Service Sector

1975 – 1986

275

Q. 88–891

6 May 1975

Liquor-licensed hotels for all races

*8. Mr. H. G. H. BELL asked the Minister of Tourism:

(1) (a) How many liquor-licensed hotels for (i) Whites, (ii) Blacks, (iii) Coloureds and (iv) Asians are there in the Republic, including the homelands, and (b) (i) where are the hotels for Blacks, Coloureds and Asians, respectively, situated and (ii) what is their grading;

(2) (a) how many liquor-licensed hotels are operating in (i) Cape Town, (ii) Port Elizabeth, (iii) East London, (iv) Durban, (v) Johannesburg, (vi) Pretoria, (vii) Bloemfontein and (viii) Kimberley and (b) how many of these are graded five, four, three and two star, respectively;

(3) (a) how many hotels with each such grading are there in the rest of the Republic and (b) where are they situated.

†The MINISTER OF TOURISM (Reply laid upon Table with leave of House):

(1) (a) (i) There are 1 317 hotels for Whites, (ii) 2 hotels for Blacks, (iii) 1 hotel for Coloureds and (iv) 8 hotels for Asians in the Republic. Homelands do not come under Tourism portfolio and I am therefore unable to provide information in that regard. In addition to the hotels mentioned above following hotel facilities are available for non-Whites namely 20 hotels catering for Asians and Coloureds also 15 hotels catering for Asians, Blacks, and Coloureds and 1 hotel catering for Asians and Blacks.

(1) (b) (i) and (ii) Situation and grading of hotels for Blacks, Coloureds and Asians respectively as follows, and all are one star except where otherwise indicated, with one hotel in each centre mentioned. Each time a specific centre such as Cape Town or Pietermaritzburg is mentioned, it refers to a separate hotel at that centre:

Durban: Asiatic.

Port Elizabeth: Asiatic, Blacks, Coloured.
Kimberley: Asiatic, Coloured.
Cape Town: Asiatic, Blacks, Coloured.
Stellenbosch: Asiatic, Coloured.
Johannesburg: Asiatic, Coloured.
Shakaskraal: Asiatic, Blacks, Coloured.
Chatsworth: Asiatic, Coloured.
Tongaat: Asiatic, Coloured.
Pietermaritzburg: Asiatic, Blacks, Coloured.
Mossel Bay: Asiatic, Coloured.
Huguenot: Asiatic, Blacks, Coloured.
Grassy Park: Asiatic, Coloured.
Durban Two star: Asiatic, Blacks, Coloured.
Durban: Asiatic.
Isipingo: Asiatic, Coloured.
Uitenhage: Asiatic, Blacks, Coloured.
Beaufort West: Asiatic, Coloured.
Kimberley: Asiatic, Blacks, Coloured.
Cape Town: Asiatic, Blacks, Coloured.
Pietermaritzburg: Asiatic, Blacks, Coloured.
Graaff-Reinet: Asiatic, Coloured.
Claremont: Asiatic, Coloured
East London: Asiatic, Blacks.
Durban: Asiatic, Blacks, Coloured.
King William's Town: Blacks.
Atteridgeville: Blacks.
Ladysmith Two star: Asiatic, Coloured.
Worcester: Coloured.
Durban Two star: Asiatic, Coloured.
Johannesburg: Asiatic, Blacks, Coloured.
Umzinto: Asiatic.
Oudtshoorn: Asiatic, Coloured.
Isipingo Two star: Asiatic.
Verulam Two star: Asiatic.
Merebank: Asiatic.
Elsiesriver: Asiatic, Coloured.
Umzinto: Asiatic, Blacks, Coloured.
Isipingo: Asiatic, Coloured.
Verulam: Asiatic.
Durban: Asiatic, Coloured.
Marburg Two star: Asiatic, Coloured.
Pietermaritzburg: Asiatic, Blacks, Coloured.
Tongaat: Asiatic, Coloured.
Tugela: Asiatic, Coloured.
Wasbank: Asiatic.
Pietermaritzburg: Asiatic, Blacks, Coloured.

(2) (a) and (b) Following liquor-licensed hotels are operating in centres indicated:

(i) Cape Town 83 hotels of which 3 five star, 2 four star, 10 three star and 14 two star.

(ii) Port Elizabeth 26 hotels of which 1 five star, nil four star, 2 three star and 6 two star.

(iii) East London 20 hotels of which nil five star, nil four star, 3 three star and 5 two star.

(iv) Durban 76 hotels of which 2 five star, 3 four star, 5 three star and 18 two star.

(v) Johannesburg 90 hotels of which 4 five star, 2 four star, 12 three star and 12 two star.

(vi) Pretoria 44 hotels of which nil five star, 1 four star, 4 three star and 8 two star.

(vii) Bloemfontein 10 hotels of which nil five star, 1 four star, 1 three star and 3 two star.

(viii) Kimberley 12 hotels of which nil five star, 1 four star, 1 three star and 2 two star.

(3) (a) There are no five and four star but 23 three star and 182 two star hotels in rest of Republic.

(b) These hotels are situated at various centres throughout the Republic as reflected in the official hotel guide. Distribution by province is as follows:

(i) Cape 4 three star 64 two star.

(ii) Natal 5 three star 44 two star.

(iii) Transvaal 14 three star 60 two star.

(iv) O.F.S. nil three star 14 two star.

White hotels await permits for Blacks

Cape Times 7/10/75

275

AT LEAST six of Cape Town's White hotels have applied for permits to admit Blacks. Two other hotels are considering applying but are waiting to see the outcome of other applications.

In one case a company which owns eight hotels throughout the country has also applied for a blanket permit for all their hotels.

Many hoteliers spoken to yesterday said they had not applied yet. They were considering doing so in the future. Many hoteliers were reluctant to comment on the issue, saying they had adopted a wait-and-see attitude.

OPTIMISTIC

In most cases the applications were made earlier this year, soon after the introduction of the controversial Liquor Amendment Bill, during the last Parliamentary session.

The Bill, which was heavily attacked by the three Opposition parties, provided for hotels to be opened to foreign Blacks without restrictions.

Hotels had to apply for "international status" before South African Blacks could enjoy White hotel facilities.

The Act came into effect on September 14.

A Sea Point hotelier said yesterday he was optimistic about his chances of being granted the permit in the light of the Government's more enlightened approach to race relations.

CONSIDERING

All the hotels approached yesterday were graded between one and three stars.

The hotels that have applied for the multi-racial permits are: Alphen, a three-star hotel in Constantia; Ambassador, three-star; Bantry Bay Clifton Hotel, Chequers Century Hotel in Sea Point and the Gooderson group of hotels.

Those considering making applications are: Arthur's Seat Hotel in Sea Point and Avalon Heights in the Gardens.

HOTELS

(288) FM 17/3/78

Buoyant Kerzner

The international tourist market is looking up, according to Southern Suns' Sol Kerzner. He notes: "Figures for October, November and December show a growth on the previous year which is the first time this has happened since June 1975."

In Durban this week to drum up publicity for the group's five-star Maharani hotel, due to open shortly, Kerzner was particularly optimistic about the South American market. "Inflation is so high in South America that SA becomes less and less expensive. Besides, it's about the shortest of their long-haul destinations and the air links are good. There's also been growth in the North American market, which is good considering that in the north eastern part SA has taken one of its biggest hammerings from the press," says Kerzner.

DERS

n skeerspanne (2)

erk doen nie, gaan u terug huistoe

rk?

sen u werk op elke plaas?

bring u deur by die huis?

k na die plase?

Van die een plaas na die ander?

Wie betaal u vervoer?

19. Het u bepaalde lone?
    Hoe word hulle bepaal?

20. Betaal al die boere hierdie lone?

21. Is u betaling bepaal per skaap, per uur, per dag?
    Weeklikse betaling - kontant (per uur betaling x ure x dae/
    per skaap betaling x skape, ens.)

    ander betaling

22. Wanneer was die laaste verandering in u kontantbetaling?

    Wat was die verandering?

    Hoe het dit gekom dat u betaling verander het?

23. Watter probleme ondervind u met die werk?

    Wat doen u gewoonlik om die probleme op te los?

Hansard 11 18 April 1978.
Question 514 Cols. 631 & 632.

288

International status for hotels

514. Mr. D. J. DALLING asked the Minister of Justice:

(1) To how many hotels had international

status been granted as at 31 Dec 1977;

(2) how many applications for international status were (a) received, (b) granted and (c) refused in 1977.

The MINISTER OF JUSTICE:

(1) 49.

(2) (a) 78.

(b) 53.

(c) 23.

2 Applications are standing over.

(1) HOTELS (288) FM 10/3/78

Five-star fortunes

Room occupancy in SA's five-star hotels last year averaged 57%, says Prof Aad Zevenbergen of the Bureau of Financial Analysis, Pretoria University, down 7% on 1976 and 11% on 1975.

Southern Sun's Landdrost runs close to this average, says SS hotel group financial manager Eugene Joannides. "Ideally one would like to achieve 60%."

Johannesburg's Carlton, on the other hand, outperformed the 1977 average by 13%, running at an average 70% year round. It contributed 62% of the Carlton Centre's R19,3m 1977 turnover and more than half of the Centre's R934 000 after-tax profits, says Anglo American Properties MD Chris Melville.

The Carlton Hotel (owned by Carlton Centre Limited) in which Anglo American Companies Group has a 90% equity stake; Barclays Bank 10%) is managed by Western International Hotels (WIH) on a 20-year contract.

WIH operates 50 hotels in 14 countries and owns 11% of the Carlton equity. It operates on a percentage (not disclosed) of the gross operating profit.

But business is tight. Melville says "We're not budgeting for great growth in 1978." And WIH marketing vice president Bill Newman (on a week's visit in SA) reveals the Carlton is only expected to achieve WIH's target of a 12% to 15% return on investment in another three years. WIH normally expects hotels to achieve this target within three years of opening.

Joannides says Southern Sun has set a 20% return on capital target on the Landdrost which he hopes will be achieved within the next three years. Zevenbergen says that according to a 1975 survey "factual returns (investments adjusted to replacement value added to the interest on capital invested) were between 6% and 7%. I can't imagine that it has increased since then."

A Carlton profit breakdown shows rooms currently contribute 65% to 70% of income. Food and beverages trail with 20% to 25%. Southern Sun's five-star units are averaging 45% occupancy income, 55% food and beverages.

Zevenbergen says 1977 statistics for five-star units average 34% income from rooms, 34% catering, 3% off-sales, 19% from bar income, 10% other income (public room rentals, vending machines, show case rentals).

