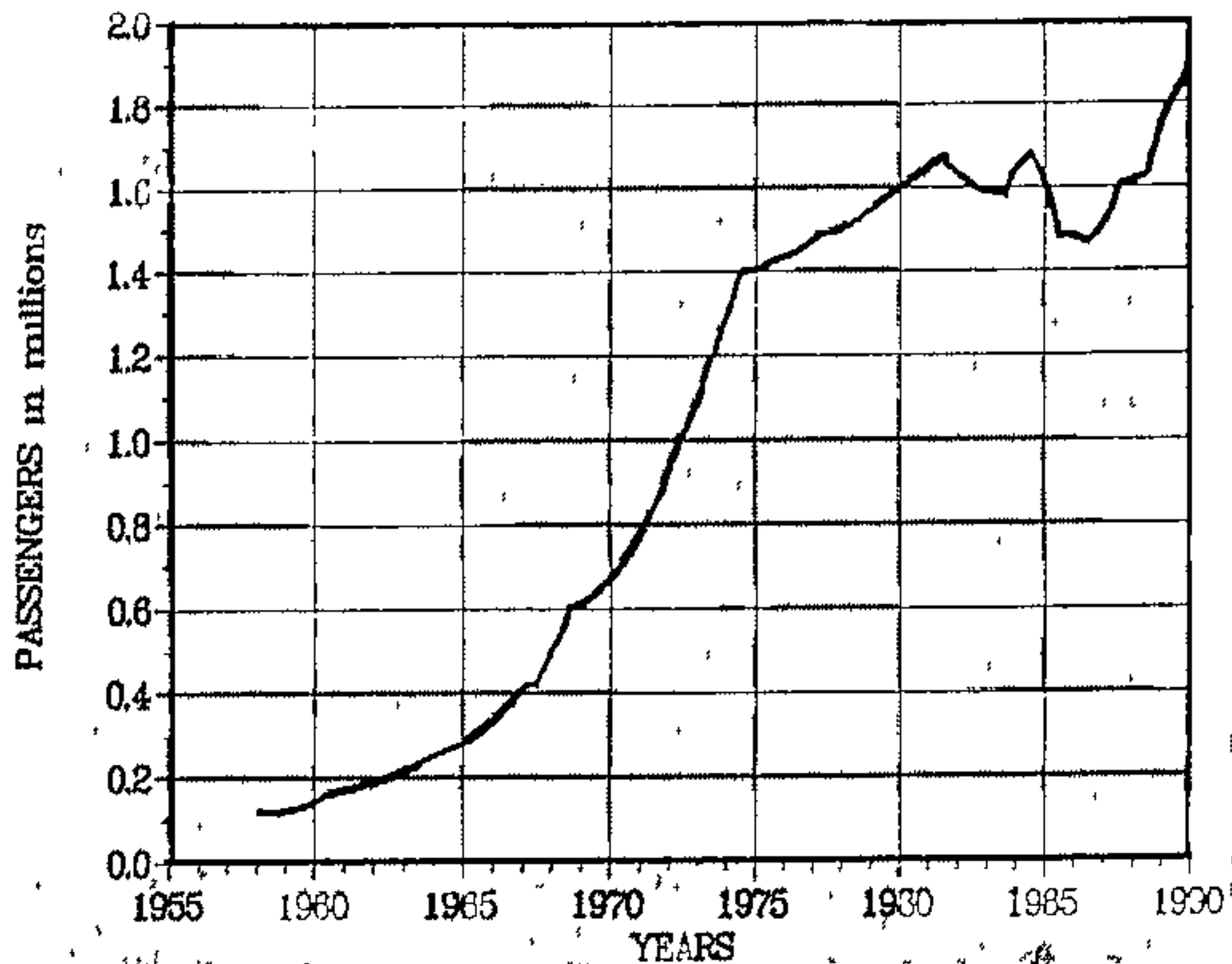
These were among points made at a conference on the international aviation policy of SA organised by the Department of Transport and the Directorate of Civil Aviation and including delegates from Europe and other African countries

Speakers stressed that the international aviation market was becoming a global one. Mega-airlines were being formed, which were likely to have "hubs" on several continents instead of one home base, and smaller airlines would have to band together or accept the position of domestic "feeder" for the main international routes

V Prins, MD of Lexetran and a director of Van Wyk & Louw Inc, explained: "Circumstances affecting SA international aviation policy are changing rapidly

"Political changes within SA are leading to a rapid normalisation of relations with a variety of countries.

"The economic restructuring of



In spite of sanctions, the number of passengers flying to and from SA has grown from about 100 000 a year in the late 1950's to about 1.9m in the past year. The SA Tourism Board forecasts that the number of tourists visiting SA will grow from 1m in the past year to 2m by the year 2 000 — provided they are not frightened away by violence and unrest.

SA is placing more emphasis on the efficient utilisation of resources, the benefits of competition and less protectionism."

Prins explained that the route between SA and Europe was one of the most profitable for airlines other than SAA. Fares charged by all airlines on this route were priced to allow for the fact that SAA had to fly round the bulge of Africa

The lifting of restrictions on SAA overflying other African countries could mean an annual saving of \$63m a year for SA's

national airline — and a drop of 9.2% in all fares to and from Europe.

But Prins warned that this would not happen automatically unless "the full benefit of competition is achieved on the route".

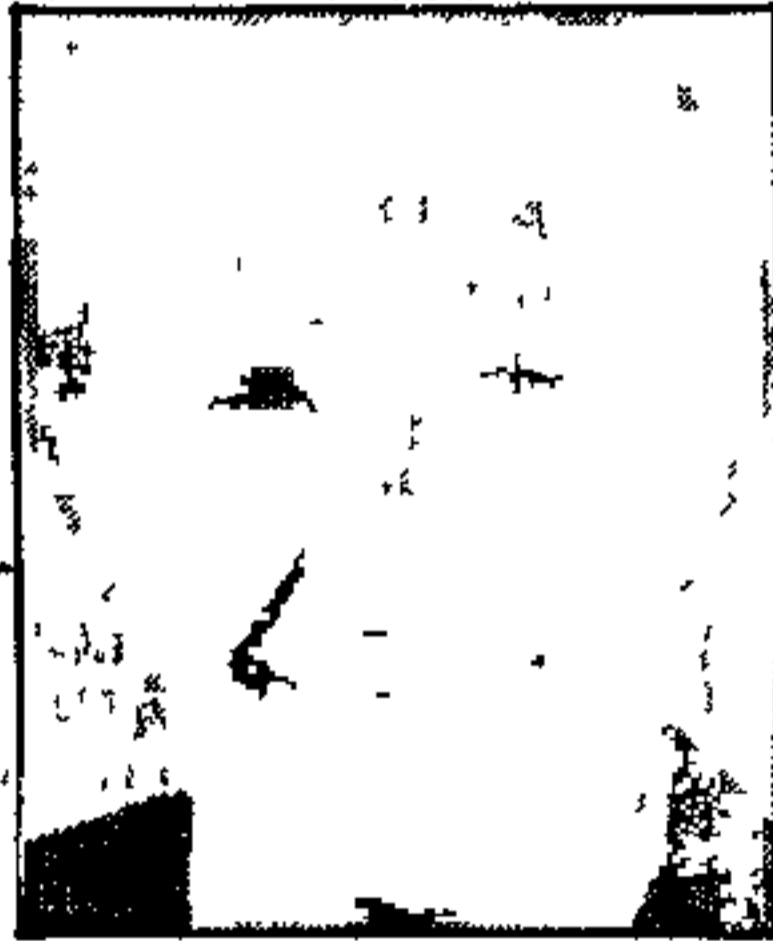
Among other points he raised were the need for a regional Southern African strategy to deal with the increasing tendency, of economic bloc formation, a competition policy which served the national interest of SA and the formulation of a policy on charters.

# Better air service promised

All South African airline users could look forward to improved services, Public Administration Minister Dr Dawie de Villiers, said in Parliament yesterday.

Replying to the debate on his vote, he said the investigation into SAA's role and structure had been completed and Transnet had been instructed to

- Take necessary steps to structure SAA as a fully self-sustaining business unit — separated from Transnet.



Dawie de Villiers

- Ensure that new entrants had access to infrastructure and facilities, which had advantaged SAA and its dominance in the market.

- Adjust SAA's internal structure to avoid cross-subsidisation between its international and domestic services.

He emphasised the importance of levelling the playing fields in a deregulated market. Activities which were historically taken care of by SAA, because there was no other alternative, would not necessarily be taken away from SAA.

It was important that equal opportunities to provide these services — servicing, central bookings and training — should be ensured. — Sapa.



**STILL GROUNDED**

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When Nedtravel and Travelink joined forces this year to launch SA's first discount international air ticket agency — Just the Ticket — they invited the travel industry to a kick-off lunch to celebrate what they hoped would be the advent of a new era

Nedtravel MD Gordon Young and Just the Ticket MD Bob Williams asked the airlines to sell them spare capacity at cost. They could then sell tickets to the public at a large discount. The timing seemed perfect. Faced with an unprecedented slump in air travel due to the Gulf War, it seemed the airlines could only benefit from giving travel-starved South Africans cheaper tickets through the services of a consolidator such as Just the Ticket. But the hosts were in for a shock. The airlines asked Just the Ticket personnel to leave the room, they then debated the proposal behind closed doors and rejected it.

Nevertheless, Just the Ticket went ahead, offering the public discounts on overseas fares to about 40 destinations (*Business* March 1). SA Airways and British Airways announced their own discounts and the travel agents feared that the price-cutting could put them out of business.

Two months later, however, Just the Ticket has still not been able to convince the airlines to turn over their unsold tickets at bulk discount rates. Williams has sold his shares and will leave the fledgling operation at the end of the month to run two other travel businesses. But he denies that Just the Ticket is in trouble. "Just the Ticket has exceeded expectations. We have met our budget for the past six weeks and the amount of phone calls we receive — some 750 a day — indicates that there is a big market for discount tickets."

New MD Kevin Rawnsley says the intention is still to establish a consolidation service for airlines to dispose of excess tickets. "At present, we operate on narrow profit margins. We pass on some of our 9% commission from the airlines to the customer, and we have special (consolidation) deals with a few airlines. But the true potential of a discount operation depends on the co-operation of a broad spectrum of airlines that allow us to sell at discount rates."

Just the Ticket is known to be buying in bulk from at least two of the smaller airlines, Alitalia and TAP, but the larger airlines —

**BUSINESS & TECHNOLOGY**

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notably SAA and BA — reject the idea. Malcolm Freeman, BA's SA manager, believes that there is no room for a consolidator in SA. He says that unlike the UK, US and Far East, where there are many airlines operating on many routes, there are only a few operating to and from SA. "The larger airlines all have sophisticated reservation systems that enable them to control the supply and demand of seats well in advance. This is better than causing chaos by dumping seats on the market at the last minute." He says BA would probably not sell tickets in bulk to anyone because this could endanger its extensive network of travel agents, who sell 93% of BA's tickets in SA.

Williams argues that on average 20% of the seats on flights to and from SA are empty and could be sold at greatly reduced rates. Last year this totalled some 100 000 empty seats. Furthermore, once SAA resumes flying to the US and carriers such as Cathay Pacific and Qantas begin arriving in SA, Rawnsley estimates that an extra 75 000 seats could become available.

Williams suggests a system, for example, in which the airlines call on the consolidator to help to dispose of excess seats two weeks before the flights. "On domestic fares there are 16 levels of discounting used to fill the plane. Why can't this be the case on international flights?"

In Europe, consolidation has become almost too successful. Many consolidators, having become powerful, have been bought out by the airlines they dealt with.

SAA spokesman Leon Els claims that SAA has nothing against discounting bulk-buying of air seats. "Special deals would be considered if they're viable. However, we can't be seen to favour anyone in particular and all specials would have to be offered to all agents."

Lufthansa spokeswoman Karin Lambson says any deal with Just the Ticket would have to be approved by the head office in Germany, she indicates that Lufthansa works closely with consolidators in London.

But the head of another large airline, known traditionally as a discount airline, says many of the airlines are under tremendous pressure from travel agents not to offer Just the Ticket special deals. "Consolidators don't help the airline industry as a whole," says the official, who does not want to be named. "They have low costs and don't provide any services. In this way they undercut the travel agent who does offer service."

Rawnsley, however, argues that Just the Ticket cannot compete with travel agents precisely because it just supplies the ticket and nothing else. "In this sense we are a niche company, attracting the cost-conscious traveller who can fly at any time."

Of course, government restrictions remain the chief obstacle to airfare discounting taking off. With government's backing, SAA, as the national carrier, is able to dictate to other carriers that fly here. And it not only dictates the price of the tickets, but also the number of flights and even the number of seats —

CALL TEL.

Mirriana Deeb

ELFI III Fm 26/4/91

## **BROAD APPEAL** (269)

**Transnet will** go all out to create a market for its latest equity-linked fixed interest security (Elfi III), to be issued on May 14. The Elfi is

cent.

Fm 26/4/91

(269)

## **ECONOMY & FINANCE**

divided into bull and bear tranches and its success will depend on a broad market with heterogeneous expectations.

"If everyone's bullish the issue will be a nonstarter," says Hendrik du Toit, of Investec, which is handling the issue. Ideally, investors would take equal amounts of each tranche but Transnet will settle for a 45-55 split. This kind of innovative instrument allows Transnet to borrow cheaply (at 14,75%, compared with prevailing two-year market rates of about 16%), with almost no risk.

This is essentially a repackaged version of Elfi II, launched last April, designed to be more popular and accessible. An elaborate marketing campaign will introduce Elfi III to local and European investors. Transnet is confident it will attract significant foreign attention. The local market will also be significantly broadened by making Elfi affordable to smaller investors.

Elfi is directly linked to the JSE All Share Index, giving exposure to blue-chip equities without transaction costs. The bull is positively coupled to the index, offering a coupon of 4,5% paid semi-annually, which is higher than the All Share dividend yield. In contrast, the bear tranche is negatively linked to the All Share index and provides an interest payment of 25%. This is significantly higher than prevailing money-market rates, though there is an open-ended capital risk.

Elfi has never been marketed abroad in any significant way. Simpson McKie's Marilyn Visser says the bear tranche looks particularly attractive, giving a return of over 30%, based on the most fair value price and

finrand discount. Elfi III will be a listed equity, traded on both screen and floor.

By reducing the initial minimum purchase from R1m to R100 000, and making trading possible in blocks as small as R10 000, Transnet hopes to attract smaller fund managers and individuals. Increased trade in All Share index futures is also expected as participants hedge positions.

Despite a lack of enthusiasm for Elfi I (issued in November 1986), Transnet's Eugene Kruger says the market has shown considerable interest in Elfi II, which still has about a year to maturity. Future Elfis will be issued annually with either a one- or two-year maturity, allowing investors to roll over positions any time before expiry and thereby take advantage of favourable market conditions.

The issue will comprise a public offer and private placing. The previous two Elfi issues raised R1,36bn. Though it has no specific target, Transnet expects to raise several hundred million rands from this one. The final price will be released nearer the issue date. ■

# SAA to go it alone as a commercial airline

## Political Staff

SOUTH AFRICAN AIRWAYS is to be restructured as an independent commercial venture, competing with other airlines for airport facilities.

The Minister of Public Enterprises and Economic Co-ordination, Dr Dawie de Villiers, said yesterday that he had told Transnet to begin restructuring SAA as a self-sustaining business. Transnet would also open its facilities to other airlines.

Replying to parliamentary debate on his department's vote, Dr De Villiers suggested SAA's international and domestic services would be separated to remove cross-subsidisation.

The decision to commercialise SAA is based on the findings of consultants appointed last year to investigate its role in a deregulated market.

The airline would be independent of Transnet and would present financial statements, Dr De Villiers said.

It would no longer receive preferential treatment. Airport infrastructure

and facilities — including central reservations and training facilities — would be opened to other airlines.

"I believe the .. public can look forward to an improved service," Dr De Villiers said.

At an aviation conference earlier this week, SAA's chief executive, Mr Gert van der Veer, recommended the scrapping of government control of international air fares and said other SA-based airlines should be allowed to compete on international routes.

Before Dr De Villiers's announcement in Parliament, Mr Tony Leon, DP, Houghton, slammed SAA's price fixing and bilateral agreements. He said SAA fares had risen by 160% since 1985 as a result of the government's "protectionist practices".

"Perhaps an alternative would be for SAA to lease out its aircraft on the overseas route until such time as sanctions are over. At least this would enable our consumers to have affordable overseas travel," he said.



# New-look SAA to lose its monopoly status

CAPE TOWN — SAA would be restructured into an independent commercial venture and would have to compete with other airlines for state airport facilities, Public Enterprises and Economic Co-ordination Minister Dawie de Villiers said yesterday

Replying to parliamentary debate on his department's vote, De Villiers said he had instructed Transnet to start restructuring the national airline into a self-sustaining business unit and to open up its infrastructure and facilities to competitors

He also suggested that SAA's international and domestic services would be

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LESLEY LAMBERT

separated to remove cross-subsidation.

SAA would operate independently of Transnet and would present financial statements in accordance with normal accounting principles, De Villiers said.

Airport infrastructure and facilities, including apron, central reservations and training facilities, would be opened up to other airlines and SAA would receive no more preferential treatment, he said.

These services had been monopolised by SAA in the past because there had been no alternative, but last year's decision to de-

regulate the domestic air transport market had made it necessary to create a more competitive environment, De Villiers said

"I believe the flying public can look forward to an improved service once SAA has been restructured as a business unit and competes with new entrants to the market," he said

At an aviation conference earlier this week, SAA CE Gert van der Veer recommended the scrapping of government control of international airfares and said other SA-based airlines should be allowed to compete with the national airline on international routes

B/1024 26/4/77

Graphic IFF ELECTRA SOURCE IFF



# New SA-Seychelles air links

Star 27/4/91

IMPORTANT links, in both travel and trade, between the Seychelles and SA will be cemented with new air links between the Indian Ocean Islands and Johannesburg beginning in August.

Already more than 10 000 South Africans spend their vacations there every year and it is planned to double this figure after Air Seychelles and later SA Airways establish air links.

Conrad Benoiton, executive chairman of Air Seychelles, announced in Johannesburg yesterday that his airline would begin weekly flights every Saturday between Jan Smuts and Mahe on August 3.

The Boeing 767 aircraft would leave Seychelles at 9 15 am, arriving at Jan Smuts at noon, and depart from Jan Smuts at 1.45 pm, arriving at 8 30 pm local time (less than 4hr 30mins flying



NEVILLE ADLAM



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time) The route will continue to be served by LuxAir until July 29.

John Kirby, general manager, said tour operators and retail agents had been anxiously waiting for the completion of the negotiations. He estimated that finally it would cost South Africans about R3 500 for a week's holiday, depending on the packages and the season.

Mr Benoiton said the Seychelles had a small population — only about 69 000 — and the islands could not afford to have a mass holiday influx. There was a 4 000-bed occupancy on the islands and it was not intended to go very much above this, although two more hotels were planned for in the next two years.

# SAA urges black airline alliances

S/Times (Bun) (T) 28/4/91

By ROGER MAKINGS

IF AIRLINES of the Southern African Development Co-ordinating Council want to survive liberalisation in international air traffic they will have to consider an alliance with SAA.

This was said by SAA chief executive officer Gert van der Veer at a Department of Transport conference in Cape Town this week.

Supporting his suggestion, a former head of Kenya Airways and the senior director of government and industrial affairs in the International Air Transport Association, Richard Nyaga, said it was up to SAA to provide the leadership and economic incentive for the 10-member SADCC countries to follow.

Mr Nyaga warned that SADCC airline managements were hamstrung by government interference and a reluctance to be seen to be openly doing business with SAA.

## Overheads

Individual SADCC carriers should form alliances to fight the threat of the mega-carriers which had merged or pooled resources in a global strategy. They were in a strong position to provide a superior service at a lower cost than many others.

The World Bank has recommended that if SADCC airlines are to survive they should consider forming an alliance to eliminate the duplication of services and so reduce overheads.

The bank says none of the member airlines is profitable.

Mr Nyaga says "SADCC realises the airlines must form alliances to survive. But while European, Far East and US operators are working for co-operation, African airlines are vacillating and being hampered by bureaucracy as well as government interference in commercial decisions.

"It's all happening in Europe and elsewhere, but not in Africa. If the SADCC



GERT VAN DER VEER: Only the strong will survive

countries don't get their act together soon, they will die."

Mr Nyaga says co-operation with SAA could reduce costs through shared offices, reservation systems, training, maintenance, catering and bulk fuel purchases.

Mr Van der Veer says SAA is the only airline in Africa which does not receive a government subsidy and returns a regular profit.

"SAA has for many years collaborated with and provided joint support to a number of African airlines, and where it has been left to the management of the airlines concerned to make their own decisions, amazing success was obtained.

"Where these co-operative business ventures have matured the smaller airlines have benefited from the resources, back-up and larger economy of scale benefits of SAA without losing their identity and still being in full control of their own affairs."

He believes that these successes (Namib Air and Air Mauritius) are indicative of the course that Southern African airlines have to follow if they wish to survive.

Not even SAA is safe from the international carriers which are merging in many parts of the world.

"With the advent of over-border mergers and alliances, future competition will be even fiercer."



# Competition will push up domestic fares, says SAA

THE deregulation of aviation will almost certainly lead to an increase in the price of SAA's domestic fares

Although deregulation will mean an improved domestic service, with more seats and departures available during peak periods, competition for passengers will result in lower load factors.

## Profit

SAA boss Gert van der Veer said this week Trek Airways' emergence as a domestic airline would lead to fewer passengers flying SAA, which would push up overheads and force the SAA to better utilise its equipment

Because SAA's loss-making domestic service will no longer be cross-subsidised by the profitable overseas operation, as announced this week by the Minister of Public Enterprises and Economic Co-

By ROGER MAKINGS

ordination, Dr Dawie de Villiers, it will be up to the domestic service to start making a profit.

Domestic fares on the state-owned airline have been kept artificially low for years — causing a loss in 1989 of R15-million

Trek Airways' managing director Jan Blake believes that when his airline begins operations in September, it could capture between 20 and 25 percent of SAA's domestic market.

Dr De Villiers said all ground support units owned by SAA would have to be equally shared among competing airlines

This could mean the airline will have to buy more costly equipment in order to accommodate the other airlines, said SAA spokesman Mike Pfeiffer.

SAA has ordered 11 new aircraft and will be hard-pressed to find the money without raising air fares

MAY last year, Public Enterprises Minister Dawie de Villiers said: "Regulation is no substitute for competition... the government would go out of its way not to introduce regulation if it could be avoided".

If that is the wish, what is the reality? One of the primary causes of inflation is not just an oversupply of money. It is the serious in-built inflationary mechanisms in SA's economy: inefficient, cost-increasing structures which push prices up.

In this regard, SAA as a state enterprise is public enemy number one. Since 1983 fares between London and Johannesburg have risen an average 24% every year. This is a direct result of the conservative protectionist attitudes and practices of this government, where the profitability of SAA is their first priority and the interests of and costs to the consumers are their lowest priority.

While our airfares have soared more than 160% in six years, robbing but "A" and "B" income groups with Africans of the right to travel road and killing our tourism market into the bargain, in the same

period the liberalisation of air services agreements between the US and Europe has led to an average 22% fall in economy class airfares on the North Atlantic route.

In a study of nine air routes in 1989, including the North Atlantic and the routes within Europe, it emerged that the Europe-southern Africa route was the most lucrative. It yields the highest ratio between the actual and break-even weight load factor obtained by carriers on such routes. The ratios were: SA-Europe 1.16 to 1; North Atlantic 1.03 and within Europe 1.03.

Three major factors contribute to profitability of the SA/Europe route. Firstly, capacity is vigorously controlled by SAA, preventing competitors from scheduling more flights a week than SAA chooses to permit — thus reducing capacity and creating an artificial shortage of costs.

The second factor is the price-fixing or tariff agreements masterminded by SAA, due to its being

# Inflation flies with SAA

13 10 am 30/4/91

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**TONY LEON**

basis and be based on third and fourth freedom traffic demand

Yet, at the same conference at which Van der Veer spoke, it was indicated that bilateral agreements, the system which has rigorously and religiously been applied in SA, encouraged bureaucracy, higher costs and much higher airfares.

Furthermore, he says, this new policy departure indicated by SAA should only be applied "to a post-sanctions environment, when SA can overfly Africa". However, it is interesting to note that Cyprus Airways, one of the world's most profitable airlines, does not own a single aircraft. It simply charges a fee to other airlines flying to the island. Perhaps an alternative would be for SAA to lease out its aircraft on the overseas routes until sanctions are lifted.

The fares cartel of SAA and other foreign carriers is, in essence, a government-controlled entity. Yet SAA and government frequently

obliged to fly around the bulge of Africa. This factor is built into the standard tariff schedule enabling the average European airline, which does not have to fly around the bulge, to pocket the difference, earning a more attractive rate of return on this route than on comparable routes elsewhere in the world. Thirdly, SAA profits from its compulsory revenue sharing arrangements with its pool partners — the details of which are never published in open forum.

I warmly welcome the brave sentiments expressed by SAA CE Gert van der Veer on April 23 when he spoke of abolishing price controls on the SA route. But he immediately qualified this by saying it must happen "on an evolutionary basis". Van der Veer also sticks to the demand that capacity and frequency allocation should continue on a bilateral

blame IATA for increasing airfares. What government does not tell us is that IATA stopped setting airfares back in 1979

It is generally agreed that cut-rate charter operations to SA would be much cheaper. I am advised that it could lead to savings of up to 40% on regular overseas airfares. I am told it could discount the return fare to London down to R2 500. Yet government, acting on the advice of SAA, still shies away from breaking up international airline cartels operating from SA

British Airways and other carriers would like to add many more flights a week to their SA route. This would increase capacity and could drive down prices. Yet they cannot do it because SAA has the right to block applications to the Department of Civil Aviation

SA needs a market-driven carrier, not a state-controlled carrier without a market-orientated pricing regime

This is an edited version of DP MP for Houghton Leon's speech in Parliament during the debate on the Public Enterprise budget.



## No third class on Trans-Natal 269

The Trans-Natal train between Johannesburg and Durban will convey first- and second-class passengers only as from May 1. third-class passengers will now be able to travel in a separate train.

The new move will not only allow the Trans-Natal to operate more economically, but will cut travelling time by 30 minutes as the train will stop at major stations only. *Sowetan 30/4/91*

A further amendment to the Trans-Natal service is the addition of a luxury

lounge coach for the exclusive use of first-class passengers.

According to Mr Herman Bruwer, business manager for the Trans-Natal, the difference in fare between a first- and second-class ticket is so insignificant that Spoornet decided to afford added value to first-class passengers.

Meanwhile the third-class train (economic class) will also have a catering car for refreshments. - *Sowetan Correspondent*



### The MINISTER OF LAW AND ORDER

(1) A further intensive investigation into the circumstances and reasons for the arrest of the hon member in Khayelitsha on 2 November 1990 has revealed that the information regarding this arrest, and upon which the Western Cape Regional Commissioner based his premise, namely that the hon member was arrested because he was found "where he was busy addressing a growing crowd of 100 people", was based on the personal and subjective opinion of the officer in charge of the situation and ostensibly gave rise to a misinterpretation of the circumstances. If the answer to Question 7 on 12 February 1991 left the impression that the hon member was involved or responsible for the stone throwing which occurred on 25 October 1990 in the black residential areas, Old Cross Roads and Khayelitsha, it is not correct.

(2) Regulation 2(3) of the Unrest Regulations of 1 November 1990, of which the applicable section is quoted here, is as follows

"If a member of a security force is of the opinion that it is necessary for the combating or prevention of public disturbance, disorder, riot or public violence, he may summarily order a person present in an unrest area, and who is not normally resident therein, to leave that unrest area immediately, and if that person fails to leave that unrest area immediately, that member may arrest the person concerned or cause him to be arrested and may remove him from that unrest area or cause him to be so removed."

On 2 November 1990 the hon member was found in Khayelitsha in the presence of a group of people who were visiting the area. The hon member was, in the opinion of the officer concerned, the central point and principal figure in the group. The officer was of the opinion that the circumstances were such that it was necessary for the prevention of public disturbance, disorder or public violence to order the hon member to immediately leave the area. The hon member ignored

the order, whereupon he was arrested and removed from the area.

In this regard I would like to point out that the decision was left entirely to the judgement of the officer in charge of the situation. He alone, having regard to the circumstances present, was in a position to make a decision at that given moment.

(3) Yes, the presence of members of the ANC or of the Khayelitsha Civic Association could also have contributed to public disturbance, disorder or public violence. As has already been said, the officer involved was of the opinion that the hon member was the central figure at the scene. In fact, ten other people were also ordered to leave the area in terms of regulation 2(3). As they obeyed the order, no further action against them was necessary.

(4) On 6 December 1990 the case docket in respect of the arrest of the hon member was submitted to the Attorney-General who declined to institute any prosecution.

*Question standing over from Tuesday, 23 April*

### Summer daylight saving

\*9 Mr D J DALLING asked the Minister of Manpower

(a) What is the Government's policy in regard to the introduction of a programme of summer daylight saving and (b) what are the reasons for this policy?

†The MINISTER OF MANPOWER

(a) and (b) The Department of Manpower is not directly involved in the matter of summer daylight saving as the legislation administered by this Department, for example, prescribes only maximum working hours per day or per week and not the time of commencement of such working hours.

The other Departments directly or indirectly involved are *inter alia*

- Department of Law and Order
- Department of Mineral and Energy Affairs
- Department of National Health and Population Development

- Department of Trade and Industry and Tourism
- Department of Transport

The State President has therefore decided to have the matter investigated by the President's Council.

Mr D J DALLING Mr Speaker, on a point of order. Just before the hon the Minister rose to answer the question which I have on the Order Paper, the hon member for Vryheid, as the hon the Minister for Law and Order sat down, said in reference to the hon member for Claremont "Hy is 'n klipgooi-instrukteur" [Interjections] Mr SPEAKER Order! That is no point of order [Interjections]

### New questions

Westonaria magistrate's office: repairs

\*1 Mr P J PAULUS asked the Minister of Public Works and Land Affairs †

(1) Whether any repairs to, renovations of and/or additions to the magistrate's office at Westonaria are envisaged, if not, why not, if so,

(2) whether this work will commence this year, if not, (a) why not and (b) when is it anticipated that it will commence, if so, when is it anticipated that the work will be completed?

†The MINISTER OF PUBLIC WORKS AND LAND AFFAIRS

(1) Yes. It involves renovations, the conversion of existing accommodation as well as additions.

(2) Yes

(a) Falls away,

(b) anticipated towards the end of 1991, with completion during the second half of 1992.

Occupational safety/health: investigation

\*2 Mr P J PAULUS asked the Minister of Manpower †

(1) Whether an interdepartmental committee has been appointed to investigate the rationalisation of occupational safety and health,

(2) whether this investigation has been completed if not (i) why not and (b) when is it anticipated that the investigation will be completed, if so,

(3) whether it is the intention to introduce legislation in this regard, if not, why not, if so, when?

†The MINISTER OF MANPOWER

(1) Yes. An interdepartmental task group under the chairmanship of the Director-General of Manpower has been appointed to investigate the matter.

(2) No

(a) The investigation has not been completed because of the complex nature of the investigation as well as the fact that several departments are involved in the investigation.

(b) As a result of the reason mentioned under (a) above, it is not at present possible to furnish an expected date of conclusion.

(3) It is at present not possible to say whether legislation would be necessary should rationalisation take place.

MD of Transnet: Goodwill Fund

\*3 Mr J CHIOLÉ asked the Minister for Economic Co-ordination and Public Enterprises †

(1) (a) For what purpose is the Goodwill Fund or Goodwill Account of the Managing Director of Transnet usually used, and (b) what was the balance in this fund or account as at the latest specified date for which figures are available,

(2) whether any donation was made out of this fund or account to any political party during the period 1 August up to and including 31 December 1990, if so, (a) to which political party, (b) why and (c) what was the amount of the donation?

†The MINISTER FOR ECONOMIC CO-ORDINATION AND PUBLIC ENTERPRISES

The Managing Director of Transnet Limited replied as follows to the hon member's question



- (1) (a) For donations in instances of good-will where the promotion value cannot be quantified in monetary terms
- (b) The full budgeted amount for 1991/92, ie R60 000,00
- (2) (a) No. A table was financed for senior officials and business associates of Transnet at a banquet which was presented by the Johannesburg region of the National Party
- (b) To gain the advantage, during the banquet, of an information speech, concerning the climate and attitudes of foreign bankers, by the Minister of Finance, who had just returned from the annual meeting of the IMF/World Bank
- (c) The costs of the formal banquet in the Carlton Hotel on 3 October 1990 amounted to R3 750,00

†Mr J CHIOLÉ Mr Speaker, arising out of the Minister's reply, in view of the fact that the managing director of Transnet did indeed donate money to the NP, I want to know whether they would be prepared to donate money to the CP as well. Furthermore, I should like to know whether he is aware that the management contract of Transnet does not make any provision whatsoever for executive directors to engage in any political activities

†The MINISTER Mr Speaker, the managing director of any enterprise constantly has to decide whether the spending of a specific amount is cost-effective, that is to say whether that expenditure is of any value to his enterprise. In this case the managing director of Transnet had to judge whether the information which would have been divulged at that information function, would have been of value to the management of Transnet and whether it would also have been to Transnet's benefit to invite guests from the business sector to the function. The managing director judged that it would in fact be cost-effective and that it would be of value to Transnet's management, as well as to their business acquaintances

†Adv S C JACOBS Do you agree with him?

†The MINISTER If the hon member said the CP were going to hold a function at which information would be divulged which would be of such value to the management of Transnet and

their business acquaintances that the managing director would take a table at the function, it could certainly be done. It would therefore have nothing to do with politics, it would only concern a decision which would be to the benefit of Transnet's management. [Interjections]

†Adv S C JACOBS Mr Speaker, arising out of the hon the Minister's reply and in view of the fact that Transnet has not been privatised as yet and that we are consequently dealing with public funds here, I want to ask the hon the Minister whether he approves of public funds being made available to a political party

†The MINISTER Mr Speaker, Transnet is managed according to business principles. The money was not placed at the NP's disposal, as the hon member wants to allege. This money was used to finance a luncheon for the top management of Transnet and their business acquaintances because the hon the Minister, who had just returned from the meeting of the IMF, was going to give a speech at this function in which he was going to inform the guests about the international financial climate. For that reason the managing director judged that this amount could be justified over and over again in terms of the benefit Transnet would derive from it. [Interjections]

†Mr J CHIOLÉ Mr Speaker, further arising out of the hon the Minister's reply, I should like to quote from the document in which the following is clearly stated

Skenking of donasie uit die welwillendheids-fonds van die Besturende Direkteur aan die Nasionale Party van Transvaal

I should now like to know from the hon the Minister whether such donations would have been made in full parliamentary debates on the budget of Transnet were still allowed in Parliament

†The MINISTER Mr Speaker, I want to draw the hon member's attention to the fact that the invitation clearly stated

Minister Du Plessis sal stellig uiters interessante inligting oor die klimaat en houding by Amerikaanse bankiers, nyweraars en politici ten opsigte van Suid-Afrika aan u oordra

For that reason the managing director judged on the basis of business principles that this information would be to Transnet's benefit if its executive members and business acquaintances were

exposed to it. [Interjections] It had nothing to do with party-political matters. (269)

†Mr J HHOON Mr Speaker, further arising out of the hon the Minister's reply, if it was such important information, could the hon the Minister of Finance not have informed Spoornet free of charge? *Hanswaal 30/4/91*

†The MINISTER Mr Speaker, the hon the Minister of Finance conveyed his impressions of his recently completed visit to the IMF and the World Bank to businessmen. There was a great gathering of business leaders. As it happened the NP took the initiative to use this opportunity. [Interjections] Yes, Sir, it is impossible for the hon the Minister to visit each of these businessmen individually and to convey these impressions to them, but the NP are on the ball, they saw an opportunity here, and when the hon the Minister returned, they presented a forum and invited the people to attend it.

†Mr J CHIOLÉ Mr Speaker, further arising out of the hon the Minister's reply, I should now like him to inform me pertinently about two matters. Firstly, whether the reference to any political activities is going to be deleted from the management contract of top managers of Transnet and secondly, is this the reason why the financial statements of Transnet were not tabled during the recent debate on the hon the Minister's Vote?

†The MINISTER Mr Speaker, the reference to political activities will not be deleted because Transnet did not in any way involve itself in political activities. [Interjections] Secondly, Transnet's financial statements will be tabled annually at the beginning of and early in the session. Last week during the discussion of the Vote I apologised for the fact that this year's statements had not yet been tabled because this is the first year that Transnet is being managed as an independent economic unit and because specific problems arose with the switch-over in the book-keeping.

It was arranged with Transnet that each year's financial statements will be made available to the Government at the end of November and that they will therefore be tabled in Parliament early in the new year.

†Mr SPEAKER Order! When I listen to the enthusiasm surrounding this question, it seems to me it was a very nice luncheon indeed!

Indemnified person: contravention of security legislation

\*4 Adv J J S PRINSLOO asked the Minister of Law and Order: *Hanswaal 30/4/91*

- (1) Whether a person who has been indemnified from prosecution by the State president, was arrested by the South African Police earlier this year for contravening the security legislation of the Republic, if so, (a) what is the name of this person and (b) (i) for what contraventions and (ii) when did the Police arrest him or her,
- (2) whether this person was released in terms of an order by a judge of the Supreme Court, if so, what are the relevant particulars?

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The MINISTER OF LAW AND ORDER

- (1) Yes

(a) Gerja Singh

(b) (i) The person received indemnity in accordance with section 1 of the Indemnity Act, 1990 (Act 35 of 1990) under a false name, and did not disclose his true particulars in his application for indemnity. He used the same false name in a passport to enter the RSA. He was arrested when he applied under his real name for a RSA passport. He was detained under section 29 of the Internal Security Act, 1982 (Act 74 of 1982) because he had received military training overseas.

(ii) 16 January 1991

- (2) Yes, the person was released after the court found that, regardless of the fact that he had furnished a false name and particulars in his application for indemnity, the indemnity was applicable to him. An appeal has been lodged against the court's verdict and is still pending.

Mr D J DALLING Mr Speaker, I did not wish to interrupt the questions, but I would like to return to my point of order, if I may address you on it? The following words "klipgooi-instrukteur" were used in the context of a debate on unrest, this is alleging that an hon member is guilty of being an instructor in stone-throwing,



which is public violence and a criminal offence [Interjections] That is exactly what the hon member for Vryheid meant [Interjections] I submit that it is not correct that you allow people in this House to call other hon members by those names, and I would ask you to please reconsider that ruling

Mr SPEAKER Order! I appreciate the fact that the hon member did not interrupt proceedings, but I have already given my ruling and I stand by it

Dr D J WORRALL Mr Speaker, on a further point of order May I suggest, in the light of the motivation which the hon Chief Whip of the DP has given, that serious consideration is required as to whether that is in fact parliamentary usage. It was, in fact, put in a certain context. The expression was used in a situation in which public violence was alleged to have taken place. The implication in the allegation, read coldly, is certainly that this hon member was engaging in public violence, and it is our submission that this certainly warrants consideration with respect to its parliamentary permissibility

Mr SPEAKER Order! I have already given my ruling, but hon members are quite entitled to have their own interpretations, deductions and feelings regarding a matter. It is the duty of the Chair to judge, in the light of circumstances in the House and in a debate, whether what is being said is parliamentary or not, and whether or not it justifies a point of order. In the light of what happened when the hon member said that, I gave my ruling and I stand by it. With that the matter has now been dealt with.

*Business interrupted in accordance with Rule 180C (3) of the Standing Rules of Parliament*

**Certain person's offences**

\*5 Mr P C CRONJÉ asked the Minister of Law and Order

- (1) Whether the South African Police are investigating any offences alleged to have been committed by a certain person, whose name has been furnished to the Police for the purpose of the Minister's reply, if so, (a) what charges have been brought against this person and (b) what are the circumstances surrounding each of these offences,

HOUSE OF ASSEMBLY

- (2) whether, during the course of the above investigations, any interference was experienced, if so, what are the relevant details,
- (3) whether he will make a statement on the matter?

B849E

**The MINISTER OF LAW AND ORDER**

(1) Yes

(a) A charge of arson was investigated, but not specifically against the person in question

(b) A number of residences were attacked and burnt down in Kwa-Shange, Richmond (N), on 28 March 1990. Because this person had allegedly been seen in his private motor vehicle in the immediate vicinity of the alleged crime, he was questioned about the matter. The investigation has been completed and the case docket is at present in the possession of the Attorney-General for a decision as to whether to institute a prosecution

(2) No

(3) No

**Internal Security Act: certain provisions**

\*6 Adv J J S PRINSLOO asked the Minister of Justice †

- (1) With reference to his reply to Question No 12 on 12 February 1991, when is it expected that the further announcement by the Government in regard to the repeal and review of certain provisions of the Internal Security Act, No 74 of 1982, will be made,

(2) whether any of the proposed amendments of the said Act is aimed at lifting the statutory prohibition on the promotion of communism, if so, why?

B865E

**The MINISTER OF JUSTICE**

- (1) and (2) A bill to amend the Internal Security Act, No 74 of 1982, will be introduced by me within the next few days. The hon member is further referred

to my reply to Question 19 on 23 April 1991 in this House

The MINISTER OF TRANSPORT

(1) (a) R150 million

(b) (i) The SA Rail Commuter Corporation Ltd (SARCC) has indicated that investments have been made at the following institutions—

*Capital Market*

Allied Bank Limited  
 Allied Building Society Limited  
 Alpha Bank Limited  
 Bankorp (Treasury) Limited  
 Boland Bank Limited  
 The Board of Executors Merchant Bank Limited  
 Cape Investment Bank Limited  
 Fidelity Bank Limited  
 International Bank of Johannesburg Limited  
 Investec Bank Limited  
 Investec Merchant Bank Limited

(ii) Mercantile Bank Limited  
 Nefin Bank Limited  
 Prima Bank Limited  
 Rand Merchant Bank Limited  
 Saambou Bank Limited  
 Saambou National Building Society Limited  
 SA Perm Bank Limited  
 United Building Society Limited

(iii) Unibank Limited  
 Volkskas Bank Limited

*Money Market*

Allied Bank Limited  
 Allied Building Society Limited  
 Anderson Wilson and Partners Incorporated  
 Bankorp (Treasury) Limited  
 Boland Bank Limited  
 Disconto House of SA Limited  
 First National Bank of South-East Africa Limited  
 First National Corporate Bank Limited  
 George Huysamer and Partners Incorporated  
 Interbank Disconto House Limited  
 National Disconto House Bank Limited  
 Prima Bank Limited

SA Rail Commuter Corporation: investment

\*7 Mr K M ANDREW asked the Minister of Transport

(1) Whether the South African Rail Commuter Corporation invested money with a certain bank, the name of which has been furnished to the Minister's Department for the purpose of his reply, if so, (a) how much, (b) on what terms, (c) who made the decision to make the investment and (d) what is the name of the bank in question,

(2) whether this investment was made in accordance with prescribed procedures, if not, why not?

B867E

**The MINISTER OF TRANSPORT**

(1) Yes

(a) The amount is unknown at this stage as the Office of the Auditor-General is conducting an investigation into the matter,

(b) and (c) This also forms part of the above-mentioned investigation,

(d) Cape Investment Bank Limited

(2) I am not in a position to comment on this question before the findings of the Auditor-General as well as the findings of the investigation which I requested have been finalised and considered

**SA Rail Commuter Corporation: subsidies**

\*8 Mr K M ANDREW asked the Minister of Transport

(1) (a) What total amount in subsidies was paid by the State to the South African Rail Commuter Corporation in the 1990-91 financial year and (b) (i) with which financial institutions did the Corporation make investments and (ii) how much was invested in total,

(2) whether any persons or organisations received any fees, commissions or other payments as a result of these investments, if so, what are the relevant details?

B868E



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261

Prima Bank Nominees (Pty) Limited  
Rand Merchant Bank Limited  
Saambou Bank Limited  
The Board of Executors Merchant Bank Limited  
Volkskas Bank Limited

(ii) The Office of the Auditor-General is at present conducting an investigation into the investments made by the SARCC and I am therefore not prepared to comment about the matter at this stage

(2) I am not in a position to comment on this question before the findings of the Auditor-General as well as the findings of the investigation which I requested have been finalised and considered

**Specialised education: staff**

\*9 Mr R M BURROWS asked the Minister of Education and Training

- (1) Whether his Department has a policy dealing specifically with the allocation of staff to schools for specialised education, if not, why not, if so, (a) what is this policy and (b) what number of pupils is required before an additional teacher is supplied,
- (2) whether teachers in specialised education receive remuneration on the same basis as do teachers in ordinary schools falling under his Department, if not, why not,
- (3) what is his Department's policy in respect of the provision of specialised education for physically disabled children?

The MINISTER OF EDUCATION AND TRAINING  
Hansford 30/4/91  
B872E

- (1) Yes
  - (a) The policy is outlined in a staffing formula developed for the different types of handicapped. This formula boils down to one teaching post for every ten pupils
  - (b) For each additional ten pupils a further teaching post is provided
- (2) Teachers in special education are remunerated according to the same salary

Hansford  
30/4/91

Lieutenant-General Schutte was withdrawn from that specific duty on 2 January 1991. The task with which he was charged is still being carried out and a permanent member of the South African Police is charged therewith

(c) Numerous cases of alleged police bias, of which the investigations were co-ordinated by the officer, were dealt with and the necessary steps were taken in this regard

(2) No, the appointment of a co-ordinating officer in Natal is an internal departmental matter and I am not prepared to make known the reports which the officer and his successor published, and are still publishing. All the evidence that comes to the fore and which may indicate that members of the Force in Natal are guilty of partial conduct or behaviour which amounts to criminal or departmental misdemeanours, is without exception submitted to the Attorney-General or otherwise dealt with through means of a departmental trial

**Planning of education: gathering of data**

\*11 Mr R M BURROWS asked the Minister of National Education  
Hansford 30/4/91

- (1) Whether he or his Department undertakes the gathering of education data for planning purposes, if so,
- (2) whether this information (a) is available on a geographical or magisterial basis and (b) is utilised or could be utilised for planning for education in specific geographic areas on a non-racial basis,
- (3) whether his Department has made a calculation of the number of children who will be eligible to attend school in the event of compulsory education covering the first 7 school levels or the ages 6 to 13, if not, why not, if so, (a) what is the relevant figure and (b) how many pupils falling into the category referred to above are at school at present? B876E

The MINISTER OF NATIONAL EDUCATION

- (1) Yes, in terms of general education policy every Government department responsi-

ble for education annually supplies the Department of National Education with information pertaining to all the college and school education sectors for the previous financial year as set out in the SANEP information system

- (2) (a) The information on the school sectors is available on a geographical basis, according to 73 statistical regions  
Hansford 30/4/91
- (b) The information is used within the education sector for financing purposes, as well as for planning purposes from time to time. Although the information is available according to population group, it is not used on a racial basis within the education sector. The information has on occasion also been used for planning purposes by institutions outside education

(3) No, it is not possible, by using the SANEP information system, to calculate what the number of children attending school would be were compulsory education to be implemented for the first 7 school levels, or for the age group 6 to 13 years

(a) Estimates show that in 1988 there would have been approximately 5 930 000 children in the first 7 school levels in the RSA had compulsory education been in effect

(b) In 1988, there were 5 068 926 children from Gr 1 to Std 5 in the RSA

**Right-wing violence complaints/charges**

\*12 Mr L FUCHS asked the Minister of Law and Order  
Hansford 30/4/91

- (1) Whether, with reference to certain information furnished to the South African Police for the purpose of the Minister's reply, any complaints have been received, charges have been laid and/or action has been taken against any persons following an explosion and threats of right-wing violence at planned anti-apartheid marches on prisons on 6 April 1991, if not, why not, if so, (a) what was the nature of these complaints and charges, (b) against whom were they laid and (c) what action has been taken against the persons concerned,



The DEPUTY MINISTER OF LAW AND ORDER I think the hon the Leader of the Official Opposition can put these questions in writing and we can answer them at the soonest possible opportunity

Separate police districts

\*4 Mr K CHETTY asked the Minister of Law and Order.

- (1) Whether he intends creating separate police districts for Indians, Coloureds and Blacks, if not, why not, if so, when,
- (2) whether he will make a statement on the matter?

*Hansford 30/4/91*  
D85E  
The DEPUTY MINISTER OF LAW AND ORDER

(1) and (2)

An investigation is at present being carried out into the institution of additional Police districts and an announcement in this regard will be made shortly

The LEADER OF THE OFFICIAL OPPOSITION Mr Chairman, arising from the answers given, is not the question of the establishment of separate Indian, Coloured and Black districts outdated in the light of the reform programme of the Government of the day?

The DEPUTY MINISTER OF LAW AND ORDER Mr Chairman, that question will be addressed in the announcement to be made shortly

New questions

Overvaal resorts: racial incidents

\*1 Mr A S KAHN asked the Minister of Planning, Provincial Affairs and National Housing

- (1) Whether any racial incidents occurred at Overvaal resorts subsequent to the repeal of the Reservation of Separate Amenities Act, No 49 of 1953, if so, what are the details in this regard,
- (2) whether he intends transferring the control of these resorts to the Transvaal Provincial Administration, if not, why not, if so, when,

HOUSE OF DELEGATES

The DEPUTY MINISTER OF NATIONAL EDUCATION Mr Chairman, I really cannot see how this follow-up question relates to the main question

The LEADER OF THE OFFICIAL OPPOSITION It is a factor

The DEPUTY MINISTER It is history

ANC: prisoners held in foreign countries

\*3 Mr M F CASSIM asked the Minister of Constitutional Development

- (1) Whether the Government has entered into negotiations with the ANC regarding the release of prisoners being held in foreign countries, if not, why not, if so, whether, during the course of such negotiations, the Government requested the ANC to assist in bringing about the release of prisoners in detention camps such as Mbarara in Uganda, if not, why not, if so, what has been the response to this request,
- (3) whether he will make a statement on the matter?

*Hansford 30/4/91*  
D107E  
The MINISTER OF CONSTITUTIONAL DEVELOPMENT

(1), (2) and (3)

The Government and government agencies are continuously taking steps to procure the release of South Africans finding themselves in detention in foreign countries. In the process contact is often made with a variety of organisations and foreign governments. The success of such efforts is almost always dependent on confidentiality. The particulars asked therefore cannot be provided. From this cannot be deduced that contact was at any time made, or not made, with any particular organisation in this regard

Transnet: sport sponsorship policy

\*4 Mr N SINGH asked the Minister for Economic Co-ordination and Public Enterprises

- (1) Whether it is the policy of Transnet to provide sponsorship for sport, if so, what criteria are applied and (b) procedure is followed in this regard,
- (2) whether Spoornet has announced that it

intends sponsoring rugby, if so, for what reasons?

The MINISTER OF TRANSPORT (for the Minister for Economic Co-ordination and Public Enterprises)

The Managing Director of Transnet Limited furnished the following reply to the hon member's question

- (1) Yes
- (a) The same as for Corporate Advertising i.e. the cost of the sponsorship is compared to the publicity value which will result from the exposure obtained
- (b) Normal budget and expenditure control procedures
- (2) Yes, for the publicity value that Spoornet would obtain from the exposure

The LEADER OF THE OFFICIAL OPPOSITION Mr Chairman, arising out of the hon the Minister's reply, would it not be a better policy if sponsorship was provided for those kinds of sports that need upliftment through sponsorship and not those kinds of sports that enjoy significant public patronage?

The MINISTER OF TRANSPORT Mr Chairman, I am of the opinion that each and every sports organisation can apply for sponsorship from the independent board of directors of Transnet. They will determine where they can get the best value for their money, and then they will sponsor that specific sport's council

RSA: size of bureaucracy

\*5 Mr M F CASSIM asked the Minister of State Expenditure and for Regional Development

- (1) Whether a scientific assessment of the size of the bureaucracy in the Republic of South Africa has been undertaken recently, if so, (a) by whom, (b) when and (c) what were the findings, if not,
- (2) whether he intends having such an assessment undertaken, if not, why not, if so, what are the relevant details?

The MINISTER OF STATE EXPENDITURE AND FOR REGIONAL DEVELOPMENT

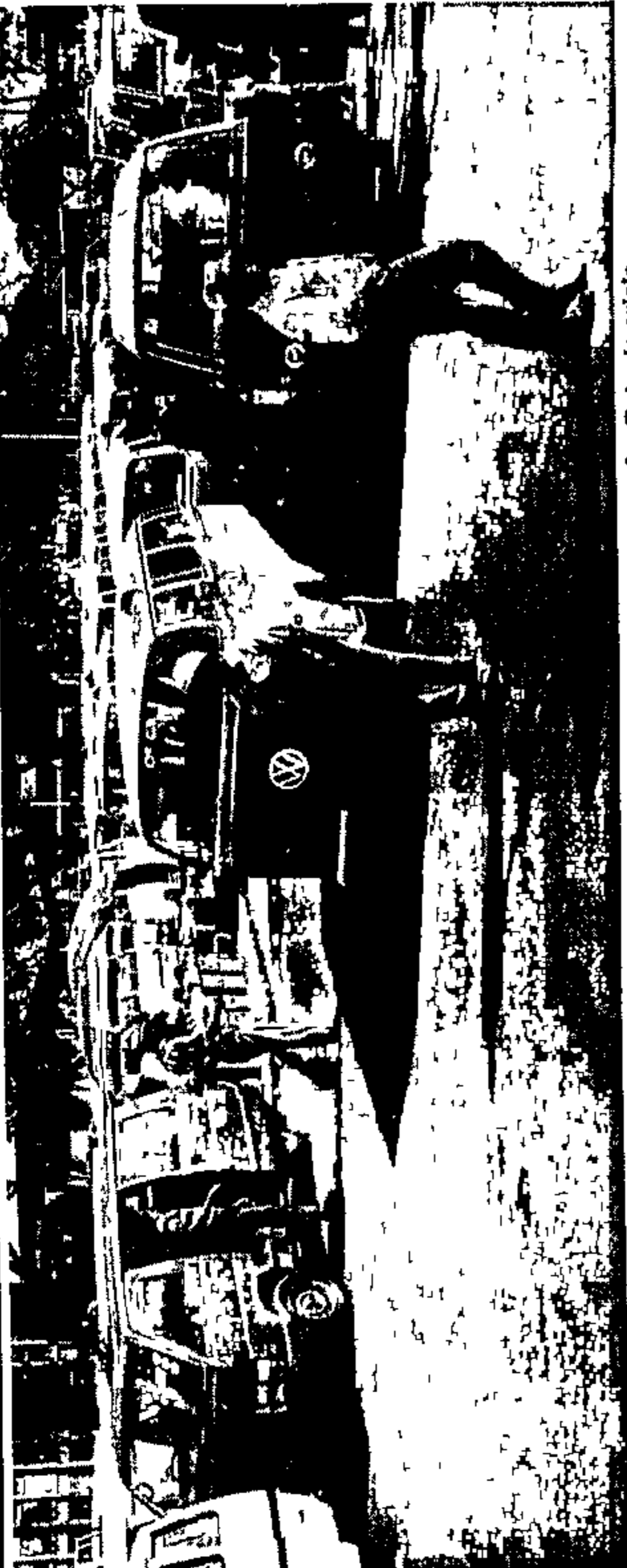
- (1) Yes, if the hon member means by bureaucracy the Public Service and the Public Sector,

HOUSE OF DELEGATES



# S Africa needs a new plan on public transport

## Putco crisis is just a tip of the iceberg



TENS of thousands of commuters have been left bewildered by Putco plans to sell its network of bus services or close them down if no takeover offers arrive in the next few months.

The disappearance of the familiar bold red circle emblazoned on the noses of 2 000 single-deckers in the thick of peak-hour traffic - in the biggest bus operation in South Africa - has been almost too much to comprehend.

The announcement was an even harder blow to 6 000 bus workers whose jobs may be stake.

However, commuters fretful of being left stranded have been given assurances by Transport Minister Piet Welgemoed that the issue was being given priority treatment at government level and all alternatives were under investigation.

cost increases in our par- ticular sector are running at more than 20 percent a year

"That alone is bad enough, but it has been decided that there will be no increases in subsidies whatsoever on any bus journey between 10 and 20 km - and on any jour- ney shorter than 10 km there will be no subsidies at all.

"It all traps bus opera- tors in an impossible situation We fully under- stand the problems of

The intrusion of minibus taxis in the transport industry is one of the reasons for Putco's crisis

**The announcement by Putco bus company that it plans to sell or close down its entire network if no buyers come forward has sent shock waves throughout the public transport system**

many black commuters when transport costs be- tween home and work can account for a huge chunk of their wages every week. But if operations become unviable, there is no alternative to fare in- creases - and we know that means trouble."

Putco is not the only bus operator feeling the squeeze. The directors be- lieve that bus services are running at combined losses of no less than R65 million a year

ment of Transport, Mr Malcolm Mitchell, says silent about speculation of the outcome of talks. But he did say "We have been aware of Putco's de- cision to withdraw and our objective is to maintain an effective pub- lic service for bus com- muters.

"We are aware of the problems and we are trying to resolve them. We are working close to Putco and with the authorities.

down on the basis of an increase in subsidies alone.

"There would still be the risk of subsidies going up or coming down from year to year. What's needed from the Govern- ment is commitment to a longer term policy on public transport issues to allow operators to plan ahead with confidence."

The possible ideal solutions, he feels, may still be buried in the

proposals laid out by the National Public Transport Study that the Govern- ment published as a White Paper in the 1980s - but failed to implement.

"The proposals set out a formula in which the Government would invite tenders from bus opera- tors to run specific routes, on specific timetables, at specific passenger fares. Now that would give everyone a fair deal," says Visser - Sowetan Correspondent

**Slashed**

In line with the decline, Putco has slashed the size of its bus fleet from 3 300 to 2 000 - and its labour force from around 10 400 to 6 000

Sharp jumps in fuel costs have compounded the problems. And bigger and bigger dents have also been made in profits by the cost of mass boycotts almost every time Putco announced an increase in fares the com- pany considered vital to cope with inflation.

Also yet to be counted have been the huge costs of carrying out repairs on scores of buses damaged or wrecked in sporadic bouts of township unrest.

What may have been the last straw has been the government decision to back down the size of State subsidies intended to keep bus fares down on key routes carrying black commuters back and forth - home to work.

Frustration turns to dismay when Visser spells out the recent cut- backs in passenger fare subsidies announced by the Government. "Even the top level of subsidies has been fixed as low as 10 percent when average

Eyebrows were raised when the bonus dividend was fixed as high as R3,10 a share at a time the JSE share price was well under R2 and on its way to below R1. Was everyone pocketing the cash and heading for the exit already?

Not so, insists Visser. "We're not buffering if we don't find buyers to take over operations, we shall close down. No one can expect bus services to op- erate in the red when in- vestors should be able to expect at least a rea- sonable return."

Even now, however, the chances of a rescue operation are still not ruled out.

Ears are now cocked for leaks from a special committee that has been created inside the Depart- ment of Transport to take a closer look at the prob- lems encountered by Putco and no doubt other bus services

Will the committee recommend a com- promise on passenger subsidies and persuade Putco to change its mind? The Deputy Director- General of the Depart-

Several strategies are under review on bus ser- vice issues, including the sub-division of Putco op- erations and more in- volvement in public trans- port by regional service councils. All avenues are being explored."

Visser keeps a diplo- matic silence about dis- cussions inside the com- mittee. But he makes it plain that Putco will not change its mind about selling out or closing

down on the basis of an increase in subsidies alone.

"There would still be the risk of subsidies going up or coming down from year to year. What's needed from the Govern- ment is commitment to a longer term policy on public transport issues to allow operators to plan ahead with confidence."

The possible ideal solutions, he feels, may still be buried in the

### Heartened

Commuters were also heartened when the SA Black Taxi Association, aware that its huge fleet of minibuses would not be able to handle all road commuters alone, revealed that it was con- sidering a bid to take over the Putco services - though depending on a number of conditions that were not all spelled out.

Meanwhile, Putco managing director Dr Jack Visser confirms that the withdrawal of the company will go ahead as soon as possible.

"Trying to run any business without clear-cut guidelines from the Government on future transport policy is suicidal," he says. "At the moment there is no alternative - we're selling out or closing down."

The

### Wondering

Cynics in and around the Johannesburg Stock Exchange wnk and nudge and wonder whether the Putco an- nouncement is one big bluff - holding thumbs that public reaction will twist Government arms to increase subsidies.

Several of them whisper about whether the major shareholders - in particular the Carico family which founded the bus empire and holds more than 50 percent of the shares - in fact anticipated events as far back as last year when they voted themselves a special dividend

## Interim results

for the six months to 28 February 1991



Six months to 28 February	1991		1990	Percent increase
	Unaudited	Unaudited		
Attributable income R million	402	386		4
Earnings per share cents	56,9	54,7		4
Dividends per share cents	13,3	12,5		6
Net assets per share cents				



AIR TRAVEL

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# BRINGING SAA DOWN TO EARTH

SA Airways' iron grip on the local aviation market has been loosened a little. Government has ordered a restructuring of the airline and an easing of its virtual monopoly on airport infrastructure and facilities. The authorities are also expected to consider a far-reaching liberalisation of aviation policy on international routes.

The moves could result in easier access to domestic routes for new competitors and better service and lower fares internationally.

In an announcement in parliament last week, Public Enterprises Minister Dawie de Villiers said government had agreed on a package to promote competition in the airline industry in the wake of last year's deregulation of domestic aviation.

The three-point package, following a study by State-appointed consultants, meant Transnet would have to:

- Turn SAA into a "fully self-sustaining business unit" It will not be subsidised nor enjoy any advantages through its relationship with Transnet. In effect, the airline will have to operate in normal competition with other airlines on domestic routes. SAA is now one of five Transnet divisions;

- Ensure equal access for new competitors to the infrastructure and facilities that the consultants identified as advantageous to SAA. These include airport and maintenance facilities, airport apron services, training facilities and the reservations network; and

- Restructure SAA to ensure that the domestic service is not subsidised by the international service

De Villiers said the importance of "level playing fields" cannot be over-emphasised. However, removing SAA's monopoly on facilities and functions does not necessarily mean they will be taken away from the airline.

"What is more important is that equal access to the facilities be assured," he said.

The failure to loosen the tight control of government facilities, such as airport gates, by established airlines turned out to be one of the only kinks when the US deregulated its air travel in 1978.

What this all means for SAA remains unclear. SAA spokesman Leon Els says the airline will not be able to discuss the issues raised by De Villiers for at least three weeks until after it has studied the matter further.

Comair CE Piet van Hoven says he is just as much in the dark as anyone. If SAA is truly financially independent of Transnet, and if there is no cross-subsidisation of domestic and international services, he believes that two new companies, one for domestic and one for international service, must be

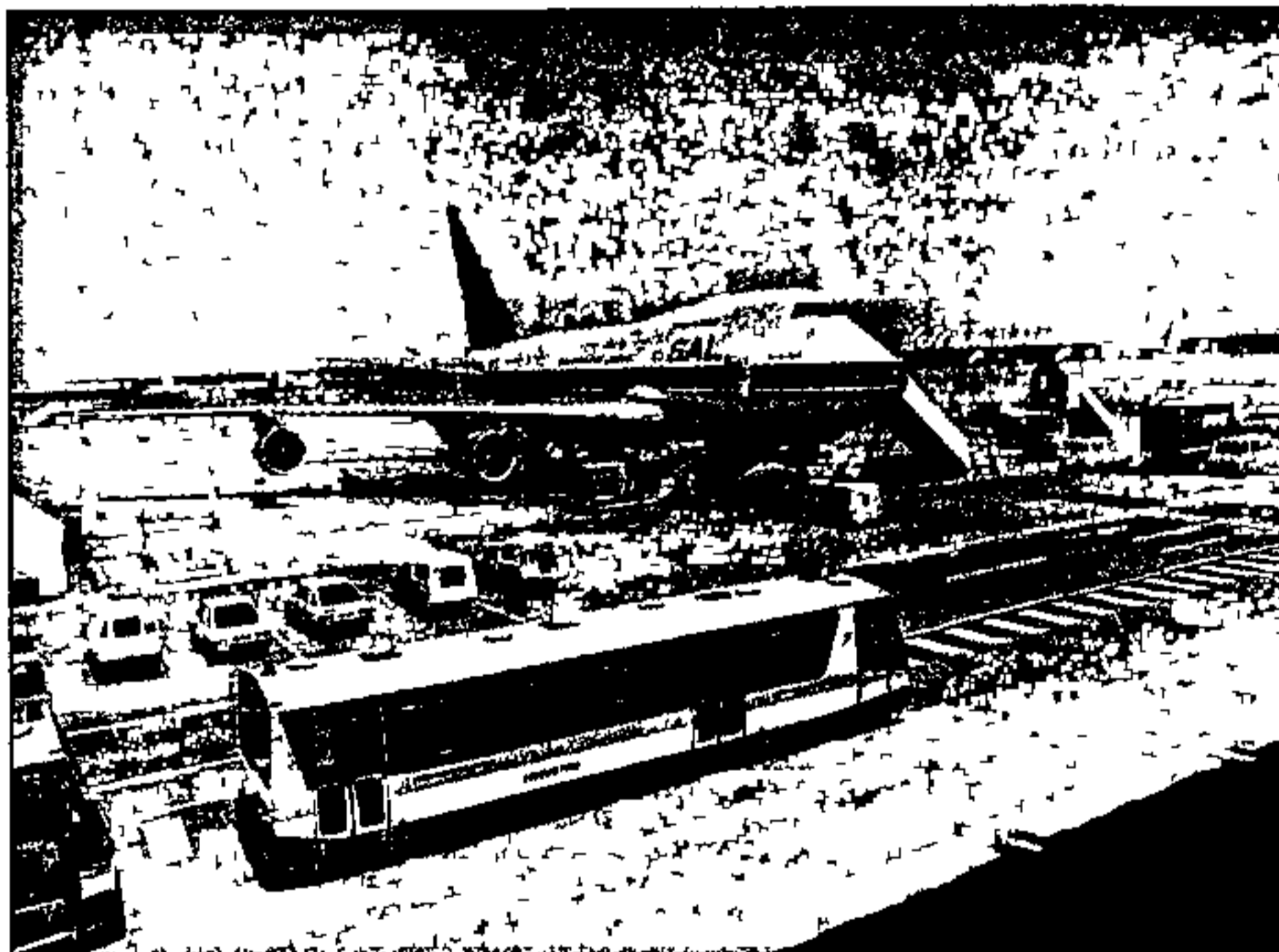
established.

But SAA's domestic service is believed still to be unprofitable and would probably have to increase fares substantially if it were spun off from the rest of the airline. Van Hoven does not believe that rationalising service further will pull it out of the red.

The prohibition against either Transnet or SAA's international operation subsidising the airline's domestic service will certainly boost the interest of potential entrants to the domestic market. And having a single reservation system will reduce costs.

Safmarine group executive manager Piet van Aswegen says the status of airports and related facilities, and whether or not they are privatised, is now not as important as giving them their own management and profit responsibilities.

Meanwhile, international air travel may be following the same deregulation route sooner than many believed. SAA CE Gert van der Veer told an international aviation conference in Sea Point last week that the airline would support the deregulation of significant aspects of international aviation as soon as sanctions against it were lifted. His support was qualified in many instances but, in a country where international airfares are up to 50% higher than they should be, his statements are welcome.



Airline traffic ... it may get crowded out there

"Contrary to the domestic scene, there is an abundance, even an over-abundance, of sizeable competitive players. In fact, SAA now has only a 41% share of the total SA international aviation market." He pointed out that SA was now served by 23 foreign carriers and at least six additional carriers had indicated that they would enter the market this year.

Nevertheless, he said SAA agreed with government and its customers that there should be a more competitive and less regu-

lated market — but until now the airline's international service has been severely handicapped by sanctions.

Van der Veer said he expected the airline to do well after sanctions go. But until then, he believed it would be "very unwise" to change the present international policy.

But when sanctions go, the current policy should be reviewed in three key areas — the entry of competitors to the market, the frequency of service, and fares.

Van der Veer said SAA believed:

- The current pricing policy should be abolished. Airlines should determine their own fares and structures in relation to market forces. Fares would still be filed with national aviation authorities by each airline serving a market, but could be disallowed only if the governments of both countries between which the fares applied agreed.

"In practice, this means full deregulation of fares with an acceptable mechanism being created to guard against predatory pricing," he said;

- There should be more flexibility on seat capacity and service frequency, which are now determined through bilateral agreements based on a 50:50 pooling of the traffic. Any deviation requires the agreement of both carriers

"This state of affairs is not acceptable. A gradual relaxation of the 50:50 principle allowing for a more competitive situation on individual routes can now be considered. There should be a more flexible arrangement in that the airlines on the route should be free to increase capacity by up to 50% more than the competing carrier without reference to the authorities."

However, Van der Veer stressed that relaxing the capacity policy should depend

on genuine demand for the service concerned. In other words, he doesn't want airlines to increase capacity just to capture more market share; and

- SAA's exclusivity as the sole designated carrier on international services should be reviewed. "It is suggested that other SA carriers could now also be designated to serve new international routes."

But this doesn't mean SAA favours breaking up the cartel. He says that because of the small size of SA's international market, des-

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ignating additional carriers on individual routes is considered by SAA as "impractical and counterproductive"

The airline believes that the current policy of only one designated carrier per country should continue ■



So, with the economy slumping, it is not surprising that some private companies are feeling the heat

At the request of some of its members, Seifsa has complained to government's Privatisation Unit about Transnet's using State-owned assets to compete with them

The organisation's chief economist, Michael McDonald, says "The members have no objection to Transnet using commercialisation to lift itself up to private sector standards (*Business* April 12) but they do object to it using publicly owned assets, paid for by taxpayers, to compete with them

"Transnet has not changed ownership. It still has only one shareholder — government. If it uses public-sector assets to knock private-sector enterprises out of business, it's another path to nationalisation"

Transnet spokesman Vic de Vries denies that Transnet uses taxpayers' money "Transnet has been financially self-sufficient for many years and has not been part of the State Budget. This was made possible by means of local and foreign loans."

Privatisation Unit head Pieter van Huysteen says he's had many discussions about dominant players in the government sector moving into the private sector. But, he points out, "We are not a controlling body. If anything materialises it must be taken up with the Competition Board. I will discuss the matter with McDonald to hear what the specific issues are"

Transnet Group MD Anton Moolman says Transnet is making and exporting railway equipment but refuses to say what is being made and where it is going. One competitor believes that Transnet is exporting goods wagons, rail sleepers and Schaeffel steerable bogeys

Group GM Mike Myburgh says: "We don't want our competitors to become restive. At this stage we would prefer exports to remain at a low level so as not to rock the boat, but it's in SA's interests that we increase exports. We know that some are opposed to the principle of us exporting, but we have spare capacity and must use it"

The export push is being mounted by Transnet's workshops, which were formed into a business unit called Transwerk when commercialisation began on April 1 1990. Like other Transnet units, it has three years to turn itself around and show a profit. So other Transnet units are now charged for the work Transwerk performs for them, but after two more years they will no longer be obliged to give all their work to Transwerk and will be able to award outside contracts if the price is right.

To make Transwerk's commercialisation job tougher, demand for transport has fallen because of the recession. Except for a seven-week period towards the end of last year, the tonnages conveyed by Railways have been below forecast. As a result, the amount of work Transwerk can expect from Transnet's other units has dropped, making the scramble for new business more urgent.

Transwerk isn't without work. It is making

350 new-generation coal wagons that can each carry 80 t of coal on the Richards Bay line — 26 t more than their predecessors. Railway workshops have been making wagons for years, but there is no doubt that a private-sector heavy engineering company such as Dorbyl would have liked a R60,5m contract right now

Aside from Transwerk, Transnet's biggest quest for new business is being launched by its Viamax Logistics operation. The unit has formed three joint ventures with private companies: Viaren with Renfreight to distribute newsprint in Johannesburg; Confreight with SA Cargo in Durban to consolidate small consignments into container loads and to receive, unpack and distribute small loads from other destinations; and Freightmax, also in Durban, which it formed with Freightpak to do local distribution. ■

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**USING ITS MUSCLE**

One sign that the commercialisation of Transnet appears to be on track is that the private sector is complaining about increased competition. Transnet is winning export orders for the first time in years while also taking a bigger share of the local business.

Continue →



The MINISTER We have difficulty in applying the restrictions and seeing that no transgression takes place because of a shortage of manpower. We are therefore looking at alternative methods to facilitate control. They have not taken effect yet, but we have problems in protecting such areas.

**Insurance Act: amendment**

\*2 Mr M F CASSIM asked the Minister of Finance *Hansard 715791*

- (1) Whether consideration is being given to amending the Insurance Act, No 27 of 1943, in order that the amount of R10 000 provided for the family of a deceased after creditors' claims have been settled may be increased from time to time to keep pace with inflation, if not, why not, if so, what steps does he intend taking in this regard,
- (2) whether he will make a statement on the matter?

D108E

**The MINISTER OF FINANCE**

- (1) Yes, a proposed increase to R30 000,
- (2) a suitable proposed provision will be included in the long-term Insurance Bill which will be submitted to Parliament during 1992

Mr M F CASSIM Mr Chairman, arising out of the hon the Minister's reply, I am glad to hear the amount of R30 000 being mentioned, but from what date has this amount been set down?

The MINISTER OF FINANCE Mr Chairman, on account of the fact that the long-term Insurance Bill will only be available for debate in Parliament in the next Parliamentary session, this particular amendment can only be made during the course of the next Parliamentary session

Mr M F CASSIM Mr Chairman, further arising from the hon the Minister's reply, is it not possible in the mean time to make any interim arrangement?

The MINISTER Mr Chairman, I will have to have it examined from a procedural point of view in order to see whether it may be possible to include a small amendment in one of our other bills. I am not in a position now to say whether that is tenable from the point of view of Parliament.

HOUSE OF DELEGATES

**CSIR: report**

\*5 Mr M ABRAHAM asked the Minister of Transport

- (1) Whether a report dated 27 June 1989 was prepared for his Department by the Council for Scientific and Industrial Research, if so, what (a) is the title of and (b) are the recommendations contained in this report,

- (2) whether any of these recommendations have been accepted by his Department, if not, why not, if so,

- (3) whether any such recommendations have been or are to be implemented, if not, why not, if so, (a) which recommendations and (b) in what manner have they been or will they be implemented?

D117E

**The DEPUTY MINISTER OF TRANSPORT**

(Reply laid upon the Table with leave of House)

- (1) Yes, in co-operation with a firm of consulting engineers Jordaan and Joubert,
- (a) A Synthesis of South African Practice in Traffic-Law Enforcement,
- (b) The conclusions and recommendations are attached as annexure "A" due to the extent and statistical nature thereof

- (2) and (3) Yes. Many of the recommendations contained in the report have already been implemented by the Department of Transport. In this regard I would like to point out that the greater part of the Road Traffic Act, 1989, is already in operation and the Department is well on its way to establish uniform road-traffic standards throughout Southern Africa.

The consolidated Road Traffic Regulations in terms of the Road Traffic Act, 1989, already provide that the tread depth of a tyre shall not be less than 1 mm throughout its breadth.

The Department has also established a law enforcement working group which has already compiled a law enforcement programme for the enforcement of overloading offences. A Training Committee for Traffic Personnel has been instituted to advise me with regard to any matter relating to the training of traffic personnel. Three training manuals have already been

compiled for the training of traffic officers, examiners of vehicles and inspectors of licences.

I would also like to point out that tenders for the National Traffic Information System (NaTIS) have been put out. The closing date for tenders has expired and the Department is currently busy assessing the tenders received and it is envisaged that the tender will be allocated not later than 4 July 1991. Implementation of the NaTIS system will start during 1992 and the system will probably be fully operational in 1994.

Some of the recommendations in the report deal with the amendment of the Criminal Procedures Act, 1977, and the adjudication of traffic offences. Draft legislation has already been compiled by the Department of Justice which addresses certain of the recommendations in the prosecution of parking offences. I will shortly consult with my colleague, the Minister of Justice, to address further problems relating to the adjudication of traffic offences.

**ANNEXTURE "A"**

**17. CONCLUSIONS AND RECOMMENDATIONS**

The conclusions and recommendations from this synthesis are summarised as follows

- 17 1 The standardisation of the road-traffic legislation by the adoption of the Road Traffic Act, No 29 of 1989, must be applauded. If this Act is accepted as the blue print for all road-traffic legislation, it will pave the way for uniform road-traffic legislation throughout Southern Africa.

- 17 2 The legislation in respect of the duties of traffic officers could be described as complicated and having many pitfalls, this legislation should be simplified. Limiting the authority of a "peace officer" to the area of jurisdiction of the actual employer is dangerous and unacceptable and should receive the necessary attention as soon as possible.

- 17 3 The requirements for the law of criminal procedure pertaining to the personal serving of summonses, instead of allowing them to be sent by mail, have become totally impractical in view of the large



number of summonses that need to be served. This legislation should be changed accordingly.

- 17 4 Traffic officers should stop the incorrect use of Section 341 CPA notices in respect of the *post factum* institution of prosecutions, such as for speeding or traffic-light offences recorded by camera. Section 54 CPA summonses should be used instead, and investigations should be carried out in order to introduce suitable measures to deal with the requirement that presently prompts the incorrect use of Section 341 CPA.
- 17 5 There is a dire need to increase the prosecutions for moving violations drastically.
- 17 6 Warrants of arrest related to traffic cases should be recorded on a national information system that is accessible to traffic officers and arrests should be allowed on the strength of such recordings.
- 17 7 The prosecution of most types of parking offences should be adjudicated administratively *in toto*.
- 17 8 The criminal procedure law in respect of all other traffic offences must be streamlined.
- 17 9 Traffic officers should receive specific training in aspects such as the taking of finger prints, the art of testifying in courts of law and monitoring the effects of implemented traffic-law enforcement measures.
- 17 10 The onus of proof on the State in respect of readings by mechanical and electronic measuring devices should be alleviated considerably.
- 17 11 Traffic-law enforcement agencies should find more effective ways to communicate with the public at large.
- 17 12 Road collisions involving traffic offences should lead to prosecutions wherever possible and collision involvement should be recorded in a national register.
- 17 13 Traffic officers should play a more predominant role in the visiting and taking of particulars at road collisions as well as during the subsequent investigation thereof.

17 14 Hazardous locations should be identified in a uniform manner and, where possible, they should be improved or eliminated. Collision statistics should be collected, processed and applied uniformly.

- 17 15 Point duty should be carried out by traffic wardens where possible (and, in terms of the Road Traffic Act, No 29 of 1989, by traffic reservists), in order to make more traffic officers available for traffic patrolling during peak hours.
- 17 16 Explicit uniform guidelines to pursue motorists who do not stop when they are signalled to do so, should be drafted.
- 17 17 Evidential breath testing should be introduced as an alternative to blood tests in drinking and driving cases.
- 17 18 The giving of a breath sample at the request of a traffic officer should be made compulsory.
- 17 19 Traffic-law enforcement should be executed uniformly throughout the Republic of South Africa. The mechanism should be created to compel individual traffic authorities to follow traffic-law enforcement guidelines set on a national basis.
- 17 20 Legislation should stipulate that tyre wear beyond a 1 mm high gross rib in a tyre groove is not permitted in order to provide for a visual check of tyres.
- 17 21 Tyre-tread-depth instruments should be standardised.
- 17 22 Simple and practical legislation in respect of mass requirements and measurement is very necessary.
- 17 23 Traffic-law enforcement should be mechanised extensively.
- 17 24 Effective and enforceable measures to deal with the intoxicated pedestrian should be researched, devised and legislated.
- 17 25 A means to identify vehicles that carry less than 12 seated persons properly as taxis should be researched, devised and legislated.
- 17 26 The administration of drivers' licences should be reorganised *in toto* and all drivers' licences should be reissued under

a properly-controlled administrative system. If this cannot be done, the requirement for drivers' licences should be abolished altogether, in view of the fact that under the prevailing system they no longer serve any useful or effective purpose.

- 17 27 Standardised means to monitor the effect of traffic-law enforcement measures should be introduced country-wide.
- 17 28 Law-enforcement quality-control models should be used more extensively throughout South Africa. The use of these models will greatly assist traffic authorities in deploying their available manpower resources more effectively. (These models may be employed for the purposes of the latter recommendation.)
- 17 29 In order to render the administration of justice more effective, serious consideration should be given to the establishment of special traffic courts that are manned by experienced judicial personnel.

17 30 One of the most important deficiencies in South African traffic-law enforcement practice is the lack of a system that makes provision for the removal of habitual traffic offenders from our roads. The introduction of a points-dement system for traffic offenders is considered essential.

17 31 Full authority should be given to traffic officers in the service of local authorities to issue a written warning to appear in court in terms of Section 72 CPA.

17 32 With reference to the literature, it is disquieting to note that many of the problems in the field of traffic-law enforcement that existed in South Africa more than 20 years ago, are still prevalent and that many of the recommendations to alleviate these problems made at that time have still not been implemented, for example, the points-dement system, special traffic courts, extensive use of mechanised law-enforcement methods, etcetera.

17 33 Criteria for the staffing requirements of traffic departments should be found

## INTERPELLATION

The sign \* indicates a translation. The sign † used subsequently in the same interpellation, indicates the original language.

## Own Affairs

## Housing projects: opening

1 The LEADER OF THE OFFICIAL OPPOSITION asked the Minister of Housing

(1) Whether he will open housing projects undertaken by his Department in the same manner as did the Minister of Education and Culture by admitting non-Indians to schools and colleges of education for Indians.

(2) whether he will make a statement on the matter? *then asked 7/5/91*

D138E INT

THE MINISTER OF HOUSING Mr Chairman, the hon the Leader of the Official Opposition will no doubt agree that the admission of non-Indians to schools dovetails with the overall policy of this Administration which is a continuation of the policy applied by the hon the Leader of the Official Opposition when he was a Minister. As a former Minister of Housing in the House of Delegates, he must surely be fully aware of the extended waiting list for the Indian component of the South African population.

This dispossessed community has built up a backlog spanning many years which has not been totally done away with. It will not be possible, with our limited funds, to meet the demand for housing for the entire South African population emanating from the lower-income categories of the community.

Notwithstanding the constraints, I share the concern of the hon the Leader of the Official Opposition as well as that of other organisations which have, from time to time, approached me regarding the plight of the underprivileged in respect of housing in many of the Black communities. I have indicated to such organisations that I am fully prepared to render assistance whenever possible within the constraints within which we are obliged to work. Hon members can therefore rest assured that I will not hesitate to consider making surplus housing or land available to other race groups wherever the opportunity presents itself.

# Portnet's R134m budget 'the most in years'

PORTNET can go ahead with its strategy to replace and upgrade outmoded equipment after being allocated R134m by Transnet for its capital programme in the 1991/92 financial year.

"It is the most we have received for many years," Portnet chief executive Duke Davidson said yesterday.

"One of our strategies is that our equipment must comply with First World standards and the approved bud-

get will enable us to move in that direction"

Two projects are planned for Cape Town — a R2m roll-on roll-off cargo shed and a cold store for blue-fin tunny.

An amount of R2m has been set aside for the port at Richards Bay for additional open storage space for belttable products.

On the cards for the Durban port are two container wharf cranes.

However, only R1,5m of the estimat-

ed total cost of R40m will be spent in this financial year.

A total of R24m will be spent on new straddle carriers for container terminals and R16,5m for cartage vehicles and equipment.

New mechanical handling appliances worth R13,7m will be acquired.

To streamline the information network for internal and external use, R13m has been set aside for new data processing equipment. — Sapa.



Arising from this manpower plan all disparity which existed with regard to medical benefits of members were removed on 1 April 1990

Policy has recently been approved providing for the implementation of work stations of which the main goal is to promote communication between employer and management supplementary to the existing communication/information channels. Where the existing communication channel (Prisons Regulation 87) is aimed at dealing with personnel's complaints and grievances on an individual basis, the work stations give personnel the opportunity to discuss matters with management on a collective basis. However, work stations are not primarily a channel for airing complaints but will also be utilised to create organisational culture, improve quality and productivity and build morale.

Policy has also recently been approved making provision for inter alia the consolidation of existing general clubs in order to be accessible to all members as well as the consolidation of the various accounts of the Benefit Fund. This

also means that holiday houses are now accessible to all members. Against the background of the Government's initiatives new policy with regard to the official housing on prison reserves has already been approved. In terms of this new policy living accommodation on premises country-wide is now accessible to all personnel in accordance with Prisons Regulation 25. This implies the discretionary allocation of accommodation by Commanders at the hand of inter alia functional requirements and the principle of merit and efficiency.

The aforementioned policy will naturally not result in an overnight change in the current situation. A progressive phasing-in will be followed in order to prevent large-scale disruption, costs, dissatisfaction and artificiality. Apart from this the upgrading of insufficient facilities as well as the extension of transport to personnel between place of residence and place of work where no public transport is available, is receiving continuous attention within the limits of financial realities.

### HOUSE OF REPRESENTATIVES

#### QUESTIONS

†Indicates translated version

For oral reply

General Affairs

Questions standing over from Wednesday, 24 April 1991

#### Trans-Karoo bookings' race groups

\*1 Mr T R GEORGE asked the Minister for Economic Co-ordination and Public Enterprises

(1) Whether the race of persons booking accommodation on the Trans-Karoo train is taken into account in the allocation of such accommodation, if so, why,

(2) whether the names of persons who have booked accommodation on this train are listed separately according to race groups, if so, why,

(3) whether persons making such bookings telephonically are required to state what race group they belong to, if not, what procedure is followed in this regard, if so, why,

(4) whether he will make a statement on the matter?

C75E

†The MINISTER FOR ECONOMIC CO-ORDINATION AND PUBLIC ENTERPRISES

The Managing Director of Transnet Limited replied as follows to the hon member's question

(1) No

(2) Yes. A computer program was designed to satisfy specific preferences of clients. This program is at present in a process of amendment to provide only one name list which is compiled in alphabetical order.

(3) No. Should the client, however, indicate a specific preference, this is taken into account.

(4) No

†Mr A REEVES Mr Chairman, arising out of the hon the Minister's reply, I want to ask who, in fact, is the head of the Department, the Managing Director or the Minister, because he said the Managing Director had furnished the reply and we are constantly being referred to the Managing Director.

†The MINISTER FOR ECONOMIC CO-ORDINATION AND PUBLIC ENTERPRISES Mr Chairman, Transnet is not a department. The Managing Director is the head of the company Transnet and that is why it is in this case the Managing Director of Transnet who furnishes information of this nature.

#### Coloured television channel

\*2 Mr T R GEORGE asked the Minister of Home Affairs

(1) Whether he will take steps in regard to having a television channel introduced for the Coloured population group, if so, (a) what steps and (b) when; if not, why not,

(2) whether he will make a statement on the matter?

C78E

The MINISTER OF HOME AFFAIRS

(1) (a) and (b) To date I have received no application for a television channel for the Coloured population group and such a channel is also not envisaged. Television is a very expensive broadcasting medium and the viability of such a service will naturally play a very big role in the consideration thereof. There is, therefore, no intention to introduce apartheid as far as television is concerned [Interjections.]

(2) The Task Group Broadcasting in South and Southern Africa, is presently by direction of the Government, investigating the overall broadcasting industry. The report of the Task Group is expected to be submitted to Government during July 1991 and all applications will have to be considered on the basis of decisions Government might take after studying the report, with due regard to the interest of all viewers and against the background of affordability.

# Eastern Cape bus company is liquidated

By REG RUMNEY (Mail) 10/5-16/5/91

THE crisis in the bus industry is underscored by the liquidation of the Eastern Cape's CTC Bus Company.

The liquidation of the company has meant the disposal of 297 buses, the retrenchment of around 524 employees — on the books for the 1990 financial year — and buildings and other assets worth millions of rands.

A boycott sparked by a fare increase in May 1989, followed by strike in December that year crippled the company, which ceased operations

in April last year. (269) ~~10/5-16/5/91~~  
The company operated in East London, Mdantsane, Bisho and Alice.

Managed by the South African Development Trust Corporation, it was jointly owned by the SADT and the Ciskei People's Development Bank. The SADT 1990 annual report shows CTC has had operating losses of millions of rands every year for the past four years. In 1990 spending exceeded income by R13-million.

According to the official newsletter of the SADT, the company incurred considerable losses

- es over the last few years because of:
- Passenger resistance to fare increases.
  - A big drop in the number of bus passengers, who switched to the burgeoning taxi industry.
  - Escalation of operating costs faster than fares.
  - Industrial unrest in the company.
  - Passenger boycotts, "enforced by outsided political intimidation".
- In recent years the company has received government grants to help it with its cash flow problems, but this was no lasting remedy.





**DAREDEVILS:** Rail commuters hang out of the doors of crowded passenger coaches — a common sight on peak hour trains on the Cape Flats. Picture HANNES THIART, The Argus.

210 ARENS 13/5/91  
**'Staff riders' a menace on trains**

By **SHARKEY ISAACS**  
 Transport Reporter

**SPOORNET** is fighting a losing battle against daredevil "staff riders", who hang out of the doors of peak-hour trains on the Cape Flats.

Spokesperson Mrs Yvette Olwage, said: "There is very little we can do about it. It's like fighting a losing battle."

"The coach doors are synchronised to close when the train moves, but some fail to

operate when they are jammed by vandals.

"We have video camera footage of commuters hanging outside coaches and it apparently happens when passengers who are afraid of missing a train get into the nearest coach although it is full.

"It is very dangerous. They are prepared to risk their lives on two or three crowded coaches while there is room for them elsewhere in the train.

cannot move to other coaches because the connecting doors are either locked or sealed.

"A few trains like the modern 'Blink Stefaans' are independent units with no doors."

"We appeal to commuters to refrain from trying to get on a full train and to catch either an earlier or later train.

"We have already established ticket turnstiles at stations to curtail commuters from hitching a free ride on

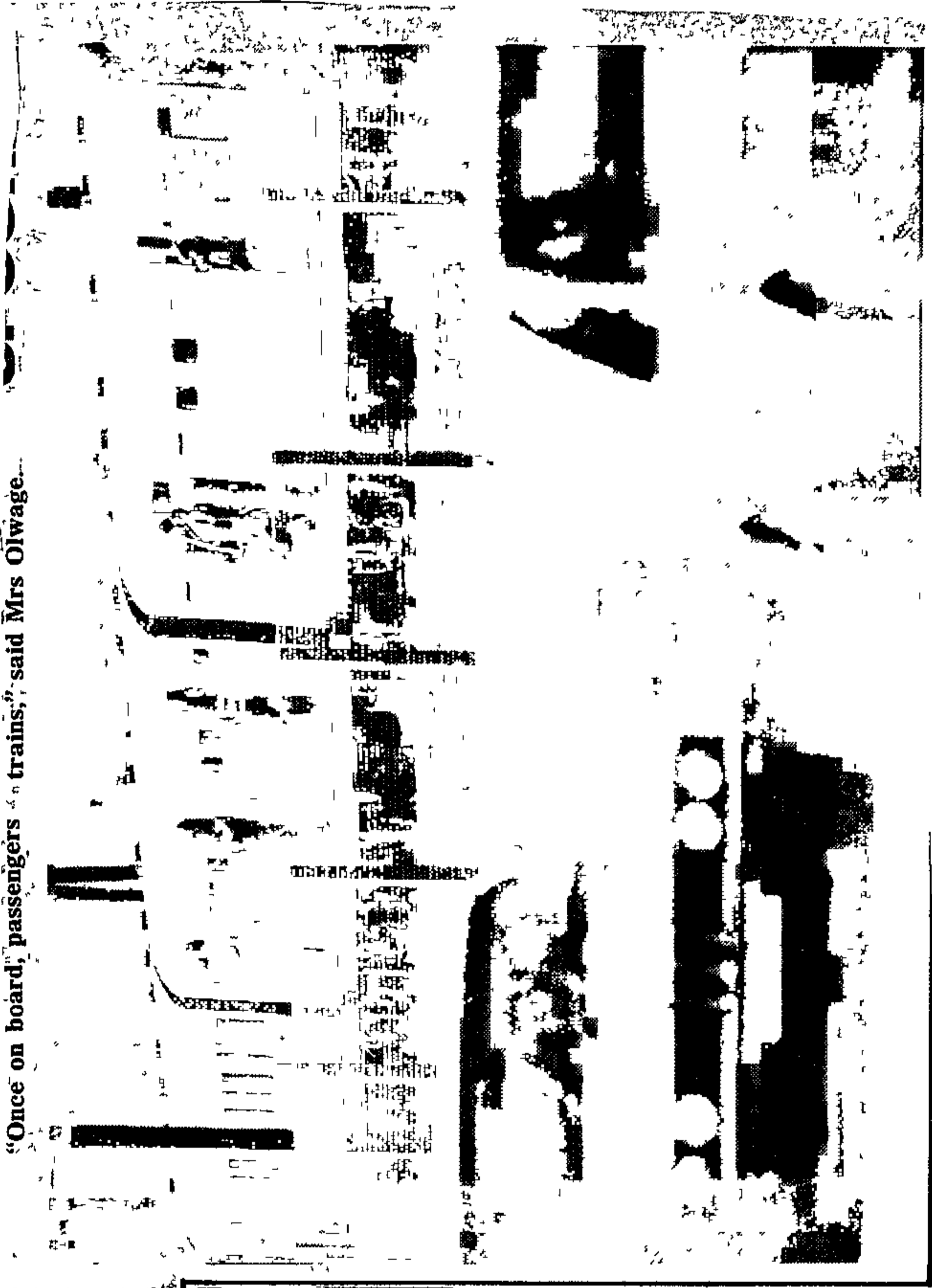


**SPOORNET**



**RIGHT:** Passengers hanging out of only two coaches while the rest of the moving train is unaffected by overcrowding.

"Once on board, passengers on trains," said Mrs Olwage.



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ARGUS

13/5/91

## Independent shipping company launched

<sup>Blom 14-5-77</sup>  
SAFMARINE and Iscor launched their joint venture independent shipping company Safore at a function in Johannesburg yesterday

Safore shareholders recently decided that sufficient business opportunities existed for the company to expand. This has resulted in Safore ordering a 170 000-ton bulk carrier, chartering a 65 000-ton bulk carrier for two years and moving into its own Cape Town offices

Safore, which has been in operation

<sup>(269)</sup>  
MARC HASENFUSS

since 1977, at present uses a 170 000-ton ore carrier to deliver Sishen Iron ore to Japan. Safmarine in the past provided the commercial, technical and legal expertise to Safore.

The business plan for the future is to expand into the coal exports from SA, and other international trades which form compatible trading patterns with SA-based shipments.

# Now Air Zaire operating in SA

By John Miller

Star 15/5/91

Air Zaire has become the latest airline to begin operating in South Africa and is one of several to introduce a regular service to this country. (269)

The Air Zaire DC 10 arrives every Friday afternoon at Jan Smuts and will return to Kinshasa one hour later. (269)

This service follows the signing of a bilateral agreement between the two countries in March 1989 and South African Airways's decision to use Kinshasa as a refuelling stop en route to the Ivory Coast.

Other airlines which will shortly begin scheduled services to South Africa include Cathay Pacific with its weekly non-stop flight between Hong Kong and Jan Smuts, Austrian Airlines with its non-stop flight between Vienna and Johannesburg and Air Seychelles.

At present 23 international airlines operate into South Africa with the figure expected to increase once the remaining apartheid legislation is dropped and overseas countries lift sanctions and trade restrictions

Since the normalisation process began last

year, South African Airways has managed to gradually increase its presence in Africa with several new destinations been added to its list.

These include Nairobi, Kinshasa, Abidjan, Madagascar and most recently a stop over in Casablanca.

Commenting on the additional competition SAA's Zelda Roux said the airline did not see this as a threat but as a challenge.

"We will obviously be looking at ways to improve our service which is part of our ongoing research and strategy," she said.



(269) (340)  
BIDANG PETA  
**'Shock data'  
on subsidies**

IT WAS clear that increases in the number of bus subsidies could not continue, Finance director-general Gerhard Croeser said yesterday.

He said there were about 630 000 subsidised bus commuters which amounted to about 0,76% of the national budget or 43% of the Transport budget. "That this amounts to almost R20 a week per commuter is quite a shocking statistic."

He said public passenger transport should be dealt with at local level, such as within the RSCs.

The decision to transfer responsibility "does not mean that the government will devolve its share in the subsidy burden to those authorities at one fell swoop"

Annual reductions in the state's share of funds would take place over a period.

The Department of Transport had already begun a process of assisting regional authorities in this regard, he said — Sapa

# Transnet's Elfi drive helps to raise initial R618m

TRANSNET's Elfi III (equity linked fixed interest) issue has raised an initial R618m from investors after an aggressive marketing drive locally and overseas.

Although foreign investor participation was described by issuing bank Investec as "encouraging", it was inhibited by "international coverage of local violence". No exact figure was given.

However, participation in the secondary market by interested British and European investors was expected as the level of

*BIDAY 171571*  
**ROBERT GENTLE**

violence subsided and political stability emerged, Investec's statement said.

A number of major players did not participate because of uncertainty in equity market direction and the fact that global indices were at key resistance levels.

Transnet group finance GM Eugene Kruger called the issue a success and said the awareness of this kind of financial instrument locally and abroad had in-

creased dramatically.

He said: "This allocation brings the number of Elfis in issue to R1bn Combined with the wider distribution, Transnet is confident that marketability and liquidity will go from strength to strength."

Meanwhile, the SA Futures Exchange (Safex) confirmed that the first trade had been registered yesterday in the March 1993 all share index future, which is directly linked to Elfi III's redemption date.

A Safex spokesman expected even more activity in this contract once portfolio managers had worked out their hedging strategies.

The link with the futures market arises from the fact that Elfi III is split into so-called bull and bear tranches, the redemption values of which are tied to the fortunes of the JSE all share index, and by extension the corresponding futures contract.

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HOUSE OF ASSEMBLY

QUESTIONS

†Indicates translated version

For written reply

General Affairs

N2, Cape Town: person found dead

134 Mr S S VAN DER MERWE asked the Minister of Law and Order

(1) Whether a certain person, whose name has been furnished to the South African Police for the purpose of the Minister's reply, was found dead next to the N2 near the Langa turn-off, Cape Town, recently, if so, (a) when, (b) what was the apparent cause of his death, (c) at what time was his body found, (d) what evidence is currently available with regard to the circumstances of his death, (e) what progress has been made in the investigation into his death and (f) what is the name of the person concerned,

(2) whether he will make a statement on the matter? B386E

The MINISTER OF LAW AND ORDER.

(1) Yes

(a) 11 January 1991

(b) Bullet wounds in his head and chest

(c) At 19 55

(d) At approximately 18 00 on 11 January 1991 he allegedly received a telephone call from an unknown person. This person allegedly picked him up with a vehicle at his house at 19 20. The vehicle was allegedly stolen.

(e) Three persons were arrested and will appear in court on 22 May 1991

(f) Edward Gordon, alias "Peaches"

(2) No

HOUSE OF ASSEMBLY

12 Alexandra Civic Organisation activists

155 Mr S S VAN DER MERWE asked the Minister of Law and Order

(1) Whether 12 Alexandra Civic Organisation activists were released on or about 8 February 1991 after spending more than a week in detention, if so, what are the circumstances surrounding the matter,

(2) whether any charges were brought against these persons, if so, (a) what charges and (b) in terms of what statutory provisions, if not, why were they detained? B388E

The MINISTER OF LAW AND ORDER

(1) Yes, their detention under section 50 of the Internal Security Act, 1982 (Act 74 of 1982) was essential in order to stabilize the unrest situation in the Alexandra residential area

(2) No

(a) and (b) Fall away

The activists were all allegedly actively involved in the organisation and execution of deeds of violence and intimidation in Alexandra, which contributed to public violence, unrest and disorder. They allegedly, inter alia, carried out petrol bomb attacks on the houses of Council members of the Alexandra City Council, broke down doors and emptied refuse bins in houses.

They were also allegedly planning further acts against these Council members, which was aimed at forcing them to resign. As a result of their detention the unrest situation in the Alexandra residential area stabilised.

Potgietersrus: crash of SAP helicopter

156 Mr S S VAN DER MERWE asked the Minister of Law and Order.

(1) Whether a South African Police helicopter crashed near Potgietersrus recently, if so, (a) where, (b) when, (c) what was the cause of the crash, (d) how many persons were (i) killed and (ii) injured in the crash and (e) what was the purpose of this fight,

(2) whether any non-members of the Police were killed in this crash, if so, (a) what are their names and (b) why were they in the helicopter at the time,

(3) what is the policy of the South African Police in regard to the presence of non-members on such flights? B396E

The MINISTER OF LAW AND ORDER.

(1) Yes

(a) Appingendam Training Site

(b) 9 February 1991

(c) The incident is still being investigated by Civil Aviation who will make a finding on the matter

(d) (i) 2

(ii) 4

(e) To take photos of the terrain, for use during planning of envisaged extension and improvement of the terrain, as well as the mapping of the area

(2) Yes

(a) Miss T Kotze

(i)

(1) (a) (aa)

(bb)

(b) (aa) and (bb)

(ii)

(2) (a)

Yes

No

No

(2) (a)

No

No

Yes

(iii)

(2) (a)

Yes

No

Yes

7

—

—

24 153\*

The MINISTER FOR ECONOMIC CO-ORDINATION AND PUBLIC ENTERPRISES

The Managing Director of Transnet Limited has furnished the following information in answer to the hon member's question. The Managing Director has also indicated that the free and discounted air tickets granted were a fringe benefit of directors and employees and their families

Transnet/SAA: free/discounted air tickets

344 Mr A J LEON asked the Minister for Economic Co-ordination and Public Enterprises

(1) Whether any (a) Transnet and (b) South African Airways (i) directors, (ii) employees and/or (iii) families of such directors and employees received (aa) free and (bb) discounted overseas air tickets from the Airways in 1990, if so, **261**

(2) (a) how many in each case and (b) at what total cost to the Airways? B921E

Universities: subsidies

77. Mr A P OOSTHUIZEN asked the Minister of Education and Culture †

Whether he will furnish information with regard to subsidies paid by the Government to universities falling under his Department, if not, why not, if so, in respect of the latest specified academic year for which information is available, what amount was paid by the Government in subsidies to (a) the University of South Africa and (b) each other university falling under his Department? B913E

HOUSE OF ASSEMBLY

Reply substituting reply to Question No 77 on 13 May 1991, put by Mr A P Oosthuizen (col 1418)

Own Affairs

\* Total figures in respect of free and discounted air tickets. Separate figures are not available

(2) (b) Nil. Journeys have been undertaken on a stand-by basis. Paying passengers received preference, as a result of which SA Airways did not suffer any financial loss.



# SOUTH AFRICA BOEING THE SOUTH AFRICA

SOUTH AFRICA is within weeks of clinching rights to overfly Africa, effectively ending a 26-year Organisation of African Unity embargo. The drive into Africa, spearheaded by the Department of Foreign Affairs and boosted by President FW de Klerk's reform initiatives, has opened the way for SAA to expand its network of African ties.

By ROGER MAKINGS

Months of delicate negotiations are close to fruition, but to reveal details prematurely could scare off the few remaining, and vital, countries tentatively seeking contact and co-operation with South Africa.

SA tourists, without restrictions, in recent months include Kenya, Madagascar, Comores, Seychelles, Morocco, Zaire and Ivory Coast.

But the big prize is a route over central Africa.

This week, an SAA Boeing 747 en route to Rome landed at Morocco's capital of Casablanca for the first time and a second flight to Europe was given permission to overfly the Senegalese capital, Dakar.

**269 Serious**  
 Although the Department of Foreign Affairs secured verbal agreements making a direct route to Europe possible four weeks ago, SAA wants permission in writing.

Adding impetus to these events is the OAU heads of state conference in Abuja, Nigeria, on June 2.

But government sources say although these verbal agreements have been secured before without written permission materialising, they feel this time the countries concerned are more serious.

Nigeria assumes presidency of the OAU this year and President Ebrahim Babingida, is on record as saying it is time SA sanctions are reviewed.

Probably one of the prime reasons for the thaw in relations with South Africa, besides its new-found international acceptance, is the growing realisation among African nations that economic ties with SA have advantages.

For 26 years, SAA has had to fly around the bulge of Africa, but a growing number of those countries are welcoming ties with their powerful southern neighbour.

Trade in southern Africa increased last year by R400-million to R3,2-billion and it would seem that African countries are scrambling for a slice of the action.

With the exception of Angola, Tanzania and Uganda, SAA now flies to or over every southern and central African country, all the Indian Ocean islands, some Atlantic Ocean islands and several west African countries, while relations are improving daily with north African countries such as Egypt.

Ultimately it would appear that, whether because of political changes or economic forces, South Africa's acceptance in Africa is assured, and predictions that overfly rights are only weeks away seem highly probable.

Countries to welcome

51 Times  
**Welcome**  
 19/7/91

# Iscor, Safmarine forge world link

S/Times (Bus Times) 19/5/91 (1260) (269)

ISCOR is moving into the international shipping business along with Safmarine.

After a series of ups and downs, shipping company Safore, formed in 1977 by Safmarine and Iscor to export iron ore, will offer transport to international mining and oil companies

Safore chairman Ben Alberts says that in addition to the 47-million tons of coal, 15-million tons of iron ore and 2,2-million tons of manganese exported from SA each year opportunities exist for Safore if it can offer a competitive price

## Success

Among the opportunities are transport of oil from the Middle East and iron ore and coal from Australia to Europe and Japan Safore could also take coal from America and iron ore from Brazil to Japan

Safmarine and Iscor established Safore and Sishen Shipping to carry 2,45-million of the 7-million tons of iron ore to Japanese steel mills

By DON ROBERTSON

(JSM) each year Sishen Shipping spent R40,5-million on the 170 000-ton Sishen, which was delivered in 1977

It was agreed that the Sishen and the chartered Vanguard would ship 1-million each a year to JSM Another chartered ship would carry 450 000 tons This tonnage was maintained until March 1983 when a decline in demand for iron ore forced JSM to reduce its order.

Although tonnages have declined, the success of the export effort resulted in Iscor's wiping out its R840-million debt to the Government which took over the financing cost of the railway from the mine at Sishen to Saldanha in earlier difficult times

Tonnages shipped by Safore slipped to 1,8-million tons by 1988 and later to about 900 000

The Sishen was "restructured", transferred to a Panamanian registration and re-chartered for cargoes other than Iscor iron ore Safore chartered other vessels to complete the JSM deliveries

It was then decided to buy a second ship from an East European country for delivery at the end of this year or early 1992 Almost all of the financing for the ship has been negotiated through an exchange of iron ore to the country Mr Alberts declines to name

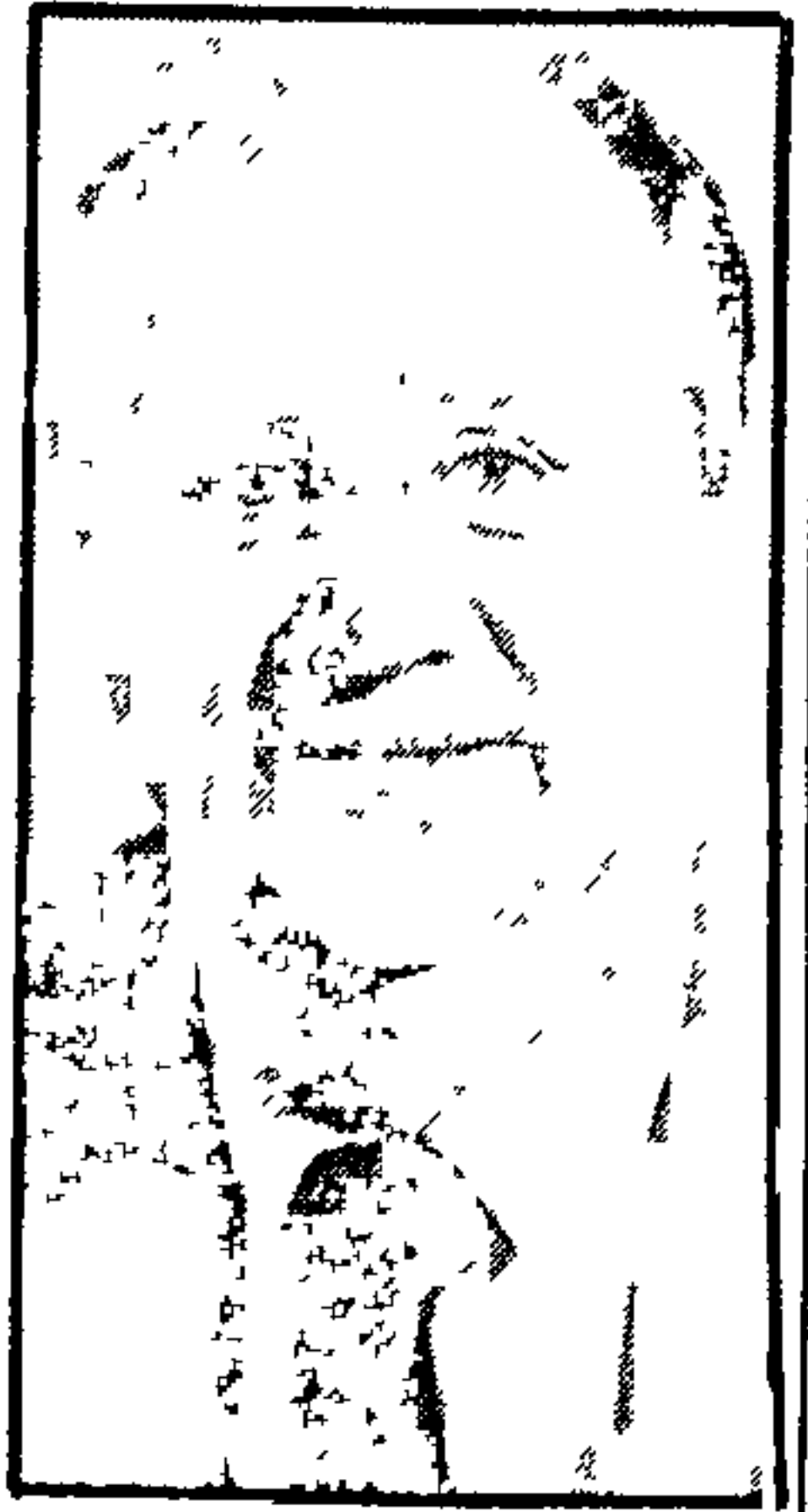
Safore operates the Panamanian-registered vessel as well as a 60 000-ton Panamax (a ship able to pass through the Panama Canal) it has on charter for two years It also has "three to four" trip time charter vessels to carry iron ore from Saldanha and import about a million tons of coking coal a year through Richards Bay for Iscor.

## Exchange

The return trip, loaded with coal, makes the operation profitable

But it is in world trade that Safore plans to establish itself as a reliable cost-effective operator. It is confident that it will grow

Mr Alberts says "We are also confident that we will prove ourselves in such a way that the support we receive from the SA mining and other industries will increase"



BEN ALBERTS: Eyes on coal exports

Safore plans to look particularly at the export of coal from SA

In the past 18 months, tonnages shipped by Safore have increased from about 900 000 a year to 2-million Mr Alberts believes that Safore, already profitable, could soon contribute to Iscor's profit.

Success of the venture is almost assured, says Mr Alberts At last month's iron-ore symposium in Nice, France, a bulk vessel shortage was predicted. It was said orders for new vessels would not keep pace with the scrapping of old ships



# Asherson slates Govt over bus subsidies

By Shirley Woodgate (269)

The Government's plans to shift multimillion-rand bus subsidies on to local authorities places an impossible burden on business men who will have to foot the bill, warns Johannesburg transportation chief Paul Asherson.

Hitting out at the "naivete" of Director-General of Finance

Gerhard Croeser for imagining local authorities were at this stage well financed and able to carry "all Government burdens they want to throw at us", he accused the State of running away from its responsibilities.

Mr Croeser indicated at the South African Bus Operators Association's annual meeting that regional services councils would take over part of the sub-

sidy burden from the Government in July next year.

Mr Asherson replied "Since we see little or no significant devolution of power, it is time the Government stopped regarding local authorities as its milk cow."

South African Bus Operators Association director Professor Jackie Walters said the bus commuters' subsidy for 1991/2

totalled R645 million and the rail commuters' subsidy R850 million, of which 60 per cent was spent in the PWV area.

Central Witwatersrand RSC chief executive John Griffiths said that while the RSC was not averse to taking on the added responsibility of transport, this would certainly lead to increased levies



# SAA on course for rights to overfly 'bulge'

Blouay

22/5/91

269

LINDEN BIRNS

SAA was likely to get North African overflight rights within the next six months — a development which would probably encourage the US to reinstate the airline's landing rights, SAA CE Gert van der Veer predicted in Johannesburg yesterday

Van der Veer told the SA-German Chamber of Commerce and Industry yesterday that an OAU meeting in two weeks' time could set SA on course for a more direct European route.

"We should see the establishment of a more direct route to Europe within the next six months, but I predict US landing

rights will only be granted later and that the US will follow the example set by the African changes in attitude," he said.

Van der Veer said he hoped that overflight rights would be discussed and put on the path to resolution at the OAU talks.

He said money spent by SAA on extra jet fuel to fly "around the bulge" could be better spent on developing African routes.

Although SAA would make substantial fuel bill savings by flying overland to Europe, the airline, which now has a 41%

share of international commercial air transport business to and from SA, was not planning to drop fares in accordance with the fuel savings, he said.

"What we will probably see is a slowing of fare increases, possibly even the stabilisation of tariffs. It is very difficult for airlines to go back and drop fares after increases have been implemented."

Since jet fuel prices dropped after the end of the Gulf war, major airlines such as Lufthansa and British Airways have announced fare cuts.

● Picture: Page 3

# SAA operating at a loss

269 Own Correspondent

JOHANNESBURG — SAA suffered a 17,2% drop in passenger volumes over the past year and the airline's CE Gert van der Veer predicts a further 14% payload decrease in the next year.

Van der Veer said this week the airline was operating at a loss and prospects looked even gloomier in the short term, not only for SAA, but also for other local airlines which would compete in the domestic market from July.

He added SAA's larger aircraft were operating on an average 74% payload compared to pre-slump 90% payloads.

In a move designed to soften the blow, SAA plans to withdraw its 15-year-old Airbus A300 fleet from domestic and low density regional routes.

Van der Veer said these 280-seater

aircraft would be replaced by the smaller, more fuel-efficient Airbus A320 aircraft, the first of which is scheduled for delivery in November.

The airline has ordered seven A320s, at a cost of about R180m each, and holds options for a further seven.

Three more R370m Boeing 747-400s are on order as well as at least 30 jet engines from Rolls Royce for the new aircraft.

Van der Veer said SAA's current assets were valued at R3bn, with aircraft and spares on order representing a further R3bn investment.

He said the recent decision to "commercialise" SAA and split it into two separate divisions was motivated by government not being able to afford further investment in the airline while socio-economic upliftment remained a national priority.



Hein Everts has been promoted to head human resources (provision and utilisation) at Metropolitan Life.



Allan Hart has been appointed MD of Camdon's franchise division.

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ELFI III

## BEARING UP

F.M. 24/5/91  
(269)

The bear tranche of Transnet's new Equity Linked Fixed Interest security (Elfi III) has proved popular. Negatively linked to the JSE All Share index, it is trading at a premium of about 5%, which is a sign of strong demand, especially in view of the 100-point rise in the index over the initial 2 915. As Simpson McKie's Marilyn Visser points out, fair value suggests a discount of 4%.

The bear offers an attractive coupon of 25%, while the bull, which is positively linked to the index, pays 4,5%.

Even if the index increases by several hundred points in the two-year period to maturity, the bear remains a winner, while the bull, as an interest-bearing instrument, would come into its own only if the index rose more than 600 points. Together with the firrand discount to foreigners, this would account for the interest in the bear tranche — R800m of applications were received, but only R618m were issued.



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Continue →

## ECONOMY & FINANCE

F.M. 24/5/91

Transnet's exposure is limited to a 100% change in the index. Investors could earn a risk-free 14,75% simply by buying equal amounts of both tranches. Higher yields, however, clearly entail capital risk.

On an initial purchase of R1m at par on each tranche, calculations of the best or worst case scenarios show the following:

- If the index doubles the bull will be capitalised at R2m which, with two years' interest of R90 000, comes to R2,1m, an annual return of 54,5%; but the bear will be worthless, leaving only income of R500 000, an annual loss of 25%; and
- Conversely, if the index falls to zero, the bull will lose a staggering 45,5% a year, but the bear will gain 75% a year.

The latter scenario would spell the collapse of the financial system, but the former is not inconceivable. A more realistic prospect, however, is a rise or decline in the index of 300 points, which would imply:

- If the index rises, a capital gain of 10,3% on the bull (total annual return of 9,7%), but the bear will still offer a return over the period of R1,4m, despite a capital loss of R100 000 (19,9% a year), and
- If the index drops, a 10% capital loss on the bull, but the bear will be worth R1,6m (30% a year)



# Huge debts put bus services of Reef in danger

By Day 27/5/91

269

ROBERT LAING

THE Reef's satellite municipalities' bus operations are running up huge debts as people increasingly choose to travel by taxi.

Two East Rand municipalities, Benoni and Nigel, have already dropped out of the transport business and auctioned off their buses, while Brakpan and Boksburg have quit running services to black townships. Kempton Park has sold its bus service to a private operator.

A Nigel municipality spokesman said it halted its bus service after drivers made unreasonable pay demands, vehicles were stoned and commuters organised a three-week boycott. The service was running at an annual loss of R1m when it was closed last June.

## Sympathy

Benoni stopped its service after the town council refused to keep subsidising the service by R5m a year.

Germiston's bus service has budgeted for a R6m loss this year, which works out to R12 a ratepayer. A council spokesman said as long as the service had ratepayers' sympathy it would continue.

Brakpan cut back on its service dramatically after it realised it was heading towards a R3,3m loss com-

pared with the budgeted R500 000. By reducing the service to running school buses, the municipality limited the damage to R2,1m.

A Springs municipality spokesman said taxis did not harm the town's bus service because it only ran in white areas and catered mainly for school-children.

Nevertheless, Springs ratepayers have had to subsidise the service by R2,3m this year because the buses spend most of the day in sheds. The spokesman said money was saved by employing mostly part-time staff.

Bus operators said they had no plans to change their tactics to compete against minibuses.

"Smaller buses are less economical because one has to employ more drivers and pay for more maintenance per commuter," Roodepoort's bus service manager said.

Operators said that given a choice, they would stop services which carried less than 55 passengers.

Another industry problem was poaching drivers. One bus service manager said revenue was boosted by R5 000 a day after the municipality discovered seven drivers were stealing most of their fare money. Routes the municipality thought under-utilised were in fact overloaded.

## SAA looks at latest anti-fire system

LINDEN BIRNS

(269)

NEW aircraft fire-fighting systems, which put out petroleum-based fires with tiny amounts of water will be fitted to SAA's aircraft if the UK's Civil Aviation Authority (CAA) makes it compulsory for all commercial passenger aircraft to be fitted with them.

The new system, developed by BP, is still undergoing tests, but the technique was demonstrated to the UK authorities last week. *6/04 2715791*

The CAA recently told the UK-based Flight International magazine that fire-tests showed the water-spray system was effective and that installation of the system on new aircraft could be made compulsory within three years.

SAA spokesman Leon Els said although the airline was not bound by CAA safety regulations, it adhered strictly to them.

This followed the loss of 159 lives in 1987 when SAA's Boeing 747 Helderberg crashed off Mauritius after an uncontrollable fire on board.

The technique involves extinguishing fires by using a spray of water droplets. The droplets cannot be too small or they will turn to steam before reaching the heart of the fire; too big, and they go straight through the flame, splashing upon the burning fuel and causing the fire to spread.

*6/04 2715791*

*Robert  
Fogarty*

# SAA cuts back flights for long weekend

LOW demand has forced SAA to cancel 26 domestic flights, combine six other flights and use smaller aircraft on at least eight others for this long weekend.

Airline spokesman Anelda Reynecke said yesterday that a similar dramatic drop in passenger demand was experienced last year, but that this time SAA was prepared with a money-saving plan.

"This long weekend is not as popular as Easter as it's shorter." Winter was also not a popular time for leisure travellers, and not many people took business trips over long weekends.

"By cancelling and combining some flights and by using smaller aircraft on

B1 Day 28/5/91  
LINDEN BIRNS

others, SAA is able to make up the load-factor difference," she said.

Most of the flights affected were scheduled for Friday. So far eight flights between Johannesburg and Cape Town, six between Johannesburg and Durban, four between Johannesburg and Port Elizabeth and two between East London and Johannesburg have been cancelled on that day.

A flight from Johannesburg to Cape Town via Upington and Kimberley and one via Bloemfontein have been combined, as have two flights from Johannesburg to

Port Elizabeth and two to East London.

On Saturday five flights between Cape Town and Johannesburg have been cancelled and six will now be flown using smaller Boeing 737s. So far only one flight between Johannesburg and Cape Town has been cancelled on Sunday.

Reynecke said passengers who had tickets and would-be passengers should check with the airline for further cancellation details and revised departure times.

One consolation is that the airline has laid on one extra flight from Johannesburg to Durban especially for Comrades Marathon competitors on Thursday night but it is already fully booked.



# 'Impossible' draft Bill is scrapped

61 Day 2915791

269

THE draft Passenger Transport Bill has been officially scrapped as government believes it impossible to pass in its present form, a Transport Department spokesman said yesterday.

The draft Bill, on which work began nearly a decade ago, was intended to address the issues of passenger subsidies. The department will now begin to reassess the passenger transport crisis.

The spokesman said many of the principles contained in the Bill remained valid but warranted further research.

The Transport Department intends formulating a replacement Bill in time for next year's Parliamentary session.

The National Transport Policy Study was commissioned in 1982. It resulted in a White Paper in 1986, and legislation underpinning most of its recommendations has been enacted through the Road Transport Act, the Transport Deregulation Act and Transport Advisory Council Act.

No definite policy could be formulated for passenger transport and state subsidies and the industry remain in limbo.

Transport consultant Paul Browning said abandoning the Bill would "enable all concerned to take a fresh look at the question of commuter transport in the condi-

MARC HASENFUSS

tions of the 1990s".

Browning said it was essential to find a way of responding to rapid political and economic changes, but the search for new legislation could hinder this.

However, there was a possibility that what was required was merely the imaginative application of what was at on the statute book.

A way had to be found to allow the informal sector taxi industry to participate in the operation of subsidised commuter services, he said.

Transport analysts said the Transport Department was faced with changing the subsidy system to something which distributed limited funds more effectively, while maintaining essential services.

Government was determined to devote its resources to social upliftment as it did not perceive commuter subsidies as offering value for money, analysts said.

The Transport Department's intention to shift the responsibility for subsidies to regional authorities was ill-fated because Regional Services Councils, which had no basis from which to work, were reluctant to accept responsibility, analysts said.

269 of 29/5/91  
Govt scraps draft Passenger Transport Bill

Own Correspondent

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# Beating the bus industry blues

w/mail 30/5-6/6/91  
 Nationalisation and closer co-operation with minibus taxi operators are among the remedies suggested for the ailing bus industry. (269)  
 By **MONDLI MAKHANYA**

**P**UBLIC transport in South Africa is in a mess. Declining government subsidies and the rise of the taxi industry have dealt a lethal blow to bus companies.

In the wake of the collapse last year of Port Elizabeth Tramways and Putco's recent announcement that it was up for sale, many others are also facing cash crunches.

This week several municipalities on the Reef revealed they were in dire financial states as a result of inroads made by taxis into their market. The Benoni and Nigel municipalities have already closed their bus services in the past 12 months while Brakpan and Boksburg have terminated their services into black townships.

At the same time Bophuthatswana Transport Holdings has closed some depots and Empangeni Transport in Zululand is being sold off. KwaZulu Transport (KZT) has cut back its fleet from 850 in 1988 to about 650.

Cutbacks in subsidies are primarily responsible for the sorry state of bus transport. The government, seeking to save money and avoid the economic distortions they cause, seems to want to decrease or stop all subsidies.

In the place of subsidies from central government, it has been suggested, the regional services councils will take over funding public transport. But this has yet to transpire.

Bus operators lay much of the blame at the feet of the minibus taxi industry,



**TROUBLED TIMES ...** Taxis have eroded the bus companies' market

Photo: KEVIN CARTEP

labour unrest and township violence. Having made certain routes unprofitable for bus companies and therefore forcing them to withdraw, the taxi industry itself is now unable to cope with the increased demand.

KZT MD Chris Peckett says the income reduction problem emanates from a drop in the number of commuters, a decrease in government subsidies and an increase in operating costs resulting from the bus industry's dependence on imported parts and fuel.

"The difficulties have also been complicated by other issues such as the politicisation of public transport in many areas — with consequent intimidation of passengers and stoning of buses — and growing consumer resistance to

fare increases," he said.

His view was echoed by Putco MD Jack Visser who said that in view of the government's 10 percent increase in bus subsidies — below the 15 percent inflation rate — an 18 percent increase in fares would be the only option for bus companies but this would be resisted by commuters.

Paul Browning of Travel Management consultants said the solution to the "really grim" state of passenger transport would be co-operation rather than competition between the bus and taxi industries.

"The bus companies and taxi industry should find a way of working together. The bus companies have a lot of skills while the minibus taxi has the advan-

tage of being flexible," said Brownir.

By working together buses could be allowed to operate long distances at peak periods. On the other hand the taxi could operate during off-peak hours and also diversify into other services.

Support for a nationalised transport sector is strong in left-wing organisations particularly in the transport trade unions. The Transport and General Workers' Union has been researching future transport policy and favours a centralised transport sector.

Says TGWU general secretary Nkomo inathi Nhleko: "The nature of the industry is that it is a social service. We therefore need a new passenger transport policy to accommodate and create a balance between all modes of transport. We must address the ownership issue. It was incorrect in the first place that it should have been put in private hands and left to the market forces."

Peckett, however, pointed out that should any government want to nationalise transport it would find it difficult to raise capital to buy buses (at a cost of R350 000 each) from the private bus companies. Furthermore, the government might become intolerant of competition from taxis and thus regulate them out of existence.

"At the same time it is impossible to argue that the bus industry is totally divorced from government even now. So the debate about nationalisation should concentrate on what is the nature of the relationship between government and operators, rather than whether there should be a relationship at all."

## Increases in food, booze prices expected

30/5-6/6/91

probably not rise by more than 11,5 percent.

Value Added Tax which will be levied on food (previously exempt from VAT) from September 30 will be responsible for the relatively sharp increase in food prices.

Alcohol and tobacco prices are also expected to rise.

one hand and business profits on the other, the BMR says.

It also seems unlikely that large sums of additional credit will be available to consumers in 1991, so private consumption expenditure is expected to fall by about 0,5 percent.

An expected drop in the bank rate, from 18 percent at the beginning of 1991 to 15 percent at the end of 1991, will probably be reflected in a similar drop in mortgage rates.

The BMR may cut interest payments on mortgages and stimulate expenditure. Hence BMR expects a 1 percent increase in the

(244)



SHIP REPAIRS

(269) FM  
3/15/91**PORTNET'S FUMBLE**

**Transnet** is aiming to become thoroughly commercialised. But it has yet to come to grips with the competitiveness of the marine ship repair and engineering industry, as a recent incident demonstrates.

A major oil company asked Transnet subsidiary Portnet about hiring a Cape facility for a multimillion-rand repair job on a damaged tanker. But the shipowner's interest waned when it learnt that Portnet's charge for a lay-by repair wharf would run to R390 000 a month for what promised to be a three-month contract — meaning it would cost the owner nearly R1,2m before a cent was spent on repairs.

After hurried telephone calls between the Cape and Transnet's Johannesburg headquarters, Portnet came up with a new offer for the London-based owner — 25% off the standard charge for the first month, 40% off the second month and 60% off the third.

Ship repairers concede that Portnet had every right to expect a fair return for the use of its wharf, but what did not seem to strike home was that if it did not land the job the wharf would stand empty and not earn any revenue. As it happened, the oil company wanted to start work and, with other shipyards tendering good prices, the Cape lost the contract to Singapore.

Portnet's fumbling cost local ship repairers millions of rands in lost business. And it hurt the industry at a time when it is trying to win back shipowners who were reluctant to patronise local facilities because of anti-SA sentiment.

Tankers once provided SA yards with highly lucrative contracts. But this ended with sanctions and the development of super-tankers that are too large for the local dry-docks.

In recent years, only ships needing emergency repairs have been attended to locally. SA is now trying to return to a more competitive industry — the Durban and Cape yards must compete not only with each other, but with Greece, Singapore, Lisbon and the Persian Gulf as well.

A Portnet spokesman conceded the company had lost the contract. But perhaps it has learnt a lesson too. With Portnet's support, local ship repairers will hold discussions in London in a bid to bring more work to SA yards. They are emphasising the advantages of repair yards that are on the route of tankers operating from the Persian Gulf. One recent coup. A giant Kuwaiti tanker is undergoing extensive temporary repairs at the Cape in a two-month, US\$1m job.

In the last month business has picked up markedly despite the loss of the contract for the London-owned tanker. Local repair firms are enjoying strong demand from transit vessels and ships engaged in oil recovery in west Africa. This time they hope the wind has turned back in their direction permanently.

# SAA in bid to oust Air Swazi from Far East

(269)

S/Times 2/6/91

(B/Times)

By TERRY BETTY

AMID mounting concern among freight forwarders about airfreight import backlogs from the Far East, SA Airways is trying to knock Air Swazi out of the route.

Air Swazi, owned by Safair, is the only airline to fly directly from Singapore to SA. It carries about 40 tons of cargo a week.

Forwarders say Air Swazi's ouster would make problems worse.

But SAA public relations manager Leon Els says there are no backlogs. "There is plenty of capacity on flights going through Europe because of the economic downswing."

The three departure points from the Far East are Singapore, Taipei and Hong Kong. Lack of space on direct flights forces freighters to use aircraft going to Europe or Mauritius where the cargo is picked up by SAA.

## Ludicrous

Safcor Forwarding's Far East route manager, Sandra Svoboda, says "This can cause delays of a week and up to three in peak season.

"Local cargo in these countries takes preference over goods in transit."

Costs rise if goods take an extra week to get to SA and the importer passes the bill to the consumer

Far East route manager for Renfreight Air Cargo Owen Currin says "Routing tons of cargo through Europe is ludicrous. It's not so bad if a customer needs only a small item and cannot wait for a direct flight."

The erosion of Japanese restrictions on SA trade will increase demand.

Chairman of the aviation sub-committee of the Transport Consultative Committee, Pat Corbin, says many

agents receive special rates and cannot expect a first-class service.

SAA has appointed five preferred agents in Hong Kong and allocated all the space to them. Space not used by these agents is sold to the rest of the 400 forwarders.

Freight agents complain that this encourages middle men, increasing costs and hampering access to space. Safcor is a preferred agent and Miss Svoboda agrees that "it does give us an unfair advantage in terms of space".

Safair managing director Braam Loots says Air Swazi is still flying the route. The National Transport Committee (NTC) has been asked to allow it to continue

"But the problem is legislation. It makes SAA the only designated air carrier and gives it control of international routes

"Everyone is excited about deregulation, but this applies only on a domestic level. There should also be free competition and operation internationally"

Mr Els says the gap will be filled by Cathay Pacific which starts flights in July. But there is doubt that it will help because Cathay's flights will be non-stop, limiting the load

Mr Els says two other Eastern airlines are interested in flying to SA

Mr Corbin says "Air services were developed to meet passenger, not freight, requirements. The tremendous growth potential for a cargo market is restricted by these regulations"

A working group will study international air services and decide whether freight and passenger regulations should be separated and international routes deregulated.

# SAA fleet wins foreign finance

AT LEAST two foreign banks — Hill Samuel and Le Credit Lyonnais — have agreed to finance SAA's latest R3bn fleet update and expansion programme.

SAA's acquisition of seven Airbus A320 aircraft, at about R150m each, would be financed through French bank Le Credit Lyonnais, French business newspaper La Cote Desfosses reported last week.

The article did not say how the bank would finance the SAA/Airbus Industrie deal, but SAA spokesman Leon Els said the airline had agreed to buy the aircraft on a hire-purchase basis. He declined to state the terms of repayment.

LINDEN BIRNS

SAA holds options on a further seven Airbus A320s, which could be converted if passenger demand increases sufficiently, and plans to invest about R3bn in new aircraft, spares and support items.

Through Hill Samuel of London the airline has purchased two Boeing 747-400 aircraft this year at a cost of about R320m each, and has ordered two more.

Trek Airlines, which has also ordered Airbus A320 aircraft, remained tight-

To Page 2

## SAA

ipped on the structuring of their deal. However, industry analysts said it looked as if the airline would lease its aircraft through foreign sources.

They believed Trek could order as many as five A320s in the short term, but could order more aircraft if allowed to compete against SAA on international routes.

Trek marketing manager Jochen von Moltke said at the weekend the airline would initially lease the aircraft, but would not say through which company this would be done, or if an eventual purchase agreement was built into the contract.

These announcements follow warnings in

the US that banks are likely to cut down on aircraft finance packages.

In its latest market outlook, Boeing forecast annual growth of 5.4% in the world's passenger jet fleet, with nearly 9 000 projected new aircraft orders by 2005.

Leading US-based airline consulting firm Avmark Incorporated said the world's top 500 banks would have to lend at least \$617bn to pay for these aircraft.

Warning that the amount was almost 250% more than the amount of aircraft finance these banks had made available in the past 20 years, Avmark said airlines might have difficulty acquiring finance

From Page 1



# New Safair service to take off with \$20m jet

Braam 4/6/91

269

LINDEN BIRNS

SAFAIR is to launch a new express parcel and freight service in August using a \$20m British Aerospace (BAe) 146-100 which it has acquired on a six-month lease-purchase contract.

The jet aircraft, which is the first of its type to be operated by an airline based in SA, will fly two return flights a night between Johannesburg and Cape Town from August 1. It will replace the slower, less efficient Hercules planes on that route.

MD Braam Loots said Safair would consider buying a second BAe 146 if market demand justified it. The deregulation of international routes would allow Safair to compete with SAA on a regional basis. If this occurred, it would be further justification for a second aircraft, he added.

Safair's top four Hercules flight crews had been sent to the UK to undergo conversion training for the new aircraft.

"The express freight market has seen growth of more than 100% a year in the last five years," he said.

He added that Safair flew 20 tons of freight a night on its flights to major centres around the country.

The BAe 146-100 would cover a flight from Johannesburg to Cape Town in about two hours — 40 minutes quicker than the Hercules aircraft — said Loots. The new aircraft would be equipped to land at all major SA airports under the most difficult weather conditions.

The aircraft acquisition is part of a

package which will include the establishment of a BAe-approved maintenance facility at Safair's Jan Smuts Airport base, and will allow the airline to service other southern African-based BAe 146s and Airbus A320 aircraft.

Air Botswana has two BAe 146s and Air Zimbabwe one. At present these have to be flown back to the UK for any major service and overhaul work.

In April Safair advertised in leading aviation magazines in a bid to attract maintenance contracts from operators of Boeing 707 jets and smaller propeller-powered commercial aircraft.

The airline's sister company, Trek Airlines, has ordered a number of A320s. But, said Loots, the holding company, Safren, had not placed any pressure on Trek to contract its maintenance work to Safair.

Loots said the new BAe 146-100 would give Safair an advantage over any other competitors who entered SA's express cargo market. The aircraft, known for its quietness, is one of few allowed to land and take off during the night at airports close to built-up areas.

Although there were no noise restrictions at SA's major airports, the imposition of noise-prevention curfews was imminent, and Safair would still be able to operate without disturbing people living close to airports, he said.



# Planners upgrade Athlone transport

## Municipal Reporter

HUNDREDS of Mowbray residents have objected to a scheme to increase the size and capacity of the bus terminus in their suburb.

Many of them want a major public transport interchange to be in Athlone instead, to minimise the number of buses arriving in Mowbray.

Planners have now come up with a compromise scheme in terms of which Athlone's transport infrastructure is significantly upgraded.

However, there will still be a bus service between Athlone and Mowbray along Klipfontein Road, which is now the most

269 of 4/6/91  
heavily loaded bus route in Cape Town's metropolitan area

There is a bus-only lane between Vanguard and Jan Smuts drives, which planners had originally intended to extend towards Mowbray. However, the plan ran into flak from Mowbray.

Strong opposition to the proposed bus priority scheme was voiced at a meeting held in the Mowbray Civic Hall. The council also received 54 written objections (46 of them from Mowbray), and a 349-signature petition objecting to the scheme.

A report before the utilities and works committee yesterday recommended that Athlone terminus should be improved by

building a pedestrian bridge to provide street-to-street access across the Cape Flats line; providing four bus bays along Aden Avenue; a minibus taxi terminus on the eastern side of Athlone station, and parking at the station.

Land will also be reserved in this vicinity for possible future expansion.

Consultants found there would be several problems in trying to encourage more people to use Athlone rather than Mowbray as the place to change from bus to train or vice versa.

One was that the peak-hour train frequency on the Mowbray line is 15 trains per hour, compared with the seven per hour on the Cape Flats line.



## DP backs Labour defections to NP

BILLY PADDOCK

CAPE TOWN — The DP yesterday backed Labour Party members defecting to the NP, saying it was a healthy development for SA's politics. *B1 Day 5/6/91*.

Speaking during a minidebate, DP constitutional affairs spokesman Denis Worrall said the politics of the new SA would have a strong ethnic component as displayed throughout Africa.

This did not need to conflict with the ideal of creating a non-racial and democratic country as it was possible to devise mechanisms accommodating the multiethnic nature of SA's society.

The defection of 35 Labour members to the NP during the past two weeks was a healthy development because it was intended to forge politics of common interest rather than on a basis of race, Worrall said.

The crossover racial polarisation would be reduced during the transition process and the NP would be forced to develop a non-racial political culture.

This was a healthy development because it would leave the CP isolated as the only political party with a colour bar.

However, the new development strengthened perceptions that parliamentary parties were gang-ing up against nonparliamentary parties, Worrall said.

# Transport still to be subsidised <sup>(269)</sup> Meyer

*B1 Day 5/6/91*

TRANSPORT subsidies had cost government R1,3bn over the past year, and it would continue its subsidy policy but at a reduced rate, Transport director-general Ronnie Meyer said yesterday.

"After the recent appearance of negative reporting on public transport in the media, it is necessary to place certain aspects of this issue in perspective," he said in a statement.

"The government will continue to pursue a subsidy policy in which the users of public transport, and not the passenger transport companies, are subsidised," he said.

Government put the interests of commuters first when deciding on public transport policy.

Government strived on one hand to remain within an affordable budget, and on the other hand to supply inexpensive public transport.

"Government has in the past year contributed about R1,3bn to passenger transport subsidies. Bus subsidies alone amounted to R626m last year. With the limited funds at its disposal, the government can, however, no longer afford the present rate of subsidies," he said.

In the case of KwaNdebele, for example, passengers travelling about 130km payed R22,70 for a 10-trip ticket. The Transport Department subsidised these passengers by R61,00. For

a 52-trip (monthly) ticket passengers payed R118,00 and the department payed R317,24.

In the case of Johannesburg to Orange Farm where the average distance travelled was 48km, the passenger payed only R19,50 a week while the department contributed R37,50 a week.

Meyer said despite the significant amount of money that was allocated annually to bus subsidies, about 5% of passengers still payed more than half of their incomes on transport and received about 15% of the subsidy amount. Government was not satisfied with the situation, and was giving it its attention.

Employers would, however, have to make a greater contribution to workers' transport costs.

A further problem adding to the industry's woes was the poor financial situation many private companies were in.

Boycotts, stayaways and intimidation — normally accompanied by violence — could result in further cost pressure on the bus passenger services and contributed to instability in the industry.

Transport Minister Piet Welgemoed and the Transport Department were negotiating with the relevant parties on the problems in the industry, Meyer said — Sapa

## HOUSE OF ASSEMBLY

## QUESTIONS

† Indicates translated version

For written reply

General Affairs

## Budget: deficit before loans

52 Dr W J BOTHA asked the Minister of Finance †

(1) What was the last financial year in which there was no deficit before loans in the budget,

(2) (a) how large was the deficit before loans for each financial year since the financial year referred to in paragraph (1) above

and (b) what percentage did each such deficit represent of the (i) State Revenue Account and (ii) gross domestic product of the financial year concerned? B75E

## The MINISTER OF FINANCE

During the 1976/77 financial year, the separate revenue, loans and Black Education Accounts were replaced by the present single State Revenue Account. In addition the SWA Account lapsed in 1979/80 and was replaced by a transfer which was deposited in the Central Revenue Fund of SWA.

As a result of the above-mentioned changes, the deficit before borrowing (as presently calculated) is not strictly comparable with previous periods. However, the Department published series of comparable figures in the Statistical/Economic Reviews (1983/84 to 1990/91). The following calculations are derived therefrom

	Total actual expenditure <sup>1)</sup>	Total actual expenditure <sup>2)</sup>	Deficit before borrowing	Deficit as % of total expenditure	Deficit as % of total GDP
	Rm	Rm	Rm		
1973/74	4 405,4	4 058,8	346,6	7,9%	1,6%
1974/75	5 500,9	4 817,0	683,9	12,4%	2,7%
1975/76	6 803,4	5 486,3	1 317,1	19,4%	4,7%
1976/77	8 244,6	6 357,0	1 887,6	22,9%	6,0%
1977/78	8 960,5	7 016,4	1 944,1	21,7%	5,5%
1978/79	9 955,3	8 138,4	1 816,9	18,3%	4,4%
1979/80	11 441,0	9 787,5	1 653,5	14,5%	3,3%
1980/81	13 595,4	13 310,3	285,1	2,1%	0,5%
1981/82	16 431,3	14 416,3	2 015,0	12,3%	2,8%
1982/83	19 183,0	17 173,0	2 010,0	10,5%	2,4%
1983/84	22 316,8	19 087,7	3 229,1	14,5%	3,4%
1984/85	27 130,0	23 425,9	3 704,1	13,7%	3,3%
1985/86	32 908,4	29 320,1	3 588,3	10,9%	2,8%
1986/87	40 247,4	34 135,9	6 111,5	15,2%	4,1%
1987/88	47 449,8	37 892,5	9 557,3	20,1%	5,6%
1988/89	55 926,7	48 071,4	7 855,3	14,0%	3,8%
1989/90	65 517,4	61 101,3	4 416,1	6,7%	1,8%
1990/91*	74 730,6	67 379,5	7 351,1	9,8%	2,7%

HOUSE OF ASSEMBLY

## The MINISTER OF FINANCE

Sources Statistical/Economic Review 1983/84 to 1990/91

Budget Review, 20 March 1991

- 1) Excluding discount on sale of new stock
  - 2) Excluding loan levy, revenue for standing allocations, transfers from reserve accounts and privatisation income
- \* Revised estimate

## Toys from the Far East: importation figures

365 Mr D G H NOLTE asked the Minister of Finance †

(1) What did the importation of toys from the Far East amount to in each of the latest specified three financial years for which figures are available,

(2) whether the Government, with a view to preventing foreign exchange losses as a result of the importation of toys of poor quality, is exercising control over the quality of imported toys, if not, why not, if so, what control? B975E

## The MINISTER OF FINANCE

(1) The following statistics are in respect of calendar years since they are not available for financial years

1988 — R49 845 714  
1989 — R44 157 192  
1990 — R53 263 965

(2) No Neither legislation nor any other provisions exist according to which the Department of Finance or the Reserve Bank can enforce quality control measures on such goods

## Toll roads/shares in toll-road companies: investments

385 Adv M J MENTZ asked the Minister of Finance †

Whether any (a) insurance companies and/or (b) other institutions have been granted permission to invest in toll roads or shares in toll-road companies, if so, (i) which (aa) insurance companies and (bb) other institutions and (ii) to what percentages of (aa) income from premiums and/or (bb) cash surpluses, in each case? B1017E

(a) and (b) No

(i) and (ii) Fall away

## Commuters transported from Qwaqwa: subsidies

396 Mr J J WALSH asked the Minister of Transport

(1) What total amount was paid out in subsidies to companies transporting commuters between (a) Qwaqwa and Harrismuth, (b) Qwaqwa and Bethlehem, (c) Qwaqwa and the Orange Free State Goldfields, (d) Qwaqwa and Kroonstad and (e) Qwaqwa and the PWV area in respect of the 1984-85, 1987-88 and 1989-90 financial years, respectively,

(2) how many commuters were involved in each of these financial years? B1025E

## The MINISTER OF TRANSPORT

(1) Bus Companies *per se* are not granted any subsidies, however the total subsidy amounts which have been paid during the relevant financial years with regard to commuters, between the relevant places, are as follows

(a) Qwaqwa and Harrismuth —

Financial year	Subsidy amount
1984/85	R1 736 752,87
1987/88	R3 490 952,54
1989/90	R3 561 039,10

(b) Qwaqwa and Bethlehem —

Financial year	Subsidy amount
1984/85	R 76 618,50
1987/88	R 203 036,30
1989/90	R 195 136,85

(c) Qwaqwa and the Orange Free State Goldfields—None

(d) Qwaqwa and Kroonstad—None

(e) Qwaqwa and the PWV area—None

HOUSE OF ASSEMBLY



- (2) The number of commuters involved in each of the relevant financial years is not available. The number of subsidised trips determined according to the number of bus tickets sold, between the relevant places is as follows

(a) Qwaqwa and Harrismuth —

Financial year	Number of commuters
1984/85	2 912 572
1987/88	3 969 196
1989/90	4 180 716

(b) Qwaqwa and Bethlehem —

Financial year	Number of commuters
1984/85	187 538
1987/88	164 358
1989/90	148 824

- (c) Qwaqwa and the Orange Free State Goldfields—None  
 (d) Qwaqwa and Kroonstad—None  
 (e) Qwaqwa and the PWV area—None

#### Lohathla farms: Coloured farmers

399 Mr J H HOON asked the Minister of Public Works and Land Affairs —

- (1) Whether certain farms that were earlier purchased for the purposes of the South African Defence Force at its Army Combat School at Lohathla have since been made available to Coloured farmers for their use, if so, (a) which farms and (b) what is the size of each farm,  
 (2) whether these farms have been alienated to another body or person, if so, (a) to what body or person and (b) at what price

#### The MINISTER OF PUBLIC WORKS AND LAND AFFAIRS

- (1) Yes, but also for other requirements of the community. As the presence of a number of Coloured families (Xhosa community) in the centre of the training site of the Army Combat School at Lohathla obstructed the proper use of the area for training purposes and also endan-

HOUSE OF ASSEMBLY

gered the lives of the community, it has been decided, in conjunction with the parties concerned, to move the community to another part of the training site. The following properties have been placed at the disposal of the Administration House of Representatives for this purpose

- (a) (i) Seretsencho 443  
 (ii) Metsenten 444  
 (iii) Heuningvlei 442  
 (iv) Goedgedacht 452  
 (v) Portions of Farms 438 to 441 and Mimosa 454  
 (b) (i) 1 951 hectares  
 (ii) 1 951 hectares  
 (iii) 3 889 hectares  
 (iv) 3 318 hectares  
 (v) 2 881 hectares

(2) No

Own Affairs

#### Building of housing units in RSA

79 Mr P G SOAL asked the Minister of Welfare, Housing and Works

Whether his Department intends building any housing units in the Republic in 1991, if not, why not, if so, (a) in which centres will they be constructed and (b) how many units will be constructed in each of these centres?

The MINISTER OF WELFARE, HOUSING AND WORKS

Yes, the Department of Local Government, Housing and Works approved funds for the 1991/92 financial year to enable local authorities and welfare organisations to erect housing units in the following regions

(a)	(b)
Northern Transvaal	894
Southern Transvaal	1 519
Natal	218
Eastern Cape	350
Western Cape	1 078
Northern Cape	42
Orange Free State	175

#### INTERPELLATIONS UNDER NAME OF MEMBER

Burrows, Mr R M—  
Own Affairs

Education and Culture, 603, 1064, 1666  
Welfare, Housing and Works, 1252

Herandien, Mr C B—  
Own Affairs  
Housing, 125

Carlisle, Mr R V—  
General Affairs  
Home Affairs, 10

Hoon, Mr J H—  
General Affairs  
Foreign Affairs, 1428  
Planning, Provincial Affairs and National Housing, 567

Cassim, Mr M F—  
Own Affairs  
Education and Culture, 345

Jacobs, Adv S C—  
General Affairs  
Home Affairs, 421  
National Education, 1221

Chetty, Mr K—  
General Affairs  
Law and Order, 681

Landers, Mr L T—  
General Affairs  
Justice, 251

Dalling, Mr D J—  
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Langley, Adv T—  
General Affairs  
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Eglin, Mr C W—  
General Affairs  
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Leon, Mr A J—  
General Affairs  
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Gerber, Mr A—  
Own Affairs  
Education and Culture, 36, 460, 1554, 1759

Haswell, Mr R F—  
General Affairs  
Law and Order, 286  
Planning, Provincial Affairs and National Housing, 65

Le Roux, Mr F J—  
Own Affairs  
Chairman of the Ministers' Council, 1339



SA AIRWAYS is believed to have lost R60-million in the year to March 1991.

The huge turnaround from profit in the previous year to loss raises fears of steep increases in the cost of fares

Although the figure is an unaudited internal estimate, sources in the airline say R60-million is not far off the mark. Other sources, however, say the figure could be R30-million.

The loss can be attributed to the worldwide recession, the damaging effects of the Persian Gulf war on tourism and falling domestic traffic, said to have resulted in a 16% drop in volume

Many international carriers have suffered a plunge in the number of passengers carried. It is estimated that in the first quarter of the year their revenue dropped by \$2,7-billion.

## Tunnel

SAA made a profit of R62-million in the previous year, but R15-million was lost on the domestic operation. SAA's foreign operations ran at a profit of R77-million.

SAA has relied on profits on its international routes for years to subsidise domestic tariffs. This has been achieved partly by agreements with other airlines flying to SA which have kept fares relatively high. The fact that SAA could operate profitably even though it must take the longer route around the bulge of Africa on most of its flights demonstrates this

It has also used the Air

# SAA dives into R60m year's loss

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S Times (Sun Times) 9/6/91

By ROGER MAKINGS

Services Act which gives it powers to restrict cheaper charter flights to SA for freight and passengers to protect its business.

This policy drew criticism from hoteliers who are hungry for business from foreign tourists.

SAA senior manager, public relations, Leon Els says the loss will not mean a lay-off in staff or affect delivery of 10 aircraft worth R3,5-billion on order

"This loss is not the end of the world. There is light at the end of the tunnel. We hope that our new generation of cost-effective aircraft which start arriving this month, along with routes opening up to us, will reverse this setback."

Another factor that could improve SAA's accounts is the lifting of sanctions. It may soon be able to resume its services to the US and

Australia and may be given the go-ahead to fly to Japan.

Mr Els says SAA is continually looking at ways of cutting costs, including the re-evaluation of loss-incurring routes, both international and domestic, and the ban on employing new staff members

Total staff complement has fallen by 1 000 in the past few years, making it more difficult for the airline to follow its policy of employing more blacks.

## Bilateral

SAA will soon face competition on its routes to the Far East.

Until now, SAA has held the lucrative Pacific Rim monopoly, but it will have to share its load with the likes of Cathay Pacific, China Airlines and Singapore Airlines.

Mr Els says, "Initially we expect profits to fall, but they will pick up as the incoming airlines begin to market SA as a tourist destination."

# Well spotted, Mrs Goddard

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new route three hours before take-off from Heathrow Passengers, with the exception of one, were none the wiser about their historic flight over Africa until an hour before landing at Jan Smuts.

Said Captain Alan Dros. "A lady passenger, Ann Goddard of the UK, came to the cockpit as we crossed over Portugal and told me we were going the wrong way."

"She said she had just seen the Tagus River in Portugal, when we shouldn't have been over the ocean. I couldn't spill the beans about the new route in case of a last-minute change of plans, so all I said was, 'You're very observant, ma'am'."

## By ROGER MAKINGS

Gert van der Veer, said yesterday it was only a matter of months before the airline would be overflying the Sudan and Egypt, saving another hour.

The first of the aircraft to cross over Africa was SAA's new Boeing 747-400, Durban, which left Heathrow airport at 7.40pm (SA time) to land at Jan Smuts at 6.50am yesterday — saving 80 minutes' flying time.

At the controls of the aircraft were four senior SAA captains who were only told of their hush-hush

THREE SAA Boeings quietly crossed over Africa to and from Europe on Friday night, ending a 28-year-old Organisation of African Unity embargo.

And only one passenger appeared to notice.

Instead of flying around the bulge of Africa, as the airline has been doing since 1963, the three jumbos overflew Morocco, Mauritania, Mali and the Ivory Coast, cutting more than an hour off each of their flight times.

From last night all flights to Europe will fly this route, and although this is not the shortest way over Africa, SAA's chief executive,



HAPPY LANDINGS... Chester Chandler, Willem Lourens and Alan Dros. Picture: COBUS BODESTEIN

# SAA is overflying the bulge

Also on board was Mrs M Penny of Durban who was on the first flight 28 years ago that had to fly around the bulge when the OAU suddenly cancelled SAA's overfly rights.

Captain Willem Lourens said there were no complications from the four African countries' air traffic controllers. "We were treated just like any other foreign flights from the time we flew over Casablanca to the time we left Abidjan."

Regarding the western route over Africa, the chief director, flight operations, Captain Mickey Mitchell, said matters would improve. "We see further reductions in flying time once relations with Angola normalise."

Mr Van der Veer said that the shorter route, which meant a substantial saving in fuel bills, would not mean lower air fares.

"The saving is not a significant part of the total fuel bill. All it will mean is that we will be able to keep fares down for that much longer."

"We will also be more competitive and slowly level the playing fields," he said, hinting at cheaper package fares to Europe.

He said that SAA had good relations with all African airlines, adding that Egypt Air would, in two weeks' time, fly eight charters, to Johannesburg, bringing SA Muslims back from the Haj festival in Jeddah.

And it was only a matter of time before Kenya and Nigeria airways began flights to Johannesburg, he said.

Asked whether he was jubilant over the new turn of events, Mr Van der Veer said "Not jubilant, but pleased. There are however bigger and better things to come."

"African countries have realised the benefits of co-operation with SA and the need to join forces for economic survival."

After Captain Dros announced the new route to passengers he received a note: "A lovely flight. Thank you. I knew you were going the wrong way" — Ann Goddard.

## SAA report expected to show R120m nosedive

LINDEN BIRNS

UNAUDITED SAA financial results, disclosed unofficially at the weekend, point to a massive R120m earnings turnaround, with a loss of some R60m expected for the year to end-March compared with 1989/90 reported profits of R62m.

Spokesman Leon Els confirmed yesterday that SAA was expecting to report a loss for the period, but declined to specify the amount. He also confirmed that prospects for an improvement to the bottom line during 1991/2 were slim, with rival local airlines poised to snatch as much as 25% of SAA's domestic passenger and freight business when the market is deregulated. *6/Day 10/6/91*

SAA spokesman Zelda Roux attributed the 1990/91 losses to the world recession and Gulf crisis.

She said the airline's purchase of 11 new aircraft and spares, worth R3bn, had not contributed to the losses, as these payments were spread out over a number of years.

However, during the remainder of this financial year SAA would have to carry the added burdens of quarterly repayments.

SAA was studying ways to cut costs, generate revenue and increase productivity, Els said.



# New SAA route deal near

PERMISSION for SAA to fly a short route over East Africa to Europe could be formalised within days, cutting flying time by up to 90 minutes

The latest signs of a relaxation of the East Africa overflight ban surfaced yesterday when a senior SAA spokesman confirmed he had learned that Sudan's government had verbally approved overflight rights for SAA. *BID am 10/6/91*

Spokesman Leon Els said the airline was still waiting for the permission to be issued in writing

Sudan is the missing link stopping SAA from flying to Europe on the route used by foreign airlines, over Zimbabwe, Zambia, Zaire, Sudan and Egypt

On Friday evening SAA was given permission to overfly Morocco, Mauritania and Mali en route to SA from Europe, clearing the way for its first over-the-

LINDEN BIRNS

bulge flights to and from Europe in 23 years

Being able to fly over East Africa would cut as much as another 90 minutes off the new "over-the-bulge" flying times, said Els

SAA CE Gert van der Veer said despite significant fuel savings on the more direct route flight, there were no plans for a cut in airfares.

Els confirmed that SAA and Japan Airlines (JAL) had held ground-breaking discussions regarding bilateral rights for flights between Johannesburg and Tokyo.

"JAL have made their initial approach to us, and have gone back to the Japanese government to get final authorisation to begin flights," he said.

□ To Page 2

## SAA

*BID am 10/6/91*  
JAL could be the fourth Far Eastern airline this year to secure rights to begin flights to SA. Hong Kong's Cathay Pacific Airlines, Taiwan's China Airlines and Singapore Airlines have all established offices in Johannesburg in preparation for starting up services

Talks on the reinstatement of air links between SA and Australia were progressing "extremely well", said Els

He said a key mover behind the developments was Australian Foreign Minister Gareth Evans, who visited SA last week

SAA was still waiting for the US government's permission to resume flights to New York.

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Once gained, it planned three flights a week between the US and SA

THEO RAWANA reports that SAA's long-haul pilots have been practising simulated take-offs and landings at New York's John F Kennedy Airport and Australia's Perth and Sydney airports in preparation for the resumption of flights to those destinations

This was confirmed on Friday by SAA spokesman Zelda Roux

SAA recently secured landing rights in Kenya, Madagascar and Sao Tome, and renewed ties with Ivory Coast. It also has landing rights in Namibia, Botswana, Mozambique and Malawi

## Cape study on transport

15/04/11/6/11  
LINDA ENSOR

CAPE TOWN — A delegation of transport experts has just returned from a trip abroad to study transportation possibilities for the Cape Town area, including options to the proposed Khayelitsha-Blue Downs rail link. (269)

MEC Peter Schoeman, and Cape Provincial Administration (CPA) roads engineers Tiens Kruger and Roy Petersen visited Brazil, North America, Singapore, Hong Kong and Taipei.

The proposed 10km rail link is due to be presented to administrator Kobus Meiring within the next few weeks for decision. If approved, the proposal would then be submitted to the Transport Department.

(i) Name of member of the Transvaal Townships Board	(ii) Age	(iii) Date of appointment	(iv) Academic qualifications	(v) Past employment experience	(vi) Cities of residence of members
Mr J S v/d Walt	70	1 May 1991 (Reappointment)	Matric	Retired Town Clerk	Pretoria
Mr D P Wilcocks	78	1 May 1991 (Reappointment)	BA Law	Retired Magistrate	Pretoria
Mr D G Raath	68	1 May 1991 (Reappointment)	BSc Land surveying	Retired TPA official (Landsurveyor and Town and Regional Planning)	Pretoria
Mr G Visser	66	1 May 1991 (Reappointment)	Matric	Retired Public Servant	Pretoria

**Goedgevonden farm incident: SADF involvement**

400 Adv T LANGLEY asked the Minister of Defence †

(a) How many (i) officers, (ii) non-commissioned officers and (iii) privates of the South African Defence Force were involved in the events on the farm Goedgevonden near Ventersdorp on 11 May 1991 and (b) how many such (i) officers, (ii) non-commissioned officers and (iii) privates were (aa) White, (bb) Blacks, (cc) Coloureds and (dd) Indians? *(Signature)* B1062E

**The MINISTER OF DEFENCE**

- (a) and (b)
- |              |      |        |
|--------------|------|--------|
| (i)          | (ii) | (iii)  |
| (aa)         | 21   | 17 139 |
| (bb) to (dd) | 0    | 0 0 0  |

**Goedgevonden farm incident. SAP involvement**

401 Adv T LANGLEY asked the Minister of Law and Order † *(Signature)*

(a) How many (i) officers, (ii) non-commissioned officers and (iii) constables were involved in the events on the farm Goedgevonden near Ventersdorp on 11 May 1991

**HOUSE OF ASSEMBLY**

(1) What total amount did the State obtain from the payment of licence fees and the fuel levy by production consumers in the latest specified financial year for which figures are available,

(2) (a) what amount has been voted in respect of the maintenance of roads for the provinces for the next financial year and (b) what are or were the actual needs for this financial year,

(3) what amounts did the State collect as a result of the toll-road system in the financial year mentioned in paragraph (1),

(4) (a)(i) what is the cumulative total financial backlog of all the provinces in respect of the effective maintenance of the existing road network and (ii) in respect of what date is this information furnished and (b) to what extent did heavy vehicles contribute to the above-mentioned backlog in each of the latest specified 10 financial years for which information is available?

B1084E

**The MINISTER OF TRANSPORT**

(1) During the 1990/91 financial year the State received R656,3 million from the payment of licence fees. The revenue

from the levy on fuel is classified information in terms of the Petroleum Products Act, 1977 (Act No 120 of 1977) and is therefore not readily available to my Department

(2) (a) For obvious reasons, it is impossible to disclose the amounts to be allocated from 1992/93, at this stage. However, the amount which has been appropriated for 1991/92 is R564 million

(b) The demand for 1992/93 is not known at this stage. The demand for 1991/92 is currently estimated at R1 150

It serves to mention that the above-mentioned amounts involve provincial roads and not national roads as well

(3) The State collected R105,3 million through toll fees during the 1990/91 financial year

(4) (a) (i) The cumulative, total backlog of the provinces in respect of the maintenance of roads is estimated at R586 million

(ii) 1 April 1991

(b) Approximately 63% for the 1981/82 to 1990/91 financial years

Payments of licence fees/fuel levies: total amount  
411 Mr J CHIOLÉ asked the Minister of Transport † *(Signature)* **269**





**S A I S U N A N D A W A Y**

abg

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CT 15/6/91



# SA is up and away

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□ From Page 17

The incorporation of the new aircraft, four 747-400s and seven A320s by the end of next year, coincides with SAA's route expansion programme, currently buoyed along by the changing international attitudes towards SA.

The Far East economic powerhouses — Hong Kong, Taiwan, Singapore and Japan — represent by far the largest interest area in forging stronger air links with SA

In the first week of July Hong Kong's Cathay Pacific Airlines will be the first Far Eastern carrier to land at Jan Smuts airport, Johannesburg. The green and white Jumbo to be flown, ironically, by an all-South African cockpit crew.

China Airlines will be second in line in September and have already begun advertising for local staff to man their SA offices.

Singapore Airlines and Japan Airlines (JAL) have still to formally an-

nounce when they will begin flights to SA.

SAA will, through rights entrenched in bilateral contracts with the relevant airlines, be able to expand its services to Tokyo and Singapore. It already has regular flights to Hong Kong and Taipei.

A spokesman said that the two month-old route to Abidjan in the Ivory Coast via Kinshasa in Zaire, was being re-evaluated and that if passenger demand was not high enough, the route might either be altered or worse still, cancelled.

## Internal services

The service is operating at half of the permitted capacity, which represents a serious under-usage of the aircraft. The Boeing 737s used on the Abidjan flights may only carry about 60 passengers, the loss in revenue compensating for the extra fuel load which the aircraft needs to carry in order to reach Abidjan.

For the time being SAA

does not have to worry about strong regional competition, but this situation could change if SA's international aviation policy was to be deregulated.

If this happened then foreign airlines could be allowed to carry passengers and freight on routes anywhere in the region. Van der Veer recently called on the region's national airlines to consider joint ventures in order to protect the industry and local jobs, from being gobbled up by the world's so called "mega-carriers".

In August SA's domestic air service market will become deregulated, allowing for other SA airlines to compete with SAA on principal and secondary routes.

Trek Airways — soon to be renamed — is gearing up to snatch at least 25% of SAA's business on flights between Johannesburg, Durban, East London, Port Elizabeth and Cape Town. One SAA regional manager recently said he predicted Trek would probably take about 30% of SAA's business on these routes.

Trek is to lease a number of Airbus A320 aircraft, similar to those SAA has ordered, with which it will establish its services.

**ANNOUNCEMENTS** about South Africa's expanding air links with Africa and the rest of the world are being made almost daily. Diplomatic sources say there will soon be flights to Australia and the US and SAA is shedding and acquiring aircraft. **LINDEN BIRNS** and **MARILYN KEEGAN** investigate.

SAA is flexing its ailerons — particularly in Africa — as political reform, albeit grinding, takes its course. For the first time in 28 years, SAA last week flew over Africa (cutting off a distinct wedge of Africa's bulge and saving an hour's flying time) by overflying Ivory Coast, Mali, Mauritania and Morocco.

And SAA's spokesman, Leon Els, told Top of The Times yesterday he predicted air links between South Africa and Australia first and then the United States, could be on the cards within the next six months.

Australia's ambassador

to South Africa, Colin McDonald, said air links could be restored by Christmas if political reforms remained on track. A spokesman from the Australian embassy in Pretoria said yesterday that the first sanctions scrapped would be air links and this could be expected "shortly" although an exact schedule was difficult to predict.

Sources close to SAA confirmed that talks have taken place between the airline and the Australian national carrier, Qantas.

A US embassy spokesman said yesterday that when sanctions were removed, landing rights for SAA in the US would certainly be among the first issues to be considered.

SAA's 747 pilots regularly practice simulated

take-offs and landings for New York's John F. Kennedy (JFK) and Perth and Sydney airports in preparation for the reintroduction of flights, SAA spokesman Zelda Roux said this week.

## Difficulties in US

SAA will at first operate only three flights a week to the US once landing rights are restored. Before flights were stopped SAA had five flights a week from Johannesburg to New York.

Pan Am used to hold the reciprocal rights to fly to South Africa, but now that they are facing certain bankruptcy, are unlikely to bid for the licence.

A spokesman for American Airlines — the US's biggest airline — said he doubted whether any US airlines would be interested in scheduled flights to SA.

He said: "The market is just not big enough for a major carrier to justify setting up a new route".

If recent US reports are correct SAA may not even be able to land at New York and could have to apply for landing slots at Boston, Washington or Philadelphia, as JFK and Newark have no vacant

slots and La Guardia airport was reserved for domestic US flights only.

SAA spokesmen were unable to confirm this, but said if this were the case, then they would negotiate hard for a slot at JFK. In the past SAA used to dock its aircraft at the British Airways terminal at that airport.

Complicating the SA-US landing rights issue is that section 306 of the US sanctions legislation abrogates a 1947 landing rights agreement which will have to be re-negotiated between the two countries.

SAA is still waiting for the final thumbs up from the Sudanese government before it can re-route its European flights over East Africa. This will chop 90 minutes off the "over the bulge" times, saving the airline nearly another R100 000 a flight in each direction.

Despite the savings, the airline will not be cutting its fares. SAA chief executive Gert van der Veer said the airline would probably be able to stabilise fare increases for a while. Thanks to the poor dollar/rand exchange rate, SAA has to contend with higher real overhead and running costs than

airlines based in countries with stronger currencies.

## Cutting costs

The last year has also seen SAA expand its route network within Africa, with air links now established with 18 countries. The most recent of these has been the resuscitation of links with the Seychelles — Air Seychelles's first flight to Johannesburg will be early next month.

Landing rights were granted to SAA by Kenya, Zaire and Madagascar and the Comores. Overflight rights were granted recently by Congo, Gabon, Mauritania, Mali, Morocco, Egypt, Senegal and Ivory Coast, and Angola is expected to follow, once the security situation has stabilised there.

SAA also has scheduled flights to Botswana, Namibia, Mozambique, Zimbabwe, Zambia, Zaire, Malawi, Kenya, Mauritius, Reunion, the Comores and Ilha da Sol. Reciprocal arrangements are in place between SA and Lesotho, Swaziland and the TBVC states, whereby aircraft from those countries may fly to SA, but where SAA does not offer flights. SAA

also permitted to land on Sao Tome, an island just off the "bite of Africa".

The recession coupled with the ripple effects of the Gulf war has meant that SAA, like others worldwide, has to streamline its operations for cost efficiency.

Within three weeks SAA will confirm its decision to sell off some of its Boeing 737s and withdraw its Airbus A300s from domestic service in an attempt to tailor the airline's fleet and cut down on over-spending.

New Airbus A320s — the first of an initial order of seven due for delivery in November — will replace the ageing 737s and their older A300 sister-aircraft on regional and domestic routes.

## Pacific rim

SAA spokesman Leon Els said this week that the new acquisitions, including two Boeing 747-400s, would help put the airline back in the black. Last week it was learned that SAA suffered a nose-dive turnaround and has crashed into the red with losses estimated to be about R60 m for the last operating year.

□ To Page 18





# Cathay brings

## Japan closer

*(Business Times)*  
CATHAY PACIFIC'S direct flights to SA, beginning next month, will bring the struggling tourist trade closer to the fastest-growing market in the world — Japan.

The number of Japanese tourists heading for world destinations has grown in recent years to more than 11-million outgoing travellers a year.

The total is expected to rise by 12% this year, says Cathay Pacific marketing director Rowland Cobbold.

About 44% of Cathay Pacific's bookings on its route to Jan Smuts Airport are business travellers. Tourists make up the rest.

Mr Cobbold says "Japan could be an important market for South Africa — the potential is there."

"A good selling job will have to be done because you are far away from Japan. Japanese travellers do not like to away from home for long."

### Capital

Japan's reduction of restrictions on trade with SA and the probable lifting of the ban on investment will also increase travel between the countries.

"Japan is probably the biggest exporter of investment capital in the world," says Mr Cobbold.

The ability of South Africans to travel to the Far East has been hit by the low rand, but there are moves to reduce the cost of holidays in the region.

The Western Pacific Rim is the growth area for air travel in the next 10 years. Cathay Pacific has been

### Business Times Reporter

watching flights between Hong Kong and SA for two or three years and has grown steadily off a low base.

"We did the sums and the SA route looked good."

Mr Cobbold says Cathay Pacific is looking for a 70% load factor on the new route and he is satisfied with early bookings.

The first flight is almost fully booked and other bookings are coming in steadily.

"Some flights are heavily booked and others are weak. But every time we open a route, we find traffic increases once the first flights have landed. You need the product on the shelves."

# SAA may start day flights to Europe

S Times 16/6/91

By ROGER MAKINGS

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SAA may begin daylight flights to some of its European destinations when the airline gets permission to overfly the Sudan.

This week SAA made major changes to its European timetable to retain arrival slot times at busy foreign airports.

The aircraft, since they began overflying western Africa last weekend, have cut an hour off their flying time. This meant leaving Jan Smuts an hour later so as to land at congested overseas airports at the appointed time.

Some flights have had to leave Jan Smuts as late as 10.30pm and a Cape Town-London flight after midnight.

Permission to overfly the Sudan will chop another hour off flying time which will mean taking off even later at night and which may not suit some passengers who face long waits before leaving.

The airline is trying to negotiate new

arrival slots, but this can take time, and may not even be possible.

"No decision has been taken and we are looking at all options, one of which is daylight flights, but this will depend on whether we can get new slots in Europe," said SAA media manager Zeldá Roux.

If changes can be made, the flights most likely to be affected will be those to the tourist destinations of Paris, Vienna, Milan, Tel Aviv and Lisbon where it would also be easier to get new slot times.

The business destinations of London, Frankfurt and Zurich are not likely to be changed as businessmen, who make up more than 60 percent of the revenue gained on these flights, prefer to travel overnight so as not to lose a working day

Another consideration for businessmen is connecting flights which are more frequent during the day than early evening flights.

Miss Roux said the benefits of daylight flights were that passengers would not be jet-lagged on arrival and that aircraft could leave again the same night resulting in greater productivity.

## Stop-overs

She added that some stop-over routes may also be affected as in the case of the Zurich-Tel Aviv flight which could become two separate flights.

The airline was in constant contact with travel agencies and its frequent fliers who would indicate if there was a demand for daytime travel, she added.

Mr Ron Haywood, deputy director-general of the SA Chamber of Business, said although most businessmen, to whom

time was of the essence, would prefer night flights, he was sure that a percentage would like the option of day flights.

"This would be particularly true of group travel where business was combined with pleasure or weekend departures when nothing could be done on arrival anyway."

He said day flights were more relaxing and entertaining and gave businessmen a chance to socialise with colleagues.

Mr Haywood didn't think the later departures would worry most businessmen who would merely eat at home, enabling them to get to sleep that much sooner on board the aircraft.

Mr Rodger Butt, a director of a major travel agency, said he felt sure businessmen would appreciate the option

"I prefer day flights, as they are more relaxing."

# 200 kitscops keep watch on stations

Crime Reporter ~~251~~

~~264~~ TWO HUNDRED special constables were deployed at railway stations throughout the Peninsula at the weekend as part of a police and Rail Commuter Corporation plan to halt violent crime on commuter trains and station/platforms.

This was disclosed yesterday by police spokesman Major Gys Boonzaaier, who said the special constables would first undergo a three-month in-service training stint before being posted at newly established police stations at several railway stations.

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The recruits, who will be supervised by the SA Police's Mobile Unit, will also do duty on trains. Major Boonzaaier said that since their deployment on Saturday, several arrests had been made.



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# NSRC to be investigated

Own Correspondent

**JOHANNESBURG.** — Allegations that the National Road Safety Council was a failure prompted a government investigation into the council's role, Transport Department deputy director Mr Malcolm Mitchell said yesterday.

More than 200 road deaths were recorded at Easter this year — no reduction from the previous two years.

Mr Glenn Babb (NP nominated) said the NRSC spent R25 million a year, mostly on public relations instead of on training, law-enforcement and other executive actions.

Transport Minister Dr Piet Welgemoed recently announced that the NRSC could be included in a restructuring of the department that was already under way.

A road safety expert said yesterday that the one common denominator in the poor safety record on South African roads was the NRSC and its relationship with the government.

"The Road Safety Council has shown a remarkable ability in keeping aloof and avoiding any form of criticism."

He said virtually all road safety inquiries made by the public to the government were referred to

the NRSC, which in turn failed to respond.

Politicians who refused to take responsibility for the chaos on South Africa's roads should be shown up for what they were, he said.

NRSC director Mr Eric Wise was not able to elaborate on a possible restructuring programme, but said critics largely misunderstood the workings of the council.

Mr Wise said the NRSC spent only R1,2m of its budget on public relations, a function which was absolutely necessary to keep the public informed.

HOUSE OF REPRESENTATIVES

INTERPELLATION

The sign \* indicates a translation. The sign †, used subsequently in the same interpellation, indicates the original language.

General Affairs

Road transport: deregulation  
 \*1 Mr N M ISAACS asked the Minister of Transport

- (1) Whether he intends deregulating road transport, if not, why not, if so, when,
- (2) whether he will make a statement on the matter?

C113E INT  
 \*The MINISTER OF TRANSPORT Mr Chairman, the hon member asked me whether I intended to deregulate road transport, and I am pleased to reply to him

At present road transport in South Africa is being deregulated in accordance with a comprehensive programme and in line with the White Paper on National Transport Policy. The policy of deregulation is based on improved safety in the transport sector and in order to accomplish this improved safety, many preparatory steps have been taken. Legislation has already been placed on the Statute Book and partially implemented. Here I am referring specifically to the Road Traffic Act of 1989 which came into operation in 1990, with the addition of the private testing station element of the Act early in 1991. These were the first steps towards the creation of a foundation for the policy of deregulation.

The next steps on the programme comprise the establishment of the National Traffic Information System and the registration and monitoring of authorised officials. The most important element of the system is the registration of the operator of a vehicle that is used to convey passengers or goods.

†Chapter V of the Road Traffic Act, 1989, which is at present not in operation, determines that an operator must be registered in respect of each motor vehicle conveying passengers or goods. If an operator is registered in respect of a vehicle,

such a person will no longer require a permit, in terms of the Road Transportation Act of 1977, to convey goods or passengers.

The registration of operators of freight vehicles will commence in July 1992 and will be fully implemented by July 1993, whilst the registration of operators of passenger vehicles will commence in July 1993 and will be fully implemented by July 1994.

The proposed regulations that deal with the registration of operators are being circulated for comment so that they can be finalised. The proclamation that brings Chapter V of the Road Traffic Act into operation, as well as the final regulations dealing with the registration of freight vehicle operators, will appear in the *Government Gazette* during September 1991.

\*This brings me to the second part of the interpellation, namely whether I shall make a statement on the matter. I shall do so with pleasure. This will probably also be the last opportunity I shall have during this session to do so.

Safety is our first priority. With this in mind we are also looking at technical and economic deregulation, where applicable. All technical adjustments will have to be made in terms of safety.

†A study was undertaken with a view to determining what regulation adjustments were required, and as a result of this it was agreed to amend the road traffic transport regulations in order to increase the maximum width of a vehicle from 2,5 metres to 2,6 metres.

As a second step, we looked at the maximum permissible height. In this regard, an increase from 4,1 metres to 4,3 metres will be implemented shortly. [Time expired.]

\*Mr N M ISAACS Mr Chairman, we are aware that there have been many commissions over the past 10 years, and that this problem resulted in the publication of a White Paper arising from the Welgemoed Commission's report in this regard.

I am aware of all the procedures that are in operation at present. However, I have a problem with regard to passenger transport. It has not been deregulated yet, but it is worrying that permits are issued so easily over the counter these days. It is worrying in the sense that all the permits that he around and that are no longer

used, as well as the large number of vehicles, give rise to the present wars among the Blacks.

I want to know from the hon the Minister whether the time has not come for proper discipline to be implemented with regard to the permit system. There are so many permits, and there is not the same degree of traffic. The result is that these permits become an article which can be bought. Some people no longer even know what to do with them. With regard to deregulation I should like to refer to the hon the Minister—I cannot read it now, because my time is too limited—to something which ties up with what he has already done with regard to road transport and the commission report which led to the 1987 White Paper. I should like to read this here. I quote from Chapter V, paragraph 8.1

Daar is wye aanvaardig van die uitgangspunt dat privatisering en deregulerings in baie opsigte nou verwant aan mekaar is. Nietem is die twee begrippe duidelik onderskeibaar. Vermindering van die openbare sektor se aandeel in die ekonomie en 'n minimum staatsinmenging bevorder albei die optimale funksionering van die markmeganisme en selfregulering.