WIH's target market is the "mobile, affluent business traveller; aged about 40; earning over $25 000 annually; makes between 25 and 30 business trips yearly as well as one or two for pleasure."

SS's target market is the international tourist, a market hard hit by SA's political upheavals. Joannides admits tourists cancelled in droves after the Soweto riots.

(2)

(3)

Hoteliers' income down again

(288) Star 29/5/78.

Own Correspondent

The average real income of hotels dropped a further 7 percent last year with nearly two-thirds of their rooms standing empty.

These are some of the findings of the latest report on the hotel industry prepared by the University of Pretoria's bureau of financial analysis.

The report shows that although there was a very slight upswing from October — about 1 percent — bed and room occupancy declined still further during 1977.

Professor A P Sevenbergen, director of the bureau, said today that the slight upswing had, in fact, been maintained into January and February this year, and that there had been a considerable upswing in March.

SCHOOL HOLIDAYS

The upswing, however, was not expected to be maintained. It could be attributed to relaxed petrol restrictions and the falling of Easter in March; some school holidays also started in March.

The report shows that the various sources of income of hotels improved last year in terms of receipts but, when the rise in the consumer price index was taken into account, hotels were losing turnover.

Eighteen trade schools or sections of schools, all in the Homelands, provide trade training for youths. Most courses, e.g. concreting or bricklaying and plastering, require Standard V1. as an entrance qualification. Courses requiring a higher degree of skill such as motor mechanics require Standard V111. The following table shows the number of passes in trade school courses in the years 1968-1974.

Table 11. Passes in trade school courses, 1968-1974.

Year	Number of passes

HOTELS (288) FM 15/9/78

Marketing mix

The hotel industry is floundering. A survey (1977/1978) published by Pretoria University's Bureau of Financial Analysis, shows returns on total assets employed in the 395 one to five star hotel sample, declined from 5,2% to 4,6%. "Highly unsatisfactory," says BFA director Aad Zevenbergen. "The figure normally expected in other business sectors is in excess of 17%."

Especially vulnerable to the vagaries of the economy and the downturn in tourist numbers are hotels outside the mighty Southern Sun hotel chain. Four hotels — Johannesburg's Carlton, Durban's Cabana Beach, Cape Town's Heerengracht and the Eastern Transvaal's game lodge Mala Mala, combined forces in a joint marketing and purchasing organisation.

Cabana Beach GM Tony Beart reports: "The concept was not initiated because there was panic. It just made a lot of sense to jointly market our hotels domestically and internationally. There's no exchange of shares in each other's hotels. What we are doing is starting to rationalise our buying operations on a national basis." He reckons that national buying could effect a 25% saving across the board.

One of the big advantages of this joint exercise, says Beart, is sharing of expertise. "The Carlton embarked on an energy conservation operation. Sharing their expertise has resulted in our saving R32 000 since April 1977 which constitutes almost a 12% saving on energy. That's one of the direct spin-offs."

Carlton hotel GM Pat Burton comments: "There's a common denominator between the four hotels. Essentially our markets are the same." The Carlton's customers are 60% international businessmen with overseas tours making up less than 6% of the total volume. Room occupancy is currently over 70%, up marginally over 1977's 67%.

Although he avers the Carlton is profitable — "it's getting more difficult. Costs, especially labour (minimum wages went up from a monthly R85 to R120 in June) have escalated and the SA market can't absorb the prices which, by overseas standards, border on the absurd."

Because profitability relates essentially to room occupancy (as a rule of thumb 75% of major hotel departmental profits come from rooms, 25% from food and beverages) Burton feels joint marketing to increase occupancy is the crux of the operation.

"Domestically we're trying to revitalise weekend business and it's bearing fruit. We feel that on this specific joint promotional effort we've gained approximately 400 room nights."

orts.

triculants has

every five years over the last 10 years. Should this

a trickle of potential trainee technicians could swell

elative flood, assuming that Black education ever returns

r the explosion of unrest triggered off in Soweto on

culation and Senior Certificate passes in the R.S.A.

.W.A., 1965-1974.

students	Supplementary exam. & part-time candidates	Total passes	Index 1965 = 100
	318	1 145	100
	418	1 289	113
	616	1 583	138
	354	1 620	141
	766	2 508	219
	871	2 727	238
	893	3 281	287
	1 416	4 327	378
	1 042	4 308	376
	..	..	..

ent of Bantu Education, Annual Reports.

HOTELS

2.49 FM 23/3/79

Holding their own

Hoteliers last year halted the annual drop in business to come out of 12 rough months very close to 1977's performance figures. Room occupancy was the same, at a still low 61%, with bed occupancy only 1% down at 48%.

Overall revenue increased 8,7%, though with inflation running at about 11%, the hospitality industry's real income continued to decline.

"It was a year of stopping the rot," says Professor Aad Zevenbergen, whose Bureau of Financial Analysis collates hotel returns.

These show that last year four-star hotels did best with an 11,9% revenue increase followed by five-star, up 11,3%; three-star, 9,4%; two-star, 5,36% and one-star dangerously low at 2,4%.

Fedhasa president Mike Pieterse says: "We just about held our own. There are signs of an upswing but nothing dramatic. We're optimistic."

Encouraging comments for the country's 1 300 hoteliers, with 44 000 rooms to let, who now face an intensified petrol crisis since Iran's recent revolution makes motoring much dearer.

Zevenbergen looks on the bright side: "We're getting used to the petrol problem so there may be no dramatic affect." Pieterse is not so sure: "We're just thankful the government didn't mess around with weekend petrol sales."

Much more alarming to hoteliers than the oil clamp is Justice Minister Jimmy Kruger's imminent granting of liquor licences to outlets other than hotel off-sales and traditional neighbourhood bottle stores.

Zevenbergen . . . looking on the bright side

"Off-sales are substantial revenue earners and the life blood of small hotels. Every new liquor licence is detrimental to them," says Pieterse. Last year it was an overall 23% of hotel revenue.

At the same time, Fedhasa members are squeezed between recurrent big-chain price wars and the spread of wine and beer producers' own outlets.

One bright spot is what Pieterse calls, "the beautiful growth of foreign tourism." Zevenbergen adds: "The higher-grade hotels need people from overseas."

His January statistics are also encouraging. Room and bed occupancies were respectively up 4,2% and 4,7% on the same month last year, with income rising 15,6%.

REELS AN

Shell Design Award winner Hyman Policansky described manufacture of his Monitor fishing reels as a cottage industry, despite growing demand from anglers worldwide. "Three times as many wouldn't satisfy them. It is wanted everywhere people fish," says the retired Cape Town cigarette maker.

Policansky took the consumer section prize in the 10th annual competition this month at a Design Institute (*FM* February 16) luncheon in Johannesburg.

Engineering section winners were Dave Atkins and Eric McMillan with their portable Substrata Communicator radio capable of transmitting

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GENERAL NOTICE

DEPARTMENT OF TOURISM

NOTICE 346 OF 1979

DRAFT HOTEL BOARD REGULATIONS, 19

The following draft regulations to substitute the existing regulations made by die Minister in terms of section 34 of the Hotels Act, 1965, are published for general information.

Any person desiring to furnish comments on the contents thereof may do so in writing to the Director of the Hotel Board, P.O. Box 26500, Arcadia, 0007, within 30 days from the date hereof.

SCHEDULE

HOTEL BOARD.—REGULATIONS MADE UNDER THE HOTELS ACT, 1965

Interpretation of terms

1. In these regulations and in the forms contained in the annexures hereto, unless the context otherwise indicates—

(i) "bed" means an item of furniture designed and ordinarily intended for sleeping purposes by a guest: Provided that for purposes of this definition a single bed shall have a width of not more than 1 200 mm and a double bed (regarded as two beds) shall have a width of not less than 1 201 mm; (i)

(ii) "bedroom" means a room with or without a bathroom intended primarily for sleeping purposes by one or more guests and includes—

(a) any portion separated by means of a low wall or curtain or some other means; and

(b) two or more interleading or adjoining rooms, with a common entrance, for use as a unit; (xiii)

(iii) "bedroom with bathroom" means a unit comprising a bedroom and bathroom with toilet facilities; (xiv)

(iv) "bedroom with shower" means a unit comprising a bedroom and shower with toilet facilities; (xv)

ALGEMENE KENNISGEWING

DEPARTEMENT VAN TOERISME

KENNISGEWING 346 VAN 1979

KONSEP HOTELRAADREGULASIES, 19

Die volgende konsep regulasies om die bestaande regulasies uitgevaardig deur die Minister ingevolge artikel 34 van die Wet op Hotelle, 1965, te vervang, word vir algemene inligting gepubliseer.

Enige persoon wat daarop kommentaar wil lewer moet dit skriftelik rig aan die Direkteur van die Hotelraad, Posbus 26500, Arcadia, 0007, binne 30 dae na datum hiervan.

BYLAE

HOTELRAAD.—REGULASIES INGEVOLGE DIE WET OP HOTELLE, 1965

Uitleg van uitdrukkings

1. In hierdie regulasies en in die vorms vervat in die aanhangsel daarvan, tensy uit die samehang anders blyk, beteken—

(i) "bed" 'n meubelstuk wat ontwerp is, en in die reël deur 'n gas gebruik word, om op te slaap: Met dien verstande dat vir die doel van hierdie omskrywing die wydte van 'n enkelbed nie meer as 1 200 mm en die wydte van 'n dubbelbed (beskou as twee beddens) nie minder as 1 201 mm moet wees nie; (i)

(ii) "die Wet" die Wet op Hotelle, 1965 (Wet 70 van 1965, soos gewysig); (xvi)

(iii) "direkteur" die hoof-uitvoerende beampte van die raad; (v)

(iv) "gas" 'n permanente inwoner of 'n toeris; (viii)

(v) "gewone slaapkamer" 'n slaapkamer sonder 'n badkamer/stort en toiletgeriewe; (x)

(vi) "gradering" wanneer dit as 'n selfstandige naamwoord gebruik word, 'n graad deur die raad bepaal ingevolge artikel 15 van die Wet en wanneer dit as 'n werkwoord gebruik word, beteken dit die toekenning van sodanige graad; (vi)

(vii) "groepering" wanneer dit as 'n selfstandige naamwoord gebruik word, 'n groep deur die raad bepaal ingevolge artikel 15 van die Wet en wanneer dit as 'n

(vi) "grade" when used as a noun means a grade determined by the board in terms of section 15 of the Act and when used as a verb means allotting such a grade; (vi)

(vii) "group" when used as a noun means a group determined by the board in terms of section 15 of the Act and when used as a verb means the act of placing into such a group; (vii)

(viii) "guest" means a permanent resident or a tourist; (iv)

(ix) "leviable bedroom" means a bedroom or any other room intended for sleeping purposes by one or more guests and in this definition—

"single room" means a room with one bed;

"double room" means a room with two beds; and

"family room" means a room with three or more beds; (viii)

(x) "ordinary bedroom" means a bedroom without a bathroom/shower and toilet facilities; (v)

(xi) "permanent function room" means a room which is restricted to the use of public or private functions; (x)

(xii) "permanent resident" means a guest, including a child, who resides at a particular hotel for a period in excess of 45 consecutive days; (xi)

(xiii) "person who conducts the hotel business" means the owner of the hotel business who conducts or allows the hotel business to be conducted for purposes of gain; (xii)

(xiv) "reception office service" means the checking in and out of guests and includes the handling of guests' registration, information regarding room allocations, arranging of baggage service, finalisation of guests' accounts and other departure procedures; (ix)

(xv) "suite" means a set of rooms comprising a permanent lounge, bedroom, bathroom and toilet facilities intended for use as a unit; (xvi)

(xvi) "the Act" means the Hotels Act, 1965 (Act 70 of 1965), as amended; (ii)

(xvii) "tourist" means a guest, including a child, who stays at a particular hotel for a period of not more than 45 consecutive days; (xvii)

and a word or expression to which a meaning has been assigned in the Act shall bear that meaning.