This is the core of the matter. While it did get road transport off the ground, we felt that it was the right thing. I know I was initially very strongly opposed to the Welgemoed Commission, but I was not so far-sighted as to realise what the Welgemoed Commission wanted to introduce. No matter how hard we try, we shall never be able to replace mass transport by kombi transport. This is an incontrovertible fact. There will always be mass transport. Unfortunately we know that when the kombi transport came in, we felt that this was an opportunity for the man who is unemployed to earn a piece of bread for his family. It was a way for him to earn his bread. However, what happened with this kombi transport? [Time expired.]

\*Mr C B HERANDIEN Mr Chairman, I want to tell the hon the Minister that deregulation of road transport, if it can take place in an orderly way, is a prerequisite to solving this problem of intercity transport. When we have a general acceptance of deregulation, we cannot allow certain companies to have monopolies.

In our case the local road transportation board must issue a permit. It issues the permit, but then an appeal is made and it goes to the National

Transport Commission, which deals with the appeal. I can mention the Chilwans Bus Service as an example, which had to pay a total of R375 000 in legal costs alone, simply because the intercity transport had not yet been deregulated.

In view of this I want to ask the hon the Minister to deregulate intercity transport, but to ensure that the norms and standards will always be maintained. We should always have properly maintained vehicles on the road. I am not appealing for there to be buses all over the place that do not comply with safety requirements. Let me once again refer to the Chilwans Bus Service, which had two luxury coaches built at a cost of R1 million each. As a result of the fact that we have the anomaly that certain people may obtain and keep the permits, this man is saddled with these buses. This is not good for the economy.

If we want to deregulate intercity transport, we must ensure that the quality of service is maintained. We must ensure that we give the consumer a better [Time expired.]

\*The MINISTER OF TRANSPORT Mr Chairman, I want to continue with what I was saying initially.

†Thirdly, we are looking at vehicle lengths. All the pros and cons are at present being investigated with regard to whether or not we should permit longer vehicles, with due regard to traffic safety as a point of departure. All these changes will only be made after it has been ensured that aspects such as safety will not be endangered.

The department is also engaged in a thorough investigation into the matter of axle loading on our roads. After this investigation has been completed, all interest groups will be involved before a final decision is taken.

\*Until such time as we amend the regulations, I must point out that the existing regulations are being applied. Representations are continuously being received to allow greater vehicle measurements and heavier axle loads. However, overloading is a problem we must seriously address at present. I remain committed to putting an end to the curse of overloading. Before this serious problem is solved, further deregulation cannot be implemented immediately.

Finally—and this already partially answers the hon member for Macassar's question—I want to mention that we are at present investigating



further concessions in respect of greater freedom—in other words, deregulation—for long-distance passenger and freight transportation I hope to complete this before the end of this year and to encourage tourists and other people who do not have access to train transport to make use of bus services as an alternative for long-distance travel, particularly in cases where Transnet and its affiliate, Spoornet, have decided to cover only certain routes

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In reply to the question of the hon member for Macassar, I say we are specifically engaged in examining the problem which he addressed here by mentioning the name of a specific company as an example. In other words, we are talking about transport from here to Johannesburg or Port Elizabeth, or from Port Elizabeth to Johannesburg etc. [Time expired]

\*Mr N M ISAACS Mr Chairman, I want to link up with the hon member for Macassar's question about norms and standards

I encountered a very interesting thing when I was in America. I saw that every taxi owner and taxi driver had a book of rules. So many people have permits, but in many cases these people do not know what they should do or what they may do. There is nothing wrong with peering over somebody else's shoulder to see what is done in another country. I stood in New York and looked at the many taxis in the streets and I was amazed at the discipline that is maintained there. They might also have their problems, but each one of them—the driver as well as the owner—has a book of rules.

As far as norms and standards are concerned here, one encounters people who have no conception of what they may or may not do. The things that are given in this book of rules are very important and interesting. One should have a look at the definitions that are given in the *Taxicab Drivers' Rules*. It states, for example

A passenger Any individual who has hired or attempted to hire a taxicab for travel or destination

†They talk about a rent card, a renewal application and a medallion, which is actually our permit

\*If every taxi driver had such a book, he would immediately know what his rights were. He would immediately know what he may do and

what he may not do. Unfortunately we also have the situation—I regret having to say so—that although there has been enough work as far as the taxis in the Black community are concerned. [Time expired]

\*The MINISTER OF TRANSPORT Mr Chairman, I am very grateful to the hon member for Bishop Lavis. He dealt with two very important points which I should like to support here

Hon members should really forget that I wrote certain things 10 years ago that are now true. I undertake to place immediate emphasis on one important point mentioned by the hon member. The hon member is in my opinion correct when he says that we need a manual. I undertake that my department, together with sponsors, will write a manual, specifically with regard to what he asked for. [Interjections] I want to thank the hon member very sincerely for raising such an important point. I fully support that point.

The second point I should like to mention here is that kombi taxis have never been regulated. They did not want to be regulated. I agree that at the moment—this is the way it looks to me if I interpret the information passed on to me correctly—that at present there are too many vehicles for too little work. This leads to problems. I shall be holding discussions with the representative bodies of the kombi taxis, to see what we can do to help those people who have invested billions in that industry to survive, because at present they are experiencing a survival crisis. And who is going to suffer as a result of this? The passenger will suffer, because in the long run everything has to be geared towards the commuter. As far as my department and myself are concerned the commuter is the most important person. The second most important party is the person who is going to transport the commuter, whoever he may be, whether he does so by train, taxi or bus. However, the commuter remains the most important person.

At present I am holding discussions with some of the trade unions, representative organisations and political parties with the specific objective of examining how we can ensure the safety and convenience of the commuter, as well as the affordability of his transport. This remains our objective. After that we shall address this issue, but meanwhile I accept the proposal of the hon member for Bishop Lavis that we should take another look at whether we should introduce a certain degree of regulation. [Time expired]

Debate concluded

## HOUSE OF DELEGATES

### QUESTIONS

†Indicates translated version

For written reply

General Affairs

#### 1991 census: enumerators' salaries

16 Mr S NAIDOO asked the Minister of Home Affairs

(1) Whether race was used as a criterion to determine the salaries of chief enumerators and enumerators employed during the 1991 census, if so, (a) why and (b) what rates of remuneration applied to (i) chief enumerators and (ii) enumerators of each population group, if not, what rates of remuneration applied to (aa) chief enumerators and (bb) enumerators,

(2) whether different rates of remuneration applied in respect of (a) chief enumerators and (b) enumerators employed in (i) urban and (ii) rural areas, if so, (aa) why and (bb) what rates applied in each case, (3) whether any chief enumerators or enumerators were reimbursed for travelling expenses, if not, why not, if so, what are the details,

(4) whether maximum or minimum distances were laid down for chief enumerators and enumerators to qualify for reimbursement of travelling expenses, if so, what were the distances involved,

(5) whether these maximums or minimums had been brought to the notice of enumerators before they commenced their census duties, if not, why not?

D171E

The MINISTER OF HOME AFFAIRS

(1) No

(a) and (b) Fall away

(aa) R60,00 per day in respect of the number of days allocated

(bb) R50,00 per day in respect of the number of days allocated

A number of days was allocated to each enumerator area according to the size of the area, the number of visiting points in the area and whether it is an urban or a rural area

(2) No, the same rates applied

(3) Yes Distances travelled are reimbursed at current rates in respect of the use of private vehicles as prescribed by the Department of Transport in Circular No 2/91 of 7 February 1991

(4) No It was, however, pointed out to the Enumerators/Chief Enumerators that distances travelled should be limited to the essential. In order to prevent possibly unjustified claims together with prudence regarding government expenditure, interim limits of about 100 km (Enumerators in urban areas), about 400 km (Enumerators in rural areas) and about 200 km (Chief Enumerators irrespective of the area) were set. The claims exceeding these limits are being referred to the Census Controllers for accountable confirmation. If the Controller cannot confirm the distance travelled the claim is referred back to the Enumerator/Chief Enumerator to obtain a sworn statement that the distance was indeed travelled for enumeration purposes

(5) Falls away

#### Attacks by dogs: statistics

21 Mr M RAJAB asked the Minister of Planning, Provincial Affairs and National Housing

(1) Whether his Department keeps statistics on the number of attacks that have been made by dogs on human beings, if not, (a) why not and (b) which Government Department has responsibility in this regard, if so, how many such attacks were made during each of the latest specified three years for which statistics are available,

(2) whether it is his intention to introduce legislation relating to the control or importation of certain breeds of dogs that have been found to have so-called killer instincts, if so, what is envisaged in this regard,

(3) whether he will make a statement on the matter? D210E



(269)

# Call to drop Verwoerd's name from PE airport

From PAT CANDIDO  
The Argus Bureau

PORT ELIZABETH. — Why should the airport here be named after the architect of apartheid, Dr H F Verwoerd?

Township community leaders here have repeatedly called for the name to be changed because it evokes bitter memories.

South African Democratic Teachers' Union secretary Mr Ampie Williams would like the airport named after Cradock community leader Mr Mathew Goniwe, who was murdered near Port Elizabeth in 1985.

Democratic Party regional organiser and city councillor Mr Bobby Stevenson would the

airport named after the late provincial councillor Mrs Molly Blackburn and Mr Andrew Savage a former Progressive Federal Party MP.

Conservative Party MP for Uitenhage Mr Willem Botha can see no need for a name change at all, warning that there could be a situation like that in Zimbabwe "where towns and places were re-named by the communists".

But the consensus of opinion seems to be: why name airports after people at all? What is wrong with the Port Elizabeth Airport?

City councillor Mr Graham Young summed it up: "You will know exactly where you are. It is much simpler that way."

ARGUS 20/6/91

# State airports 'may be privatised'

SA's nine state airports could still be privatised, depending on recommendations from a group of consultants, the Directorate of Civil Aviation (DCA) says.

Price Waterhouse of London and locally based consultants Lexatran are conducting a joint study into future management strategies for the airports.

The state airports are situated at Cape Town, Johannesburg, Durban, East London, Port Elizabeth, Kimberley, Bloemfontein, Upington and George.

This study, and another into the restructuring and privatisation of SAA, is being conducted on behalf of a government inter-departmental task group, who are expected to complete their reports by early next year.

DCA chief director Japie Smit said yesterday privatisation was still an option to be considered for the airports.

In March, former Transport Minister George Bartlett said government had decided to commercialise the state airports.

This would have involved continued state ownership but through state companies run on a profit-making basis.

According to Smit, six possible models, based mainly on European airport management structures, were being studied.

These included privatisation of individual airports and the privatisation of groups of airports.

Sources close to new Transport Minister Piet Welgemoed said the Minister was anxious to begin restructuring as soon as possible.

If the draft amendment to the current relevant legislation was completed before the end of October, then it could be tabled and passed by Parliament next year, and implemented by 1993, the source said.

The two consulting firms will report to the task group comprising representatives of the departments of Transport, Public Works, Defence, Finance and Commission for Administration.

Sources said Welgemoed was reconsidering a proposal by Meridien Projects to lease a portion of Jan Smuts Airport and to build a five-star hotel, 25 000m<sup>2</sup> of offices, a 3 000 bay park-

## LINDEN BIRNS

ing lot and a conference centre on the site.

The proposal, known as the Technoforum Project, was initially presented to former Transport Minister George Bartlett on behalf of the Engineering Forum of SA.

Meridien MD Errol Friedmann, who presented the proposal, said yesterday no decision would be made

day the entire development project would cost about R350m.

He said Meridien was also willing to take over the refurbishment of the existing airport buildings at Jan Smuts, adding at least another R200m to the total costs.

Smit said the proposal had been studied, but that no decision would be made

until a decision on the future ownership structure of the airports had been taken.

The Transport Department is spending R69m on upgrading existing airport buildings, but sources say this is a conservative estimate, with the actual costs at least 40% higher due to inflation and unforeseen expenses.

## JSE

*B/D 20/6/91*

Martin Irish, an outspoken critic of the exchange's costs.

Costs and the JSE's public image are said to have played a part in the election of new committee members from Simpson McKie, Lowenthal & Co and Turner Paterson Faure.

Committee members were reluctant to discuss likely committee strategy in any but the most general terms yesterday evening. A common thread was the need to contain costs and to deal with the structural and regulatory changes which the JSE is likely to face in the coming years. Satisfaction was expressed at the committee's representative nature.

The new committee members are Dixie



From Page 1

Strong (Simpson McKie), Norman Lowenthal (Lowenthal & Co), John Turner (Turner Paterson Faure), George Huysamer (George Huysamer & Partners) and Geoff Rothschild (FMPV). Re-elected members are Humphrey Borkum (Davis Borkum Hare & Co), Paul Ferguson (Fergusson Bros Hall Stewart & Co), Richard Lurie (Lurie, Johnston & Co), Peter Redman (Mathison & Hollidge), Rob Roy (Ivor Jones Roy & Co), Mike Sims (Anderson Wilson & Partners) and Francois Tolken (Martin & Co).

A JSE spokesman said the chairman and vice-chairman would be elected at the first committee meeting tomorrow. Humphrey Borkum, former vice-chairman, is widely expected to become the new chairman.

## Unidev

*B/D 20/6/91*

make these businesses tidier and more efficient and to dispose of peripheral companies.



From Page 1

R86,8m, compared with a profit of R11,6m in the previous year, arising mainly from losses incurred by Cortech. It had contrib-

**READY FOR TAKE-OFF**

The commercialisation and radical overhaul of Jan Smuts and other State airports is suddenly back on the front burner. New Transport Minister Piet Welgemoed has hired management consultants Price Waterhouse to study how the nine State airports could be turned over to the private sector or run more efficiently as public companies.

He says the investigation, led by two airport experts from the firm's London office, should be completed early next year, "which should enable government to implement the recommendations during 1992."

In addition, he's asked the Airport Task Group, an umbrella body that includes representatives of all relevant State departments, to report by August on the commercial potential of State airports.

Welgemoed's moves give new life to a sweeping proposal by Meridien Projects MD Errol Friedmann and the Engineering Foundation to lease Jan Smuts and spend R600m on upgrading it. Friedmann submitted the proposal last year to the previous Minister, George Bartlett, but he couldn't even recall the offer when asked about it this year (FM January 25).

Friedmann believes that Welgemoed is

continue →

serious about turning around the State airports. He quickly revived his offer after Welgemoed's appointment and was impressed by the response from the new Minister. "He knew about our project and told the foundation that he had the original proposal on his desk."

The foundation's involvement dates back to 1985 when it wanted to establish a technoforum (a conference and exhibition facility) at Jan Smuts and persuaded then-President P W Botha's Cabinet to agree to lease the airport. But it couldn't raise the money for the project so it approached Friedmann, who got financial commitments for R600m, and made his offer to Bartlett. One of the components of his proposal is a technoforum.

Welgemoed probably won't act on Friedmann's offer until the Price Waterhouse report and other proposals on how to upgrade Jan Smuts are examined. He has called for suggestions "from all interested parties."

Stewart Huckwell, the Department of Transport's director of Airport Systems & Development, says Price Waterhouse has already spent a week analysing Jan Smuts' financial situation. The firm recently completed a study for government on how SA Airways should be restructured for deregulation and several of its far-reaching recommendations were quickly approved.

Welgemoed's initiatives could mean that private enterprise will be running most of the country's airports in two years. But the necessary involvement of other government departments could delay progress. So far his own ministry, the Ministry for Economic Co-ordination & Public Enterprises, the Directorate of Civil Aviation and its Airport Task Group are all playing a role.

While government studies the commercialisation of its airports, the R50m redevelopment of the newly privatised Lanseria Airport north-west of Johannesburg is proceeding. A 50-50 partnership consisting of Sandgate Investments and a consortium led by Meridien bought the airport from the Transvaal Provincial Administration and the municipalities of Roodepoort and Krugersdorp (FM April 5).

Initial investigations show that the airport is far more viable than the partnership thought while it was negotiating the deal, Friedmann says.

"We took over the airport on May 1 and have started some minor improvements. A major new terminal is needed and the old one should be converted to office space. We are conducting a market survey to identify the need for additional facilities, particularly for airfreight, which we will include if viable. Our master plan, which could take six months to complete, will be based largely on those findings."

Lanseria has 70 000 m<sup>2</sup> of hangar space and Friedmann believes there is a demand for an additional 100 000 m<sup>2</sup>.

Meanwhile, the R69m upgrading of Jan Smuts that began last year is on schedule and should be finished by the end of 1993. The project has faced harsh attack, with

private-sector critics saying the proposals were outdated before work began and that the airport needed a much more ambitious revamp. Huckwell says the improvements are now expected to cost R100m because of additions, unforeseen problems and inflation.

David Pincus



INDUSTRIAL LAND

269 FM 21/6/91

# DURBAN NEEDS ROOM TO GROW

Durban is said to be one of the fastest growing cities in the world. But urban planners say its growth, in terms of providing enough jobs for its expanding population, is being stifled by a chronic shortage of suitable industrial development land.

This has led industrialists to cast their eyes over the hundreds of hectares of State-owned property that are largely under utilised in the greater Durban area.

Two sites being targeted are the Department of Transport (DoT)'s Louis Botha Airport, south of the city, and the proposed airport site at La Mercy on the North Coast.

Work on a new international airport at La Mercy to replace Durban's outmoded Louis Botha was stopped at the earthwork stage in the mid-Seventies when funds ran out. Government has made no headway with new or alternative plans since then.

Industrialists want the department to stop dithering and rezone at least one of the sites for industry. They would settle for either, though Louis Botha is a natural extension to the industrial area south of Durban.

Industrial land is at a premium around Durban and, with little new land available for development, rentals are pushing through the R10/m<sup>2</sup> mark. The land shortage is now starting to hurt the local economy.

Industrial and Commercial Property Group's Chris Winter says: "Smaller concerns that cannot absorb rent increases are already beginning to move out of Durban. The situation will get worse if there's an upswing in the economy or if interest rates drop."

New investment in Durban, particularly by manufacturers who want to set up operations near the port, is being hampered by the land shortage and high rentals. Winter says some of his clients have chosen to locate on the Reef and pay the transport costs to Durban because they can get better deals and more suitable sites in the Transvaal.

"It would help Durban tremendously if the department either went ahead with its proposed La Mercy airport, so releasing land at Louis Botha for industrial development, or upgraded Louis Botha and sold the La Mer-

cy site to industrialists. By doing that, government would recoup a lot of its costs," Winter says.

What does the department say? The short answer is "no way." But there might be hope in the long term if plans to commercialise the country's nine State airports proceed next year.

The DoT's Stuart Huckwell says government is not prepared to consider releasing land at either site at this stage. But he has just completed the first of a two-part study that assesses the present and future capacity of Louis Botha, which he will be handing to Transport Minister Piet Welgemoed shortly.

The second part of the study will project the growth rate in passenger traffic at Louis Botha. After this is completed this year the department will be able to decide whether to expand Louis Botha or to develop a new airport at La Mercy.

"We hope to present government with scientific and engineering evidence of what Louis Botha's future demands will be, giving a figure, in today's terms, of what it will cost

There is a view that socio-economic projects are more critical at the moment than building state-of-the-art airports. In future, public expenditure is more likely to be channelled into housing, education and health facilities.

Meanwhile, Durban developers may have more luck persuading Spoornet to sell some of its land for industrial development. The organisation has set up a property division and has indicated that it will consider selling off surplus land to private developers.

Spoornet, for example, owns a large tract of land near Durban's Springfield Industrial Park, one of the most successful industrial parks in the country.

Developers would love to get their hands on it, but Transnet's property manager for Natal, Roland Bohmer, says it is earmarked for a rail link from Inanda to Durban, and a multimodal interchange for transferring rail and road goods.

However, he says: "While both projects are in the pipeline, significant finance is involved, and if one or both projects is shelved the land could become available for development."

That, of course, does not guarantee that the land will be sold to private developers. Bohmer says Spoornet is considering three options: undertaking its own development, joint development with the private sector, or selling the land.

PROPERTY

to develop the airport to meet expected passenger growth," Huckwell says.

He is unable to divulge the contents of his initial report until it has been seen by government. But the history of the saga suggests that the State will probably continue injecting funds into Louis Botha to enable it to cope with increasing demand, while it holds on to its La Mercy site to keep its options open. FM 21/6/91

The latest projected completion date for the new airport is 2011.

This is not encouraging news for those who want to see idle airport land rezoned for industrial use. But one glimmer of hope is the scheme announced this year by former Transport Minister George Bartlett to commercialise the country's airports.

Says Huckwell: "Government intends making airports separate and self-financing business entities, free to take loans on the capital market and attract private sector investment to finance development."

He says a profitable airport authority could raise sufficient funds from both the market and private investors to develop a new airport, such as La Mercy. "Insufficient funds have been the reason for La Mercy not going ahead. This may change once airports are commercialised," he notes.

Industrial developers, however, should not expect too much. Transnet, with the possible exception of its harbour division Portnet, has not been quick to capitalise on commercialisation or put its surplus land to use.

The most probable outcome is that the DoT will eventually sell its La Mercy site to industrial developers.



— In 1 murder 1 person was charged, found guilty and given the death sentence

— In 1 murder 5 persons were charged and found not guilty

— In 5 murders 31 persons were charged. The trials have already commenced and have not, as yet, been finalised

— In 1 murder 1 person was charged. He escaped and a warrant for his arrest has been issued

— In 1 murder 4 persons were charged. One person was found guilty and given the death sentence, 2 persons were found not guilty and the charge against another person was withdrawn

In all these instances the persons were charged with murder

In the remaining 93 alleged deaths the information which the hon member furnished is insufficient. No record can be found of these alleged deaths. Should the hon member have more information at his disposal, it will be appreciated if he will convey such information to the Commissioner of the South African Police or myself

Because conflict between opposing groups has been rampant for some years, furnishing the names of persons who have been charged in these cases, are to be charged or against whom the charges have been withdrawn, could result in revenge actions being taken against such persons and/or their next of kin

It is, therefore, not in the interest of law and order to make public the names of these persons. I trust that the hon member will appreciate this point of view

Certain women's organisation funding received from Govt Dept

484 Miss M SMUTS asked the State President

(1) Whether a certain women's organisation, the name of which has been furnished to the Office of the State President for the purpose of his reply, received any funding from the Bureau for Information, the

Medical aid societies

490 Mr M J ELLIS asked the Minister of National Health

(a) How many medical aid societies are there in South Africa and (b) in respect of what date is this information furnished?

B1255E

The MINISTER OF NATIONAL HEALTH

(a) and (b) There were 198 medical schemes registered in terms of the Medical Schemes Act, 1967, as at 25 June 1991

Apart from the five medical schemes controlled by the State under other legislation, referred to in section 2 of the Medical Schemes Act, 1967, there were also 40 schemes registered in terms of the Labour Relations Act, 1956, as at 25 June 1991

Health in RSA: division of total amount budgeted

491 Mr M J ELLIS asked the Minister of National Health

(a) What total amount has been budgeted for health in South Africa in respect of the latest specified 12-month period for which figures are available and (b) how much of this amount has been earmarked for (i) primary health care, (ii) secondary health care, (iii) tertiary health care and (iv) any other specified division?

B1256E

The MINISTER OF NATIONAL HEALTH

(a) The total amount budgeted is R8 130 370 000 and

(b) only the total amount is available. The financial information is presently constructed in such a way that it cannot be subdivided into amounts for primary, secondary and tertiary health care

Training of medical doctors: cost per annum

492 Mr M J ELLIS asked the Minister of National Health

(1) What is the cost per annum of training a student to become a medical doctor,

(2) how many medical doctors were in (a) private practice and (b) State employ in each of the provinces as at the latest specified date for which information is available?

B1257E

The MINISTER OF NATIONAL HEALTH

(1) The cost per student is estimated at R25 000—R30 000 per year,

(2) the number of medical practitioners in each province in (a) private practice and (b) Public Service—June 1990

Province	Private Practice	Government
Transvaal	5 745	2 981
Cape	3 267	2 258
Natal	1 950	1 122
Orange Free State	689	472

Certain bank SA Rail Commuter Corporation

493 Mr W U NEL asked the Minister of Transport

(1) Whether, with reference to his reply to Question No 7 on 30 April 1991, he will now furnish information on how much money the South African Rail Commuter Corporation invested with a certain bank, the name of which has been furnished to the Minister's Department for the purpose of his reply, if not, why not, if so, (a) how much, (b) on what terms, (c) who took the decision to make the investment and (d) what is the name of the bank concerned,

(2) whether, in the light of either possible losses of money as a result of the above-mentioned investment or possible delay in recovering the funds so invested, he will take steps to supplement the funds of this corporation, if not, why not, if so, (a) what steps and (b) when,

(3) when is the report of the Auditor-General in this regard expected,

(4) whether he will make a statement on the matter?

B1258E

The MINISTER OF TRANSPORT

(1) The matter is *subjudice*, but certain information will however be provided



- (a) Approximately R247 million
- (b) A total of 34 separate investments were made during the period, which has been investigated by the Auditor-General. Each investment has its own conditions in terms of different investment amounts, investment periods and market rates which were in force on the day on which the transaction was concluded
- (c) The South African Rail Commuter Corporation Ltd, in terms of the Legal Succession to the South African Transport Services Act, 1989
- (d) Cape Investment Bank Ltd
- (2) No specific steps are currently being taken
- (3) An interim report was made available on 8 May 1991 by the Auditor-General. A final report is expected within the near future
- (4) No, not at this stage

#### Toll roads: agreements with two companies

494 Mr W U NEL asked the Minister of Transport †

- (1) Whether, with reference to his reply to Question No 345 on 21 May 1991, his Department and/or the South African Roads Board has entered into any agreements with two companies, the names of which have been furnished to the Minister's Department for the purpose of his reply, in regard to past and future construction work on, maintenance of and/or management of toll roads, if so, what are the names of the companies concerned,
- (2) whether any loans have been taken over in terms of the above-mentioned agreements, if so, (a) what loans, (b) what did these loans amount to and (c) what are the relevant provisions in respect of repayment and interest on the loans,
- (3) whether these companies will be responsible for any further construction work on or maintenance of the toll roads concerned, if not, why not; if so, how will such future construction work and/or maintenance be financed,

- panies are the subject of a review currently being undertaken
- (4) and (5) I will only be in a position to reply to these questions when the review mentioned above is completed

#### Own Affairs

Grey Schools: judgement regarding works contracts

87 Mr E W TRENT asked the Minister of Welfare, Housing and Works

- (1) Whether, with reference to his reply to Question No 47 on 25 April 1991 in regard to contracts for works awarded in respect of the Grey Schools in Port Elizabeth, he will make details available of summary judgement in Case No 2997 handed down by Mr Justice Jansen in the Port Elizabeth Supreme Court on 12 December 1990, if not, why not, if so, (a) who was the (i) plaintiff and (ii) defendant, (b) what was the amount involved and (c) in connection with what contract was the judgement given
- (2) whether he has information on whether certain companies, the names of which have been furnished to the Minister's Department for the purpose of his reply, have been declared insolvent at any time, if so, what are the relevant details in respect of each such company?

The MINISTER OF WELFARE, HOUSING AND WORKS

- (1) Although the Department of Local Government, Housing and Works was not involved in the said Court Case and the Case does not concern the Grey Schools in Port Elizabeth the following details were obtained from the Registrar of the Port Elizabeth Supreme Court

- (a) (i) Messrs Frankpile South Africa (Pty) Ltd  
(ii) Messrs Koen's Executive Contractors C C
- (b) R93 573
- (c) Uitenhage, Bergsig High School

- (2) All the names of the companies which have tendered for the two contracts have been cleared with the Master of the Supreme Court in Grahamstown. It was confirmed that none of the contractors is or was at any stage declared insolvent

#### Teaching posts: number to be disestablished

90 Mr R M BURROWS asked the Minister of Education and Culture

- (1) Whether he or his Department has made any calculations regarding the number of teaching posts that will have to be disestablished in 1992, if not, why not, if so, what is this number,
- (2) whether he will make a statement on the matter?

B1236E

The MINISTER OF EDUCATION AND CULTURE

- (1) Yes, this matter is receiving continuous attention. However, it is not possible to finalise calculations of this nature at this stage,
- (2) no

School chess championship: withdrawal of school

92 Mr R M BURROWS asked the Minister of Education and Culture

- (1) Whether he or his Department has been informed of an incident in which an English primary school was forced to withdraw from a chess championship hosted by another primary school, the names of which have been furnished to the Minister's Department for the purpose of his reply, allegedly because the former school had two Black members in its chess team, if so, what are the names of the schools in question,
- (2) whether he has investigated this incident, if not, why not, if so, (a) what progress has been made in this investigation and (b) what have been the findings so far,
- (3) whether the action of the schools concerned violate the principles of school participation and the hosting of schools with pupils of colour as formulated after the so-called Menlo Park incident,



# SAA takes affirmative action with employees

Blow 24/6/91

LINDEN BIRNS

SAA has initiated a wide-ranging affirmative action programme to forestall actions which might be imposed by a future government.

An airline spokesman confirmed at the weekend that more than 1 300 employees had been put through literacy development courses in recent months.

The spokesman said SAA's earlier attempt to follow its own affirmative action programme had been hindered by the severance of international air links between SA and the US and Australia.

"When the sanctions were implemented, SAA had to rationalise and put a freeze on new employment, especially in the management level as we had to find positions for management pulled back from the US and Australia," the spokesman said.

The airline has also begun recruiting and training cabin attendants and technical apprentices of all races, he added.

He said promotion through the ranks was decided on merit and performance, and that the airline was successful in instilling its corporate culture within the staff at all levels.

"If we had not begun the programme, sooner or later it would have been imposed

on us," he added.

SAA is in the process of restructuring prior to privatisation.

This involves making the airline a commercially viable and profit-oriented company free from government and semi-state subsidies.

## Structure

In the long term SAA, as a private company, will probably apply for a JSE listing, but this would be at the discretion of whoever the new shareholders were, the spokesman said.

In terms of the new structure, the international and domestic divisions will not be allowed to cross-subsidise one another.

The spokesman predicted the recent losses incurred by the domestic service would not deter potential investors from buying shares in the airline.

"Despite the losses, the domestic service poses less of a risk than the international division. This is because only one economy is involved, so it's easier to predict market trends."

## PROPERTY

# Waterfront concern seeks joint ventures

CAPE TOWN — Transnet, which has already invested R200m in the waterfront development at Cape Town harbour, wants future projects to be undertaken on a joint venture basis.

Prof Brian Kantor, chairman of the Victoria and Alfred Waterfront Company (V & AW), a Transnet subsidiary to which the corporation has leased the land in the harbour, says V & AW has been told by Transnet to fund further development through partnerships and public participation.

V & AW's contribution to any joint venture would probably be the land it has leased from Transnet and professional and management skills.

## Projections

Kantor believes it is unlikely that the transport corporation would be willing to invest more cash in the project, though this did not mean there was any unhappiness over the investment made so far.

Transnet has set aside about 80 ha for re-development and has committed about R200m for the development of infrastructure, conversion of buildings and the Victoria Wharf, which is a speciality market place of about 27 000m<sup>2</sup> due to be completed by end-1991.

By Day 26/6/91

LINDA ENSOR

Transnet Group GM Thomas Greeff said the rentals and turnovers being achieved were above the projections for the initial phase, and were encouraging for the prospects of the Victoria Wharf "interest in leasing retail accommodation is keen."

He said people were flocking to the Waterfront and Transnet was satisfied with the progress so far.

Regarding Transnet or Transnet Pension Fund participation, he said all future developments would be evaluated on merit. The involvement of equity partners for selected developments would also be considered.

The capital for the project was raised on the capital market during the course of Transnet's normal activities.

Greeff said the loans were partly financed by the rental stream earned by V & AW but that as the property's initial yield was less than current interest rates, the balance of the interest was being funded by the corporation.

Apart from generating an income stream, which by its nature will take some time before it starts flowing strongly, the other benefit for Transnet has been the significant capital appreciation of formerly unused land.

The first phase of the development,

started in April 1988, in which Transnet invested R63m in new infrastructure such as roads, new buildings, water supplies and sewerage, has been completed. A hotel, theatre, pubs, restaurants, and a retail centre were also developed.

Presently under construction is the R105m second phase to complete the core area and convert the old warehouse into a speciality retailing and entertainment centre, with restaurants.

The Graduate School of Business is spending R40m on converting the old prison into a new school with lecturing and residential facilities, and V&WA is planning a R100m office park.

Further down the line is a R20-R30m aquarium to be developed by a private sector consortium and planned for completion by end 1993.

A second 150- to 200-room hotel adjacent to the Victoria Wharf, and facilities for a steam train to travel from the harbour to the winelands, up the Garden Route and to Simonstown are also in the pipeline.

Also planned, says V & AW MD David Jack, are a basin for small craft and a residential complex overlooking a new marina. He adds that the project is entirely market driven and will take about 10 to 15 years to complete.

If the popularity of the Waterfront so far is anything to go by, the rate of return for

Transnet is likely to be attractive. Since it opened in December, an estimated two-million people have visited the Waterfront Restaurants, pubs and coffee bars report trade beyond expectations and the Victoria and Alfred Hotel has streaked ahead of other Cape hotels in terms of occupancies.

Hotel director Selwyn Veley says room occupancies have averaged about 80% a month. In February room they were 76% compared with the average for Cape Town of about 66.59%. In June the percentage was 78%.

David Abromowitz, MD and shareholder of Bertie's Landing, a pub and restaurant reported at one stage late last year to be the biggest single outlet for beer in the country, said the investment had proved "fantastic".

## Apprehension

Green Dolphin Restaurant owner Carlo Solazzi also said the venture had been very successful.

Perhaps, however, the success and good times are hard to believe and there is a note of apprehension in discussions with businessmen that the novelty of the Waterfront will wear off and custom slacken. It will take creativity and innovation on the part of the developers to sustain interest and enthusiasm.



## 269 Cape harbour gears up for

### flood of ships LINDA ENSOR

CAPE TOWN — Traffic volumes in Cape Town harbour are expected to increase dramatically as Russian, Japanese and Chinese fishing boats from the Antarctic use Cape Town once sanctions are lifted.

Port Captain Bill Shewell said cargo boats which in the past used Australian and South American ports could now use Cape Town.

He said an aggressive marketing campaign was under way to promote Cape Town harbour, with rebates of up to 25% offered to ships which returned to Cape Town more than once.

The harbour was being cleaned up and greater controls were being introduced.

To cope with the greater volumes of fruit destined for the export market once foreign markets open up for trade, a modernised fruit storage warehouse was being planned.

Shewell said in the last four months the volume of cargo being handled had increased by about 20% over last year.

While the reasons were unclear, he said it could be that importers were stocking up ahead of VAT to avoid having to pay the increase in port handling charges.

## TB rife in

CAPE TOWN — A picture of chronic overcrowding, poverty and ill health among the broader migrant population has been painted by a health status survey of hostel dwellers in Cape Town.

The findings of the survey by University of Cape Town anthropologists Mamphela Ramphele, Marion Heap and Denham Trollip were published in the latest SA Medical Journal.

The survey investigated the health of residents of council-built migrant hostels in Langa, Guguletu and Nyanga. It was undertaken at the request of hostel dwellers, who wanted information on which to base a campaign to upgrade their accommodation into family housing.

The authors said a significant proportion of the western Cape's hostel-dweller population included women and children.

Conditions in the hostels were characterised by severe overcrowd-

## Cape Town hostels

or remain in the 'rural' homelands, the health status of which are reflected in infant mortality data.

"The high infant mortality rate suggests that the disease burden of the migrants is being carried by the home-base population."

The poverty of the migrant worker's home base meant children not born in Cape Town also recorded higher levels of chronic undernutrition and lower levels of immunisation than those born in the city.

The researchers concluded that hostel dwellers were not representative of the larger migrant population, but relative to township residents they were not experiencing the improvement in health status which normally accompanied urban settlement.

Improved living conditions rather than health education that focused on individual behaviour would have a greater effect on improvements in health status, they said.

LINDA ENSOR

ing (one bed to 2,8 people), poor and inadequate amenities (one tap to 117 people, one toilet to 133 people), and poverty (an average weekly cash income of R100 for the needs of both rural and urban dependents).

Overcrowding and poverty led to a high level of tuberculosis relative to township dwellers.

However, a low prevalence of disease was found, which led the researchers to suggest that migrant labour, by sifting out the able-bodied and employable, reproduced a "healthy worker effect" among the migrant population with access to cash wage earnings in the city.

"The healthy, as evidenced by the low prevalence of disease, are employable, can renew contracts and return to the urban workplace. The sick, the unemployed, the unemployable and the elderly are returned to

## New body provides litigation alternative

GERALD REILLY

substitute for litigation but as an integral part of the whole system of justice, but it was more flexible than strict litigation conducted in courts.

Since the beginning of the year, groups of advocates and attorneys in the major centres have been working towards the formation of Adrasa.

Van Vuuren said that in line with similar non-profit organisations in the US, Britain, Australia and the Netherlands, Adrasa would encourage the use of alternative dispute resolution to reach more considered and creative solutions to domestic

and international disputes. Alternative dispute resolution had to form part and parcel of the skills on which a lawyer could call in delivering legal services to clients.

The public would be told of the appropriate procedures including mediation, expedited arbitration and conciliation which could be more suitable for handling disputes. Mediators, arbitrators and "other neutrals" would be trained and standards of competence laid down.

Adrasa's first council would be appointed in July when it would hold its first meeting. It wanted to be fully functional by the end of the year.



# Egyptian plane to land in SA

By ISMAIL LAGARDIEN

AIR Egypt, the Egyptian national airline, will make its first official landing in South Africa when it arrives at Jan Smuts Airport this morning.

This was confirmed yesterday by the Department of Foreign Affairs.

The plane is carrying Muslim pilgrims from Jeddah in Saudi Arabia, a well-placed source said.

In another development, reports from Canada indicate that Prime Minister Mr Brian Mulroney is planning to visit South Africa

It will be the first time a Western leader has visited South Africa in many years. *Sowetan 27/6/91*

Reuters reports from Ottawa, the Canadian capital, that Mulroney was planning to visit after the Commonwealth heads of government meeting in Harare in October.

A spokesman for the Canadian Embassy in Cape Town yesterday confirmed that the visit was "being considered".

"A visit like that would only be confirmed very shortly before the time," Mr Douglas Fraser of the embassy said.

Canada and the other 49 Commonwealth countries are expected to discuss the lifting of sanctions against South Africa

Canada was a key player in imposing the Commonwealth embargo during the mid-80s, which included a ban on air links. (269)

Other airlines which have landed or are due to land in South Africa since the dismantling of apartheid gained momentum have been the British-owned Hong Kong-based Cathay Pacific, the national airlines of Kenya, Zimbabwe, Spain and Madagascar.

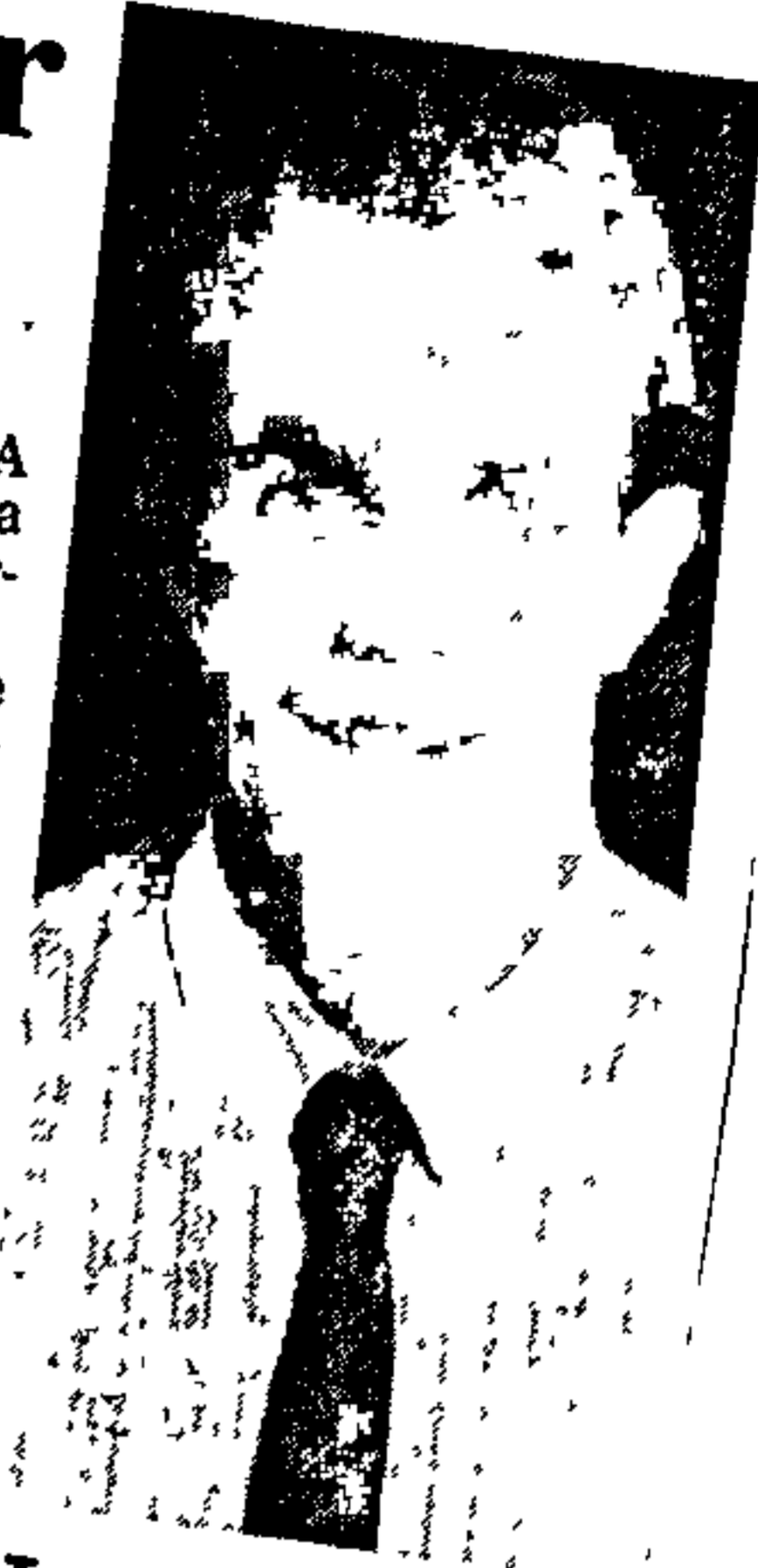
# SAA and Satour join forces

PRETORIA — For the first time since 1987, the SA Tourism Board and SA Airways have launched a major advertising campaign to attract British tourists to SA

In a statement released by Satour yesterday, the two said the campaign had been launched with the winter months in mind in an effort to get a more even distribution of tourists throughout the year. Fifty-six black and white advertisements will appear in 14 leading British newspapers over a period of three weeks, highlighting various attractions, including game parks and the abundance of wild life, the winelands, the Blue Train and the biggest attraction of all — the more than favourable Rand/Pound exchange rate — making SA a fraction of the cost of other popular tourist destinations.

Both SAA and Satour have indicated the campaign has so far attracted a tremendous response, with an average of some 350 calls and reply coupons being received every day.

Flying time to the UK was recently cut by more than an hour when several African states granted SAA the right to use their airspace — Sapa



Tony Bosman has been appointed regional manager of NBS Developments Cape.

# Tollgate urges gov't to increase commuter bus subsidies

By AUDREY D'ANGELO  
Business Editor

TOLLGATE HOLDINGS is unhappy about the return on assets from running commuter bus services in greater Cape Town and is urging government to increase subsidies rather than phase them out.

Colin McCarthy, executive director of the Cape Chamber of Industries (CCI), said yesterday that he did not know of any city anywhere in the world where the public transport system paid for itself.

Tollgate chairman Julian Askin says in the annual report "Shareholders will be aware of the difficulties occurring in SA's commuter bus industry at

present. "Our rationalisation of the group's commuter bus interests has returned this division to profitability but not, I believe, to levels of return on these considerable assets that are acceptable to the shareholders of a publicly-owned company.

"It is not the proper task of Tollgate to operate efficiently a high-cost commuter division solely on the basis of providing an extensively regulated social service against virtually unregulated competition and we are as a priority addressing the future of these operations."

Askin is in London at present. But a Tollgate executive director, Laurie Mackintosh, ex-

where high income earners lived in distant suburbs while poorer people lived near their work.

"The solution is either for poorer people to be housed near their work or for the work to be moved near where they live. But the latter solution does not seem to work.

"Atlantis was founded as a decentralised place of work. But commuter traffic on our buses from there gives the impression that a large number of Atlantis residents work in Cape Town."

Charging economic bus fares would mean "a substantial rise".

Most commuters would "sim-

ply not be able to afford this, and in any case bus fares are a sensitive political issue."

The situation was aggravated by the fact that the bus services were competing with completely deregulated taxi services.

It was necessary for commuter bus services to be co-ordinated. Otherwise there would be a chaotic situation with no-one willing to operate the least profitable routes.

"The situation is that either commuter bus services must be provided by a public utility like London Transport Services or by a private company like ourselves with the fares subsidised.

"It is a difficult problem

but it will not go away."

McCarthy said the CCI was aware of Tollgate's difficulties, particularly in competition with taxis.

Cape Town was widely spread out, because of geographical factors, and if the bus services had to be subsidised by local authorities rather than government it would become one of the most expensive places to live in.

The whole country benefited from the concentration of people and manufacturing in urban nodes like Cape Town and therefore it should be government, and not local government, which subsidised local transport.



## R250m scheme to protect commuters

JONATHON REES (269)

THE SA Rail Commuter Corporation is spending R250m on drastically tightening security on metropolitan trains and stations. *Blomay 27/6/91*

The five-year programme involves establishing police units on platforms, erecting access control points at stations, and giving train drivers communication links with quick reaction, high-tech operations centres

All five Soweto mainline stations have already been upgraded as part of the plan, but not the Vereeniging-Johannesburg line through Soweto on which six passengers were shot and killed and 22 injured in a pre-dawn attack on Tuesday.

The feasibility of "panic buttons" in coaches is also being studied.

SA Railways Commuter Corporation (SARCC) general marketing manager Koos Meyer said yesterday 95 stations would be upgraded by the end of the year and the rest by 1995.

The project involves razor-wire perimeter fencing, bright overhead lighting, controlled access and prefabricated 24-hour police stations at 355 stations.

Meyer said the corporation had studied the possibility of metal detectors at station access points, but rejected them as being too expensive and impractical at peak hours. He said no rail service in the world used metal detectors for security.

□ To Page 2

## Commuters *Blomay 27/6/91*

Security and amenity upgrading had already been completed at stations from Tembisa to Germiston and on the Daveyton line from Benoni. Work had begun at stations in Pretoria, Durban and the Cape Flats, Meyer said.

Thirty Reef stations — pinpointed by the SAP as a priority — were upgraded, complete with police station and security guards, by March this year.

ANC spokesman Carl Niehaus welcomed the upgrading plan, but suggested the SAP use plain-clothes policemen to

patrol commuter trains

The Sowetan newspaper yesterday offered a R50 000 reward for information leading to the conviction of people involved in Tuesday's killing

□ At least 50 people have died in attacks on trains in the past nine months. In September last year, 36 people were shot or hacked to death in a massacre at Jeppe station. Seven men died a week later after rumours of a similar attack prompted them to leap from a moving train

(269) □ From Page 1

# VAT pushes up SAA's domestic fares

LINDEN BIRNS

VAT has pushed up SAA domestic fares by 3,9% for all flights after September 30

Airline spokesman Leon Els said yesterday the tariff increase would be introduced immediately for flights dated from October 1, so that the airline could claim back certain input taxes subject to VAT.

The increase followed a government directive that all items purchased for use after September 30 should be subject to VAT immediately, Els said.

He said SAA paid tax on several input items including fuel, spare parts, food and

hotel accommodation. GST was not levied on air fares, he added.

The VAT amount will be clearly indicated on all tickets as the tax can be claimed back by passengers if their trips are for business purposes.

International fares are exempt from VAT.

Domestic services executive manager Johan Kuit said fares, in real terms, had been kept below the consumer price index since 1985.

11/9/85  
20/10/85  
1/10/85

26.9

30

# Purchase of jet steadies fixed investment figures

(269) B/day 28/6/91

SHARON WOOD

THE importation of a Boeing jet by Transnet this year prevented public authority fixed investment from falling further than 12,9% year-on-year in the first quarter, Reserve Bank figures show

Fixed investment by public authorities, including Transnet, contracted 10% during 1990. But the first quarter decline was milder than the 14,8% recorded in the last quarter of 1990, because of the R300m aircraft purchase

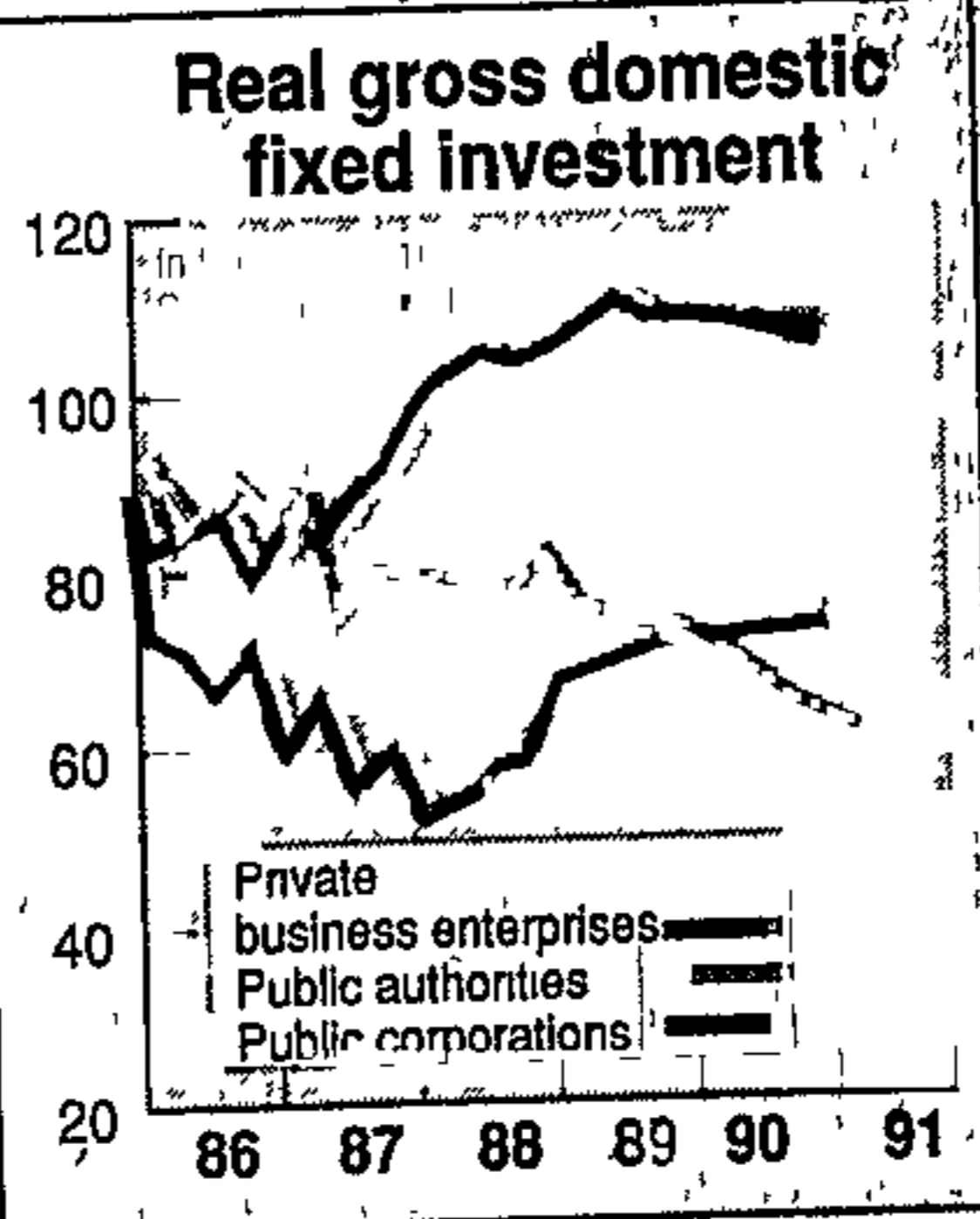
A second Boeing 747 400, arriving in SA this weekend, would boost Transnet's fixed investment again in the second quarter, a Transnet spokesman said

A smaller decline in public authority investment filtered through to gross domestic fixed investment, which contracted 3,5% quarter-on-quarter (seasonally adjusted and annualised) during the first quarter, a milder fall than the previous quarter's 5,5%.

On a year-on-year basis, the fall in fixed investment spending continued at the same rate (4,1% in the first quarter against 3,9% in the final quarter of 1990). Private sector investment slid 3,2% year-on-year in the first quarter compared with a 2,3% decline in the fourth quarter of 1990

The Reserve Bank attributed the greater fall in private sector investment to drought and debt problems in the agricultural sector, political uncertainty, recession, township unrest, labour problems and high interest rates

Public corporations' investment im-



proved slightly in the first quarter. It remained positive during the recession, climbing 4,2% in 1990 as a result of Moss gas development

The Bank expressed concern about the bias in the SA economy in favour of consumption and against investment.

As a percentage of GDP, private consumption spending had risen to 57,8% from 53,7% in 1985, while investment dropped from 23,3% to 19,2%

The economy's orientation towards increasing consumption was also reflected in poor savings figures. Savings as a percentage of GDP fell to 19% in the first quarter of this year. It peaked at 23,5% in the third quarter of 1989 and has been on a downward trend since.

Graphic: LEE EMERTON Source: RESERVE BANK



PUBLIC SECTOR — TRANSPORT — GENERAL

1991 — ~~NOVEMBER~~

JULY — NOVEMBER

1.32 (1) 1.18 1.17 1.16 1.15 1.14 1.13 1.12 1.11 1.10 1.09 1.08 1.07 1.06 1.05 1.04 1.03 1.02 1.01 1.00 0.99 0.98 0.97 0.96 0.95 0.94 0.93 0.92 0.91 0.90 0.89 0.88 0.87 0.86 0.85 0.84 0.83 0.82 0.81 0.80 0.79 0.78 0.77 0.76 0.75 0.74 0.73 0.72 0.71 0.70 0.69 0.68 0.67 0.66 0.65 0.64 0.63 0.62 0.61 0.60 0.59 0.58 0.57 0.56 0.55 0.54 0.53 0.52 0.51 0.50 0.49 0.48 0.47 0.46 0.45 0.44 0.43 0.42 0.41 0.40 0.39 0.38 0.37 0.36 0.35 0.34 0.33 0.32 0.31 0.30 0.29 0.28 0.27 0.26 0.25 0.24 0.23 0.22 0.21 0.20 0.19 0.18 0.17 0.16 0.15 0.14 0.13 0.12 0.11 0.10 0.09 0.08 0.07 0.06 0.05 0.04 0.03 0.02 0.01

# SAA back in Cairo after <sup>(269)</sup> 28 years

CT 2/7/91

**JOHANNESBURG.** — A South African Airways aircraft touched down at Cairo airport and took on passengers yesterday for the first time in 28 years.

According to an SAA statement, released yesterday, permission was granted to the South African airline to overfly Egypt and Sudan while en route from Cairo to Johannesburg.

The first passengers to embark on flight SA 253 at Cairo were a group of South African Muslim pilgrims.

The flight departed from Frankfurt yesterday, took on the pilgrims in Cairo and then flew on to Johannesburg's Jan Smuts Airport.

Simultaneously, Egypt Air operated a direct flight from Johannesburg to Cairo, with 24 South African passengers on board. — Sapa

● Travel agents jubilant — Page 7

# Local city travel agents jubilant

CT 217191 (245) (269)

ECSTATIC travel agents in the city welcomed SAA's announcement yesterday that it planned a weekly flight to Cairo, saying there was "tremendous" tourist potential in Egypt

The announcement follows an Egypt Air flight from Johannesburg to Cairo on Saturday, when 24 South Africans got off in Cairo and were granted visas, and a statement by SAA yesterday that for the first time in 28 years an SAA aircraft on Sunday flew from Cairo to Johannesburg.

"At this stage it is SAA's intention to operate a weekly flight through Cairo," the SAA statement said

Travel agents in the city were surprised by the development, but declared it to be "a good thing"

Mr Barney Singer, president of the Association of SA Travel Agents (Asata), said. "That's marvellous

"I think that there's a tremendous potential for tourism there," he said

"A fascinating place out of the reach of South Africans" was how Mr Leon Singer of Embassy Travel described Egypt up until now

"I believe it will be a popular desti-

nation, especially in a package including Israel," Mr Singer said. "It is definitely going to take off"

Less enthusiastic about the tourism aspect but seeing the latest development as "a step in the right direction" was Mr Derek Callanan of Millway Travel

"I can't see it having the appeal of, for example, Israel. It will be more of a stop-over to and from Europe," Mr Callanan said

However, in other airline developments, an SAA spokesman yesterday said that Virgin Atlantic had not lodged an application to start a scheduled air service between the UK and SA with either the Directorate of Civil Aviation (DCA) or with SAA, spokesmen said

In terms of SA's current international aviation policy, the United Kingdom and South Africa have a bilateral agreement which specifies that only the designated national carriers may operate a scheduled service between the two countries, DCA chief director Mr Japie Smit said — Own Correspondent and Staff Reporter



## Rationalisation hits bus services

WILSON ZWANE (269)

THE SA Rail Commuter Corporation would stop its bus service on three routes from August 1, SARCC MD JJ Nel said in a statement yesterday. *8/08/91 217191*

The discontinuation of bus services — Heidelberg/Nigel, Germiston/Heidelberg and Johannesburg/Heidelberg — formed part of the corporation's "rationalisation programme to align supply and demand more closely and to curb expenditure more effectively", Nel said.

SARCC media liaison officer Riana Jacobs said the routes were totally uneconomic.

"They are covering only between 11% and 25% of their costs," Jacobs said.

She added that 500 commuters a day would be affected by the corporation's decision to stop the services.

Jacobs would not, however, say if the corporation intended closing down other bus routes this year.

Nel said the discontinuation of the bus services by his corporation "offers opportunity for private enterprise to introduce bus or taxi services"

B1 Day 217191 (277)  
269 (26)

## Africans revamp to meet competition

WHILE SAA is staking a claim in the opening African travel market, African airlines are revamping and restyling in order not to be swamped by the giant from SA.

One airline offering more flights on its routes than SAA is Air Malawi, which is becoming important as a regional carrier.

The airline recently embarked on a major programme, upgrading its fleet, re-training staff and streamlining operations.

Business travellers appear to have taken cognisance of the changing nature of Air Malawi.

Business class bookings on the airline's Boeing 737-300 flights — which offer 29 seats — have seen nearly 70% growth in the past month.

The airline has three return flights a week between Johannesburg and Lilongwe and offers connections to Harare, Nairobi, Lusaka and Blantyre.

A second Boeing 737-300 is to be added to the fleet at the end of next year, while new, more efficient and spacious turbo-prop aircraft are to be bought for the shorter flights.

The investment is believed to be worth about R200m.

Air Malawi GM Rex Lezard says the acquisition of a modern fleet and the decision to revamp the airline's structure are part of a larger plan which will leave the airline positioned to aggressively compete for a larger share of the expanding southern African air travel market.

# R2 billion for dockland

Finance Staff

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More than R2 billion will have been channeled into the development of Cape Town's Victoria & Albert Waterfront project by the time it reaches completion 12 years hence.

The project, backed by Transnet, got under way in May 1989. R60 million has been spent thus far.

It has drawn nearly two million visitors since December.

The plans encompass a working harbour, retailing and entertainment facilities and office and residential precincts. These include

- A residential area (development to start in 1997) of 700 units around a new small craft marina with direct access to Table Bay.
- A marina with mooring for 400 yachts inside Table Bay's main breakwater.
- Hotels, restaurants, coffee

Star 2/7/91  
shops, taverns, speciality shopping, a fish and fresh produce market, theatre, cinemas, a museum, brewery, boat rides and parking for 2 700 cars. Some of these, including a hotel, are currently operational.

- An office park adjacent to the old Breakwater Gaol, which is being converted for UCT's Graduate School of Business

Residential development behind the marina will start in 1993.

- A landscaped office park alongside a waterway stretching from the New Basin to the Foreshore.

Says Transnet's Dr Anton Moolman: "The results so far are beyond our highest expectations."

"We regard our involvement as an investment in the economy, both on a macro scale, with the added tourist attraction for foreign visitors, and on a micro scale, with the increase in job opportunities afforded by construction work and commerce."



# SAA breaks new barriers over Africa

By John Miller

Another step towards breaking longstanding air barriers over Africa was taken yesterday when, for the first time in more than 28 years, a South African Airways aircraft flew over Egypt and Sudan en route from Cairo to Johannesburg.

Flight SA 253 left Frankfurt on Sunday, landed at Cairo to pick up South African Muslim pilgrims, and arrived at Jan Smuts Airport yesterday.

At the same time, Egypt Air operated a direct flight from Johannesburg to Cairo on Sunday with 24 South Africans on board.

## Visas

Under an agreement with Egypt Air, SAA will now be able to stop off in both directions to pick up tourists.

The agreement also allows Egypt Air to begin a regular service between the two countries. South African visitors to Egypt will be able to get visas in Cairo on arrival, provided they fly Egypt Air.

Yesterday's SAA route included overflying Sudan, Zaire, Zambia and Zimbabwe. It cut the flying time from Frankfurt to Johannesburg by an hour.

SAA chief executive Gert van der Veer said this latest agreement would mean that both the Frankfurt and Zurich flights would save an hour's flying time per flight.

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This will also open up easier access to the Mediterranean, especially when SAA reconsiders Athens again, and we will possibly combine the two destinations."

Mr van der Veer said the new route would significantly cut costs for the airline.

"The one-hour saving on the west Africa route amounts to about R2 million per month out of a total expenditure of R250 million."

He said that although the airline was now saving money on its fuel bill and was able to compete head-on with other international carriers, this benefit would not filter through on standard airfares — but discount and excursion fares could be lowered.

He believed the lowering of fuel bills would allow SAA to delay increases on international airfares.

"Overflying sanctions have been 99 percent lifted and we expect America and Australia to reopen soon," he said.

Another country which had already granted SAA landing rights was Senegal, and this destination was being looked at by the airline.

"We will fly anywhere where there is a market."

Mr van der Veer said SAA was also exploring the possibility of overflying Angola. "With the ceasefire in that country we believe this route will save us another 20 minutes' flying time on the London route."

He added that passenger loads were down by 18 percent on those of last year.

LINDEN BIRNS

NO AGREEMENT had been reached and no licence granted to Egypt Air to operate scheduled flights between Cairo and Johannesburg, a senior Transport Department official confirmed yesterday.

The confirmation follows denials by an unnamed Egypt Air official who said Egypt had not restored normal air links with SA and that such a move was unlikely.

He also denied that the two countries had set up a scheduled air service and denied that an SAA aircraft travelling from Frankfurt to Johannesburg on Sunday night had landed in Cairo.

## SAA in 'it didn't happen' row with Cairo

The Transport Department's Directorate of Civil Aviation (DCA) chief director Japie Smit said no meetings had taken place and no agreements reached between his department and the Egyptian DCA

On Monday SAA CE Gert van der Veer announced that for the first time in 28 years a scheduled SAA flight had been allowed to land in Cairo, marking the re-opening of SAA's trans-north Africa air route.

The two DCAs are responsible for issuing operating licences and would have to

give their approval before a scheduled service could begin. (269)

On Monday morning Van der Veer and SAA chief liaison officer Leon Els disembarked from the airline's Frankfurt flight and announced they had been in Cairo overnight, having flown there on Egypt Air's flight with 23 SA tourists, and returned on SAA's Frankfurt-Johannesburg flight which landed in Cairo

Last night Els said the airline would not react to unnamed Egypt Air officials, and that SAA had nothing to add to Monday's announcement

# SAA's claim of landing rights in Cairo denied

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By John Miller

Star 5/1/91

A claim by South African Airways that it has been granted landing rights in Cairo has been denied by SA civil aviation authorities and Egypt Air officials.

However, an SAA spokesman said yesterday that the airline stood by its announcement earlier this week that it had obtained landing and pick-up rights in Cairo.

The spokesman would not comment on the denial by the Department of Transport's Directorate of Civil Aviation and Egypt Air.

At a press conference on Monday, SAA chief executive Gert van der Veer and his public relations manager Leon Els both claimed the airline had obtained landing and pick-up rights in Cairo.

Mr van der Veer also claimed that following an agreement between the two airlines, Egypt Air would begin operating a

scheduled service between Johannesburg and Cairo, while SAA would be granted landing and pick-up rights in Cairo on both legs of the European route.

A media spokesman for the Directorate of Civil Aviation, Marina Nel, expressed surprise at the alleged agreement between SAA and Egypt Air.

She said no meetings had taken place between the two departments and there was definitely no agreement or application from Egypt Air to begin operating a scheduled Johannesburg-Cairo route.

She also said the department had not received an application from SAA or Egypt Air to operate a charter service between the two countries.

A spokesman for Egypt Air told The Star yesterday there were no plans at present to begin flying to South Africa.

He confirmed, however, that SAA landed in Cairo on Monday to pick up passengers; but said this was not a regular stopover



# R25 000 reward out for train attackers

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Staff Reporter

Star 5/7/91

In an attempt to stamp out attacks on train commuters, the South African Rail Commuter Corporation (SARCC) is offering a reward of up to R25 000 to anyone with information that could lead to the arrest and conviction of those responsible for the attacks, SARCC marketing manager Coen van Niekerk said yesterday.

Mr van Niekerk said

that in their bid to work with the community, the SARCC was now providing more security on certain Soweto lines and stations with the assistance of the police.

Stations on the Soweto lines had been made safer through the installation of fences, better gate control and 24-hour police presence, he said.

He hoped such security would soon be instituted nationwide.

where they are (even though SAA is now flying over Africa en route to Europe).

SAA CE Gert van der Veer maintains that the airline will use the savings generated by its new-found freedom to fly a shorter route to stave off fare increases and get the airline back into the black.

Not surprisingly, its pool partners linking SA with the major European destinations endorse this thinking. Their costs were never in the same league as SAA's because they could always fly the shorter route across Africa, while SAA was forced for political reasons to fly around the bulge.

Nevertheless, they based their fares on what SAA charged under bilateral pricing agreements — showing a healthy margin in the process. Lufthansa's Karin Lambson

says she cannot see any immediate change in the fare structure. "It's usually set in the currencies of the two countries that share a service. We set the fare in Deutschmarks out of Germany and SAA sets it in rands out of SA."

AIRFARES

FM 5/7/91

(269)

## STILL IN THE CLOUDS

**Airfares between SA and Europe could start tumbling by the end of the year despite SA Airways' announcement that they will stay**

FM 5/7/91

(269)

**BUSINESS & TECHNOLOGY**

However, travel industry sources are hoping market forces will prevail. With SAA now technically able to fly to Europe in the same time as other airlines, it is likely to win back a lot of the traffic it lost. That could prompt a situation in which the carriers that lose out could start some form of fare discounting to win back passengers.

British Airways SA manager Malcolm Freeman doubts whether reduced flying time will upset the balance on the London-SA route. "After all, it's only an hour's saving. But I think SAA will score on the Mediterranean route, where it will be able to fly to Tel Aviv in eight hours instead of 16, for example. That could cause El Al to lose passengers and airlines such as Alitalia and Olympic won't escape unscathed either."

Bob Williams, MD of airfare discounters Williamsworld, says that with the fall in travellers to SA, due to tensions in the Persian Gulf and township violence, foreign airlines are already unofficially setting their own, lower fare levels to get an edge.

He believes that they may start doing so more openly by the end of the year. SAA no longer has the policing powers it once had and the International Air Transport Association no longer sets fares — it merely provides a forum at which they are discussed. But even here some flexibility is creeping in. Freeman says BA filed new fares with the SA authorities in April and had them granted, even though they were lower than SAA's at the time. Ironically, there's no real contradiction in this. Though Van der Veer reiter-

ated this week that SAA would not reduce its fares, he told a conference on international air links in Cape Town this year that he supports the principle of airlines determining their own fares, provided there are some safeguards against "predatory pricing."

SAA spokesman Leon Els confirms that Van der Veer is looking at open competition "now that the playing fields have been levelled and we can compete on equal terms."

He adds: "And there won't be a shortage of those. Apart from Cathay Pacific and Austrian Airlines, both of which will start their SA services this week, we can expect at least five other airlines to start flying into SA before the end of the year. Kenyan Airways, Air Seychelles, Air Madagascar and two other airlines from the East" ■

## SHIPPING — 2

**EXPANDING IN DURBAN**

With Portnet leading the Transnet pack along the commercialisation route, private companies based in Durban harbour — Africa's largest and busiest general cargo port — are finding less bureaucracy and more encouragement to go ahead with development.

The biggest project at the moment is a R17,5m upgrading by Tiger Oats subsidiary Durban Bulk Shipping. The company now restricts itself to loading ships and it handles an average of 800 000 t a year, half of it coal. But after the upgrade, due for completion by the end of the year, the Durban Bulk Shipping terminal will become only the second private facility in the harbour capable of discharging vessels as well. Benefits will include a much quicker turn-around time for vessels, a modified berth to allow bigger ships to tie up and better berth utilisation.

Says MD Koos Smith. "It's not just better handling fees we are looking at, but a whole package of advantages, including the higher rate at which we can offload. We will also be able to offer increased storage capacity — ultimately the upgrade will mean getting vessels away quicker, which is what the clients want."

Tiger Oats bought the shipping terminal from Anglo American 25 years ago, mainly to extend the group's maize germ defatting facility. Maize product exports are still one of the major bulk cargoes handled by Durban Bulk Shipping, though Smith says the original plant has changed a lot.

"We now have 24 bins, which can store 56 000 t of product, mainly dry bulk cargo and a bit of vegetable oil. Five of the bins are dedicated to coal and we have recently installed a high-speed rotary tipper with an intake rate of about 4 000 t a day."

Nevertheless, the terminal is now undergoing a facelift that includes:

- Building four new grain silos, which will increase the total capacity to 68 000 t;
- Increasing the width of the loading belt to speed up loading from 650 t an hour to 1 500 t, giving the facility the fastest loading rate in Durban, and
- Pending final authorisation from Portnet, piling and dredging the berth to increase the depth from 10,3 m to 12,8 m, making the company's terminal the deepest bulk facility in the port.

"The increased draught will allow us to handle 60 000 t vessels, where we can now accommodate only a maximum of 37 500 t ships," Smith says. "That will not only benefit us, but the port as a whole, which doesn't have a deep-water terminal for general cargo loading. Portnet has agreed to let us use its grain elevator for interim storage with the possibility now of a maize and wheat import programme. That, as well as our increased depth, fits with Portnet's plans to accommodate bigger ships. It is looking at building more general utility berths and widening the harbour mouth." ■



SHIPPING — 1

**REPAIR BOOM**

**The harsh** winter weather is taking its largest toll in years on the ships rounding the Cape — a headache for local authorities and environmentalists but a bonanza for the salvage and marine repair industry

Business always increases at this time of year as the rough seas and high winds pound oil tankers, bulk carriers and other ships travelling through the south Atlantic and Indian oceans. But lucrative freight rates and the prohibitive cost of building replacement vessels are keeping in service many ships that should have been long retired.

The result, more distress calls, more shipwrecks and for local yards, more repair work.

Bulk carriers worldwide are sinking at the rate of nearly two a month and nearly 200 sailors have been lost in the last year. Some of the big ships disappeared without a trace and are assumed to have fractured, filled with water, and sunk before a call for aid could be sent or the crew could escape in lifeboats.

Counting on a big jump in traffic around the Cape, the local marine industry thought business would boom during the Gulf War. Instead, traffic rose only modestly, but that disappointment has been more than offset by the recent deluge of repair work.

The industry doesn't expect the seasonal business to peak until next month's notorious August westerly gales, which inflict enormous punishment on westbound giant tankers and bulk carriers.

In May the 250 000 t oil tanker *Alborz*, which suffered severe damage to the plating on its bow while coming down the East African coast, spent more than R1,5m in SA on temporary repairs. The tanker then sailed to Singapore for underwater repairs because there is no drydock in SA large enough to cope.

Coming in the *Alborz's* wake last month from Australia was the Greek-owned *Kashee*, laden with 120 000 t of ore. The ship sought refuge in False Bay after springing leaks that increased its draught to more than 18 m, too deep for any other haven.

On government orders, the salvage tug *Wolraad Woltemade* stood by, receiving US\$12 000 a day, later reduced to about \$7 000 a day. Globe shipyards won a contract worth hundreds of thousands of dollars to make temporary repairs.

Another bulk carrier will now be chartered to transfer the cargo. This operation might take as long as three months. Then the *Kashee* will be taken to an SA port for repairs.

SA's other big salvage tug, the *John Ross*, was dispatched in May to assist a disabled Brazilian freighter, the *Frotamanila*, in the South Atlantic. At a cost of \$330 000 the tug towed the ship to Cape Town, where the rudder is being repaired. Brazilian shipping is beset by financial problems, but happily for SA contractors, the *Frotamanila* is covered by insurance.

Last week the 250 000 t Shell tanker *Lattia*, full of crude oil headed for Europe, broke down and was allowed to anchor in False



**Cape shipwrecks . bad for the environment, good for business**

Bay, with the *John Ross* standing by. *Globe* rehabilitated the ship's boilers and the *Lattia* resumed its voyage this week.

While the marine repair business is often erratic, the Cape's shipyards may soon have a steadier source of work. Soviet factory trawlers fishing for sardines near the Equator off West Africa are considering having their regular overhauls done in SA. A decision is expected by the end of the year, the hold up is the Soviets' shortage of foreign exchange.

Representatives of the Russian fishing industry, disenchanted with the facilities in West Africa, visited the engineering workshops of the main ship repair complexes in the Cape last month. The yards have gained considerable experience in recent years from working on Polish and Romanian trawlers, which are similar to the Soviet vessels.

The Soviets already have appointed shore agents at the Cape and they communicate regularly with headquarters in Moscow. The new business, worth hundreds of thousands of rands a year, would ensure a better flow of work for the yards and help them to retain skilled workers who now leave or are laid off when big contracts are completed. ■

# Pricing pact blocks runway

SOUTH AFRICA'S pending "freedom of the skies" — which should mean cheaper international airfares — is currently being blocked by a major obstacle: the Government's bilateral pricing agreements with other governments.

Following the SA Government's plans to de-regulate the airline industry, British billionaire Richard Branson last week announced plans to introduce cheaper flights to this country through his airline, the UK-based Virgin Atlantic.

Mr Branson said the levels of air fares to and from this country to London were prohibitive and were being kept at a high level by the two incumbent carriers, SAA and British Airways.

## Licence

But before Virgin Atlantic can begin offering cut-fare flights in this country the airline requires the go-ahead from both the British and South African governments. Apparently Mr Branson hopes to get his British licence this week and will then begin talks with the SA Government.

But by yesterday a spokesman from SA's Department of Civil Aviation said they had still not heard anything about Virgin Atlantic's application.

Garner Thompson of London Bureau reports that an IATA spokesman said yesterday, "If Virgin wants to come into South Africa on top of British Airways, then both South Africa and Britain have to agree and decide on how many flights a week, as well as other details.

"If, however, BA were

Star 6/7/91 (269)

## Governments hold key to cut-price Britain-SA fares

### PAT DEVEREAUX

to lose a couple of flights and Virgin was looking to pick up the slack, then South Africa could decide that unilaterally, just informing Britain as a diplomatic gesture."

However, according to SA's Civil Aviation spokesman, Japie Smit, it is likely this application will be rejected "because of the constraints of the standing agreement" between Britain and South Africa.

Bob Williams, the man who in 1986 pioneered discounting of air fares to this country, said: "It is clear SAA would not allow a rival in which would deprive its pool partners of tickets."

The bilateral governmental agreements designate certain airlines, members of the International Air Transport Association (Iata) which include SAA, British Airways and Alitalia as well as others as carriers, and ensure a stranglehold on specific routes.

### Open fares

South African Airways Chief Gert van der Veer recently advocated an open fare price system.

He said SAA believed the current pricing policy should be abolished and that airlines should determine their own fares and structures in relation to the market forces.

But Mr Williams said there had been no outcry against exorbitant airfares in this country because travel agencies obtained commission on

ticket prices. His agency, however, would rather have more passengers with cheaper tickets than fewer with more expensive tickets. He had managed to do this through a loophole in the law, he said.

Mr Williams said he hoped to see a de-regulation of fares before the end of this year. "Then fares would be purely market-related. Currently there are some 400 000 seats between here and Europe but 25 percent of these are not used. That means a waste of a lot of tickets and more expense for the airlines."

### Short route

Another factor which should have meant cheaper flights is the fact that political pressure has been lifted and South Africa is now allowed to fly the shorter route through Africa. Mr van der Veer said that as a result all flights to Rome, Milan, Vienna, Paris, Amsterdam, Frankfurt, Zurich and Tel Aviv would eventually be re-routed over North Africa.

This re-routing alone is expected to save carriers 10 tons of fuel on each flight and about R2 million a month.

SAA is also expected to profit on the Mediterranean route, as it will be able to fly to Tel Aviv in eight hours instead of 16, but the savings generated will not be immediately passed on to passengers. Mr van der Veer said the airline would use the savings to ward off future fare increases and

get the airline out of the red.

SAA's pool partners, which link this country to European destinations, agreed with this move, although their costs were never as high as SAA's because they could always fly the shorter route across Africa. They, however, have continued to base their fares on what SAA charged.

### New lines

However, according to Mr Williams, foreign airlines (many of which are not Iata members) are already unofficially setting their own lower fare levels to get an edge in the market and he said he believed they may start doing so more openly by the end of the year.

He pointed out that SAA no longer has the power it once had and that the Iata which meets in Geneva no longer stipulates fares but merely provides a forum at which they are discussed.

Apart from Cathay Pacific and Austrian Airlines, both of which started their SA services this week, Kenyan Airways, Air Seychelles, Air Madagascar and two other airlines from the East are expected to start flying into SA before the end of the year.

SAA is also preparing to resume certain international flights. Their pilots have reportedly been practising simulated take-offs and landings based on New York's John F Kennedy airport and Australia's Sydney and Perth airports.

SAA was also said to be investigating the possibility of operating regular flights to the Soviet Union and Eastern Europe and would probably fly three times a week to New York once the US reinstated its landing rights, Mr van der Veer said.



# Don't get too excited about air wars

DEREGULATION of the domestic civil aviation market does not mean "air wars" are about to break out in the airline industry, neither does it necessarily mean cheaper air fares, according to people in the travel industry.

This week the Transport Department announced that the new Air Services Licensing Act promulgated in July last year — allowing for the deregulation of the domestic air transport industry — would be coming into effect.

## Rivalry

But although deregulation should mean increased rivalry among airlines competing for passengers, there has been only one airline wishing to compete.

Private airlines are not in a hurry to take on the national carrier which is currently one of five Transnet divisions.

Only Trek Airlines, which operates internationally as Luxavia, is preparing to compete.

The airline will begin operating on the domestic market in October, according to a spokesman for the company.

estic air tariffs in South Africa were among the lowest in the world.

In support of this statement, Mr van der Veer said he regularly challenged the media to show him lower prices. No one had taken up the challenge.

Mr van der Veer said that 57 percent of the cost of domestic rates was paid for in foreign exchange currency and that SAA was not making profits on its internal service.

## Challenge

Seven A3-20s have been ordered to boost the airline's capacity on the domestic front. By October four are expected to arrive.

In the area of cargo, Safair plans to challenge SAA for the freight market once its licence has been approved by the Civil Aviation Department.

The airline intends using its six Hercules planes to fly major routes between five and seven times a week.

It seems the Government hopes it can turn SAA into a self-sustaining business which can compete with other airlines in the domestic market.

She said the airline would be using four airbuses initially and would compete primarily in passenger services.

She declined to comment on whether Trek's airfares would be lower but added it would be using the same airports and facilities as SAA.

In the past 40 years SAA has operated in a protected market during which it has bought aircraft and built up its infrastructure at favourable exchange rates. No other airline had this advantage.

For a number of years SAA has been using an old fleet but this year the airline has made moves to improve its fleet.

Last month SAA received the first of three 747-400s. The other two will be delivered next year. The 747-400s will be used primarily for the London and Frankfurt flights.

Christening the Boeing 747-400 Bloemfontein, in Bloemfontein, yesterday SAA general manager Gert van der Veer said dom-

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PAT DEVEREAUX



Police ~~patrol~~  
patrol ~~269~~  
'certain ~~stations~~  
stations' <sup>8/7/91</sup>

THE SA POLICE, Spoornet and the SA Rail Commuter Services have agreed the police will provide manpower at certain stations. *Sowetan*

An SAP statement issued on Friday was in reaction to criticism of their role in the safety of commuters on metro-trains, especially on the Witwatersrand.

"Stations which were earmarked for completion by April 1 and which were completed are manned by the SAP

"The SAP is, in co-operation with the SA Commuter Services, upgrading and policing commuter facilities to ensure a safe service," the statement says.

"The SAP is urgently required to maintain law and order in other parts of our community and this has a restraining effect on concentrating only on a certain section of the community." - *Sapa*

# The effects of air deregulation are yet to be felt

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Business Day 8/7/91

LINDEN BIRNS

SA's new deregulated commercial domestic aviation policy officially came into being last week, but the real effects are not likely to be felt until later this year when Trek Airways launches its service in competition with SAA on major routes.

Deregulation means any SA airline can apply to the Directorate of Civil Aviation (DCA) for a licence to operate scheduled passenger and freight flights between any destinations within the country.

For some of the smaller companies serving secondary centres like Nelspruit or Phalaborwa, deregulation does not mean much of a change as SAA, with its all-jet fleet, could not fly to those destinations.

What the new policy does mean is that smaller airlines can now take on SAA, competing against the national carrier on the same routes.

## Safety net

In recent years SAA has made up for losses on its domestic service with profits from its international services. Until SAA is properly commercialised, cross-subsidisation will be allowed to continue.

Trek, which is to be relaunched next month under a new name, will lease at least four Airbus A320 aircraft. The airline will start without the safety net SAA enjoys with its profit-generating international operation. Trek also does not enjoy the backing of a parastatal.

Trek does, however, have solid financial backing in the form of Safren, Rentmeester Beleggings and the Meulink family, and can bank on years of airline management experience earned by Trek acting as Luxair's SA marketing and sales division (Luxavia).

For SAA, deregulation is some-

thing of a godsend. It has taken some of the sting out of its rivals' complaint of having to compete on an unlevel playing field. It has also enabled SAA to trim its fleet and domestic route network.

The airline is to withdraw its seven 15-year-old Airbus A300s from domestic services. These will be replaced by Boeing 737s and a new seven-strong fleet of Airbus A320 aircraft. The A300s will probably be put into use on regional flights into Africa.

Link Airways has, in the meantime, quietly introduced scheduled flights between Johannesburg and Port Elizabeth via Bloemfontein, a route SAA has stopped operating.

Deregulation will affect not only passenger services, but freight as well. Safair Freighters has signed a lease/purchase agreement with British Aerospace for a BAe 146-100QT cargo plane to be used initially to operate two flights a night between Johannesburg and Cape Town carrying mainly express cargo.

Safair recently sold its passenger division, Safairlines, to Trek, which now holds the operating licence for the service between George, Cape Town and Alexander Bay, in addition to licences for flights between Johannesburg, Durban, Cape Town, Port Elizabeth and East London.

The latest debate in the deregulation saga surrounds ownership of the ground-servicing facilities at the nine state airports.

New entrants to the market claim SAA, by virtue of it owning the moving stairs, forklifts and other service vehicles, could still manipulate the industry. Competitors fear SAA will give its own aircraft priority.

One suggestion has been that the DCA purchase the equipment from SAA to ensure level playing fields.

## The race is on for top honours

Business Day Reporter

THE July 20 deadline for entries to the SA Non-Listed Company Award is fast approaching.

The contest, now in its sixth year, is sponsored jointly by Business Day, Arthur Andersen & Co and Wits Business School.

Organiser Andrea Leigh says competition promises to be as strong as in previous years.

The contest is open to companies not listed on the JSE or close corporations which meet certain eligibility criteria. The award goes to the company which is judged best to demonstrate creativity and entrepreneurial skill in meeting the challenges of business.



● THOMAS

Special attention is likely to be given this year to strategies adopted to combat the recession.

Arthur Andersen & Co partner Graham Rosenthal said the contest had gained in stature over the years. This was reflected in the calibre of winners and finalists, and the support from business leaders who readily accepted invitations to serve as judges.

The judges this year are Prof Colin Firer, deputy dean of the Business School, Trencor chairman Neil Jowell, Datakor chairman Nic Frangos, Malbak Holdings executive director Grant Thomas and Industrial Development Corporation MD Karel van der Merwe.

Delta Motor Corporation won last year. Chairman and CE Keith Butler-Wheelhouse said winning the contest meant far more than taking home a trophy to Delta's foyer display in Port Elizabeth. It was a tremendous morale-booster for the corporation and its employees.

Eric Samson, chairman of 1987 winners Macsteel, expressed similar views. "A notable spinoff from the award was the way in which all the staff reacted. We found that our customers, too, were proud to be associated with an award-winner."

Confidentiality will be respected throughout the judging process.

Twenty finalists will be named on September 12 and the award will be presented at a banquet in Johannesburg on October 28.

Further information can be obtained from Andrea Leigh at (011) 880-7000.

● Entry form Page 8

## Charting a course in Mozambique

Business Day 8/7/91

LINDEN BIRNS

NELSPRUIT-based Metavia airline and two Maputo businessmen have set up a Mozambique-registered airline to operate charter and relief aid flights in that country.

Metavia director and GM Diedre Ward said the new airline, called Tropical Airlines, had applied for licences to operate scheduled flights between Mozambique's major centres.

Tropical is one of several undertakings vying to exploit Mozambique's domestic aviation market which has been largely neglected by the national carrier LAM.

"It took us two years to get the airline registered as bureaucracy slowed things down, but we are optimistic that the Mozambican department of civil aviation will make a decision on our application within the next six months," she said.

Metavia injected about \$100 000 into Tropical. If the scheduled licences are granted, more will probably be invested to help finance the acquisition of a 30-seater passenger aircraft.

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# Cover-up at Jo'burg station

A MULTIMILLION-rand plan to cover a large portion of the railway line near Johannesburg station has been given the green-light

RMS Syfrets has been awarded the tender for the development and is believed to be planning a two-storey retail centre and taxi facilities over the railway line. Trains will continue to travel underneath the development, which will be the first commercial undertaking of its kind in SA.

The 7 000m<sup>2</sup> area to be covered is between Wanderers and King George streets and is bounded on the south by Noord Street. It will be leased to RMS Syfrets by the SA Rail Commuter Corporation on a 50-year leasehold.

Yesterday SA Rail Commuter Corporation and RMS Syfrets spokesmen refused to divulge further details.

TANIA LEVY

SA Rail Commuter Corporation property development GM Dirk Ackerman said all information was embargoed until the consortium involved in the development decided to release it.

He said the deck over the railway line would form a small part of a major announcement which would be "highly significant to the SA economy". This announcement would probably be made next week.

A RMS Syfrets spokesman confirmed that the group had won the tender and was not prepared to furnish further details of the project, including its value, until SA Rail Commuter Corporation approved re-

□ To Page 2

## Cover-up

lease of the information

Transnet property development manager Johan Malherbe refused to comment on the value of the project. Transnet will act as an agent for the development.

Malherbe said 10 proposals had been received when the covering of the railway line was first put to tender by the then SA Transport Services at the end of 1989. Five of these proposals had been selected to submit more detailed schemes for the development. The final choice had been influenced mainly by financial criteria.

Developers have been interested in using the space above SA's inner-city railway lines for nearly a decade, but such developments were impossible until legal and municipal constraints were removed towards the end of 1988.

The Johannesburg City Council rezoned the space above the lines, and Sats worked on removing legal barriers preventing the leasing of the "airspace".

Old Mutual recently extended a Cape Town property by building a deck over a stretch of railway line.

□ From Page 1



# Airlines planning to spend R11m on local advertising

INTERNATIONAL airlines have allocated more than R11m to SA advertising campaigns this year, while Sator has set aside R5m for advertising SA abroad.

Most major European airlines have increased advertising after the slump following the Gulf war.

SAA is the top local advertising spender, with an estimated budget of more than R5m. British Airways (BA) is ranked second with a budget of between R3m and R4m for this year, while Cathay Pacific's launch campaign was worth about R1m.

These figures exclude below-the-line expenditure

SAA spokesman Zelda Roux said this year's budget was down by about 25% on last year, but was likely to be increased again next year

On the domestic front, Roux said SAA would probably have to place some unforecast advertisements to counter Trek Airways once it began operations later this year.

Sator advertising deputy director Dale Pretorius said the organisation had allocated R5m to foreign advertising this year after four years of not placing any new advertisements.

10/17/91  
269  
LINDEN BIRNS

Campaigns have and will take place in the UK, French, the Benelux, Italian and German media.

The tourism sector had experienced a 17% downturn in January and a 10% drop in February compared to the same months last year.

Sator predicted a major 15% to 20% upturn from September leading to about 10% growth in the sector by the end of the year, he added.

Austrian Airlines southern Africa GM Sigi Kuchling said the airline had a local advertising budget of about R750 000 for this year. Air Seychelles, which begins scheduled flights to SA next month, has earmarked R350 000 for launch and pre-launch advertisements.

Cathay Pacific southern Africa and Indian Ocean manager Angus Robson said the airline's R1m launch budget would probably be cut back next year once the airline had established itself in the SA market.

However, the possible entry to the market of other Far East carriers might cause a rethink, he said.

● See Page 13

# Portnet is <sup>269</sup> expanding in Cape Town

LINDA ENSOR

CAPE TOWN — Portnet in Cape Town was involved in a number of expansion projects, port captain Rudie Basson said yesterday at the opening of the harbour's new quayside financial house, Cowrie Place.

A separate financial centre was made necessary by the restructuring of Transnet and the breakdown of Portnet into distinct profit centres, of which Cape Town's harbour was one.

A R3m shed dedicated to ro-ro vessels had been completed recently. This would serve mostly coastal trade, but had the capacity to handle deep-sea cargo.

About R20m was being spent on a new cold storage facility for handling frozen fish transshipments, while a feasibility study was being conducted into a chemical tank farm to handle chemical imports.

Portnet had been in a consolidation phase of harbour development in Cape Town, but indications were that SA was poised for greater foreign trade.

Basson foresaw a rise in the number of ships stopping off at the harbour and an increasing need for bunkers and ship repairs.

6/10/91 12/7/91

# Direct flights to Australia may take off by year's end

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DIRECT weekly flights between SA and Australia are likely to begin before the end of the year.

DARIUS SANAI

Gavin Simpson, MD of Qantas sales agent Go Australia, said at the weekend he expected the SA and Australian governments to "very shortly" renegotiate the Bilateral Air Services Agreement, broken off when SAA was denied Australian landing rights in the early 1980s.

Simpson said Qantas's Harare office would continue to operate. "Qantas has found a large enough market within Zimbabwe and Kenya to justify continuing with one flight a week to Australia."

At present there are three flights out of Harare each week to Australia in the peak season, and two in the low season

Qantas would then reintroduce a weekly Johannesburg-Perth-Sydney flight, with the possibility of two flights a week operating by the middle of next year, Simpson said

Simpson said he expected the travel market between the two countries to expand with the lifting of Australian sanctions.

The cutting of the direct air link to Australia has meant that almost 25 000 South Africans fly from Harare to Australia each year on Qantas, mainly to visit friends and relatives in the sub-continent.

"Australians and South Africans are remarkably similar, and the potential for sporting and social links as well as the business market is huge."

The fares would remain largely unchanged from those charges by Qantas for the current Johannesburg-Harare-Sydney round trip, at around R7 500 for a peak season economy class Apex ticket — bookable 20 days in advance — and R12 300 for a business class return

He said he expected SAA and Qantas to begin operating on the route within a few days of each other, but added that the expansion in the market would be sufficient to guarantee a lucrative market for both carriers

Simpson predicted that the lifting of tourism sanctions — South Africans have to wait six weeks to get an Australian visa — would lead to a boom in the tourist trade.

## Seven killed in unrest nationwide

SEVEN people died in unrest on the Witwatersrand and in Natal on Friday and Saturday, police said in their weekend reports.

of men set huts alight on Saturday. Police arrested 15 men

Four bodies with bullet wounds were found in Alexandra and Tembisa on Friday. Also in Alexandra, police found the body of a man who had been set alight on Saturday.

Nearby at Ndoleni, police found the body of a man with stab wounds

Five people were injured on Friday when a grenade was tossed at two minibus taxis in Greytown, Natal, on Friday. It detonated under one of the vehicles

In Mkaobeni, near Richmond in Natal, a youth was killed and two men seriously injured when a group

Police raided a hostel in Kagiso near Krugersdorp on Friday, seizing weapons and arresting nine residents. — Sapa.

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The bank says the interest rate will be 15.5% for 1991





Several other proposals, including a site at Stillfontein in the western Transvaal

Picture: ROBERT BOTHA

# Direct flights to Australia may take off by year's end

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Police raided a hostel in Kagiso near Krugersdorp on Friday, seizing weapons and arresting nine residents. — Sapa

## rotection for computer software



SAA optimistic about new deal

# Talks start on restoring air links with US

181 day  
16/7/91  
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THE US and SA governments will this morning start talks aimed at reinstating regular flights between the two countries.

This was disclosed yesterday by a source close to SAA and confirmed by a US state department official.

And an SAA spokesman said that similar talks between SA and Nigerian authorities on landing rights and flight frequencies were likely to start soon.

SAA spokesman Mike Pheiffer said the airline hoped to restart direct flights to the US before the end of August. He said SAA was optimistic that a new bilateral agreement between SA's Directorate of Civil Aviation (DCA) and the US Federal Aviation Authority (FAA) would be secured within days.

SA ambassador to Washington Harry Schwarz said last night many issues relating to SA-US links had to be renegotiated following last week's lifting of sanctions.

Schwarz said he had appointed a task group to negotiate with the US State and other departments on measures needed to normalise relations between the two countries.

He said that apart from air links, today's talks would also cover trade, customs, quota and taxation issues between SA and the US.

A Transport Department spokesman yesterday said initial talks paving the way for the DCA and FAA to draft a bilateral agreement would be initiated by SA's Foreign Affairs Department.

All SA-registered aircraft were barred from entering US airspace from November 1986 in terms of the Comprehensive

LINDEN BIRNS

Anti-Apartheid Act.

"Passengers who have already made bookings to fly via Europe to the US will probably be given the opportunity of changing their tickets to direct flights once the service is back on its feet," said Pheiffer.

Air industry sources said yesterday American Airlines was likely to be nominated by the FAA as the US flag carrier on the US-SA route.

American Airlines SA GM Mike Tyler said the airline was looking at the US-SA route as a potential growth area. However, if it was awarded an FAA licence, it would probably consider starting flights only next year, he said.

The DCA and FAA would negotiate how many flights should service the route, landing times at New York's J F Kennedy airport, as well as discussing the possibility of a second US destination for SAA. Before 1986 SAA flew to New York and Houston.

Pheiffer denied weekend reports that official talks between SAA and Australian carrier Qantas, had begun. "There can't be any talks between the two airlines until the two governments have drawn up a new bilateral agreement governing the type of service that should be given on the SA-Australia route," he said.

It is not known when talks will start with Nigerian officials. The Lagos route will probably be an extension of SAA's existing Johannesburg-Kinshasa-Abidjan route.

The airline is also investigating the feasibility of starting scheduled flights to Dakar, Senegal.

31 day 16/7/91  
**Cargo handlers**

## prepared for end of sanctions

(269) LINDEN BIRNS (250)

FACILITIES at Jan Smuts Airport were adequate to deal with any major increase in freight following the lifting of US sanctions, airlines said yesterday.

British Airways SA marketing manager Sandi Lee said the lifting of sanctions was good news for the air freight industry, but warned it could take some time for the effects to be felt during the current world recession.

Wendy Vorster, director of Expeditors International, said there would be more talk about increased capacity than there would be actual growth.

This was because during sanctions goods entered SA via "back door" third parties. With sanctions gone, the same volume of freight would now come in through the front door, she said.

She said handling capacity at Jan Smuts Airport was satisfactory, but that there was a backlog in outgoing cargo due to an unnecessary amount of red tape.

Lufthansa, the largest air freight carrier into SA from Europe, is expecting growth in air freight of between 15% and 20% for the next year. Last year it carried 7 000 tons of freight into SA and 5 000 tons out.

SAA spokesman Leon Els said SAA had no plans to expand cargo handling facilities at Jan Smuts as it still had spare capacity.

The airline also had enough airborne freight capacity as shorter routes to Europe meant higher payloads on each flight, he said.

Els said there had been no growth in the past nine months, and that there were no dramatic prospects for short-term growth.



# SAA cancels Madagascar landing

By John Miller

Star 17/7/91  
A shortage of jet fuel and the ongoing violence in Madagascar led SAA to cancel a landing in the capital, Antananarivo, yesterday morning.

A spokesman for the airline said the decision to land in Mauritius instead of Madagascar was based on two reasons: the lack of jet fuel at the airport and the ongoing unrest in the capital.

A spokesman for Thomson Tours said that, to their knowledge, there were only two South Africans stranded on the

island. However, it had been in contact with its agent in Antananarivo and recommended that visitors try to make their way to Mauritius.

Several hundred thousand people demonstrated in the capital yesterday against a call by opposition leaders for a partial end to a week-long general strike.

Representatives of an opposition coalition which has staged protests for the past month to put pressure on President Didier Ratsiraka for political reforms met him on Monday and agreed that workers in the pri-

269  
vate sector and semi-State organisations should return to work. Civil servants would continue the stoppage.

Banks started opening yesterday for the first time since the strike began but closed again as a result of pressure from the crowds.

Some public buses started running.

A committee of government and opposition representatives, with church mediators, was due to start preparatory work yesterday for a national conference on a new constitution. — Sapa-Reuter

# SAA will fly to US soon if talks bear fruit

By John Miller  
Star 1/17/79

South African Airways could expect to fly to the United States within the next three months if negotiations between the two governments go according to plan, SAA media manager Leon Els said yesterday.

While talks are taking place between the two governments, SAA has adopted a wait-and-see policy regarding links between with other airlines.

Mr Els said the American government would inform the South African Government of procedures which would have to take place to enable the reintroduction of air links between the two countries.

He said that to date no talks

had taken place between the airline, Australia, Japan, Singapore, Thailand and Nigeria.

It was a question of waiting to see when these countries resumed trade links and then air links with South Africa.

Mr Els said the agreement with the Egyptian authorities was still holding. This past Sunday saw SAA's third stopover in Cairo to pick up returning South Africans.

He said that if and when the airline decided to fly to Nigeria, the destination would form part of its regional route with Kenya, the Ivory Coast and other African countries.

A spokesman for the Department of Civil Aviation said it had not received any applica-

tions for landing rights in South Africa.

The spokesman said there seemed to be a tendency for airlines to take up reciprocal rights. Austrian Airlines was a good example, having had such traffic and landing rights since 1969. Another to follow shortly would be China Airlines. This agreement dated back to 1980.

A spokesman at the South African Embassy in Tokyo said JAL, the Japanese national carrier, would wait until its government dropped sanctions before holding talks with South African authorities. A bigger problem for SAA, he thought, would be trying to secure slot times at the already congested airport in Tokyo.

A spokesman for the embassy in Taipei said another Chinese carrier, Eva Airlines, a cargo carrier, might be interested in flying to South Africa but this would depend on negotiations to amend the present bilateral agreement.

A spokesman at the embassy in Hong Kong said there was interest from Thai Air and Singapore Airlines, but any additional carrier from the Far East would have to go via other countries to pick up passengers in order to justify flights to South Africa.

Airlines in the Far East were waiting to see how successful the recently introduced Cathay Pacific scheduled service would prove.

1/17/79



# US airlines 'interested' in SA<sup>(269)</sup>

By Ramsay Milne  
Star Foreign Service

Star  
18/7/91

NEW YORK — US airlines are not exactly elbowing each other out of the queue for landing rights in South Africa, but three of the biggest US carriers were reported today to be "interested" in restoring the direct flights that Pan-American Airways once shared with SAA.

The opportunity to restore the direct link, which Pan-Am abandoned as uneconomic in 1985, has come about as a result of the lifting of US sanctions.

Senior SAA and SA Government officials were negotiating in Washington today for the restoration of SAA direct flights from the US to South Africa, which were on a daily basis if the

two flights a week from Houston were taken into account.

Spokesmen for three US airlines, Delta, American and United, told me they were "studying the possibilities" of flying to South Africa

A Delta spokesperson said today "Yes, we are looking at all our options and the New York-Johannesburg route is one of them."



# US wants air links

*Sowetan*  
SOWETAN FOREIGN  
SERVICE 269  
19/7/91

NEW YORK - Three of the biggest US carriers are reported to be "interested" in restoring the JFK-Jan Smuts direct flights that Pan-American Airways once shared with SAA.

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Senior SAA and Government officials were in Washington yesterday to negotiate the restoration of SAA direct flights from the US to South Africa.

# Airlines' catering tests under scrutiny

Blom 19/7/91  
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PASSENGERS planning on packing their own lunch bags in the light of last week's revelations about airline food can probably afford to relax.

Much of what has been disclosed about the bacteria count in meals coming out of Jan Smuts Airport must still be corroborated. Without anticipating the outcome of the current tests, there is no doubt the picture is not as bleak as it was painted. For a start, there are three separate kitchens servicing the domestic and international airlines using Jan Smuts. Carriers select a particular facility and conduct their own regular inspections of the premises. Since hygiene is a matter of mutual concern, doubtless they co-operate and pool information when necessary.

The same kitchen, for example, supplies Lufthansa, Swissair, UTA and Varig, and has now taken on the business of Cathay Pacific and Austrian Airlines. In the light of the high *e coli* counts found in some of the Jan

Smuts food, Lufthansa checked back on their own tests conducted at an independent laboratory in Germany in the last two years. *E. coli* was found in minute quantities in only one of 55 samples. At less than 2%, this figure is a far cry from the near 50% reported from what may have been another facility.

Food quality is not simply a matter of marketing propaganda. A lot of food poisoning bacteria present symptoms of fever, vomiting and diarrhoea within two to four hours. Not to put too fine a point on this, an outbreak of food poisoning on a packed jumbo could turn out to be a thoroughly unsavoury experience, with long-term implications for a carrier's credibility.

It is hardly surprising that even in

food hygiene was so unsatisfactory, why has it taken at least six months for the problem to be investigated?

Lufthansa's Roy Gomez was called back from leave as soon as their reports of high *e coli* counts at Jan Smuts were published. Even though the analyses may not have related to food prepared at the premises which supplied Lufthansa, he drew samples for testing in Germany. Following the international guidelines laid down for such procedures, the dishes were packed with dry ice and sealed in front of the chef of the establishment in question.

Airline catering managers are not sure that these procedures are adhered to for the local testing on which the SAIMR results were based. Only once the international carriers operating out of Jan Smuts have received the results of the samples drawn this week, will the jet-setters know for sure if they need to pack their own caviar.

cost for return-loading runs to be between R10 000 and R20 000 a flight. The fact that there are several African destinations where return-loading applies speaks for itself. No major carrier can run the kind of risks implicit in *e coli* counts of nearly 50%.

Last week's reports disclosed that the analyses were conducted during the course of last year and that the Department of Health was "investigating the tests". This suggests that testing procedures rather than catering establishments are being examined.

This makes more sense than any suggestion that bacteria counts ran regularly to near-lethal levels. If indeed the SA Institute of Medical Research (SAIMR) was convinced that

## LETTERS

# Gifts to Egypt Air uncovered

16/7/61  
1961

Own Correspondent

**JOHANNESBURG** — Top SAA officials earlier this month feted colleagues from Egypt Air with gold jewellery and champagne worth thousands of rands.

The Egypt Air officials received at least eight sets of Krugerrand jewellery worth about R2 700 when SAA officials joined them on a chartered Egypt Air flight from Johannesburg to Cairo.

The officials, including SAA chief executive Mr Gert van der Veer, were on their way to Cairo for negotiations on new air links between the two countries. The royal treatment accorded the Egyptians came to light in a telefax requisition to SAA's in-flight services manager, but sent inadvertently to Business Day. But

SAA officials made no attempt to cover up their largesse.

Mr Van der Veer's personal account was billed for four sets of gold Krugerrand cuff-links.

## 'Not sweeteners'

Two sets of Krugerrand cuff-links and two sets of gold Krugerrand necklaces were billed to the personal account of the airline's corporate affairs director and chief spokesman Mr Leon Els. The champagne was billed to the account of senior international affairs manager Mr Henry van Wyk.

Mr Els said the gold jewellery gift sets were "definitely not sweeteners" given to win over Egyptian officials who might oppose SAA's bid to fly between Europe and SA via Cairo.

On June 30 SAA was granted conditional landing and overflight rights by the Egyptian

government

• SAA has spent more than R116m on new flight simulators, computers and software to prepare pilots and technicians for the new-generation Airbus A320 and Boeing 747-400 aircraft it has purchased.

SAA has agreed to buy two Concept 90 simulators, which will augment simulators for the existing older-generation fleet, situated at SAA's Jan Smuts Airport technical base.

Costing R50m each, they will be used to train pilots who have flown older aircraft — which have analogue gauges, dials and toggle switches in their cockpits — to use the newer cockpits.

A further R16m has been spent on a new ATEC 5000 computer, which will be used in SAA's avionics workshops for testing replaceable cockpit components and instruments.



immigration... been released which will turn your...  
**Czechs seek air service agreement**

8/10/91 23/7/91  
LINDEN BIRNS (269)

A CZECHOSLOVAK Airlines (CSA) representative is to hold talks with the Directorate of Civil Aviation in Pretoria tomorrow to try to pave the way for a bilateral scheduled air services agreement between Czechoslovakia and SA.

CSA Belgium deputy manager Mladen Herzi has been appointed by the airline to conduct preliminary talks ahead of a visit by Czechoslovakian Prime Minister Marian Calfa in September.

Herzi said yesterday that if talks were successful, Calfa and his delegation, which would include six cabinet members, would probably negotiate the details of a bilateral agreement.

SAA spokesman Leon Els said air links between the two countries were unlikely to be established in the short term, but said SAA would welcome the promotion of trade and tourism between the two countries.

Current traffic demands did not justify a new service to Belgrade.

**SAA puts millions into high-tech pilot training**

8/10/91 23/7/91  
LINDEN BIRNS

SAA has spent more than R116m on new flight simulators, computers and software to prepare pilots and technicians for the new-generation Airbus A320 and Boeing 747-400 aircraft it has purchased.

The airline was the launch customer for a new R50m advanced simulator system called Concept 90.

SAA has agreed to buy two of the simulators, which will augment simulators for the existing older-generation fleet, situated at SAA's Jan Smuts Airport technical base.

SAA will construct a special building to house the new simulators next to the Flight Operations Centre at the airport.

The two simulators are expected to be delivered once the new building has been completed.

They will be used to train pilots who have flown older aircraft — which have analogue gauges, dials and toggle switches in their cockpits — to use the newer cockpits, which are equipped to display all flight con-

trol and systems information on flat panel cathode-ray and liquid crystal display screens.

SAA currently has two Boeing 747-400 aircraft in service. Two more are to be delivered next year, and the first of seven Airbus A320s will arrive in October.

The rest of SAA's fleet of 747s, 737s and Airbus A300s all have conventional analogue cockpits and flight systems.

R16m has been spent on a new ATEC 5000 computer, which will be brought into service in October.

It will be used in SAA's avionics workshops for testing replaceable cockpit components and instruments.

The computer will enable the airline to conduct hundreds of simultaneous airworthiness tests on complex components in a short time.

SAA has sent six technicians on training courses qualifying them to use the new computer.

**Piet Skiet 'a police agent'**

8/10/91 23/7/91  
JONATHAN REES

THE right-wing Boere Weerstandsbeweging (BWB) yesterday alleged that AWB spokesman Piet "Skiet" Rudolph was a police agent and called on all right-wingers to withdraw their support for the AWB.

In a statement, BWB leader Andrew Ford claimed Rudolph had, since he was detained last year, been working with the security police to trace and return stolen weapons in the possession of right-wingers. He alleged that since Rudolph's indemnity he had "played into government's hands" by trying to draw right-wingers into negotiations with the ANC and government.

In response, Rudolph said he would not discuss Ford or his statements. The BWB leader and his organisation had minimal support and were not important in the fight "against the ANC, SA Communist Party and PAC for repossession of land we have lost".

Ford called on government to arrest and charge Rudolph on a charge of attempted murder. Last Friday, two AWB members were found guilty of plotting to murder Ford. They told the court Rudolph had instructed them to infiltrate the BWB.

**Exile body says it may close**

THE National Co-ordinating Committee for the Repatriation of SA Exiles (NCCR) yesterday said it might have to close down its operation.

"Given the present situation, the NCCR endorsed the opinion of its executive that the present rate of repatriation does not warrant the continuation of a large national organisation," a statement said.

The NCCR said another factor was that the UN High Commissioner for Refugees and government had deadlocked on the exiles issue. Government had failed to grant amnesty to all exiles and to allow the UN agency to be involved

in the repatriation process.

"As a result, no funds are available to assist the return of exiles"

The NCCR said its executive committee had been authorised to reassess the position at the end of July and take whatever decisions it considered necessary.

"This may either be a dramatic scaling down of the present NCCR operation or its closure," it said.

The statement said in the event of the organisation's closure, every effort would be made to assist the limited number of exiles who were still returning — Sapa.

# Safmarine ready for influx of competitors

6 (way) 24/7/91  
LINDA ENSOR  
CAPE TOWN — Safmarine is preparing for intense competition for the SA freight market in the post-sanctions era

There are indications that Polish liners are entering the market at lower rates.

But Safmarine MD Tony Farr says Safmarine, the shipping arm of Safren, has been preparing for the past two years for the development and is confident that Safmarine will be able to maintain its market share.

Attention has been focused on providing a value-added and better service.

Safmarine recently launched Saflink, a multi-million rand service network combining the group's sales and marketing operations with Freightmarine's documentation functions.

It has also introduced COMPASS, an on-line software package offered free to customers to allow them to link into Safmarine's international computer network.

## Future

Farr expects that liners unwilling to carry SA cargo during the sanctions era will re-enter the market at reduced rates. However, he does not believe they will be able to sustain the lower rates for a significant length of time.

As regards the future of Safmarine, Farr does not foresee much growth in market share in the liner division which will only expand in tandem with the growth in SA's import and export trade.

The low margin bulk cargo service and air freight division, Safair, have been identified as the high growth areas.

The bulk cargo division only has 15% of the SA market and Farr believes there is a lot of scope to improve tonnages of coal and iron ore significantly.

The other growth area is the high margin express freight service provided domestically by Safair as well as its freight service into Africa.

Farr says the express freight market internationally has shown a growth rate of about 9% to 15% annually and the same could occur in SA.



# Air travel to SA 'is a rip-off'

<sup>Monday 26/7/91</sup>  
LONDON — Air travel between SA and Britain is a rip-off because of the absence of open competition, says a London travel agent.

The cost of a scheduled London-Los Angeles return ticket is nearly one-third less than that of a London-Johannesburg ticket — although the journey to Los Angeles is several hundred kilometres longer.

A charter return flight to Los Angeles costs less than half the cheapest return flight to Johannesburg.

The travel agent believes the introduction of Virgin Atlantic Airways as competition to the SAA and British Airways monopoly on the London-Johannesburg route would force the established carriers to reduce their fares.

He says the cheapest scheduled economy return between London and Johannesburg — on BA between April 1 and May 31 — costs about R2 940.

The cheapest British Airways scheduled economy return to Los Angeles costs about R2 200 — more than R700 less.

But, he says, Virgin has recently offered "specials" to Los Angeles at R1 870 for

<sup>26/7</sup>  
KIN BENTLEY

a return ticket — nearly R1 100 cheaper than the fare to SA.

He says an application to operate a cheap charter service between Britain and SA was turned down recently by SA authorities.

On the impact on fares if Virgin starts operating to SA, the travel agent says: "SAA and BA will bring down their fares to compete with them, as happened in the US" Competition on this popular route, he says, will be "beneficial to the consumer".

## Licence

Earlier this week, Virgin Atlantic Airways was granted a licence by the British Civil Aviation Authority to operate in competition with the SAA and BA "club".

Negotiations are due to start shortly between the British government and SA for Virgin to get landing rights at Jan Smuts. The airline hopes to start operating daily flights between London and Johannesburg next year.

It has promised to cut

SAA and BA fares by up to 25%

Aviation sources say the route to SA, which SAA and BA have operated jointly since 1946, is one of the most expensive and heavily loaded long-haul services in the world, with most of the flights up to 90% full.

It is estimated that BA alone earns nearly R150m a year from the route out of an annual turnover of around R750m.



Department of Transportation's specialist for Africa and Asia.

Pett's department called for public comment after President Bush lifted sanctions against SA on July 10. "None was filed by noon on July 18, so my department will now issue a final order which the President is likely to approve," Pett says "SAA can apply once our order is final, which will be in a few days Everything now hinges on when it lets us have its application.

"Our law does not require that formal, bilateral agreements be concluded for an air service to operate SAA can start flying in as soon as we've granted an exemption or a permit Then the two departments of foreign affairs can clinch the formal agreements in their own time"

Pett believes that one of the two international airports serving New York City — Kennedy or Newark — "will arrange a gate for SAA when it's ready to fly in, they always try to accommodate foreign carriers"

SAA spokeswoman Zelda Roux says SAA has applied for landing rights and is looking at Kennedy, not Dulles Airport outside Washington, as some reports have suggested SA Division of Civil Aviation spokeswoman Maurena Nel says her division will present SAA's application to the US Department of Transportation Pett believes that SAA could be flying to the US very soon, but Roux sticks to the official line of, "perhaps before the end of the year, it depends on how long it takes for the paperwork to be completed"

Japie Smit, Commissioner of Civil Aviation, confirms bilateral air service agreements aren't essential But foreign airlines wishing to fly in and out of SA without them must ask SAA to apply on their behalf. SAA has not passed along any applications to Smit's department from US airlines.

Most likely the US will award the SA route to one of the country's three biggest and healthiest airlines — Delta, American or United. (The US does not have a national carrier similar to SA's SAA.) But American's GM in SA, Mike Tyler, says rights to the route aren't being hotly pursued because of the recession in both countries. "I believe the US Department of Transportation will call for bids from carriers only once SAA has re-established the route"

Colleen Wagner, GM of United Airlines in SA, says American carriers will normally consider a route only when it can support at least one flight a day, "and we don't have the volumes here to do that."

However, the route does have its attractions. In addition to Cathay Pacific and Austrian Airlines, which started operating regular services to SA recently, a number of other airlines have expressed interest in flying to SA They are Kenya Airlines, Air Madagascar, Air Seychelles, CSA of Czechoslovakia, Singapore Airlines, Japan Airlines and Qantas.

There is no doubt business people will welcome the chance to cut in half the 30-

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hour trip to the US through Europe and SAA will regain a lot of traffic it forfeited when it lost its US landing rights in November 1986. Its fares will be cheaper and European airlines will be hard pressed to drop their fares enough to compete on the route from SA to the US through Europe

Izy Etkin of Sabena says, "We operate two flights a week, but are thinking of a third Not more than 15% of our traffic from SA is destined for the US."

Lufthansa, which flies to Europe six times a week, says 8% of its passengers from SA fly to the US through Frankfurt Spokeswoman Karin Lambson says "We believe we'll get more passengers now that sanctions have been lifted, SAA will pick up a lot of traffic destined for New York, but we fly to 18 destinations in the US and we'll pick up most of the traffic that flies beyond Kennedy, which is a hassle airport."

Malcolm Freeman, British Airways' SA manager, says he isn't concerned about the prospect of BA losing up to half of the 18% of local passengers who fly on to the US. Like Lambson, he believes it will lose out mainly on the New York route, not the 22 other US destinations the airline flies to

"It's easier to transit in London than in New York and, with increased business travel due to sanctions being lifted and tourism to SA recovering, we'll recoup that 9% very quickly. We operate 10 flights a week. In the

## SA AIRWAYS Fm 26/17/91 GETTING CLEARANCE (269)

The paperwork needed to clear a landing for SA Airways in the US is zipping along SAA can apply in a few days for rights to fly to the US and it's assured of getting permission almost immediately, says Mary Pett, the US

17/91 (269)

off season, we have to turn business away on three or four nights a week In the high season we turn it away every night"

However, he says a plan to add an 11th flight to BA's SA service in April "has been delayed to November when we believe the market will have picked up sufficiently to justify it"

## Professional Catering



A S I A L O T I O N

# Making a meal of new trade opportunities

The entry of more international carriers into South Africa, following the arrival of Cathay Pacific and Austrian Air in recent months, holds much promise for an industry which has long borne the immediate brunt of economic sanctions.

Its most pressing need, however, is to produce the value added food items required for inflight meal production.

Air Caterers, jointly owned by Swiss Air and Fedics — the largest, industrial catering company in SA — is the international inflight service division of Fedics and prepares meals for most of the overseas-bound carriers. The balance is provided by Air Chefs, another division of Fedics, which is the sole supplier of inflight services to SAA.

Air Caterers operations director Karsten Tripmaker says although no definite word has come from international airlines, plans have been approved to expand its production facilities at Isando and Spartan, to lift current production from 4 000 to 7 000 meals a day, thus enabling it to service a further five international carriers.

Prior to the arrival of Cathay Pacific and Austrian Air, Air Caterers was producing about 3 600 meals a day. This number has now leapt to 4 000 meals a day as a result of their entry.

Tripmaker says Air Caterers is currently increasing its capacity through a number of internal changes in its facilities. Though he will not divulge how much money is being spent, he says the changes will mean larger kitchen, storage and bond store (duty-free liquor storage) facilities at both Isando and Spartan.

Builders and equipment suppliers have already been awarded contracts, for instance, larger dishwashers and blast chillers are on order, and the re-vamp should start next month. The largest portion of the upgrading will be complete by year's end. The rest, primarily the building work, will be finished in early 1992.

On the supply side, Tripmaker says Air Caterers is continually looking for value added products.

Those presently on the South African market are not suitable for his needs — for example, the proliferation of frozen foods.

What the company is seeking is portioned meat, a demand yet to be met satisfactorily, despite attempts made so far.

### Rigid

Airline requirements are particularly rigid in terms of quality and quantity and SA is yet to catch up to countries like the United States in this respect.

At present, Air Caterers subcontracts out for the supply of baked goods, smoked salmon, processed meat and confectionery (cakes and desserts), but it is still on the look out for new innovative products — particularly in the dessert line.

"Even basic things like pre-portioned coffee creamers in liquid form are unobtainable locally.

"These coffee creamers are presently being imported at a premium," Tripmaker says.

# Bus fares to be increased by 15 percent

Staff Reporter

(269)

AGG 30/7/91

BUS fares go up an average of 15 percent on Sunday

The increase could not be put off any longer, said City Tramways general manager Mr F E Mayoss.

He said that since last August the company's operating costs had continued to increase steadily and referred to the fare reduction in November.

"The company has been paying higher wages since January without passing the additional cost on to passengers."

Cash fare increases range between 15c for a 12km ride and 95c for 50km. Subsidised clipcards go up an average of 15,5 percent.

Pupils under 13 will pay R7,50 a clipcard and under-17s R11,50. Pensioners' clipcards go up to R6,20.

Clipcards bought before Sunday will be valid for 14 days after the date of purchase.

● Trains delayed — L♥ving is ... saying you're sorry

— page 6.





Up in arms . . . disabled  
Bernice Dobson.  
Picture Alf Kumalo.

## Disabled bus users feel the pinch

By Louise Burgers  
Municipal Reporter

Disabled bus commuters and students have petitioned the Johannesburg City Council to reintroduce season bus tickets or face protest action.

Students and disabled people have been hard hit by the withdrawal, on July 1, of season tickets which cost a person on a disability grant R31 a month and students R59 for three months unlimited travel.

Now both groups have to buy bus tickets at between R11,70 and R20 for 10 bus trips — and bus fares are set to increase on August 1.

Several welfare organisations have petitioned the council to introduce special concessions for disabled bus commuters and Wits students have decided to campaign for some relief against the high fares.

The city council maintains it was losing in excess of R1 million a year with season tickets and contends that this facility was being abused.

Bernice Dobson will now have to pay a massive R140 a month on bus tickets — half her R304 monthly disability grant.

She uses three R11,70 tickets a week, having to change buses to get to the Belgravia centre where she is on a rehabilitation programme.

"I can't afford it. I only have R10 to R15 left a month to buy my toiletries and I have to rely on relatives to buy my clothing.

"I don't know how I'm going to manage, and there are many of us like this."

For other welfare and self-help organisations which employ the mentally and physically handicapped and pay their transport costs, the price of bus tickets has tripled.

In June, Goodwill Industries paid R2 500 in bus tickets for 130 employees. In July the cost rose to R7 000. Their R40 000 grant-in-aid from the city council will only cover the cost for five months.

Secretary Janithee van Rensburg said they might be forced to ask some of the mostly mentally disabled people to pay their own fares, which most could not afford.

# Bus passengers will pay up to 20% more

8/02/91 31/7/91  
BUS commuters in Johannesburg and Cape Town this week face fare increases of 20% and 15% respectively.

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Bus operators cite soaring operating costs for the rise.

Passengers in Johannesburg will pay 20% more from tomorrow — the second increase in six months.

While the January increase was to cover fuel price rises, this increase was to offset the inflation rate in the bus industry, said a Johannesburg Transport Department spokesman. "The Bus Operators' Association says it is up to 23%."

The spokesman said the department was re-allocating buses and not decreasing the number in service.

Cape Town's fares go up by an average of 15% on Sunday.

The increase could not be put off any longer, said City Tramways GM F E Mayoss. He said that since last August the company's operating costs had increased steadily. But he pointed out there had been a fare reduction in November.

"The company has been paying higher wages since January without passing the additional cost on," said Mayoss. — Sapa.

# SAA to raise domestic fares

SAA's domestic air fares will rise again next week, the sixth increase in less than a year.

A spokesman said yesterday the airline would announce the increase before the end of next week but would not say how big it would be. *Friday 31/7/91*

The latest increase will be the second in slightly more than a month. On June 27 the airline announced a 3,9% increase to accommodate the introduction of VAT. All tickets bought for use after September 30 have been subject to that increase.

Last year domestic air fares rose seven times, and most of them were related to the Gulf crisis. In September fares rose by 12%, followed by an 8% hike in October and 10% in November. Fares fell by between 2% and 8% in December, when the price of aviation fuel dropped.

LINDEN BIRNS

SAA spokesman Leon Els said yesterday the airline's management was holding discussions this week on the latest increase. No final decision had been made on how big the increase would be, but SAA expected to make an announcement before Friday next week, said Els. It would be implemented immediately, he said.

The new hike was in response to cost increases affecting SAA's domestic service, Els said these included a 10% wage increase since January and the weakening of the rand by 14% against major foreign currencies over the past year.

The domestic service had to pay at least half its costs in foreign exchange for such items as jet fuel and spare parts.

To Page 2

## SAA fares

*Friday 31/7/91*  
The poor financial performance of SAA's domestic service is also thought to be a factor behind the latest fares hike

This division has recorded losses for the past three years and contributed to the decline in SAA's financial fortunes in the last trading year. Overall profit this year is expected to be R120m down on last year,

*269*  From Page 1  
but SAA's latest financial report has not yet been released

Domestic services executive manager Johan Kuit said recently domestic fare increases had remained below the consumer price index since 1986, and would continue to do so in the short to medium term



## Lufthansa cuts SA-bound fares

LINDEN BIRNS

269

LUFTHANSA will cut air fares for flights from Germany to SA by up to R300 to boost lagging tourism on the south-bound route *by day 1/8/91*

Airline spokesman Karin Lambson said yesterday the new fare — marketed as the "Lufthansa Special" — was also available to South Africans buying tickets to send to relatives or friends in Germany.

Although the tourism slump was attributed to the Gulf War, the market has not yet fully recovered.

# Local air fares up 5 times in a year

Star 11/8/91  
By John Miller

An 8,9 percent increase in domestic air fares by South African Airways with immediate effect — the fifth increase in a year — has been described by Democratic Party MP Tony Leon as “merely a way of funding a bureaucratic empire”.

Three weeks ago, the airline announced a 3,9 percent domestic increase to coincide with the introduction of VAT on September 30. The series of air fare rises began last August with a 12 percent increase, followed a month

later by one of eight percent. Last November, domestic fares were increased by another 10 percent.

The last two increases were attributed to the Gulf War and described as fuel surcharges. Last December, the airline announced a 6,7 percent reduction on all domestic air fares following the drop in world oil prices.

The latest increase has been attributed to a drop of 14 percent in the value of the rand against the dollar since January, a 10 percent wage increase and a drop of 16 percent in the number of

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passengers using the airline.

At the beginning of last year, a single economy-class ticket from Johannesburg to Durban cost R166. With the latest increases it rises to R230. Similarly, a ticket from Johannesburg to Cape Town last year cost R305 and is now R432.

Mr Leon said: “I find it quite contradictory, if there has been a reduction of passengers SAA should make their prices lower and not higher. They are now going to find they will have even fewer passengers travelling on their planes.”

# Bus commuters 269 face new fare hike

*Sowetan 1/8/91*

JOHANNESBURG bus commuters will pay 20 percent more for their tickets from today - the second increase in six months - while pensioners' fares double to 20c a ride during off-peak periods.

Pensioners over 70, however, will travel free while schoolchildren will pay the full price if they do not have special coupons.

"This increase is to

basically offset the inflation rate in the bus industry," a spokesman for the Johannesburg Transport Department said on Tuesday.

The increase that went into effect in January was to cover fuel costs, the spokesman said.

The spokesman, who declined to be named, said the Johannesburg City Council approved the increase about three months ago.

"We have to cover costs. The spares from overseas are very, very expensive. Then there are the wages and fuel has gone up tremendously in the last year."

He said the department was re-allocating buses and not decreasing the number in service.

"We are putting them where they should be," the spokesman said -  
*Sapa*



# Domestic air fare rises soar above inflation rate

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Monday 2/8/91  
LINDEN BIRNS

DOMESTIC air fares will have risen by more than double the inflation rate in the past year when SAA introduces an 8,9% fare increase at the beginning of next week

The airline says the increase is to compensate for inflation, and added to the burden is a 3,9% additional increase to cover VAT.

Yesterday the airline announced an immediate 1% increase on domestic air fares in addition to the September rise. Yesterday's increase meant fares had risen by 25% in a year.

SAA spokesman Leon Els said yesterday that businesses would be able to claim back 12% of next week's

effective 13% increase in terms of VAT regulations, but only after the end of September

Between December 1989 and September 30 1991, domestic air fares will have risen by 57%. The Consumer Price Index — (base 100 1985) — rose by only 27% over the same period

The new increases will mean that single economy tickets from Johannesburg to Durban go up from R204 to R231

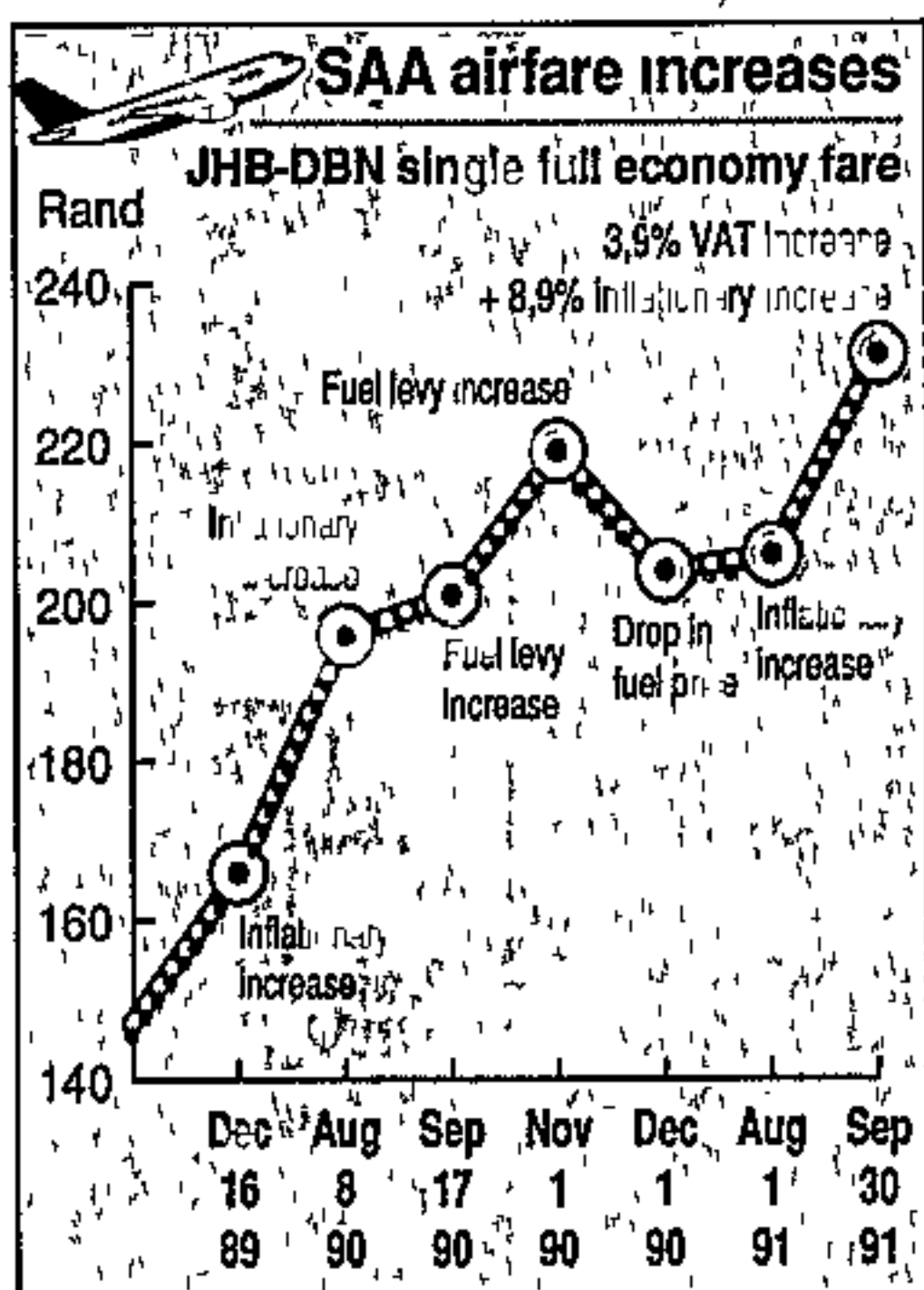
Yesterday's increase was the sixth since December 1989 although fares were cut by 7% last December in line with a drop in fuel prices.

SAA spokesman Leon Els said the latest increase was implemented to offset a 10% general wage increase and the weakening of the rand against the dollar by about 14% between January 25 and June 28

The airline's domestic service is experiencing a slump in passenger volume with figures down 16% between January and May this year compared to the same period in 1990



SAA said last night that due to an administrative error incorrect domestic fares were made available to travel agents yesterday

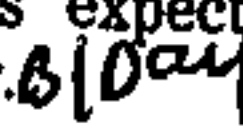
Link Airways is also considering implementing an increase by the month end. CE John Morrison said it would probably be about 9%



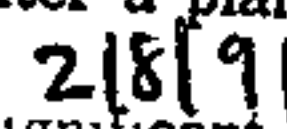
Graphic: FIONA KRISCH Source: SAA

## New-look Point coming nearer

 Own Correspondent 

DURBAN — The multibillion-rand Point waterfront redevelopment scheme in Durban is expected to begin early next year. 

Point redevelopment committee vice-chairman Peter Mansfield said yesterday plans for the revitalisation of the 50 ha of prime land would be drawn up within three months.

"If all goes well, and we are determined it will, the plans will be approved by the city and Portnet later this year," he said after a planning workshop yesterday. 

There would be significant progress within two years, but the project could take 20 years to complete.

# R600m Johannesburg project to go ahead

13 10 cu 2/8/91 269  
THE creation of a new conference centre and 200-room hotel in Johannesburg, the first development phase of which will cost an estimated R600m, is to go ahead

Announcing the move yesterday, the SA Rail Commuter Corporation (SARCC) said the first phase would focus on the upgrading of the Rotunda and the creation of a terminus for luxury buses

A conference centre for 2 500 delegates, with restaurant, retail and office developments, is also planned.

"Financial institutions and proper-

PETER GALLI

ty and pension funds will be offered the opportunity of participating in the financing of the project," SARCC GM property management Dirk Ackerman said in an interview

"In addition, we will be floating a company known as the Johannesburg Tourist, Trade and Convention Centre Company."

SARCC and Transnet are behind the scheme as it involves the use of "air rights" above the railway lines and sidings west of Park Station and

the Harrison Street Bridge. The centre will be built on the "airspace" next to the Rissik Street bridge

"A 200-bedroom hotel is also planned, but falls into one of the other phases. We are considering several possible sites for the hotel, but I cannot disclose further details just yet," Ackerman said. He also declined to name the hotel group involved.

Tenders are expected to go out by mid-August and the project could kick off by the end of the month, Ackerman said. The centre is scheduled for completion by early 1995.



# soar and plummet <sup>(269)</sup>

By John Miller

Star 2/8/91

The great SAA fare fiasco carries on. Today the airline's central reservations office was issuing quotes at variance with SAA's latest fare increase announcements.

Contradictory statements this week have led to widespread confusion and anger.

The final word from SAA is that domestic passengers will pay one percent more until Sunday, then 8,9 percent more from Monday, and a further 3,9 percent on September 30.

The series of domestic fare increases will mean that from today until Sunday, passengers travelling between Johannesburg and Durban will pay R206 for a single economy class ticket, and R387 between Johannesburg and Cape Town.

From Monday these fares will go up to R222 and R417 respectively.

The comedy of errors began three days ago and was caused by a computer "gremlin".

Several travel agents contacted this morning said they were outraged, and accused the airline of incompetence.

One agent, who wished to remain anonymous, said that not even the SAA representative for his area knew what was happening yesterday.

Confusion continued this morning as The Star learnt when it contacted the airline's central reservations.

When asked what Durban and Cape Town fares would be next week, The Star was quoted only the one percent increase, even though management is insistent that an 8,9 percent increase comes into operation on Monday.

## Czech airline hopes to fly to SA soon

LINDEN BIRNS

(269)  
AGREEMENTS on air links between SA and Czechoslovakia could be in place by the end of next month, with the first flights taking place next April, a spokesman for Czechoslovakia Airlines (CSA) said at the weekend. *B/Dam 5/8/91*

CSA deputy manager for Belgium, Mladen Herzl, indicated the airline might fly to Durban or Cape Town instead of Johannesburg.

Herzl, who has been in SA for three weeks, said he had initially thought that SAA was trying to block CSA's attempts to establish air links.

"At our first meeting I had the impression that SAA was trying to block or stop attempts to establish links, but at the latest meeting last week its officials showed a much more open attitude."

Before flights can begin, CSA will appoint a local general sales agent and open offices in Johannesburg.

CSA is investigating the possibility of landing its aircraft in Cape Town or Durban in support of moves by those cities.

□ To Page 2

## Air link *B/Dam 5/8/91*

chambers of commerce and industry to decentralise SA's international aviation gateways

Herzl said CSA's proposals were well received by the Directorate of Civil Aviation, which regulates civil aviation in SA

Drafting of formal inter-state aviation agreements would probably begin soon

"We hope to be able to sign an agreement when our Prime Minister Marian Calfi visits SA

"That visit is scheduled for some time in September."

CSA, which has recently been privatised, will use long-range 210-seater Airbus A310-300 aircraft on the SA route.

"We will be focusing our marketing

(269)

□ From Page 1

drive on the business traveller, but will probably also introduce some discount tourist fares," said Herzl

Because of the size of the aircraft, only business and economy class seating would be available.

While he was unable to quote a rough economy class fare, Herzl warned that CSA's fares would not be low.

"If our fares were cut, then we would not be able to provide the in-flight services which are necessary on such long-haul flights"

It was unlikely that any deregulation of SA's international aviation policy would encourage a decrease in air fares. Instead there would be fierce competition in terms of service, he said

# SA airfares among world's cheapest, says recent survey

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B/day 5/8/91.

LINDEN BIRNS

DOMESTIC airfares in SA are the fourth cheapest in the world and are less than 50% of those in the UK and US, a recent international survey has found.

According to Business Traveller magazine, South Africans — until this morning — paid only 40c a kilometre on internal flights. In the UK, passengers pay 95c/km, while in the US the rate is 80c/km.

Egypt offers the cheapest domestic airfares on average with a kilometre cost of 11c for local residents and 35c for foreigners travelling within the country. Thailand is the next cheapest with airfares averaging 25c/km.

Switzerland was rated as having the most expensive fares at more than R2,50/km, followed by Germany, Sweden and Canada with fares of R1,18, R1,13 and R1 a kilometre respectively.

The survey did not compare apex and other discount fares carrying advance reservations requirements, as these were not the type of tickets which most business travellers bought. Most domestic flight tickets bought by businessmen were booked at most a week before departure.

An 8,9% hike in domestic SAA fares becomes effective today. This follows a 1% increase last week.

An industry spokesman said at the weekend that domestic air fares were unlikely to drop with the entry of new local airlines into the recently deregulated domestic civil aviation sector.

Airlines Association of SA chairman John Morrison said basic air fares for the business traveller were unlikely to decrease "What we will probably see is the introduction of innovative fares for the tourist market," he said

So far only Trek Airlines, which is to be officially launched on August 20 — possibly as Flightstar — has announced that it plans to offer meaningful competition to SAA on the high density trunk routes. It is unlikely to offer dramatically lower fares than SAA.

Trek MD Jan Blake said at the weekend that profit margins on air fares in SA were minimal, and that airline offering lower fares would find itself in a loss situation.

Morrison said it was likely that deregulation would prompt the smaller companies to merge, forming stronger commercial units.

Last year Magnum Airlines, Citi Air and Border Air merged to form Link Airways.



# Mid-year doldrums for freight

THE SA freight market continues to drift along in the mid-year doldrums, with rates showing an easier tendency, Afromar reports.

However, there is still an optimistic feeling for the later positions and this is also being reflected in the Biffex index, which is indicating higher levels for the later positions.

Pointers which give owners more confidence seem to be grain-led, with Soviet purchases continuing. There has been an announcement that a further 500 000 tons of wheat will be moved during August/September, presumably mainly out of the American gulf, with a small amount out of South America.

The Soviets have already been taking tonnage on a quiet basis.

Following serious flooding in key grain-producing areas, the Chinese are now faced with having to import large quantities of grain. This is encouraging owners about the Pacific market, as presumably most of the imports will be from the US west coast, Canada or Australia.

Ironically the Chinese are experiencing a drought in the southern part of the country. In fact, there have been good harvests in

recent years. This means grain reserves are actually high, but storage facilities in China are not good and therefore the quality of the stored grain may be poor.

Notwithstanding these developments, conditions in the Atlantic are easing further as overall demand seems to be slackening and early tonnage appears in good supply.

Easier conditions are also being seen in the Pacific area for most sizes

The SA market is continuing to project an easier tone but tending to resist further reductions

The number of handy-sized vessels available in August looks to be less than expected, but demand is also down. At the same time there is perhaps less enquiry for vessels to load steel out of Brazil so the status quo is maintained

There was an uncertain feeling in the coal trades, which has seen some confusing fixtures. For instance, a Cape-sized cargo was fixed from Richards Bay to Rotterdam at \$9 per ton, which seems slightly high, as against the previous fixture at \$8,50 which, by the same token, was considered a low level.

There were a number of handy-sized cargoes in the market, such as from Dur-

ban to Iskenderun in Turkey, for which charterers were indicating \$17 per ton, as was also the case for a Maputo cargo

There was also interest in smaller-sized cargo to Britain, for which a rate of about \$3 was indicated for 6 000 tons from Maputo for loading in the second half of August. A 20 000 ton cargo was also being quoted from Durban to Brazil for August loading. (269) ~~332~~

Ore charterers were quoting a cargo of 52 000 tons of iron ore from Saldanha Bay to China for early September loading, and were looking for a rate in the region of \$13 a ton. A 40 000 ton cargo of manganese ore was quoted from Port Elizabeth to Dunkirk for an end-August position.

IN DAD

But is Gareth

Subscription hot

# 'No shift' in govt's transport funding

PRETORIA — There would be no major shift in the allocation of funds for transportation in the near future, Transport Minister Piet Welgemoed said yesterday.

Speaking at the opening of the 11th Annual Transportation Convention, he said the reason for this was the limited funds and the demand for improved housing, education and health facilities.

In the light of this, a heavy burden would be placed on the expertise of transportation professionals to provide, maintain and operate the transport network to levels acceptable to users.

"To address these challenges, the Department of Transport is implementing a proactive transportation research programme concentrating on identified focus areas."

The programme aimed to develop and disseminate the knowledge required to effectively plan, provide and operate the transportation infrastructure needed to facilitate economic growth in SA.

According to Welgemoed, the following transportation issues had to be addressed:

- The financing, extension and upgrading of the roads network,
- The aim of providing affordable, effective and comfortable public transport;
- The implementation of the policy of deregulation for road transport which the department was considering and,
- Improved traffic safety on SA roads.

The conference is being attended by people in transportation planning, design, construction, operation and safety — Sapa

# Easing of SA-UK air agreement proposed <sup>(269)</sup>

81 Day 618/91  
LONDON — Britain's Department of Transport will contact the SA authorities shortly to negotiate an amendment to a 20-year-old bilateral agreement restricting to just two the number of airlines allowed to operate between the two countries.

This follows the granting last month by Britain's Civil Aviation Authority of permission for Virgin Atlantic Airways to run a service between London and SA.

Department spokesman Paul McKie said yesterday that his department was holding talks with both Virgin and British Airways, which is currently the only British airline operating to SA.

Once the department had ascertained what Virgin's plans were and heard BA's side, he said, they would approach the South African authorities "to cover the Virgin point".

And, according to informed British aviation sources, Britain is expected to argue for "a more liberal agreement".

Virgin corporate affairs director Will Whitehorn said yesterday that should the agreement be changed, Virgin would immediately make a formal application to

KIN BENTLEY

SA's Directorate of Civil Aviation.

Virgin hopes to end the 45-year-old SAA-BA duopoly by introducing six additional daily return flights a week, with the service coming into operation next year. They predict they will be able to cut fare costs by up to 25%.

The existing bilateral agreement allows for 20 return flights between the two countries a week — 10 each for SAA and BA. Whitehorn said it was unlikely either BA or SAA would wish to reduce their allocation of scheduled flights.

The SAA-BA duopoly, which led to the SA-UK route becoming the most expensive by distance in the world, had held back growth, he said. "It is ripe for expansion in terms of passenger volumes for both business and ordinary fare-payers."

Whitehorn added that if political change continued, Virgin expected a surge of new foreign investment in SA, but he warned that business people were reluctant to invest in a country where the cost of getting there was prohibitive.



# Impatient SAA applies to US for carrier permit

Star 6/8/91  
By John Miller

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In its haste to get back into the American market, SAA has decided not to wait for the two governments to begin bilateral air talks but to apply for a foreign carrier permit.

Media manager Leon Els said the airline hoped to submit its application within the next two weeks to the US Department of Transport to fly to New York three times weekly.

He said the airline expected to resume links before the end of the year. However, once the permit was obtained it would first market and advertise flights.

He said permission to operate a scheduled service between Johannesburg and New York could be seen as an interim measure until the two governments had signed a bilateral agreement.

He said the airline's legal team was busy completing the application.

"As soon as all the documentation is completed it will be submitted to the Department of Transport in Washington."

Mr Els said SAA was not holding talks with any of the American airlines at present.

It was for those airlines to apply to the SA Department of Aviation for reciprocal landing rights.

When it recommenced its flights SAA would operate on the same route using Ilha do Sal as a stop-over.

This would cut flying time from the present 22 hours to 17 hours.

During its heyday SAA operated five flights weekly to America and at one stage this included not only New York as a destination but Houston as well.

# 200 aviation applications

by Lucy 7/8/77

ABOUT 200 aspirant airline operators had applied for registration since the domestic aviation industry was deregulated six weeks ago, aviation sources said yesterday.

But not one application for a scheduled or charter service had been approved as the Transport Ministry had not set up a facility to handle the applications.

The prospective airline operators had been told there was an administrative hold-up.

Directorate of Civil Aviation (DCA) chief director Japie Smit yesterday confirmed that applications

would not be considered until a new licensing board had been appointed by Transport Minister Piet Welgemoed.

Smit said he was aware of only one applicant and not 200

## Favouring

All licence applications submitted before the end of June had been processed, but after the introduction of deregulation legislation on July 1, applications had been held up, he said.

In terms of the new Air Service Licensing Act, all applications to begin scheduled or charter flight services have to be presented

tions, but we hope to have that resolved within a few days," said Smit.

He added that nothing could be done until Welgemoed had formally appointed the five-man board.

Smit said Trek Airlines, Comair, Link Airways, Safair Freighters and Metavia were all granted their licences in terms of the old legislation.

In another development, Smit confirmed he was awaiting word from the UK's Civil Aviation Authority (CAA) on arranging negotiations for the liberalisation of the bilateral air services agreement between SA and the UK.

This follows the CAA's

# are held up?

decision to grant rights to UK-based discount airline Virgin, which has applied to begin scheduled flights to SA.

In terms of the current agreement, only SAA and British Airways may operate scheduled flights.

"An amendment will first have to be made to this bilateral before we (DCA) can consider granting licences," said Smit.

DCA would consider the merits of Virgin's application, but would also view them in terms of SA's current international aviation policy.

Smit, who also chairs a steering committee investi-

gating the liberalisation of aviation policy, said a report was being formulated and he hoped to present it to Welgemoed by the end of the year.

He would not comment on the committee's findings reached so far.

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...e prosecutor He said he sold many of the He enjoyed gambling and  
...ng a "reason- things he made to curio shops while in Swaziland he had often  
...m the sale of in places such as White River won money at the casinos, he  
... told the court.

# Hope for decision soon on who controls toll roads

(269)  
ART 8/18/87

The Argus Correspondent

DURBAN. — Within a month the government hopes to have decided who is to control the toll roads in Natal. A statement is expected soon.

Indications are that Toll Highway Development and Toll Road Concessionaires will be appointed mere agents and not sole owners, because the government accepts that it cannot get privatisation legislation through parliament

In 1986 the Roads Board entered into agreement with Toll Highway Development and Toll Road Concessionaires to operate some roads on an agency basis, compensating on a monthly basis for administration, management and maintenance.

The two companies raised R1-billion to construct the toll roads and the government is repaying them.

It costs R24 in tolls to drive from Durban to Johannesburg in a car.

accolades for the...



# 'Rampage': MP <sup>CT 9/8/91</sup> in row with police <sup>(269)</sup>

Staff Reporter

AN alleged rampage by a gang of thugs on a commuter train at the weekend has provoked a row between a Democratic Party MP and the police.

DP transport spokesman Mr Robin Carlisle said 10 men boarded a train in Woodstock on Saturday and robbed passengers.

Police said the only report they had received was a complaint by a woman, who said she had been robbed of her handbag and shopping bag.

A spokesman said that in spite of exhaustive checks, no trace of the stabbing could be found.

The Rail Commuter Corporation (RCC) said yesterday that incidents of crime on trains travelling throughout the Peninsula had dropped significantly over the past few months, reports DANIEL SIMON.

By the end of the year commuters should once again feel safe to use train services, said RCC marketing manager Mr Koen van Niekerk.

● Spoornet is reported to be investigating the possibility of printing a toll-free telephone number on train tickets for passenger use in the event of attacks or muggings during train journeys.

US and Aussie bans near end

# World skies

# open to SAA

269

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By John Miller

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9/8/91

South African Airways hopes to be flying to New York three times a week by the end of the year — and direct flights to Australia could be resumed before Christmas

Imminent resumption of the air links, cut in 1986, follows last night's announcement by the US Transportation Department that it had ended all aviation sanctions against the Republic

SAA's application to fly to the US will be submitted to the authorities in Washington within two weeks, media manager Leon Els said today

SAA intends to begin the service with three weekly flights on the previously lucrative New York route

A spokesman for the Department of Civil Aviation said no applications from American airlines to fly to South Africa had yet been received

However they expected such a request to be made through SAA, as this would form part of a commercial agreement

Before air links were cut by anti-apartheid legislation, Pan American Airways and SAA shared the route.

More good news for festive season travellers is that SAA and Qantas are aiming at direct air links between Australia and the Republic by the end of the year.

Hopes that SAA may soon resume its direct flight to Perth — stopped in 1987 — follow reports that Australian Prime Minister Bob Hawke told a local newspaper it was his govern-

ment's duty to lift sanctions as soon as possible

Mr Hawke told the paper that links would be restored once the repatriation of exiles and the release of all political prisoners had been completed in South Africa.

Mr Els said today the airline had not yet received official notification from Canberra, but "once the official green light is given we will immediately begin negotiations to recommence the flights between the two countries"

A spokesman for Qantas said there was no official word from the Australian government, but like SAA they would like to reintroduce flights before the year-end to cash in on the holiday season.

The twice-weekly flights were among the most profitable in the world

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SA AIRWAYS

269

FM 9/8/91

# Not quite ready for the market

**By now**, SA Airways should be running like a business, but last week's bungle over its fare hikes indicates that it's still not ready for the rigours of a deregulated market

Quickly dubbed the "fares fiasco" on newspaper posters, the episode left travel agents, business people, tourists and even SAA personnel confused and angry as fares soared, plummeted and eventually evened out. The saga has renewed doubts over whether SAA can cope with the growing competition it will face soon on both domestic and international routes. It has increased resentment towards an airline that many customers feel is monopolistic, expensive and not as service-orientated as it should be.

Says DP MP for Houghton, Tony Leon "The bungle bears eloquent testimony to the management disorganisation from within"

The series of events began on Wednesday of last week, when SAA announced an immediate 8,9% increase on domestic fares — the fifth in less than a year. One reason the airline gave for the increase was its falling number of passengers, prompting critics to ask what the airline will charge when it has no passengers

Then, the next day, SAA reassuringly announced that it had erred. An increase of only 1% would take immediate effect, then on September 30 fares would increase by the full 8,9% to cover VAT

But the following day, SAA again reversed field. Somewhat redfaced, it explained that the 1% increase would last until only August 4, then fares would jump 8,9%. Finally, on September 30, fares would rise by another 3,9% to cover VAT. The bottom line, an economy seat between Johannesburg and Cape Town now costs R417 one-way. From September 30, it will cost 3,9% more.

SAA fell back on that old standby, a gremlin in the computer system, when assigning blame for the fiasco. Certainly a full explanation from SAA CE Gert van der Veer would have gone further in restoring the airline's credibility than a series of ad hoc statements from his public relations department, but Van der Veer made no comments during the episode.

What he missed was an opportunity to put the fare hikes in the best possible light. Though VAT will be 12%, SAA is raising prices only 3,9% to cover VAT, SAA is avoiding a full 12% increase on September 30 by passing along to travellers the tax rebates it receives on capital expenditure (GST is not charged on air tickets)

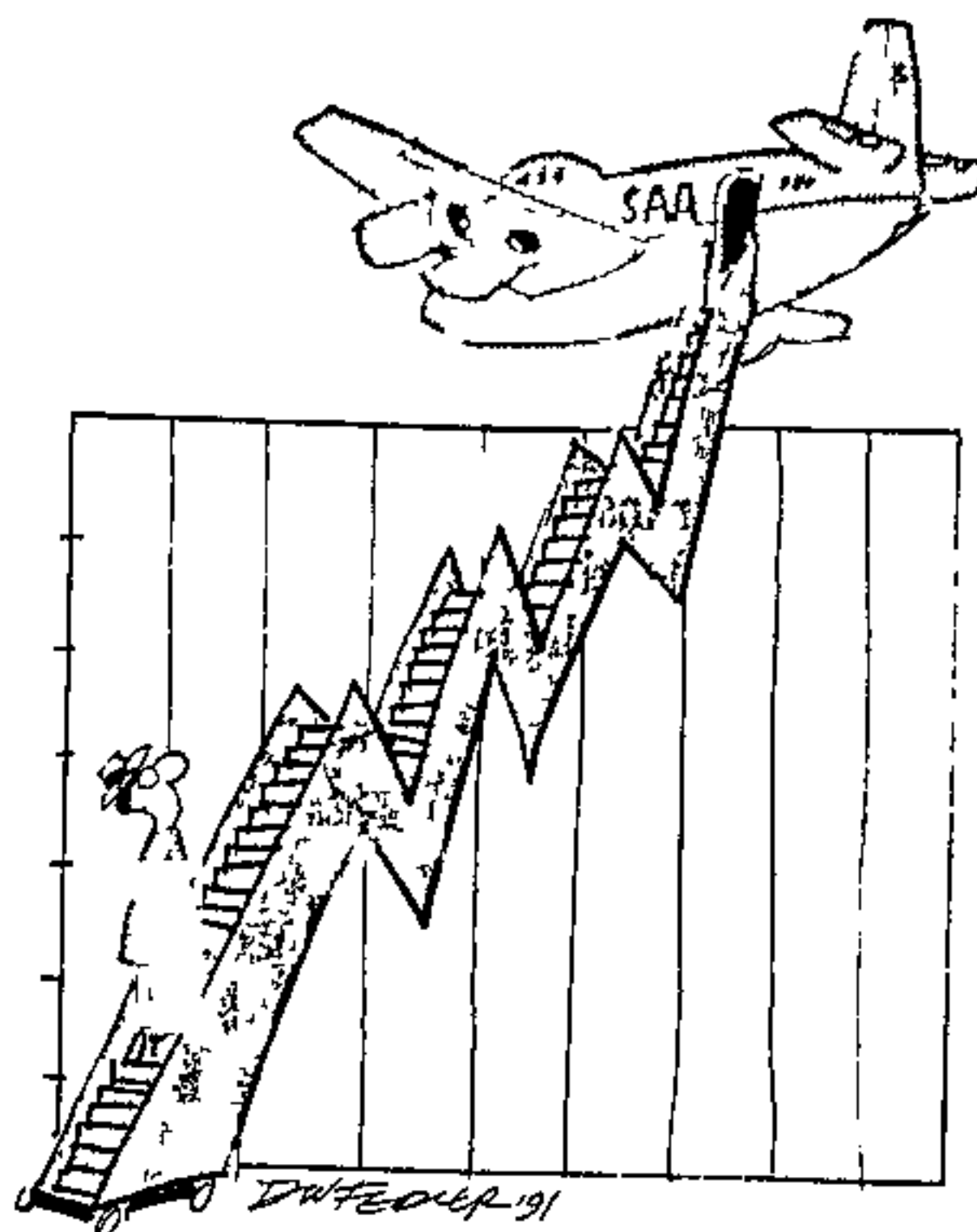
Leon, nevertheless, slams the increase "The one thing SAA has achieved is flying high above the inflation rate". The latest increase means that domestic fares have soared by 57% since December 1989, while

the Consumer Price Index has risen by just 27% over the same period

But SAA spokesman Leon Els says the increase is needed to cover, among other things, a 10% wage increase and the rand's 14% drop against the dollar this year. "More than half of our costs for domestic flights is in foreign currency. Equipment, spares and fuel are all paid for in dollars"

Els points to the Gulf crisis as a major reason for the spate of increases over the past year. In addition, he says, SAA had to make up for the two-and-a-half years when government pressure to keep inflation down prevented SAA from hiking fares.

Despite all this, SAA still claims to have among the cheapest domestic fares in the world. Last month, Van der Veer said he had often challenged the media to show him lower prices but no-one had taken up the challenge. (The *FM* did take up the challenge last year [*Business & Technology* May 25] and showed that US domestic fares were lower than SA's, when the purchasing power of the rand, rather than the exchange value,



and the steep discounts available in the US were considered)

Van der Veer's contention is supported by a recent survey by *Business Traveller* magazine that ranked SA's domestic fares as the fourth cheapest in the world (Egypt's were the cheapest). The survey showed that South Africans pay an average of just over 40c a kilometre while US flyers pay 80c/km and UK travellers 95c/km.

But the comparison is misleading because it's based on full economy fares and takes no account of the enormous discounts on offer in other countries. For example, passengers on a flight between Chicago and New York can pay anything from \$50 to \$420 for a one-

way economy ticket, depending on how long in advance they book and when they want to go. Though SAA has increased its range of discounts in recent years, it is still far from matching the types of discounts promoted elsewhere.

Sophisticated discounting is made possible through computerised yield management systems designed to extract every possible cent of revenue from every seat. Used for many years in the US, the system figures how much to charge for every flight and seat right up to departure, it tells airlines how many seats to sell in advance and how many to hold to catch late-booking passengers for the full fare.

### Don't look for big discounts

Says United Airlines SA manager Colleen Wagner: "Airlines have to know the ebb and flow of flights. But this isn't difficult because they've been watching the market for years. Even unforeseen events can be provided for"

Last year, SAA acquired a yield management system, but drastic discounting isn't on the cards. Claims Els. "You can't fly a plane only on discounted fares; there must be a balance between full and discounted fares. Discounting in SA can't follow trends in the US because we don't have the same passenger volumes"

Wagner, however, stresses the importance of filling flights. "Obviously we would all like to have a high yield, but a lower yield is better than no yield." Says one travel agent, a discounting specialist. "Yield management dictates the necessary price required for the seat to make a profit. The most perishable goods in the world are empty airline seats"

Even with five fare increases in a year, SAA still loses money on its domestic flights, where it has always held a monopoly on the busiest routes.

Says MP Leon. "Clearly its internal systems have failed. A total management revamp is needed and the bureaucracy has to be cut". Travel industry observers suggest that under-utilised routes should be altered and possibly terminated if they can't make money. SAA confirms that certain routes have been rationalised and others will be, if necessary.

The best solution for SAA's ills, of course, is meaningful competition. With domestic flights now deregulated, Trek Airways plans to start competing head-on with SAA at the end of October. But Trek already has indicated that lower fares aren't on the agenda. Says a Trek spokesman, "The last thing we want is a price war with SAA."

But the first thing travellers want is lower fares and that may be what Trek must offer if it wants to stay in business.

Mirryena Deeb



# Call to ease burden of bus subsidies

PRETORIA — The subsidy burden on taxpayers would have to be reduced to a minimum, Department of State Expenditure chief director Piet Rademan said this week

Addressing a commuter transport convention at the CSIR, he recommended a wider application of the "user pays" principle

Ever-growing demands for social funding left the exchequer little scope for increases in subsidies or for providing new subsidies, said Rademan

Some unpopular decisions would have to be taken as government's burden had to be reduced or carried by more shoulders

"It is clear that increases in the quantum of subsidies cannot simply continue as in the past"

He warned the magnitude of commuter subsidies would have to decline on a national level in line with

the devolution of functions to lower authorities

Bus subsidies increased from 0,58% to 0,85% of the national budget in 10 years, which amounted to more than 40% of the transport budget

Cabinet had ruled that responsibility for transport subsidies should be allocated on a localised basis

Mechanisms and procedures had to be finalised so that regional services councils could start taking over a portion of the subsidy burden from July next year.

Rademan warned, however, that shifting the burden from general taxpayers to local taxpayers did not mean the burden would disappear.

However, another speaker at the convention, SA Bus Operators Association MD Prof J Walters, argued that continued regulation and subsidisation was vital

Bus subsidies made up

less than 1% of the national budget of R84bn

In that overall context the subsidy payments were insignificant, but reducing them had resulted in huge fare increases and hardship

Commuters had little alternative when voicing anger but to boycott services, stone and burn buses, and organise protests

He warned that the demand for subsidies would increase due to the massive scale of urbanisation and poverty

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# SAA offers new discount airfare

JOHANNESBURG — A new "Super Pex" fare has been introduced by South African Airways on its European routes resulting in savings of up to 20 percent.

SAA said in a statement yesterday the new fare would apply to 10 destinations in Europe, and to destinations in Canada.

The cities the Super Pex fare covers are London, Manchester, Milan, Frankfurt, Lisbon, Paris, Brussels, Amsterdam, Vienna and Zurich in Europe, and in conjunction with Air Canada, Montreal, Toronto, Winnipeg, Calgary, Edmonton and Vancouver in Canada.

However, the discounted fares "are only available in specially designated booking classes on specified flights on particular dates", the statement said.

"The cheapest Super Pex return fare to Europe on offer at this stage will be R2 760 to Frankfurt, Amsterdam or Brussels on selected flights during the period October 8 to November 14," according to the statement.

SAA said people wishing to make use of the special fares should contact their travel agent or nearest SAA office.

The statement did not stipulate other conditions attached to the fare — Sapa

## SAA to end flights to Madagascar

6/000  
14/8/91 LINDEN BIRNS (269)

SAA announced yesterday it was to stop its Madagascar flights from the end of this month, but that Air Madagascar would take over direct services between Antananarivo and Johannesburg.

SAA spokesman Zilda Roux said the decision to withdraw from the route was taken before the first wave of riots occurred last month.

The Department of Foreign Affairs in a statement yesterday warned people thinking of going to Madagascar that they should consider deferring their journeys until the political situation on the Indian Ocean island had improved.

At least 51 people have died and many are missing following riots, demonstrations and strikes in the capital Antananarivo and the southern city of Mahajanga.

Foreign Affairs said non-essential visits to Madagascar should be deferred, but that travellers deciding to visit the island should contact the SAA representative in Antananarivo at telephone number 09-261-2-28609.

Roux said: "There was no political motivation to withdraw from the route whatsoever, and we would consider resuming flights to Madagascar if passenger demand picked up sufficiently."

There were no immediate plans to cancel this Saturday's flight to Antananarivo, although the situation would be reviewed later this week, she added.

At the height of last month's unrest SAA had to cancel a Madagascar flight when airport authorities on the island announced that jet fuel would not be made available to refuel SAA aircraft.



# Sharp increase in rail tariffs

RAIL tariffs will increase by as much as 50% from the beginning of September for anything but full truckload consignments, say industry sources. **(Day) 16/8/91**

A Spoornet statement yesterday said the tariff hike would not include VAT's 12%, also due in September.

The increases form part of Spoornet's new policy of applying rates along international lines where items are charged according to volume. Previously items were rated according to type of goods.

Spoornet GM Mike Myburg confirmed the proposed increases.

The business community, largely unaware of the proposed increases, greeted the news with dismay yesterday.

Premier CE Peter Wrighton said: "When is it going to stop?"

269  
**WILLIAM GILFILLAN**

Another top-level source said the move was counter-productive and would boost inflation. "It will increase the price of everything which is moved by rail."

The effects of the new charges will differ according to the category of rates under which the goods previously fell.

For comparative purposes the airfreight industry measures 1m<sup>3</sup> at 167kg whereas in shipping 1m<sup>3</sup> is the equivalent of one ton. Industry sources said Spoornet would apply a rating along airfreight lines. It was this that would send rates soaring.

Myburg defended the new system as it would be "multimodal" — using rail, road and air transport to deliver goods.

A Sacob spokesman declined to comment before seeing details.

# Spornet defends rail tariffs policy <sup>(269)</sup>

*B Day 19/8/91*  
SPOORNET yesterday rejected market talk that rail tariffs for anything but full truckload consignments were set to rise by as much as 50%.

Spornet GM Mike Myburg said that while in some instances rates would increase substantially, there were also cases where rates would come down.

But figures obtained by Business Day indicate that in certain instances the rates would indeed increase by well over 50%.

Myburg said the increases would affect only a small part of Spornet's business as "the full truckload consignment business accounted for about 96% of Spornet's turnover".

However, Afrikaanse Handelsinstuut's Joe Poolman said as Spornet's full truckload consignment business could only be used by companies with private sidings — barely 2% of the industry — these increases would affect virtually the entire industry.

They would hit the small and medium-sized companies hardest as

**WILLIAM GILFILLAN**

it was only the larger operations which had sidings, he said.

A Rennie's freight spokesman said a rise in rates would increase export costs, which would create untold problems for exporters.

The increases were to have come into effect today but are now to be introduced at the beginning of September, a Sacob spokesman said. No reasons were given.

The proposed increases are applicable in what Spornet terms its PX division. Although the division's contribution to total turnover is about 1%, its income contribution is 9%.

The owner of a medium-sized company which uses Spornet to transport its merchandise said he wondered why this income contribution was set to become more disproportionate as it was the smaller and medium-sized companies which would be hardest hit by the increases.

● Comment: Page 8

## New rates system upsets industry

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APR 17/8/91

### Business Staff

DURBAN.— The newly-liberated PX division of Spoornet is next month introducing a new "volumetric mass" method of calculating freight rates for mini-containers — and industry is yelling "foul".

Keith Young of Contactim, a Pietermaritzburg manufacturing company, said the new system could add as much as 50 percent to mini-container freight charges.

"Railways officials are clearly embarrassed at trying to sell the new method they admit it's inflationary," he said.

According to Wickus Pretorius, executive manager of the division the new system was being brought in to stop cross-subsidisation by one commodity of another.



# And flying into another loss

S Times (Bus) 18/8/91

269

SA AIRWAYS expects to incur another overall loss for the year to April 1992.

It lost more than R60-million (unaudited) in the year to April 1991.

But senior general manager John Hare says the domestic service will for the first time in years show a profit, albeit small.

In the first three months of the current year, the airline lost more than R46-million. Airline losses are a worldwide trend and several international carriers have collapsed. Some airline "heavies" have chalked up huge losses.

Mr Hare says: "Although the SAA figure is worrying, the three months from April are traditionally slack and we usually get back into the black by July."

He blames SAA's woes on the reduced value of the rand — about 50% of the air-

line's costs are dollar related — and the fall in international tourism which has cut loads by up to 20%. Other contributors are violence in SA, the worldwide economic slump and SAA's R250-million-a-year interest bill, the bulk of which went towards the cost of financing new aircraft.

The price war on international routes is also not helping matters. Lufthansa recently knocked R300 off its fares from SA to Frankfurt.

This week SAA extended its discounted Super Pex fares to Europe by cutting the cost of some tickets by up to 20%.

SAA approached foreign carriers to combine some frequencies to avoid aircraft travelling only half full, but the proposal was rejected.

Mr Hare says the bigger foreign carriers can fly with lower break-even margins than SAA because they do not have to spend as much time in the air. What it really amounts to is a challenge to SA by foreign carriers — chiefly British Airways and Lufthansa.

Turning to the domestic operation, Mr Hare says that in spite of the introduction of an independent service by Trek Airways in October, a re-evaluation of aircraft use, cost efficiencies and rationalisation of flights will achieve a turnaround.

He estimates Trek could take nearly 20% of SAA's passengers.

"The future of the domestic service looks better than it has in years," says Mr Hare.

AVIATION in South Africa is set to change dramatically in the next 12 months.

Not only are new routes opening and new airlines flying in, but the International Aviation Act is about to undergo radical alteration. Described as archaic and restrictive, the 1949 Act — it governs all international flights to and from SA — is due for a major facelift.

The dose of liberalisation may not greatly please SA Airways which has long enjoyed its protection and needs it more than ever now that foreign predators are flocking in.

Far Eastern, American, Australian and European carriers are clamouring for the right to cash in on the newly respectable tourist destination of SA. Existing foreign carriers are crying for more flights and stops in cities other than Johannesburg.

## Asset

Japie Smit, chief director of the Department of Transport's Directorate of Civil Aviation (DCA), says SAA will not be thrown to the wolves.

"We must treat our airline as we do any national asset. It generates employment for 10 000 people and was started with taxpayers' money. We cannot allow it to be swallowed up by competition from airlines which are inundating us with requests for more flights."

But bigger stakes are in play than SAA's existence. The 1949 Act has inhibited

expansion of trade and especially tourism, which could generate many millions in foreign currency. Money from trade and tourism is far more important to the national interest than the preservation of an airline.

Mr Smit says the Act, which covers both the international and recently deregulated domestic services, has been under review for three years by a steering committee consisting of among others the Airlines Association, the Commercial Aviation Association, the Department of Trade and Industry, Assoccom, SA Chamber of Business, the Freight Forwarders Association and SAA — all of which advocate change.

The liberalised new policy, once accepted by the Government, could be in place by this time next year. Changes are needed because

- The Act is out of step with political change in SA
- SA should accommodate the planned European open skies policy set for 1992.
- The Act restricts SA access to the rest of Africa

## By ROGER MAKINGS

- It inhibits the growth of aviation in SA

- There is an undefined cargo policy

Under consideration is a more sympathetic approach to charter flights. They are granted sometimes, but are restricted and do not encourage tourism.

Also being considered are the introduction of multilateral agreements and an increase in the number of flights to SA by foreign airlines.

## Flexible

Although the charter policy will be eased, Mr Smit says the DCA also has a responsibility to the scheduled operators which have by agreement been given a concession to fly the route and thereby a virtual guarantee of traffic.

Opportunistic operators will stand little chance of getting licences. Only reputable carriers with a proper infrastructure and which offer package tours as well as guarantees that nobody will be stranded will be considered.

A more lenient attitude will be taken to charter flights on routes not flown by scheduled carriers.

Not discounted is the introduction of a double disapproval tariff system which could end SAA's controversial control of lucrative fares to Europe and the Far East.

Mr Smit says, "We face a juggling act. We have to consider the interests of passengers, the scheduled operators

# SAA under the whip as airline new deal dawns

STimes (Bus) (T) 18/8/91

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JAPIE SMIT. SAA is a national asset to be preserved, but

who fly in the lean months and the charter companies which seek to operate only in the fat months."

Many of the 28 airlines which fly to SA want to increase either frequencies or capacity. There is also the question of accommodating new carriers.

For this to happen a broad, new and flexible basic policy will have to be designed to allow the negotiation of individual new agreements or new terms for existing ones.

SAA thus faces more competition than before, the proposed

pect of cheaper and more innovative package flights and an end to the absolute protection afforded to it by current legislation.

This is apparent when one considers the Far Eastern route. Until the arrival of Hong Kong-based Cathay Pacific in July, SAA had the monopoly of the route. Already three other Oriental carriers have voiced their intention of flying to SA — Japanese Airlines, Singapore Airlines and China Airlines.

SAA agrees cautiously with the proposed changes

and says it is able to face the challenges. It does not rule out a partnership in the medium term with one of the big three carriers flying to SA — British Airways, Lufthansa and KLM.

SAA chief executive Gert van der Veer says: "We agree that the international aviation policy should be liberalised, with less government interference."

"But the appropriate scenario must be an evolutionary move to allowing market forces to optimise their influence to the benefit of all concerned — the national interest, passengers and the airlines."

SAA says it has long advocated an end to the present pricing policy, believing it should be dictated by market forces.

## Strategy

Because of new destinations opening up to the airline and the possibility of more frequencies on existing routes, SAA would have to drastically revise schedules to obtain best use of its equipment. It could even be forced to lease extra aircraft.

SAA will not comment on its strategy to beat the menace kicking down its front door ("We're not about to tip off the competition").

But it is fair to assume that a leaner and fitter airline will counter the challenge. Whatever decisions are taken regarding the Act, it will be good for tourism, trade and the balance of payments, but bad for SA visitors to the Kruger Park and SAA.



# Direct air links with Nigeria <sup>(269)</sup> in the offing <sup>(278)</sup>

LINDEN BIRNS <sup>13 May 1981</sup>

DIRECT air links between Nigeria and SA could become a reality if talks between Nigerian-based airline Bellview, SAA, the Directorate of Civil Aviation and Foreign Affairs are successful, a Bellview spokesman said at the weekend.

Bellview's joint owners, Kayode Odukoya and Alfred Kalisa, were in SA on a discreet visit to examine the SA market, and will return on Thursday to begin talks with the various SA authorities.

"We're in discussion with SAA and the Transport and hope to receive permission to start regular services between our two countries," said Odukoya, who described last week's visit as a relations-building drive.

"There is already a lot of traffic between Nigeria and SA, but not on any direct route and that is what we want to set up," he said.

Bellview would establish the route on SAA's behalf. Once political relations between the two countries had stabilised and it was politically viable, SAA could join Bellview on the route or even take it over, he added.

Bellview's Soviet-built Tupolev Tu-154 tri-jet flew to Jan Smuts Airport on a private charter last Wednesday and returned to Nigeria yesterday morning.

Odukoya said the airline operated Boeing 737 passenger aircraft, Ilyushin IL-76s and Antonov An-12 cargo/passenger planes in addition to its 180-seater Tu-154s.

Civil Aviation spokesman Stuart Huckwell said he was unaware of any talks having already taken place, even on an unofficial level.

SAA spokesman Zelda Roux confirmed that airline management had held discussions with Odukoya and Kalisa last week.

"They put their suggestions on the table and SAA has taken note of these, but at this stage we have not taken any decisions or made any firm commitments with regard to Bellview or an air link to Nigeria."

Odukoya said that after the reception he and Kalisa had received he was optimistic of securing landing rights and a scheduled air services operating licence for the route.

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# Spoornet denies 50% rail tariff hike

Own Correspondent  
JOHANNESBURG. — Spoornet has rejected market talk that rail tariffs for anything but full truckload consignments were set to rise by as much as 50%.

Spoornet GM Mike Myburg said that while in some instances rates would increase substantially, there were also cases where rates would come down.

But figures obtained indicate that in certain instances the rates would indeed increase by well over 50%.

Myburg said the increases would affect only a small part of Spoornet's business as "the full truckload consignment business accounted for about 96% of Spoornet's turnover".

However, Afrikaanse Handelsinstuut's Joe Poolman said as Spoor-

net's full truckload consignment business could only be used by companies with private sidings — barely 2% of the industry — these increases would affect virtually the entire industry.

They would hit the small and medium-sized companies hardest, as it was only the larger operations which had sidings, he said.

A Rennie's freight spokesman said a

rise in rates would increase export costs, which would create untold problems for exporters.

The increases were to have come into effect today but are now to be introduced at the beginning of September, a Sacob spokesman said. No reasons were given. The proposed increases are applicable in what Spoornet terms its 'PX' division.

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tee by foreign affairs director end violence at the peace con-  
Jabo Mbeki, the government by This week ANC secretary  
Constitutional Development Mr Cyril Ramaphosa told a Jo-  
er Mr Roelf Meyer and the IFP burg newspaper that "it's no  
onal chairman Dr Frank Mdlal- ceivable that the (peace con-  
statement added that the com- could become the convener of  
party conference".

## Rail tariffs set to rocket next month

CT 16/8/91 Own Correspondent

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JOHANNESBURG. — Rail tariffs will increase by as much as 50% from the beginning of September for all freight except full truckload consignments

A Spoornet statement yesterday said the hike would not include VAT's 12%, also due next month.

The increases form part of Spoornet's new policy of applying rates along international lines, in which items are charged according to volume. Previously items were rated according to type of goods

Spoornet general manager Mr Mike Myburg confirmed the proposed increases.

The business community, who were largely unaware of the new tariffs, expressed dismay.

Premier chief executive Mr Peter Wrighton said. "When is it going to stop?" Another top-level source said the move was counter-productive and inflationary.

Airfreighters reckon 1m<sup>3</sup> as weighing 167kg whereas in shipping 1m<sup>3</sup> is the equivalent of one ton. Spoornet will apply the airfreight rating, sending rates soaring

Mr Myburg defended the new "multimodal system" — using rail, road and air transport to deliver goods.

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# Buses facing evaluation for safety and efficiency

STANDING room only is a thing of the past for the local bus industry.

Changing commuter patterns are forcing local bus manufacturers to re-examine traditional product ranges, and emphasis is being placed on passenger comfort and safety.

Industry sources said the advent of the minibus, high fuel prices and the need for an efficient bus system had turned the bus industry's attention to the 24-seater midibus. They said the midibus was less cumbersome than the traditional 66-seater bus, more fuel efficient and also suited to long- and short-distance routes.

Econometrix's motor industry analyst Tony Twine said that the midibus was primed to assume the role of the traditional 66-seater bus which was being transformed into a dinosaur by economic pressures.

Mercedes-Benz (MBSA) commercial vehicle field operations manager Stan Bromley said there were signs in the market place of a growing demand for the group's Speedliner midibus as a commuter transport vehicle for the future.

The bus industry has shown a downturn in recent years due to the economic slump, and total sales last year

22  
269  
20/8/91  
**MARC HASENFUSS**

dwindled to 499 units. The total bus industry sales projection for 1991 is a slightly bullish 540 units.

The decline in bus sales is in line with the decline in bus passenger numbers, especially the dramatic drop in black commuter levels.

Bromley said MBSA was "very positive" with regard to future prospects in the bus market across its range.

Dorbyl's bus manufacturing subsidiary Busaf, which has been pursuing export markets to offset the decline in local bus sales, was recently awarded a R10m export order for semi-trailers from a Zairean company.

Dorbyl Transport products MD Rob Duff said Busaf had to reduce and consolidate its range of buses and coaches and provide only quality vehicles.

Medium- to long-term opportunities were also becoming evident north of SA's borders. Further infrastructural development in southern African countries could boost the demand for public transport and provide lucrative business opportunities to SA's bus makers.

Bromley said there had been interest in MBSA's bus products from various African countries.



# New domestic airline offers hefty discounts

*21/8/91* LINDEN BIRNS *269*  
FLITESTAR, SA's new domestic airline, is to offer discounts of up to 30% on fares at off-peak times, as well as corporate incentive schemes to businesses making frequent use of its flights.

This was announced yesterday by Flitestar MD Jan Blake at the official launch of the airline, which is owned by Trek Airways

Blake said Flitestar would begin flights on October 16, with two 125-seater Airbus aircraft operating five daily return flights between Johannesburg and Cape Town. From October 30, two daily return flights between Johannesburg and Durban, and one between Johannesburg and Port Elizabeth would be introduced.

Discount fares of 15% will be offered to business class travellers and discounts of between 10% and 30% on economy class tickets during off-peak hours — between 9am and 3pm, and after 6pm. A peak time business class ticket between Johannesburg and Cape Town will be R542, while the discount fare will be R460.

The airline's 36 pilots are being trained at the British Caledonian (a British Airways subsidiary) flight training centre at Crawley in the UK, although British Airways instructor pilots and SAA's Airbus A320 simulator will be used for refresher courses.

SAA's check-in facilities will be utilised temporarily until Flitestar acquires its own counters at Jan Smuts, Louis Botha, D F Malan and H F Verwoerd airports.

SAA CE Gert van der Veer said the entry of Flitestar into an already depressed market posed a definite threat to SAA, but that it would force SAA to sharpen its performance and service. He warned that the public may have to pay for the improvements. "You don't get anything for nothing," he remarked.