Meetings of the board

2.1 All meetings of the board shall take place *in camera* and, subject to the provisions of section 22 (2) and 24 of the Act, no person shall be entitled to appear before the board either personally or by counsel or an attorney.

2.2 The board determines the procedure at its meetings.

Special disqualification of members of the board

3. No member of the board shall be present at the consideration of any registration, cancellation of registration, grading or regrading if he or his spouse or child—

(a) is the owner, mortgagee, mortgagor, lessor or lessee of the building in which the accommodation establishment is situated or of the business conducted therein at the time the board considers such registration, cancellation of registration, grading or regrading;

(b) is the partner, agent or employee of an appli-

(viii) "hefbare slaapkamer" 'n slaapkamer of enige ander kamer bedoel vir slaapdoeleindes deur een of meer gaste en in hierdie omskrywing beteken—

"enkelkamer" 'n kamer met een bed;

"dubbelkamer" 'n kamer met twee beddens; en

"gesinskamer" 'n kamer met drie of meer beddens; (ix)

(ix) "ontvangskantoordiens" die in- en afteken van gaste met inbegrip van hantering van gasteregistrasie, verskaf van inligting oor kamertoewysings, reëling van bagasiediens, die finalisering van gaste se rekenings en ander vertrekprosedures; (xiv)

(x) "permanente funksiekamer" 'n kamer beperk tot gebruik vir openbare of privaatfunksies; (xi)

(xi) "permanente inwoner" 'n gas, met inbegrip van 'n kind, wat vir 'n tydperk van meer as 45 agtereenvolgende dae by 'n bepaalde hotel inwoon; (xii)

(xii) "persoon wat die hotelbesigheid dryf" die eienaar van die hotelbesigheid wat die hotel dryf of laat dryf vir wins; (xiii)

(xiii) "slaapkamer" 'n kamer met of sonder 'n badkamer wat hoofsaaklik vir slaapdoeleindes deur een of meer gaste bedoel is en sluit die volgende in:

(a) Enige gedeelte wat deur middel van 'n lae muur of gordyn of op 'n ander wyse afgeskort is; en

(b) twee of meer verbonde of aangrensende kamers met 'n gemeenskaplike ingang wat as 'n eenheid gebruik word; (ii)

(xiv) "slaapkamer met badkamer" 'n eenheid bestaande uit 'n slaapkamer en badkamer met toiletgeriewe; (iii)

(xv) "slaapkamer met stort" 'n eenheid bestaande uit 'n slaapkamer en stort met toiletgeriewe; (iv)

(xvi) "suite" 'n stel kamers bestaande uit 'n permanente sitkamer, slaapkamer, badkamer en toiletgeriewe bedoel vir gebruik as 'n eenheid; (xv)

(xvii) "toeris" 'n gas, met inbegrip van 'n kind, wat vir 'n aaneenlopende tydperk van nie meer nie as 45 dae by 'n bepaalde hotel inwoon; (xvii)

en het 'n woord of uitdrukking waaraan 'n betekenis in die Wet geheg is, daardie betekenis.

Vergaderings van die raad

2.1 Alle vergaderings van die raad moet *in camera* plaasvind en behoudens die bepalings van artikels 22 (2) en 24 van die Wet, is niemand geregtig om, hetsy persoonlik of verteenwoordig deur 'n advokaat of prokureur, voor die raad te verskyn nie.

2.2 Die raad bepaal die prosedure by sy vergaderings.

Spesiale onbevoegdheid van lede van die raad

3. Geen lid van die raad mag teenwoordig wees by die oorweging van enige registrasie, intrekking van registrasie, gradering of hergradering nie indien hy of sy eggenote of kind—

(a) 'n eienaar, verbandgewer, verbandnemer, verhuurder of huurder is van die gebou waarin die huisvestingsinrigting geleë is of van die besigheid daarin gedryf ten tye van die raad se oorweging van sodanige registrasie, intrekking van registrasie, gradering of hergradering;

(b) 'n vennoot, agent of werknemer is van 'n aan-

(c) is a director, manager or other officer, employee or agent of any person who has a financial interest in the building in which the accommodation establishment is situated or in the business conducted therein at the time when the board considers such registration, cancellation of registration, grading or regrading; or

(d) has any financial interest in the building in which the accommodation establishment is situated or in the business conducted therein at the time the board considers such registration, cancellation of registration, grading or regrading.

Times for the consideration of registration, cancellation of registration, grading, regrading and review of decision.

4. Unless otherwise directed by the chairman of the board, the board shall meet during February, May, August and November of each year for the consideration of—

(a) application for registration of an accommodation establishment as an hotel;

(b) the cancellation of registration of an hotel;

(c) the grading of an hotel;

(d) the regrading of an hotel; and

(e) request for a review of a decision of the board.

Application for registration as an hotel

5. Any person applying for registration in terms of section 14 of the Act shall do so in writing, in duplicate, to the director in the form of Form HR 1 contained in the annexure and such application shall be accompanied by the fee prescribed in regulation 20 (a): Provided that, unless otherwise agreed to by the board, no application for the registration of an hotel of which the registration was cancelled by the board in terms of section 20 of the Act shall be considered if such application is made within a period of 12 months after cancellation of registration.

Register of hotels

6. The register referred to in section 13 of the Act shall be in the form of Form HR 3 contained in the annexure.

Certificate of registration of hotel

7. When an accommodation establishment is registered as an hotel the director shall issue to the hotelier a certificate in the form of Form HR 2 contained in the annexure.

Insignia

8.1 The insignia for the various grades of hotels, determined under section 15 (1) of the Act, shall be as follows:

Grade	*Insignia*
One-star	★
Two-star	★★
Three-star	★★★
Four-star	★★★★
Five-star	★★★★★

8.2 The insignia for the two groups of hotels, determined under section 15 (1) of the Act, shall be as follows:

Group	*Insignia*

(c) 'n direkteur, bestuurder of ander beampte, werknemer of agent is van iemand wat 'n geldelike belang het by die gebou waarin die huisvestingsinrigting geleë is of in die besigheid daarin gedryf ten tye van die raad se oorweging van sodanige registrasie, intrekking van registrasie, gradering of hergradering; of

(d) enige geldelike belang het by die gebou waarin die huisvestigingsinrigting geleë is of in die besigheid daarin gedryf ten tye van die raad se oorweging van sodanige registrasie, intrekking van registrasie, gradering of hergradering.

Tye vir die oorweging van registrasie, intrekking van registrasie, gradering, hergradering en heroorweging van 'n besluit.

4. Tensy anders deur die voorsitter van die raad bepaal, moet die raad byeenkom gedurende Februarie, Mei, Augustus en November van elke jaar vir oorweging van—

(a) aansoek om registrasie van 'n huisvestingsinrigting as 'n hotel;

(b) intrekking van die registrasie van 'n hotel;

(c) gradering van 'n hotel;

(d) hergradering van 'n hotel; en

(e) aansoek om heroorweging van 'n besluit van die raad.

Aansoek om registrasie as 'n hotel

5. Iemand wat aansoek doen om registrasie ingevolge artikel 14 van die Wet, moet sodanige aansoek skriftelik, in tweevoud, aan die direkteur rig in die vorm van Vorm HR 1 vervat in die aanhangsel en die aansoek moet vergesel wees van die gelde voorgeskryf in regulasie 20 (a): Met dien verstande dat, behalwe as die raad anders sou besluit, geen aansoek vir die registrasie van 'n hotel waarvan die registrasie ingevolge artikel 20 van die Wet deur die raad ingetrek is, oorweeg sal word nie as so 'n aansoek om registrasie gedoen word binne 12 maande nadat die registrasie ingetrek is.

Register van hotelle

6. Die register vermeld in artikel 13 van die Wet moet in die vorm van Vorm HR 3 vervat in die aanhangsel wees.

Sertifikaat van registrasie van hotel

7. Wanneer 'n huisvestingsinrigting as 'n hotel geregistreer word, moet die direkteur aan die hotelier 'n sertifikaat in die vorm van Vorm HR 2 vervat in die aanhangsel, uitreik.

Onderskeidingstekens

8.1 Die onderskeidingstekens vir die verskillende grade hotelle, soos bepaal ingevolge artikel 15 (1) van die Wet, moet soos volg wees:

Graad	*Onderskeidingstekens*
Een-ster	★
Twee-ster	★★
Drie-ster	★★★
Vier-ster	★★★★
Vyf-ster	★★★★★

8.2 Die onderskeidingstekens vir die twee groepe hotelle soos bepaal ingevolge artikel 15 (1) van die Wet, moet soos volg wees:

Groep	*Onderskeidingstekens*

8.3 In the case of an hotel in respect of which one or other of the on-consumption liquor licences mentioned in Column I below has been issued under the Liquor Act, the insignia prescribed in Column II below shall be used or displayed in conjunction with the insignia prescribed under regulations 8.1 and 8.2—

Column I	*Column II*
Hotel liquor licence....................	YYY
Wine and malt liquor licence...........	YY
Meal-time wine and malt licence........	Y

Plaque and display of insignia

9.1 A plaque, which remains the property of the board, shall be used to display the insignia as prescribed in regulations 8.1, 8.2 and 8.3 in respect of an hotel that has been graded and grouped.