Flitestar, SA's new domestic airline, was launched in Johannesburg yesterday by its chairman Allistair MacMillan, left, and MD Jan Blake.  
Picture ROBERT BOTHA

# Flitestar on course to take on the SA skies

*Sowetan* 22/8/91  
FLITESTAR, South Africa's latest domestic airline, was launched at a Press conference in Johannesburg yesterday.

It is due to begin operating on October 16 with two aircraft serving the Johannesburg/Cape Town route five times a day

The Johannesburg/Durban service is due to start on October 30 with a third aircraft and two return flights a day. A daily return service from Johannesburg to Port Elizabeth is also planned

A fourth aircraft will be introduced on November 15, increasing the Durban service to five return flights a day. A return service between Cape Town and Durban is to be introduced in mid-January 1992.

"Flitestar will be offering at least 20 percent of the total domestic market seats on the main routes," Mr Jan Blake, Flitestar's managing director, said.

Flitestar is owned by Safmarine, Rentmeester Investments and Muelklin (Pty) Ltd and has operated since 1953 as Trek Airways.

Blake said <sup>(269)</sup> Flitestar's service was aimed mainly at the businessman and the number of seats in business class had been increased

The full complement of 36 pilots were selected from South Africa and all of them hold South African licences - Sapa.

FLITESTAR (269) FM 23/8/91  
**New name in the sky**

Is it a bird? Is it a plane? No, it's Flitestar!

While Flitestar may not be able to change the course of mighty rivers, it will, by challenging SAA's near 60-year monopoly on main domestic routes, change the course of SA's flying public.

Jointly owned by Safmarine, Rentmeester Beleggings and Muelkin, a Pretoria property-and-hospital-owning company, Flitestar will begin operating five return flights a day between Johannesburg and Cape Town on October 16. SAA averages 12 a day.

Formerly known as Trek, which had not operated flights under its own name for years, Flitestar will be the first, and so far only, airline to take advantage of the deregulation of domestic passenger service. Safair, a sister company wholly owned by Safmarine, plans to operate an internal freight air service in competition with SAA.

Flitestar's fleet will consist of four 125-seat Airbus A320-200 aircraft leased from the Guinness Aviation Group. The first two

FM 23/8/91

(269)  
craft to be delivered will be used on the Johannesburg-Cape Town route. The next one will begin service on October 30. It is scheduled to be used for two daily return flights between Johannesburg and Durban, and one daily return flight between Johannesburg and Port Elizabeth.

This arrangement will last until November 15, when Flitestar will bring the fourth aircraft into service and increase the frequency of the Johannesburg-Durban service to five a day, in competition with SAA's 14 a day. In mid-January it plans to start a daily Cape Town-Durban return flight.

#### Aiming at business

MD Jan Blake believes he will get at least a 20% share of the internal market. He is structuring the service to appeal mainly to business travellers and will devote 55% of his seats to business class, which, he says, is nearly the same as SAA offers. He says his advantage will be wider seats and more legroom. And he has opted to base his fares on SAA's to avoid a price war. Generally, he will offer the same discounts. Customers will get 15% off-peak discounts on flights between 9:30 am and 3:30 pm and between 6 pm and 6 am.

Blake is investigating discounts for frequent flyers, but, unlike the US, the person who does the flying won't reap the benefit. Instead, it will be passed on to the company or organisation that pays for the ticket.

SAA has lost money on its internal services for some time, but Blake is confident Flitestar will show a profit or at least break even while charging the same fares as SAA. "I don't know its cost structures but we will be using the most efficient aircraft in the world for this service, which is a plus factor."

The novelty of being able to choose between two airlines will help Flitestar initially, but SAA does not plan to lay back and let Blake take his 20% of the market without a fight. Right now, however, SAA isn't divulging its plans for a counterattack. "We are ready for the new challenges," says spokeswoman Anélda Reinecke. "We have prepared ourselves for deregulation and a very competitive market."



# The sky's the limit

**SAA** will soon be allowed to overfly Sudan. This follows talks between Foreign Affairs deputy director-general Rusty Evans and the Sudanese leader, General Al-Bashir, in London last week. And this week a SA delegation, including members of the private sector, is due to leave for Khartoum to discuss further co-operation.

Evans's trip to London — where Al-Bashir is receiving medical treatment — came after a secret meeting he had with the Sudan leader 18 months ago in Khartoum. That meeting was arranged through a third party, whose name Evans will not disclose.

"At the time, the discussions were very sensitive. During my first meeting with Al-Bashir the possibility of technical co-operation was mentioned," Evans told the *FM* after he had returned from London last weekend.

Evans says SA has much to offer Sudan in the fields of mineral and oil exploration and in helping to develop that country's rail system. And "the question of SAA's overflying

Transnet officials, as well as representatives from Genmin, Mossagas and Mobil's Engen) will leave for Khartoum in a chartered private jet. The party will have wide-ranging talks on technical co-operation, and possible assistance from Transnet in developing Sudan's rail system; SAA officials will have further talks over flying rights.

It is expected that Evans's visit to Kenya, where he had discussions with top foreign affairs official Bethuel Kiplagat, will now definitely result in the establishment of a SA mission in Nairobi. This follows President FW de Klerk's earlier talks with Kenyan leader Daniel arap Moi, when De Klerk visited the Kenyan capital. Evans would not be drawn on future relations with Kenya — but it is expected that SA will have a presence there reasonably soon.

During his Nairobi visit Evans also discussed Mozambique with Kenyan officials. "Together we are trying to help the peace process along. Kenya has an important influence on Renamo and as such is the main force behind the scenes in the peace process. Kenya plays a very constructive role."

The *FM* has learnt that a Renamo delegation was in Kenya at the time of Evans's visit. But Evans would not comment on whether he had contact with them. *Eddie Botha*



rights was also mentioned."

SA now has firm commitments from most countries concerned on the question of landing and overflying rights, says Evans. "SAA is already flying to all the neighbouring countries, as well as Zaire, Ivory Coast, Morocco and the Indian Ocean islands. The skies over the African continent are now just about completely open."

This week's SA delegation (including

## New airline drops prices

### on lower rate

Star 23/8/9  
While SAA has not yet decided whether to reduce its fares following the change in VAT from 12 percent to 10 percent, new domestic airline Flite Star says it will definitely lower all published prices.

An SAA spokesman said the new VAT rate would be evaluated before changes were made.

Flite Star managing director Jan Blake said fares had taken the 12 percent VAT into account and the lower price would be passed on to passengers. — Staff Reporter

# City transport 'in distress'

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cr24/191

Staff Reporter

CAPE TOWN'S transport systems are in a state of "distress" and urgent action is needed to cut through red tape and deal with mounting road problems, experts and businessmen have warned.

A Metropolitan Council for greater Cape Town and a new Metropolitan Transport Authority "with teeth" will be necessary to provide a workable transport service for the city, says Cape Town Chamber of Commerce.

In the latest issue of its weekly bulletin, the chamber says that a concerted effort must be made to rationalise local government services and bureaucracies in the region.

It supported the assessment of Mr Paul Mann, transport consultant to the City Council, that the root cause of the region's transport problems lies in the fragmented local authorities.

Mr Mann warned that there was widespread distress across

the entire transport spectrum in the Peninsula because changes were taking place so rapidly that the system was not able to adapt fast enough.

The bus system had lost 40% of its passengers in ten years and violence on the trains was deterring rail commuters. The poor public safety record of the minibus taxi service deterred passengers.

Increased congestion from people using their own cars cost the city some R280m a year.

Travel on roads in the Cape Peninsula had increased by 60% over the past 10 years while the road system itself had increased by only 10%.

Mr Mann said the deteriorating transport position had been aggravated by poor urban planning.

He recommended a Metropolitan Transport Authority which was empowered to implement sound transport policies.



# Safmarine gets half Belgian ship line

By DAVID CARTE

SAFMARINE has bought 49% of the biggest container shipping line in Belgium for \$25-million

Safmarine managing director Tony Farr says CMB Transport has assets of more than \$530-million.

The balance of 51% is held by Compagnie Maritime Belge (CMB), which was previously controlled by Societe Generale, described by Mr Farr as Belgium's equivalent of SA's Industrial Development Corporation

This controlling interest was then sold by Societe Generale to the Saverys family of Belgium

CMB Transport, a subsidiary of CMB, operates container ships from Antwerp across the North Atlantic, along Europe's coastline, West, East and Southern Africa and South America

The company owns 18 ships and has interest in six others. Of the 24 ships, 20 are container vessels, two multi-purpose and two roll-on-roll-off vessels.

## Attractive

Mr Farr says: "We move 225,000 containers a year, it moves 400,000. Like ours, its fleet is in first class condition and the company has outstanding growth potential"

Safmarine will play a direct role in CMB management and will appoint Graham Pierce the new chief executive *STimes*

Alistair Macmillan, chairman of Safren, which controls Safmarine, says the entry price is attractive to Safmarine *(Buss/T)*

Safren chief executive Buddy Hawton says the main attraction for the Belgians is Safmarine's proven management *25/8/91*

Mr Hawton says: "Our core business is Europe. The purchase is a defensive and an aggressive move on the eve of the political and economic integration of Europe in 1992"

CMB Transport has a major international agency network in Central and Southern Africa and in Europe. It owns a major European trucking arm.

Mr Hawton says CMB's AMI agency operation will marry well with Rennie's Manica operations.

## SAA in pact to cut fares to US

LINDEN BIRNS

US-BASED Northwest Airlines and SAA plan to cut air fares between SA and major US destinations by as much as 20%, and hope to introduce the discounts by the end of this month *Blauy 26/891*.

A Northwest Airlines spokesman said yesterday that the two airlines had agreed in principle to the fares structure, and that they were waiting only for the US Department of Transport to give its approval.

"We don't foresee there being any problems in getting that approval," she said.

Full fare economy class return tickets from Johannesburg to New York via Europe or the UK now cost R9 230, and Business class return tickets R10 619. Discounts of up to 20% will reduce these by as much as R1 845 and R2 123 respectively.

Tourists purchasing PEX — pre-paid excursion — economy class return tickets two months in advance currently pay R5 500 for flights between Johannesburg and New York via Europe or the UK.

The discount fares will be implemented on flights to New York and several other major US cities.

## Safmarine nets 49% of shipping firm

IN A move aimed at strengthening its European and other international ties, freight forwarding group Safmarine has taken a 49% stake in Belgian-based container shipping line Compagnie Maritime Belge (CMB) Transport for \$25m.

CMB holds the controlling stake in the group, which is the biggest shipping line in Belgium with assets of about \$530m. This compares with total assets of the more diversified Safmarine and Rennie Holdings (Safren) of about R2,5bn.

Safren chairman Alistair Macmillan said yesterday Safren would have significant managerial say in the day-to-day running of CMB Transport. To that end Safren was installing Graham Pierce as the CE of

BRENT VON MELVILLE

the group.

He said Safmarine offered its management expertise to CMB while CMB would enable Safmarine to access European and other international markets. CMB transports containers into central and southern Africa, South America and Europe.

CMB owns and operates 24 ships, of which 20 are container vessels and four are multipurpose. Macmillan said this compared with about six pure container ships for Safmarine and about 14 ships with container facilities.

In Safren's latest annual report for the year to June 1990 Safmarine's ships and containers were valued at R728m.

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(269) ARG 27/8/91

# SAA crisis team: How they pull it together

**The Argus Correspondent**

DURBAN. — They are at the centre of any crisis and part of their job is to find the "strays" after an emergency.

Their first tragic test was the Helderberg and more recently the sinking of the Oceanos.

There must have been many who wondered why the search and rescue exercise linked to the Oceanos disaster was co-ordinated from Jan Smuts Airport in Johannesburg.

After all, this was a mishap involving an ocean liner, not some aircraft in trouble.

However, a visit to the South African Airways Emergency Planning and Training Centre at Jan Smuts makes it clear why this facility was used as the "nerve centre" for controlling the Oceanos rescue operations until the last passenger had been accounted for.

It was at this centre where, after more than 30 hours of intensive activity, the figure giv-

en for the number of people on board was balanced with the number who had been rescued.

Only when the figure "571" appeared on both the left hand column denoting the number of people on board the ship and the right hand column showing the number of people who had been rescued, was it concluded that every person had been accounted for and all search and rescue operations were called off.

However, balancing these figures was no mean task for the team of dedicated people who worked from the early hours on Sunday, August 4, until late in the evening the following day.

Captain Deon Storm, a Boeing 747 captain and manager of the centre's emergency planning contingency, said the first word that the Oceanos was in trouble reached ZUR, the 24 hour manned radio room in the Flight Operations Centre at Jan Smuts Airport, late on the night of Saturday, August 3.

The Emergency Planning and Training Centre's key per-

sonnel (Captain Storm, Pat Macfarlane, Mossie Mostert, Jan van Blerk and several others) were alerted immediately.

The centre is sophisticated, well equipped and has personnel trained to handle a disaster. Its effectiveness was fully tested during the Helderberg disaster.

Captain Storm, often referred to in jest as "Captain Crisis", said soon after receiving news about the Oceanos, TFC Tours was offered the centre's assistance because of the scale of the disaster.

"TFC Tours said it did not have the infrastructure to handle the situation and, immediately the offer was accepted, the centre swung into action and became a hive of activity.

"Response teams were alerted in Durban, East London and Port Elizabeth and material and manpower resources were made available.

"Contact was made with the SA Air Force at Silvermine, which did not have the facilities for matching and verifying the names of survivors against

supplied lists, and liaison between the SAAF's rescue aircraft and the centre was established."

Captain Storm said the centre became the central communications facility to collate and process "mountains of information" coming in from the tour organiser's offices, ports, vessels which had picked up passengers and crew, the SAAF and makeshift rescue stations along the Transkei coast, such as hotels.

SAA personnel were on hand to greet arriving passengers at major centres, such as Durban and East London. Details of passengers were faxed to Jan Smuts.

Captain Storm said the task of "balancing our figures" was made all the more difficult because of the confusion which surrounded the number of people who were supposed to be on board the vessel.

"There had to be careful checking of our lists several times before we were absolutely sure everyone on board had been accounted for," he said.

# Increased rail tariffs unlikely to boost road transport analysts

B1 Day 27/8/91

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MARC HASENFUSS

INCREASED trade with the rest of Africa and recent rail tariff hikes will give the struggling road transport sector additional business, but the recession will still keep the brakes on real growth, analysts say

Investors seem indecisive about the potential of listed transport groups

Analysts said investor interest in this sector was premature as recessionary conditions would continue to slow transport activity for the next nine to 12 months.

Cargo Carriers peaked at 270c a year ago, but slumped to 150c in March after poor year-end results. The share recovered to 190c in April, dropped to 160c, then made a dramatic recovery to 240c in May.

The share is now holding steady at 200c and analysts attribute its recovery to a better performance in the current year after the group won major contracts.

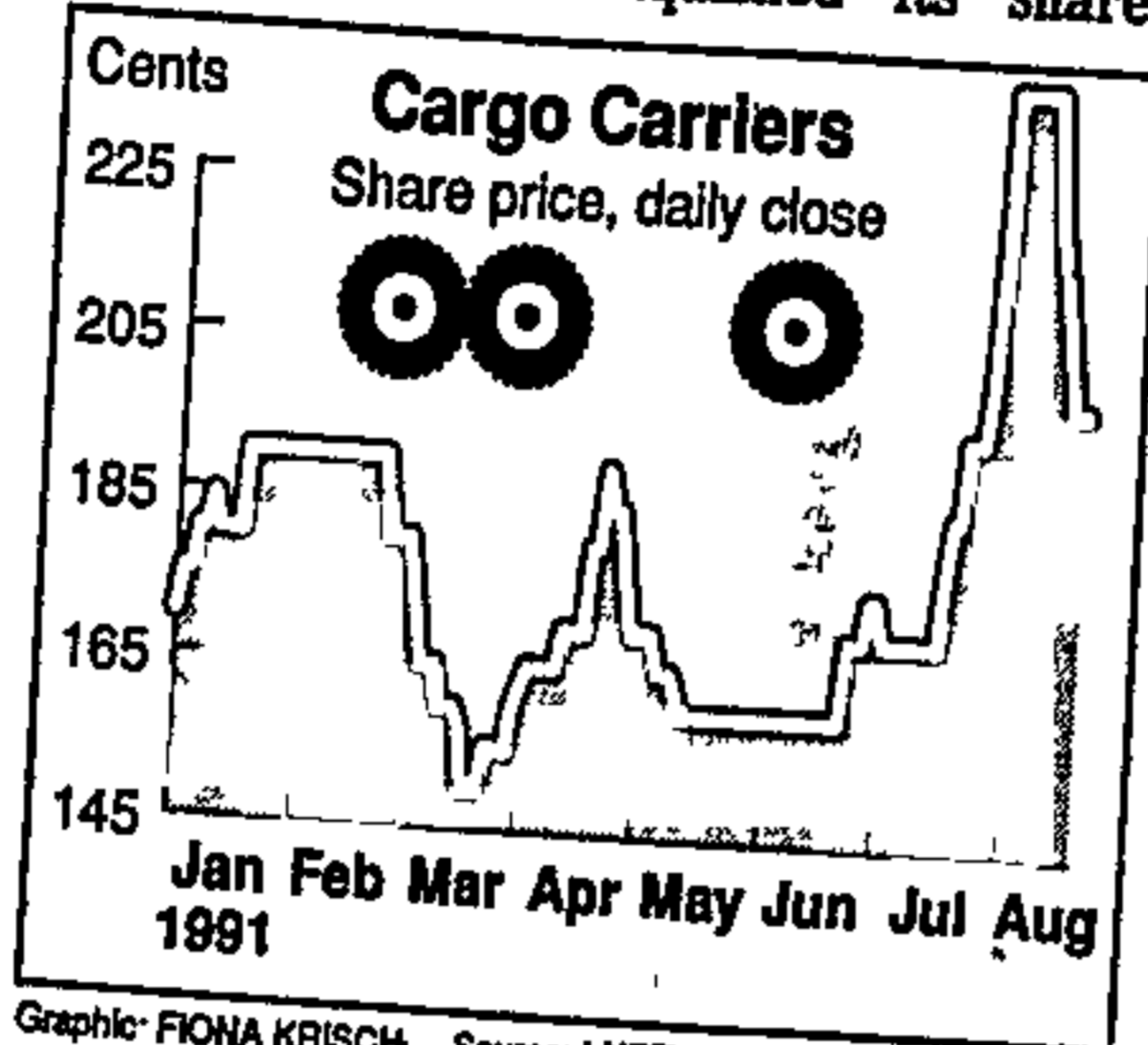
In the year to end-February 1991, Cargo slipped into the red after having to delay closure of two loss-making businesses because of contractual commitments.

Laser was at a 200c high in September but crashed to 100c in June. The share made small gains on the news of expansion into Africa, the opening of a European office in Rotterdam and the winning of the Foden truck franchise.

Poor interim results pushed the share price back to its low and it currently stands at 110c.

Analysts said Laser was largely dependent on emigration and immigration levels and that any significant turn in SA's delicate political situation could mean increased business levels for the group.

Tightly held Unitrans has climbed steadily on the back of satisfactory results and on Murray & Roberts taking a substantial stake in the group after British holding company BET relinquished its share-



Graphic: FIONA KRISCH Source: I-NET

holding. Market expectations are that the group will resume its strong growth under stable economic conditions and also benefit from its routes into Africa.

Analysts said the recent 50% increase in rail tariffs could have triggered off small price gains, with investors expecting to see additional business flow to road freight groups.

Industry sources said that while Spoor-net's tariff increase could prompt some businesses to use road transport again, rail tariffs for bulk containers were still competitively placed against road transport rates.

Analysts warned that ventures into countries north of SA's borders should be viewed cautiously. There was potential for growth in the African sub-continent, but the damage to operating margins through excessive start-up costs, increased vehicle maintenance due to underdeveloped infrastructure, political instability and theft outweighed the potential gains in turnover.

The transport index at 18 613 has almost doubled since last year. The index has been dominated by strong performing Trencor, which has interests in tyres, containers and trailers and no longer represents a core transport group.

## Safair gets new \$20m jet

*Day 28/9* . LINDEN BIRNS

(269)

SAFAIR Freighters yesterday officially took delivery of a \$20m British Aerospace BAe 146 jet aircraft which it will use on a twice nightly, express cargo service between Johannesburg and Cape Town.

Airline MD Braam Loots said the aircraft's introduction would help Safair compete more effectively in the local express cargo market.

Safair recently obtained a licence to operate a scheduled express cargo service on the route.

Loots said it would also be used to launch a regional express cargo service throughout southern Africa once SA's international civil aviation policy had been liberalised. This would allow Safair to compete with overnight freight carriers such as DHL and TNT.

BAe Commercial Aircraft marketing vice president Nash Mallam-Hasham said BAe hoped to establish a fleet of at least 15 BAe 146 aircraft in the region. Air Botswana and Air Zimbabwe both operate BAe 146s. Safair will be able to provide maintenance facilities for the aircraft type in southern Africa.



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CT 28/8/91

# New govt policy to expand toll road use

From DARIUS SANAI

JOHANNESBURG. — The toll road network will be dramatically expanded in terms of a new roads policy being formulated by the government.

The government believed private toll roads were the only way to meet the need for new roads and would not build any roads in the foreseeable future, senior government sources said this week.

One said a team of lawyers was examining ways to expand toll road construction without introducing new legislation.

Plans for new toll roads were frozen in June last year when the House of Representatives and the House of Delegates blocked passage of the National Road Amendment Bill which aimed to formalise the establishment of a private toll road network.

The lawyers are looking at ways of circumventing parliamentary objections to the government's appointment of private toll road operators on an agency basis.

The R2,7bn allocated by the government this year for roads in SA, the TBVC states and self-governing territories was enough only to maintain the current system.

It was likely to decrease in real terms, making an alternative plan for new roads a matter of necessity, the source said.

Toll road operators Tolcon and Tollway have put plans for constructing roads on hold since last year, but a Tollway spokesman said last week he

was hopeful the government would announce a new plan soon.

The sources said toll roads would be built only where they were economically viable.

The French model of a system of national highways operated exclusively as toll roads by private companies was favoured by the government.

However, France had much higher traffic densities and tolling SA's whole road system would not be profitable.

The sources said the government wanted to be careful not to appear to be encouraging too much spending on roads while other services were in need of funds.

Although the government would not fund new roads, it did not mean toll roads would spring up everywhere, a source said.

There were several ways for toll roads to be built. The totally privatised option — allowing the private sector to plan, build and operate roads — was not feasible under current legislation.

But private companies would be able to take part in road schemes under a so-called incentive scheme, controlled by the government.

The Transport Department would supply initial finance for the proposed roads while private companies built and operated them under the government tender. Private firms would be under pressure to increase profits through greater efficiency.

# Price of US air tickets cut

COMPETITION between airlines for US-bound passengers is gathering pace with the announcement yesterday of further discounts on fares for flights from SA to Europe and on to the US

American Airlines — one of the US's biggest carriers — has introduced discounts of up to 25% on its North Atlantic fares in conjunction with SAA

Passengers flying SAA from SA to any point in Europe and then connecting with American Airlines flights to the US qualified for the new discount, American Airlines SA GM Mike Tyler said yesterday

Last week Northwest Airlines announced it would introduce a 20% discount from the end of this month, but was still waiting for US Depart-

(269) B (day) 29/89  
 LINDEN BIRNS

ment of Transport approval

British Airways has announced an extension to its offer of surcharge-free Concorde tickets for SA First and Business Class travellers flying between London and the US

A low season economy class return fare to New York with American Airlines now costs R3 850, while a similar ticket to Los Angeles costs R4 796

Tyler said the number of passengers between SA and the US had increased. In July more than 3 000 people travelled between the two countries, the highest in 10 years

He said most revenue came from business travellers, buyers of round-the-world tickets and people visiting friends and relatives

The airline would now focus on the tourist market

A new US-based airline which claims to have secured a licence to begin direct flights to SA next May, has not approached the Department of Transport's Directorate of Civil Aviation (DCA) for SA landing and operating rights, a DCA spokesman said yesterday

Yesterday The Star reported that the new airline, USAfrica, had applied to the US Department of Transport for certification

SAA spokesman Leon Els said that until a bilateral agreement was signed, or until the US Department of Transport issued a temporary licence, SAA was not in a position to negotiate for permission to fly the route

# Fares hike postponed

South 29/8 - 4/9/91  
BUS fare increases have been postponed following a meeting between the Congress of SA Trade Unions (Cosatu) and City Tramways officials last week.

The 15 percent fare increase, approved early in June, was due to come into effect on September 1.

Cosatu's acting regional secretary Mr Allan Roberts said his organisation was opposed to an increase in fares as "our members and the community at large are enduring severe economic stress".



SAA, AFRICA's major airline, is soon to emerge "commercialised" from behind government's skirts. It will come out fighting against Flitestar, the first contender for a major stake in the domestic air transport market.

Simultaneously, government is studying ways of liberalising its international aviation policy which could see Flitestar, which is owned by Trek Airlines, and other local operators enter the international market in competition with SAA.

A similar clash, as yet unresolved, began in Japan several years ago when All-Nippon Airways (ANA) began scratching at Japan Air Lines' (JAL) hold on the market. Despite the difference in market sizes, a remarkable similarity exists between SAA and Japan in terms of their civil aviation environments and the challenges their carriers face.

At a recent conference, JAL executive vice-chairman Sumusi Yamaji quoted the Chinese scholar Confucius on the topic of competition: "There is no more agreeable spectacle than to observe an old friend fall from a rooftop." While this sentiment might be applicable to less scrupulous members of the airline community, it is not altogether a fair reflection of JAL's attitude to ANA.

SAA can learn from Japan

JAL has had to tolerate ANA, but for the first time the two are preparing to do battle for the new overseas routes available from the mid-'90s when new runways and terminals at Japan's principal airports will make them less congested. Tokyo's international hub, Narita, has one runway and few landing slots or access gates, while Osaka has a 9pm-7am curfew and a limit of 200 aircraft movements a day.

SAA's emergence from years of isolation and the willingness of foreign airlines to forge links has placed demands on Jan Smuts Airport. Although it is being hastily refurbished, industry sceptics predict it will be unable to cope with the demands of the traffic influx.

More runways are planned for Narita and a new terminal for Osaka, but when the jam clears JAL will no longer be able to maintain high fares or load factors as the competition will have room to flood the market. Jan Smuts has three runways, although only two are used regularly.

# SAA can learn from Japan

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## LINDEN BIRNS

The Japanese government has a list of 30 international airlines waiting to enter Narita SAA is believed to be one of these. JAL will face competition on two fronts — from overseas carriers serving destinations it may be unable to match, and from ANA which will bid for new overseas route allocations.

So far ANA, with its 13-destination route network, has been a minor irritant for JAL, but ANA's route network is expected to double by 1993. In preparation for this competition, JAL is expanding.

It has a fleet of 98 aircraft, and 40 wide-bodied planes on order. It is also exploring alliances with major overseas carriers to expand the number of destinations it can offer through marketing tie-ups, and has upgraded its in-flight service. Its route network is growing, with new destinations in Europe, North

America and Southeast Asia. Johannesburg is on JAL's agenda and it has held talks with SAA authorities.

SAA has also begun a fleet expansion programme, taking on two new Boeing 747-400s and five Airbus A320s, with two of each type due for delivery in 1991. Its route network has also been expanded in recent months. SAA's next challenge will be to face the competition as a private company not able to turn to Transnet for funds when it is in a tight spot.

Increasing domestic competition led the Japanese government to begin privatising JAL, the world's most valuable airline, worth \$19,91bn. ANA is ranked second.

Until privatisation, JAL was Japan's sole carrier for scheduled international and some domestic trunk services. After a lengthy dispute with the US, ANA and Nippon Cargo Airlines (NOA) were allowed to operate trans-Pacific flights to the US. In return, Japan opened its skies to three US airlines.

JAL quickly asked government to

complete the privatisation, freeing it from the need for government approval of investments and purchases, and from any limits on capital increases and long-term borrowings.

It also removed government's control over JAL's business plans and allowed the airline to make faster responses to changes in the market.

The major difference between Japan and SAA lies in the size of the markets served. This alone leaves serious questions unanswered. Can SAA afford to go commercial, let alone private, if one takes into account the small volume of passengers and cargo it carries both domestically and internationally? Industry sources say SAA will report heavy losses of about R100m this year.

Secondly, is the price of a large enough fleet to sustain a deregulated industry? Airline industry leaders predict that to avoid excess capacity becoming a drain on their finances, local carriers will force government's hand into deregulating SAA's international aviation industry sooner than planned, allowing other southern African markets to take up the slack.

□ A survey examining the deregulation of domestic air transport services is published on Pages 17-20.

## LETTERS

# Price-buster airline for SA? <sup>269</sup>

Own Correspondent

LONDON — Price-busters Virgin Atlantic Airways yesterday submitted a formal proposal to Britain's Department of Transport (DoT) giving details of its plan to operate a service to South Africa next year

Last month, Britain's Civil Aviation Authority granted the airline permission to run a London-to-Johannesburg service. When operational, it will provide the first competition to the joint

SAA-BA monopoly on this route in 45 years

However, a new bilateral agreement first has to be signed to facilitate the inclusion of a third carrier. In terms of the current agreement, BA and SAA each run 10 return flights on the route a week

Virgin Atlantic's director of strategy and route planning, Mr Ed Hullah, said their proposal was submitted to the DoT yesterday morning

The DoT will now study the

<sup>30/8/91</sup>  
plan before entering into negotiations with the South African authorities

While ultimately the aim was to operate one return flight a day between the two destinations, he said, they would initially be looking at "four or five a week"

On the new route, the airline hoped to equal its north Atlantic performance by cutting existing fares by up to 20%.

Mr Hullah said he was optimistic that the agreement would be finalised by Easter next year.



# Rail hikes may kill Cape firms

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ARG 31/8/91

**TOM HOOD**

Business Editor

**FACTORIES** could be put out of business by huge hikes in some rail freight tariffs sprung on companies this week.

Increases of as much as 50 and 300 percent were reported by industrialists.

The new rates operate from Monday. Some companies said they learned about them only on Friday when Spoornet marketing staff visited their offices.

Hundreds of Cape factories send goods by rail to the Reef, their main market. Products include clothing, plastics and engineering equipment.

A 300 percent increase facing a quilt manufacturer was reported to be double the cost of making the quilts.

Another company which sends 60 small containers a month to Johannesburg discovered on Friday that rates would rise by 50 percent.

"We have decided to send everything by road in future, even if we save very little," said a director.

"We tried for nine months to find out if there was any truth in rumours of a rise in rail tariffs, but these were indignantly denied by Spoornet. It is a terrible shock to people who ship large volumes to the PWV."

The new rates apply to PX services — parcels and small

containers. Large containers are not affected.

The increases are caused by Spoornet switching the basis of charging from weight to volume — described as volumetric tariffs — and claimed to be in line with the system used by profit-orientated companies.

One firm spending R50 000 a month said the transport bill would treble and exceed its total net profit for the past 12 months.

Mr Colin Boyes, deputy director of the Cape Chamber of Industries, said it could now be cheaper for some companies to export to Europe than rail goods to Johannesburg.

"Spoornet has done a good job in severing us from the main market of the PWV. This is one of the factors that has made the Cape more export orientated."

Lightweight products would be extremely hard hit, but they might not have to meet all the increased charges. The door had been left open because the railway was prepared to negotiate special deals.

"It is up to every customer to fight these increased charges and negotiate their own deal."

Mr Boyes said companies had to plan months or years in advance and it was bad business to spring these increased tariffs. "You need to know where to site a factory and transport costs are key matters."

"We pleaded with the railways time after time to give us notice of the rates well in advance. Their staff in Cape Town were in the dark — they were not aware of the charges."

A Spoornet spokesman said tariffs used to work on a commodity basis and charges were based on weight. Certain commodities subsidised other ones. The new volumetric system simplified tariffs.

"Some people will pay more and some people will pay less."

A survey showed price hikes would affect between 55 and 65 of Spoornet's customers. Forty percent of clients would pay about 12 percent more.

Spoornet was no longer a state organisation and it was moving into line with what other transport companies were charging.

The spokesman conceded that some increases could be more than 100 percent but added "If people are not happy they can try to negotiate a new price, which many manufacturers have done."

"It is not essential that prices should be the same for everyone. They could be determined by when they transport goods, how much they transport, where the goods go and the frequency."

A number of customers had contracts so they would not be affected until new contracts were negotiated.



# SA seeks unified railway system

S/Times 1/9/91

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Business

Business Times Reporter

SPOORNET has a plan to integrate the railway systems of Southern Africa in a centralised authority.

It will propose at a meeting in Namibia this month that resources be pooled in a single railway system that would book rolling stock, rent time slots on tracks, control loading and movement and collect tariffs.

Each country would be paid for the use of rolling stock and track in proportion to its contribution to the network.

## Locomotives

The project embraces SA, Zimbabwe, Botswana, Zambia, Namibia, Zaire, Swaziland, Mozambique, Malawi and Angola

Spoornet says the sovereignty of each country's railway authority would not be affected.

At present a train moving between, say, SA and Zaire must have clearance from SA, Botswana, Zambia and Zaire. Each country has its own Customs department and charges different tariffs.

The proposed system would have a single tariff charged by the central authority, which would provide the rolling stock. SA has 7 000 wagons and 42 locomotives on hire in black Africa.

SA has 23 500km of track and 163 857

wagons compared with 19 000km of track and 45 794 wagons in the rest of the region. Spoornet has more than 4 000 locomotives and would provide most of the rolling stock to the central authority.

Spoornet international traffic manager Andre Heydenrych says the long-term objective is to promote greater independence from SA's transport system among northern neighbours.

"We are not looking at promoting SA's interests to the exclusion of our neighbours. That would be short sighted. We have to start looking at Southern Africa as an integral region and where possible share resources."

"We are helping to rehabilitate Maputo port and the rail link with SA. We also want the Angolan port of Lobito and the Benguela railway link to Zaire to be restored. A technical team has gone to Angola to report on the state of the line."

Ironically, Spoornet's long-term strategy to reduce the dependence of frontline states on SA's transport network is close to that of the Southern African Development Coordination Conference (SADCC).

One of the subjects raised at this week's SADCC meeting in Arusha was whether to admit SA

The Spoornet plan comes after a decade of sluggish progress by SADCC countries in developing transport infrastructure.

At its peak, Maputo handled 6-million tons of freight a year. Now it moves barely 1-million tons.

An SA technical team seconded to the port was recently asked to withdraw by Mozambican authorities and conditions at the port have deteriorated. Its rehabilitation is important for Eastern Transvaal coal producers who are using Richards Bay because Maputo would be cheaper.

Walter Louw, chief director of specialist services at the Department of Foreign Affairs, which funded the Maputo technical team, says Mozambique is under pressure to privatise the port.

## Careful

Swazi sugar exports are going through Durban because of Maputo port's inefficiency. Zimbabwe is also directing traffic to Durban.

Spoornet's plan has received support from operational managers and awaits approval at general management level this month.

The plan will take several years to implement, says Mr Heydenrych.

"We have been careful to ensure that under the centralised railway authority, even a country like Swaziland will have an equal say to that of SA."

## Many SA civil aviation mishaps 'not reported'

CT 2/9/91

Own Correspondent

(269)

JOHANNESBURG. — There were far more civil aviation incidents than shown in official accident and incident figures, a top aviation insurance broker said at the weekend.

MIB Insurance Brokers divisional managing director Mr Henry Tours said many accidents, in which people were not injured were not reported to the Directorate of Civil Aviation, which was unable to take sufficient action against aircraft owners and operators who were found to be negligent.

The directorate was understaffed, did not have the "teeth" to take effective punitive action and was being financially strangled by the government, although it was doing the best it could under the circumstances, he said.

# Spoornet to probe daredevil train game

Cape

Staff Reporter

SPOORNET has launched an investigation into a daredevil train game played by Peninsula schoolboys following the serious injury of a Tygerberg pupil who was struck by power pylons as he swung from the centre pole of a carriage door.

Carel van der Merwe, 15, a Std 6 pupil at the Bellville Technical High School, last night underwent an operation at the Jan S Marais clinic to mend the shattered bones in his left foot.

He was found lying next to the rail

way tracks between Stikland and Brackenfell on Friday after having fallen from the fast-moving train. He also suffered facial injuries.

His mother said he would have to have several operations to his foot but it appeared that he would not lose it. She would not elaborate on the incident. Carel's condition was last night described by a hospital spokesman as "satisfactory".

Spoornet spokesman Mr Brian Lotter said last night the game was apparently played by two or more boys hold-

ing the moving train's carriage doors open while another held on to the centre pole and swung his body away from the carriage.

Spoornet only became aware of the game after Carel was injured, he said. "This game is played very clandestinely. We are not aware of how rife it is," he said.

Another Spoornet official, Ms Yvette Olwage, said the boys "know that it's dangerous and won't do it when other people are in the coach".

She said that commuters faced a R40

fine if caught trying to disembark or hang from a moving train.

She pointed out there were instances of commuters being killed after being struck by the electric cables above the train lines.

These were frequent occurrences but were not as rife as the infamous and dangerous surfistas train game of Brazil which claimed the lives of hundreds of commuters, she said.

The game was played by impoverished Brazilian youths to avoid paying fares and to prove their bravery.

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game 267



# Wesgro chief slams rail hikes move

Business Staff

THE huge hikes in rail tariffs introduced this week were ad hoc and made it difficult for businesses to plan ahead, says David Bridgman, executive director of the Association for the Western Cape's Economic Growth (Wesgro).

With tariffs rising by up to 300 percent on some goods, for many products transport to South East Asia or Europe would now be cheaper than transport to Johannesburg, said Dr Bridgman.

"And the cost of supplying the South African markets is

made far higher by such surprise changes in the fundamental structure of transport pricing."

Dr Bridgman warned that some factories, particularly those that had adapted production to low-weight items, could be put out of business by the hikes

In the past, South African Transport Services had discriminated against the Cape, said Dr Bridgman, with the result that much of Cape business was skewed in favour of light industry

"With little or no notice their goods must not only be light,

but small in volume too" he said. "Such a major change in policy, which affects the whole economic structure of the country should have been given greater public airing before being introduced.

"As a result of the high costs of transporting goods in South Africa in the past, the Cape is relatively strong as an exporting region.

"While it will certainly hurt many businesses, therefore, one must hope, it will serve as a spur to others to redouble their efforts to penetrate export markets"

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# Quilt-makers to fight rail hike

WILLIAM BARKER  
Business Staff

(269) AGC 5/9/91

MAJOR quilt manufacturers in the Western Cape have united to fight the proposed new volumetrically-determined PX rail freight tariffs which they claim could put them out of business.

Up to 90 percent of their production is railed elsewhere in South Africa at present — and they face increases in railage costs of up to 270 percent.

The Western Cape is the hub of the South African quilting industry. Over 1 500 jobs depend directly on quilting in the area, and as many as 8 000, including suppliers would be seriously affected if quilters were forced to pack up here

Since the first disclosure of the increases, Spornet has offered the manufacturers a period of grace. Tariffs rose by 20 percent on September 2, and this increase will hold until the end of March. After that, manufacturers infer that the full increase will be applied

"It is impossible to absorb an increase of that size" said Mr Erwin Haller, managing director of Desiree Quilted Products in Atlantis, the industrial West Coast dune town. Desiree is part of the Seardel Group

Most major quilters in the Western Cape sell about 65 percent of their production on the Reef, 15 percent in

Durban and 10 percent in the Eastern Cape

Mr Haller said as an example, if the volumetric tariffs were applied as first envisaged, the railage costs of one cubic metre of man-made fibre-filled products sent from Atlantis to Johannesburg would rocket from R170 to R480.

"We are still going to do more to fight the increase on June 1992 — they are quite untenable" said Mr Haller. "The railage cost of a pillow is the same as the cost of the pillow. We have been told that the rates will still be negotiable."

Whatever the outcome, Atlantis industries face another crisis next year: Industrialists there have been told that in June 1993 their 40 percent rail subsidy, designed to draw industry to the labour-starved area, and expected by most to last indefinitely, will disappear.

The subsidies are designed to encourage employment, and allow the factories to claim R3 000 for each worker per year, to a maximum of R600 000.

■ Small freight consignments of wines from Western Cape estates will be little affected at first by the increases

In moves to soften the blow, Spornet has frozen Fastfreight costs until October 31, after which there will be an increase of 20 percent.

SAFMARINE FM 6/9/91

## Belgian partner

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When 49% of a company with assets exceeding US\$530m can be bought for just \$25m, the immediate impression is that its earnings capacity is suspect or, perhaps, that it is heavily geared. Why then has Safmarine bought into CMB Transport (CMBT), the largest shipping container line in Belgium, at this price?

Safmarine MD Tony Farr explains that the purchase decision was motivated primarily for strategic rather than financial reasons at this stage. *Compagnie Maritime Belge* (CMB) was recently bought out by the Saverys family in Belgium, whose major business is in bulk shipping. CMBT — a CMB subsidiary — controls 24 liners and moves about 400 000 containers a year. CMBT suffered a substantial reduction in earnings last year because of problems with its liner shipping activities.

Farr says that these arose out of some poor strategic decisions taken over the past three years. He says the company expanded by acquisition and in the process became over-gearred. He adds that it adopted aggressive positions in certain markets and made incorrect investment decisions to introduce additional capacity.

This led the Saverys family to look for a partner to bring the liner shipping operation back to profitability. Safmarine was approached, partly because of its internationally respected professionalism, but also because it posed no threat to the continued existence of CMBT's Belgian identity. In addition, Safmarine and CMBT have two basic factors in common: both are important participants in world trade terms in niche markets and both are north-south operators.

Farr sees the purchase as both an offensive and a defensive strategy. CMBT is an important operator on the East and West African coasts and has a significant forwarding, shipping and distribution agency network, AMI, in Africa.

Moreover, says Farr, it will enhance the status of Safmarine in Europe, helping Safmarine to develop a foothold there after 1992. It should also help to facilitate the

Continued

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negotiations now being held with Southern Africa Europe Container Service.

Another reason why Safmarine was enthusiastic about the purchase is the rationalisation now taking place among world shipping lines. The recent P & OCL takeover of Cunard Ellerman is an example of this trend which, reckons Farr, will have a positive effect on liner shipping over time as unrealistic competition is eliminated.

Safmarine is to have equal input with CMBT on all management matters. This will begin with the appointment of Safmarine's director responsible for its liner division, Graham Peirce, as the new CE of CMBT. He is to move to Belgium in October.

The \$25m payment for 49% of CMBT was made through the financial rand, making the value of the transaction about R80m. There will be no short-term contribution to the earnings of Safmarine as a result of the deal.

Gerald Hirshon



# PX rediscovers its market

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FM 6/9/91

It took the old SA Transport Services (Sats) just four years to run PX Fast Freight into the ground. When Sats launched the express parcel and freight service, small manufacturers, wholesalers and retailers signed up and the business took off like a rocket

But by 1989, it was a spent force, performing so poorly that Sats seriously considered shutting it down. The operation, which used 1,5 m containers — a quarter of the size of the normal 6 m container — which customers filled and railways transported, did not get the constant monitoring and fine-tuning it needed, so service became shoddy. And Sats either ignored or didn't notice the market's shift towards the more efficient door-to-door service offered by road transport.

However, rather than close PX Fast Freight, in July 1989 Sats asked one of its top rail people, Wicus Pretorius, to save it. He certainly had the right credentials. Always a maverick, he had rescued the Apple Express narrow-gauge line in the eastern Cape, (for which he says he was nearly fired because Gert Coetzee, one of the founders of PX Fast Freight, had decreed that the line must die), he had kept steam engines working on the De Aar-Beaufort West section of the Johannesburg-Cape Town line and he had led the team that designed the Class 11E locomotives which haul the long trains on the Richards Bay coal line.

Pretorius started by cancelling all advertising because it contained more fiction than fact. He changed the name to PX (for parcel express) and decided it should not be just a railways adjunct but a multi-modal transport operation that could handle the entire distribution of a customer's goods from shelf to shelf, using trucks and planes if necessary.

The turnaround has been swift. Re-launched officially last month, PX expects to handle 91m parcels this year and turn over R800m, and will probably produce its first profit in several years. And those numbers should soar in the years ahead because the company has no direct competition. "PX has no competitors that use small containers that clients can pack themselves," says Alan Cowell, executive director of the SA Association of Freight Forwarders. "My members use it."

In fact, PX is leaving the one business in which it did have competitors — the express delivery of small parcels. "We have chosen to concentrate on the corporate market, so we'll

be only too happy if the courier companies take back the individual parcels that found their way into our system during the Fast Freight days," Pretorius says. "That is their market and they are much better geared to serve it than we are."

What PX, now a division of Spoornet, is geared to do is handle big consignments. "We offer the big guys, such as Truworths, Foschini, Toyota, Nissan and Samcor, a total logistical service that starts at the source of their products, includes monitoring their consignments all the time they're under our control and ends when they take control of them. And, if it's what the client wants, we'll even go into a factory and pack the containers, distribute the merchandise to the outlets and hang up garments or pack goods on shelves," Pretorius boasts that his workers have converted empty shops into trading operations in 24 hours.

In the two years since Pretorius took over,



Transnet's PX a clear field, for now

PX has established a track record for reducing in-transit pilferage; one company's losses were cut from R8m to R3m in a year. And throughput — the time from accepting a consignment to delivering it — has been reduced from an average of 14 days to less than five days anywhere in SA. And it has introduced several new services that have boosted revenues: the OPX service guarantees overnight delivery between certain towns, SPX uses air transport to guarantee same-day service, and IPX (inter-city) collects parcels and delivers them on the same day, within a metropolitan area.

The regular PX service operates on 160 dedicated PX trains a day and Pretorius has reinstated the old passenger train parcel ser-

vice and named it PCL.

"Fast Freight got business because the tariffs were low and they were low because our service was low," he says. Now with service improved, PX introduced a new tariff structure this week. It's based on weight and volume and does away with the old tariffs based on the type of commodity, which led to heavy consignments subsidising light consignments.

Meanwhile, PX plans next year to introduce micro-containers, which will be a quarter of the size of the present mini-containers. They will be lighter and designed to last two to three years.

Says Pretorius: "Everything we'll convey will be smaller and more sophisticated. The present mini-containers, built to last 10 years, will start being phased out in 1995. We already have started developing high-strength disposable containers made of resins that will have the quality, strength and flexibility of steel. And we're looking at rail wagons with plastic superstructures."

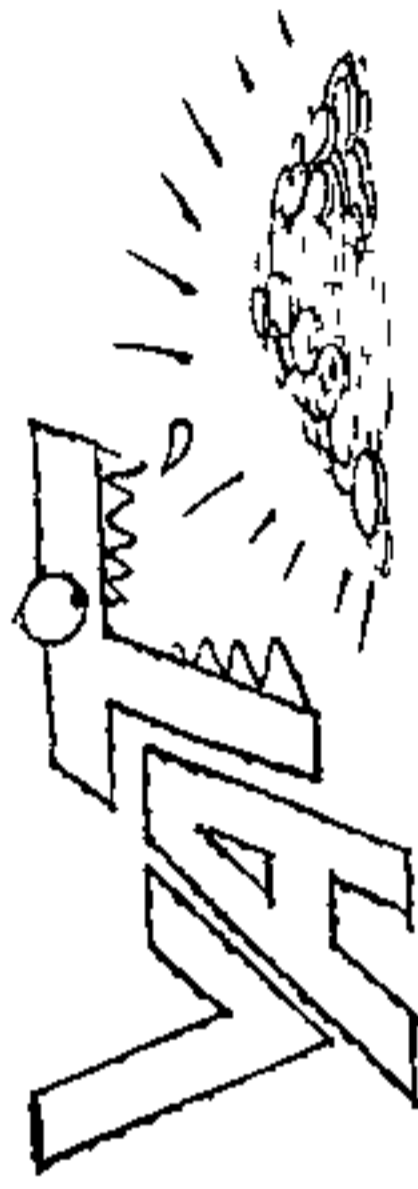
For their part, PX's customers are getting a service that has been widely available overseas but not in SA. Pieter van Wyk, Foschini's group distribution services manager, says the service helped his company streamline and consolidate its merchandising. PX now handles all the merchandise shipped out of the Cape Town warehouse and 30% of the shipments out of the Isando warehouse. Transport time has been reduced and "pilferage while on

trail is down 80% on what it was in 1989-1990," he says.

Piet Van Wyk De Vries, Toyota's GM, parts operations and systems, says his company uses Renfreight, Sun Couriers and PX to distribute parts to its 320 dealers. All three have representatives and in-house depots in Toyota's central distribution depot in Wynberg, Johannesburg, and dealers can pick which one they want to use. "About 60% of our business is stock replenishment for dealers, nearly all of which goes through PX," he says.

So, with Transnet well into the second year of its effort to commercialise, PX is providing a model for the lumbering transport giant to follow.

# Rail, post tariffs should <sup>269</sup> now cost businesses less



## The Argus Correspondent

**DURBAN** — Rail, harbour and fuel pipeline rates and post and telecommunications tariffs will cost businesses less under VAT — and not more as had been announced in the past two days.

Business consultant Mr Kevin Fagan said the two organisations had done a disservice to the economy by failing to fully explain the effect of VAT on their charges — that of a cost reduction to business.

Transnet has announced that rail freight rates would rise 8,9 percent from September 30, harbour charges 8,8 percent and Petronet's fuel pipeline service by 9,7 percent.

Postmaster-General Johan de Villiers said post and telecommunications tariffs would rise by 8,7 percent on average from the end of the month.

Mr Fagan calculated that the cost to business organisa-

tions — which comprised the bulk of Transnet's customers — should, in fact, come down between 0,9 percent and 1,7 percent under VAT.

“What has happened is that these organisations — and indeed a great many businesses — are looking at VAT as a cost issue, which it is not.

“When looking at business pricing and profitability, one must forget that VAT exists — it simply confuses the issue.

“Organisations registered as vendors under VAT will recover all the VAT they pay from the tax system. They do not need to raise prices to recover it from their customers.”

Businesses which raised their prices in the belief that

VAT would cost them more, said Mr Fagan, might find their returns given an initial boost when they combined wider profit margins with VAT refunds from the Receiver.

But they would soon lose market share to those companies which understood the new tax and passed on the benefits to customers.

“This is a price sensitive economy in the business-to-business environment. If one business puts their prices up while a competitor puts his down, it's not hard to see who is going to corner the market.

“This is the concept that (Minister of Finance) Barend du Plessis has been trying to explain but no one believes him.”



**G**AN SA and its neighbours justify direct air links with the US? At the moment, the major US airlines seem to think not. None is leaping at the opportunity afforded by the end of the 1986 SA landing rights ban, not even Delta, which has inherited Pan Am's southern African routes following that company's break-up.

In part, the lack of interest can be attributed to the industry being in the midst of a sweeping shake-out. But the decisive factor is SA itself. Its prospects, and those of its region, are not sufficiently alluring to set off a scramble among the heavyweights. Besides, even the national airline has been behaving as if it has doubts.

SAA's efforts to resume flights to the US have been strangely hesitant. After fuelling speculation that its New York-Johannesburg service would be restored within weeks once the ban had been terminated, SAA's management appears to have been caught flat-footed by President George Bush's July 10 announcement rescinding the Comprehensive Anti-Apartheid Act's (CAAA) sanctions

**A**mbassador Harry Schwarz and his staff have done their best to help. An embassy task force prepared a detailed study of what SAA would need to do to once the ban was lifted, and had answers to all the key questions. These included whether a new bilateral air services agreement, subject to Senate veto, would need to be negotiated to replace the one annulled by the CAAA. The answer was no, SAA could very quickly obtain temporary permission to operate in the US. For some reason, the airline chose to have this work duplicated by a Chicago law firm.

True, the US transport department took until August 8 to promulgate regulations in line with Bush's order. Nor was Pretoria particularly quick off the mark in issuing a policy statement guaranteeing reciprocal rights to a US carrier, a prerequisite for the department's approval. Even so, SAA submitted the necessary paperwork to the department only last

# US airline shows faith in Africa as others hesitate

B/Decy 10/9/91



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## SIMON BARBER in Washington

Thursday, announcing its desire to resume thrice-weekly flights on November 1.

On the basis of its submission to the transport department, one might be forgiven for concluding that SAA is not especially interested in returning to the US market.

Its income statement for the year ending March 31 shows a \$41.3m loss. It projects a first year pre-tax profit on the renewed transatlantic route of just \$1.5m, based on expected revenues of \$66.5m and operating expenses of \$65m. All told, the airline seems motivated less by commercial calculations than by a duty to show the flag.

It has been left to a group of retired airline executives and former assistant secretary of state for Africa, Chester Crocker to look at the region and see opportunity. If all goes to plan, their new company, USAfrica Airways (USAA), will commence direct flights between a major hub on the US east coast (not necessarily New York) and Johannesburg in April next year.

USAA's chairman and founder is Arthur Lewis, an engagingly blunt 72-year-old Texan who has been in the business since 1941 when he joined American Airlines. He founded his first airline, Mid Pacific, in

1981 after stints as president of Hawaiian Airlines, and later Eastern, until recently one of the country's largest domestic carriers. Crocker, who serves on the board, is listed as a co-founder, as is Michael Meszaros, USAA's president and a former sales manager for SAA.

Lewis views himself as a pioneer, and it shows in the certification request the company has filed with the transportation department. "USAA," it states in somewhat Star Trekian tones, "has been founded for the primary purpose of exploiting and developing the last significant underserved US international air service market in the world — the region of southern Africa."

**U**nlike others, the company has faith that negotiated settlements in SA and Angola, plus the end of international sanctions, will promote a healthy expansion in travel between the US and the region. The total round-trip passenger market, it feels, will grow from just over 100 000 this year to 160 000 in 1995, particularly if USAA is on hand to provide service.

By setting itself up as a regional

specialist, the airline believes it will be able to create its own demand. In return for the co-operation of regional governments (which is where Crocker comes in) Lewis sees the possibility of greatly increased traffic between the two continents.

So long as governments play their part by creating environments hospitable to North American businessmen and tourists, USAA will do its bit by making the region easily accessible with world-class service. That in turn will encourage development of hotels, resort facilities and other infrastructure, which should translate into more customers for the airline and more dollar-bearing visitors for the region.

Equator Bank, which has significant dealings in the area, has been asked to assist USAA raise \$25m in debt and equity capital, \$15m of which would be in the form of convertible debentures paying 13% with the remainder to be available as a \$10m line of credit. Correspondence submitted with the transportation department filing also indicates that Crocker has approached former FNB chief Chris Ball.

Equator has said it finds USAA's proposal "well-conceived" and that its capital requirements are "reasonable and attainable", but is awaiting

transport department certification before committing itself.

According to plans submitted to the department, USAA believes it can profitably coexist with SAA in offering thrice-weekly round trips between the US and Johannesburg via Cape Verde starting on April 1, next year. At the outset, it will use a single Boeing 747-100 "wet-leased" — that is to say, with pilots and crew, — from TWA or Polaris Leasing Corp. A second 747 will be "dry-leased" in July and immediately refitted to USAA specifications to go into service in September.

On December 1, US-Windhoek-Harare flights will begin on a weekly basis. Thereafter, service will be expanded to Luanda, Gaborone and Cape Town. In the interim, schedules will be timed to coincide with connecting flights to those cities.

Fares to Harare, Johannesburg and Cape Town will be the same, the cheapest initially being \$1 899 return. On average, ticket prices to all destinations are set to be 12% below present rates via Europe.

**H**owever, USAA is insistent that it does not want to be thought of as a "cut-rate" airline, but rather as a full-service one providing better passenger amenities than either SAA or British Airways. Indeed, Lewis says he would like the company to compare favourably with Cathay Pacific, the current industry benchmark. Nonetheless, he does not propose to be undercut by SAA and will adjust prices accordingly.

For its first year in service, USAA projects operating revenues of \$102.7m against expenses — including a \$6.2m advertising budget that will be used to promote the destination as much as the airline — of \$99.3m. This translates into an operating profit of \$2.4m and assumes that flights are just over half full. Net after-tax income for the year is put at \$2.1m.

The projections may turn out to be fanciful, but it is at least nice to find someone with a little faith in the region and the enthusiasm to put it to the test.



# Highway phone system ready in three weeks

**JOHAN SCHRÖNEN**  
Staff Reporter

AN upgraded emergency communication network on three of the busiest routes in the Cape is nearing completion and is expected to be in operation at the end of this month.

The network consists of a chain of emergency contact points or call-boxes along the N1, N2, and the R300

It was announced last year that vandals and thieves had smashed most of the previous emergency telephone call-box-

es on the N2 freeway and that many on the N1 had been damaged in accidents.

The network had been introduced six years before.

On the N1, the new system will stretch from the Koeberg interchange to the Huguenot Tunnel with a further call-box on the crown of Dutoitskloof Pass

Call-boxes will also be located on the N2 from Black River Parkway to the summit of Sir Lowry's Pass and on the R300 from the Stellenberg interchange at Brackenfell to the Swartklip interchange near Khayelitsha.

A Department of Transport spokesman, Mrs Maureen Nell, said the system had been commissioned by the department and would be operated by the Automobile Association as a public service.

"Once again motorists will be driving with peace of mind as they will always be within walking distance of instant contact with emergency services in the event of accidents or breakdowns," Mrs Nel said

Telephones, in direct contact with a radio room at the AA's offices in Cape Town, will have two clearly marked buttons, one putting a motorist in con-

tact with an information and mechanical breakdown service and the other with the rescue service.

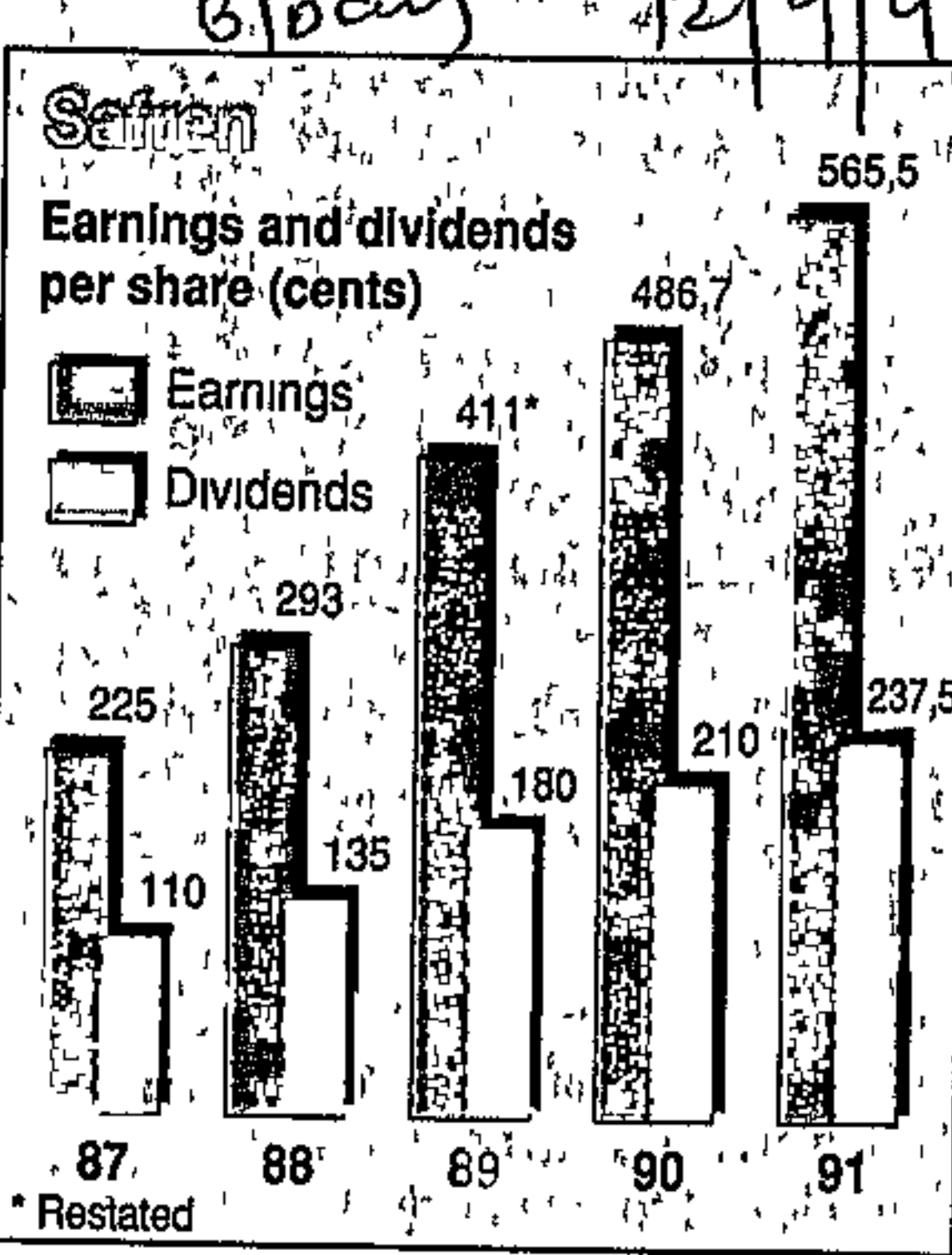
Special emergency phones had been encased in reinforced concrete erected in places where vandalism had proved to be a problem.

In other areas reinforced polyester was used to construct the units instead of aluminium which was used previously.

Mrs Nell said great care had been taken to site the units in the safest locations to ensure more protection to vehicles, passengers and the phones in the event of a collision.

(269) ARG 10/9/91

# Mixed fortunes at Safren



Graphic FIONA KRISCH Source SAFREN

*269*  
LINDA ENSOR

CAPE TOWN — Safren's results for the year to end-June showed a strong growth in operating profit boosted by a lower tax rate but these factors were offset by the pedestrian performance at turnover level and the sharp increase in depreciation costs.

Slightly better than expected, attributable profit rose 16,7% to R302,4m (R259,1m), translating into earnings a share of 565,5c (486,7c). A final dividend of 177,5c brought the total to 237,5c (210c) a share for the group which consists of subsidiaries Safmarine (100% owned), Kersaf (76%), Rennies (75%).

Depreciation of Safmarine's ships to bring them into line with their earning

□ To Page 2

## Safren

*B/day 12/9/91*

capabilities saw depreciation rise to R243m (R150,7m). CE Buddy Hawton said that without this cost, attributable profit growth would have been about 26,4%.

"In the circumstances and bearing in mind the difficulties, the attributable earnings increase together with the dividend increase should be looked at as satisfactory," Hawton said.

Turnover rose 9,2% to R4,4bn (R4bn) which was low due to disposals and discontinued operations in Interleisure, reduced cargo volumes by Safmarine's liner services, and reduced freight activities by Rennies due to lower imports.

Hawton said Safmarine's liner services suffered increased vessel and fuel costs but the weakening of the rand towards the end of the year was beneficial. Its bulk trades were adversely affected by the Gulf war.

Rennies' bulk terminals and travel division performed well while Kersaf's results, up 18%, were satisfactory, in the light of lower room occupancies. Willis Faber Enthoven, 60% held, suffered a R4,4m decline in profits due to the disposal of certain operations but improved earnings.

Profit from operations rose 16,5% but after depreciation and other expenses was

*269* From Page 1  
reduced to an increase of 8,5% to R749,5m (R690,6m).

The tax rate was lower at 26% (33%) due to the lower rate of company tax and the impact of this on deferred tax, the sale of assets in a tax efficient manner and allowances for expansions at Sun City and Babelegi. Sun Bop has introduced a tax equalisation policy to bring its current effective tax rate into line with the average rate anticipated in the medium term.

Safmarine's bottom line showed a 21,9% growth to R137,1m (R112,5m), Rennies' a 12,1% rise to R39m (R34,8m) and Kersaf's a 17,8% increase to R125,3m (R106,4m). Their contributions to attributable profit were Safmarine 45,3% (43,4%), Kersaf 41,4% (41,1%) and Rennies 12,9% (13,4%).

The balance sheet has strengthened in terms of shareholders' funds, improved gearing and cash resources of R654,8m.

Hawton said most of the cash resources are held locally but some are offshore in Royale Resorts Group capex was R911m last year and will this year total R1,5bn, to be devoted to expansions at Sun City and Babelegi and the purchase of new ships.

Hawton said conditions would remain extremely difficult this year.

## Kersaf, Safmarine boost for Safren

(269)

By Jabulani Sikhakhane

12/19/91

A strong performance by Kersaf and Safmarine helped Safren lift earnings by 16,2 percent to 565,5c in the 12 months to June.

Dividends are up 13,1 percent to 237,5c

Safmarine and Kersaf were the major contributors, accounting for 86,4 percent of the group's attributable earnings of R302,4 million

The directors say Safmarine, whose major activity is the containerised liner trade, experienced reduced cargo volumes and increased vessel and fuel costs

However, this was offset by a weakening rand against the dollar in the latter part of the year

Safmarine's contribution to group attributable earnings increased 21,9 percent to R137,1 million, equal to 45 percent of Safren's earnings

Kersaf and its subsidiaries performed well and its contribution to Safren earnings rose 17,8 percent to R125,3 million, or 41,4 percent of the total.

Rennies' bulk terminals also did well, but reduced volumes impacted on the results of the forwarding, transport and cargo divisions.

Despite the Gulf war setbacks in the second half of the year, the travel division did well.

Income from associates was boosted by the inclusion of the group's share of profits on sale of assets

Safren's turnover rose 9,2 percent to R4,37 billion, but the biggest growth was in profit from operations, which rose 16,5 percent to R921,5 million (R790,7 million).

A major factor here would have been Kersaf, which operates on very high margins

After dividend income of R73,2 million, finance lease

charges of R2,2 million and a sharply increased depreciation charge of R243 (R150,7 million), operating profit increased 8,5 percent to R749,5 million

The directors say: "Additional depreciation was provided on certain assets to write down the net book values to the amounts that can be recovered by charges against operations and ultimate scrap value".

Interest payments rose 10 percent to R87,5 million, but this was offset largely by interest received of R90,4 million, leaving net interest received of R2,9 million

The group also benefited on the tax front thanks to reduced corporate tax and its effects on deferred tax balances and capital expenditure allowances.

Tax payments fell R34,3 million to R196,3 million.

A tax equalisation policy has been adopted to bring the current effective tax rate into line

with the expected medium average rate.

Boosted by the lower tax rate, taxed profits rose 19,6 percent to R556,1 million.

After accounting for outside shareholders in subsidiaries and preference dividends, attributable earnings were up 16,7 percent to R302,4 million

Despite a heavy capital expenditure of R911 million (R379,1 million), Safren closed the year with cash balances of R654,8 million — down R55,9 million on the previous year.

Long-term borrowings were up R33,3 million to R821,8 million and interest cover was marginally down at 9,6 times (9,8).

The share price closed unchanged at R85 yesterday after the recent strong run

On these results, Safren shares yield 2,8 percent on dividends and trade on a P/E ratio of 15



and intimidation, is no closer to being set up than when it was announced five months ago. It will take more than promises and fine accords to end violence. But a start has been made.

CIB SEQUEL

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## Behind closed doors

**Former Chief Justice Pierre Rabie** has been asked to act as the arbitrator in an attempt to settle the brewing row between State-owned SA Rail Commuter Corp and the Reserve Bank, as the saga of the failed Cape Investment Bank (CIB) continues. All parties that have entered into arbitration signed a secrecy clause — no talking to outsiders — on Monday afternoon *FM 13/9/91*.

This comes after Transport Minister Piet Welgemoed earlier ordered an investigation into Commuter Corp's R249m deposits with the provisionally liquidated CIB. CIB was placed in provisional liquidation in the Cape Supreme Court on April 11.

The inquiry relating to the corporation's deposits has since been completed by attorney Pierre Faure and stockbroker Jannie Mouton and handed over to Welgemoed Attorney Alec Brooks of Hofmeyr Van der

## CURRENT AFFAIRS

*FM 13/9/91*

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Merwe Inc, who represents Commuter Corp, reacted angrily on Tuesday when asked by the *FM* to comment on the arbitration hearing, which was held the previous day. He declined to say anything and warned that "someone will get in touch with you."

The Bank's attorney, Jacobus Luttig, also declined to comment. He would not even disclose the name of the SC acting on behalf of the Bank. "This is a confidential matter between the parties," he said. When asked whether the secrecy clause signed between the Bank and the corporation was protected by the Reserve Bank Act, Luttig added "Every person in this country has the right to privacy and this is how we are using it."

Through a spokesman, Welgemoed told the *FM* that he would not like to speculate on Rabie's appointment as arbitrator. He reiterated an earlier statement that the findings of the investigation by Mouton and Faure would first be handed to the Cabinet. "There are also additional investigations under way," said Welgemoed. The *FM* has meanwhile learnt that the corporation's attorneys have a copy of the report in their possession.

The appointment of Rabie as arbitrator in the CIB saga and the subsequent involvement by Commuter Corp and the Bank in the affair, underlines the tension which has resulted between Finance Minister Barend du Plessis and Welgemoed. Rabie's findings may also have an important political influence on some careers.

First reports which followed the provisional liquidation of CIB said that Commuter Corp may have exceeded its legal limits in terms of its deposit with the bank (*Economy & Finance* April 19). The Finance Minister

sets maxima for what public-sector bodies may deposit with particular institutions.

Regulations under the Deposit-Taking Institutions (DTI) Act provide that no single deposit with a bank may exceed 10% of its total deposits without informing the Registrar of DTI. According to the Legal Succession to the SA Transport Services Act of 1989, any Department of Transport services must obtain permission from the Minister of Finance to operate in the money and capital markets and fund itself in these markets. While this was apparently done, Du Plessis was never made aware of the extent of the investment with one bank. More than 80% of CIB's deposits come from this source.

On the other hand, liquidation papers have shown that part of Commuter Corp's deposit matured on March 28 and that the corporation was persuaded not to withdraw the money. The *FM* was told that, together with the Prima Bank-controlled CIB board, the Bank advised the corporation not to withdraw its R249m deposit, despite withdrawing its own. Should Rabie find against Commuter Corp, the position of chairman Bart Grové could become the focus of an intense political debate. CP MP Jurg Prinsloo has claimed that the NP government is responsible for appointments to the top structure of the corporation. "The Nats should accept responsibility if there was maladministration of funds," he said.

Prinsloo, together with the then DP finance spokesman, Harry Schwarz (now SA ambassador in Washington), took part in a debate in parliament last year when government was questioned on a R3,2bn forex loss by what was then SA Transport Services

(Sats) Grové, who headed Sats at the time of the debacle, was personally vindicated by a commission of inquiry into the loss.

However, the commission found it unacceptable that management, in the light of the size of the forex exposure and the risks attached to it, had not found it necessary to prescribe policy to deal with such risks.

Schwarz asked during the debate: "Who pays for the loss when a private company makes a loss through an error of judgment? The people in the company do." *Eddie Botha*



# Big-spending Safren puts faith in new SA

**MORE** remarkable than Safren's 16% earnings rise in the year to June is the group's ambitious capital spending plan.

Judging by its huge new investments, Safren is the company with the most faith in the new SA. In relative terms, it is the boldest capital spender listed on the JSE.

Others are Sasol and Engen, which are to spend billions in the next few years. Most companies have drawn in their horns and agonise about the new SA.

## Lost

But Safren's planned capex at R1,5-billion in the next two years amounts to nearly 50% of total capital employed (R3,2-billion).

Sasol's planned capex of R2-billion was 25% of assets of R8,3-billion and Engen's R1,5-billion would be 42% of its assets after the rights issue.

In Kersaf, Sun International is spending R700-million on the Lost City at Sun City, R320-million on the Carouse, which opens in November, and another R75-million on expanding the Wild Coast Sun. Because of favourable

## By DAVID CARTE

tax rules in the homelands, the payback on hotel-casino developments is extraordinarily quick.

But inflation makes guests out of hotel owners, ensuring stunning returns for five years after investments are made — provided, of course, the units are used at close to capacity.

With Interleisure spending on lavish cinema complexes, Kersaf is looking at laying out more than R1,2-billion in the next three years.

Safmarine has two large ships under construction in Eastern Europe. With partner Iscor in the new Safore, it is building a 150 000-ton bulk coal and ore carrier in Romania for delivery in March or April.

At Pula, near the war zone in Yugoslavia, the 38 000-ton container liner, Oranje, is nearing completion.

The ships are worth about \$50-million and \$60-million respectively — a total of R320-million.

Safmarine has long provided additional depreciation, for which it receives no tax credit. Ships are written down to reflect what they can earn. The depreciation burden hits earnings in years one to three, but does ensure cash

Safmarine paid \$25-million for its share in the company, which has 24 ships and assets of \$530-million.

Safmarine has 35 ships, of which 30 are on the balance sheet. Only about five are registered in SA.

The 38%-held associate Trek Airways has launched Flitestar with four Airbus aircraft worth \$50-million apiece. The aircraft are leased, but represent assets worth R560-million.

Safair, the freight airline, recently bought a \$20-million BAE 146 jet cargo aircraft. I asked Safren chairman Alistair Macmillan and chief executive Buddy Hawton from where the group's bold capex plans emanated.

"In the companies that's where opportunities reveal themselves," they replied virtually as one man.

Mr Macmillan says: "Sol Kerzner and Ken Rosevear have great confidence in the future of tourism in the new SA. They came up with the basic idea of Lost City and the Carouse!"

"Together with financial director Alan van Biljon and the rest of the team, they undertook market and general feasibility studies and looked at the impact on other resorts and on group debt and cash flow before coming to the SunBop board.

Three weeks ago Safmarine announced it had bought 49% of Belgian container company CMB Transport

"The shareholders in SunBop — Sun International and the Bophuthatswana National Development Corporation — checked their study before giving approval. Obviously, the buck with all these huge projects stops at Safren, so both Buddy and I have been intimately involved all the way."

Mr Hawton says contingencies were built into all projections, so even though the economy is more depressed than at the time of planning, his confidence in the expansions is undiminished.

## Vindicate

Mr Macmillan says as chairman he demands of the big capital spenders that they prove to him projects are economic.

The emphasis, he says, is on long-term growth. He believes that long-term prospects in tourism, the declining rand and more airlines flying to SA will vindicate the spending drive in Kersaf fairly quickly. International music and sports stars could also give SunBop a lift.

"Some acts, such as those that draw 80 000 to Wembley Stadium, have become too expensive for SA. But other big names more appropriate to a venue the size of the



**BUDDY HAWTON** Greenfields ventures need time

Superbowl will be affordable."

Mr Hawton says that had SunBop delayed building by two or three years to see how the new SA developed, its costs would have risen by 50%.

Because Trek and therefore Flitestar are only associates, the risk inherent in a company competing with SA Airways is small for Safren.

Mr Hawton says Safren has R655-million of cash in its balance sheet, so expansion should not lift debt excessively.

Mr Hawton says some of the Greenfields investments will take time to pay off. Although payback in Kersaf is normally quick and Safmarine's two new ships will not slow the rest of the company significantly, airlines are seldom gold mines.

But he believes that Flitestar will ultimately earn a reasonable return on investment. Aircraft normally appreciate, so long-term tax-efficient growth seems assured.

One of the group's prime secrets, say the top two, is to buy, lease and sell assets well.

## Outstripped

Mr Macmillan and Mr Hawton say management throughout the group is decentralised. Nothing would be gained by scrapping head office and distributing shares in Kersaf, Safmarine and Rennis.

Safren lifted turnover by 9% to R4,4-billion, pre-tax profit 8,5% to R749,5-million and, thanks to lower tax, attributable profit 19,6% to R302,4-million in the year to June.

Earnings a share were 16% better at 565,5c (486,7c). Without additional depreciation, earnings growth would have been a scintillating 26%. A final dividend of 177,5c made 237,5c for the year. The result puts the PE at 15 and the dividend yield at 2,8%.

Safmarine is the biggest earnings source, contributing R137,1-million compared with Kersaf's R125,3-million. Safmarine's 22% earnings growth in spite of additional depreciation outstripped Kersaf's 18%.

Safren's market capitalisation is R4,5-billion and the value of the 76% Kersaf stake is R2,3-billion. The rest of the group is thus valued at R2,2-billion, or 12 times the earnings it contributed. That compares with Kersaf's PE of 18,6.

Now that the group is more fairly valued, a rights issue looks an attractive possibility even though cash on hand is large.

# French minister crash-lands over SAA

VIVE la France, vive la SAA!

The French Commerce and Industry Minister arrives in SA later this week leaving a storm of controversy in his wake over his decision to fly SAA rather than on French airline UTA

Talk in Johannesburg a French community is that Dominique Strauss-Kahn's decision has not gone down well in Paris

He is expected to arrive on Thursday with a delegation of about 62 businessmen and leaves next Monday. Although the SAA flights could not be confirmed, they are the only ones that fit his schedule.

PATRICK BULGER

It is considered customary for high-ranking government officials to use their national airlines

A French community source said Strauss-Kahn's decision so angered some members of the delegation that they were threatening to pull out of the visit at the last moment. Three Air France executives were still deciding at the weekend whether they would take part in the visit, the first by a French cabinet minister since 1975. Strauss-Kahn will meet President F W

de Klerk and other Cabinet Ministers during his five-day stay, said a French Chamber of Commerce spokesman

The purpose of the visit was to strengthen business ties between SA and France, which has taken a consistently hard line against SA government policies

Neither SAA nor UTA would comment at the weekend on Strauss-Kahn's choice of an airline

A French embassy source said "We are not aware of the controversy," but conceded that UTA did not have flights on the days Strauss-Kahn had decided to travel



# Airlines fly high in service-quality poll

AIRLINES have been rated tops in terms of quality of service, the latest Gallup Poll by Markinor research group shows. *Biday 16/9/91*

However, 1 000 respondents in the main metropolitan areas were not as happy with car repair garages, municipalities and estate agents, which were rated as providing the worst quality of service

The survey showed that 66% of respondents rated airline service high or very high in terms of quality of service, followed by banks (55%) and hotels (49%)

Of the 500 men and 500 women who responded to the questionnaire, 48% said they regarded hospital services highly. This was followed by restaurants (45%), and supermarkets (43%)

Only 40% of people regarded insurance companies' service quality as high, with 18% regarding it as low. Car dealerships got only a 35% vote of confidence, followed by estate agents with a 27% rating

Only 23% of people regarded service by municipalities as good, with 25% regarding it as poor

MARCIA KLEIN

Car repair garages were rated worst in terms of service. Only 19% of respondents said service was good, and 42% said it was poor

Respondents said airline service was also the most improved category over the last three years, followed closely by banks and supermarkets.

Service by car repairers had worsened and hospital services, which had deteriorated, reflected recent cutbacks in medical services.

Markinor director Peter Scott-Wilson said the improvement in banks' services was a reflection of the closely matched services and highly competitive marketing among the major groups

He said the survey should provide food for thought for corporate executives, as SA companies have been criticised for delivering poor-quality service to an uncomplaining public

"Winning companies will be those which provide a quality service once consumers become more vocal," he said

## McGeary seeks bigger claim in AIDS case

LEGAL counsel for AIDS sufferer Barry McGeary, who is suing his former GP for breaching doctor/patient confidentiality, applied to increase his claim from R50 000 to R250 000 at the start of closing argument in the Rand Supreme Court on Friday.

Mr Justice Levy said he would reserve making a finding on the application

Businessman McGeary is suing Brakpan medical practitioner Dr Matthys Kruger for allegedly breaching confidentiality by making his condition public

SUSAN RUSSELL

McGeary also alleges that an employee of Kruger's, Heleen Bibbey, passed on the information to the GP's former wife the day before McGeary was told himself

Kruger is defending the action on the basis that he had a legal duty to inform two colleagues, Drs Andre Vos and Chris van Heerden — both of whom had treated McGeary in the past

The trial was postponed until September 19 for further argument.

## Miner saved after 60 hours underground

VERA VON LIERES

A YOUNG Western Deep Levels mineworker, trapped 3 200m underground for 60 hours, was in a good condition and initially refused to be carried out on a stretcher after being found by rescue workers on Friday. East Shaft assistant production manager and rescue co-ordinator Gerrit Kennedy told a news briefing on Friday the miner initially wanted to walk out of the mine but was later ordered on a stretcher by members of the rescue team

Kennedy said the miner was able to drink water from a broken pipe while trapped underground and could breathe air passing through the fallen rock

Eight miners were trapped underground after a massive rockfall at the mine on Tuesday. One was rescued immediately after the accident.

Sapa reports that the search ended when rescue workers recovered the bodies of the remaining two miners on Saturday, bringing the death toll in the accident to six. At the time of the accident, the seven night-shift workers were on their way to the rockface following a blasting operation four hours earlier.

# Foreign firms queue to fund tram network

TANIA LEVY (269)

THREE foreign financial institutions are keen to fund Johannesburg's proposed tram network

City council planning director Jan Symon said yesterday the council had been approached by Italian, Belgian and French financial institutions, as well as some of SA's "big institutions" interested in backing the proposed R1,5bn light rail system

Plans are based on the findings of the Masstran Consortium, private consultants appointed by the Transport Department, who recently completed a four-year study into a mass transport system for Greater Johannesburg.

Symon declined to name the interested parties. *B104 17/9/91*

He said the foreign institutions had proposed mixtures of loans and investments in the form of capital and rolling stock

He said detailed planning of a R500m starter tramline could start in July if the finance was found and the general plans were approved by the public and council

Construction would start in 1993 and the line would come into operation in 1995.

Symon said the starter line could be built on two existing lanes of Louis Botha Avenue, running from Alexandra to the CBD. Rails would run at ground level for most of the route but would have to be above ground where the land was too steep, such as at Louis Botha's "death bend" in Orange Grove.

Symon said the R500m needed over five years to put the line into operation should be seen in perspective. Local authorities and other government bodies spent R1bn a year on transportation in the Johannesburg metropolitan area.

He believed he would be able to come up with a "menu" of fundraisers for the council to choose from

The list could include loans or investments by financial institutions; government funding; a redirection of some of the council's transport budget; a metropolitan licencing fee added to existing road taxes and/or surcharges on either businesses in the area of the new transport corridor which benefited or on developers adjacent to the tram line.

# Railways bias 'an economic factor'

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Gowelen 17/9/91



IN English and Afrikaans, the signs at one end of Cape Town's commuter railway station say "Exit for first class passengers only".

In Xhosa, they say "No exit here First class passengers only"

Passenger apartheid has long vanished from South Africa's commuter trains, and the signs, a relic of the days of "whites only" will presumably be changed one day so as not to offend black people who might travel first class

But what about the system of first and third-class fares itself, and what about the physical layout of stations such as Cape Town, which was built three decades ago specifically as an apartheid station? Are they not also part of an unchallenged legacy of legalised racial discrimination?

According to the commercial manager of the SA Rail Commuter Corporation, Mr Coen van Niekerk, the "class" system was really based on economic considerations and was in fact in operation long before 1948, it was merely adapted later to meet the needs of apartheid

He said in an interview that, since passenger apartheid was formally abolished some three years ago, the application of separate facilities had gradually shifted to a businesslike approach and was presently maintained purely in terms of

sound business principles and free market forces.

This phenomenon of separate facilities is not peculiar to Cape Town station, but occurs across the broad spectrum of rail commuter facilities in the country, he said.

What the separation means in practice at Cape Town station is that third-class passengers coming, say, from the central shopping area of the city, walk appreciably further, with greater exposure to the weather, to catch their trains than do first-class commuters

They buy their tickets in a third-class concourse and, as the "apartheid" sign explains, are not permitted to pass through the first class entrances

First-class carriages are fitted with padded seats and divided into smoking and non-smoking units, while third-class sections are generally equipped with glassfibre benches and offer no non-smoking space

Third class is also generally more crowded, particularly at rush hour

Van Niekerk said the separation of facilities does not in itself pose "any real problem"

He said that, on the face of it, it could be ideal in terms of rationalisation of facilities for the corporation to run a one-class only system, as is done on commuter systems such as those of London, New York and Tokyo

"In doing so the corporation would at least visibly rid itself of the haunting remnants of apartheid - the perceived discrimination implied by the mere 'first' and 'third' class distinction Unfortunately it is not that simple"

The problem, he said, is that the market would neither accept it nor be able to afford it

Combining facilities in a standard grade would mean that third-class fares, which are a quarter to a third of the price of first class, would immediately have to be increased at least four-fold to maintain the equilibrium in the fares structure

In addition, the use of costly infrastructure would be distorted, resulting in overcrowding and bottlenecks at some points, while at others trains would run empty or become redundant

"So, purely on an economic basis, we must acknowledge that, in the medium term at least, there is a need for differentiated classes

"Bearing in mind that our present clientele base consists of 85 percent third-class users who are responsible for 70 per-

cent of our fares income, you would have the problem that many people would not be able to afford the upward adjustment in fares that switching to a standard class would entail"

Commuter rail transport in South Africa is already heavily subsidised by the State - to the tune of some 70 cents in each rand - and trends towards the elimination of Government subsidies and increased self-sufficiency on the part of organisations such as the corporation means a greater subsidy is out of the question.

In addition, market studies bear out a very specific demand for both basic and better-class travel facilities, particularly in the Western Cape

"Research is also under way to determine a more suitable designation for the class differentiation in keeping with modern and acceptable business principles and we hope to make an announcement on this in the not-too-distant future," said Van Niekerk

"Metro (the corporation's commuter service) believes it is evolving and equipping itself to fulfil its rightful and strategically indispensable role in the new South Africa.

"The true and lasting solution for effectively mobilising the masses for the labour market lies in rail transport and Metro is geared to meet the challenges that lie ahead" - Sapa



# Transnet raises rates to coincide with VAT

Staff Reporter  
TRANSNET have announced rate rises which will come into effect on September 30 — the launch date for VAT.

Transnet announced increases in Spoornet rates of 8,9%, a net increase of 8,8% in Portnet's rates and 9,7% for Petronet's services.

Consumer bodies yesterday lashed out at the increases, saying the higher cost of transporting goods would further aggravate spiralling inflation.  
Mr Albert Schuitmaker, of Cape

Town Chamber of Commerce, said: "Any cost increases at present are damaging to the economy and fly in the face of government claims that VAT reduces costs."

"Increases in the costs of rail transport will particularly affect the Western Cape as it is the most remote area from the PWV."

Mr Schuitmaker said increases in harbour charges would affect all imports, which would cost more.

"Export costs could also rise, making South African products less com-

petitive in world markets," he warned.  
Mr Daan Kruger, assistant director of the SA Consumer Council in Pretoria, said the increased costs would be passed on to the consumer. "The consumer is being confronted by a wide range of increases over a broad front and it looks as if he is going to be worse off after VAT than with GST."

However, he said, it was "heartening" that Transnet had kept the increases to less than the full VAT rating of 10%, which will come into effect from October 1.

The latest increase would not affect rail commuters, and he hoped there would not be further increases soon.

Mrs Sheila Baillie, chairman of the Cape Town branch of the Housewives' League, said any increases in road and harbour transport would have an adverse impact on the economy, but expressed relief that the increases were below 10%.

Mr Ulrich Joubert, chief economist for Transnet, said only 15% of Transnet's input costs were affected by GST.

## JOHANNESBURG.

Any postponement in implementing value-added tax will exacerbate the current poor business conditions and delay any new upturn in the economy, says the SA Chamber of Business

In a statement yesterday, Sacob said it had urged Finance Minister Mr Barend du Plessis not to postpone the implementation of VAT.

"There are clear indications that there will be a significant revival in the economy when

## Don't delay new tax — Sacob

Vat is introduced," it said.

The National Union of Metalworkers of SA yesterday staged a 30-minute demonstration through the industrial suburb of Rosslyn, outside Pretoria. The protest was part of a campaign to have VAT suspended until a new

tax system was negotiated, said Numsa officials.

Anti-VAT pickets, organised by the Congress of SA Trade Unions, were also held yesterday in Vereeniging and Klerksdorp.