9.2 Within seven days of receipt of the plaque the hotelier shall cause it to be prominently displayed outside the hotel at or near the main entrance.

9.3 When the board approves a change in respect of the grading or grouping of an hotel, the director shall issue to the hotelier concerned a replacement metal strip bearing the new grading or grouping of the hotel, which the hotelier shall within a period of seven days from receipt thereof use to replace the previous grading or grouping on the plaque.

9.4 Upon receipt of a notice that the registration of an hotel is cancelled the hotelier, or in the event of there being no hotelier the person who conducts the hotel business, shall forthwith return the plaque to such address as determined by the director.

9.5 Within three months, or such extended period as the director may allow on written application, after an hotelier is notified that the hotel has been graded (or regraded) and grouped (or regrouped), he shall cause the insignia relating to that grade and group to be shown on all letterheads, advertising material and in any advertising used, issued or made by it or on its behalf relating to the accommodation, meals and services of such hotel: Provided that the board may grant exemption from the provisions of this regulation in respect of any advertising material if it is satisfied that it is impractical to indicate the insignia.

9.6 Within three months after an hotelier is notified of the grading and grouping of the hotel he shall cause a summary, furnished by the board, of the grading and grouping requirements applicable to such hotel to be available in each bedroom or at the reception office for the information of guests: Provided that if such summary is available at the reception office only a notice to this effect shall be posted in each bedroom.

Application for regrading of hotel

10.1 The hotelier of an hotel applying for the regrading of such hotel in terms of section 21 of the Act shall do so in writing, in duplicate, to the director in the form of Form HR 5 contained in the annexure, accompanied by the fee prescribed by regulation 20 (c).

10.2 Unless otherwise agreed to by the board no application for the regrading of an hotel in terms of section 21 of the Act shall be considered by the board if such application is made within a period of 12 months

8.3 In die geval van 'n hotel ten opsigte waarvan die een of ander binneverbruikdranklisensie genoem in onderstaande Kolom I uitgereik is ingevolge die Drankwet, moet die onderskeidingstekens voorgeskryf in onderstaande Kolom II tesame met die onderskeidingstekens voorgeskryf by regulasies 8.1 en 8.2 gebruik of vertoon word—

Kolom I	*Kolom II*
Hoteldranklisensie.....................	YYY
Wyn-en-bierlisensie.....................	YY
Maaltydwyn-en-bierlisensie.............	Y

Plaket en die vertoning van onderskeidingstekens

9.1 'n Plaket, wat die eiendom van die raad bly, moet gebruik word om die onderskeidingstekens voorgeskryf in regulasies 8.1, 8.2 en 8.3 ten opsigte van 'n hotel wat gegradeer en gegroepeer is, te vertoon.

9.2 Binne sewe dae na ontvangs van die plaket moet die hotelier dit op 'n opvallende plek buite die hotel by of naby die hoofinging laat vertoon.

9.3 Wanneer die raad 'n verandering ten opsigte van 'n hotel se gradering of groepering goedkeur, moet die direkteur 'n vervangingsmetaalstrokie wat die nuwe gradering of groepering van die hotel aandui uitreik, en die hotelier moet dit binne sewe dae na ontvangs gebruik om die vorige gradering of groepering op die plaket te vervang.

9.4 By ontvangs van 'n kennisgewing dat die registrasie van 'n hotel ingetrek is, moet die hotelier, of indien daar nie 'n hotelier is nie, die persoon wat die hotelbesigheid dryf, onmiddellik die plaket na sodanige adres as wat die direkteur bepaal, terugstuur.

9.5 Binne drie maande, of sodanige verlengde tydperk as wat die direkteur op skriftelike aansoek mag toestaan, nadat 'n hotelier in kennis gestel is dat die hotel gegradeer (of hergradeer) en gegroepeer (of hergroepeer) is, moet hy sorg dat die onderskeidingstekens wat van toepassing is op daardie graad en groep aangedui word op alle briefhoofde, reklamemateriaal en in enige advertensie wat ten opsigte van sodanige hotel met betrekking tot huisvesting, spyseniering en dienste van sodanige hotel gebruik of uitgereik word: Met dien verstande dat die raad vrystelling van die bepalings van hierdie regulasie kan oorweeg ten opsigte van enige reklamemateriaal indien die raad van mening is dat dit onprakties is om die onderskeidingstekens aan te dui.

9.6 Binne drie maande nadat 'n hotelier in kennis gestel is van die gradering en groepering van die hotel moet hy 'n opsomming, verstrek deur die raad, van die graderings- en groeperingsvereistes van toepassing op daardie hotel in elke slaapkamer of by die ontvangskantoor vir die inligting van gaste beskikbaar stel: Met dien verstande dat indien sodanige opsomming slegs by die ontvangskantoor beskikbaar is 'n kennisgewing te dien effekte in elke slaapkamer aangebring moet word.

Aansoek om hergradering van 'n hotel

10.1 Die hotelier van 'n hotel wat aansoek doen om die hergradering van sodanige hotel ingevolge artikel 21 van die Wet moet sodanige aansoek skriftelik, in tweevoud, aan die direkteur rig in die vorm van Vorm HR 5 vervat in die aanhangsel tesame met die voorgeskrewe gelde ingevolge regulasie 20 (c).

10.2 Tensy die raad anders besluit sal geen aansoek om die hergradering van 'n hotel ingevolge artikel 21 van die Wet deur die raad oorweeg word nie indien sodanige aansoek gedoen word binne 'n tydperk van 12 maande na die raad se vorige gradering of hergrade-

10.3 When the board, after having considered the application and a report by one or more of its inspectors, is satisfied that a higher or lower grading is justified, it shall determine such higher or lower grading as the case may be and the director shall issue to the hotelier a new certificate of registration in the form of Form HR 2.

10.4 The hotelier shall, within seven days of receipt of the new certificate of registration return the previous one to the director.

Request for review of a decision of the board

11. Every request in terms of section 22 (1) of the Act for a review of a decision of the board shall be submitted to the director in writing, in duplicate, in the form of Form HR 6 contained in the annexure, accompanied by the fee prescribed by regulation 20 (d), within 30 days after the board's decision has been made known.

Appeal to Minister

12.1 Every person who appeals to the Minister under section 22 (3) of the Act against a decision which the board reviewed in terms of section 22 (1) shall, within 30 days after he is advised of such decision, lodge a written notice of appeal with the director, accompanied by the fee prescribed in regulation 20 (e), setting forth the grounds for such appeal.

12.2 As soon as possible after receipt of the notice of appeal referred to in regulation 12.1 the chairman of the board shall prepare a statement of the reasons for the board's decision for submission to the Minister together with all relevant documents.

12.3 The director shall notify the appellant in writing of the Minister's decision.

Application for registration as hotelier

13.1 Every application by the person who conducts the hotel business for the registration of an hotelier in terms of section 23 of the Act shall be submitted in writing, in duplicate, to the director in the form of Form HR 7 contained in the annexure, within a period of three months from the date of assumption of duty of such hotelier.

13.2 The director shall, upon the registration of a person as hotelier, issue to the person who conducts the hotel business a certificate of registration in the form of Form HR 8 contained in the annexure.

13.3 The hotelier's certificate of registration shall be available at the hotel for inspection at all times.

Special disqualification of person as hotelier

14. No person shall be registered as an hotelier if he—

(a) is an unrehabilitated insolvent;

(b) was convicted, within a period of five years prior to the date of application in terms of regulation 13.1, of an offence and sentenced to imprisonment for a period exceeding three months without the option of a fine;

(c) was convicted, within a period of six months prior to the date of application in terms of regulation 13.1, of any offence under the Act or regulations, while being registered as an hotelier in terms of regulation 13; or

(d) is, in the opinion of the board, not competent to perform satisfactorily the duties of an hotelier.

10.3 Wanneer die raad, nadat hy die aansoek en 'n verslag deur een of meer van sy inspekteurs oorweeg het, van mening is dat 'n hoër of laer gradering geregverdig is moet hy sodanige hoër of laer gradering, na gelang van die geval, bepaal en moet die direkteur aan die hotelier 'n nuwe sertifikaat van registrasie in die vorm van Vorm HR 2 uitreik.

10.4 Die hotelier moet binne sewe dae na ontvangs van die nuwe sertifikaat van registrasie die vorige een aan die direkteur terugstuur.

Versoek om heroorweging van besluit van die raad

11. Elke versoek ingevolge artikel 22 (1) van die Wet om 'n heroorweging van 'n besluit van die raad, moet skriftelik, in tweevoud, aan die direkteur voorgelê word in die vorm van Vorm HR 6 vervat in die aanhangsel, tesame met die voorgeskrewe gelde ingevolge regulasie 20 (d), binne 30 dae nadat die raad se besuit bekendgemaak is.

Appèl na Minister

12.1 Enige persoon wat ingevolge artikel 22 (3) van die Wet na die Minister appelleer teen 'n besluit wat die raad ingevolge artikel 22 (1) heroorweeg het moet binne 30 dae nadat hy van so 'n besluit verwittig is, by die direkteur 'n skriftelike kennisgewing van appèl tesme met die voorgeskrewe gelde soos omskryf in regulasie 20 (e) in dien, asook die gronde van appèl uiteensit.

12.2 So spoedig moontlik na ontvangs van die kennisgewing van appèl vermeld in regulasie 12.1, moet die voorsitter van die raad 'n opgawe van die redes vir die raad se beslissing opstel om saam met alle verbandhebbendedokumente aan die Minister voorgelê te word.

12.3 Die direkteur moet die appellant skriftelik van die Minister se beslissing verwittig.

Aansoek om registrasie as hotelier

13.1 Elke aansoek om die registrasie van 'n hotelier ingevolge artikel 23 van die Wet moet binne 'n tydperk van drie maande na aanvaarding van diens deur sodanige hotelier, skriftelik, in tweevoud, aan die direkteur voorgelê word deur die persoon wat die hotelbesigheid dryf.

13.2 Die direkteur moet by die registrasie van 'n persoon as hotelier aan die persoon wat die hotelbesigheid dryf 'n sertifikaat van registrasie in die vorm van Vorm HR 8 vervat in die aanhangsel, uitreik.

13.3 Die sertifikaat van registrasie van die hotelier moet te alle tye by die hotel beskikbaar wees vir inspeksie.

Spesiale diskwalifikasie van 'n persoon as hotelier

14. Niemand mag as 'n hotelier geregistreer word nie as hy—

(a) 'n ongerehabiliteerde insolvente persoon is;

(b) binne 'n tydperk van vyf jaar voor die datum van sy aansoek ingevolge regulasie 13.1 skuldig bevind is aan 'n oortreding en gevonnis is tot gevangenisstraf vir 'n tydperk van meer as drie maande sonder die keuse van 'n boete;

(c) binne 'n tydperk van ses maande voor die datum van sy aansoek ingevolge regulasie 13.1, skuldig bevind is aan 'n oortreding ingevolge die Wet of die regulasies terwyl hy as 'n hotelier geregistreer was ingevolge regulasie 13; of

(d) na die mening van die raad onbevoeg is om die pligte van 'n hotelier uit te voer.

Change of name of hotel

15.1 The name of an hotel as indicated on a certificate issued in terms of regulation 7 shall not be changed without the written approval of the director.

15.2 Every application to change the name of an hotel shall be submitted to the director in the form of Form HR 4 contained in the annexure, accompanied by the fee prescribed by regulation 20 (f).

15.3 When the director approves of an application in terms of regulation 15.2 he shall issue to the hotelier a new certificate of registration in the form of Form HR 2 and the hotelier shall, within seven days of receipt thereof, return the previous one to the director.

Change in number of bedrooms available to guests and structural alterations

16. When, after an hotel has been graded, any change occurs in the total number of bedrooms or any structural alterations are made affecting the number of bedrooms or any minimum differential grading requirements in respect of such hotel, the hotelier shall, within 21 days of such change or alteration, inform the director in writing of the nature and extent thereof.

Change of ownership, address and hotelier

17. Whenever there is a change of—

(a) the person who conducts the hotel business;

(b) the permanent address of such person; or

(c) the hotelier of an hotel;

the person who conducts the hotel business shall within a period of 14 days from such change give notice in writing thereof to the director.

Brochures, pamphlets and booklets

18. Within 21 days of receipt of a request to that effect the hotelier shall furnish the director with a copy of every brochure, pamphlet or booklet relating to the accommodation, meals and services of the hotel, issued by it or on its behalf to the public.

Damaged, destroyed or lost plaque or certificate

19.1 When, after receipt by the hotelier, a plaque issued in terms of regulation 9.1 is damaged, destroyed or lost, the hotelier shall within a period of seven days give notice in writing thereof to the director, accompanied by the fee prescribed in regulation 20 (g).

19.2 When a certificate issued by the director in terms of regulations 7, 10.3, 13.2 and 15.3 is damaged, destroyed or lost, the hotelier or the person who conducts the hotel business as the case may be, shall within a period of seven days apply to the director in the form of Form HR 9, accompanied by the fee presecribed in regulation 20 (g), for the replacement thereof.

19.3 The director shall after receipt of notification or application issue a new plaque or certificate, as the case may be, in replacement of the damaged, destroyed or lost plaque or certificate.

19.4 When a damaged plaque or certificate is replaced the hotelier or the person who conducts the hotel business, as the case may be, shall within seven days of receipt of the new plaque or certificate, return the old one to the director.

Verandering van naam van 'n hotel

15.1 Die naam van 'n hotel soos aangedui op 'n sertifikaat uitgereik ingevolge regulasie 7 mag nie sonder die skriftelike goedkeuring van die direkteur verander word nie.

15.2 Elke aansoek om die naam van 'n hotel te verander moet, in die vorm van Vorm HR 4 vervat in die aanhangsel, aan die direkteur voorgelê word tesame met die voorgeskrewe gelde ingevolge regulasie 20 (f).

15.3 Wanneer die direkteur 'n aansoek ingevolge regulasie 15.2 goedkeur moet hy 'n nuwe sertifikaat van registrasie in die vorm van Vorm HR 2 aan die betrokke hotelier uitreik en die hotelier moet binne sewe dae na ontvangs daarvan die vorige sertifikaat aan die direkteur terugstuur.

Verandering in die getal slaapkamers beskikbaar vir gaste en strukturele verbouings

16. Wanneer, nadat 'n hotel gegradeer is, enige verandering plaasvind in die totale getal slaapkamers of enige strukturele verbouings gedoen word wat die getal slaapkamers of enige minimum differensiële graderingsvereistes ten opsigte van so 'n hotel affekteer, moet die hotelier binne 21 dae na sodanige verandering of verbouing, die direkteur skriftelik verwittig van die aard en omvang daarvan.

Verandering van eienaar, adres en hotelier

17. Wanneer daar 'n verandering is van die—

(a) persoon wat die hotelbesigheid dryf;

(b) permanente adres van sodanige persoon;

(c) hotelier van 'n hotel;

moet die persoon wat die hotelbesigheid dryf binne 'n tydperk van 14 dae vanaf sodanige verandering die direkteur skriftelik daarvan verwittig.

Brosjures, pamflette en boekies

18. Binne 21 dae na ontvangs van 'n versoek van die direkteur moet die hotelier 'n eksemplaar van elke brosjure, pamflet of boekie wat betrekking het op die huisvesting, spysenîering en dienste van 'n hotel en uitgereik deur of ten behoewe van daardie hotel uitgegee word aan die publiek, aan die direkteur verskaf.

Beskadigde, vernietigde of verlore plaket of sertifikaat

19.1 Wanneer 'n plaket, uitgereik ingevolge regulasie 9.1, beskadig, vernietig of verlore geraak het nadat dit deur die hotelier ontvang is, moet hy binne 'n tydperk van sewe dae aan die direkteur skriftelik kennis daarvan gee tesame met die voorgeskrewe gelde ingevolge regulasie 20 (g).

19.2 Wanneer 'n sertifikaat, uitgereik deur die direkteur ingevolge regulasies 7, 10.3, 13.2 en 15.3 beskadig, vernietig of verlore raak, moet die hotelier of die persoon wat die hotelbesigheid dryf, binne 'n tydperk van sewe dae 'n aansoek vir die vervanging daarvan aan die direkteur rig in die vorm van Vorm HR 9 vervat in die aanhangsel, tesame met die voorgeskrewe gelde ingevolge regulasie 20 (g).

19.3 Die direkteur moet na ontvangs van die kennisgewing of aansoek 'n nuwe plaket of sertifikaat, na gelang van die geval, ter vervanging van die beskadigde, vernietigde of verlore plaket of sertifikaat uitreik.

19.4 In die geval van 'n vervanging van 'n beskadigde plaket of sertifikaat moet die hotelier of die persoon wat die hotelbesigheid dryf, na gelang van die geval, binne sewe dae na ontvangs van die nuwe plaket of sertifikaat die ou een aan die direkteur terugstuur.

Fees payable to the board

20. The following fees shall be payable to the board:

(a) Application for registration as an hotel in terms of regulation 5: R75.

(b) Lease of plaque in terms of regulation 9.1: R30.

(c) Application for the regrading of an hotel in terms of regulation 10.1: R75.

(d) Request for a review of a decision of the board in terms of regulation 11: R100.

(e) Appeal to the Minister in terms of regulation 12.1: R100.

(f) Application to change the name of an hotel in terms of regulation 15.2: R30.

(g) Replacement of damaged, destroyed or lost plaque or certificate in terms of regulations 19.1 and 19.2: R30.

Levies payable to the board

21.1 In terms of section 28 (1) of the Act the hotelier of any hotel which has been graded in terms of section 16 of the Act, shall pay to the board amounts by way of levies at the undermentioned rates calculated on 50 per cent of the total number of beds ordinarily available each night in every leviable bedroom in such hotel: Provided that in a family room a maximum of three beds shall be counted for purposes of the levy:

Grading of hotel	*Levy per bed per night*
One-star	3 cents.
Two-star	6 cents.
Three-star	9 cents.
Four-star	14 cents.
Five-star	18 cents.

21.2 In respect of every hotel graded by the board prior to the date of promulgation of these regulations, the number of beds, as amended from time to time, reflected in the application for the registration of such hotel, shall be deemed to be on the said date the total number of beds referred to in regulation 21.1.

21.3 The board shall, when grading an hotel in terms of section 16 of the Act, and the director may from time to time thereafter, determine the total number of beds referred to in regulation 21.1 and shall forthwith advise the hotelier of such determination: Provided that where the director so determines the number of beds, such new determination shall only take effect from the date thereof and shall be applicable for an indefinite period or for such specific period as he may determine.

21.4 The number of beds referred to in regulation 21.2 and in regulation 21.3, shall be the number of beds on which levies shall be calculated and be payable until such time as the director has in writing made another determination in terms of regulation 21.3.

21.5 The levies payable in terms of regulation 21.1 shall be paid by the hotelier to the office of the board in respect of the quarters ending 31 March, 30 June, 30 September and 31 December of each year within 21 days after the end of each quarter.

21.6 If an hotelier fails to pay the levies within the period specified in regulation 21.5, the director may, in writing, require such hotelier to make future payment of the levies which become due every quarter in advance, or that future payment thereof be underwritten by a guarantee given by a registered bank for such a period as may be determined by the director.

Gelde betaalbaar aan die raad

20. Die volgende gelde is aan die raad betaalbaar

(a) Aansoek om registrasie as 'n hotel ingevolge regulasie 5: R75.

(b) Huur van plaket ingevolge regulasie 9.1: R30.

(c) Aansoek om die hergradering van 'n hotel ingevolge regulasie 10.1: R75.

(d) Versoek om heroorweging van 'n besluit van die raad ingevolge regulasie 11: R100.

(e) Appèl na die Minister ingevolge regulasie 12.1: R100.

(f) Aansoek om die naam van 'n hotel te verander ingevolge regulasie 15.2: R30.

(g) Vervanging van beskadigde, vernietigde of verlore plaket of sertifikaat ingevolge regulasies 19.1 en 19.2: R30.

Heffings betaalbaar aan die raad

21.1 Ingevolge artikel 28 (1) van die Wet moet die hotelier van 'n hotel wat gegradeer is ingevolge artikel 16 van die Wet, bedrae in die vorm van heffings teen die ondergemelde koers aan die raad betaal, bereken teen 50 persent van die totale getal beddens wat in die reël elke nag beskikbaar is in elke hefbare slaapkamer van sodanige hotel: Met dien verstande dat vir heffingsdoeleindes 'n maksimum van drie beddens in 'n gesinskamer getel moet word:

Gradering van hotel	*Heffing per bed per nag*
Een-ster	3 sent.
Twee-ster	6 sent.
Drie-ster	9 sent.
Vier-ster	14 sent.
Vyf-ster	18 sent.