Cosatu said the pickets would continue until September 30 — Sapa

## Bartlett in call for more SA toll roads

ONLY just over half of the money required for South Africa's road needs was budgeted for in 1990, a government inquiry has found

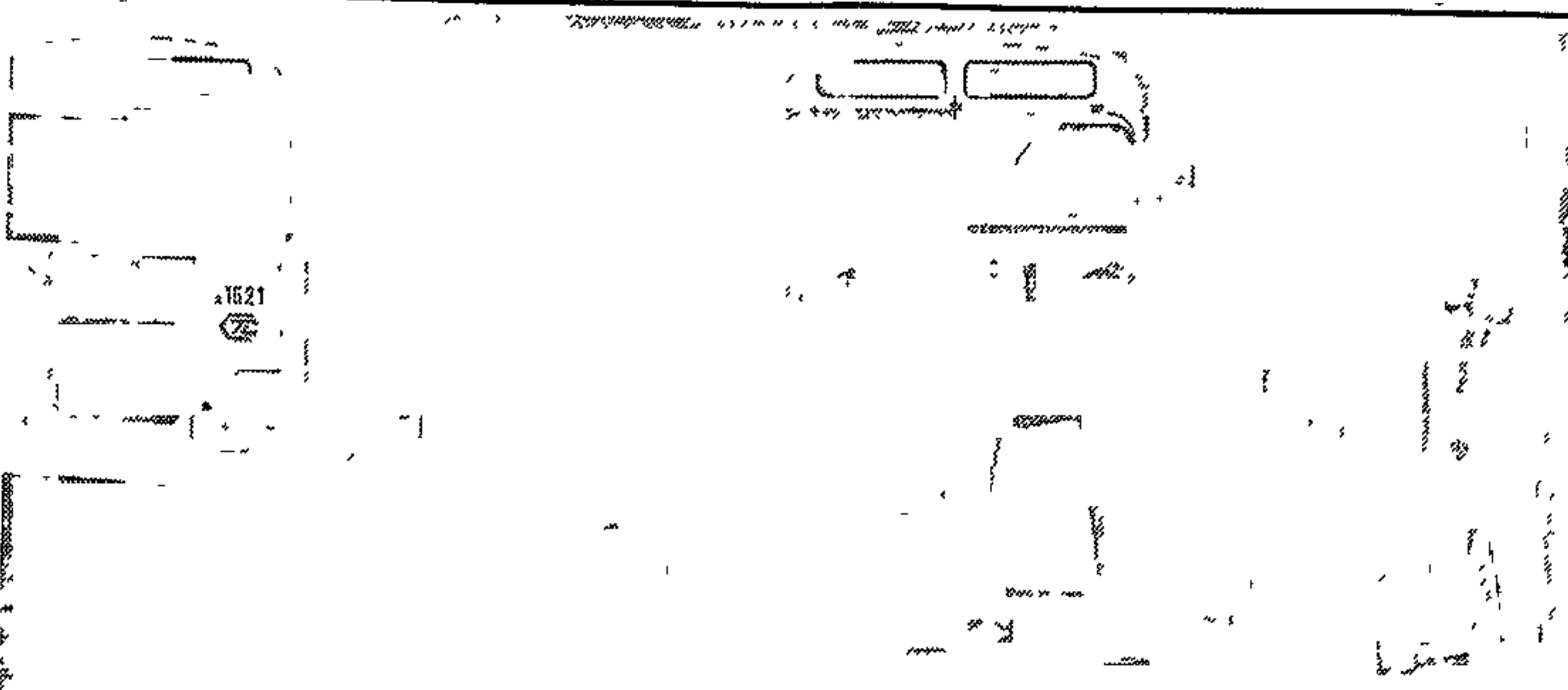
The Road Needs Survey, conducted by the Department of Transport, has underlined calls for improved spending on the construction and maintenance of roads in South Africa.

The study found that R4 160 million was required last year for the maintenance of the existing network at tolerable standards.

The actual budget level, however, was only R2 660 million.

In an introduction to the report, Minister of Transport Mr George Bartlett said the replacement value of the Southern Africa road network was estimated at R80 000 million. 269 CF17/9/91

He said it was essential that alternative forms of road funding were developed and toll roads presented an opportunity to achieve this



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ARG 17/9/91

Picture OBED ZILWA, The Argus

**ALTERNATIVE TRANSPORT:** Since the already sporadic minibus taxi service was disrupted by fighting between the two taxi associations at the weekend, hundreds of workers have had to resort to buses and trains for transport. This was the scene at Nyanga terminus yesterday and today there was still no sign of minibuses.



# R500 000 'time hitch' for SAA

269 CT 18/9/91

## Own Correspondent

LONDON. — Two South African Airways flights across Africa were cancelled in the early hours of yesterday morning because of a misunderstanding by Sudanese air-traffic control authorities.

The unexpected denial of fly-over rights forced the SAA flights to return to London's Heathrow Airport and Jan Smuts Airport.

The London-to-Johannesburg flight was due to bring home world-boxing champion Brian Mitchell. Mitchell's flight was due to land at 2am yesterday. SAA said last night that the flight bringing Mitchell was expected to arrive at Jan Smuts at midnight last night, 22 hours after his earlier, scheduled arrival.

Late last night SAA announced that the misunderstanding had been resolved and the airline's

planes had resumed flying over the North African country.

The pilot of the London-bound flight was told at 1am yesterday by air traffic controllers in Sudan that he would not be allowed to continue his journey through Africa. No reason was given at the time and the aircraft returned to Johannesburg at 6.30am.

Weary passengers were allowed to disembark at Jan Smuts while the aircraft was refuelled. Two hours later, they set off again — taking the old route around the West African bulge.

Civil-aviation experts in London said that the waste of fuel and having the Jumbo out of revenue-earning service probably wasted close to R500,000.

Last night SAA manager in London Mr Phillip Unterhorst said the Sudanese action was not political. "We have been flying over Sudan for a number of weeks

There was some misunderstanding with regard to the timetable — when the summer timetable ends and when the winter comes in."

South African planes have authority to fly over Sudan until October, when a new timetable will come into effect, he said.

Sudanese authorities yesterday allowed South African Airways to resume flying over their airspace, 18 hours after revoking permission. "The misunderstanding over flying routes with Sudan and Egypt has been resolved," the airline said in a terse statement last night.

SAA spokesman Mr Leon Els said late last night that Sudanese authorities had informed SAA yesterday that the misunderstanding had arisen due to flight schedule changes made necessary by daylight time changes in Europe. — Own Correspondent, Sapa

# Bureaucratic bungle puts Portnet in power

(26) CT 20/9/91

DURBAN — A bureaucratic bungle has given Portnet almost unbridled control of South African ports — to the extent that the company could ban SA Navy vessels from entering local harbours

This is according to Mr Cliff Matthee, MP for Durban Point and secretary of the National Party's Study Group on Transport

Theoretically, he said, Portnet could expropriate land, evict shipping companies and expand harbour facilities with impunity, and neglect its "public duties" without any legal consequences

"Because of a new law, Portnet now owns the country's harbours lock, stock and barrel," he said

The government had apparently overlooked several important legal implications because of its haste to transform the former SA Transport Services (SATS) into the public company Transnet

A meeting will be held in Cape Town today to resolve the issue.

# Road accidents the biggest killer of SA's primary schoolchildren

(269)

Argus 20/9/91

**STEFAANS BRUMMER**  
Staff Reporter

ROAD accidents kill more primary schoolchildren than anything else, with drownings next, a child safety seminar has heard

Almost half the deaths of children aged five to 14 in 1988 were as a result of accidents and injury — far more than those killed by disease.

The figures were disclosed at a seminar, jointly presented by the Child Accident Prevention Foundation (CAPF) and the National Occupational Safety Association (Nosa) on Wednesday.

The seminar also heard that mothers who worried about their children's safety while they were at work were themselves more vulnerable to accidents.

CAPF statistics show that in 1988 — the latest completed figures — 1 872 children aged five to 14 years old country-wide died from injuries.

The figure represents 45,6 percent of the total death rate of 4 102 — more than any disease — and Mrs Nelmarie du Toit of the CAPF said the actual figure could be much higher as there was difficulty compiling figures.

She said child accident prevention was a neglected field. "People tend to focus on the cu-

rative rather than preventative.

"We prefer to use the term 'injury' because, for example, the dictionary defines 'accidents' as a mishap or unforeseen event, but accidents can be prevented."

She said the pre-school child was more at risk, although proportionately more died of malnutrition and related illnesses

"Because of their stage of development, pre-schoolers still need protection from a parent.

"Things like 'hot' or 'cold' are too abstract for them to understand. Parents do not realise the child's limitations."

Mrs Beulah Misrole of Nosa said worried mothers, whose children were being cared for by others, were also at risk.

"They go through enormous stress worrying about their children. Such an employee — called the 'troubled employee' — is less productive and more exposed to the immediate dangers of the workplace."

She said the injury rate at work increased, contributing to the R160 million spent annually on medical expenses for work injuries. The figure excluded lost productivity.

CAPF, which is connected to the Red Cross Children's Hospital and has the only child safety centre in South Africa, plans to open branches in the rest of the country and start an injury surveillance system.



**Conservative figures**

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Had it not been for the additional depreciation of R47m written off the Safmarine fleet, Safren's attributable earnings would have advanced by 26,4% instead of the published 16,7%

CE Buddy Hawton explains that large depreciation provisions are necessary from time to time when accurate assessments of the value of the fleet are made. He describes the fleet as Safmarine's stock-in-trade. As the average age of the vessels is about 10 years, the stock is continually turning over, when new is bought and old is sold.

For competitive market values to be reflected in the balance sheet, he says, depreciation write-downs of this size are sometimes appropriate, the amounts depend on the state of the ship market. All other group assets were conventionally depreciated. Attributable earnings should thus be seen as conservative. But the year to end-June was difficult, internationally and locally.

Safmarine still accounts for the largest slice (45,3% this year) of attributable earnings. However, in line with a reduction in world trade, the fleet again saw reduced cargo volumes — a major reason why group turnover grew by only 9%. Depreciation of the rand towards the year-end helped.

Kersaf marginally increased its contribution to group earnings, to 41,4% from 41,1%. Despite a reduction in room occupancy levels, the directors are well satisfied. Major growth is expected from this division when local and international economies improve.

Rennies' contribution fell to 12,9%, from last year's 13,4%. The travel division did well despite the Gulf War, but reduced volumes hampered the forwarding, transport and cargo activities. But Rennies' bulk terminals performed well throughout the year.

Net capital expenditure totalled R911m. Kersaf accounted for about R451m, of which R300m was invested in Sun City and the Carousel at Babalegi, with R40m spent on Mmabatho Sun. Safmarine's capex absorbed R460m; ships acquired accounted for R232m and pre-delivery finance and progress payments, R138m. Cash flow remained strong. The year-end cash balance was R655m compared with the previous year's R711m and there was net interest received of R2,9m (R4,9m).

Hawton notes that from 1992 onwards, R1,5bn has been earmarked for capital expenditure, of which about R1,1bn will be on Kersaf's Sun City, as well as Babalegi and other projects. The balance of about R430m has been allocated for the acquisition of ships, containers and other peripheral shipping and transport items.

These projects will be financed internally

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and from borrowing facilities already in place. Judging from the positive cash flow this year of R682m after dividend payments, this will not present a problem.

Safren's share price has risen from R30 in April last year to the current R83. The final dividend of 177,5c brings the total for the year to 237,5c, placing the share on an historical yield of 2,9%; the p.e is 14,7. Given the strength of the asset base, the earnings and cash flow capacity and the currency hedge qualities of Safren, the premium rating is likely to continue. *Gerald Hirshon*

TOURISM Fm 20/9/91 (269)  
**Sunday movies and more**

**The push** to deregulate the tourism industry is moving ahead rapidly. Trade & Industry Minister Org Marais is meeting with industry representatives on Tuesday to discuss the latest draft of the White Paper on tourism. The final draft will go before parliament in the next session and will become the basis of government's new tourism policy.

The White Paper promises big changes. Local authorities would have the right to lift the Sunday restrictions on cinemas and theatres, bars and shopping. Travel agents, tour guides, hotels, bars and liquor stores would face more competition because registration rules would be eased. The number of caravan parks, guest houses and bed-and-breakfasts would increase because the regulations controlling them would be cut back.

There's no doubt that Marais, in office for less than six months, is the driving force behind these proposals. After seeing the draft of the White Paper, he asked industry representatives to comment and gave them 10 days to respond, according to Theo Behrens, the president of the Federated Hotel, Liquor and Catering Association of SA.

"We aren't used to a Minister being personally committed to tourism and wanting to get things right, from the start," says Protea Hotels chairman Otto Stehlik. "Being invit-

ed to help rewrite the document is a very pleasant experience."

Adds Stehlik: "My main problem with the draft is not what's in it, but what's been left out. It has some good points, but it meanders and sets no targets. We need a good action plan, but the draft doesn't have one. It doesn't tell us where we should be going, how many tourists we should be trying to persuade to come to SA in the next five years and how we should get them here."

The urgency surrounding tourism deregulation probably indicates that government finally has recognised the huge potential of foreign tourism. Last year, SA drew a record 1m foreign visitors. But, Behrens says, not even 200 000 of them were actually tourists; the rest were business people, students and shoppers from neighbouring countries. The figure is a tiny fraction of what the country should be attracting, if the numbers pulled in by other countries are any guide (*Business & Technology* August 23).

"Hopefully, all parties will now act with the same urgency, especially in upgrading our infrastructure — from access roads to hotels, airports, Customs & Excise services at points of entry and transport services," Behrens says. "With SA's improving image, foreign visitors could find SA an increasingly attractive destination and we must get ready for this influx."

He says bilateral agreements with a growing number of overseas airlines, such as China Airlines, Cathay Pacific, Austrian Airlines and Air Seychelles, are an important indicator, because many travellers prefer to follow the flag carrier. "Japanese tourists, especially, prefer flying with Japan Airlines (JAL). We trust that the Department of Foreign Affairs and SA Airways (SAA) will soon be in a position to finalise a bilateral agreement allowing JAL to fly to SA."

And, with SAA's first post-sanctions flight to New York expected to take off before the end of the year, similar moves by US airlines could lead to a jump in the number of American visitors. The same should be the case with Australian travellers, once Qantas decides to resume its Johannesburg route.

While the tourism industry largely favours deregulation, it also wants State handouts. The industry believes that companies catering for international tourists should qualify for export incentives and other assistance, just as manufacturers and other exporters do. "The Minister is prepared to consider this if we can suggest a way to ensure that an incentive scheme can't be abused," Southern Sun MD Ron Stringfellow says.

Whatever the outcome, tourism has a long way to go to boost the fortunes of the beleaguered hotel industry. Fedhasa executive director Peter Hearfield says business travel still constitutes 75% of the industry's revenue, with tourism contributing a mere 20%. "And the industry is now treading water at a 50,5% room occupancy rate — about two points down on last year."

# Rail, post rates go up <sup>269</sup> but business costs will drop

By Des Parker <sup>Star 23/9/91</sup>

DURBAN — Rail, harbour and fuel pipeline rates and post and telecommunications tariffs will cost businesses less under VAT — and not more as was claimed last week

Durban business consultant Kevin Fagan said at the weekend the two organisations had done a disservice to the economy by failing to explain fully the effect of VAT on their charges — that of a cost reduction to business.

## Freight rates

Transnet said last Tuesday that rail freight rates would rise 8,9 percent from September 30, harbour charges 8,8 percent and Petronet's fuel pipeline service by 9,7 percent.

Postmaster-General Johan de Villiers said post and telecommunications tariffs would rise

by 8,7 percent on average from the end of the month

Mr Fagan calculated that the cost to business organisations — which comprised the bulk of Transnet's customers — should, in fact, come down between 0,9 percent and 1,7 percent under VAT

## Cost issue

"What has happened is that these organisations — and indeed a great many businesses — are looking at VAT as a cost issue, which it is not.

"When looking at business pricing and profitability, one must forget that VAT exists — it simply confuses the issue

"Organisations registered as vendors under VAT will recover all the VAT they pay from the tax system. They do not need to raise prices to recover it from their customers"

Businesses which raised their prices in the belief that VAT would cost them more, said Mr Fagan, might find their returns given an initial boost when they combined wider profit margins with VAT refunds from the Receiver

But they would soon lose market share to those companies which understood the new tax and passed on the benefits to customers

## Competitor

"This is a price sensitive economy in the business-to-business environment.

"If one business puts their prices up while a competitor puts his down, it's not hard to see who is going to corner the market

"This is the concept that (Minister of Finance) Barend du Plessis has been trying to explain but no one believes him"



## Sabta set to expand into hotels, tourism

THEO RAWANA

THE SA Black Taxi Association (Sabta) was poised to enter the hotel and tourism trade in southern Africa, the organisation's public affairs manager Fanyana Shiburi said at the weekend.

This followed a call by University of Zimbabwe economist Sipho Shabalala at the organisation's AGM at Sun City last week for Sabta to look at diversifying into travel-related markets in neighbouring states.

Outlining the role Sabta could play, Shabalala said "The principal goal of our region should be the bringing about of a high and rising standard of living for the citizens of the region." *23/9/11*

"To meet the package of consumer needs, Sabta should consider establishing units for tourists and holiday-makers and travel agents' support services; to build and run (its) own lodging and catering units at convenient places and establish and operate filling and repair stations at strategic locations," Shabalala said.

Sabta's Shiburi responded by saying his organisation was well set to undertake expansion "Tourism has always been a main focus and, with the changing climate, we are well-placed to provide services in this area."

Letter and parcel distribution was another service the organisation was pursuing and taximen could soon be running full-scale freight services, Shiburi added.

# Ballooning PWV prompts public transport study

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Business Day Reporter  
B. Daw 23/9/11

THE PWV's population would exceed that of London or Los Angeles in 10 years' time, a Transvaal Provincial Administration spokesman said yesterday.

At the weekend launch of a study into a new public transport system for the area, the spokesman said the PWV's population growth rate exceeded the national average over the past 20 years.

About 25% of the total population was concentrated in the PWV area, which constituted 2,1% of SA's land area. It was predicted that the PWV's population — currently 9-million — would be 16-million by 2010.

The TPA announced the study in Pretoria on Friday.

It was intended to provide a back-ground for a balanced public trans-

port system for the PWV. The study would be done by the TPA in co-operation with the SA Roads Council, consulting engineers and town and regional planners.

The area to be studied stretched from Rus De Winter in the north, Witbank in the east, Heidelberg in the southeast, Vereeniging, Vanderbijlpark and Sasolburg in the south and Brits in the west.

Transport Department deputy director-general Malcolm Mitchell warned that the study plan would have to take into account that finance would be a great limitation on what those involved could achieve.

A previous study had assumed finance would be available to implement recommendations and projects

However, budget structures did not allow these to be carried out.

A TPA spokesman said the study was crucial in view of the expected urban development and the high population concentrations.

It was projected that the population of the PWV area would exceed those of cities such as London and Los Angeles within the next 10 years.

The study will look at the utilisation of the existing transportation infrastructure and planned road network and the identification and reservation of corridors for future public transport systems.

Public transport infrastructure funding will be probed, as will planning adjustments based on social, political, economic and regional environmental changes.

Further to the cautionary announcement on 16 August 1001 2-11-11  
Bank Limited ("BMR") is

# Government continues to hold the reins

WHILE many countries are deregulating mobile communications and other networks, South Africa's Department of Posts & Telecommunications is monitoring developments and deciding which routes are best

Telkom senior GM, technology, Keith Prins says although SAPT has been split into Telkom and the Post Office, the regulatory body will remain initially with the Department of Posts & Telecommunications

"It's not certain when this will be transferred," he says.

After commercialisation on October 1, he says the SAPT will not be disbanded immediately.

## Responsible

"It will be responsible for regulation until government decides who will be responsible for various regulatory procedures," he says.

Since SA introduced car phones, the supply of terminal units has been privatised and these are supplied by Siemens and Philips.

"We've kept control of the network and this makes sense because we believe the motorphone network is part of the main network.

"To allow another operator to establish an alternative mobile network would not be viable: there are only 7 000 users."

On the question of frequency allocations and the fact that more are needed, he says the Post Office has "got some frequencies back from other users to add to those it had at the time motorphones were first launched, but it is looking at extending the number."

If it's decided to install the Pan-European GSM 900 motorphone system once the motorphone net-

work has reached capacity, Prins says more frequencies will probably be made available.

"Within two or three years, we'll probably be making plans for extending the network."

With the new system it's expected terminals will cost less than those available because GSM has a wider international user base than the system now installed.

On the question of personal communications networks using CT2 technology, he says the Post Office is keeping an eye on developments, but standards have not yet been fully developed, so this is an inhibiting factor.

"When standards are in place, and if we see sufficient local demand for this technology, we will certainly look at providing such a service."

Prins says if services are priced correctly, customers will be drawn to use them.

"This is an experience found in many countries," he says.

## Cellular

In Europe, the UK has the largest market in cellular communications. There are more than 1-million subscribers and it has the lowest terminal costs.

Through a joint EEC initiative, all members committed themselves to implementing the new Pan European mobile service on the GSM standard.

This will lead to a common standard across Europe, with terminal costs after a few years expected to be lower than those currently available in the UK.

Some researchers say, in Western Europe alone, there will be 20-million subscribers the year 2000.

It's estimated by 1995, about half of all phone calls in Europe will involve a mobile phone.

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B/Day 2/10/91

# Blame rising prices on transport, say farmers

*Blaney*  
*2/10/91* GERALD REILLY *(269)* *(3)* *(28)*

PRETORIA — Drastic increases in Spoornet tariffs for transporting farm products, coupled with the effect of VAT, could send consumer prices into orbit, the Transvaal Agricultural Union (TAU) warned yesterday.

TAU president Dries Bruwer said blame for escalating food prices should not be laid at farmers' doors.

The gap between their prices and consumer prices was widening by the day mainly because of soaring input costs, including transport costs.

He warned that "extraordinary" increases in Spoornet tariffs could lead to distribution problems, particularly of fresh produce, and lead to market shortages.

Currently there were shortages of some products in Cape Town while there was an oversupply in Johannesburg, mainly because farmers were avoiding expensive long-haul transport

Detailing the tariff increases, Bruwer said that where producers had paid R1,53 to transport a case of mangos from Tzaneen to the Epping market in Cape Town, this would now cost R3,48. The cost of railng a case of pawpaws from Tzaneen to Cape Town had increased on September 1 from R3,07 to R6,96. The transport tariff from Tzaneen to Pretoria had risen 92c a case to R2,32. For the same journey the tariff for a case of mangoes was increased yesterday from 46c to R1,36

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group visiting the City Hive in  
Picture ROBERT BOTHA

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*Blame 2/10/91* GERALD REILLY *(269)*

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## Zambian maize plan details

*Blame 2/10/91* LUSAKA — Zambia expected to import 1,7-million bags of maize from SA this year using some of its copper export earnings as collateral, Finance Minister Rabson Chongo confirmed yesterday.

Chongo said his government had secured a loan from a commercial bank to import the maize, but he refused to name the bank or the amount involved.

The government has also increased the producer price of maize from 800 to 1 200 Zambian kwachas per 90kg bag for the 1991/92 marketing season. The increase was intended to encourage farmers to grow more maize.

Chongo denied reports that the Zambian government, facing a severe maize shortage, had mortgaged all its 1992 copper exports proceeds for the imports. "There is no way we can mortgage all our earnings for one year. The copper is being used as collateral to secure a loan from a commercial bank. It is merely a guarantee that we will be in a position to pay."

*(269)* Chongo said Zambia was using a similar arrangement for weekly imports of 70 000 tons of oil.

Zambia earns between \$900m and \$1bn annually from copper, the minister said.

Chongo said maize imports from SA would cover more than half of the expected shortfall in the 1991 Zambian crop.

He said at worst \$40m would be spent on maize imports in 1991. Western diplomats estimate the bill will be up to \$90m.

Chongo said the government was also negotiating with Washington for more maize imports.

Zambia faces payment problems for maize imports because Western donors last month froze its balance of payment and import support fund when it failed to repay World Bank arrears.

The government has also dithered on implementing austerity measures such as raising prices of the staple maize meal ahead of the first multiparty elections in 20 years on October 31. — Sapa-Reuter.

# Safren likely to maintain growth curve

By Jabulani Sikhakhane

Safren, which has its main interests in trade and tourism, is one the super growth shares of the Nineties, says Old Mutual senior portfolio manager Adrian Allardice.

Investors seem to share Mr Allardice's sentiments. Safren's share price has had a strong run in the past 12 months, rising R49 to a high of R85 early last month.

It fell with the rest of the industrial market to about R73 before rising to yesterday's close of R79, at which level it is up 119 percent over the same period last year.

Despite the strong rating, Mr Allardice says

Safren still offers some value.

Mr Allardice told an Association of Unit Trust seminar in Johannesburg yesterday that Safren was likely to continue its growth performance.

Its wholly owned subsidiary Safmarine would benefit from the lifting of sanctions, leading to growth in exports.

Increased tourism should benefit 76 percent-held subsidiary Kersaf, he said.

Safren is gearing up to take advantage of these opportunities. Chief executive Buddy Hawton says in the annual report the group's main businesses have embarked on major capital expenditure programmes totalling R1,5 billion over the next few years.

In financial 1992, capital commitments approved total R930,97 million, with a further R595,196 million to be spent after 1993.

Despite this huge outlay, Mr Hawton says total borrowings (net of cash) relative to shareholders funds should not exceed 30 percent by the end of financial 1992.

Safren is a cash-generator, closing financial 1991 with cash on hand of R655 million.

Mr Hawton says these investments should help show an acceptable medium-to-long-term growth in profits, while expanding and enhancing the group's range of activities and services.

He adds that while the lifting of sanctions should have a positive

impact on trade, the effect should only start coming through to Safmarine once the local economy picks up.

Another positive factor about Safmarine is that the agreement relating to the Southern Africa-Europe Container Services (Saecs) is currently under negotiation.

Safmarine is a major participant under this agreement and it forms a large part of its liner operation.

Mr Hawton says the new arrangement should result in more streamlined and efficient services, which should increase Safmarine's market share.

Negotiations should be completed later this year.

## 'Unique' train (269) service launched

SPOORNET has introduced a daylight sitter train - the Marula - from Johannesburg to Louis Trichardt

It said the train was unique as only open-coach sitting accommodation was available in second and third class coaches *Sowetan 4/10/91*

A spokesman said a trolley service offering refreshments and cigarettes would be available on the train

The train, he said, would depart from Johannesburg at 7.55am, arrive in Pietersburg at 2.05pm and in Louis Trichardt at 5.20pm

On its return, the train would leave Louis Trichardt at 8am, arrive in Pietersburg at 10.46am and in Johannesburg at 5.30pm, he said

Single second class fares cost R70 and third class R40,50 a person

Children under the age of seven years and accompanied by an adult travel free of charge.

Children between seven and 12 will pay half the adult fare. - *Sapa*



# The amoeba splits

FM 4/10/91

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## The commercialisation of the Post Office neglects the power of competition

**Divorce proceedings** have been under way for some time — but early this week the Post Office's postal and telecommunications businesses finally split in two.

The Post Office's traditional mail handling operations and Telebank division were taken over by a new company with the somewhat unoriginal name of SA Post Office (Sapo). The telecommunications operations, including the telephone service, are now owned by a new company, Telkom SA. The old Post Office, or Department of Posts & Telecommunications to be exact, will remain as a skeleton operation responsible for administering legislation contained in the Post Office and Radio Acts and will also provide employment for staff who choose not to take job offers from the two new companies. Most of these employees will be seconded to either Sapo or Telkom.

The restructuring of the department has been on government's agenda for several years, but has been delayed by opposition from various quarters in parliament as well as protests from staff associations.

The heavily amended Post Office Amend-

ment Bill was passed by the President's Council early this year — after being rejected by the House of Delegates — and came into effect from October 1.

As part of government's drive to commercialise State utilities, Sapo and Telkom, like Transnet before, will now operate as separate companies and comply with the demands of the Companies Act. Each has a newly appointed board of directors, comprising representatives of the public and private sectors, and will be liable for company tax — though it is likely to be some time before the lossmaking postal operation makes any contribution to the Receiver of Revenue.

The commercialisation of the department remains a highly sensitive political issue. For the consumer, however, what will change? The answer, in the short term at least, is — very little.

The State remains the sole shareholder of each of the new companies and will garner any dividends declared by the organisations, as well as collect taxes. Though the companies will be managed autonomously, their directors have been appointed by govern-

ment and both boards will report to Minister of Transport and Posts & Telecommunications Piet Welgemoed. Government has also retained the power to veto tariff increases proposed by Sapo or Telkom.

Ties between the postal and telecommunications entities will not be completely severed. For the next five years, government will use dividends and taxes raised from the telecommunications provider to help offset anticipated losses at the postal company. Telephone subscribers will still be able to pay their accounts at their local post office branch as the postal company will act as a collection agent for Telkom.

Perhaps the most important indication in the eyes of the consumer that there has been little change to the status quo is the fact that Sapo and Telkom will, to a large degree, hang on to monopoly in their markets.

Government's approach to commercialisation owes much to a study of the organisation conducted by Wim de Villiers in 1989. In his report on the strategy, policy and structure of the Post Office, De Villiers recommended that the telecommunications and postal op-

balancing item out of account, could not be enough. Without a realistic view of where GST revenues were coming from (or not as the case may be), there was no knowing what the VAT rate should have been.

So, at a rate of 10% — revised down from 12% — both Finance Minister Barend du Plessis and a wide range of taxpayers are claiming to be losers under the new system.

Consumers are convinced that VAT will bring escalating prices — with some justification. Their worst fears will be realised only if inflationary expectations perpetuate the once-off increase whatever it may prove to be.

But certainly there are grounds for expecting an initial kick-up in prices. Apart from any other consideration, VAT will bring into the tax take a range of services, previously excluded, which is roughly estimated at 15% of GDP.

A calculation by Sanlam economist Pieter Calitz shows that the broader VAT base amounts to 70%-75% of the consumer basket, compared with the 52% of the basket to which GST was applied. A rate of 12%, he calculates, would add two percent-

capital goods and certain intermediate goods were taxed in the hands of vendors.

The report of the committee set up to consider objections to VAT (Vatcom) pointed out that this cost was "built into the price of goods which the vendor supplies and is passed on to consumers." A price which was also subject to taxation.

In addition, Van Heerden says, in a full year R6bn would be lost because input credits have been allowed for capital intermediate goods.

For these reasons, Du Plessis assumed that

with little room to manoeuvre and consumers with a sense of grievance.

Though VAT has been introduced in more than 50 countries, evidence from these sources is inconclusive because the final outcome depends on what taxes VAT replaces.

Van Heerden argues, however, that the experience of Sweden is a useful guideline because of the similarities to the SA situation. When VAT was introduced in 1969, at a rate of 10%, it replaced a retail sales tax with the same rate. Capital equipment, as in the case of SA, had been taxed under the

retail tax but was free under VAT. The expected loss of revenue was made good by a 1% payroll tax.

VAT researcher Alan Tait records that the Swedish rate of inflation fell to 2,3% in the eight months following, compared with a rate of 5% in each of the preceding years. Given the fall in Sweden, Van Heerden cannot see why a 13% VAT rate would have pushed up SA's inflation.

In the domestic debate, the judgment of neither side will stand close scrutiny. Du Plessis is notorious for his desperate measures to raise revenue in order to finance unjust-



Anti-VAT protest ... changes will cost the economy dearly



erations be split and a separate regulatory authority — similar to the Office of Telecommunications in the UK or the US's Federal Communications Commission — be created to devise and implement legislation governing these companies and competitors.

However, he balked at suggestions that the assets of the department should be privatised and argued that the national telecommunications network, in particular, was a natural monopoly that should remain in the hands of the State

After supposedly championing privatisation — and with it the argument that both the Post Office and the economy in general would benefit from reduced State intervention, an increase in the size of the tax base and greater attention to productivity and efficiency — government has been quick to backtrack. Its role models in the US and Europe (particularly in the UK) have been abandoned. Privatisation has not only become a dirty word on the political stage but is being shunned by management and workers alike within the new postal and telecommunications companies.

Willem van Rooyen and Danie du Toit, the two Post Office veterans appointed to head Sapo and Telkom respectively, believe commercialisation will provide the new companies with sufficient flexibility to greatly improve their efficiency and productivity. They argue that the new companies, released from the responsibility of regulating the markets in which they operate and free from direct financial and political control by government, will be better able to focus on providing an efficient service to as many people as possible while remaining on a sound financial footing.

Suggestions that the State has pushed ahead with this commercialisation in order to keep its assets out of the hands of any incoming government are quickly countered by management at Sapo and Telkom. Both point to the fact that the State has surrendered little control of the new companies.

The challenges facing both men are consider-

Splitsville		Post Office	Telkom
Employees	30 000	60 000	
Fixed assets	R428m	R12bn	
Operating income	R719m	R5,8bn	
Operating expenditure	R1,1bn	R5,2bn	
Capital expenditure	R774m	R1,8bn	

Calculated for the year ended March 1991

able indeed.

The highly labour-intensive postal operation employs 30 000 people and has inherited a reputation for being bureaucratic, inefficient and a perpetual cash drain. In the year to March, operating expenditure was more than double its income of R719m.

Van Rooyen is optimistic that he can make Sapo profitable within five years by overhauling service levels and entering new markets, such as courier deliveries and awarding franchises for Post Office outlets.



Sapo's Van Rooyen

The telecommunications operation, which employs about 68 000, has a reputation for being something of a cash cow. Last year, it generated R5,8bn against operating expenditure of R5,2bn. However, the costs of maintaining and growing its technology-intensive infrastructure are enormous. Capital expenditure in financial 1991 was R1,8bn.

The company's ability to continue to fund such expenditure is likely to be stretched as Telkom has taken over the department's long-term debts of R9,5bn (interest charges last year were R1,3bn). In addition, fixed assets in the past have been depreciated over approximately 25 years, and this could lead to insufficient reserves for the replacement of equipment.

Telkom is in the middle of a mammoth conversion of its network from dated analogue to digital equipment. Though the new technology will be more cost-effective, the conversion, not to be completed until the year 2000, will place considerable demands on the company's cash re-



Telkom's Du Toit

sources — particularly in the next five years, when dividends are required to help fund the postal operation.

Telkom boss Du Toit recognises that the company must market its services much more effectively in order to generate increased revenue through more efficient utilisation of its existing network. It also needs to expand and enhance its telecommunications services to stave off encroachment by potential competitors who are able to use new technology to enter the market much more cheaply.

Both Sapo and Telkom are further hampered by the terms of the Post Office Amendment Act, which guarantee that there will be no retrenchments as a result of commercialisation. Many observers consider both companies overstaffed and with attrition levels of less than 5%, this will not easily be rectified. There is also little new blood in the operational management of the new companies and changing the culture of the organisations from that of State departments to customer-driven businesses will be an enormous challenge.

Though government expects Sapo and Telkom to now operate as businesses, both companies continue to carry some social responsibility for ensuring that their services are made available to subeconomic sectors of the community.

Details of this obligation are very hazy but, in the current economic climate, it is safe to assume that pressure will be exerted on the companies to ensure that telephone and postal services are provided to poor urban and rural areas. High rates for long distance and business telephone and data traffic have for many years subsidised residential and rural services. Unless government supports the provision of loss-making telephone services through some sort of social upliftment fund, increased cross-subsidisation appears inevitable.

Commercialisation, in reality, offers little prospect of cheaper telecommunications or postal services. These services are already cheap compared to many parts of the world. What needs to be improved is the quality of the services — and this can only be done through increased competition.

The development of an independent authority responsible for regulating and hopefully liberalising these markets has lagged. While it has emerged in recent weeks that this responsibility will reside in a new-look and scaled-down department, details of the scope and structure of this watchdog remain scarce.

The new regulatory authority will be crucial to the future of Sapo and Telkom and the development of markets they intend to serve. Only once this organisation is in place and working, will it be possible to judge the merits of government's decision to press ahead in quite the non-competitive way it has chosen to do.



# Suspected fraud sum 'rising'

THE suspected fraud at Sage Holdings subsidiary Financial Planning Services (FPS) now involves about R14m and looks set to escalate, according to well-placed sources. The figure initially mentioned was R10m.

Attorneys acting on behalf of a Johannesburg businessman, whom they say stands to lose R2,3m, claim the FPS consultant involved in the case has put a substantial amount of money into a luxury yacht in Cape Town.

However, attorneys have so far been unable to link outright ownership of the yacht with the consultant, whose name is known to Business Day.

Sources said FPS had also taken steps to sequester the estate of the suspected consultant.

Sage director and FPS spokesman Bernard Nackan refused to comment yesterday, saying only that in-depth investigations were continuing.

He said as far as FPS was concerned the

BRENT VON MELVILLE

matter was sub judice and mere "speculation" could not be commented on.

Police liaison officer Capt Eugene Opperman said a case had been opened, and that investigations were continuing.

He said he could not confirm whether a warrant had been issued for the FPS consultant, who is thought to be in London.

Sources add that aside from Randbond Investments, which says it has claims against the consultant for R2,1m, there are at least two other private clients with claims said to involve more than R4m.

A lawyer said it was "more than likely" that FPS would be liable for debts incurred by the consultant.

He said there was a 1989 case on record where FPS was legally obliged to pay for a fraud perpetrated by its consultant.

The newly formed banking group Absa holds 49% of FPS.

# Free State files global flight plan

LINDEN BIRNS

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SA's latest hopeful international airline, African International Airways, yesterday began recruiting air hostesses for flights it plans to operate from a base in the Free State.

A newspaper advertisement yesterday said only Asian and Chinese hostesses aged between 18 and 25 should apply. They would be required to move to the central Free State immediately.

According to the advertisement, the airline will fly to southern African destinations and "internationally".

One of the airline's owners, Sonja Delpont, last night declined to elaborate on the company's plans, but said a full media briefing would be given once all operating details were finalised.

Sources said African International Airlines would use Boeing 707s and BAC1-11s. *B/day 4/10/91*

Directorate of Civil Aviation (DCA) chief director Japie Smit last night confirmed that an application had been lodged with his department, but said the airline had applied only for a freight charter service licence.

According to a recent Government Gazette, the airline would use two Swazi-registered Douglas DC-8 cargo aircraft and had applied to base its operations at Jan Smuts Airport.

Several second-hand Boeing 707s, Douglas DC-8s and BAC1-11s are on sale in Africa. The latest Avmark world aircraft pricings lists 707s at between \$1m and \$5m, DC-8s between \$1m and \$18m, and BAC1 11s at between \$0,6m and \$1,5m each.

It is not known which institution will finance the airline's acquisitions.

# Security group starts feeding scheme

*B/day 4/10/91*

ANTHONY NDLOVU

THE security organisation Neighbourhood Watch has started a feeding scheme for underprivileged communities in a bid to curb rampant suburban crime.

Marius Wessels, the organisation's convener, said yesterday increasing poverty in squatter areas had forced people to resort to theft for a living.

He said the non-profit project had been started in Durban and would be extended throughout the country.

"Many of the people in these camps are living on the breadline; they spend the little money they have buying food with low nutritional value, at exorbitant prices," said Wessels.

Neighbourhood Watch, whose members carry arms while on duty, is putting together special food packs for distribution to squatters.

A survey will be conducted

to ensure that the contents of the packs meet people's daily dietary requirements.

Wessels believes the scheme will go a long way to furthering safety and security in SA.

"It would be short-sighted for us to barricade our neighbourhoods without addressing the cause of the problem," he said.

He said the Department of Health was approached for further assistance and he was awaiting a response.

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FM 4/10/91

offer national and international service." 269

Federal's vice-president Christo Cotsakos, who was in SA for the signing, says four factors contributed to the decision to enter this area: expansion of the global network, strong and growing demand for the service, competition from rivals already in the region; and the strength of SA's economy.

Baker says volumes are difficult to forecast, but in the first three months the partners expect 300 parcels a day in-bound and 100 out-bound. XPS now moves 10 000-11 000 parcels a night through its Johannesburg hub. He says an important factor in the tie-up is the two companies' compatibility and similar methods of operation.

Federal, founded by Fred Smith in 1973, is one of the US's most remarkable business success stories. Within 10 years, turnover was up to \$1bn, without the benefit of mergers or acquisitions. It has a fleet of more than 400 aircraft — nearly twice the size of British Airways; has one of the world's largest communications networks; and employs 94 000 people around the world.

XPS, established in 1984, offers door-to-door services throughout SA and Namibia. It operates on the same "hub and spoke" principle pioneered for express freight transport by Federal at its US base in Memphis.

The new international service will initially use existing airline services between SA and Europe and slot into direct flights to the US when they are reintroduced. Cotsakos says it's unlikely that Federal will use its own aircraft for the foreseeable future.

Three international airfreight companies already operate in SA: DHL, TNT Skypak and, through a local agent, UPS. XPS expects to raise market share by being able to offer the best international service. ■

EXPRESS FREIGHT

**US competitor**

FM 4/10/91

The US\$8bn-a-year US express freight transport company Federal Express is entering southern Africa on the back of an expected upsurge in local and foreign demand as sanctions go and SA is allowed back into world markets. The company this week signed an agreement in Johannesburg to tackle the regional market in partnership with XPS Services, a member of the Rennies group.

Federal Express, the world's largest express transport company, serves 135 countries. Entry into southern Africa, using Johannesburg as a hub, is part of an expansion drive that will see it operating in 48-50 African countries by year-end, says Bob Tubman, MD for Africa.

The link-up with XPS will allow Federal to enter nine new regional markets via Johannesburg while giving XPS direct access to international routes via Federal's European hubs in Belgium and the UK.

XPS MD Peter Baker says until now its growth opportunities have been limited to the national market. "The most important factor for us in this agreement is that we can

# Waterfront is a buried treasure

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S. Timen (Bun) 6/10/91

CAPE TOWN'S Victoria & Alfred Waterfront development is a gold mine for Transnet

By TERRY BETTY

Derék van der Merwe, financial executive of V&A company, a wholly-owned Transnet subsidiary, says the 83ha being developed had a negative value because the leases cost Portnet more than they earned

says many developers are looking for opportunities in and around the harbour. This combined with the lack of available property will place a premium on prices in the area

The land is now worth about R450-million, when less than R200-million has been spent. The value of the docks will increase exponentially as R3-billion is to be spent on development which is to be completed in 12-13 years

"An example is the 8 Beach Road development in Mouille Point where apartments have been sold off plan and during construction with a million-rand-plus price tag," says Mr Osband

## Vitality

"But the revitalising effects of the development are being felt well beyond the borders of the scheme," says Ivor Prinsloo, partner in Gallagher Prinsloo Associates, the architectural co-ordinators and urban designers for the V&A project.

He says existing apartments are being upgraded with better security and refurbished entrances. There are also many apartments that have been converted for sale under sectional title which will also improve standards as people will maintain the area better

"The V&A development has given a new vitality to the city, which can be converted to financial gains by those with the foresight to move now," says Professor Prinsloo

He has been invited to Venice by an international study centre, as the V&A development is unique. It combines commercial development with a working harbour.

This has pulled development towards the waterfront where a variety of major developments have taken place

Residential property prices in surrounding areas like Greenpoint and Mouille Point have also been given a shot in the arm. Camdon's chairman Mannie Osband



# Safren sets aside R1,5bn

MARC HASENFUSS

SAFREN will spend R1,5bn in the next few years on major developments and expansion in its core businesses

In his annual review, CE Buddy Hawton said the investment should yield acceptable medium- to long-term profits while expanding and enhancing the group's range of activities and services

Safren has interests in shipping and passenger and freight airlines through Safmarine; transport, travel and container handling through Remies Group, and hotels, resorts, casinos, film and television production, and fast foods via Kersaf

Safren also has a 60% interest in full service insurance brokers Wilks Faber Anthony

Outlining the divisional developments, he said Safmarine had taken delivery of four ships during the year and was due to take delivery of a further four vessels at a total cost of R475,3m, of which R142m would be directly funded by Safmarine.

Safmarine also acquired a 49% stake in European shipping group CMB Transport for R78,5m

The new aircraft for the domestic and freight services were financed through third parties by lease arrangements, Haw-

ton said. "Safair and Trek Airways have favourable flexible buy-in options over these assets."

He said the major development projects undertaken by 76%-held Kersaf amounted to R1,2m. Of this, R275m was spent in the year to June 1991, while an estimated R718m would be spent in the year ahead. Port developments in progress within Remies would amount to R13m and would be financed primarily by outside sources, Hawton said

Despite the major expansion programme, Hawton believed the group would retain a strong balance sheet, with gearing unlikely to exceed 30% by end-June, 1992

He said the group was well positioned in its business sectors and expected Safren to continue to show acceptable earnings growth in the current financial year

Safren traded at R81,50, just below last month's R85 high and well above the R33,50 recorded in October last year.

The share peaked after the release of the group's 17% increase in year-end earnings to R302m (R259m).

11/10/91  
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# Transnet to come to capital market

TRANSNET is to come to the capital market for R300m with a new stock next Wednesday as a precursor to what treasury manager Johan van Schoor says will be two years of substantial funding

The new T13 stock, launched in Johannesburg yesterday, is a four-year open-ended issue sponsored by Senbank and London brokers James Capel

While Wednesday's primary placement would be looking for only R300m, Van Schoor said it was likely to become one of the biggest Transnet stocks. A source said Transnet could be looking to increase the stock to as much as R1,2bn, which would put it in line with the other four major Transnet stocks

It will be issued at the market rate as at the closing rates of similar stocks next Monday. The nominal coupon is 15% and interest payments are every April and Oc-

tober. The redemption date is October 1 1995 for the government-guaranteed loan stock

Van Schoor said there was a substantial funding need from the capital and money markets in the next two years. However, it was "very possible" that Transnet would become more of a cash cow in the latter part of the decade, and the short-dated stock thus fitted in with funding plans.

A major portion of funds would be coming from the domestic market, but Transnet could still borrow overseas. He did not elaborate on foreign funding or the extent of the "substantial funding needs".

Transnet would act as market maker (buyer of last resort) to ensure liquidity. More than R1,5bn of Transnet stock is

□ To Page 2

## Transnet

turned over each week, R600m in the four equity linked fixed investment (ELFI) stocks

Van Schoor said April was the month Transnet would be looking for capital, as commitments to be met included interest payments and stock redemptions.

Transnet has assets of R35bn with a replacement cost of R70bn. It generates a turnover of R12bn a year through its various operating divisions — Spoornet,

Portnet, Autonet, Petronet and SAA

Among the funding requirements is the purchase of extra aircraft for SAA — two Boeing 747-400s and seven A-320 Airbuses are on the shopping list.

An analyst said that with rates up in the late 16,80% range, it was possible the current bearish market might not be too interested in the stock, but given its relatively small size and coupon, it was expected to be absorbed

□ From Page 1

# Call for action against 400 000 unlicensed drivers

Political Staff

STRAND. — Transport Minister Dr Piet Welgemoed has called for action against the estimated 400 000 unlicensed drivers on South Africa's roads.

He told the Cape National Party congress here yesterday it was a problem that must be addressed.

Dr Welgemoed also dismissed calls from the congress for a levy on fuel to be used for maintaining roads.

"Don't toyi-toyi with our roads," one delegate said, complaining about the deterioration of roads.

Dr Welgemoed said a levy on fuel for road repairs would create an earmarked fund.

This would be an unfair allocation of funds as all govern-

ment spending needs should compete for funds equally.

He said it was a government priority to maintain the existing road system.

Dr Welgemoed also turned down a resolution asking that balance of third-party insurance be made compulsory.

He said that would require a 12- to 13-cent a litre levy on the fuel price if it were funded by government.

He promised the problem of compensating innocent victims of accidents would be investigated and discussed by cabinet.

Dr Welgemoed agreed on the need for an investigation into the "phenomenal" increase in the cost of car repairs and insurance.

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# Flying Cape to Europe and back is now cheaper

PATRICK FARRELL  
Staff Reporter

(269)  
10/10/91

CAPE Town will benefit from the recently announced airfare cuts to Europe from South Africa.

Since the beginning of the month major airlines have slashed prices in a bid to capture the overseas market.

The SAA low season Superpex return rate to London from Cape Town is now R3 507, which British Airways, the other major carrier, has matched.

This means that thousands of South African travellers who faced astronomical fares in the past may once again be able to travel overseas.

Virtually every international airline flying to South Africa has cut prices.

Ironically it was SAA that first dropped prices following the airline slump caused by the Gulf war.

Miss Janie van Vuuren, public relations officer for South African Airways, said SAA was confident it could "hold its own no matter how stiff the competition".

"With the introduction of its Superpex fare, SAA has low fares to virtually every destination in Europe," she said.

BA's general manager, Mr Malcolm Freeman, said the government regulated prices. So at the moment, he said airlines were forced to follow rules and were not allowed to set their own prices as in other parts of the world.

269 Aug 10/10/91

# Women take to the road to promote traffic safety

**SHARKEY ISAACS**  
Staff Reporter

WOMEN for Traffic Safety, the latest project by the National Road Safety Council to reduce accident statistics in South Africa, has been launched in Cape Town.

The programme involving women was jointly announced by the project's patron Mrs Marie Welgemoed, wife of the Minister of Transport, the NRSC and a women's magazine which is organising workshops to promote the campaign. Speaking at a banquet at-

tended by more than 100 leading women, Mrs Welgemoed said: "The community must send a clear message to all road users that it is totally unacceptable to endanger the life of any person on the road."

The important role and influence of women within their families and the community should not be underestimated. Children should be educated from birth to become safe road users.

To survive in traffic it was essential that a positive attitude should be taught towards road safety, the traffic situation, developing a comprehen-

sive knowledge about traffic safety and acquiring advanced driving skills.

She appealed to organisations to launch actions in their respective communities to ensure the safety of these communities on the road.

South African statistics showed the lives of more than 126 000 people were annually affected by accidents which killed about 10 000 people, seriously injured 32 000 others and left 84 000 others slightly hurt.

The project hopes to gain the active support of all women leaders in South Africa and

their various communities to actively promote traffic safety. It seeks to influence people towards safe and responsible traffic participation.

To promote the campaign, six women have been trained at Stellenbosch as ambassadors for traffic safety and they will encourage women to become actively involved in traffic safety during traffic workshops.

They are Ms Estelle Brummer of Bellville, Ms Elize van Zyl of Stellenbosch, Ms Aletta Keyser of Paarl, Ms Martie Reynecke of Bloemfontein and Ms Ingrid Dekker and Ms Karina Liversage, both of Pretoria



## INTERNATIONAL AIRFARES

# Cracks in the cartel

In the past few months travel-starved South Africans have begun reaping the benefits of huge discounts on airfares to a number of international destinations

It started early this year when Just the Ticket upset the industry by offering discounts of up to 40% on international fares. These were previously set at exorbitant levels by SAA and the other international airlines flying in and out of SA.

Publically embarrassed, SAA has since introduced a range of superpex flights to London, Lisbon, Brussels and Vienna. Its competitors have followed suit. KLM, Lufthansa and Austrian Airlines are at least matching SAA's fares.

Prospects for continued discounting seem good as new airlines are set to arrive in SA. Clearly, competition will be keen as the airlines vie for market share, though many have cautioned the public that the discounts are largely due to the slump in international air traffic before and after the Gulf War and the general economic malaise.

But for how long can travellers realistically expect to enjoy these discounts? Chris du Toit, MD of the Association of SA Travel Agents (Asata), believes that the discounts will be short-lived.

"Discounts will probably be available only until March. We're living in a dream world if we believe that more airlines will mean lower prices. The pie is only so big and the existing market will be spread among the newcomers."

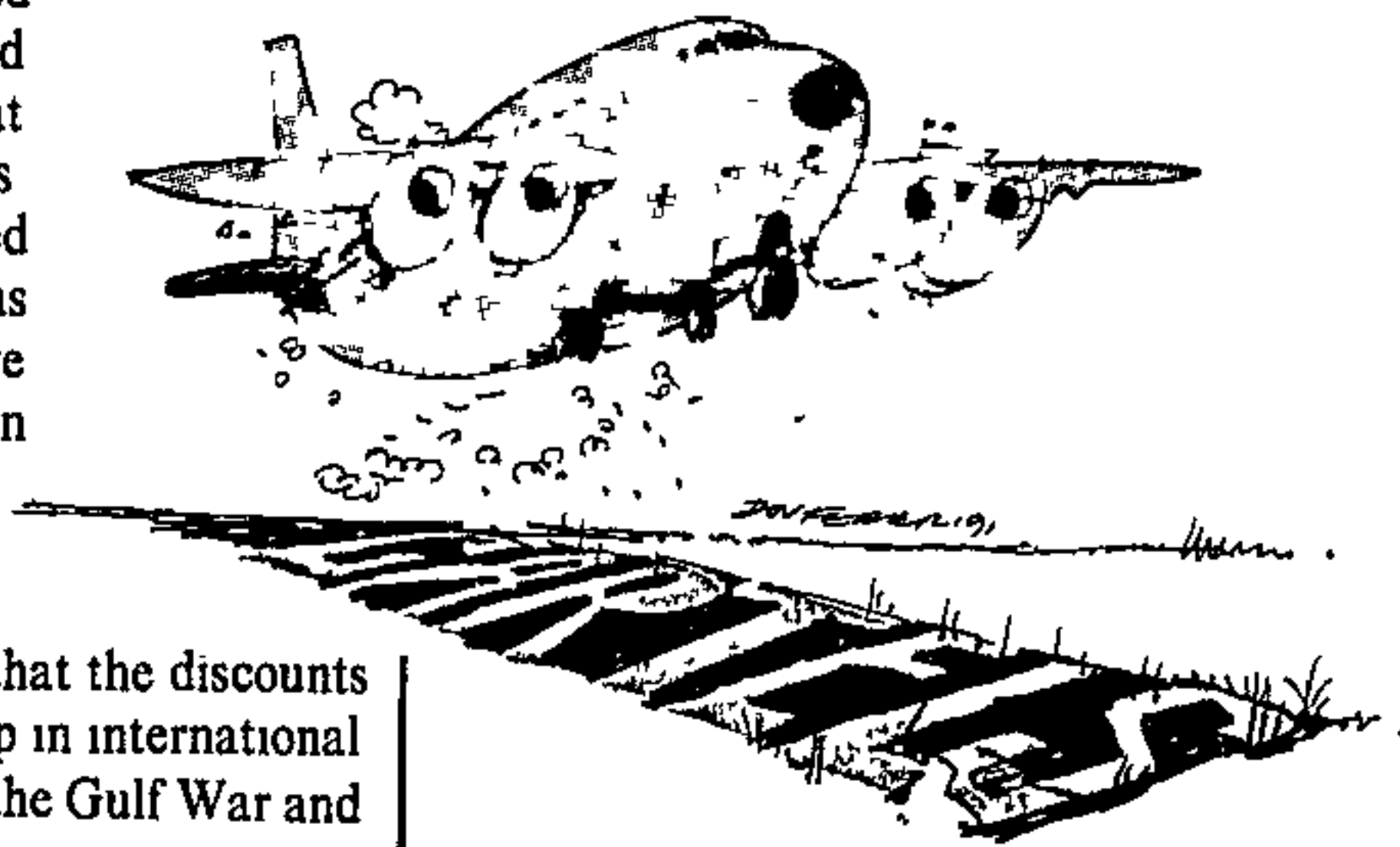
The price-cutting, of course, is anathema to travel agents, who like high fares and high commissions, but Du Toit claims that while travellers are enjoying benefits now, it is not in the best interests of the market to allow this price-cutting to continue. "The public will become confused when prices rise again."

Just the Ticket MD Kevin Rawnsley disagrees. "The market is now incredibly price-competitive. The good news is not that revenues for the airlines will drop, but rather that more people will fly because of the greater affordability." A return flight to London is now as low as R2 970.

The key to keeping international fares as competitive as possible, however, lies with deregulating SA's international aviation. For years, SAA, with government's backing, has regulated every aspect of international aviation. Ticket prices, the number and frequency of flights, and even the number of seats have been set in cartel-like agreements with each airline flying to SA. SAA argued

that sanctions and not being able to fly over Africa made operating costs higher than those faced by competitors that flew over the continent. With the European airlines having to charge the same as SAA, but facing lower costs, the route became one of their most profitable in the world.

But earlier this year, SAA CE Gert van der Veer told an international aviation conference in Cape Town that SAA was ready for significant deregulation as soon as sanctions were dropped. His proposals had sub-



stantial qualifications but the main innovation was his acceptance that airlines should determine their own fares and structures in reaction to market forces.

The details of this deregulation process have been left to a government steering committee on SA's international transport policy. While committee members are not commenting on the proposals — which are due to be released shortly — indications from last week's Asata conference are that far-reaching reforms are on the way.

Observers believe that chartered flights will soon be allowed to operate to and from SA, but with limitations, prices will be determined by the airlines themselves; and more than two carriers might well be allowed to operate on each route — something that Van der Veer was opposed to in Cape Town. Indeed, industry sources suggest that SAA's stranglehold on international traffic is over — government's chief concern is now to attract tourism at all costs.

Says British Airways MD Malcolm Freeman of the proposals: "SA international air travel could soon be substantially deregulated. We could, for instance, follow in the footsteps of Australia." But Freeman says government is, wisely, proceeding cautiously. He warns that an open-skies policy would be dangerous.

Air discount king Bob Williams, however, says an open-skies policy is the way to go. He says that Europe will follow this route in the next few years and in practice, anyone who

meets safety standards will be able to operate a flight at whatever price he wants.

Freeman concedes that BA has been a beneficiary of the cartel but says he is looking forward to more competition. He says charter flights always stimulate the market and they are also likely to encourage SA's untapped black market. "Charter flights are generally cheaper because overheads are lower and seat capacity is larger."

Freeman says BA will welcome a deregulated pricing policy. "We would be able to sell seats cheaper whenever we want to."

Will all this competition result in continuing discounts for travellers? Freeman says the traveller is in for a bonanza but warns that supply and demand will even out and prices will eventually rise.

Williams suggests that as long as the price is attractive, the market for international travel will continue to grow. He predicts that the arrival of more competition will see prices at the bottom end of the scale drop by as much as 30%. "The more competition, the greater the choice for the consumer."

The government steering committee is also expected to recommend gateway status for Cape Town and Durban. The recommendation could reduce further the add-on fares that travellers on direct flights from London to Cape Town have been forced to pay for years.

When SAA flew around Africa, the flying distance from Johannesburg to London was farther than the Cape Town-London route, but travellers from Cape Town had to pay an add-on fare that was close to the return fare for a Cape Town-Johannesburg flight. It was later reduced to just under 50% of the Cape Town-Johannesburg return fare but remained unacceptable to Capetonians.

With SAA now allowed to fly over Africa, the distance between Johannesburg and London is shorter than the Cape Town-London route — 9 853 km compared to 10 440 km — but the huge add-on fare still penalises Capetonians.

Cape Town Chamber of Commerce business affairs manager Albert Schuitmaker, who was part of a city delegation that held talks recently with two Ministers on the airfares issue, believes that reduced fares are crucial if SA wants to increase its attraction as an international tourist destination.

To back his case, he says a recent advertisement in a Dutch newspaper showed the cost of travelling from Amsterdam to Los Angeles, an 11-and-a-half-hour flight, was 975 guilders, while the fare to Cape Town, a 14-hour flight, was 3 872 guilders — nearly four times as much.

That's not the only anomaly. He says a Dutch tourist can have a nine-day safari

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holiday in Kenya, including airfare, for 1 590 guilders, but the return airfare alone to Johannesburg is 3 340 guilders "Why would he even consider visiting Kruger Park when the air fare to Johannesburg would be more than double his entire holiday in Kenya?"

Schuitmaker says the two Ministers, Piet Welgemoed of Transport and Dawie de Villiers of Public Enterprises, indicated that steps would be taken to address the situation

He says the normalisation of SAA's routes to Europe must bring down fares substantially. The open discounting now taking place is a start but there's still scope for prices to drop much further ■

# More SA options from BA

BID by 15/10/91

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BRITISH Airways has embarked on a new UK-based marketing drive devoted entirely to promoting a package of 5 000 different tourist holidays in SA.

In its bid to snatch a sizeable share of the SA-bound tourist market, BA has published a brochure featuring a wide range of flexible holiday options from as little as £599 for a seven day fly-drive vacation. All 5 000 holidays are based on the airline's scheduled flights from Heathrow to Johannesburg, Cape Town and Durban.

According to British Airways News, the packages include an optional increase in the length of the holiday up to six months for £25.

BA Holidays' marketing and products director Roger Heape said the new drive was in line with the pace of change in SA, with the country on the brink of becoming one of the leading long-haul tourism destinations of the 1990s.

## LINDEN BIRNS

The airline was also promoting the fact that from the UK, SA was one of few overseas holiday destinations which could be reached without suffering from jet-lag.

BA has traditionally viewed the SA holiday market as catering for those people visiting friends and relatives.

Free connecting flights to Heathrow from Manchester, Glasgow and Edinburgh are being offered as part of the package.

The airline has also begun an incentive campaign for business travellers from SA flying in first and club world (business) class. Incentives include upgrading to Concorde for first class passengers and club world flying from SA to the US and back until January 31 1992.

Several prizes, including two luxury cars and free return tickets to Kenya are being given away as part of the marketing drive.

BA's local marketing manager Sandi Lee said the global air travel market had bounced back to pre-Gulf crisis levels, and that BA was back on track in terms of growth.

## LENAUTO MOTORS

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OR

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Authorized Mercedes-Benz Dealer

## NEWS IN BRIEF

### Safair aims at Africa

SAFAIR, SA's largest freight airline, would embark on a major expansion programme and had earmarked African countries such as Angola, Tanzania and Zaire, the company's MD Braam Loots said yesterday (269).  
Loots said although the airline had done work on a covert basis for several clients in the past, including the SADF, recent political changes had presented opportunities in several African nations which desperately needed air freight services.



SS DAY, Wednesday, October 16 1991

# Boosted airline capacity flies ahead of demand

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B/day 16/10/91  
LINDEN BIRNS

FIVE airlines have introduced services to SA this year, but the latest government figures indicate that the extra capacity is well in excess of demand — and is likely to stay that way for some time.

Industry sources say the competition will lead to a ticket price war. Lufthansa spokesman Karin Lambson said yesterday that SA was known as "a stagnant if not decaying market".

"SAA and some other airlines have complicated the situation by adding extra flights to their traditional European routes

"Sooner or later one of the airlines is going to lose a chunk of its cake if the market continues to perform this way," Lambson added.

Airlines are coming under pressure to restructure their fares according to market demands.

British Airways SA GM Malcolm Freeman said a side effect of an oversupply of seats would be "a bit of a price war".

Swissair SA marketing manager Simon Widmer said political instability and township violence diminished travel confidence abroad, but the market would grow once the situation stabilised.

The latest Central Statistical Service (CSS) figures show that 212 413 passengers left SA in the first half of this year. The comparative figure for

1990 was 206 034 and 191 309 for 1989

While traffic to Africa and Germany grew, passenger volumes to the rest of Europe grew from 79 920 passengers in 1989 to 89 116 in 1990, but then dropped to 84 978 this year.

This July's figures for passenger volumes to Europe show a decrease from 26 005 last year to 20 343.

Overall traffic to SA increased by only 300 passengers in the first half of this year compared with the same period in 1990.

New foreign airlines have introduced more than 1 000 seats a week to the SA market. This will increase when Qantas, Japan Airlines and Singapore Airlines enter the market and when SAA begins flights to the US, Australia and other Far Eastern destinations.

In recent months British Airways, Lufthansa and SAA — the only airlines operating five or more flights a week between Johannesburg and Europe — have all begun offering discount fares to stimulate traffic

The Gulf war and the global recession have damaged the airline industry, with the International Air Transport Association's member airlines reporting substantial losses during the first half of this year, although some are reporting recoveries

SAA spokesman Leon Els said campaigns advertising SA as a tourist destination would help to stimu-

late the market, as would SAA's introduction of Super Pex discount fares. SAA had been less affected than other airlines by the Gulf crisis.

British Airways SA marketing manager Sandi Lee said bookings were back to pre-war levels globally, and in BA's Southern region (Africa, the Middle East and India) this was due largely to an aggressive marketing campaign that the airline launched this year.

"South Africa has been a major contributor to our recovery in this region," she said.

Austrian Airlines reported on Monday that in the first four months of operation between Vienna and Johannesburg, its aircraft had carried an average 68% passenger payload, about 7% higher than break-even on the route.

Traffic to Asia from SA was up by only 475 passengers to 3 558 this July compared with 3 083 in the same month last year.

Cathay Pacific SA marketing manager Jeff Naylor said market performance, especially on flights from SA to Hong Kong, was better than expected but that the airline could do better on its flights to Johannesburg.

US-bound traffic has thinned by about 700 passengers a year since 1989, while Australasian-bound traffic decreased by about 400 passengers over the two-year period up to July 1991, the CSS figures showed.

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SA AIRWAYS FM 18/10/91

## Keeping all the cake (269)

**SA Airways'** profits are likely to get a substantial boost from two sources. The reopening of one — possibly two — international routes, which were highly profitable before they were cancelled because of sanctions, will add millions to turnover and profit.

SAA is also saving millions on the cost of fuel, maintenance and staff by being able to shorten the flying time to Europe because it can now fly over Africa rather than take the costly, much longer route around the bulge. It has been able to contract out 45 of its 747 pilots to Singapore Airlines and thus convert an expense into profit.

It will probably resume direct flights to the US before the end of the year. There is also talk that during the current Commonwealth conference in Harare, Australian Prime Minister Bob Hawke will announce that permission has been granted for SAA to resume its Australian service.

Both services were money-spinners. SAA's was more popular than Pan Am's on the US route and for several years it was the only airline with a direct link between SA and Australia. The Australian government

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made Qantas stop flying to SA to record its objection to apartheid long before it stopped SAA flying to Australia.

Don't expect any of these increased earnings, however, to result in fare reductions. SAA spokesman Zelda Roux says: "We'll use the extra income to recover and get level with our pool partners, who were coining it while they flew straight down Africa and we were forced to fly around the bulge" ■

## SHIPPING

**No room at the dock**

**Sanctions** are being scrapped and SA is aggressively marketing itself to the world, but will the country's ports be able to handle an increase in business? The answer is clearly no. In fact, local ports are already heavily congested at times and expensive delays are becoming more frequent.

The problem is particularly acute in Cape Town, where redevelopment of most of the original dock facilities as a holiday and tourist attraction has deprived the harbour of at least seven deep-water berths. Modern bulk carriers that are now twice the length of their predecessors — bringing in 50 000 t of wheat in each shipment, for instance, compared with 10 000 t by earlier ships — add to the traffic jam.

One authority at the Cape predicts that Duncan Dock, where all noncontainer ships must be handled, will once again overflow during the fruit season in six months, forcing more ships than in past seasons to anchor in

Table Bay while waiting for a berth. The increasing fruit exports that are usurping more wharf space, the valuable transit business involving tuna trawlers transferring their catches to ships headed for the Far East, and the requirements of a repair industry now working on 300 m-long tankers in contracts valued at millions of rands, must all be accommodated in a single dock basin.

On top of this, the snowballing operations of De Beers' diamond ships are now overflowing their base at the rented wharf at the top end of the container dock, forcing the ships to use other wharves. And, with the old passenger berth now handling timber imports, two cruise liners arriving at the same time at Duncan Dock's general cargo wharves would be unmanageable.

The overcrowding has forced tankers to land or load volatile cargoes only a stone's throw from a trawler berth and a line of laid-up small ships. The tankers used to be separated from other ships but, with the growth in containerisation, a container basin was built near the tanker berths in 1977, and demands for lay-by wharves have led ships to

use a wall near the tankers

Portnet has begun working on plans to reduce the delays. One proposal is to build jetties out from existing wharves, but this would inhibit the movement of ships in stormy weather because jetties reduce manoeuvring space. Another suggestion calls for a new passenger jetty in the dock basin.

The congestion at Durban, long the busiest port in Africa, is less severe than at Cape Town, but delays are growing as the traffic increases. With its marine engineering complexes, it is regarded as the terminal port and repair depot for numerous ships that must be accommodated at wharves, sometimes for long periods. The four big Safmarine container ships are now put in drydock regularly in Durban, instead of in Germany.

Port Elizabeth could relieve Durban of some tonnage, especially ore exports from Sishen, but it too has little spare capacity. So it is not surprising that when industrialists and trade delegations begin speaking about new business, people in the shipping field begin worrying about new bottlenecks ■

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# Safair wins Angolan job

By ROGER MAKINGS

CARGO airline Safair has won a R25-million contract for a major inspection of a Boeing 737 belonging to Angolan airline TAAG

TAAG has four other Boeing 737s and five 707s the maintenance contracts for which Safair hopes to secure

The "D" check on the twin-engined jet which arrived at Safair's Jan Smuts hangars this week involves a physical and X-ray inspection of the aircraft's structure. The job should take eight weeks.

Maintenance of TAAG aircraft was carried out by other foreign organisations, but geographical and time factors, the cheap rand and doorstep expertise swayed the Angolan airline in favour of Safair.

Chris Bester, Safair's general manager of engineering and maintenance, says the airline is talking to several African countries about caring for their fleets. This could bring business worth about R25-million "in the short

term and much more in the longer".

"We are almost about to sign a contract with an African airline to do maintenance work on Russian aircraft," says Mr Bester.

All this fits in with Safair managing director Braam Loots' "into Africa" strategy whereby the airline hopes to set up a major freight and passenger network.

## More

Mr Bester says. "We recently completed a contract on an aircraft from Zaire and expect more work."

Other countries in Safair's sights are Tanzania, Malawi, Mozambique, Botswana, Zimbabwe, Ethiopia, Kenya and the Cameroon.

The airline also hopes to secure the maintenance contract for Flitestar's two new R60-million ATR 72 turbo-prop aircraft.

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# CLEARER ROAD AHEAD WITH WELGEMOED AT THE WHEEL

S/Times (TT-Buss) 20/10/91 (269)

BY MAX BRAUN



PIETER WELGEMOED

**THE APPOINTMENT** of Dr Pieter Welgemoed as Minister of Transport is the first indication in almost two decades that the head of state acknowledges the important role transport has in the future of South Africa and the southern African region.

From the mid-70s to the end of the 80s, transport remained over-regulated and moribund instead of becoming dynamic and potentially exciting.

It was during these crucial years that ADE and ASTAS became a reality, the impact of respective oil crises on transport, the National Transport Policy Study, government's subsequent decision to deregulate transport and the birth and development of combi taxis evolved.

Yet political expediency and a lack of

national direction — the result of a succession of ministers with little or no knowledge of, or experience in, transport matters — kept the industry bogged down.

The Welgemoed era promises to be different in a number of respects. His entrepreneurial flair and commitment to sound management principles is likely to create a greater sense of urgency at all levels that fall under his control or influence.

Long overdue matters — such as the registration of operators, increasing vehicle dimensions, overloading, toll roads and finding workable solutions to the problems of commuter transport — are now almost certain to receive attentive and decisive action.

Operators who habitually overload their vehicles — regardless of their insistence this illegal practice is necessary for survival — will soon face much higher fines and the real prospect of having their vehicles confiscated by the courts.

Now that the Minister of Transport no longer has responsibility for the profitability of Spoornet and Autonet, operators have little reason to suspect the minister — or the DOT — of having a hidden agendas.

Based on the minister's stated intentions, these tougher measures to control overloading will be a quid-pro-quo for the payload advantages that will flow from an increase in the permissible overall length of vehicles and vehicle combinations.

When correctly applied, an increase in total length to 22m, from 20m, could result in an increase of as much as three tons in gross combination mass. Most of what can be legally gained should contribute to a better payload.

Dr Welgemoed is particularly well-versed in the problems of passenger

## NEW FOCUS ON TRAINING

**SPEAKING** at the recent CSIR/DOU Annual Transportation Convention, Dr Welgemoed expressed his concern at the lack of trained personnel available to the transport industry, especially in regard to technical manpower. Under his auspices, we can expect an initiative to encourage organised transport interests to promote careers in transport.

The establishment of transport training centres at South African universities, according to Dr Welgemoed, praiseworthy, but he would like to see the creation of projects like PROTEC and AFROTEC.

Both of these are civil engineering projects designed to prepare high school students for a technical career through the development of problem-solving skills, language skills and exchange of knowledge of science and technology.

The DOT is presently engaged in the formulation of a policy to address the manpower problem.

## NEW FOCUS ON RESEARCH

**THE** need for focused research projects has been identified. The minister's recent speech at the opening of the AIC encourages all interested parties to approach the DOT, or even the minister's office, with recommendations and proposals for specific research priorities.

Submissions should also include a well-considered motivation regarding the individuals or organisations best suited to undertake the proposed research. With the aid of a still to be

defined to representatives of various transport bodies, but should include the initiatives of genuine interest groups.

The formation of working groups to stimulate discussion of a number of topical and problematic areas is likely to emerge in the near future. Anyone keen to participate should write to the Ministry of Transport stating their areas of interest and credentials.

of the passenger bus industry.

Dr Welgemoed's qualifications go beyond academic achievements. Prior to entering politics, he served as a director or consultant to various companies engaged in both freight and passenger transport.

The road transport industry in particular should be pleased to note that apart from the hardy annuals, such as the RTQS,

overloading, toll roads and so on, their minister has identified a number of other important areas that require immediate and continuous attention. These include communications, training and research.

The minister has a stated objective to encourage meaningful and open discussion between all the participants involved in transport.

"Constructive dialogue," he said, "should not be con-

volatile transport arena.

Dr Welgemoed, an astute politician, chaired the all-party Parliamentary Standing-Committee on Transport and was deputy-minister of Energy and Public Enterprises.

His academic career culminated in heading up the faculty of transport affairs at RAU for several years and an appointment by the State President in 1980 to chair a commission of enquiry into the prob-

le model objectively establishes the internal rate of return on road projects and permits the scheduling of priorities.

Dr Welgemoed is well-respected and welcomed as Minister of Transport by a broad cross-section of the transport industry. His knowledge and experience make him eminently suitable to the challenging, if not daunting, task of unifying and harmonising the varied interests in the

Such a development, however, will surely depend on the ability of the taxi associations to embrace a greater degree of self-discipline in terms of vehicle maintenance, overloading, speeding, driving skills and attitudes.

## FRESH

To overcome the constraints a shortage of funds places on the building of new roads and the maintenance of existing roads, it is anticipated an entirely fresh approach to allocating funds and fixing priorities is about to be announced.

This new approach is said to marry scientific criteria with technical requirements and financial modelling. Collectively



# Utilisation of harbour amounts to only 60%

§ (Dcas 21/10/91)

THE biggest challenge facing Cape Town harbour, says Port Captain Rudi Basson, is to increase the utilisation of its infrastructure by attracting business.

At present, utilisation is about 60% on a two-shift system.

Basson says the infrastructure is adequate to cope with growth for the next 20 to 30 years without adding another bay.

There is a limit to what the port authorities can do about cargo flows, as the handling of imports and exports is a function of the economy.

Cargo handling generates the bulk of the harbour's revenue.

Cape Town harbour handles about 4,5-million tons of cargo a year, with about half of this being exports and the rest imports.

Basson says there is scope to manoeuvre by increasing ship repair and

maintenance, laybys and bunker services.

"We can look at attracting more shipping on the major sea routes, especially now sanctions have been lifted."

"Over the last six months we have seen an increase in shipping and have experienced the highest pilot movements since 1981."

The bulk of the movement has been for services and the competition by a greater number of ships for cargo.

Basson says Cape Town handles about 160 000 containers a year.

This is about one third less than Durban harbour.

The major portion of the break bulk cargo handled is fruit for export and rice and timber for import.

However, despite the excess capacity at the harbour, there is room for improving the infrastructure and there is considerable

infrastructural development underway.

Portnet recently invested R3m in a new Ro-Ro shed to improve the speed and efficiency of the coastal cargo service by enabling the ships to offload as quickly as possible and then return to Durban.

A R20m cold storage terminal to handle shipments of frozen fish to provide a better service to Japanese and Taiwanese trawlers who use Cape Town as second base is also planned.

Basson says Cape Town harbour transships about 100 000 tons of fish a year.

The cold store being built for completion in mid-1992 will handle 10 000 tons at any one time.

Also planned is a R10m hazardous chemical tank farm to enable the Western Cape chemical industry to import hazardous chemicals directly and not have

to follow the expensive and dangerous alternative of importing through Durban and transporting by road.

The farm should be completed by next year.

Facilities to handle fruit exports — set to soar when newly cultivated land produces output — are being upgraded by introducing storage areas on the quayside and proper loading facilities.

Basson says there could also be a need to upgrade facilities to handle passenger cruise liners if traffic increases.

Other projects under way are a drive to clean up the harbour and introduce equal opportunity and training for the 2 500 employees.

Basson says the Waterfront scheme is a big success as regards the better utilisation of assets.

Transnet has committed R200m to the project



RUDI BASSON



—Cape Town—

# Safmarine expects increased seaborne trade for the '90s

SAFMARINE, SA's largest shipping line, expects growing demand for seaborne trade during the '90s and enters the decade with optimism.

The corporation, part of the Safren group, generated an operating profit of about R200m in the year to end-June 1991.

This was 1,1% over the previous year, with profitability of the shipping-line trades being badly hit by the recession.

The Gulf War also introduced lower dry bulk freight rates, which impacted on Safmarine's results.

Performance in the coming year will be constrained by the recession.

However, MD Tony Farr says world gross domestic product is estimated to grow by about 2,5% in 1992 and between 3% and 4% for a five-year period thereafter.

In addition, world industrial production, which has a significant influence on world export and import volumes, is expected to improve.

Expected growth in export volumes is estimated at between 4% and 5% for 1992 and 5% to 6% for the

five years thereafter.

In contrast to strong demand, supply will be relatively static.

The world energy demand will increase in line with world industrial production and the soft supply situation will not be able to cope.

Farr says the supply situation will become better organised as time elapses after the Gulf War and parties with the same economic interests regroup.

## Globalisation

He says private shipping companies will adopt a policy of "globalisation" whereby alliances will be sought with other shipping companies to increase their world coverage via combined services or marketing.

On the other hand, governments will largely follow a policy of privatisation, which will reduce the capacity on offer.

"The deepsea shipping industry cannot ignore the rapid growth by the dedicated all-freight aircraft fleet employed in intercontinental trading.

"In the early '80s, bankers burnt their fingers when vessel prices declined

sharply, and they are experiencing the same pain in the world aircraft market."

Farr says the trend towards globalisation will result in major trades developing along the east-west axis, while niche markets, such as the southern Africa to Europe route, are developing in the south-north trades.

There will be development in the information and EDP industries, leading to a greater integration of intermodal services on the liner trades to add value to the sea freight component of the total journey.

"Safmarine will mould its strategy to utilise the opportunities and counter the threats which may flow from these external factors and industry trends.

## Young

"It is important to meet a rising market with a relatively young fleet and a good age distribution of assets.

"Our building programme and ten-year fleet planning horizon caters for this need. It is also the time to be relatively long in owned tonnage.

"Our recent R78,5m strategic investment in CMB-Transport of Belgium strengthens and expands our north-south trade position as well as our international links."

Safmarine recently took delivery of a Yugoslavian-built 1800 container ship and a new Romanian built bulk vessel, and has ordered two new reefer ships to be built in Poland.

It has also bought two six-year-old Japanese-built bulk vessels.

## Deregulation

Farr says the recent deregulation of the domestic air transport industry and the expected changes to SA's international aviation policy will facilitate the profitable expansion of the group's aviation activities.

"As liberalisation and globalisation take effect, country nationalism amongst consumers will reduce and the best deals will be sought."

"In this process, the customer will be kept informed by an advancing information technology.

"It is, therefore, important for Safmarine to maintain and improve its customer awareness and orientation."

B (04) 21/10/91

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## Cost of railing goods up to 100% higher

A SYSTEM of rating introduced by Transnet last month has increased the cost of railing certain commercial goods by between 15% and 100%.

Transnet's PX mini-container service increased its rates by an average 15% with effect from September 2, a Transnet spokesman said. But it also changed the basis of its rating to include volume as well as weight, which meant the increase was significantly greater for lightweight goods occupying a high proportion of space.

From September 30, a 10% VAT rate was also levied on the goods.

The rate changes increased the cost of

LESLEY LAMBERT

transporting toiletries and light pharmaceuticals by 19,65% for a consignment from Johannesburg to Durban, and by 31,5% for a consignment from Johannesburg to Cape Town, Kamillen Products MD Mick Driman said on Friday. The increases excluded VAT.

Other commercial transport divisions of Transnet have introduced lower VAT rates, because of savings from input tax credits.

Rate increases for certain lightweight goods were as high as 100%, the Transnet spokesman said.

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19/09/91  
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## Railage ratings up costs

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## Transnet's new T13 stock wins fair support abroad

SYLVIA DU PLESSIS (269)

TRANSNET drew subscriptions of only R252m for the R300m on offer for its new four-year fixed interest local registered stock, which made its capital market debut last Friday. B10am 22/10/91

Transnet domestic deputy treasurer Peter Jordaan said yesterday the new T13 stock, with a government guarantee, received a "fair" amount of overseas support — about 25% to 30%.

The remainder was taken up locally by private investors, pension funds and institutions.

"Judging from the political climate and the present mood in the marketplace, we're pretty happy with both the subscription level and the distribution," he said.

"The main idea was to get the stock into the market. It was not really intended as a major funding exercise, but we see it becoming one of our major stocks in time, and we'll probably use it next year for our capital expansion programme."

Jordaan added that with the stock's current coupon, Transnet would be sending a "road show" overseas in February or March next year to market it there on a rand-denominated basis.

The stock, issued at a 16,80% yield, closed at a rate of 16,845% on a more bearish capital market.

# Transport policy under fire

8/10 am  
22/10/91

THEO RAWANA

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TRANSPORT authorities needed to make provision for the informal sector in the industry, RAU transport expert Wynand Pretorius said yesterday

He said the authorities should be receptive to planning input from communities using transport systems

Addressing the conference of the Institute of Transport in Southern Africa in Johannesburg, Pretorius said policy planners concentrated mostly on government and formal sector input and had a "top-down approach"

"The policy should not create distortions — the informal sector and input from the community is very important," he said

He said community groups saw transport as an entry into economic empowerment and looked for a code of conduct for affirmative action in this

Pretorius attacked the practice whereby there was change whenever a new Minister took office "Transport policy should be there for 40 years and changing the tables all the time leads to conflict."

ANC publicity and information spokesman Carl Niehaus said that because the state had been thrown into an economic crisis in the '70s, it began withdrawing bus subsidies. This had resulted in employers having to increase bus fares.

"It therefore came as no surprise that this culminated in a protracted mass action of bus boycotts."

## Massive increase in Cape Town's morning traffic

B/D  
22/10/91 LINDA ENSOR

CAPE TOWN — The total amount of travel on Cape Town's road network in the morning peak period has grown by about 80% in 10 years, a study has shown.

Individual vehicle trips during the peak period have risen from about 120 000 in 1980 to almost 190 000 in 1990, an increase of almost 60%.

The study, by consulting engineer Paul Mann of Liebenberg & Standor, has been commissioned by the Cape Town City Council. It is expected to take about three years to complete but certain initial conclusions have been reached.

The current cost of the congestion in terms of lost time, productivity and additional fuel, and increased wear and tear on vehicles is estimated at an annual R240m and it is forecast that this may rise to between R1.4bn and R3bn by 2000 if nothing is done.

There has been a sixfold increase in the distance travelled in congested morning traffic.

Simply spending money to increase road space will not be of much assistance, says Mann.

A major swing to public transport of 15% would considerably improve future travel conditions, Mann believes, while locating work opportunities close to where people live would reduce average trip lengths, and increase the use of existing spare capacity.

There are serious problems in the public transport sector as well. An indication of the public withdrawal from the train service is that about 20-million first class rail passengers, or about 80 000 trips per day, have been lost in the past 10 years.



# SAA reacts swiftly to lifting of air bans

By John Miller

Star 22/10/91

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SAA Airways will begin talks almost immediately with Japanese and Australian authorities after the decision to lift the ban on direct air links.

Media manager Leon Els said the airline welcomed the decision by the Japanese government to lift all economic sanctions and that of the Commonwealth to lift all people

sanctions.

"We will now be able to start talks with the Japanese authorities, their national carrier, as well as Qantas"

He said the demand already existed for direct air links between the two countries. The route to be used to Japan would have to be decided.

Previously, passengers visiting Japan had to fly via Hong Kong or Taipei.

Mr Els said similar talks with Qantas would begin almost immediately as the airline hoped to resume services to Australia at the beginning of December. A spokesman for Qantas in Harare said there were no immediate plans to reintroduce flights between Johannesburg and Perth. However if SAA introduced direct air links in December, it would be forced to follow suit.

**NEWS IN BRIEF**

**Transport needs (269)**

SA NEEDED to transform its apartheid-based transport system to one that catered for the needs of the SA people and the southern African region, general secretary of the Transport and General Workers Union Nathie Nhleko told a transport conference in Johannesburg this week

B/Day 24/10/91

# SAA poised for take-off to the Big Apple

SAA was last night expecting to get approval from the US Transport Department to resume its flights to New York, probably from next month.

An SAA spokesman said last night officials were still trying to confirm that temporary landing rights had been granted.

If approval was granted, SAA would resume New York flights in November

For five years South Africans have been unable to fly directly to the US after the 1986 Comprehensive Anti-Apartheid Act denied SAA landing rights. The Act was partially lifted in July this year and SAA subsequently applied to have its landing rights restored. SAA is expected to fly to

TANIA LEVY and  
MARCIA KLEIN

New York three times a week, stopping over at Ilha do Sol as it did before.

Advertising agency Lindsay Smithers employees yesterday worked frantically to put together a TV advertisement for SAA, announcing the resumption of flights. However, it was not aired after the 8pm news as expected, because official confirmation was not received from the US.

After getting the go-ahead from SAA late yesterday afternoon, Lindsay Smithers had immediately contacted the

advertising department of TV1 and started making last-minute changes to an ad prepared some time ago. Waiving normal material deadlines, TV1's operational team had rushed the advertising material upstairs and done the necessary technical transfers, TV1 advertising and sport sponsorship head Ferdy de Wit said.

The advert features a 'big apple' coming in to land at New York airport. The flight controller says to the SAA captain: "Welcome back to the Big Apple, buddy."

The ad also involves some corporate positioning for SAA "as an international airline which was spreading its wings"

11/11/86  
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Croc  
12/11/86

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# Redeveloping of station site to top R400m

By MAGGIE ROWLEY  
Property Editor

PLANS for a major redevelopment of the Cape Town station site, which could top R400 million, are now reaching fruition, and construction is expected to start within a year

Under consideration for the 60ha site are a hotel, a convention centre of international standard providing for up to 2500 people and additional retail space, which could include an underground section linking up with the Golden Acre

Mr Jack Prentice, property portfolio manager of the SA Rail Commuter Corporation, said a team of professionals had been appointed to look into all aspects of developing the site, and the process "has gone into top gear".

Part of the project would be constructed above the present railway lines

"This process, known as decking, will require a huge engineering input, as the decks will have to carry millions of tons of concrete, and our general manager, Mr Dirk Ackerman, is at present on a fact-finding mission overseas in this regard," he said

In the past three months discussions had been held with relevant parties in the City Council and private sector, including hotel groups. These were ongoing, as were negotiations with a number of large institutions re-

garding the financing of the project.

Mr Prentice said there was no doubt the redevelopment would take place

"It is an enormously important but under-utilised site which requires more than just a paint job," he said

"However, as with any project involving such large amounts, it takes time to tie up the details."

He said final decisions as to the development of the site would probably be made before the end of the year, with "the cement and wheelbarrows" moving on site by mid-1992

## Centre

The City Council, he said, was particularly keen to foster the idea of a convention centre, as South Africa was moving into a new political era and Cape Town was an ideal conference venue

"We have strong ideas of what we would like to see on the site but in the end whoever puts up the financing will have the final say."

Mr Prentice said a number of possibilities for financing the project were being considered.

"We do not intend using taxpayers' money for it and will be relying on private sector participation. Either we will go in on a joint basis with the private sector, with us providing the land as equity, or we will lease the land

"Although under present legislation it is not possible to let air space rights, if this legislation were to be changed we might even consider this," he said.

A senior city official said the council would do its utmost to help facilitate a convention centre being established, as the spin-offs for Cape Town would be immense.

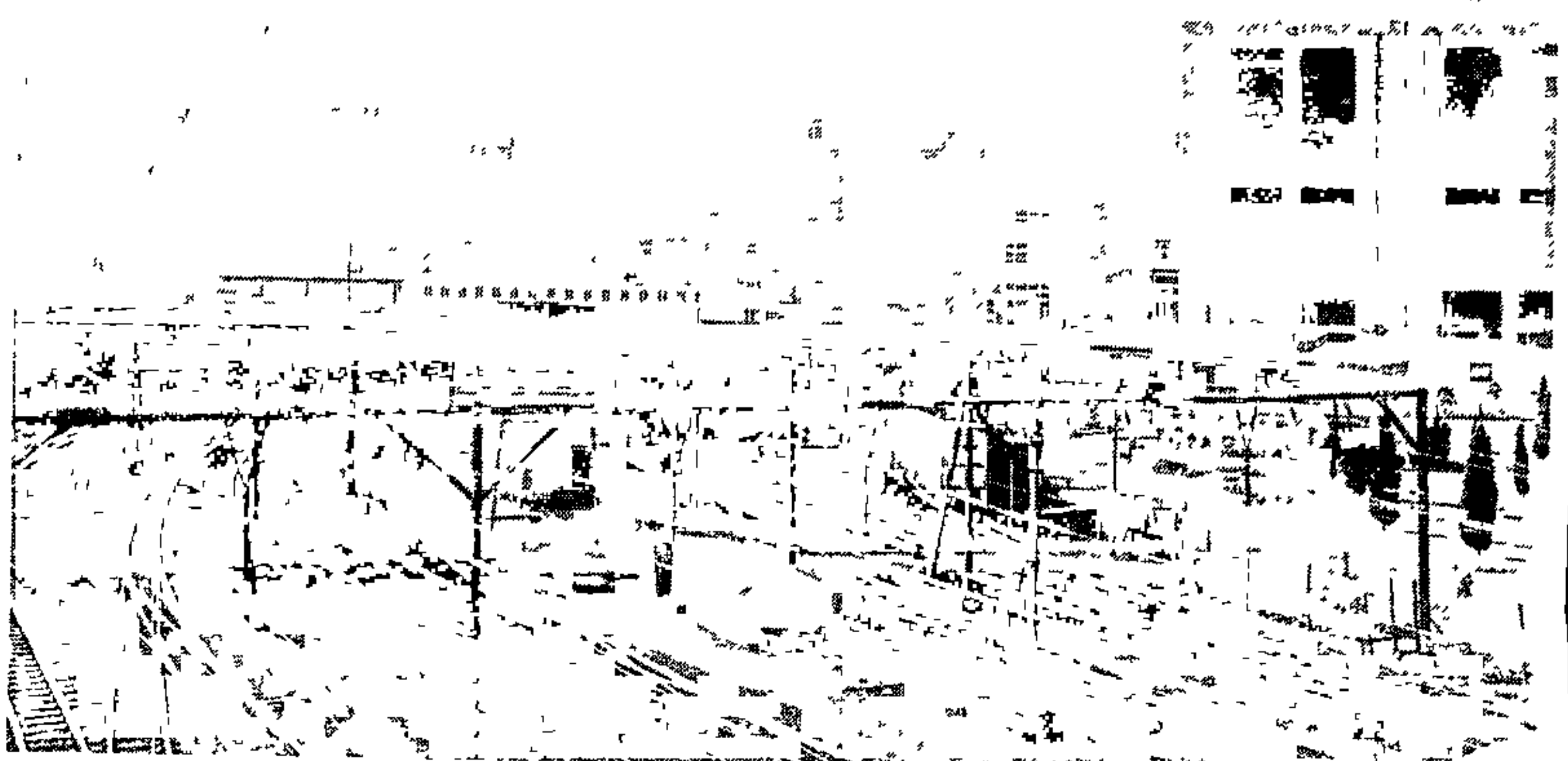
"Not only will it reinforce the whole initiative on the foreshore but it will act as a major draw-card for tourism"

The Cape Town project follows similar plans for the Johannesburg station, where a R600m redevelopment, including a convention centre, is already under way.