21.2 Ten opsigte van elke hotel deur die raad gegradeer vóór die datum van inwerkingtreding van hierdie egulasies word die getal beddens aangetoon in die aansoek om registrasie van sodanige hotel, soos van tyd tot tyd gewysig, op genoemde datum geag die totale getal beddens te wees waarna in regulasie 21.1 verwys word.

21.3 Die raad moet wanneer 'n hotel gegradeer word ingevolge artikel 16 van die Wet, en die direkteur mag van tyd tot tyd daarna, die totale getal beddens, waarna verwys word in regulasie 21.1, vasstel en die hotelier moet onmiddellik van sodanige vasstelling in kennis gestel word: Met dien verstande dat waar die direkteur die getal beddens so vasstel, sodanige nuwe vasstelling slegs op die datum daarvan in werking tree en vir 'n onbepaalde of spesifieke tydperk soos deur hom vasgestel van krag bly.

21.4 Die getal beddens waarna in regulasies 21.2 en 21.3 verwys word, is die getal beddens waarop heffings bereken en betaal moet word tot tyd en wyl die direkteur skriftelik 'n ander vasstelling gedoen het ingevolge regulasie 21.3.

21.5 Die heffings betaalbaar ingevolge regulasie 21.1 moet deur die hotelier ten opsigte van die kwartale eindigende 31 Maart, 30 Junie, 30 September en 31 Desember van elke jaar, binne 21 dae na die end van elke kwartaal aan die kantoor van die raad betaal word.

21.6 Indien 'n hotelier versuim om die heffings binne die tydperk voorgeskryf in regulasie 21.5 te betaal, mag die direkteur die hotelier skriftelik aansê om toekomstige betaling van heffings soos dit elke kwartaal verskuldig word vooruit te betaal of dat toekomstige betaling daarvan onderskryf word deur 'n waarborg uitgereik deur 'n geregistreerde bank vir so 'n tydperk as wat die direkteur mag bepaal.

21.7 Each payment of levies shall be accompanied by a written notification of the name and address of the hotel and the quarter in respect of which payment is made.

Penalties

22. Any person who—

(a) submits any written information in connection with any application under the Act or regulations which he knows to be false or does not know to be true or submits any false document which purports to be but which is not, in fact, a true copy of the original, or is in any manner a party to any such submission; or

(b) contravenes or fails to comply with the provisions of regulations 9.2, 9.3, 9.4, 9.5, 9.6, 10.4, 13.1, 13.3, 15.1, 15.3, 16, 17, 18, 19.1, 19.2, 19.4, 21.1, 21.5, 21.6 or 21.7 shall be guilty of an offence and liable on conviction to a fine not exceeding R200 or imprisonment for a period not exceeding six months or to both such fine and such imprisonment.

23. Government Notice 1734 dated 28 October 1966 is hereby withdrawn.

Form HR 1

ANNEXURE

HOTELS ACT, 1965

APPLICATION FOR REGISTRATION AS AN HOTEL

Including particulars required for purposes of grading
(To be submitted in duplicate)

The Director
Hotel Board
P.O. Box 26500
0007, Arcadia

I hereby apply for the registration of the accommodation establishment, particulars of which are furnished hereunder.

The fee of R75 prescribed by regulation 20 (a) is enclosed.

I certify that to the best of my knowledge and belief, the information furnished in this application and the documents in support thereof are true and correct.

Place.......................................
Date....................................... ....
Signature of applicant

PART I

1. (a) Name under which accommodation establishment is conducted..
   (b) Year(s) during which building was erected..
2. Address where accommodation establishment is situated
   ....
3. Postal address..
4. Magisterial district..
5. State:
   (a) Name of person who conducts the hotel business..
   (b) Permanent address in the Republic of the person mentioned in (a)..
   (c) If person who conducts the hotel business is a company, partnership or other association of persons state names and addresses of directors, partners or persons (excluding minority shareholders in public companies) who have a financial interest in the business..
   ....
   (d) Name of owner of the land..
   ....
   (e) Permanent address of owner of the land..
   ....
   (f) Name of proposed hotelier..
   ....
6. State whether the accommodation establishment caters for White, Asiatic, Coloured or Black persons..
7. Has application previously been made for registration of the accommodation establishment concerned?..
8. Enumerate hereunder the documents, if any, which are attached to this application.

21.7 Elke betaling van heffings moet vergesel wees van 'n skriftelike advies van die naam en adres van die hotel en die kwartaal ten opsigte waarvan betaling geskied.

Strawwe

22. Iemand wat—

(a) in verband met 'n aansoek ingevolge die Wet of regulasies die volgende voorlê, naamlik skriftelike inligting waarvan hy weet dat dit vals is of waarvan hy nie weet dat dit waar is nie, of 'n valse dokument of 'n dokument wat voorgee om 'n juiste afskrif van die oorspronklike te wees maar dit in werklikheid nie is nie, of wat op enige manier 'n party by sodanige voorlegging is; of

(b) die bepalings van regulasies 9.2, 9.3, 9.4, 9.5, 9.6, 10.4, 13.1, 13.3, 15.1, 15.3, 16, 17, 18, 19.1, 19.2, 19.4, 21.1, 21.5, 21.6 of 21.7 oortree of in gebreke bly om daaraan te voldoen, begaan 'n oortreding en is by skuldigbevinding strafbaar met 'n boete van hoogstens R200 of gevangenisstraf vir 'n tydperk van hoogstens ses maande of met sowel sodanige boete as sodanige gevangenisstraf.

23. Goewermentskennisgewing 1734, gedateer 28 Oktober 1966 word hiermee teruggetrek.

Vorm HR 1

AANHANGSEL

WET OP HOTELLE, 1965

AANSOEK OM REGISTRASIE AS 'N HOTEL

Met inbegrip van besonderhede benodig vir doeleindes van gradering
(Moet in tweevoud voorgelê word)

Die Direkteur
Hotelraad
Posbus 26500
0007, Arcadia

Hierby doen ek aansoek om registrasie van die huisvestingsinrigting waarvan besonderhede hieronder verstrek word.

Die bedrag van R75 voorgeskryf by regulasie 20 (a) is ingesluit.

Ek sertifiseer dat die inligting verstrek in hierdie aansoek en die dokumente ter ondersteuning daarvan, na my beste kennis en wete waar en juis is.

Plek.......................................
Datum....................................... ....
Handtekening van aansoeker

DEEL I

1. (a) Naam waaronder huisvestingsinrigting gedryf word..
   ....
   (b) Jaar/Jare waarin gebou opgerig is..
2. Adres waar huisvestingsinrigting geleë is..
   ....
3. Posadres..
4. Landdrosdistrik..
5. Meld:
   (a) Naam van persoon wat die hotelbesigheid dryf..
   (b) Persoon gemeld in (a) se permanente adres in die Republiek
   ....
   (c) Indien die persoon wat die hotelbesigheid dryf 'n maatskappy, vennootskap of ander vereniging van persone is, meld name en adresse van direkteure, vennote of persone (uitgesonderd minderheidsaandeelhouers in openbare maatskappye) wat 'n finansiële belang by die besigheid het
   ....
   (d) Naam van eienaar van grond..
   ....
   (e) Permanente adres van eienaar van grond..
   ....
   (f) Naam van voorgestelde hotelier..
   ....
6. Meld of die huisvestingsinrigting akkommodasie aan Blankes, Asiate, Kleurlinge of Swartes verskaf..
7. Is daar voorheen aansoek gedoen om registrasie van die betrokke huisvestingsinrigting?..
8. Meld hieronder dokumente, indien enige, wat by hierdie aansoek aangeheg is.

Document	*Annexure*
....	....
....	....
....	....
....	....
....	....
....	....

9. Class of liquor licence held in respect of the accommodation establishment....................................

PART II

The following information to be submitted in detail:

	Complete this column	*For office use*

General description of premises

10. State—

(a) number of floors.............. ....

(b) nature of rooms on each floor... ....

....

....

....

....

(c) floor area in square metres of bedrooms, including built-in wardrobes and vestibules (rooms with equal areas may be grouped under Column A)—

	Column A Number of bedrooms	*Column B Floor area per room*
(i) Double rooms....	....	....
	....	....
	....	....
	....	....
(ii) Single rooms......	....	....
	....	....
	....	....
	....	....
(iii) Family rooms.....	....	....
	....	....
	....	....

Sleeping accommodation for guests

11. State number of—

(a) (i) suites.................... ....
(ii) beds.................... ....

(b) (i) bedrooms with bathrooms... ....
(ii) beds.................... ....

(c) (i) bedrooms with bathrooms without toilets............ ....
(ii) beds.................... ....

(d) (i) bedrooms with showers..... ....
(ii) beds.................... ....

(e) (i) bedrooms with showers without toilets.............. ....
(ii) beds.................... ....

(f) (i) ordinary bedrooms......... ....
(ii) beds.................... ....

(g) Guests who can normally be accommodated in the bedrooms enumerated in (a) to (f) above.... ....

12. (a) State whether there is a four-channel or any other [specify in (iii)] radio service provided—

(i) in each bedroom........... ....
(ii) only in some bedrooms (state number)................ ....
(iii) other................... ....

(b) State whether there is a television service in—

(i) each bedroom............ ....
(ii) only some bedrooms (state number)................ ....

13. (a) Is there an electric shaver plug in every bedroom? (If only in some bedrooms, state number)........ ....

(b) State number of shaver adapter plugs being provided.......... ....

Dokument	*Aanhangsel*
....	....
....	....
....	....
....	....
....	....

9. Klas dranklisensie gehou ten opsigte van die huisvestingsinrigting....................................

DEEL II

Die volgende inligting moet volledig verstrek word:

	Vul hierdie kolom in	*Vir kantoorgebruik*

Algemene beskrywing van perseel

10. Meld—

(a) getal vloere.................... ....

(b) aard van kamers op elke vloer... ....

....

....

....

....

(c) vloeroppervlakte, in vierkante meter, van slaapkamers met inbegrip van ingeboude hangkaste en portale (kamers van dieselfde grootte kan onder Kolom A gegroepeer word)—

	Kolom A Getal slaapkamers	*Kolom B Vloeroppervlakte per kamer*
(i) Dubbelkamers.....	....	....
	....	....
	....	....
(ii) Enkelkamers......	....	....
	....	....
	....	....
(iii) Gesinskamers.....	....	....
	....	....
	....	....

Slaapakkommodasie vir gaste

11. Meld getal—

(a) (i) suites.................... ....
(ii) beddens.................... ....

(b) (i) slaapkamers met badkamers. ....
(ii) beddens.................... ....

(c) (i) slaapkamers met badkamers sonder toilette............ ....
(ii) beddens.................... ....

(d) (i) slaapkamers met storte...... ....
(ii) beddens.................... ....

(e) (i) slaapkamers met storte sonder toilette............ ....
(ii) beddens.................... ....

(f) (i) gewone slaapkamers........ ....
(ii) beddens.................... ....

(g) gaste wat normaalweg in die slaapkamers hierbo in (a) tot (f) genoem, gehuisves kan word..... ....

12. (a) Meld of daar 'n vierkanaalradiodiens of enige ander [meld in (iii)] gelewer word—

(i) in elke slaapkamer.......... ....
(ii) slegs in sommige slaapkamers (meld getal).............. ....
(iii) ander.................... ....

(b) Meld of daar 'n televisiediens gelewer word—

(i) in elke slaapkamer.......... ....
(ii) slegs in sommige slaapkamers (meld getal).............. ....

13. (a) Is daar 'n elektriese kragpunt vir skeermesse in elke slaapkamer? (Indien slegs in sommige slaapkamers, meld getal).......... ....

(b) Meld getal skeermesaansluiters ("adapters") beskikbaar....... ....

Complete this column — *For office use*

14. (a) Is there in every bedroom—
   (i) an electric bell available for 24 hours per day? ....
   (ii) a telephone for external and internal calls avalable for 24 hours per day? ....
   (iii) a telephone available for 24 hours per day for internal communication only? .... (If only in some bedrooms, state number where applicable) ....
   (b) Is there a public telephone on the premises for making calls? ....

15. Describe floor covering in—
   (a) suites ....
   ....
   ....
   (b) bedrooms with bathrooms ....
   ....
   (c) bedrooms with showers ....
   ....
   (d) ordinary bedrooms ....
   ....

16. State whether valet service is available and during what hours ....
   ....

Bathrooms and sanitation

17. State—
   (a) number of beds in ordinary bedrooms ....
   (b) number of communal bathrooms for guests—
      (i) for men ....
      (ii) for women ....
   (c) number of communal showers for guests—
      (i) for men ....
      (ii) for women ....
   (d) number of communal toilets for guests—
      (i) for men ....
      (ii) for women ....

Dining-rooms/Restaurants and kitchens

18. State—
   (a) number of permanent dining-rooms/restaurants ....
   (b) whether á la carte meals are served (if so, attach a specimen of menu) ....
   (c) hours during which à la carte meals are served:
      (i) Lunch ....
      (ii) Dinner ....
   (d) number of kitchens ....

19. State period during which floor service is available in bedrooms for serving of—
   (a) full meals ....
   (b) light meals ....
   (c) light refreshments ....
   (d) alcoholic beverages (only applicable to liquor-licensed establishments) ....

Permanent function rooms

20. State—
   (a) number of permanent functions rooms ....
   (b) nature of floor covering in permanent function rooms ....
   ....
   ....

Lounges and passages

21. State—
   (a) number of lounges ....
   (b) nature of floor covering in lounges
   ....
   (c) nature of floor covering in passages ....

Vul hierdie kolom in — *Vir kantoorgebruik*

14. (a) Is daar in elke slaapkamer—
   (i) 'n elektriese klokkie beskikbaar vir 24-uur per dag? ....
   (ii) 'n telefoon beskikbaar vir eksterne en interne oproepe 24-uur per dag? ....
   (iii) 'n telefoon beskikbaar vir slegs interne verbinding 24-uur per dag? .... (Indien slegs in sommige slaapkamers, meld die getal waar van toepassing) ....
   (b) Is daar 'n publieke telefoon op die perseel vir oproepe? ....

15. Beskryf vloerbedekking in—
   (a) suites ....
   ....
   ....
   (b) slaapkamers met badkamers ....
   ....
   (c) slaapkamers met storte ....
   (d) gewone slaapkamers ....
   ....

16. Meld of lyfbediendediens beskikbaar is en gedurende watter ure ....
   ....

Badkamers en sanitasie

17. Meld—
   (a) getal beddens in gewone slaapkamers ....
   (b) getal gemeenskaplike badkamers vir gaste—
      (i) vir mans ....
      (ii) vir vrouens ....
   (c) getal gemeenskaplike storte vir gaste—
      (i) vir mans ....
      (ii) vir vrouens ....
   (d) getal gemeenskaplike toilette vir gaste—
      (i) vir mans ....
      (ii) vir vrouens ....

Eetkamers/Restaurante en kombuise

18. Meld—
   (a) getal permanente eetkamers/restaurante ....
   (b) of à la carte-maaltye bedien word (indien wel, heg 'n voorbeeld van spyskaart aan) ....
   (c) ure waartydens à la carte-maaltye bedien word:
      (i) Middagete ....
      (ii) Aandete ....
   (d) getal kombuise ....

19. Meld tydperk wanneer vloerbediening beskikbaar is vir bediening in slaapkamers van—
   (a) volle maaltye ....
   (b) ligte maaltye ....
   (c) ligte verversings ....
   (d) alkoholiese dranke (slegs betrekking op inrigtings met dranklisensies) ....

Permanente funksiekamers

20. Meld—
   (a) getal permanente funksiekamers ....
   (b) aard van vloerbedekking in permanente funksiekamers ....
   ....
   ....

Sitkamers en gange

21. Meld—
   (a) getal sitkamers ....
   (b) aard van vloerbedekking in sitkamers ....
   ....
   (c) aard van vloerbedekking in gange
   ....

Complete this column	For office use
Reception office and baggage service	
22. State—	
(a) extent (i.e. hours per day) and nature of reception service..........	
(b) languages spoken at the reception desk..........	
(c) extent (i.e. houers per day) and nature of baggage service..........	
Lifts	
23. State number of lifts for—	
(a) guests..........	....
(b) personnel and luggage only..........	....
Hairdressing salon	
24. State whether hairdressing salon available on the premises for—	
(a) men..........	....
(b) women..........	....
Transport	
25. Does the accommodation establishment—	
(a) operate its own transport for guests?..........	....
or	
(b) make arrangements for transport of guests?.......... Furnish details..........	....
Secretarial service	
26. (a) Is a secretarial service provided?	....
(b) If not, can arrangements be made for secretarial service?.......... Furnish details..........	....
(c) Is a telex service available?...	....
Bars (only applicable to liquor-licensed establishments)	
27. State number of—	
(a) public bars..........	....
(b) speciality bars..........	....
Air-conditioning	
28. Is the accommodation establishment air-conditioned?—	
(a) throughout..........	....
(b) in public rooms..........	....
(c) in bedrooms.......... Furnish details..........	....
Television	
29. State whether there is a television service in—	
(a) public rooms..........	....
(b) bars..........	....
Laundry	
30. Furnish particulars of laundry facilities for guests..........	
Garages	
31. State number of—	
(a) own lock-up garages on the premises..........	....
(b) other garages on the premises..........	....
(c) garages off the premises..........	....
Off-street parking facilities	
32. Furnish particulars..........	
General	
33. Enumerate any additional facilities and services provided for guests at the accommodation establishment and not dealt with above..........	

Vul hierdie kolom in	Vir kantoorgebruik
Ontvangskantoor en bagasiediens	
22. Meld—	
(a) omvang (d.i. ure per dag) en aard van ontvangsdiens..........	
(b) tale wat by die ontvangstoonbank gepraat word..........	
(c) omvang (d.i. ure per dag) en aard van bagasiediens..........	
Hysbakke	
23. Meld getal hysbakke vir—	
(a) gaste..........	....
(b) personeel en bagasie alleen..........	....
Haarkappersalon	
24. Meld of 'n haarkappersalon op die perseel beskikbaar is vir—	
(a) mans..........	....
(b) vrouens..........	....
Vervoer	
25. (a) Verskaf die huisvestingsinrigting sy eie vervoer vir gaste?..........	....
of	
(b) tref hy reëlings vir vervoer van gaste?.......... Verstrek besonderhede..........	....
Sekretariële diens	
26. (a) Is 'n sekretariële diens beskikbaar?	....
(b) Indien nie, kan reëlings vir sekretariële diens getref word?.......... Verstrek besonderhede..........	....
(c) Is 'n teleksdiens beskikbaar?..........	....
Kroeë (slegs betrekking op inrigtings met dranklisensies)	
27. Meld getal—	
(a) publieke kroeë..........	....
(b) spesialiteitskroeë..........	....
Lugreëling	
28. Is daar in die huisvestingsinrigting lugreëling?—	
(a) dwarsdeur..........	....
(b) in publieke vertrekke..........	....
(c) in slaapkamers.......... Verstrek besonderhede..........	....
Televisie	
29. Meld of daar 'n televisiediens is in—	
(a) publieke vertrekke..........	....
(b) kroeë..........	....
Was-en-stryk	
30. Verstrek besonderhede van was-en-strykgeriewe vir gaste..........	
Garages	
31. Meld getal—	
(a) eie sluitgarages op die perseel.	....
(b) ander garages op die perseel..........	....
(c) garages weg van die perseel...	....
Parkeergeriewe van die straat af	
32. Verstrek besonderhede..........	
Algemeen	
33. Beskryf enige bykomende geriewe en dienste wat nie reeds gemeld is nie vir gaste by die huisvestingsinrigting..........	

Number of employees, paid or unpaid, in the hotel

Hotel..

Town/City..

	Whites		Coloureds		Asiatics		Blacks		Total	
	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female
(a) Management (including working directors, partners and assistant managers)......................										
(b) Front office (including reception, reservations, switchboards and information)....................										
(c) Accounts and clerical (including typists, machine operators and printing)......................										
(d) Restaurants and waiters..........										
(e) Bars and wine stewards...........										
(f) Chefs and head cooks...........										
(g) Other kitchen staff (including cleaners and stores).............										
(h) Housekeeping and rooms staff (including linen, valets and laundry)..........................										
(i) Other staff (mostly unskilled)......										
Total...................										

Getal werknemers, besoldig of onbesoldig, in die hotel

Hotel..

Dorp/Stad..

	Blankes		Kleurlinge		Asiate		Swartes		Totaal	
	Manlik	Vroulik	Manlik	Vroulik	Manlik	Vroulik	Manlik	Vroulik	Manlik	Vroulik
(a) Bestuur (met inbegrip van werkende direkteure, vennote en assistent-bestuurders)............										
(b) Voorkantoor (met inbegrip van ontvangs, besprekings, skakelbord en inligting)....................										
(c) Rekeninge en klerikaal (met inbegrip van tiksters, masjienoperateurs en drukwerk).............										
(d) Restaurante en kelners...........										
(e) Kroeë en wynkelners............										
(f) Sjefs en hoofkokke.............										
(g) Ander kombuispersoneel (met inbegrip van skoonmakers en voorraad)..........................										
(h) Huishouding en kamerpersoneel (met inbegrip van linne, kamerbediendes en wassery)............										
(i) Ander werknemers (veral ongeskool).........................										
Totaal..................										