The first phase of the Johannesburg Tourist and Trade Convention Centre (JTCC) development involved the conversion of the Rotunda building near Johannesburg station into a luxury terminal for tour and inter-city coaches

The JTCC is to be constructed above the rail tracks between the Rissik and Harrison street bridges and would act as a link between Braamfontein and the Johannesburg CBD. Construction is due to begin towards the middle of next year.

The complex will include a convention centre for 2500, and the first international conference had already been booked for 1995.



**STATION DEVELOPMENT** ... A view of the 60ha Cape Town station site planned for major redevelopment which could cost as much as R400 million. Construction is expected to start within a year.

# Council plans permits and register for taxis

(269) CT 25/10/91

By DANIEL SIMON

CAPE TOWN City Council is to issue permits and keep its own register of minibus taxi drivers in anticipation of government plans to deregulate the Local Road Transportation Board in the next 18 months.

Sources yesterday said this would help to control the sheer size of the local minibus taxi industry and root out pirate taxis as records kept by the Local Road Transportation Board were a "shoddy mess"

Police yesterday disclosed that 9 000 minibus taxis were at present operated by Webta and Lagunya

Of this total, fewer than 1 000 minibus taxis were registered with the city council.

Details of who may operate a mini-

bus taxi and which routes they could ply were virtually non-existent as vital information on permit application forms had never been processed on computer by the Local Road Transportation Board, one source said

"The records are in a shoddy mess. At one point the board was issuing permits in batches and to get a permit on the township-to-city route required a Webta stamp on the back of each application form

"This caused untold problems, with Lagunya and now it is not even possible to establish who is who and who rides where," the source said.

Deputy city administrator Mr Alan Dolby said plans were under way for a new computerised minibus and permit register to be established by the city council

AIR LINKS FM 25/10/91 (269)  
**Bumpy ride to New York**

**SA Airways** is becoming concerned that the US government's delay in allowing the airline to resume its Johannesburg-New York

FM 25/10/91 (269)  
service will cause it to lose out on lucrative Christmas traffic.

"We're working on an exemption, which is faster than going for a permit, but one document is still causing problems," says Mary Pett, the US Department of Transportation's aviation specialist for Africa. "It's a bureaucratic problem"

Exactly what the hold up is she declines to divulge. In July she said October was a good bet for the first SAA flight to touch down in New York since sanctions stopped the service in 1986.

SAA's Zelda Roux says the airline is "hoping to start in November and be fully operational in December; if we don't hear soon, we may have to think more in terms of starting in December, which means a substantial loss in revenue."

With a permit, SAA could start flying to the US tomorrow. SAA has the crews, the aircraft, permission to fly into New York and a landing slot obtained from the Port Authority of New York & New Jersey, which controls local airports. The airline also has a fully operational sales office in New York, an agreement to make refuelling stops at Ilha da Sol, and arrangements for hotel rooms in New York for crews.

But it will take at least two weeks after US officials grant permission before SAA can market and fill a plane with passengers.

Meanwhile, there is also a lot of activity concerning SA's air links with the Far East. Roux says Singapore Airlines is considering starting a service to SA and has been holding talks with SAA. Jenny Kearney, GM of Travamarkt, which represents Singapore Airlines, says a senior airline official will come to SA soon to make an announcement.

SAA is eager to start flying to Australia, now possible because people-to-people sanctions were lifted this week by the Commonwealth countries. Qantas, the Australian national airline, will also probably serve the route. Qantas now offers the only direct flight between southern Africa and Australia, from Harare.

"The Far East is a very lucrative market and it's growing," Roux says. "Residents there are very keen travellers. The marketing campaigns of those airlines will whip up their enthusiasm and desire to come to SA, and many will want to fly here in their own national airlines."

Japan's lifting of sanctions this week has also sent the countries' airlines into action. Says Roux: "It has resulted in a flurry of meetings at SAA to decide how best we can benefit. We have never flown into Tokyo but we may, which means we could also call at Singapore." ■



# International transport implications

*S/Times (Buss) 27/10/91*  
PRACTICE Note 10 has been released to deal with Vat implications arising from the international transport of goods.

It defines agents and principals and their treatment of input credit refunds.

It is necessary to examine the relationship of the parties to the contract to determine whether they charge Vat on their services at the standard rate of 10% or 0%.

A principal enters into a contract in his own name and on his own liability. This means he will get an input tax deduction on all his inputs that allow him to provide services.

If a person acts as an agent on behalf of his customer, Vat will be a deduction in the hands of the customer. This is a disbursement by the agent which will be passed to the customer. The invoice must be passed to the principal so that he can claim Vat. There are no Vat implications in recovering a disbursement.

## Conditions

An exception to the rule is where goods and services are acquired by an agent on behalf of a foreign principal.

Provision is made for the agent to be treated as a principal in his own right for Vat. This means he will pay Vat at 10% on all the supplies made to him. He will claim this back from the Receiver of Revenue.

On the other hand, supplies by him to the foreign principal will be zero rated and the "agent" will be entitled to claim a refund of all Vat paid on inputs.

This treatment of an agent as a principal is allowed only under these conditions.

● The supply to the agent must have been taxed at the standard rate of 10%

● The supply must be directly connected with the export or import of goods, or their transport within SA.

● Both parties must agree that the agent will act as principal for the supplies

This arrangement is not possible where the agent acts for a principal who is an SA resident or a registered vendor.

The goods or services contemplated include clearing services, freight, storage, insurance, packing, cargo inspections, stevedoring and preparation of documents.

# Clearing up the ownership mystery

61000 28/10/91  
WHO owns Flitestar is a question that has been on many industry watchers' lips since the airline was officially launched two months ago

Flitestar is the trading name for Trek Airways.

Trek stopped flying in the early '70s and concentrated on another project, called Luxavia — the SA marketing company set up to sell cheap flight packages on Luxair aircraft to Europe.

Company MD Jan Blake took advantage of the planned deregulation of SA's domestic scheduled air services legislation and

applied for some of the operating licences (269)

Trek was successful and last December was awarded licences to operate in direct competition with SAA on routes between Johannesburg, Cape Town, Durban and Port Elizabeth.

Safmarine, part of the Safren Group, owns 38% of the company, Rentmeester Beleggings Ltd 43% and Muelkin (Pty) Ltd 19% of the shares.

Trek's board of directors is drawn from the ranks of these companies and is chaired by Safren chairman Alistair Macmillan.

# Rush for seats as SAA's New York link restored

MORE than 2 500 people had booked to fly SAA to New York, virtually filling flights for the first six weeks of operation after the resumption of the service next month, SAA spokesman Leon Els said yesterday.

This indicates a 150% increase in the number of outbound passengers from SA to the US over the same period last year when only 1 665 people flew with SAA, British Airways, Lufthansa, KLM, Varig and other international airlines to North America from SA.

SAA received permission to resume direct flights to New York on Friday. About 60% of the 2 500 SAA tickets sold by Saturday afternoon were special offer R2 999 Super Pex return fares made available for the first month of operation to the US, said Els.

Industry sources said that by Saturday afternoon all available Super Pex tickets had been sold, generating at least R500 000. These

PS/DAY 29/10/91  
LINDEN BIRNS

tickets had to be paid for by yesterday afternoon.

Els said the number of allocated seats varied according to each flight and was dependent on the profit yielded by each flight. It is believed the number of Super Pex seats made available on a typical 360-seater Boeing 747 flight varies between 30 and 100.

## Loss

"We can't afford to have all the seats on those first few flights being sold at R2 999, but we have made a number of seats available to passengers paying those fares," added Els.

British Airways Southern Africa GM Malcolm Freeman said yesterday BA stood to lose about 50% of its US-bound passengers from SA.

Last year BA carried 20 000 passengers between SA and the US via London. Freeman said the airline would still cater for passengers

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wanting to visit family, friends and business associates in the UK on their way to or from the US.

He said that between April and September BA experienced a 3% drop in passenger numbers on its flights to and from SA, but had recorded a 19% increase in turnover.

"We are carrying more first and business class passengers than ever before, so there's been a change in the passenger mix profile on our SA routes," added Freeman. He ascribed this change to the successful incentive schemes the airline had introduced for US-bound first or business class passengers from SA, who were upgraded to Concorde for their onward flight from London.

Lufthansa spokesman Karin Lambson said the airline did not foresee any major losses to SAA, as passengers flying to US cities other than New York would probably prefer transferring at Frankfurt — which was less congested than J F Kennedy airport — to flights taking them directly to cities they wanted to visit.



# Airlines' debt 'of Third World proportions' (269)

<sup>of 2000</sup>  
NAIROBI — The world's airlines are in such financial trouble they lose £8 every time they pick up an international passenger, according to the first official reckoning of the damage caused to the industry by the Gulf war and recession.

The top 200 airlines expect to lose a total of about £2.5bn this year on international services — more than all the profits accumulated by airlines in the past 80 years.

Although the number of domestic and international passengers is expected to reach 1990's level of a billion by Christmas, higher fuel bills and far less business class

*Bloay* 29/10/91  
**Own Correspondent**

travel have frustrated hopes of ending the year in the black. This follows a record loss of £1.5bn in 1990, not counting losses on domestic services.

The gloomy reading comes from a report by the International Air Transport Association (Iata) financial committee at the annual meeting which ends today.

So far this year, 23 airlines have disappeared and at least five more failures are expected before Christmas.

Iata director-general Gunther Eser said:

"The industry is bleeding to death. This kind of performance, repeated a few times, would mean the death of the industry."

He could identify only 20 out of 200 airlines that could confidently meet their debts.

While the airlines make record losses they cannot escape commitments made in the booming late 1980s to spend £10bn a year between now and 2005 on 4 000 new aircraft. One executive at the meeting said that almost overnight the airline world had been transformed to the status of a Third World debtor nation — Daily Telegraph.

# Move to end carnage on Soweto trains



By NKOPANE MAKOBANE

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THE South African Rail Commuter Corporation is to install metal detectors at entrances of several Soweto stations before the end of this week in an effort to curb the ongoing violence on the trains.

Mr Coen van Niekerk, the corporation's marketing manager, announced this during a media tour of stations on the East Rand and Johannesburg yesterday.

He said the detectors would be installed at some stations on a trial basis.

Van Niekerk said discussions with the police would continue at a high level to try and stop the violence.

He also announced that the capital programme to improve security at stations, which was originally planned for five years, would now be reduced to three years.

● To page 2

## Bid to end carnage

● From page 1

"This means that all the security structures which were supposed to be in place by the end of March 1995, will be completed by March 31, 1993

"The ultimate goal is to provide adequate police protection 24 hours a day on 250 of the corporation's 370 stations, including a charge office on each of the stations.

"The rest of the stations will be patrolled regularly. Stations will be further safeguarded by erecting security fences, improving lighting and ensuring stricter access control"

About 60 stations countrywide have already been upgraded at a cost of about R10 million, and another R18 million will be spent in the current financial year on another 157 stations

*Sowetan 30/10/91*

*Sowetan 30/10/91*

## Virgin to study SA's new air policy

B/day 18/11/91 LINDEN BIRNS (269)

A TOP executive from the UK's second biggest scheduled airline, Virgin Atlantic, is due in Johannesburg this morning for talks with government officials and others about flights to SA.

This comes in the wake of government's announcement on Friday of a new interim policy on international aviation which will open up SA air routes to more foreign airlines.

Virgin's manager in charge of setting up the SA route, Ed Hullah, left London for SA last night. Before leaving he said Virgin welcomed government's new approach.

He was not sure if the new policy would speed up the introduction of Virgin flights to SA. Virgin CE Richard Branson initially said his airline wanted to start flights between the UK and SA in 1993.

In terms of the new policy announced on Friday, government has agreed to renegotiate the current set of bilateral agreements with foreign governments.

Items for renegotiation include the possible scrapping of air tariff controls which

□ To Page 2

## Virgin

B/day 18/11/91 (269) □ From Page 1

are used to fix fares and protect SAA because of the costs incurred by having to fly around the Bulge of Africa.

Government has also agreed to allow more than one airline per country to have at least two scheduled flights a week to SA. This paves the way for flights by non-flag carriers such as Virgin and Lauda Air of Austria.

Provisos are that both governments agree to a renegotiated bilateral agreement, and that SA be allowed to match the number of additional flights to any country which introduces extra flights.

The interim policy will be effective until studies into a revised policy are completed and legislation finalised.

The new legislation also relaxes regulations restricting charter operations.

British Airways SA GM Malcolm Freeman said yesterday the airline's charter subsidiary Caledonian Airways would probably compete if approached by a tour operator to fly groups to SA.

Freeman said it was "highly unlikely" that a fares war would develop in the wake of the new policy. "Most current pricing is already at a low rate," he said.



LINDEN BIRNS

THIS year has been the worst on record for attempted attacks against commercial airliners.

Statistics compiled by one of the world's leading aerial terrorism research and investigation bureaus, Air Incident Research (AIR), disclose 64 known incidents occurred during the past year. Of those, 23 were hijack attempts, during which 136 people were killed and 49 hurt, there were 11 attacks on airports, killing 10 people and injuring three.

There were also four incidents involving the theft or attempted theft of 18 airliners, one attack on an airline office, and two violent incidents in flight which left four people dead.

Another disturbing occurrence — particularly in Angola — was the shooting down of commercial aircraft by surface-to-air (SAM) missiles. At least 22 other violent incidents occurred, including explosions on the ground where bombs hidden in baggage detonated during handling.

Between 1980 and the end of 1989, there were 695 violent attacks on civil aviation in which 2,990 people died and 1,606 were injured. These incidents included 62 bombings and bomb attempts, 24 SAM attacks, 16 air-to-air missile attacks, 281 hijackings, 65 attacks on airports, 68 attacks against airline offices, seven attacks against aircraft on the ground, 22 aircraft thefts, four attacks on airline executives and 145 unspecified violent incidents.

There were also 12 known attacks against VIP and corporate aircraft. Air's senior researcher, who asked not to be named for security reasons,

# 1991 is the worst year for terrorism against airliners

By Day 18/11/91 (269)

said one of the reasons for the increase in aviation terrorism was the light sentences handed down on attackers by the courts.

He was addressing an industry seminar in Johannesburg last week.

The other problem was the air of indifference on the part of several airlines and airport security authorities which adopted an "it won't happen to us" attitude.

State-sponsored hit-squads and vigilante groups were increasingly serving out punishment to aerial bombers and hijackers as legitimate courts failed to impose deterrent sentences on attackers.

## Bizarre

In some cases, governments had been known to pay protection money to terrorist groups in return for non-attack promises to their national airlines, he said.

A bizarre, but worrying, phenomenon was the way in which some groups financed attacks against commercial aviation. In Japan one group, which has been responsible for several attacks on Narita airport, pays its members salaries. The funds are raised through the selling of five-year bonds with 5% interest. In return the attackers guarantee that civil aviation

activities at Narita — a development opposed by some Japanese lobbyists — will be stopped.

People convicted for blowing up airliners, or for manufacturing or planting bombs for use against commercial aircraft, had served between three and five years' imprisonment.

"There have been times when governments and law enforcement agencies have debated whether it was worth actually trying to prosecute captured bombers, as they were afraid of retaliatory attacks.

Extradition of attackers was becoming more difficult as so many attacks were carried out on orders of a regime, and often with the personal involvement of senior government officials, he said.

This had led to the prosecuting government sponsoring hit-squads to capture bombers, or the authors of their plans, and bring them to justice.

In other cases, such as in the aftermath of the Latin American Avianca bombing in 1989, vigilante groups, thought to be acting on behalf of victims' relatives, delivered their own form of justice against bombers.

In this case, two of the bombers were found dead in a ravine near the airport from which the doomed plane had taken off. They had been shot several times and a note left on the bodies

stated that their deaths were to avenge the innocent lives lost after the airline's Boeing 727 was blown up.

An ethical question raised recently was whether terrorists should be allowed to profit financially from catatrophes they had caused.

The woman who blew up a Korean Airways Boeing 707 over Thailand, in 1989 was released from jail just over a year after her arrest. She has since earned \$1m from a book in which she described how she and her accomplice blew up the plane "in protest against South Koreans being kept under the yoke of US imperialism".

## Photographs

Looters have become another problem. This is especially so when investigating authorities are looking for clues as to why a crash occurred, and also when airlines are asked by next-of-kin to return valuables.

More than 20,000 looters were counted on aerial photographs taken at the Lauda Air crash site in Thailand earlier this year. The photos showed an eight-mile-long traffic jam leading to the site. The researcher said looting was not a problem only in Third World countries. Cases had been recorded in SA and the UK.

He said if the commercial aviation industry and law enforcement agencies were to combat attacks, then they would need to co-operate in making studies of previous incidents available, and would also have to bury any inter-professional rivalries that got in the way of thorough investigation.

There was no need for capital intensive equipment investments as no technology had been developed to successfully detect the small and sophisticated explosive devices used by bombers today.

Security officials at airports should rather train and monitor staff who used X-ray and other detection equipment already in service.

He called for better use to be made of passenger profile questioning which could identify possible terrorists.

Another recent trend has been the planting and "detection" of bombs by security staff eager to prove to their bosses that security was still a problem and they were still needed.

"Staff who carry out the demoralising tasks of manning X-ray machines and such, need to be given support and recognition for their efforts," he said.

It was a spurious argument that if security measures were divulged, attackers would learn the loopholes in airport security. "The terrorists are way ahead of authorities on those issues," the researcher said.

Directorate of Civil Aviation airport security and administrative director Louw Booysse said staff at SA airports were adequately trained.

There had not been a hijacking in SA since 1972, although there had been several reported incidents of stowaways and unauthorised people crossing the runways.

# SAA 'carries cargo for Armscor'

SAA passenger jets do carry cargo for Armscor and some of these could be "dangerous goods" as defined by the International Air Transport Association (Iata), an SAA spokesman said at the weekend.

He would not say what the freight was, but said all transportation nevertheless adhered strictly to Iata regulations.

Reports have claimed that quantities of red phosphorous, used in the manufacture of matches and napalm, were flown on SAA's Boeing 747 Helderberg, which caught fire and crashed off Mauritius four years ago. It was subsequently pointed out that the phosphorous was shipped to SA on the container ship SAS Helderberg.

However, the airline's chief media liaison official Leon Els said SAA "has and

LINDEN BIRNS

does" transport goods for Armscor.

"It's not for us (SAA) to divulge the contents of any of our clients' cargo consignments, be they Armscor or Pick 'n Pay," he said. (269) (255)

Els said consignees were compelled to divulge the contents of cargoes in writing to an agent.

A leading aviation researcher said SAA could face commercial repercussions over dealings with Armscor. Its safety and non-military image could be tarnished, said the researcher, who asked not to be named.

Els said SAA was not worried by such implications as it always carried freight in accordance with Iata rules, as did other reputable airlines

16/11/80  
S/S



# 14 injured as umbrella ploy defeats detectors

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Sowetan 19/11/91

**POLICEMEN armed with metal detectors were deployed at Soweto stations yesterday in a bid to halt the train carnage.**

But 14 people were injured when weapons hidden in umbrellas were smuggled aboard a train.

The ploy to beat the multimillion rand train security campaign launched yesterday enabled men to get aboard commuter trains armed with pangas and knobkerries.

Fourteen commuters were injured in fighting aboard a moving train yesterday morning, said police.

It was not clear whether those who smuggled the weapons through the metal detectors had planned to attack commuters, or carried the weapons for protection on the violence-ridden trains.

The decision to use the metal detectors is part of a grand plan announced by the South African Rail Commuter Corporation to speed up its security programme.

Thousands of black Reef commuters have stopped using trains because of the

**Sowetan Correspondent and  
NKOPANE MAKOBANE**

daily attacks on passengers

Referring to yesterday's violence, Lieutenant-Colonel Tienie Halgryn of the Soweto police said the armed men boarded the train at Kiptown Station about 6.15 am.

Police believe they had hidden their weapons, including pangas and knobkerries in umbrellas, which automatically cause the hand-held metal detectors to emit a sound.

Mr Coen van Niekerk, marketing manager of the SA Rail Commuter Corporation, declined to comment on the attack, stressing that the devices were being operated by the police.

The ultimate goal was to provide adequate police protection around the clock at 250 of 370 stations.

A spokesman for Baragwanath Hospital said they treated about 14 people for bruises.

None of the injured was serious.



**A policeman passes a metal detector over a commuter at Nancefield railway station yesterday. The detectors have been introduced in Soweto in an attempt to curb train attacks. Pic: PAT SEBOKO**



# CBD support for transport plan

By Frank Jeans

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A mass transport system for Johannesburg, proposed in a report by the Department of Transport, has been welcomed by the Central Business District Association (CBDA)

Bernard Snodyk, deputy chairman of the association, says: "The implementation of the Masetran proposals will stimulate growth across a broad spectrum of the

central Witwatersrand and eventually the entire PWV area."

Mr Snodyk, who is an executive director of Sage Properties, now urges the stimulation of public debate aimed at creating a joint venture partnership between the private and public sectors to control the implementation of the proposals.

"A regional transport company, comprising all parties, municipalities,

the State, black taxi associations, private bus companies should be considered," he says.

Commenting on the plan for the reintroduction of a tram system, Mr Snodyk says trams are "environmentally friendly" and operate with minimum disruption

"Cities around the world are bringing the trams back and finding they are very effective"

Calling for implemen-

tation of the proposals without delay, Mr Snodyk estimates that the population of central Witwatersrand will increase from the current 4,5 million to about 8,5 million by the year 2005.

By that year 98 per cent of the presently zoned residential land will be occupied. High population concentrations will also be seen in south-west, south-east and northern sectors.

stev 19/11/91

## Belt up in the back seat, too, says traffic committee

**Municipal Reporter**

BACK-SEAT passengers in cars fitted with rear seat belts should be forced by law to wear them, the city council executive committee has recommended.

A motion is to be put before the Cape Province Municipal Association at its congress next year to endorse the call.

The Road Traffic Act says the driver and front seat passenger of a car or minibus must wear seat belts. But, while many new cars have rear

belts, wearing them is not compulsory.

Commenting on the proposal, traffic manager Mr Wouter Smit said such a move would be a step in the right direction because the number of severe injuries had decreased since the wearing of seat belts had been made compulsory.

"Unfortunately the present national wearing rate for front-seat belts is about 50 percent and the wearing rate in rear seats would no doubt be even less," he said.

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# Air

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# fares cut

Own Correspondent

**JOHANNESBURG.** — The first shot in what could be an air fare price war in South Africa was fired yesterday when the new airline, Flitestar, offered discount fares over the holiday season.

Flitestar, which began domestic operations five weeks ago, is offering the cheaper flights over the December and January holiday season.

The airline has focused on the business travel sector, but is making adjustments to its fare structures for the holiday season, when traditionally business travel slumps.

The managing director, Mr Jan Blake, said Flitestar was currently operating on 50% average load factors, having recorded a weekly growth of

15% to 20% since its launch.

South African Airways spokesman Mr Leon Els said that SAA already offered a number of discount fares.

"We will, however, continue to monitor the situation and, if necessary, make adaptations, but at this stage we do not foresee any radical changes in fare structures as regards the festive holiday season."

He said that while Flitestar operations would "definitely have an effect on the domestic market, we will continue to aggressively market and improve our own service".

GUY OLIVER reports that the Soviet airline Aeroflot could, soon operate from Cape Town.

Meanwhile, South Africans can for the first time book on the airline to fly from Zambia or Zimbabwe to Aeroflot's world-wide destinations.

Landing rights negotiations at Namibia's Windhoek Airport could tie Cape Town into an alternative international tourist route by-passing Johannesburg.

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# Public corporations' investment 'could dive'

Biday 20/11/91 269

SHARON WOOD

PUBLIC corporation fixed investment could plunge by a real 10% this year and 20% next year, says the Bureau for Economic Research (BER)

The decline will be a result of the expected end of the Mossgas project next year, which boosted public corporation fixed investment in 1989 and 1990, and the lack of investment by other public corporations because of existing spare capacity.

There was a sharp decline in public corporation fixed investment in the '80s, due largely to surplus capacity which accumulated during the '70s. Increased Mossgas investment saw investment rise by a real 25,6% in 1989 and by 4,2% in 1990.

The BER says work on this project has been completed and in the second quarter of 1991 the positive growth rate reversed course to show a decline of 4,8%.

Transnet economist Ulrich Joubert says: "Public corporations are under pressure not to invest large volumes of money because of the spare capacity that exists and, thus, there is unlikely to be new capital investment by them in the next few years." But the demand for capital investment may increase during the decade with new markets opening up in Africa and the rest of the world

New markets will particularly affect Spoornet and SAA capital expenditure levels, says Joubert. "But the business community will have to move into these markets first before public corporations expand their operations," he says.

The opening up of new markets is unlikely to increase investment substantially in the next two years. SAA is planning to update its fleet, but this will only take place in the second half of this decade and will replace old aircraft rather than expand the existing fleet.

Joubert said the sectors which will probably benefit sooner from markets opening up are trade in coal and iron ore.

Other areas where public corporations can expand capacity are in providing electricity and telephones in the black townships, says Joubert.

Joubert says the impact of Mossgas on public corporation investment will depend on whether there is further expansion around the project.

However, if a speculated Mossgas II project materialises, this will probably be financed by private sector interests rather than public corporations.

# McDonnell Douglas seeks aircraft deal with SAA

LINDEN BIRNS

THE US's second biggest commercial aircraft manufacturer, McDonnell Douglas, wants to persuade SAA to buy its proposed new MD-12 to the airline's ageing Boeing 747-200s

SAA last purchased DC-7 four-engined propeller airliners from the Douglas Aircraft Company (now merged with McDonnell) in the 1960s. These were used to complement Boeing 707 jetliners on the airline's European flights during that decade.

The MD-12 will be as big, if not larger than a Boeing 747, offering 70% more containerised cargo capacity than the 747, and able to carry up to 520 passengers in an all-economy configuration, or about 375 passengers in a traditional three-class layout. Its designers have promised that the aircraft will have a non-stop full payload range of about 9 200 statute miles (about 14 700 km).

McDonnell Douglas has not yet released a price for the aircraft.

SAA was identified by McDonnell Douglas as a prime potential customer,

as the airline is planning a wide-bodied aircraft fleet update to start in the second half of the 1990s.

McDonnell Douglas's commercial marketing area manager for the UK and Africa, Ronald Howell, will visit SA next month and will meet SAA executives to discuss the MD-12.

The company is eager to re-establish a presence in SA, which it sees as an important strategic base to support further sales in the region.

Last year McDonnell Douglas lost a deal to equip Flitestar with aircraft. That airline chose to lease Airbus A320s through Irish-based Guinness Peat Aviation.

McDonnell Douglas only recently received its board of director's authority to offer the MD-12 to potential customers. The project will go into a prototype production and development phase once sufficient orders have been obtained. It plans to launch the programme next year.

I.R.M SOULES

CURRICULUM VITAE

LINDEN BIRNS

FLITESTAR will offer discount fares on all its flights over the December and January holiday season as the fledgling airline starts making inroads into SAA's share of the domestic air market (269) (33)

The airline, which began domestic operations five weeks ago, has focused on the business travel sector, but is making adjustments to its fare structures for the holiday season while business travel enters its traditional temporary slump.

MD Jan Blake said Flitestar was currently operating on 50% average load factors, having recorded weekly growth of about 15% to 20% since its launch

Flitestar did not expect high load factors for the first four to six months of operation,

## Flitestar lines up festive discounts

he added, while "proving" itself to the market. By the end of January it expected to be running on 60% load factors.

He attributed the airline's growth to a slight shift in the market from SAA to Flitestar (Monday 20/11/91).

SAA spokesman Leon Els confirmed that since Flitestar began operating SAA load factors had declined slightly from the upper-70% to the low- and mid-70% mark.

On Monday Flitestar took delivery of an ATR 72 turbo-prop airliner for use on west and east coast services. A second ATR 72 is due for delivery towards the end of December.



# Discount air fare from SAA

269  
CT 21/11/91

## Own Correspondent

JOHANNESBURG. — SAA yesterday launched a discount air fare allowing travellers to visit up to five Southern African countries for \$999 (R2 800)

The See Southern Africa ticket consists of five coupons valid for flights on SAA, Air Botswana, Lesotho Airways, Air Malawi, LAM of Mozambique, Air Namibia, Royal Swazi Airlines, Zambian Airways and Air Zimbabwe. Two extra coupons can be purchased for \$80 (R240) each.

The economy-class tickets are valid for a minimum of six days and a maximum of one month.

SAA said yesterday that for every flight, passengers have a choice of travelling on the national carrier of one of the two link-up countries.

SAA's Mr Mike Pfeiffer said the offer was designed to promote tourism in Southern Africa.

Meanwhile, two Flitestar flights failed to take off from DF Malan Airport yesterday afternoon, leaving more than 40 people — including foreign tourists — stranded.

A passenger, city journalist Ms Sylvia Vollenhoven, said last night that the 4.30pm Flitestar flight to George taxied down the runway but stopped "with smoke billowing from one of the engines".

"We were told that there was a slight technical problem, while the plane was surrounded by fire engines, and we had to evacuate," she said.

She added that almost three hours later, a second plane was obtained but its engines failed. Foreign journalists travelling with Ms Vollenhoven were "flabbergasted" at the poor service and the "nonchalance" of Flitestar staff, she said.

A Flitestar spokesman said last night that the two planes had not been flying "under the banner of Flitestar" but were being operated by Safair.

Flitestar had "taken over" Safair, but had not yet introduced their own planes on the Air Cape routes, he said.

● Sator expects the number of British tourists visiting South Africa next year to be up 10% on 1991, as tour operators capitalise on the country's growing international reputation for nature conservation.

AROUND THE WORLD

# SA-Maputo train mined

*Sowetan*

*21/11/91*

*269*

*[scribble]*

**MAPUTO - A goods train travelling from South Africa to Maputo hit a mine placed on the tracks and burst into flames, according to Mozambican authorities.**

A spokesman for Mozambique Railways southern division told the daily newspaper, Noticias the ambush took place about four kilometres from the border town of Ressano Garcia on Monday. The train was carrying a cargo of coal.

All crew members escaped unharmed; but the damage to the train is said to be severe. It was still burning by nightfall.

The railways spokesman could not speculate about who had laid the mines, but it is believed to be the work of Renamo, which has frequently ambushed trains along the Maputo-South Africa line.

Meanwhile military authorities claim to have killed nine members of a Renamo gang who attacked a convoy last Friday in Tete province.

The convoy, consisting of 170 trucks, mainly from South Africa, Zimbabwe and Malawi was travelling along the Tete corridor, the road linking Zimbabwe to Malawi that runs through the province.

In the ambush the raiders killed

two Mozambican soldiers, and wounded six civilians, including a Zimbabwean driver.

In June this year Renamo leader Mr Afonso Dhlakama pledged that trucks using the Tete corridor would not be attacked, in accordance with an agreement signed in Rome last December.

Until December last year, convoys in the corridor were defended by units of the Zimbabwe national army, but under the Rome agreement all the Zimbabweans were withdrawn from Tete.

The authorities have also announced that the death toll in Saturday's raid against the Maputo sub-

urb of Zona Verde has risen from seven to 11. Four more people died in hospital.

A band of unidentified armed men surrounded a group of local residents who were enjoying themselves at stalls selling food and drink. The raiders opened fire indiscriminately, and then looted the stalls.

The owner of one of the stalls said he could not understand how raiders could attack with impunity "because just 300 metres away there are barracks which under normal circumstances should have responded to the raid" - *Sowetan Africa News Service*



# It's a deal as SAA offers travel perk

SOUTH African Airways has joined hands with several southern African airlines to offer discount travel packages covering five zones

The "See Southern Africa" package - aimed at promoting tourism on the sub-continent - is a special deal allowing visits to a maximum of five countries at no extra airfare

The airline said this week that for every flight, passengers had a choice of travelling on the national carrier of one of the link-up countries.

SAA spokesman Mr Mike Pheiffer said "For

## travel perk

Sowetan 22/11/91

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instance, a person travelling between South Africa and Malawi can make use of either country's airline."

Countries taking part are South Africa, Botswana, Lesotho, Malawi, Mozambique, Namibia, Swaziland, Zambia and Zimbabwe.

Pheiffer added, "The package incorporates five coupons and sells at a flat rate of US\$999, irrespective of distance covered,

and a further two coupons may be acquired at US\$80 each.

"The purpose of introducing this facility is to meet an urgent need to promote tourism within the South African region"

The airfare level in dollars is converted to the currency of the country of sale and at the exchange rate of the International Airline Transport Association - a rate which is generally revised on a

quarterly basis

The package is available on economy class and will be sold throughout the world. The deal is valid for a minimum stay of six days and a maximum of one month.

● South Africa's fledgling Flitestar Airlines has also announced discount fares on domestic flights during the December and January holiday seasons.

The move has been described as an adjustment for the holiday season while the airline's target business-class market enters the traditional holiday slump - Sapa.



THE recent survey into the quality of service at Jan Smuts Airport has revealed complaints about inadequate facilities, hostile officials and lengthy waiting periods

The survey was conducted in June this year following complaints received by South African Tourism Board

Though no pattern of discrimination against either race or sex were shown by about 1 000 interviewed local and overseas respondents, Satour said complaints of "too slow", "baggage lost" and "paid too much in

# Airport survey reveals anger

By ISAAC MOLEDI

taxes" were reflected.

The results of the investigation revealed that most complaints were linked to inadequate facilities in the airport complex itself

A similar survey at

DF Malan Airport in Cape Town revealed similar findings, although the proportion of dissatisfied customers was higher

Of those interviewed, 90,6 percent felt positive about customs services, while 89,2 percent felt positive about immigration services

"This can in part be attributed to the sporadic services provided by immigration and customs officials who do not operate at the airport on a permanent basis owing to fewer international flights," Satour said in a statement.

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# 'High subsidies keep commuters going'

Municipal Reporter

THE government spends R1 300 a year on every commuter who travels from Khayelitsha to Bellville.

This is the cost of transport subsidies, according to a study by two UCT professors.

In their book entitled "South African Cities: A Manifesto for Change", Professors David Dewar and Roelof Uytend

gaardt of the Urban Problems Research Unit at UCT said no city or state could afford to pay such high costs indefinitely.

A rapidly-increasing number of middle-income families, with cars, were feeling the economic pinch of coping with long distances to work, they wrote.

"The political consequence of withdrawing subsidies, given the existing structure and form of the city, would be devastat-

ing," they wrote.

They calculated the subsidy figure for 1988. In that year, the subsidy on train travel was even higher, the professors said.

They were arguing against the kind of urban planning which has led to a sprawling city of low residential density with long commuting distances.

A lot of planning was done on the assumption that it was still sustainable to build free-stand-

ing houses as the basic unit of urban development; that most adults would get formal-sector jobs; and mobility would be based on car ownership.

"These are middle-class perceptions which fail to describe the reality faced by the majority of people," the professors said.

The professors advocated a policy of "imploding growth" through promoting higher densities.

(269) CT 25/11/91

# Transnet's Elfi issue reaches R780m

Bloem 25/11/91

ROBERT GENTLE

SUN CITY — Transnet, the state transportation company, has announced its Elfi III (equity-linked fixed interest) debt issue has grown to R780m, with about a third of the total in foreign hands

This represents an increase of 26% compared to the R618m issue size announced earlier this year when Elfi III was launched

Speaking at the SA Futures Industry Association conference, Transnet chief dealer Hercu Bloem said the R780m only represented Elfi stock on Transnet's books and the total figure in the market was probably close to R1bn.

He said the next Elfi issue, Elfi IV,

was scheduled for launch in April 1992. It would either take the form of a rollover, a completely new one or a combination of the two.

Elfi is a two year loan stock issued by Transnet and guaranteed by government. Besides offering an annual coupon, it is split into so-called bull and bear tranche increases in value.

Investors holding Elfi therefore having diverging views of the market and are able to hedge their exposure by trading in the corresponding all share index future contract listed on the SA Futures Exchange (Safex).

Bloem said there had been new sales

of bear and bull tranches as investors tailored their portfolios to recent market movements (269)

He said investors were increasingly switching between Elfis and futures to exploit pricing inefficiencies. Arbitrage operations, as they are known, had made investors "risk-free profits" of between R5 000 and R100 000 per R1m of stock.

Bloem invited delegates to use such arbitrage operations.

The increasing use of Elfi III in the market was reflected in activity in the March 1993 all share index futures contract trading on Safex, he said. It accounted for over 80% of the open interest in this contract



# Pilots slam Jan Smuts security

Own Correspondent

JOHANNESBURG. — Security at Jan Smuts Airport's cargo centre has been described as inadequate and worrying by officials and pilots.

Staff of several European airlines claim they have brought shortcomings to the attention of the Directorate of Civil Aviation, but say there has been no response.

An SAA Pilots' Association spokesman, who asked not to be named, said pilots were worried about security conditions, specifically explosive-detection facilities, at the airport.

Cargo Operators Committee chairman Mr Wally Hoddinott said. "In comparison with cargo security at European airports, Jan Smuts is inadequate."

SAA, Swissair, BA, Lufthansa and SAA spokesmen all confirmed that only random inspections were made of cargo, unless items were being sent to high-risk destinations such as Israel or Libya.

# Train fares to increase

ET 28/11/91 (269)

By CHRIS BATEMAN

A NATIONWIDE suburban train fare hike of 15% from January is expected to be announced by the South African Rail Commuter Corporation tomorrow.

The corporation's metro services manager, Mr Roelie Snyders, yesterday reluctantly confirmed the national "inflation-linked" suburban train fare hike for next year.

While he declined to say when or by how much, it was learnt from other sources that the figure is 15% and that it will be introduced in January.

This means that the price of a third-class weekly train ticket from Mitchells Plain to Cape Town (30km) will rise from R8,30 to R9,54 and a monthly from R32,50 to R37,37, while the one-way ticket will increase from R1,80 to R2,07.

First-class weekly ticket prices on the same line will increase from R30,50 to R35,07 and monthly tickets from R112,00 to R128,80. The one-way ticket price will rise from R4,10 to R4,71.

Mr Snyders said the corporation's last fare increase for suburban trains had been 10% on April 1 this year.

Reasons he gave for the latest hike included "compensation for inflation", the spending of R80 million this year by the corporation on upgrading stations and the intended spending of R250m on upgrading station security by March 1993.

Mr Snyders also confirmed current subsidy negotiations with the government.

On the Bellville/Cape Town line (19km) the third-class weekly ticket price will increase from R6,50 to R7,47, a monthly from R25,50 to R29,32 and a one-way daily from R1,20 to R1,38.

The first-class one-way ticket will leap from R2,70 to R3,10. First-class weeklies will rise from R21,50 to R24,72 and monthlies from R79 to R90,85.

Mr Snyders urged commuters to buy the cheaper monthly or weekly tickets.

# Train fares to go up 'twice a year'

JOHANNESBURG. — Suburban train fares will increase by 15% from January 1, with more above-inflation increases provisionally scheduled for twice a year until 1996, the South African Rail Commuter Corporation announced yesterday.

Chairman Dr Bart Grove said the increases, which would average around five percent above inflation each year, were necessary to keep up with inflation.

Managing director Dr Kobus Nel said the fare hikes would increase the present 26% contribution made by commuter fares towards the total cost of rail commuter transport to 40% in 1996.

He said this would still be less than the world norm of 45%-55%.

Professor Brian Kantor, head of the Department of Economics at the University of Cape Town, said at the Cape Times Businessman of the Year Lunch on Thursday that a 15% fare hike, predicted in Thursday's Cape Times, was too high in the context of fighting inflation.

Dr Grove said that suburban rail travel was still cheaper than buses or and minibuses.



# SAA objects <sup>209</sup> to charter rival

Own Correspondent

JOHANNESBURG — South African Airways yesterday objected to a rival airline competing with it on flights to destinations in Africa and the Indian Ocean

SAA lawyers claimed the airline was legally entitled to "absolute protection from competition"

They lodged a formal objection with the National Transport Commission against a proposal by Johannesburg charter firm, Air Supply, to use a small Malawi-registered airliner for charter flights to African and Indian Ocean island destinations

The objection comes just two weeks after the deregulation of South Africa's international civil-aviation code which included the relaxation of constraints on charter flights

Air Supply's application to the commission for an amendment to its non-scheduled air services licence so that it could use a 100-seater British Aerospace BAe 1-11 airliner was published in the Government Gazette on November 1

SAA's Africa pool agreements manager Mr J P Maritz objected on the grounds that the aircraft would harm SAA's regional operations. SAA, in association with its pool partners, had "incurred great expense to develop the markets"

# Rail commuters face another big fare rise

SHARKEY ISAACS  
Transport Reporter

(269)

SUBURBAN rail commuters face a 15 percent fare increase in January — just eight months after the price of tickets went up 10 percent.

Announcing the increases today, SA Rail Commuter Corporation chairman Dr E L. Grové said the new fares were necessary to keep abreast of inflation and costs.

Even after the increase, fares made up only 27 percent of running costs, he said.

Suburban fares, despite the increases, were still lower than other modes of passenger transport, in some instances as much as 50 percent, Dr Grové said.

The price of a third-class weekly train ticket, from

Aug 29, 1991  
Mitchell's Plain to Cape Town (30km) will rise from R8,10 to R9,30 and a monthly from R31,50 to R36,50 while a single journey ticket increase from R1,70 to R1,90.

A first-class weekly ticket on the same line increases from R29 to R33,50 and a monthly from R108 to R124. A one-way single journey goes up from R3,90 to R4,50.

On the Bellville-Cape Town line (19km) the third-class weekly ticket goes up from R6,50 to R7,50, a monthly from R25,29 to R29 and a single journey from R1,20 to R1,40.

The first-class one-way ticket will go up from R2,70 to R3,10. First-class weeklies rise from R21,50 to R24,50 and monthlies from R79 to R91.

● Food prices soar: See pages 2 and 25.



## INTERNATIONAL AIR TRAVEL

# Cracking the cosy cartels

FM 29/11/91

269

SA finally has taken the first step towards liberalising international air traffic and even this mild interim measure promises to open cracks in the airline cartels that have long forced up prices and limited flights

UK-based Virgin Atlantic Airways, which shook up the north Atlantic and London-Tokyo routes with its combination of extra service and lower fares, may now have the opening it needs to enter the London-Johannesburg market

Under the new policy announced this month by the Minister of Transport, Virgin could be allowed to charge the fares it wants, raising the prospect of the type of price war that spurred traffic from London to the US during the Eighties

Fares from SA to London are considered to be nearly twice as high as they would be under unregulated, free market conditions, so it is not surprising that the route is one of British Airways' most lucrative. With 20 flights a week, it is SA's busiest international route and for decades only BA and SA Airways have been allowed to serve that market

Virgin's maiden flight to SA, however, is many months off. The airline already has a British Civil Aviation Authority licence to fly to SA, but it needs to obtain other licences and buy additional aircraft before it begins operations.

Says Virgin spokeswoman Christina Bruce from London "We expect to fly there by about March 1993, but hope to start sooner. We'll do what we did in Japan. By charging affordable fares, we'll break the duopoly that has been making a packet for years by keeping fares artificially high"

Malcolm Freeman, BA's manager for SA, makes it clear he does not fear a price war with Virgin "By international standards, the whole aviation scene in SA is highly regulated. So I welcome any breaking down of this policy, particularly in the area of pricing, which will enable us to determine our own fares. Fares were kept high to protect SAA, which had a higher cost structure while it had to fly around the bulge of Africa (because of sanctions)"

SAA, for its part, declines to comment.

While the new policy might allow Virgin to undercut the competition on fares, getting clearance for any new flights is the difficult part. For the first time, the policy allows two or more airlines from each country to fly on a route. Formerly, routes were limited to just one airline from each country. But those additional airlines must still get permission from the countries where they are based.

In Virgin's case, it must convince the British authorities to take away flights from BA, which is unthinkable, or convince them the market has grown and additional flights



should be added and given to Virgin, which is more likely. In that case, the UK Department of Transport would negotiate a new agreement with the SA authorities to expand the number of flights.

BA would try to block that effort. "We have been in SA for 50 years and have five offices here," Freeman says. "We have poured millions into SA. We have spent millions developing the route both ways and there is no way we'll hand anything to any other airline on a plate."

"However, the market here is taking off and by next year, there may be a need for 12 flights a week out of Britain by a British airline (there are now 10)."

Virgin has been fabulously successful with just eight aircraft. Founded in 1983, it has captured 6% of the North Atlantic business. In the year to October 1, which includes the Gulf War that brought many airlines to their knees, Virgin enjoyed an average load factor of 79.4%.

"Our chairman, Richard Branson, started the airline because he got sick and tired of paying the earth to fly first class on other airlines and being left with the feeling that he had had a low-class bus ride," Bruce says.

Virgin has made a mark with its low-cost, first-class service, which it calls upper class. Customers get picked up at home or business and taken to the airport. At the other end, they're driven to their hotel or appointment. To top it off, upper-class return tickets come with two free economy class tickets that can be used by friends or colleagues.

As for economy seats, Bruce claims Virgin's cheapest return fare between London and New York, at £259, is £40 below the next lowest rate on offer from competitors.

Virgin's arrival and the advent of lower fares on SA's most popular foreign route would be the most dramatic result of the air liberalisation, but the new policy will open up international air travel in other ways. For example, in slack periods, fares to other

overseas destinations could drop. Airlines could begin to use Cape Town and Durban as fully fledged gateways.

The long-contentious issue of charter flights is addressed. Now they will be allowed during December and January, when scheduled flights are normally booked, but not out of season, when scheduled carriers sometimes struggle to fill their planes.

And charter aircraft will not have to fly back empty. They will have the right to pick up passengers in SA. In addition, they will be allowed to operate regular flights on routes that are not served by scheduled airlines, such as to India and Egypt.

One of the aims of the new policy is to promote tourism, but Peter Hearfield, executive director of the Federated Hospitality Association of SA, believes SAA will remain heavily protected, at the expense of tourism. He says many more charter flights should be allowed from May to September, when SA's European and North American target market goes on holiday.

"If those planes were allowed in then and each one brought in 300 tourists at lower fares than the scheduled airlines and if each tourist stayed here for 14 days, it would mean a tremendous increase in business for the tourism industry."

BA's Freeman says: "Tourism to SA needs to be encouraged, but, by continuing to control the number of scheduled flights at this end, it won't happen."

But Japie Smit, commissioner of civil aviation, indicates that more deregulation is in the wings next year. He says the policy is an interim measure that will be followed by a policy document early next year and then by an Act. "More can be expected."

The easing of the charter regulations has caught Lufthansa's eye. Spokeswoman Karin Lambson says her company's sister airline, Condor, operates charter flights and might be interested in flying to SA. Lufthansa is looking at the naming of Durban and Cape Town as gateways.

Zvi Pomagrin, El Al's GM for southern Africa, says he "welcomes all positive developments, but I'm still worried that the two governments have to agree. That can stifle traffic if SAA doesn't want to increase the flights between Israel and SA and we do."

KLM GM Peter Jansen says KLM anticipated the development and will increase its flights from two to three a week, "and we'll go to Cape Town twice a week as soon as possible."

Federico Traversi, Alitalia's GM for southern Africa, takes the usual view of a State airline seeking to avoid competition. He says he does not believe there is enough



FM - 29/11/91 (269)  
first-class hotel accommodation in SA to  
warrant a big increase in flights from Europe  
(not considering that companies might build  
more hotels) He says a price war won't  
increase the number of travellers, it will only  
hurt airlines

*David Pincus*

## Bid to entice more UK visitors

KIN BENTLEY

LONDON — SA announced a new low-cost, short-stay programme of tours to SA at the World Travel Market yesterday. This is aimed at enticing more British visitors to the country "out of season"

It has long been the objective of the tourism industry in SA to extend the holiday season beyond the traditionally popular Christmas and Easter

The new programme, to be known as the "Iza Uzobona (Come and see) Sun Special", is a joint venture by SARtravel, Southern Sun Hotels and Sun International. They have appointed SAA as official carrier and the tours are being marketed in the UK by SARtravel

SAA marketing manager John Matthews said the aim of the programme was to "open up a new market from the established up-market, long-stay visits".

Targeted by the programme are younger people in jobs who cannot spend much time away from home and would prefer shorter, less expensive holidays out of season.

It was introduced to journalists at an audiovisual presentation in SAA's own purpose-built theatre with aircraft-style interior

SAA has one of its biggest and busiest stands at the World Travel Market. Its huge 1.5-ton banner over the main entrance is the largest silk-screen banner in London

# SAA opposes charter flight application

LINDEN BIRNS

(269)

SAA lawyers yesterday claimed the airline was legally entitled to "absolute protection from competition" when they lodged a formal objection with the National Transport Commission against a proposal by Johannesburg charter firm Air Supply to use a small Malawi-registered airliner for charter flights to African and Indian Ocean island destinations *6/Day 29/11/91*

The objection comes just two weeks after the Transport Department approved the immediate implementation of an interim policy deregulating SA's international civil aviation code which included the relaxation of constraints on charter flights.

Charter flights between SA and countries where a scheduled service already existed would be allowed if they did not "overlap uneconomically" with existing scheduled services, the policy stated.

Air Supply's application to the commission for an amendment to its non-scheduled air services licence so that it could use a 100-seater British Aerospace BAe 1-11 airliner was published in the Government Gazette on November 1.

SAA's Africa Pool Agreements manager J P Maritz issued the formal objection on the grounds that the particular aircraft would harm SAA's regional operations.

He said SAA, in association with its pool partners, had "incurred great expense to develop the markets".

SAA's negotiators told the commission that granting Air Supply a licence to use the BAe 1-11 would be tantamount to giving the charter company a "licence to print money", as it would be able to sell air tickets at much lower prices.

This was because charter operators saved between 34 and 54% in overall costs compared with scheduled airlines.

SAA's lawyers also claimed that in terms of section 10 of the International Air Services Licensing Act of 1949 the airline was entitled to "absolute protection from competition" as it provided "satisfactory and proper services".

Asked whether the objections could be seen as hypocritical following SAA CE Gert van der Veer's repeated endorsement

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SAA *6/Day 29/11/91*

(269)

□ From Page 1

of the "level playing fields" concept, SAA spokesman Leon Els said it was SAA's right to lodge objections

"We can object to applications, but the actual granting of licences is not in our hands, it lies with the commission"

SAA also claimed that Air Supply would be unable to survive on charter operations, and would use this as a cloak to disguise a de facto scheduled operation. This was because long-distance charters were not via-

ble unless conducted on a regular basis with paying traffic in both directions

Air Supply director Bradley Amoils said the company would be focusing its activities on corporate charters, but in the medium to long term intended looking at holiday package charter operations

"We intend to serve destinations that are not currently served by SAA or its pool partners with scheduled flights," said Amoils



# SAA cool on customer service

*Biday 29/11/91*  
SAA rates customer service as a lower priority than any of the other major companies that have recently been commercialised or privatised, according to a recent survey

But all the companies surveyed rated service as a much higher priority than their recently privatised counterparts in the UK

The survey was conducted by Sandton-based consultancy Service Quality Management (SQM), which interviewed top management at Iscor, Transnet, the Post Office, Eskom, Sasol, the SABC and SAA.

The firms were asked to list the eight factors in order of importance to management: culture change, competition, regulation, company structure, management, productivity, investment and customer service

SAA spokesman Leon Els said yesterday that customer service was one

*(269)*  
DARIUS SANAI

of the company's highest priorities. It overlapped into other factors such as productivity, which SAA ranked first.

Overall, culture change, defined as "getting the company used to how things are done in a business culture", ranked as top priority.

But customer service, which attracted the lowest priority of all the factors listed in the survey of British firms, ranked second in terms of average overall importance among the SA firms.

However, SAA ranked customer service as its fifth most important priority.

Telkom and Sasol both ranked customer service as their most important priorities. It was the second most important priority for the SABC and Transnet, and fourth on the list for Iscor and Eskom.

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AIRPORTS

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# Rebuilding Grand Central

A consortium is pumping R75m into rebuilding Midrand's Grand Central Airport in order to expand its charter and corporate operations. It might also compete with Jan Smuts on a scheduled service to Durban

The project is budgeted at 25% more than the R60m originally voted for the revamping, now under way, of State-owned Jan Smuts

The consortium consists of Meridien Bay Corp, the quoted transport giant Trecor, the Tiber Group (Tiber Bonvec), and a group of pension funds Meridien CE Errol Friedmann says the partners are negotiating with an airline operator that wants to start a daily Midrand-Durban service He declines to name the operator but says it's an established airline The new service would compete with SA Airways and the new Flitestar airline which is scheduled to begin daily flights from Jan Smuts to Durban this week.

The service could hurt SAA and Flitestar by attracting travellers from Pretoria and farther north if it can compete on fares, reliability and onboard service

"At Grand Central we're interested in scheduled and charter domestic flights, but not in major international traffic, except over-the-border flights to neighbouring and nearby countries," Friedmann says.

"We can handle the short-range, four-engined BA 146s that take 80 passengers and are operated by Air Zimbabwe, Air Botswana and now Safair, but not large jets"

Large jets, including Airbuses, but not Boeing 747s or Douglas DC10s, can be accommodated at Lanseria Airport, where the same consortium has a 50% stake (*Business & Technology* April 5). That airport could compete head-on with Jan Smuts but Friedmann says there are no plans yet The runways can be lengthened and facilities enlarged to accommodate 747s, DC10s and their passenger loads if long-term contracts are signed with reliable operators

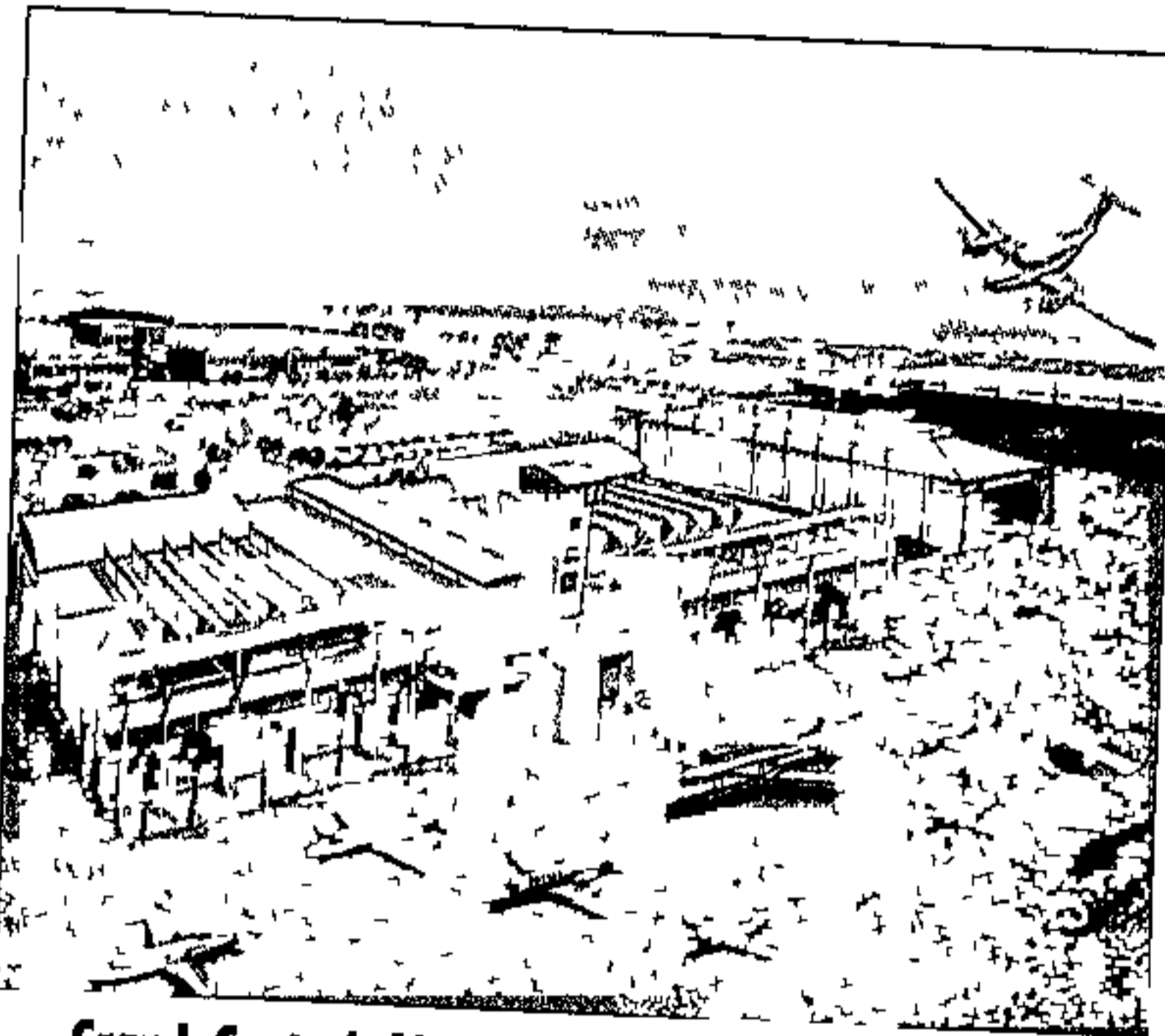
The first phase of the project at Grand Central will cost R45m and includes a new terminal building, new hangars, an enlarged runway and taxiways, and electronic aviation equipment The new hangars and associated parking for vehicles should be completed in six months and the rest of phase one six months later

The project is expected to boost profits at the already quite profitable private airport Friedmann says phase one's 8 000 m<sup>2</sup> of new hangar space and associated office accommodation is already let, as is 60% of the new terminal building, which will have modern check-in, immigration, customs and baggage-handling facilities, private departure

lounges, shops and restaurants.

He says negotiations with other companies seeking accommodation are well advanced and this could lead to construction of the second phase starting before the first phase is completed

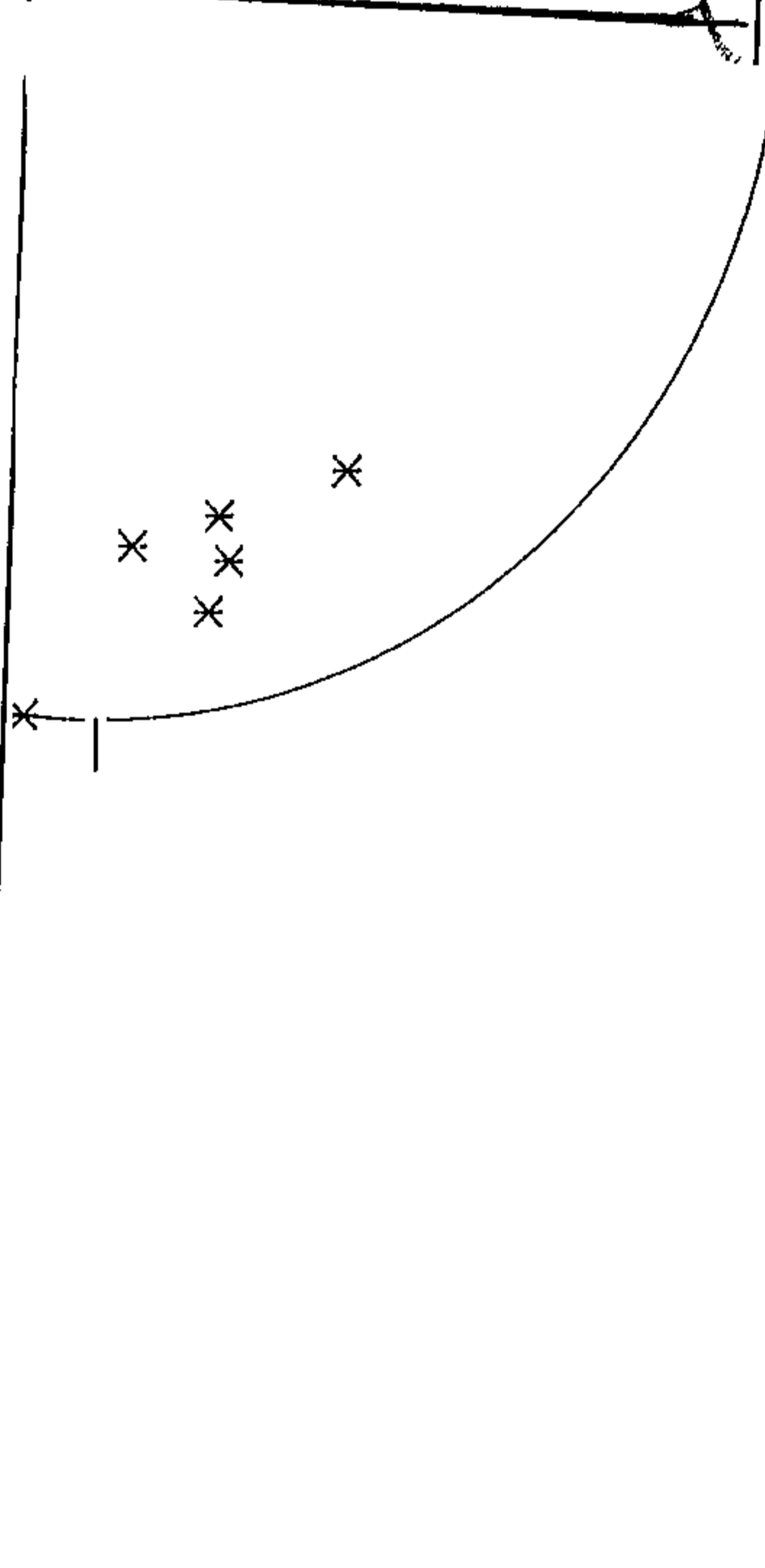
Meanwhile, he is still waiting for a response from the Transport Minister to his R600m offer (*Business & Technology* June



Grand Central Airport . plans for a takeoff

21) to lease and improve the facilities at Jan Smuts Airport

"I'm not holding my breath. Right now I'm concentrating on developing our own two airports"



# On track for 'action stations' facelift (269)

DI CAELERS

Weekend Argus Reporter

IT'S action stations in Cape Town as exciting plans get on track for a new concept in commuter comfort.

The South African Rail Commuter Corporation intends encompassing the local identity of areas into specific themes, and applying them to new-look stations on particular routes, said development planning manager Mr André Engelbrecht.

"We will take the feeling of the area together with its history and design an appropriate theme," he said.

"If we can accommodate our corporate identity then we will, but otherwise we will override the corporate theme with what we call a trajectory theme.

"The Muizenberg to Simon's Town line is historically associated with holidaymaking so that would be an obvious theme for the False Bay line.

"The line to Wellington is historically wine route/Cape Dutch so an idea would be to create new stops on the route where passengers could disembark to visit the wine farms and then get a train home," he said.

Approval for the "trajectory

treatment" was granted two weeks ago but Mr Engelbrecht said he could not yet disclose details for particular stations.

"The budget for redevelopment of stations will be approved on November 14 and then we'll know exactly which stations we are going to tackle."

This "theme approach" would be applied to stations around the country. "We are looking at how we can enhance the commuter experience generally, making both trains and stations more pleasant."

Mr Engelbrecht said his corporation's aim was to "evoke

commercial participation" and cited the Bellstar Junction at Bellville as a good example.

"There we developed a piece of land adjacent to the station through the route we mostly go for. We invited tenders from the private sector to establish a commercial component. There is now an active centre at the exit of the subway."

Plans for the major redevelopment of Cape Town station, which include a hotel, a convention centre of international standard and additional retail space, were in the "careful master plan analysis stage".





PAVEL SEDOV: Portnet lands a big one Picture: SUE KRAMER

# Soviets to use SA ports for trawlers

STimes (13455) By IAN SMITH (11/91) 269

THE way has been cleared for fishing fleets from the Soviet Union to use South African ports.

The USSR has the world's biggest trawler industry, catching 10,4-million tons a year. Regular calls by vessels would boost business for ships' suppliers and lead to more engineering and repair work.

Two of the largest fleets affiliated to the USSR Fishing Industry Workers Union, now the industry's central body, are interested in using SA ports as a base for southern ocean operations.

A senior representative of the union's central committee, Pavel Sedov, has visited Durban, East London, Port Elizabeth and Cape Town to inspect facilities.

Dr Sedov and Portnet chief executive Duke Davidson signed a protocol agreement in Johannesburg this week.

Mr Davidson says: "This is a declaration of co-operation between us. Moscow has told us that they are interested in the services that we can provide."

Dr Sedov says he is particularly interested in the repair facilities Portnet offers.

He had discussions with port managers, representatives of chambers of commerce, ships' agencies, chandlers and officials of the Department of Customs and Excise and the Department of Civil Aviation.

The failed coup in the USSR caused a management vacuum in Soviet fishing.

## Business

The Moscow-based central planning organisation which directed the operations of the fleets has been replaced by operational decision-making, says Dr Sedov.

The fleets look to the central committee of the union for advice and assistance while they are setting up new structures and networks to enable them to operate along internationally accepted business principles.

Mr Davidson says regular visits by Soviet trawlers will promote general trade and economic co-operation between the two countries.

Last year 147 Soviet trawlers called at Walvis Bay, but there was only one call at Durban and one at Cape Town.

# Cut-price direct US flights a hit

S Times 3/11/91

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By ROGER MAKINGS

SAA's direct flights to the US have proved so popular that the airline has decided to lay on extra frequencies for December.

The inaugural flight to New York, which leaves tonight, was fully booked with dignitaries, members of the Press and airline officials as well as fare-paying passengers.

However, the special November-only discount fare of R2 999 did not apply to all tourist class passengers. SAA had reserved between 15-20 percent of the 300-seater jumbo's capacity for the special fares. All were taken up.

The next cheapest discount fare was R4 812 — almost R2 000 more for the 18-hour flight. First class return tickets cost R19 604.

The two frequencies a week this month will be increased to three from De-

cember, with extra flights where needed.

Meanwhile, South Africans hoping to travel to Australia directly from Johannesburg for Christmas might have to wait a bit longer.

## Discount

The flights were scheduled to begin in early December. Negotiations between SAA and Qantas were almost complete. Now both governments have to decide on the next steps, which could take weeks.

There are no plans for flights to Moscow in the near future, although SAA and Aeroflot signed an interline agreement on Friday to sell and honour each other's tickets. A spokesman did not discount SAA opening offices in Moscow in the future.

# It is work as usual for trains, buses and clinics

MOST public services are expected to operate normally during the two-day VAT strike

Trains are expected to run according to schedule on both days, Spoornet's public relations officer, Miss Yvette Olwage, says

City Tramways public relations manager Mrs Jean Welsh said the bus company would try "to operate as normal a service as possible"

She said some disruption of services was expected, particularly on township routes. City Tramways had a "no work, no pay, no penalty"

policy in respect of workers who took part in the strike.

The National Council of Trade Unions (Nactu) has said it has enlisted support for the strike among bus drivers who are members of its affiliate, the Transport and Omnibus Workers' Union.

The strike organisers, the Congress of South African Trade Unions and Nactu, have exempted essential health staff and school-children from the protest.

The Cape Town City Council's municipal clinics and other health

services will operate normally. The Deputy Medical Officer of Health, Dr J W J van Rensburg, said these were considered to be "essential services"

The Medical Officer of Health with the Western Cape Regional Services Council, Dr S A Fischer, said strike organisers had agreed to exempt RSC clinics and had distributed stickers to identify staff as health workers.

The Cape Town City Council will not have normal refuse collections tomorrow and Tuesday as most

cleansing staff are expected to take part in the stayaway.

A spokesman for the Post Office said all branches would be open on Monday and Tuesday

The University of the Western Cape is to close for the two days. The University of Cape Town is to remain open on both days

The manpower manager of the Cape Town Chamber of Commerce, Mr Charl Adams, advised the chamber's 3 300 members to adopt a "no work, no pay" policy.



# SAA flies to New York after five years

SAA's first direct flight to New York's J F Kennedy Airport was due to take off from Jan Smuts Airport at 9pm last night.

The airline was denied landing rights five years ago under the Comprehensive Anti-Apartheid Act. Since then passengers travelling to the US have had to change planes at a European stop-over — making the journey a two-day trek.

SAA pilots have been practising simulated landing at US airports for the past few months in anticipation of last night's gala flight.

Among the full load of passengers was

SUSAN RUSSELL  
and LINDEN BIRNS

SAA CEO Gert van der Veer and a group of media representatives.

SAA spokesman Zelda Roux said most of the people on the flight were fare-paying passengers. Invited guests had been kept to a minimum due to the public demand for seats, she said.

Van der Veer said at the weekend SAA was likely to get the green light to resume flights to Australia by the end of this month.

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He said he hoped the first flights would take place by December.

In another development, SAA on Friday came a step nearer to forging air links with Japan when Van der Veer and two other SAA senior managers met a delegation from Japan Air Lines (JAL).

This followed the signing of an inter-line agreement with the world's biggest airline, Aeroflot of the Soviet Union.

SAA and Aeroflot have agreed to honour each other's tickets. The two airlines have also agreed to investigate joint fare structures.

# Huge deficit for Transnet pension fund

Business Staff

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JOHANNESBURG. — Transnet, the former SA Transport Services, has set aside R10,4 billion to make up part of the shortfall in its pension fund.

Transnet chairman Dr Marius de Waal said at a press conference presenting the group's 1990/1 annual report yesterday that at the beginning of April last year the total deficit of the pension fund totalled R17,18 billion.

As a result of the shortfall, the "current state of the balance sheet is not sound and any possible privatisation of Transnet will be severely impeded".

The provisions adversely affected Transnet's maiden financial results for the year to April, which showed a taxed loss of R1 billion.

Net profit, however, totalled R515 million — of which R500 million is being paid to the State in the form of dividends — on turnover of R11,58 billion and operating profit of R1,55 billion.

MD Dr Anton Moolman said the huge shortfall of the pension fund was largely due to massive retrenchment of staff over the past few years, which had seen the complement fall from 280 000 in 1982 to just over 172 000 this year.

Furthermore, Transnet was forced to invest its funds in government and semi-government stock, which yielded far less over the years than investments in shares.

Since the amendment to the Pension Fund Act, Transnet had placed its investment portfolio with private investment managers, Dr Moolman said.

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# Transnet campaign to plump up pension fund

CT 7/11/91 (269)

(R26)

Own Correspondent

JOHANNESBURG — Transnet is to launch a three-pronged campaign to haul its pension fund back into the black within 10 years. The deficit currently stands at more than R17bn.

Issuing the diversified transport group's debut results as a commercialised parastatal yesterday, the directors made clear the urgent priority they attach to reducing and eventually cancelling out the fund deficit.

The board decided not to try to fund the deficit in full. The company plans to trim the pension fund deficit gradually by issuing more loan stock, by allocating profits from the component divisions and by raising the company's pension fund contribution rate to 12% from 9%. Employees' pension fund contributions are to remain at 7,5%.

The group has set aside R5,9bn as a provision for the pension fund deficit — a reduction from the R10,4bn provision on the books when Transnet was commercialised in April last year.

Chairman Marius de Waal blamed the deficit on the fund's past investments in government and semi-government bonds with the Public Investment Commissioner (PIC). PIC returns had been lower than those prevailing in growth assets such as shares and property.

The Pension Funds Act had since been amended and the Transnet fund was currently investing in such growth assets.

Pension fund executive manager Gideon van Zyl said the rise in the company's pension fund contribution rate merely brought Transnet into line with the typical contribution rate in the private sector.

Van Zyl was confident the objective of cancelling the pension fund deficit would be accomplished ahead of schedule.

"After these measures are effected we expect that the rest of the pension fund

## R515m profit in first year of trade

JOHANNESBURG — Government's multibillion-rand transport group Transnet — converted to a public company last April — has posted a R515m net profit from a turnover of R11,5bn for its first trading year ended March.

MD Anton Moolman said tough operating conditions resulted in four operating divisions reporting lower traffic volumes for the trading year.

Spoornet showed an 8% decline, Autonet 25%, Portnet 5% drop and SAA 8% in domestic passengers and 4,5% in international passenger volumes.

The group's fuel pipeline division Petronet reflected a 4,7% increase in product volume for the year.

The group reported operating income

of R1,5bn and investment income of R881m for the year. As a result, Transnet's total income before interest charges amounted to R2,4bn.

However, finance costs of over R2bn, including a R112m loss incurred through foreign exchange transactions, reduced profit before abnormal and extraordinary items to R405m.

A R451m special provision to the pension fund was offset by a R561m inflow from a one-off capital saving on the settlement of a long-term debt. As a result, net profit came in at R515m of which R500m was declared a dividend to government.

Moolman said Transnet has created a new as yet unnamed company to house future offshore activities.

shortfall will be paid back over 10 years. In fact we expect to make up the shortfall within 10 years."

Analysts said the Transnet plan to make good its pension fund deficit was part of the group's conversion to private sector status. They noted that private sector companies had to notify the registrar of pension funds if a deficit existed on their pension funds, and had to specify plans to rectify such a deficit.

As a full parastatal in its 80 years of operation before commercialisation last year, the group would have been under no obligation to ensure its pension fund was fully financed.

Cancellation of the pension fund deficit was also an important precursor to the possible future privatisation of the various component parts of Transnet, it was noted.

Analysts also speculated that property development could be a sizeable contributor to the Transnet profits that are expect-

ed to help defray the pension fund deficit.

Transnet announced yesterday that it had established a property business arm Propnet to house and develop surplus property holdings. Propnet CE Fuzz Loubser said the returns from these developments would also be used to assist Transnet in servicing the fund deficit. Preliminary estimates peg the value of the group's surplus property holdings at about R1bn.

MD Anton Moolman noted in his annual report that the group owned "under-utilised" assets and had launched a nationwide drive to identify them. The objective was to develop and sell the assets so that their value could be realised.

Moolman cited the Victoria and Alfred Waterfront project on Cape Town's foreshore as an example of asset development. Analysts thought other property holdings close to the central business districts of urban areas could be similarly exploited for profit.

profits down R100





# SAA profit drop worse than expected

TOULOUSE — SAA has reported a net drop in profits of about R100m this year, about R40m more than expected.

The airline's senior GM John Hare said yesterday that the losses were more pronounced in the international services division than in the domestic section.

Traditionally SAA cross-subsidised, baling out a losing domestic service with profits from international services. Hare said that this practice had been stopped.

He attributed the loss to the effects of the Gulf War and the recession.

LINDEN BIRNS

Hare predicted a bleak period for SAA in the short term as the industry had several months to survive before the money-spinning Northern Hemisphere summer months, traditionally the industry's high season.

Hare said the reintroduction of New York flights would only marginally help SAA to recover, as the yields on the route were low. This was because the airline was forced to offer incentive discount fares to compete with similar products offered by European carriers.

SAA is re-evaluating its fleet requirements in an attempt to recoup some losses and streamline its fleet. Hare said four Boeing 737-100s — the oldest having been built for SAA in 1970 — were likely to be sold. An unspecified country is negotiating a purchase deal with SAA for these aircraft, said Hare.

The airline has also leased out one of its Airbus A300s, and has another on sale with a potential buyer due to place a formal offer within days.

A modernisation programme for SAA's older Boeing 747s is also being studied.

10 years to make up R17bn shortfall

# Transnet plan to cancel pension deficit

269

BID ay 7/11/91

TRANSNET is to launch a three-pronged campaign to haul its pension fund back into the black within 10 years. The deficit currently stands at more than R17bn.

Issuing the diversified transport group's debut results as a commercialised parastatal yesterday, the directors made clear the urgent priority they attach to reducing and eventually cancelling out the fund deficit.

The board decided not to try to fund the deficit in full. The company plans to trim the pension fund deficit gradually by issuing more loan stock, by allocating profits from the component divisions and by raising the company's pension fund contribution rate to 12% from 9%. Employees' pension fund contributions are to remain at 7,5%.

The group has set aside R5,9bn as a provision for the pension fund deficit — a reduction from the R10,4bn provision on the books when Transnet was commercialised in April last year.

Chairman Marius de Waal blamed the deficit on the fund's past investments in government and semi-government bonds with the Public Investment Commissioner (PIC). PIC returns had been lower than those prevailing in growth assets such as shares and property.

The Pension Funds Act had since been amended and the Transnet fund was currently investing in such growth assets.

Pension fund executive manager Gideon van Zyl said the rise in the company's pension fund contribution rate merely brought Transnet into line with the typical

SIMON WILLSON

contribution rate in the private sector. Van Zyl was confident the objective of cancelling the pension fund deficit would be accomplished ahead of schedule.

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□ To Page 2

## Transnet

BID ay 7/11/91

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□ From Page 1

Transnet in servicing the fund deficit. Preliminary estimates peg the value of the group's surplus property holdings at about R1bn.

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● See Page 3

# Massive pension fund setback for Transnet

Star 7/11/91

269

By Sven Lünsche

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As a result of the shortfall, the "current state of the balance sheet is not sound and any possible privatisation of Transnet will be severely impeded", Dr de Waal said.

The provisions adversely affected Transnet's maiden financial results for the year to April, which showed a taxed loss of R1 billion.

Net profit, however, totalled R515 million — of which R500 million is being paid to the state in the form of dividends — on turnover of R11,58 billion

and operating profit of R1,55 billion

MD Dr Anton Moolman said the huge shortfall of the pension fund was largely due to massive retrenchment of staff over the past few years, which had seen the complement fall from 280 000 in 1982 to just over 172 000 this year

"A large part of the retrenchments was through natural attrition, which pushed up the pension payments while, at the same time, reducing the number of people contributing to the fund."

Over the past financial year Transnet paid out about R4 million per working day to pensioners

Furthermore, Transnet was forced to invest its funds in government and semi-government stock, which yielded far less over the years than investments in shares.

Since the amendment to the Pension Fund Act, Transnet had placed its investment portfolio with private investment managers, Dr Moolman said.

At the end of March, the pension fund's total assets were R10 billion, of which 22 percent was invested in shares, two percent in property, and the balance in stocks and cash

Dr Moolman said that over the next few years Transnet aimed to have a 65 percent exposure to shares, 15 percent in property and only 20 percent invested in interest-bearing instruments

To eradicate the shortfall over a number of years, Transnet will increase its contributions to the pension fund from nine to 12 percent, allocate a percentage of profits to the fund and fund the deficit partially by issuing new stock

Dr Moolman said Transnet's commitment to private sector norms had resulted in a more profitable operation.

Sats had been responsible only to Parliament for its financial performance.

Transnet does not divulge the performances of its four operating companies — SAA, Spoornet, Portnet and Autonet

However, Dr Moolman said

that because of the depressed economic climate, virtually all traffic volumes were lower over the year.

Petronet, formerly Pipelines, and the smallest division in Transnet, was the only one to register growth, according to the annual report, and reported a profit of R128,4 million.

Portnet, which controls the eight major harbours, handled 5,4 percent less traffic over the year, while traffic volumes conveyed by Spoornet (SA Railways) were eight percent lower

Dr Moolman said SAA — which last year reported a profit of R188 million — was adversely affected by soaring fuel costs and a decline in passenger numbers.

Domestic passenger bookings declined by 7,9 percent, while international passenger numbers fell by 4,5 percent.

However, he said he was confident that the deregulation of the domestic market and access to new international routes would boost SAA's performance in the current financial year.



# Transnet makes R515m profit

B10ay

7/11/91

269

SEAN VAN ZYL

GOVERNMENT'S multibillion-rand transport group Transnet — which was converted to a public company last year April — has posted a R515m-net profit from a turnover of R11,5bn for its first trading year ended March.

MD Anton Moolman said tough operating conditions, largely due to recession, had resulted in four operating divisions reporting lower traffic volumes for the trading year.

Spoornet showed an 8% decline in goods moved, Autonet a 25% drop in volumes, Portnet a 5% drop and SA Airways an 8% decline in domestic passengers and 4,5% fall in international passenger volumes.

The group's fuel pipeline division Petronet disclosed a 4,7% increase in product volume for the year.

The group reported operating income of R1,5bn and investment income of R881m for the year. As a result, Transnet's total income before interest charges amounted to R2,4bn.

However, finance costs of over R2bn, including a R112m loss incurred through foreign exchange transactions, reduced profit before abnormal and extraordinary items to R405m. The effect of the interest burden on profits was reflected by the after-interest margin of 3,4% compared with the operating margin of 13,3%.

Treasury manager Johan van Schoor said the R112m foreign exchange loss was "cheap" compared with the saving made by not taking full forward cover on currency exposure.

He noted Transnet's forward cover cost of R324m would have been closer to R500m, if the group had not maintained a partially open position on transactions.

A R451m special provision to the pension fund was offset by a R561m inflow from a one-off capital saving on the settlement of a long-term debt. As a result,

net profit came in at R515m of which R500m was declared a dividend to government.

Moolman said Transnet has created a new as yet unnamed company to house future offshore activities.

Moolman said a major cost-cutting programme had been launched to reduce employee numbers, increase productivity and improve asset use.

As a result, Transnet's workforce had been cut by 5% to 164 000 by the end of financial 1991.

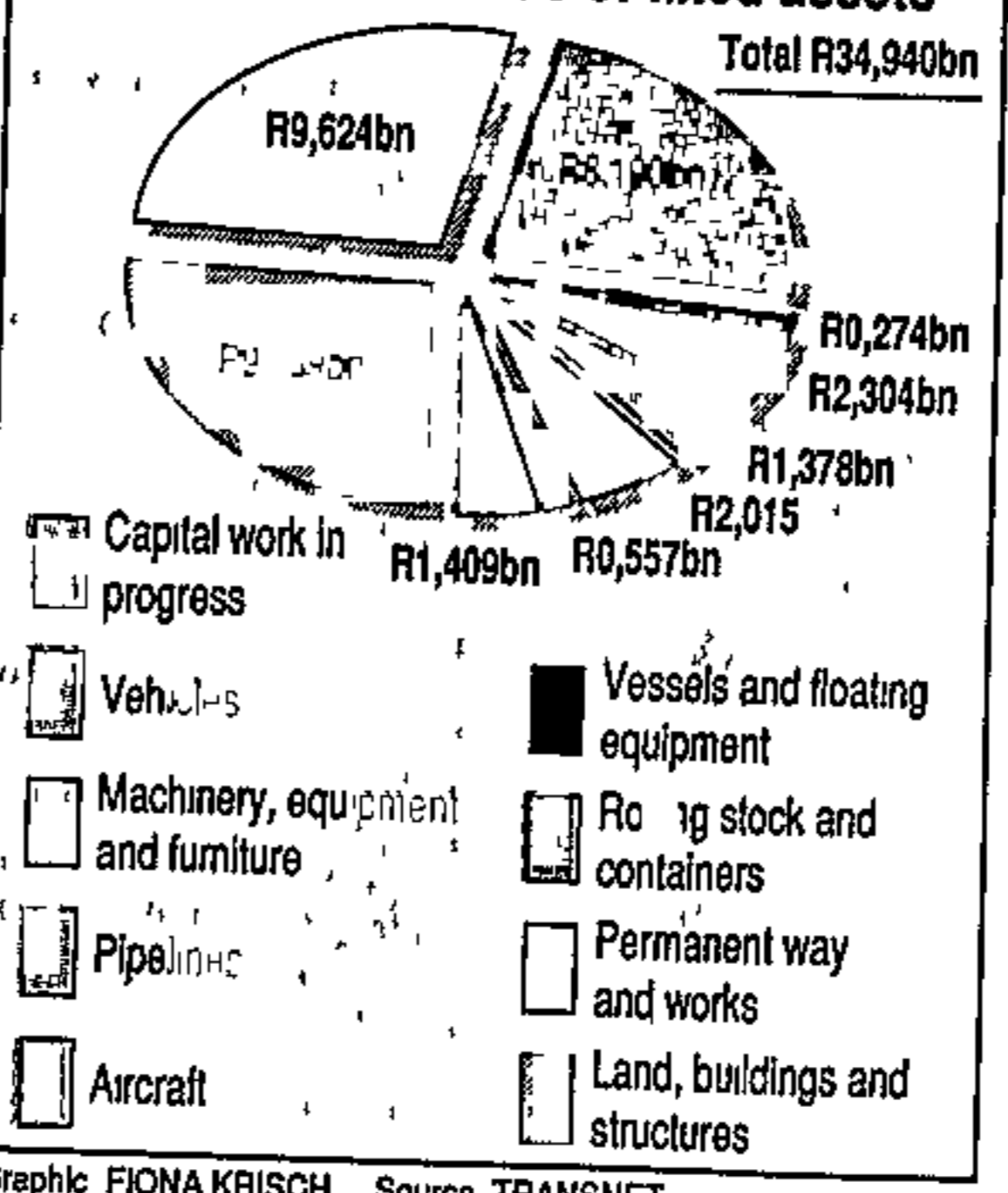
Moolman said underperforming and surplus assets would be developed to full potential or sold off.

Transnet's fixed assets account for R34,9bn of a total R38,5bn capital employed.

Moolman said it would be impossible to privatise Transnet at this stage due to the group's high gearing.

Chairman Marius de Waal said by the turn of the century, he expected the balance sheet to reflect an acceptable debt ratio, a realistic dividend to be declared and a reasonable return on assets and capital investment.

Transnet book value of fixed assets



Graphic: FIONA KRISCH Source: TRANSNET

By CHRIS BATEMAN

POLICE are using 291 staff to protect a daily Peninsula train commuter load of 577 400 people — and Spoornet yesterday refused to reveal how many security guards it employed for this task "for strategic reasons".

In spite of the low proportion of police to commuters, police claimed train crime statistics had dropped since they boosted their train task force by 192 men in July this year.

Police and Spoornet were reacting after three violent incidents,

two of them muggings, on the Southern Suburbs line this week.

Six gangsters terrorised domestic workers in third class carriages between Kalk Bay and False Bay stations on Wednesday, scouring the coaches for people with handbags, wallets and jewellery.

At Lakeside Station on Tuesday a young domestic worker was robbed of her bag and assaulted.

No arrests have been made in either incident.

Captain Loekie Jordaan, head of the police mobile train unit, yesterday declined to release recent monthly crime statistics, saying the regional commissioner, General Nic Acker, would do so at a special press conference next week.

A Spoornet spokeswoman said

# 291 cops to protect 500 000

CT 8/11/91 269

one of three private security companies was hired by Spoornet for commuter safety. However she declined to say how many staff were used to protect commuters or what percentage of the entire Spoornet security operation this represented — "for strategic reasons".

Asked about persistent commuter requests for an alarm or inter-

com system to be installed in coaches, the spokeswoman said that when this was tried in the past the equipment had been vandalised "within 72 hours".

Stations were being upgraded to accommodate police.

● Spoornet confirmed that an 18-year-old man was arrested at Salt River station yesterday minutes after throwing a bottle at and pulling a knife on a ticket controller.

They also confirmed witnesses' accounts that a violent scuffle took place.

TRANSNET FM 8/11/91

## Maiden results 269

**Transnet released** its maiden annual report this week almost seven months after the end of its financial year. Despite the recession and loss of more traffic to road transport, as a group it showed a net operating profit of R515m, of which R500m was paid as a dividend to its owner, the State.

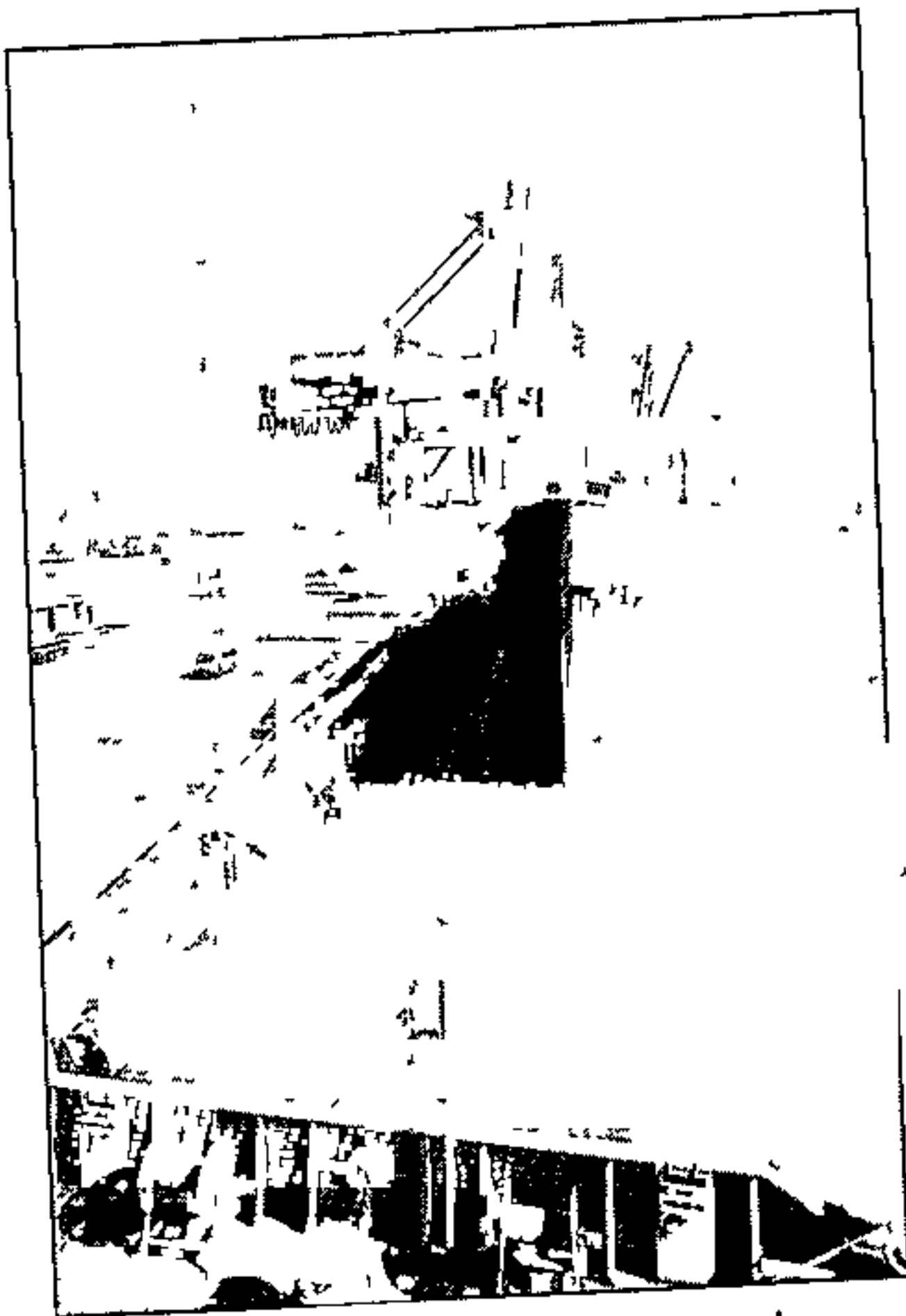
Transnet, however, showed an estimated R1bn tax loss for the year due largely to contributing to the R17bn deficit in the pension fund inherited from SA Transport Services, which it replaced in April 1990.

Transnet spokesman Vic de Vries says no laws were broken in delaying the report. The State, Transnet's sole shareholder, was informed that the figures would be available only at the beginning of November, an annual general meeting was held, and permission was obtained for a deferment from the Registrar of Companies.

The fact that Sats' final report saw the light of day about a year after it ceased to exist no doubt contributed to the delay. Back in April, Transnet MD Anton Moolman said he expected to release the annual figures in June. That turned out to be wishful thinking.

There are several reasons — including different bookkeeping styles — for not being able to compare Sats' final results (a R149m profit in fiscal 1990) with Transnet's maiden results.

□ Sats was a government-run entity designed to placate parliament. Transnet must conform with private-sector norms and placate the Receiver of Revenue,



Portnet . adding to Transnet's bottom line

Continue →

## BUSINESS & TECHNOLOGY

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□ Transnet does not have to shoulder the burden of operating rail commuter services, which lost R1bn in fiscal 1990 and cost Sats R143m. That task now falls to the Rail Commuter Corp, where losses are made good by the State, which uses its dividends from Transnet to make up the shortfall.

□ Transnet Ltd, the holding company, has the transport divisions that Sats also controlled, as well as new subsidiaries such as its wholly owned Vianix Logistics and a 28% stake in Alfred County Railways. Sats sold Alfred County because it couldn't run it profitably, Transnet bought into it because of its potential, and

□ Transnet has been quick to learn, like other conglomerates in the private sector, not to divulge how its operating arms performed in the year under review. This makes it impossible to compare them with fiscal 1990. During that year, SA Airways showed a profit of R187,8m, Railways, now Spoornet, made a profit of R575m (allowing for the R88m loss on mainline passenger services), Road Transport Services, now Autonet, lost R25m, Harbours, now Portnet, showed a R750m profit, and Pipelines, now Petronet, which the report says is the only transport division that showed growth, weighed in with a R337,8m profit.



SAFREN

269 (232)

## Justified euphoria?

**Activities:** Shipping, transport and (through Kersaf) gaming and other leisure related industries

**Control:** Old Mutual holds more than 40%

**Chairman:** G A Macmillan, chief executive D A Hawton

**Capital structure:** 53,7m ords Market capitalisation R4,44m

**Share market:** Price R82 Yields 2,9% on dividend, 6,9% on earnings, p e ratio, 14,5, cover, 2,4 12-month high, R82,25, low, R33,75 Trading volume last quarter, 572 701 shares

Year to June 30	'88	'89	'90	'91
ST debt (Rm)	167,1	34,1	21,5	8,2
LT debt (Rm)	716,4	690,0	732,7	821,8
Debt:equity ratio	0,42	0,23	0,03	0,08
Shareholders' interest	0,38	0,40	0,41	0,45
Int & leasing cover	9,0	12,1	76,5	n/a
Return on cap (%)	14,2	18,6	17,9	15,9
Turnover (Rbn)	2,80	3,66	4,0	4,37
Pre-int profit (Rm)	437	643	735	750
Pre-int margin (%)	15,6	17,6	18,4	17,2
Earnings (c)	293	411	487	566
Dividends (c)	135	180	210	237,5
Net worth (c)	1 165	1 390	1 741	2 128

There has been a good deal of euphoria about Safren recently. As the long-term statistics show, much of it is well deserved. But while all appears well, performance in 1991 was not altogether satisfactory.

While turnover of subsidiaries Safmarine and Rennies grew by 7,8% and 1,4% respectively, their operating profits were down. Safmarine's by 11,6% and Rennies' by 8,6%. It was left to Kersaf, which increased turnover by 15%, to pull group operating profit back to respectability by generating operating profit growth of 20,8%.

Notably, in 1991 there was a 61% increase in depreciation, to R243m, which resulted largely from a revaluation of the Safmarine fleet (Fox September 20). This was one reason for the weaker operating performance. Group operating profit before depreciation

Continued →



Safren's Macmillan helped by lower

FM 8/11/91 tax rate 269 (232)

actually rose by 12,1%, but, especially because of the nature of the shipping industry, depreciation is always material in the Safren accounts. From the base year of 1987, Safmarine has increased its operating profit by 178%, Rennies by 254% and Kersaf by 428%.

After-tax profit rose by 19,6%, thanks to a fall in the effective tax rate to 26% (33,2%) flowing from higher investment allowances in Kersaf and nontaxable receipts on the sale of assets by Safmarine. These factors, rather than a better trading performance, were mainly responsible for the 16,7% increase in attributable profit.

Despite diminished trading volumes and sluggish trade in liner operations, Safmarine lifted attributable earnings by 21,9% to 137,1m, 45,3% of the group total. It's still the largest contributor. Again, tax benefits on the sale of assets were the prime reason.

Kersaf kicked in R125,3m, a 17,8% rise. Sun International, its own largest contributor, lifted revenues by 22%. Rennies' freight and travel operations suffered from lower import volumes and the Gulf War, but its contribution was up 12%, to R39m.

Safren is involved in a major capital programme. In 1991, R911m was spent and a further R1,5bn has been approved for investment, mostly in Safmarine and Kersaf, over the next two years. These funds will be sourced internally and from borrowings. Notable changes in the asset mix over the past

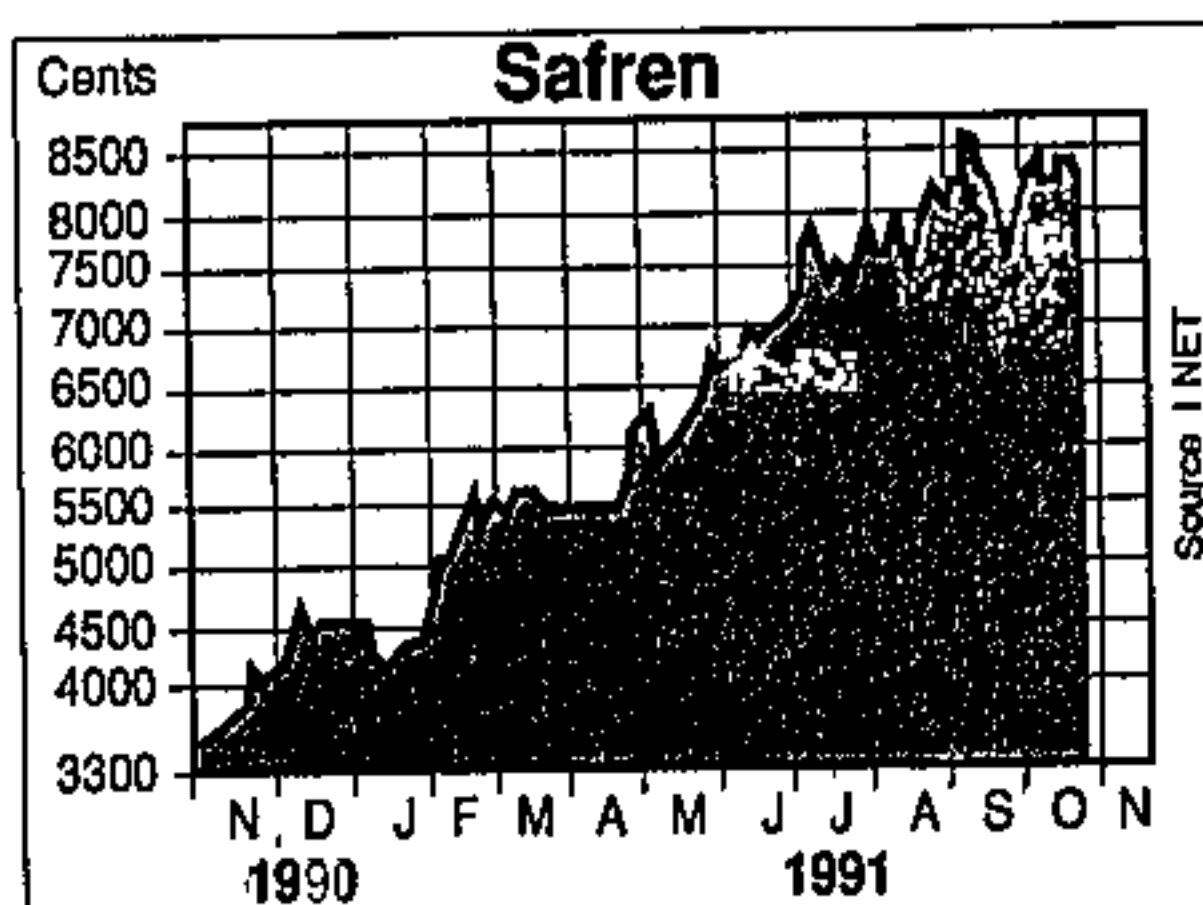
FM 8/11/91 (269) (232)  
five years are that ships and containers now account for 28% of assets employed, against 41% in 1987. Properties have risen to 37% from 28% in the same period.

Prospects are clouded by the recession and political instability. Some economists are predicting GNP growth of 2%-3% for 1992. If achieved, this would boost import and export volumes, which would benefit Safmarine and Rennies.

On the international front, Safmarine's earnings prospects have been enhanced by its purchase of 49% of the major Belgian container operator, CMB Transport. Should the political situation improve and violence decline, a tourist influx could benefit Kersaf.

The situation is therefore full of ifs. Hawton expects "acceptable growth in earnings". If EPS can repeat last year's appreciation of 16,2%, it will justify the share's re-rating in the past 12 months.

Gerald Hirschon



# Safmarine loses UK partner

269

S/Times (BUS)

10/11/91

By CIARAN RYAN

P&O Containers, the UK shipping line, will split from Safmarine, its partner on the Europe-SA trade route, in 1992.

Safmarine will have to find a new UK partner.

P&O Containers handles Safmarine's interest in the UK from the marketing of shipping services through to port handling. Both lines will remain members of the SA Europe Container Service (SAECS) consortium. It is an arrangement for the sharing of ships and marketing infrastructure among the nine member lines.

The reason for P&O Containers' decision was its acquisition of the Cunard Ellerman Group container shipping interests in the UK from Trafalgar House. The deal includes 65% of UK-based Ellerman Harrison Container Line, which although part of SA-Europe consortium, carried out its own marketing in SA through Ellerman and Bucknall.

## Primary

P&O Containers' affairs in SA are handled by Safmarine marketing arm Saflink. P&O Containers will now be responsible for its own marketing in SA. A primary reason is thought to be its wish to increase its market share of SAECS.

But P&O Containers (SA) managing director Tony Stearns says the move is merely part of an organisational restructuring in line with its acquisition of Cunard Ellerman's shipping interests.

"We will remain part of SAECS. But because of P&O Containers' acquisition of the Ellerman shipping interests, it is a natural progression for us to put business through our own agency in SA which was acquired as part of the deal."

Both P&O Containers and Safmarine stress that the split is a result of the restructuring in P&O Containers and will not affect the pool arrangement. Both will continue to use each other's ships under the SAECS agreement.

Safmarine has several options. It can establish its own agency network in the UK, but this would be costly and difficult because it takes years to build up solid customer relations.

Another option is to enter the services of an existing agency network. One possibility being explored is to use the offices of Belgium-based CMB Transport, in which Safmarine has a 49% share. It was acquired for \$25 million in August.

CMB Transport, a division of giant Belgian freight shipping company CME, is also a member of SAECS.

Under the SAECS pooling arrangement, consortium members book freight on another's ships at predetermined rates. Revenue is pooled and split according to a formula based on the amount of freight booked and shipped by each member.

## Similar

Twelve ships are used in the pool, but the number could be increased to 14 next year to handle the expected increase in trade to and from Europe.

Two UK lines are represented in the pool — P&O Containers and Ellerman Harrison. But Ellerman Harrison has done its own marketing in SA since inception.

Mr Stearns says P&O Containers has a similar marketing arrangement in several other countries. The French-owned Compagnie Generale Maritime markets its container services in the consortium both in SA and in mainland Europe.

The remaining members of the pool will undertake to use one another's marketing infrastructure in the country of domicile.

The SA Association of Freight Forwarders has questioned whether the split between P&O Containers and Safmarine is of any real significance because both are still members of the consortium which, it says, engages in uniform pricing.

## SAA regains its short cut over Angola

ANGOLA had granted SAA full overflight rights, airline CEI Gert van der Veer said at the weekend. *Blow 11/11/91*

Van der Veer announced Angola's decision at a ceremony at Jan Smuts Airport on Saturday marking the delivery of an Airbus A320, which had just become the first SAA airliner to fly through Angolan airspace in 16 years.

Van der Veer said the overflight rights would allow SAA to cut flying times to Europe and North America by at least an hour.

Angola's approval, given on Thursday, meant Tanzania remained the only African country which had not given full overflight

rights to SAA, said Van der Veer. (269)

By flying through Angolan airspace on Saturday morning, the R135m Airbus A320 set a record for the fastest twin-engine flight between Abidjan, in the Ivory Coast, and Johannesburg.

The aircraft touched down at Jan Smuts to the cheers of hundreds of spectators.

Economic Co-ordination and Public Enterprises Minister Dawie de Villiers was on hand to welcome top SAA and Airbus executives and guests, including SA courier Peter Soldatos, who disembarked to the sounds of Those Magnificent Men In Their Flying Machines. — Sapa.



TERRORISM and its effects on civil aviation will come under the scrutiny of leading African and Indian Ocean airline executives and aviation security officials at a confidential international seminar in Johannesburg today

The seminar, organised by MIB Aviation Insurance Brokers, will be led by the US-based organisation Air Incident Research (Air), acknowledged as one of the world's leading authorities on aerial terrorism and

## Seminar will probe aerial terrorism

31 Day 12 11 9  
LINDEN BIRNS

ways to combat it. All of the specific issues resulting from hostile acts against civil aviation, including the impact on an airline's viability, pressures inhibiting firm action against terrorists, crisis systems and reaction problems experienced by airlines, their personnel, incident survivors and next-of-

kin will be some of the topics discussed in the last decade, he explained.

MIB Aviation Insurance Brokers MD Henry Tours said Air had analysed mischief patterns, and had also made vital predictions on future aerial terrorism which airlines should be preparing for.

Civil aviation was constantly under threat worldwide, with more than 800 hostile acts having been di-

rected against civil aircraft in the last decade, he explained. "Perhaps the most important aspect of the seminar will be Air's recommendations on actions to be taken by the aviation and protective communities, and how they should react in the best interest of their passengers, crews and the airline involved," said Tours.



Unitrans Limited

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# Boeing and Airbus vie for SAA business <sup>(269)</sup>

LINDEN BIRNS

THE world's two biggest commercial aircraft manufacturers have sales representatives in SA this week trying to sell new long-range aircraft to SAA

Representatives from the European consortium Airbus Industrie arrived on Saturday on the delivery flight of SAA's new Airbus A320, and will hold talks with SAA

Later this week, US manufacturer Boeing's Africa sales manager Tom van der Hoven will arrive in Johannesburg and his itinerary is believed to include talks with SAA on possible orders of Boeing 777s

Last month Airbus's latest project, the A340 long-range four-engined airliner, successfully completed its maiden flight. Two further test flights were undertaken last week by the prototype — the first of six.

Airbus expects the A340, and its twin-engined sister the A330, to compete directly against Boeing's 777

Before the A340 had even flown, 32 customers had placed 122 firm orders and 93 options for the A340 and 155 orders and 100 options for the A330

Airbus's A330 and A340 and Boeing's 777 sell for between \$100m and \$120m each

Boeing and Airbus are locked in tight competition globally, and the feeling at both corporate headquarters is that McDonnell

Douglas is a spent force Airbus recently overtook McDonnell Douglas as number two behind Boeing in terms of commercial airliner production and sales rankings.

In a recent interview, SAA senior GM John Hare confirmed the airline was studying the Boeing 777 and the Airbus A340 as replacements for older Boeing 747s on some medium-volume long-haul routes to secondary destinations such as Vienna and Lisbon

Boeing's 777 and the A340 both offer similar non-stop operating ranges with full passenger and cargo loads

Airbus's sales pitch to SAA is that its four-engined A340 offers a bigger safety margin on over-water flights than Boeing's twin-engined aircraft

Van der Hoven recently told the Seattle Times that SAA might also be a future customer for Boeing's short-range 110-seater 737-500 as a replacement for its older generation 737-100s and -200s, the oldest of which was delivered in 1970

The lifting of US sanctions against SA would stimulate sales to SAA and other airlines which wanted to establish routes to SA and other African destinations, such as Japan Air Lines and the UK's Virgin Atlantic, he said

## Exhibition extends its wingspan at Jan Smuts

LINDEN BIRNS

# Terror a 'threat' to SAA and others

B/day 13/11/91

269

LINDEN BIRNS

SPAIN's national airline Iberia and one of the major US airlines, Northwest, had been listed as the two carriers most likely to come under terrorist attack next year, a leading US-based air terrorism researcher and investigator said yesterday.

SAA was described as "threatened" The researcher, who asked not to be named for security reasons, was speaking at a seminar in Johannesburg attended by police, security firms, government officials and representatives of SA, Angolan, Mozambican, Kenyan and Malawian airlines

He said Iberia was the most likely target for attackers because it was the most visible Spanish government interest and an easy target for anti-government groups.

Palestinian and other Middle East fundamentalists opposed to the wave of Spanish-hosted Arab/Israeli peace talks could be expected to attack Iberia at any destinations it served, as could Basque separatists who had promised to embarrass the Spanish government next year, he said

Spain will host the summer Olympics at Barcelona and the World Exposition at Seville — both events guaranteed to bring many foreigners to Spain and attract much international attention

The Basque separatists recently sent French and Italian travel agents a list of its attacks over the past five years. They also stated in a document that they would embarrass the Spanish government, possibly through attacks on Spanish airports or

on Iberia aircraft, the researcher added. A bomb could go off on board aircraft feeding Iberia flights or in an airport baggage hall, he said

World aviation security agencies had identified Northwest as a high risk airline because of its profile during the Gulf War.

Contrary to advice from the US State Department, it took full promotional advantage of volunteering its aircraft for emergency airlifting of troops to Saudi Arabia

"At the height of the war Northwest had posters made showing one of its aircraft, recently renamed Desert Storm, with armed US marines disembarking with US flags hanging from their machine-guns. All this in the very heartland of Islamic fundamentalism," the researcher added

He warned travel agents against prominently displaying the logos of either airline, or any other threatened airlines He quoted several past explosions, including one in Amanzimtoti which left five people dead, where bombers had mistaken travel agencies for airline offices

The Amanzimtoti bomb was apparently aimed at SAA.

The researcher said the airline industry had faced more attempted attacks this year than ever before One of its biggest problems was that there was no equipment which could adequately detect small quantities of explosives used by sophisticated bombers to blow-up aircraft, he said



# Increase in plane accidents feared

269

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14 / 11 / 91

LINDEN BIRNS

AIRLINES and corporate and private aircraft owners could expect insurance hikes of between 50% and 800% next year, a leading aviation insurance broker said yesterday

MIB Aviation Insurance MD Henry Tours said the premium increases would be implemented as current industry losses far outweighed premiums both on a global and national level.

This would increase accident rates as operators took maintenance shortcuts and underinsured their aircraft to save money to cover rising fuel and other costs, he said

"Obviously the increases will be set according to the claims history of an aircraft owner or operator. SAA and British Airways, like several international airlines, face increases of up to 250%," Tours said

Last year international losses totalled \$900m, but premiums were only \$250m. In 1989, losses were \$1.4bn while premiums were at \$350m, he added.

One US airline had recently been informed that its premiums would go up by 800%, said Tours

Commuter airlines such as Link and Comair would probably see their premiums increase by up to 50%. Those with a healthy claims history would face lower

increases

"Generally speaking, local commuter operators can expect to see their premiums double in the next 12 months," Tours said

He said the increase followed four years of relatively low premiums in relation to the number of aviation-related accidents.

Tours predicted an increase in the number of accidents, especially in the light aircraft or general aviation sector.

"We expect to find a lot of people who underinsure their aircraft, or who fly without insuring them.

## Appalling

"Historically whenever there has been a recession, aircraft operators take shortcuts in maintenance and servicing, resulting in a sharp increase in the number of accidents and write-offs."

In this sector financial losses were not as heavy as in the commercial airline sector, with a loss ratio equivalent to 20% of premiums. However in terms of actual aircraft lost or damaged, the figures for the general aviation sector were appalling, he said

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# Crime fight on the right track

ARC 16/11/91 269

**W**HEN the South African Rail Commuter Corporation inherited the railways in April last year, they inherited a headache

People who had been travelling to work on trains for years had changed to lift clubs, taxis or their own vehicles

This was due to a dramatic increase in crime and a decline in the quality of rail commuter services.

Crime on trains had slowly increased since the decision in the mid-1980s to incorporate the South African Railway police into the police force which had staff shortages.

The security on trains deteriorated to such an extent that vandalism, theft and intimidation and assault of passengers had become common.

South African Transport Services (Sats) found it impossible to do maintenance as their buildings and trains were vandalised as quickly as they were repaired. Sats also decided to stop investing in infrastructure for commuter transport in an effort to relieve the financial burden on other profitable services.

Against this background, the SA Rail Commuter Corporation came into being on April 1 1990 to take responsibility for providing a quality commuter service.

Three possible options faced the corporation.

- Maintain the level of service at the time;
  - Persist with a policy of non-investment and allow levels to deteriorate even further; or
  - Raise the service level to the earlier acceptable one.
- The corporation chose the third option, believing that railways were the most efficient way to transport masses of people during peak hours.

Corporation marketing manager Mr Coen van Niekerk said security was identified as one of the most important issues.

A five-year plan costing R250-million was introduced

## Making train travel safe again

A policy of non-investment in commuter services led to a spiralling of vandalism and crime on trains. Passengers were afraid to travel on them and the number of people on platforms began to diminish. The South African Rail Commuter Corporation has embarked on a programme to make rail travel safe again.

Weekend Argus Reporter DALE KNEEN had a look at new security fences, tightened access control and police charge offices at stations in the Western Cape.



Picture: ROY WIGLEY Weekend Argus.  
 **TROUBLE-FREE TRAVEL:** Passengers in a commuter train between Khayelitsha and Cape Town are protected by a uniformed policeman. Policemen on trains usually wear civilian clothing.



to the earlier acceptable one.

The corporation chose the third option, believing that railways were the most efficient way to transport masses of people during peak hours.

Corporation marketing manager Mr Coen van Niekerk said security was identified as one of the most important issues.

A five-year plan costing R250-million was introduced to provide police protection on all metro stations in South Africa. This plan has since been reduced to three years and should be completed by March 31 1993.

The plan is to provide a police presence 24 hours a day on about 250 of the corporation's 370 metro stations. The remaining stations will be patrolled regularly.

The upgrading of security at stations includes security fences, tightening access control, improving lighting and the providing police charge offices. This would make it possible for repair and maintenance work to be carried out more successfully.

About R10 million already has been spent at 60 stations and a further R18 million will be spent on 157 stations during the financial year ending March 1992.

A total of 101 stations in the Western Cape have been earmarked for upgrading and improved security. Work has started at 12 stations high on the corporation's priority list.

Eventually, there will be full policing 24 hours a day at 68 of the stations in the region to combat theft, robbery and assaults. Police will provide support to combat fare evasion.

Mr Van Niekerk said a full policing service at a station entailed security fencing, security checks, protection of ticket personnel and a police reporting office. Metal detectors were being used on a trial basis in the Transvaal and these might be used in the Cape as well.

The following stations already have a full-time police presence: Brackenfell, Kraaifontein, Nonquebela, Mandalay, Mitchell's Plain, Philippi, Heideveld, Bonteheuwel, Mutual, Maitland, Blackheath, Parow, Strand, Bellville, Khayelitsha, Nolungile, Kapteinsklip, Lentegeur, Nyanga, Netreg, Langa, Woltemade, Kuilsrivier, Meltonrose, Tygerberg, Athlone and Cape Town. Patrols are being done at Eerstevier, Du Toit, Mbekweni and Klappmuts.

Mr Van Niekerk said Huguenot, Retreat and Mowbray would have a 24-hour police presence by the end of the 1992/3 financial year and the following stations would have this a year later: Eikenfontein, Paarl, Salt River, Pinelands, Crawford, Wetton, Vasco, Faure, Somerset West, Fish Hoek, Wellington, Koeberg Road, Hazendal, Landsdowne, Goodwood, Elsie'srivier, Figrove, Kalk Bay and Stellenbosch.

By March 1995 the following stations would have full-time police presence: Woodstock, Rondebosch, Harfield Road, Wynberg, Plumstead, Diepriver, Steenberg, Laviston, Unibell, Sarepta, Observatory, Claremont, Kenilworth, Wittebome, Steurhof, Heathfield, Southfield, Belhar and Pentech.

Mr Van Niekerk said. "The security forces and Metro services are committed to make train travel the safe and enjoyable experience it used to be."

Trains in the Western Cape carry 540 000 passengers every working day, 592 trains operate on Sundays and public holidays, and about 294 trains operate at peak times.



□ **ON GUARD:** A policeman with a trained dog patrols a platform in Khayelitsha to make sure no crime takes place. One permanent member of the police force is on duty on stations with full-time police protection and he is supported by at least six police assistants (special constables).

SARCC's security programme appears to be working so far. At a Press briefing this week journalists were told there had been a "remarkable drop" in the number of crime incidents in the Western Cape.

In August, September and October last year, there were respectively 124, 58 and 61 incidents. During the same period this year 61, 43 and 41 crimes were reported to police — a 40 percent drop.

Although there were fewer crimes on trains, passengers still were reluctant to travel because of what Mr Van Niekerk describes as a "fear psychosis". Commuters had been deserting trains in favour of other transport at a rate of 10 percent a month for the past six months.

The main impact of the swing had been on the Reef, which had been hit by a series of train massacres this year.

Mr Van Niekerk said the corporation believed these killings had been orchestrated to discredit the corporation because it was "part of the establishment".

It was also possible the taxi industry played a part in rail violence — a factor commuters believed to be true. Women travelling between Khayelitsha and the city this week claimed drivers intimidated them to take taxis.

"We buy weekly bus tickets, but the taxi drivers threaten us with violence and force us to take taxis even if we tell them we do not have money to pay for the trip."

"We feel safer taking the trains because once we are on the trains we know the taxi drivers won't get to us. Also, there are police on the stations which makes us feel safer," said a woman who did not want to be identified.

Cape Town district commissioner of police, Brigadier Flip Delpont, said one permanent member of the police and at least six police assistants (special constables) were on stations to provide full-time police protection.

"We have also built satellite charge offices at many stations and they are equipped with a telephone, radio and police vehicle. The charge offices will be identified with a blue light," said Brigadier Delpont.

Police at stations are supported by the police mobile unit, headed by Captain Loekie Jordaan. These 300 are in radio contact with the police's central radio control and are able to respond to any emergency.

Commuters who were victims of crime on trains were urged to contact the police toll-free number, ☎ 080 1224 224, or the SARCC's number, ☎ 080 021 0081. All information would be investigated and treated confidentially.



# Fewer people now use trains

269

Sowetan  
18/11/91

COMMUTERS have been deserting trains in favour of other forms of transport at a rate of 10 percent a month for the past six months, a Spoornet spokesman said at the weekend

Mr Coen van Niekerk, marketing manager of the SA Rail Commuter Corporation, said this during a tour of upgraded security arrangements at Cape Flats stations. He said crime on trains and stations in Western Cape over the past three months was a "remarkable" 40 percent down on last year.

Van Niekerk said the decline of 10 percent a month in passengers was a national figure, which represented a "heck of a lot" of passengers.

The corporation believed the swing was primarily as a result of "the fear psychosis - that people are scared to travel by train."

The main impact of the swing was on the Reef - which has been hit this year by a series of train massacres.

He said that as the figures were based on a simple head count, it was not possible to determine whether the decline affected first or third class numbers more.

## Policing

But if first class passengers were significantly affected, this would have a direct bearing on the corporation's operating results.

The security programme in the Western Cape aimed at having full policing 24 hours a day at 68 of the 101 stations in the region and patrols at others.

This programme, which included improved lighting and access control, was originally scheduled for completion within five years, but had been accelerated to a three-year programme, for completion by March 1993.

"We want to bring the message home that you are safer on the train than on the street."

Van Niekerk said the corporation believed that train killings on the Reef had been orchestrated and staged to discredit them.

If one plotted the killings on a timescale against incidents such as the signing of the National Peace Accord, "one cannot but draw the conclusion that there could be an orchestrated scheme to discredit us - because we are part of the establishment and, by destabilising us, you are destabilising the normal order" - Sapa

# PUBLIC SECTOR - TRANSPORT - GENERAL

1991 - DEC.

*[Faint, illegible handwritten text at the bottom of the page]*

# Hangover for commuters

RAIL commuters going back to work after the holidays will be greeted by fare increases of 15 percent from January 1

This was announced by the chairman of the South African Rail Commuter Corporation, Dr EL Grove, who said the increases were necessary to keep up with inflation and to improve cost-coverage.

Even after the increase on January 1 the fare paid

by the commuter would still constitute only 27 percent of the cost of providing rail commuter transport

"Metro fares are, despite the increase, still lower than that of other modes of passenger transport - in some instances as much as 50 percent cheaper," said Grove

"The increase means that commuters will have to pay more, but they will

be able to save a substantial amount by buying season tickets instead of single tickets

"After the price increase, commuters buying third-class season tickets will pay 55 cents a trip over an average distance of 20 km. This is less than half the price of R1,20 of a third-class single ticket before the increase"

He added that after the

increase the price of a first-class season ticket would be R1,82 a trip over the same distance - still 98 cents cheaper than the present price of R2,80 for a first-class single ticket

"The increase in fares coincides with the South African Rail Commuter Corporation's extensive initiatives to offer commuters better value for money"

Clippings 1/12/91

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# R DIE

## Metro fares up

FARES on SA Rail Com-  
muter Corporation's  
Metro services will in-  
crease by 15% from  
January 1. (269)

The increase is needed to  
keep up with inflation and  
to improve cost coverage,  
says chairman Bart  
Grove. (SI Times) (B4SS)

### Policing 1/14/91

"Fares paid by commuters  
will still constitute only  
27% of the cost of provid-  
ing the service"

Dr Grove says Metro fares  
will be cheaper than other  
forms of transport — up to  
50% in some cases  
The corporation will spend

### Business Times Reporter

more than R250-million in  
the period to March 1993  
to secure stations for effi-  
cient policing

Another R18-million is being  
spent in the current year  
on improving passenger  
facilities on stations and  
trains

The security programme has  
been speeded up and all  
370 stations where Metro  
services are provided  
should be secure by March  
1993, says Dr Grove.

The Commuter Corporation  
says passengers can make  
big savings by buying sea-  
son tickets



# Price cutter fights on against SAA

S/Times (BUS) 1/12/91 (269)

Business Times Reporter

INDEPENDENT charter company Air Supply is to fight SAA's objections to cheap flights to the rest of Africa and the Indian Ocean islands.

The National Transport Commission has upheld SAA's objection to Air Supply's proposal to use a Malawi-registered airliner for the charter flights, which could be 40% to 50% cheaper than scheduled ones.

Air Supply director Bradley Amolls says a new application will be submitted tomorrow.

"We believe the objection was upheld on a technicality."

SAA's objection was made two weeks after the Transport Department introduced a new policy allowing charter flights to countries already served by scheduled services provided they did not "overlap economically."

Air Supply, which has operated cargo charter services to many African countries for five years, wanted to use the Malawian BAe 141 to countries where SA-registered aircraft might not be welcome.

Dr. Amolls said package tours to Indian Ocean Islands by charter could be offered at about 50% of current air fares.

## Rail fares to rise by 20% a year 269

DAVE LOURENS

THE SA Rail Commuter Corporation's plans to increase train fares by more than 20% a year until 1996 are an attempt to reduce substantially its subsidy from the Transport Department, at present worth R1bn a year. *B10am 2/12/91*

Corporation chairman Bart Grové said on Friday fares would increase by 15% from January 1 and then 10% increases would be imposed twice yearly until 1996.

The aim was to increase to 40% the proportion of the corporation's budget paid by passenger fares, currently 26% of the R1,4bn budget. This follows Transport Minister Piet Welgemoed's instructions to reduce dependence on subsidies.

Grové said the latest increase would serve a three-fold purpose. It would keep pace with inflation, improve the corporation's cost coverage and the additional revenue generated could be used to improve the service offered to commuters.

A problem confronting the corporation had been fare evasion. This had cost it about R80m a year. Improved security measures should see a sharp reduction.

Grové said the corporation would be able to reduce its expenditure in real terms and, although passengers would pay more, they would get more.

"The increase in fares coincides with the SA Rail Commuter Corporation's, extensive initiatives to offer commuters better

To Page 2

## Rail fares *B10am 2/12/91* 269 From Page 1

value for money," said Grové "Apart from the more than R250m being invested countrywide until March 31 1993 to secure stations for proper policing, a further R18m will be spent during the current financial year to improve passenger facilities at stations and on trains."

Sacob infrastructure portfolio manager Peggy Drodskie expressed concern at the severe effect the increase, and Spoornet's

and Portnet's 12% tariff increases, would have on business

She said it was difficult to determine whether it was better for the economy to load consumers with heavy fares or to subsidise the corporation "In principle, Sacob opposes subsidies, but because of the socio-political past, some subsidisation of commuters is necessary," said Drodskie



# Train fares to go up by 15 percent

Sowetan 2/12/91

Sowetan Reporter

269

**FARES** on Metro train services are to be increased by 15 percent from January 1 1992, the chairman of the board of the South African Rail Commuter Corporation, Dr EL Grove, has announced.

"The increase is necessary to keep abreast and to improve cost-coverage.

"Even after the increase on January 1 1992, the fare paid by the commuter will still constitute only 27 percent of the cost of providing rail commuter transport," he said on Friday.

Justifying the increase, Grove said it coincided with the corporation's extensive initiatives to offer commuters better value for money.

This included improved security at stations and on trains and attempts to upgrade commuter facilities.

"Stations are being safeguarded in priority order by intensifying access control, erecting safety fences, improving lighting, keeping stations clean and dry, painting buildings, and maintaining more extensive police surveillance," he said.

He said the current security programme has been accelerated from five to three years. Therefore, some 250 of the 370 stations where Metro services are rendered, will be properly secured for fulltime policing while the remaining 120 stations will be secured for effective police patrolling in March 31 1993.

He said a total of R250 million would be used to secure stations until the end of March 1993. About R18 million is currently being spent to improve passenger facilities.

Grove said the increase meant commuters would have to pay more, but would be able to save a lot by buying season tickets instead of single tickets.

A weekly trip to Johannesburg from Naledi, Soweto, in third class will cost R8,80, a monthly R34,50 and a single trip R1,80; from Krugersdorp it will cost R9,50 for a weekly, R37,50 for a monthly and R2,10 a trip; from Ketiption Park a weekly will be R9, a monthly R35 and a single trip R1,80.

Pretoria residents will pay R13 for a weekly ticket, R50 for a monthly and R4,10 for a single trip.

# Metropolitan train fares to go up 15pc

By Thabo Leshilo <sup>Star</sup> 2/12/91

The South African Rail Commuter Corporation will increase fares by 15 percent on all its Metropolitan services on January 1, the SARCC announced at the weekend.

Speaking to reporters in Johannesburg, chairman of the SARCC board of directors Dr Bart Grove, said on Friday the increase in fares was necessary to keep abreast of inflation, help cover costs and improve the rail commuter service.

The penalty for riding without a ticket will be increased from R2 to R5 — over and above the cost of a ticket — in order to curb the yearly R20 million loss of revenue because of the practice.

The new fare hike follows a 10 percent in-

crease in April. It also coincides with the SARCC programme to improve the security situation at stations and to upgrade commuter facilities.

Examples of the new fares

● Naledi to Johannesburg, first class — single R4,10, weekly R31, monthly R115, third class — single R1,80, weekly R8,80, monthly R34,50.

● Dube to Johannesburg, first class — single R2,80, weekly R22,50, monthly R84; third class — single R1,20, weekly R7,10, monthly R27,50.

● Krugersdorp to Johannesburg, first class — single R4,70, weekly R35, monthly R129; third class — single R2,10, R9,50, R37,50.

● Pretoria to Johannesburg, first class — single R9,40, weekly R58, monthly R213; third class — single R4,10, weekly R13, monthly R50.

# Sabta may take over Sandton bus service

(269) 3/12/91

THEO RAWANA

BLACK taxi organisation Sabta might take over the running of Sandton's municipal bus service when the local authority cancels its contract with a private company in June

A Sandton Town Council meeting decided last week that the agreement with Comuta Services should be cancelled because the bus service was uneconomical and under-utilised

The meeting had also been told that "excessive tariffs" paid by the bus service's commuters may have been responsible for the lack of support it was receiving

The council decided to investigate whether Sabta could provide a regular minibus service within the municipal boundaries of Sandton

The council will also investigate whether the Johannesburg Transport Department will consider extending its proposed bus routes in Sandton to cover a wider

area

Council spokesman Daleen van Wyk said yesterday the council was investigating an offer from Sabta, but this was among other options open to it

It would be clear by next April what passenger transport service was acceptable to Sandton

Sabta national media manager Fanyana Shiburi said the taxi organisation had been running a taxi service between the Johannesburg CBD and Sandton for the past eight months

Sabta was talking to Sandton and the route agreed upon would be handled by drivers trained through its Project Spear training system "There will be tighter security on this route, with two trained guards manning each taxi," Shiburi added

# Pik pays tribute to Info-busting Katzin

DAVE LOURENS

THE funeral of top investigative reporter and Sunday Star assistant editor Kitt Katzin — who died yesterday of cancer — will be held tomorrow

Colleagues — and Foreign Minister Pik Botha — paid tribute to the man responsible for leading the

exposure of the Info scandal which brought down John Vorster's government

Sunday Express editor at the time of the scandal, Rex Gibson, said four qualities particularly distinguished Katzin, 51 They were his unflagging enthusiasm, his doggedness, his total commitment to the notion that the public had to be told the truth, and his courage

"I worked with him during the momentous days of the Info scandal His life and his family were threatened as he probed the biggest political scandal of the decade Not one word he ever wrote about the Info episode has ever been seriously challenged For a consummate professional there can be no higher tribute"

Botha said that despite differences the two agreed on fundamental issues, such as the moral necessity to remove racially discriminatory legislation

He described Katzin as "always dynamic, imaginative and resourceful"


SA Union of Journalists president Sven Lünsche said Katzin had set an example to journalists through his commitment to pursuing the truth

The union's bestowal earlier this year of its Pringle Award on Katzin was a great tribute, as it had been made by his colleagues

Head of the Rand Daily Mail investigative team into the "Info" scandal, Chris Day, said Katzin had inspired all journalists

● See Page 8

**BUSINESSMEN**  
**VA, THE OFFICIAL**  
**IS LAUNCHING A**  
**SELLER**  
**TO 25% OFF**



**BENA**  
**WORLD AIRLINES**



**New liner service**

SA trade links with Russia and Europe will receive a major boost next year following an announcement yesterday that a Russian shipping company will call on SA ports next year.

Rennies Ships Agency MD Fred Payne said the Baltic Shipping Company of St Petersburg had announced the start of a liner service between ports in the UK, western Europe and SA as well as a service between Durban and Australia.

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*218 219*

# Rand Airport triggers related development

B/Dan 5/12/91

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MAJOR development is planned around Germiston Lake, Rand Airport and Germiston Golf Course, and private sector developers look forward to calls for a batch of tenders from early next year

The city councils of Germiston and Johannesburg are putting their heads together to develop a concept that will make the most of the potential of the area

Germiston town clerk Tonia Heyneke says "No other undeveloped area in South Africa has so much going for it"

## Progress

Management committee chairman Leon Louw says "We have made good progress in developing the concepts and expect to be able to start talking to private developers from about January"

Incorporating an airport, the largest lake on the Witwatersrand and a major section of the recreational strip running through Germiston, the area is a stone's throw from Gosforth Park race track and the Olympic-quality Herman Imelman Stadium

It is also close to one of the largest industrial areas in SA, is a matter of minutes from Jan Smuts Airport and has unparalleled access to the freeway network serving the East Rand.

"The concept developed out of Johannesburg City Council's decision to develop Rand Airport, which is the busiest in SA

"It soon became clear the airport couldn't be seen in isolation and Germiston council representatives were invited to join the

committee," says Heyneke.

In addition to upgrading Rand Airport and developing space to accommodate service industries, the committee is considering the development of two new hotel developments, an entertainment-orientated retail development on the shores of the lake and an upmarket residential complex around the golf course

"It doesn't make sense for businessmen flying into Rand Airport to have to travel into the Johannesburg CBD for hotel accommodation, especially as many of them come to visit the East Rand," says Heyneke

"We already have a Formula One hotel, which has proved successful. Now we would like to develop a second such hotel, as well as, a three-to-five star operation"

## Quality

The proposal is for a Formula One hotel on the underdeveloped north side of the lake, while the better quality hotel, incorporating a conference centre, would be to the south, between the established resort area and the golf course

These facilities will be used by a wide range of people, from sportsmen to visiting businessmen.

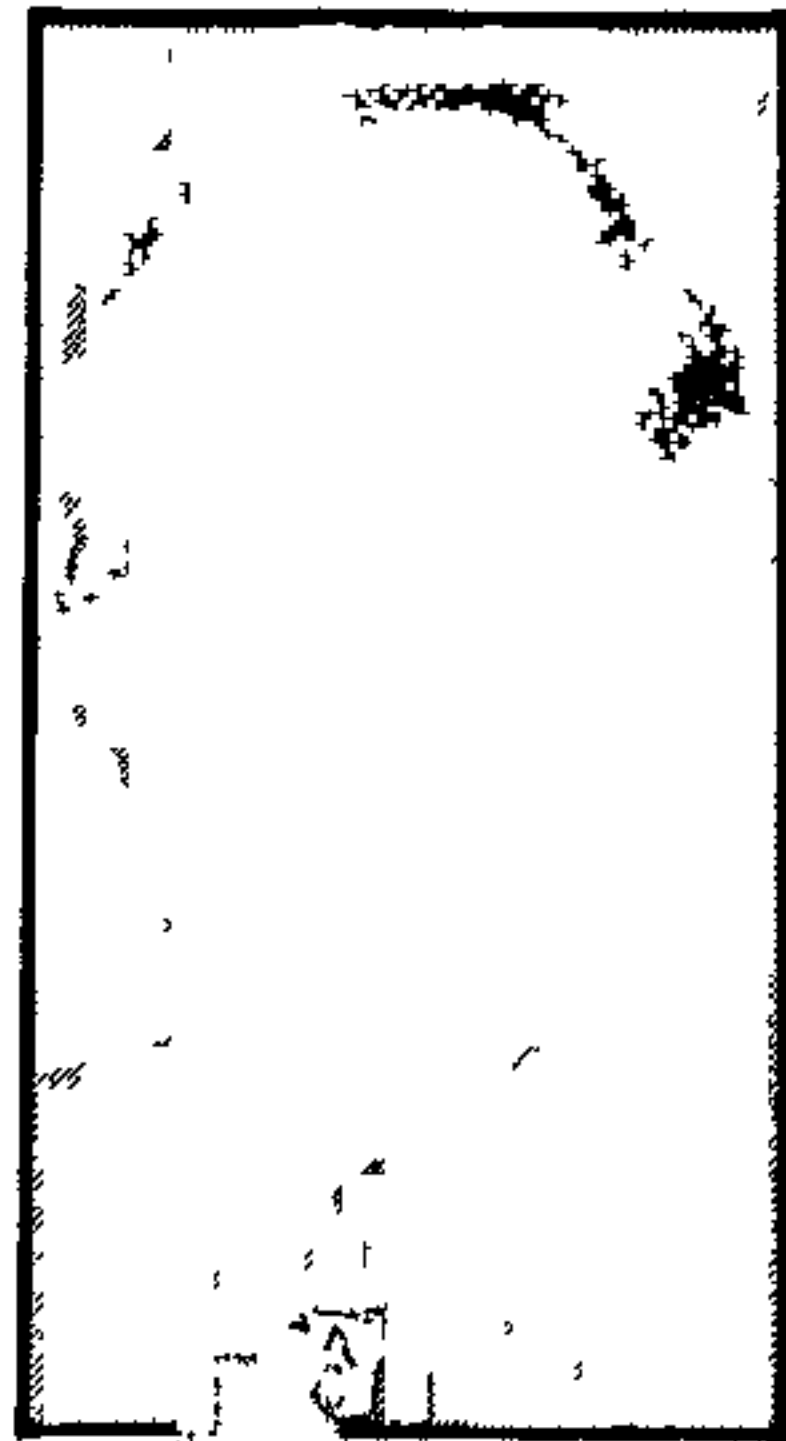
At the same time, the committee is looking into the prospects for the phased development of apartments on the north-west bank, between the lake and the golf course

There is also potential to extend the resort function of the area, possibly with the introduction of an upmarket gymnasium and sports club

Louw says he would like to see some retail development along similar lines as Fisherman's Village at Bruma Lake

"Our development plans are intended to enhance the lake while realising its full potential, but we are committed to keeping most of the land around the lake public open space," Heyneke says.

"We have yacht, fishing and motor boat clubs operating on the lake and the picnic spots, restaurants, putt putt course and miniature train make this one of the most popular resorts on the East Rand"



HEYNEKE

## Traders arrive on new Kenyan flight

DAVE LOURENS

269

THE first Kenya Airways flight to SA landed at Jan Smuts yesterday afternoon, bringing a contingent of leading Kenyan businessmen planning to establish trade links.

Yesterday's flight marked the inauguration of a regular Nairobi-Johannesburg service, which will consist of twice-weekly Kenya Airways flights and a weekly SAA flight.

SAA CE Gert van der Veer said the two national airlines would profit from a route which had previously been exploited by third parties.

"This is an African cake and it is time we got our slice," he said.

Due to political differences the route had been serviced by European airlines, but after an appropriate notification period, their traffic rights would be rescinded.

"We do not have those rights in Europe, so I think it is only fair that the two national airlines should now exploit the route to the benefit of the airlines and their passengers," said Van der Veer.

Leader of the business delegation, Kenya National Chamber of Commerce and Industry chairman Frances Macharia, said: "We need to import agricultural supplies, especially fertilisers, pharmaceutical products and spare parts for machinery and motor vehicles. We hope to export coffee, tea and pyrethrum."



# Kenya Airways in first touchdown

Sowetan

6/12/91

269

History was made this week when the first direct flight from Kenya touched down at Jan Smuts Airport for the first time ever.

Most of the Kenyan nationals aboard the Kenya Airways aircraft, which took 3hr 45min to reach South Africa, were businessmen on a mission to open up trade links

Addressing guests and passengers gathered at the Jan Smuts Airport's semi VIP room on Wednesday afternoon, the airline's marketing general manager, Ms Patricia Adala, said the flight was about "co-operation, friendship and understanding"

She said they were grateful to be in South Africa and appreciated the agreement between the South African and Kenyan gov-

ernments in terms of which airlines can operate between the two countries

She said they were prepared to operate direct flights about a year ago but could not because the world was not ready for it.

"This flight is not about airlines but about people." Adala said they would be operating two flights a week

A South African Airways spokesman, Mr GD

van der Veer, said there should have been flights between the two countries 28 years ago but this was impossible due to political differences

"Today is significant because two airlines will now exploit possibilities for the benefit of passengers"

Leading a delegation of 20 businessmen, national chairman of the Kenya National Chamber of Com-

merce, Mr Francis Machari, said they were happy to be here, particularly in Johannesburg

He said their mission was to make contacts with businessmen and establish stronger trade links with South African business.

"Our mandate is very clear - we want to establish balanced trade links. We are from a Third World country and we are here to identify areas of contact."



A bird's eye view of some of the Kenyan nationals who were aboard the historic Kenya Airways' first flight to South Africa on Wednesday. Some of the passengers returned home two hours later when the plane flew back to Kenya. Others will be staying here until Monday.

**SANTA CLASS** Father Christmases attend the last of the Berlin's technological university, in preparation for their jobs.

# 15% hike in city bus fares soon

269 CT 7/12/91

**Municipal Reporter**  
CITY TRAMWAYS is to raise its bus fares by an average of 15% from next Sunday, December 15.

General manager Mr Frans Mayoss said the last general adjustment to fares had been on August 12 last year, although upward and downward adjustments were made later that year in accordance with fuel-price fluctuations.

He said the consumer price index for the past year was around 16,8%, but inflation in the bus industry had run at

21%. Thus the increases were "much less" than the industry-specific inflation rate.

City Tramways has 800 buses on which it moves nearly 250 000 commuters daily.

Clipcards bought before December 15 will continue to be valid until December 29. Pensioners' concessionary clipcards will remain valid for 60 days.

The increase means that the cash fare from Mowbray to Cape Town will rise from 96c to R1,10 and the cash fare from Khayelitsha to Claremont will rise from R3,30 to R3,80.

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# Mobile courts hit the road

APR 19 12 19  
269

The Argus Correspondent

JOHANNESBURG — Vehicle overloading cases have been the exclusive work to date of the first established mobile court set up next to the Sybrand van Niekerk highway near Tokoza.

Shortly after the court was officially opened by Justice Minister Mr Kobie Coetsee, the first charge of overloading was heard

Another two overloading charges were subsequently laid

against two motorists on the same day

Heavy penalties have been introduced for this offence as South Africa's road networks have been badly damaged by overloaded vehicles.

In all three cases handled by the mobile court, a R300 fine was imposed, alternatively, 180 days' imprisonment suspended for four years

Although the court was closed on Monday, it opened again for

hearings from Tuesday for 24 hours daily

The mobile courts — busses converted into courtrooms and flanked by a caravan for a public defender — were introduced to deal speedily with traffic offences, unrest-related incidents, plea proceedings, bail and postponements.

"The public should see these courts not as a point of persecution, but as a facility to let people know the law is here to protect the individual and the community," Mr Coetsee said



## Airlines rate tops for service quality

269 PAUL ASH 102

IN TERMS of quality of service, airlines rate tops among white consumers while at the bottom of the list of a recent Markinor survey on how consumers rate the service industries are municipalities and car repair garages.

A Gallup Poll carried out among 1 000 adults in major metropolitan areas in June 1991 showed that 66% of respondents rated the quality of service received from airlines as high or very high with 39% noting an improvement over the past three years.

Banks came second with 55% of those polled rating their services highly, and notching up a 37% improvement score. Hotels got a 48% rating.

The survey reflected difficulties experienced by services such as hospitals, Markinor's Peter Scott-Wilson said.

"Health care services are having problems and cutbacks at hospitals are evidence of this," he said.

Only 24% of those polled felt hospital services had improved and about 47% did not see any change at all in the quality of care.

In the Markinor group's newsletter, senior research executive Jill Kaicener said: "SA companies have long been criticised for delivering poor quality service to an uncomplaining public." Surveys of this sort should be food for thought for corporate executives, she said. 5 (day) 9/12/91.

## R270m outlay on food containers 269

~~WILLIAM GILFILLAN~~ WILLIAM GILFILLAN

ABOUT R270m is to be spent on 8 000 refrigerated containers to carry perishable foods between SA and Europe by the Southern Africa Europe Container Service (SAECS), a consortium of national shipping lines. *81 Day 10/12/91*

Making the announcement, outgoing SAECS chairman Rupert Brennecke, MD of Deutsche Afrika-Linien, also said Safmarine director Howard Boyd would take his place as chairman next year. Julian Bevis, of P & O Containers in the UK, had been appointed to take over from outgoing CEO Peter Butland, of Safmarine.

In October SAECS announced the current consortium agreement, signed in 1974, would be renewed for 10 years from January. Only one of the current participating member lines, Navale Delmas International (NDI), of France, had decided not to remain a member. Its representative in SA, Ronnie Frick, said NDI was unhappy with the share of trade that it had been allocated.

Each line was given a share according to the cargo generated in its native country.

The member lines of the renewed SAECS, to be known as SAECS 2, are CMB Transport (Belgium), Compagnie Generale Maritime (France), Deutsche Afrika-Linien (Germany), Ellerman Harrison Container Line (Britain), Lloyd Triestino (Italy), Nedlloyd Lijnen (Holland), P & O Containers (Britain) and SA's Safmarine.

# Charter fight policy criticised

By John Miller

269

Overseas tour operators have questioned SAA and the Government's expressed desire to increase tourism after various six-month charter contracts were rejected.

MD of SA Delight, Matthew Flint, said that along with Monarch Airlines they had applied for a six-month charter licence which was turned down by the National Transport Commission after objections from SAA. Instead the companies were granted nine flights during December and January

"This number does not make it economically viable and we were forced to cancel the charter flights."

He said that in fairness to SAA, the airline had helped by making about 1 000 seats available to those clients who had already paid for their holidays.

Mr Flint said charter operations could go a long way to boosting tourism in South Africa. "In Orlando in the US last year 80 000 passengers arrived on scheduled flights and more than 700 000 on charter flights."

A spokesman for Nordavia, a German charter company, said their request for 26 flights was rejected and instead only 10

STAR 10/12/91

granted. This, he said, meant that it was not cost-effective.

When the Department of Civil Aviation was asked why it refused to grant any six-month charter licences a spokesman said "We do not have to give any reasons." The spokesman also would not confirm or deny SAA's role in their decision.

Rupert Lawlor, vice-president of the Association of South African Travel Agents, said "the interim aviation policy and future policy had to be clarified. Is the policy going to be an aviation policy or will SAA continue to dictate the basic policy?"

Mr Lawlor also believed that a six-month charter licence would serve the country better. It would allow the hotel industry to increase its occupancy figures during off-peak periods.

A spokesman for SAA, Zelda Roux, confirmed that the charter applications were opposed, but said it was in keeping with the recently gazetted interim aviation policy, which allowed for objections.

One of the reasons for the objections, she said, were that charter operations were interested only in peak periods and when they were assured of passengers.



# Safair and Ancom in deal

610 am  
11/12/91

LINDEN BIRNS

(289)

SAFAIR is expected to expand into the light, corporate and helicopter market through a partial buyout of Ancom Aviation (Anjet). Contracts are to be signed today.

Ancom was suspended on the JSE earlier this year. Sandton-based General Equity Securities (GES) Holdings is Ancom's holding company. GES launched a recapitalisation campaign for Ancom in September. However, an industry source said this had failed as only about R2m was raised through the sale of minority shares in Ancom.

A source close to Safair, which is part of the Safren group, said the buyout would enable Safair to expand its maintenance capabilities to include piston-engined, turbo-prop and jet aircraft and helicopters.

It is not known how much Safair will pay for Ancom. Safair will acquire Ancom's hangars and workshops at Lanseria and Rand airports. It is not known whether Safair will take over Ancom's debts, or any of its other interests. Ancom's unaudited balance sheet on February 28 1991 showed the company was heavily over-borrowed.

In its most recent trading year, Ancom made a net profit of R528 092 and realised earnings per share of 2,6c — a turnaround on the R4,1m net loss and a share-earnings loss of 19,9c a share in 1990. No dividends have been issued since 1987.

GES MD and Ancom director Steve Venter could not be reached for comment on the deal yesterday.

## SAA invited to share ideas

LINDEN BIRNS

269

SAA has been selected by the US's second-largest commercial aircraft manufacturer McDonnell Douglas as one of 20 essential international airlines whose input is needed to complete the design and launch of the company's newest tri-jet airliner, the MD-12.

Last week SAA engineer Peter Crutchley and representatives of 19 other airlines attended MD-12 design briefings at McDonnell Douglas's head office in Long Beach, California. *Blom 12/12/91.*

According to the manufacturer's Africa and UK commercial marketing director Ronald Howell, who is visiting SAA and other local airlines this week, the representatives were asked to supply McDonnell with design requirements and to suggest improvements on the basic design concept for the new aircraft.

In October the McDonnell board gave permission to the company to start marketing the MD-12 as a replacement to Boeing 747-200s, most of which will have ended their design lives by the late 1990s.

Howell said the aircraft would go into production if McDonnell Douglas could secure orders from at least one "trend-setting" airline from the US, Europe and Asia.

Crutchley and the other airlines representatives are to return to Long Beach early next year where they will review and analyse the results of their suggestions.

## Fuel shortage shuts 269 down Soviet airports

*B1 Dec 13 12 191*  
MOSCOW — A critical fuel shortage forced the closure yesterday of more than half of all Soviet airports and the cancellation of most domestic flights of the state Aeroflot airline, Tass reported.

The Soviet news agency said 92 airports were closed and another 38 were on the verge of closing. It said there were no flights from Ukraine, the Caucasus Mountains, the Far East or the republic of Kazakhstan. Affected were major, medium-size and small airports.

"No information is yet available as to when any form of normal services can be resumed," Tass said in its brief report on the situation.

The duty navigation officer at the Soviet Union's central air traffic control directorate said "a lot" of airports were closed. He had no other information.

Tass said the closure of 92 airports amounted to "more than half of all the airports."

The collapse of the central economy and the cutting of old economic ties have left many parts of the crumbling union without adequate supplies of fuel, electricity and even food. But jet fuel has been among the hardest-hit commodities.

Earlier this week, hungry and exhausted passengers stormed an Aeroflot aircraft and ordered its crew to operate a flight which had been delayed for hours.

"People exhausted from more than 24 hours of waiting, unable to sit, get anything to eat or obtain information in the terminal, refused to leave the aircraft," Tass said of Monday's incident at Yekaterinburg in the Urals.

It said authorities eventually agreed to allow the Tu-154 aircraft to leave for Simferopol in Ukraine's Crimea region. — Sapa-AP-Reuters.



FM 13/12/91 (269)  
 This announcement comes when we have already done our scheduling and sold seats for the April to October season"

Olympic is in the same predicament, but other airlines are switching to serving both Nairobi and Johannesburg with nonstop flights. KLM has announced it will stop flying the route on March 31, Swiss Airlines stopped some years ago. The result is fewer flights to Nairobi. Says KLM spokeswoman June Crawford: "Air travellers don't like stopovers anymore. Nairobi is important. It's a good tourist destination but it doesn't provide huge amounts of traffic. What is more important is that we provide a good service to SA"

David Pincus

SA AIRWAYS FM 13/12/91 (269)  
**Not with the programme**

**SA's liberalisation** of international air traffic is not yet a month old but already SA Airways has twice violated the spirit of the new policy. Despite government's plan to free air routes, SAA is still trying to shoulder all opposition out of the way (*Business & Technology* November 29)

Last month SAA successfully opposed an application by a private company, Air Supply, to operate year-round charter flights between Johannesburg and the Indian Ocean islands.

Then last week, on the arrival of its maiden flight to Johannesburg, Kenya Airways made it clear that the airline and SAA would not allow other airlines to carry passengers or freight between Nairobi and Johannesburg after March 31. That decision leaves out British Airways, which stops in Nairobi three times a week on its flights between Johannesburg and London. The airline will probably demand its right of a year's notice, says its SA manager, Malcolm Freeman.

The first hint of the hardline approach came at the welcoming ceremony at Jan Smuts airport. "For 28 years other people who had no right on this route have exploited it," said Kenya Airways marketing GM Patricia Adala. "Today we say, the party is over. This market belongs to us and no amount of aggressive marketing will stop the two national airlines from exploiting it."

She delivered the punchline three hours later when she told a radio interviewer that all other airlines would be barred from the route in four months.

SAA spokeswoman Zelda Roux says other airlines will be allowed to land at Nairobi to refuel but will not be able to pick up passengers. The same situation exists on the SAA flight to Tel Aviv through Zurich: the aircraft stops to let off passengers and refuel but may not pick up passengers bound for Israel. SAA resumed flying to Kenya a year ago after a 27-year absence. During these years, other airlines filled the gap — and BA, Olympic and KLM still do.

Now that Kenya Airways has returned to the route, "we will go to the British, Greek and Dutch governments, with Kenya Airways, and ask them to stop their flights," Roux says. "We haven't done anything yet. It can take some time but, normally, once we put our case, the flights end."

However, the SA government has bilateral agreements with all three governments. These allow the flights to remain very much in force. Says Freeman: "BA will demand the year's notice it is entitled to under our bilateral agreement. We have been flying the Johannesburg-Nairobi route for more than 25 years and won't let it go just like that."

# SAA and Kenya Airways aiming to shut out three

SAA and Kenya Airways are to ask the British, Dutch and Greek governments to stop their airlines picking up passengers in Nairobi while en route to Johannesburg. They also want a ban on people being ferried to Nairobi on the return journey.

The move comes almost a month after SA implemented a deregulated international air services policy, encouraging non-protective competition between airlines flying the SA route.

It also comes in the wake of a Kenya Airways decision to exercise its bilateral rights on the route between Nairobi and Johannesburg in terms of the agreement signed with SAA in 1990.

Last week Kenya Airways began operating the route, a year after SAA resumed services to Nairobi.

## LINDEN BIRNS

ing the stopover

One industry spokesman said that SAA's tactics meant it was "not levelling the playing field, but bulldozing all the competition off it".

But Roux said SAA was in favour of a "qualified liberalisation" of routes.

Earlier this year SAA CE Gert van der Veer told a Cape Town conference that European airlines were trying to get a maximum foothold in world markets and that this was to the detriment of SAA and other southern African carriers.

He said airline rights to pick up and carry passengers between two points not in the airline's home country should be allowed only in special circumstances.

"It is therefore SAA's view that only one carrier should be designated per country to operate on each route," he added.

KLM recently announced that from early next year its flights to SA would be non-stop. In October Swissair began non-stop flights between Zurich and Johannesburg.

Austrian Airlines has a refuelling stop at Nairobi, but does not have any rights to pick up Johannesburg-bound passengers in

Nairobi or vice versa

Roux said that from April 1, with the exception of SAA and Kenya Airways, no airlines would be allowed to pick up passengers who wanted to fly between Johannesburg and Nairobi.

BA's GM for SA Malcolm Freeman told the Financial Mail this week that the airline would demand a year's notice of the new Nairobi policy in terms of the agreement between SAA and BA.

SA and British governments are set to renegotiate the current bilateral air services agreement next year.

European rivals

# Optimism as Air Canada prepares to open SA office

STAR 14/12/91

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AIR CANADA is to open an office in Johannesburg in March and the resumption of air links between Canada and South Africa may not be far behind.

Air Canada general manager for Africa Tony Clegg-Butte said further significant developments were in the planning stages to further cement the relationship between Air Canada and SAA.

While Air Canada does not plan to operate a service between Canada and South Africa at this time, he says, "we would encourage SAA to perhaps extend their New York service to Toronto".

An SAA spokesman would only comment that

## MANDY JEAN WOODS

"we are talking to everyone and looking at all possibilities".

Air Canada closed its office in SA in 1984 for economic reasons and ceased to be represented locally in 1987 due to political considerations.

For the past six months, Mr Clegg-Butte said, Air Canada, in co-operation with SAA, had been promoting a superpex fare from South Africa to Canada.

"This has stimulated the market and will be available throughout 1992," he said.

In excess of 120 000 South Africans have emi-

grated to Canada over the past decade and this "visiting friends and relatives" traffic combined with business traffic (which should show further growth as sanctions are relaxed) means there is a very lucrative market waiting to be tapped by the national airlines of the two countries.

"The support we received from the South African travel industry during our time away has been much appreciated," Mr Clegg-Butte said.

"Our own confidence in this market is borne out by the opening up of our own office, not just appointing a general sales agent to handle our business."



## Satour sets sights on conference market

LONDON — The South African Tourism Board will be targeting the lucrative conference and incentive travel sectors when it exhibits for the first time at the International Confex in London from February 25-27

"Recent changes in the South African political climate have meant that South Africa is now the destination of the 1990s for conference and incentive travel," said a statement issued by Satour's London office

International Confex will be held at London's

giant Olympia complex where Satour and other South African exhibitors were strong attractions at the World Travel Fair last month.

"In South Africa, conference delegates can stay at top-class hotels with excellent service, gourmet food and wine and enjoy pursuits such as game viewing, water-sports, golf, big game fishing or even ballooning or helicopter rides, all in easy reach," said Satour tourism promotion officer Dee McDonald. — Sapa

# Container delays 'weeks not days'

B/day 20/12/91  
COMMERCE and industry yesterday complained bitterly over delays in the delivery of containerised goods by Spoornet.

Reacting to a Business Day report of union unrest delaying deliveries, numerous Johannesburg business people telephoned to complain that two-week delays were being experienced and not half a day as stated by Spoornet.

MD Lighting director Bernard Benson claimed businesses were "hamstrung", particularly over the Christmas period, by problems at the Kaserne depot near Johannesburg.

He said Spoornet seemed to have a problem over which it had no control.

"Spoornet management have used the excuse of labour problems on a number of occasions in the past. We have even volunteered to collect our own goods, but authorities at the depot have sometimes been unable to locate these items," Benson said.

A Wynberg-based wholesaler, who did not wish to be identified, said delays in receiving containers from the depot were clearly evident.

Containers with perishable goods went missing for some time and had taken more than two weeks to trace.

The company said Kaserne authorities had recently requested them to fetch their own goods.

Several other callers, requesting anonymity, said delays of up to three weeks had been experienced in some instances.

One caller, a buyer for a large food

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chain, said some perishable goods had "arrived in poor condition", despite numerous requests to Spoornet to expedite their delivery.

However, Spoornet yesterday again denied allegations that the delay at the Kaserne mini-freight (PX) depot was more than half a day.

Spoornet spokesman Hubert van Teiglinge said late yesterday afternoon that an agreement "which was acceptable to both parties" had been reached between Spoornet management and the SA Railways and Harbours Workers' Union (Sarhwu).

A Sarhwu spokesman said yesterday union officials met management in a bid to resolve the issue. He was unable to confirm that the parties had reached agreement.

Black Transport Workers' Union (Blatu) president Dan Phiri said the union — after consultation with its legal advisors — signed a document committing workers to refrain from any violence or intimidation.

However, members would return to work only once management had reached the same agreement with Sarhwu. By yesterday morning, the parties were still deadlocked on the signing of the document, Phiri said.

The dispute arose early last week after Sarhwu members evicted Blatu members from the plant. Subsequent violence between the two trade unions left one worker dead and several injured.

ROBERT WICKS and  
VERA VON LIERES

# Rocked but still rolling

F M 20/12/91

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**Spoornet boasts** that it has the most advanced rail system in Africa but once its modernisation and improvement programme is completed it will be on a par with the best in the world. It is even — but only just — beginning to think imaginatively in the financial sphere.

Spoornet is looking well into the next century and planning to compete with ultrafast trains against airlines for passengers and freight. The company has the technology to operate such exciting vehicles. One of the three prototypes of its new generation Class 14E locomotive has pulled trains at 130 km/h. In 1985, when it was still part of SA Transport Services (Sats), and known as SA Railways, it operated a commuter train, the Metro Blitz, between Johannesburg and Pretoria at up to 160 km/h.

That was ahead of its time and simply joined the list of services scrapped because they didn't pay. No real effort was made to market the Metro Blitz properly nor make it profitable — or even to find out why it wasn't paying.

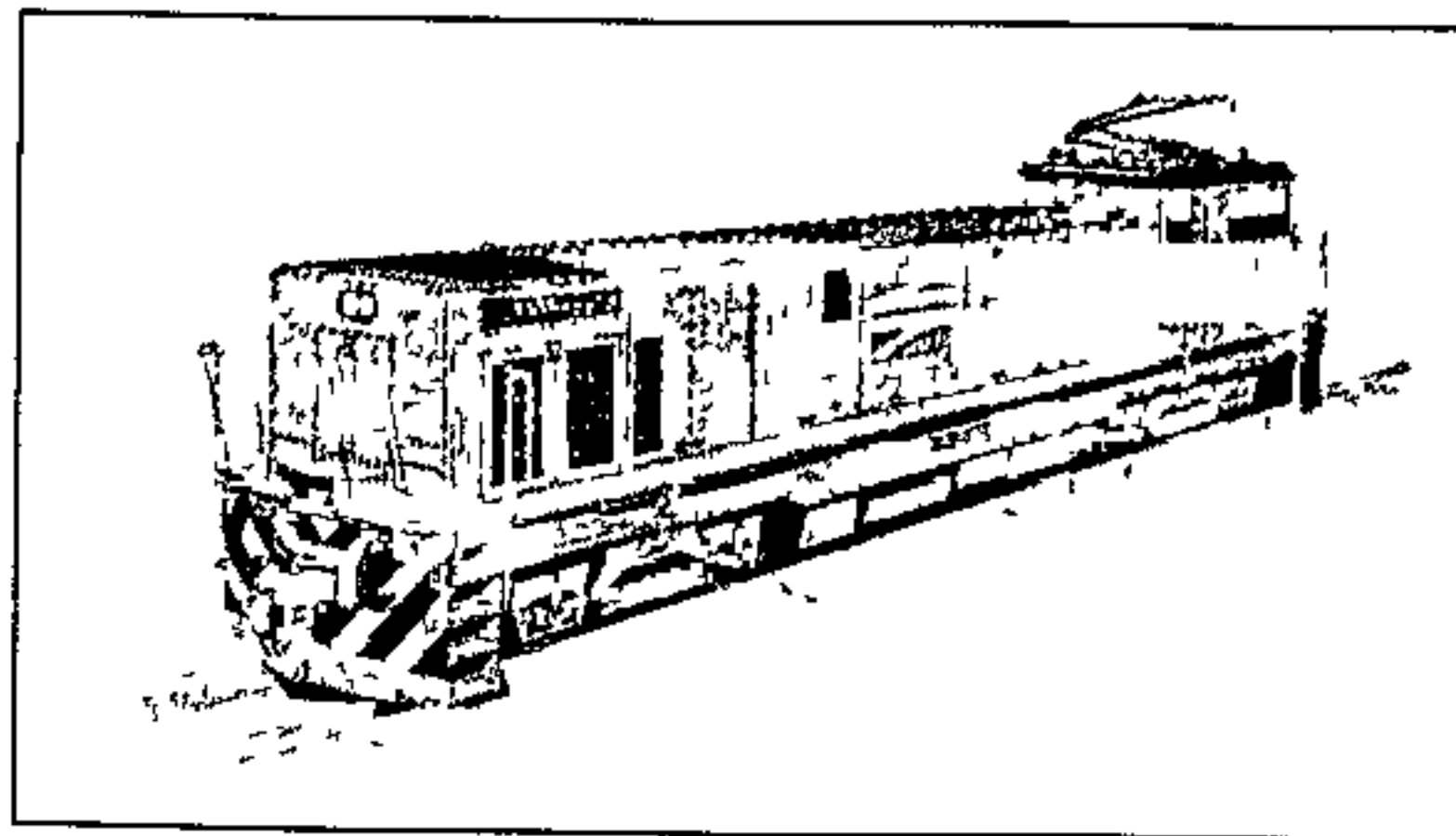
Now Spoornet has appointed a committee of high-speed railwaymen under the chairmanship of Wicus Pretorius to look at operating trains to travel at up to 400 km/h and taking less than three hours between Johannesburg and Durban. At that speed it would take 42 km to stop the train.

Pretorius admits "We're just talking. At this stage ultrafast trains are still a dream." But a workable, though rough, framework has been created. The service will be for passengers and light freight, passengers will travel in double-deck air-conditioned coaches. It will compete with air travel and air freight in the same way that the TGV (*train de grande vitesse*) rail system in France competes with internal air services.

A lot of in-depth and detailed investigation into traffic volumes still needs to be done but, if all goes well, a feasibility study could be under way in 1995 and the service oper-

ational by 2010. Thinking is that the service would be operated by eight to 10 trains, which means it would be possible to have one departing every hour from each terminus.

For a more comfortable, safer ride at those speeds, track width would be 1 435 mm — as



**Ultrafast trains** *dream or reality?*

used in Europe, Japan and the US — not the 1 067 mm in SA. So a completely new track would be needed.

"Spoornet will not be able to tackle a project of this magnitude on its own," says Pretorius. "It will cost US\$4bn in today's money just to build the track. The private sector will have to become involved — which means investors must be offered attractive dividends."

Pretorius believes the service would be able to compete more than favourably with the air service between Johannesburg and Durban. "Airlines fly the distance in 50 minutes but, when one adds the time it takes to travel to and from the airports, as well as the waiting at the airports, it actually takes three-and-a-half hours."

The present rail route to Durban will probably not be considered because of its twists and turns and hills in Natal. This means that a lot of ground would have to be expropriated — an extremely costly exercise. A line following a more benign route, with fewer mountains to drill through and easier river crossings, can be chosen — but it would probably be just as costly. It would be longer;

more ground would have to be expropriated and it would have more curves. Maximum speed would be achieved for only short periods. Meanwhile, the rolling stock division has a R350m procurement budget which it is using to build longer, safer trains that carry more, travel faster and cost less to operate.

At times, such as on the Richards Bay coal line, where loaded trains go downhill all the way, braking power is more important than traction. The Class 11E locomotives used on that line were designed to cope with that problem. But rather than buying or building more Class 11Es, R50m is being spent on increasing the braking effort of Class 7E locomotives. These have become Spoornet's workhorses and it has a plentiful supply.

The rolling stock division is involved in other projects — annual cost is expected to run to R60m — designed to lengthen trains, increase the carrying capacity of wagons and allow all trains to run faster. These include: □ Vacuum brakes, which limit speed, carrying capacity and lengths of trains, are being replaced by much more efficient air brakes. This means that Spoornet's fleet of 5E locomotives will be replaced by 10Es. Fewer will be needed because they are more powerful; □ Old-fashioned bogies are being replaced with Scheffel high-speed, high-stability, cross-anchored bogies.

Yet while all seems well technically, perhaps Spoornet would truly be equipped for the next century if it garnered the skills to make it fly financially. Projects like a bullet train between Johannesburg and Durban need more than vague notions that the private sector can help. Private-sector involvement in railway operations has to start long before well-publicised and glamorous projects in order for them to be properly evaluated in the first place. Spoornet should consider this option very carefully indeed if it doesn't want to run out of steam.



## British Airways in deal with Flitestar

~~THE~~ LINDEN BIRNS ~~22~~ 269

BRITISH Airways yesterday became the first airline to recognise SA's newest domestic airline, Flitestar, internationally

It has agreed to issue tickets for Flitestar and represent it on computer reservations systems in 80 countries

The agreement comes into effect on January 1 when Flitestar's schedule and tariff details will be made available throughout BA's global computer reservation network and also on the Galileo network being brought on stream 5/0am 20/12/91

SAA has a similar agreement with BA.

BA's southern Africa GM Malcolm Freeman said the airline had already experienced a demand from SA-bound passengers to book onward flights from Johannesburg on Flitestar.

"With a slight alteration to its morning departure schedule, Flitestar stands to take as much as 20% of the 4 000 passengers BA flies into SA every week onto its domestic flights," said Freeman. Of the passengers Flitestar currently carries, only about 1% originate from abroad

Flitestar MD Jan Blake said the airline would be announcing departure schedule changes "possibly in January, but definitely by the end of March".

Freeman said SAA had always been BA's biggest interline partner in SA, but it was time to share the business

Blake said Flitestar would also be signing an interline agreement — similar to the one with BA — with Swissair next year

Insurance  
(269) (18)  
bid for train  
SPAR 20/12/91.  
commuters

The SA Railway Commuter Corporation is exploring the possibility of facilitating an insurance scheme for train commuters in the light of the rampant train violence, SARCC marketing manager Coen van Niekerk said yesterday.

Although it was unclear how the scheme would work, commuters could decide whether to take out the insurance.

The idea comes at a time when there is mounting concern that commuters should be compensated if they are injured or killed on railway property.

According to a lawyer, the SARCC is not liable for compensation because it is not responsible for the attacks.

An extensive campaign is to be launched early next year to urge the Government, the SARCC and the business community to seek ways of compensating victims. — Staff Reporter.

# SAA flying high as it regains its routes to world

S/Timey 22/12/91

By ROGER MAKINGS

THE lifting of the ban on SAA's landing rights in Australia means the airline has regained all the routes it had 28 years ago.

Three major breakthroughs came this year:

- In June SAA was given permission to overfly Africa to Europe, a right withdrawn in 1963,

- In October the US approved the resumption of flights to New York, having banned them in 1986,

- This week Australia announced that non-stop reciprocal weekly flights between the two countries would begin on January 18. Australia withdrew landing rights in October 1987.

In addition, the airline has acquired other destinations in Africa it did not have before.

SAA expected the flights to begin early this month, but Australia is heel-dragging, probably to allow its national carrier, Qantas, to capture a final Christmas rush via Harare before the

resumption of two-way direct flights next month.

Senior SAA jumbo pilot Captain Koos Vermaak said the flight to Sydney, leaving Jan Smuts at 12.50pm on Saturday and with an early-morning, one-hour refuelling stop in Perth, would take about 13 hours, arriving around midday on Sunday.

"To Sydney we fly the great circle track south taking advantage of the strong tailwinds. On the return leg, we fly the northern rump line track near the Equator to reduce strong headwinds."

## Winds 269

"The return flight normally takes more than 15 hours, excluding the stop at Perth, and is flown mainly in daylight, arriving at 10pm on Sundays.

"The outward-bound flight is flown mainly in the dark, leaving Jan Smuts at 12.50pm on Saturdays."

Captain Vermaak said that winds played a major factor in the choice of routes.

"We can't fly a straight line between the two countries because, at altitude, winds reach up to 200 knots (360km/h) and these are reduced by flying further north."



# Road safety a losing battle in townships

MOI 24/12/91

**VUYO BAVUMA Staff Reporter**

THE lack of traffic law enforcement officers and poor pedestrian facilities contribute vastly to road accidents in the townships, says senior National Road Safety Council officer Mr T B Nohiya

The situation was compounded by mushrooming squatter camps along the N2 freeway near Khayelitsha, he said in an interview.

To counter the problem, Mr Nohiya runs road safety classes at schools where he helps to set up scholar patrols. But he

believes he is fighting a losing battle unless traffic officers are employed to enforce the law.

Only Khayelitsha has a traffic officer, Mr Graham Bell

From January to August, the Cape Town traffic department reported 181 road accidents in Langa, which resulted in five deaths, and 362 in Guguletu in which 10 people died.

In Khayelitsha from May to August there were 407 accidents, resulting in 22 deaths, according to police.

Mr Nohiya said there was no provision for pedestrian crossings along the N2 for squatter camp residents.

"The squatters do not have an infrastructure in their camps. As a result they cross the N2 more often to fetch water or buy food.

"In some cases children going to school cross the dangerous N2 on their own. Most of the people do not have experience of fast cars and some are knocked down," he said.

Others who "dice with death" were wood collectors

from the squatter camps who crossed the N2 carrying bundles of firewood.

Pedestrians were not careful when they crossed the roads because they expected drivers to take avoiding measures.

"This is not always possible when cars travel at high speed. To complicate matters, some drivers do not have licences and others drive under the influence of liquor."

Mr Nohiya said the authorities should provide pedestrian crossings.

"For example, hundreds of people from Tambö Square in Guguletu are to be relocated in Manenberg opposite the railway line. But there's no provision for them to cross the dangerous road."

Recently, the Home Affairs offices were moved from Nyanga to D F Malan industrial area but there were no facilities for the pedestrians from the townships to cross the N2.

Langa and Guguletu each has one set of robots while Nyanga has none.

# Cast in train fares talks

**THEO RAWANA**  
 A DELEGATION led by the Civics Association of Southern Transvaal is to meet Transport Minister Piet Welgemoed in Cape Town on Friday to discuss the 15% increase in rail fares. The SA Rail Commuter Corporation announced the 15% increase last month and set January 1 as its implementation date.

Cast, together with Cosatu, Azapo, the Soweto Daily Passengers Committee and the Transport and General Workers Union (TGWU) met SARCC officials in Johannesburg last Friday to discuss the fare increases. Cast transport chief Dumisani Daniels said yesterday.

The delegation wants the increase to be suspended. Daniels said SARCC GM (Metro Services) J F Meyer informed him yesterday that Welgemoed had invited a delegation to meet him in Cape Town on Friday to discuss the issue.

"The restructuring of the transport policy should go along with the overall economic policy — this has not been followed," he said

# Coal mines support green efforts

**THEO RAWANA**  
 THE SA coal mining industry has supported efforts to counter the danger of global warming.

But it says that concerns about the greenhouse effect are based on incomplete and inconclusive scientific knowledge.

A declaration in support of "environmentally beneficial initiatives", published in the latest issue of the Chamber of Mines Newsletter, forms the industry's response to the proposed international implementation of an anti-global warming campaign, known as the Toronto Target.

The target calls for a 20% worldwide reduction in carbon dioxide emissions by 2005 (using 1988 levels as a base).

Carbon dioxide is one of a number of "greenhouse" gases, which include CFCs and methane.

The chamber said coal mining companies could be affected by universal support for the Toronto Target, as it could prompt major coal consumers, such as thermal generating utilities, to consider other energy sources which create less carbon dioxide.

## THEO RAWANA

Although the full impact of the envisaged global emission controls may only take effect in 14 years' time, the industry is already examining what economically sound responses may be possible in the interim to protect the environment while minimising disruption to industry.

The industry considered it necessary to work with government on a framework of incentives and disciplines to encourage initiatives which would be environmentally beneficial and economically justifiable.

These would include improved efficiency of energy utilisation and encouraging increased electrification, possibly within the framework of a national energy policy.

The newsletter also details an environmental planning and management procedure the chamber has devised to help member mines ensure their activities comply with imminent environmental legislation.

The document would guide mines

in drawing together and documenting comprehensive information required for the compilation of an environmental management programme report, the newsletter said.

Such a report summarises all data relating to a proposed prospecting or mining project, detailing information required to satisfy various authorities that the developer has fulfilled its environmental responsibilities, including those contemplated in the new Minerals Act, which is expected to come into operation early next year.

A feature of the new Act is its requirement that all mines and prospecting projects will in future have to submit a formal rehabilitation plan before authorisation to commence mining or prospecting is granted.

Previously, this requirement applied only to certain open cast mines. The report not only describes the potentially negative environmental effects that are expected in all phases of the project, but also how these effects may be monitored, managed, controlled or rehabilitated.

# Stokvels at Bank workshop

**WILSON ZWANE**

Lukhele said the Reserve Bank indicated last year it was committed "to stabilising and promoting" stokvels.

Van Greuning said the informal savings clubs had a large potential to provide affi-

THE SA Reserve Bank will convene a workshop on the regulation of informal savings institutions next month to which all interested parties, including the National Stokvels Association of SA (Nasasa), have been invited.

Van Greuning said the informal savings clubs had a large potential to provide affi-

# War toys

**LOS ANGELES** — War toys test selling Christmas item this year, despite growing tests from anti-war group campaigners.

Cashing in on the Gulf facturers have been flood



# SA renews freight deal with shipping lines

ADEQUATE shipping services are to be provided to handle SA's exports and imports on a regular basis at market-related freight tariffs

Safmarine announced yesterday that a "new memorandum of understanding" has been entered into between the SA government and several international and national shipping lines collectively known as the Europe Southern Africa Conference

This will serve to renew the Ocean Freight Agreement between the parties — set to expire on 31 December 1991

In return the SA government has agreed

to continue its support of the conference by offering cargoes for carriage at competitive freight rates. (269)

The present Ocean Freight Agreement was entered into 15 years ago at a time when trading conditions were becoming extremely difficult

A Safmarine spokesman said the agreement would not have any legal force, but it was rather a "gentleman's agreement"

The agreement, scheduled for five years, is subject to an annual review.

5/Day 30/12/91  
ROBERT WICKS



## SAA prepares for touchdown in Tokyo

8/0am 30/12/91

JONATHON REES

SAA hoped to extend scheduled flights to Japan next year and was negotiating "slot times" at Tokyo's busy Narita airport, chief spokesman Leon Els said at the weekend.

Other destinations envisaged for 1992 include Cairo and the Angolan capital Luanda. The feasibility of these routes had been assessed and SAA was eager start the services as soon as possible, Els said.

Egypt Air recently completed a series of charter flights to SA and Angola has granted SAA landing rights.

Els said negotiations for direct flights to

these countries had not started, but the latest developments were positive steps.

He said there were no indications when flights to Japan would begin, but initial talks had started. (269)

SAA flies to 18 destinations in 16 countries and flights to Australia will start on January 18.

Sufficient aircraft and crew were available to handle new destinations without reducing existing flight routes, Els said.

U G AIRFRANCE



## SA offered cheap Australian flights

LINDEN BIRNS

(269)

ONE of Australia's biggest domestic airlines, Ansett, is offering discount fares of up to 55% to South Africans travelling within Australia and to New Zealand. *81 Day 31/12/91.*

Ansett has devised the discount fares as a special offer following last week's announcement by SAA and Australia's international airline Qantas that direct flights between Johannesburg, Perth and Sydney, by both airlines, would resume on January 18.

SAA last flew to Australia in 1987 before it was stripped of landing rights there.

The resumption of services between the two countries coincides with the 1992 World Cup cricket tournament in which SA is competing. Several travel firms are offering special cricket package tours from SA.



# Suddenly sky's the limit for SAA

By Philip Zoio

269

One of the last steps to unrestricted air travel for South Africans — the direct flight to Australia — is due to commence on January 18.

And Tokyo is next on the list of future SAA destinations, with negotiations with Japanese authorities already in progress.

Flights to key destinations are now more direct, cost-effective and convenient.

Few air travellers would reflect on the old, circuitous routes without some annoyance.

A trip to Australia, for

example, has presented two inconvenient options since October 1987.

A passenger could fly SAA to Harare and then fly directly to Australia with the national airline, Qantas. But this could involve a lengthy wait for the connecting flight.

The cheapest alternative is to fly with SAA to Mauritius, then to Australia via Singapore. The disadvantage is again the possibility of a lengthy wait between flights, and the tendency of flights from South Africa to Mauritius to be heavily booked.

Until early last month, flights to North America

had to go via Europe, at extra cost.

And SAA flights to Europe itself took a detour around the bulge of Africa, instead of flying directly over the continent.

But, one by one, African countries on the overland air route have opened their air space to SAA.

In June, SAA secured the right to fly across the Bulge of Africa — over Ivory Coast, Mali, Mauritania and Morocco — cutting flight time to Europe by about an hour.

A month later SAA successfully negotiated an overland air passage

over central and east Africa, knocking another hour off flights.

US restrictions were the next to topple, and despite angry reaction from US anti-apartheid activists, direct SAA flights to New York resumed last month.

Moscow was not untouched by the changes. SAA picked up 70 members of the city's State Circus early this month and brought them to SA on a special flight.

Time will tell whether the convenience of direct air travel will be matched by the benefits of lower prices and greater choice of carrier.

STAIR 31/12/91