Form HR 2

REPUBLIC OF SOUTH AFRICA

HOTELS ACT, 1965

CERTIFICATE OF REGISTRATION, GRADING AND GROUPING

It is hereby certified that...
situated at...
is registered as an hotel in terms of section 14 of Act 70 of 1965.

In terms of section 16 of the said Act the hotel has been graded and grouped as follows:

Grade...
Group...
Date of original registration...

Dated at Pretoria this..............................day of..............................
one thousand nine hundred and..

....
Director: Hotel Board

....
Chairman: Hotel Board

Form HR 3

REGISTER OF HOTELS

Name...
Address...
P.O. Box...
Name of person who conducts the hotel business..............................
....
Address of person who conducts the hotel business..............................
....

If person who conducts the hotel business is a company, partnership or other association of persons, the name and address of each director, partner or other person as the case may be..............................
....
....
....
....
....

Certificate No.	Date of certificate	Group		Grade
		Tourist occupancy	Liquor	

PARTICULARS OF HOTELIER

Name	Certificate No.	Date of certificate	Identity or passport No.	Date of birth	Date of appointment	Nationality

Vorm HR 2

REPUBLIEK VAN SUID-AFRIKA

WET OP HOTELLE, 1965

SERTIFIKAAT VAN REGISTRASIE, GRADERING EN GROEPERING

Hierby word gesertifiseer dat...
geleë te...
geregistreer is as 'n hotel ingevolge artikel 14 van Wet 70 van 1965.

Ingevolge artikel 16 van genoemde Wet is die hotel soos volg gegradeer en gegroepeer:

Graad...
Groep...
Datum van oorspronklike registrasie.......................................

Gedateer te Pretoria op hede die..............................dag van..................
eenduisend negehonderd...

....
Direkteur: Hotelraad

....
Voorsitter: Hotelraad

Vorm HR 3

REGISTER VAN HOTELLE

Naam...
Adres...
Posbus...
Naam van persoon wat die hotelbesigheid dryf..............................
....
Adres van persoon wat die hotelbesigheid dryf..............................
....

Indien die persoon wat die hotelbesigheid dryf 'n maatskappy, vennootskap of ander vereniging van persone is, meld name en adresse van elke direkteur, vennoot of ander persoon na gelang van die geval..............................
....
....
....
....

Sertifikaat No.	Datum van sertifikaat	Groep		Graad
		Toeriste-besetting	Drank	

BESONDERHEDE VAN HOTELIER

Naam	Sertifikaat No.	Datum van sertifikaat	Identiteit- of paspoortnommer	Geboortedatum	Datum van aanstelling	Nasionaliteit

Form HR 4

HOTELS ACT, 1965

CHANGE OF NAME OF HOTEL: APPLICATION FOR NEW CERTIFICATE OF REGISTRATION, GRADING AND GROUPING

The Director
Hotel Board
P.O. Box 26500
0007, Arcadia

I hereby apply for your approval to change the name of the ....situated at.. to...for the following reasons ....
....
....

Particulars of the certificate of registration at present held are as follows:

Number of certificate..
Date issued...
Grading of hotel...
Grouping of hotel...

I hereby further apply for a certificate in the new name of the hotel and undertake to return the old one to you within seven days of receipt of the new certificate.

The fee of R30 prescribed by regulation 20 (f) is enclosed.

Place.......................................
Date.. ....
*Hotelier/person who conducts the hotel business

Form HR 5

HOTELS ACT, 1965

APPLICATION FOR REGRADING OF HOTEL

The Director
Hotel Board
P.O. Box 26500
0007, Arcadia

I hereby apply for the regrading of..
(name of hotel)
situated at...to a...................-star.

In my opinion the hotel complies with the requirements for a ....-star grading as published in Government Gazette Extraordinary No.........of...............................*except to the extent set forth in my accompanying letter in respect of which it is requested that tolerance factors be applied for the reasons set out in the said letter.

Particulars of the certificate at present held are as follows:

Number of certificate..
Date issued...
Grading of hotel...
Grouping of hotel...

Since the date of the abovementioned certificate the following major changes have been effected..
....
....
....

In the event of my application being successful I undertake to return the old certificate to you within seven days of receipt of a new one.

In making this application I am fully aware of the fact that the Hotel Board may accord the hotel a lower grading than that applied for or at present held.

The fee of R75 prescribed by regulation 20 (c) is enclosed.

Place.......................................
Date.. ....
Hotelier

Form HR 6

HOTELS ACT, 1965

REQUEST FOR A REVIEW OF DECISION OF THE HOTEL BOARD

The Director
Hotel Board
P.O. Box 26500
0007, Arcadia

I hereby request a review of the following decision of the Hotel Board...
....
....
....

* Delete if not applicable.

Vorm HR 4

WET OP HOTELLE, 1965

VERANDERING VAN NAAM VAN HOTEL: AANSOEK OM NUWE SERTIFIKAAT VAN REGISTRASIE, GRADERING EN GROEPERING

Die Direkteur
Hotelraad
Posbus 26500
0007, Arcadia

Ek doen hierby aansoek om u goedkeuring vir die verandering van die naam van die....................................geleë te................................ na...
om die volgende redes...
....
....
....

Besonderhede van die sertifikaat van registrasie wat tans gehou word, is soos volg:

Nommer van sertifikaat...
Datum uitgereik..
Gradering van hotel...
Groepering van hotel...

Voorts doen ek aansoek om 'n sertifikaat op die nuwe naam van die hotel en onderneem ek om die ou sertifikaat binne sewe dae na ontvangs van die nuwe een aan u terug te besorg.

Die fooi van R30 voorgeskryf in regulasie 20 (f) is ingesluit.

Plek.......................................
Datum..................................... ....
*Hotelier/persoon wat die hotelbesigheid dryf

Vorm HR 5

WET OP HOTELLE, 1965

AANSOEK OM HERGRADERING VAN HOTEL

Die Direkteur
Hotelraad
Posbus 26500
0007, Arcadia

Ek doen hierby aansoek om die hergradering van..........................
(naam van hotel)
geleë te..tot 'n............-ster.

Na my mening voldoen die hotel aan die vereistes vir 'n........-stergradering soos gepubliseer in Buitengewone Staatskoerant No......... van...................*behalwe in die mate uiteengesit in my meegaande brief ten opsigte waarvan versoek word dat toelatingsfaktore toegepas word om die redes uiteengesit in genoemde brief.

Besonderhede van die sertifikaat wat tans gehou word is soos volg:

Nommer van sertifikaat...
Datum uitgereik..
Gradering van hotel...
Groepering van hotel...

Sedert die datum van bogenoemde sertifikaat is die volgende belangrike veranderings aangebring...
....
....
....

Indien my aansoek slaag, onderneem ek om die ou sertifikaat aan u terug te besorg binne sewe dae na ontvangs van 'n nuwe een.

By die doen van hierdie aansoek is ek ten volle bewus van die feit dat die Hotelraad 'n laer gradering aan die hotel mag toeken as dié waarom aansoek gedoen word of wat tans gehou word.

Die bedrag van R75 voorgeskryf by regulasie 20 (c) is ingesluit.

Plek.......................................
Datum..................................... ....
Hotelier

Vorm HR 6

WET OP HOTELLE, 1965

VERSOEK OM 'N HEROORWEGING VAN 'N BESLUIT VAN DIE HOTELRAAD

Die Direkteur
Hotelraad
Posbus 26500
0007, Arcadia

Ek versoek hierby 'n heroorweging van die volgende besluit van die Hotelraad...
....
....
....

* Skrap indien nie van toepassing nie.

In my opinion the decision should have been..................................
....
....
The reasons for my request are as follows..................................
....
....
The fee of R100 prescribed by regulation 20 (d) is enclosed.

Place......................................
Date...................................... ....
Applicant

If applicant is not the hotelier or the person who conducts the hotel business give the following particulars:

Full name...
Permanent address...

Form HR 7

APPLICATION FOR REGISTRATION AS AN HOTELIER

(To be submitted in duplicate)

The director
Hotel Board
P.O. Box 26500
0007, Arcadia

I..who conduct the hotel business of the...Hotel situated at................................ ....hereby apply for the registration of the undermentioned person, of whom full particulars are furnished herewith, as hotelier of the said hotel:

(a) Full name...
(b) Permanent address...
(c) Identity or passport number..
(d) Date of birth...
(e) Nationality...
(f) Date of assumption of duty as hotelier.....................................
(g) Previous occupation..
(h) State qualifications..
....
(i) Is the person at present registered as hotelier of any other hotel?..
(j) Was the person previously registered as hotelier of any other hotel; if so, state name(s) and address(es) of the hotel(s) and period(s) of service...
....
....
(k) Is the person an unrehabilitated insolvent?..............................
(l) Was the person within a period of five years prior to the date of this application convicted of an offence and sentenced to imprisonment for a period exceeding three months without the option of a fine?..
(m) Was the person convicted, within a period of six months prior to the date of this application, of an offence under the Act or regulations?..
....
....

I hereby certify that the person mentioned in paragraph (a) is authorised and responsible to comply with the requirements of regulations 21.1, 21.5, 21.6 and 21.7 at all times.

Place......................................
Date...................................... ....
Person who conducts the hotel business

To be completed by the person mentioned in paragraph (a):

I,.., hereby declare that the contents of paragraphs (a) to (m) are true and correct and that I undertake, upon registration as hotelier, to comply with the requirements of regulations 21.1, 21.5, 21.6 and 21.7 at all times.

Place......................................
Date...................................... ....
Prospective hotelier

Form HR 8

REPUBLIC OF SOUTH AFRICA

HOTELS ACT, 1965

CERTIFICATE OF REGISTRATION AS AN HOTELIER

It is hereby certified that...
*(Identity/Passport number....................) is registered as the hotelier of...in terms of section 23 of Act 70 of 1965.

Dated at Pretoria this..............................day of.................................
one thousand nine hundred and.......................................

....
Director: Hotel Board

* Delete whichever is not applicable.

Na my mening moes die besluit soos volg gewees het.........................
....
....
Die redes vir my versoek is soos volg..
....
....
Die bedrag van R100 voorgeskryf by regulasie 20 (d) is ingesluit.

Plek......................................
Datum...................................... ....
Applikant

Indien applikant nie die hotelier of die persoon is wat die hotelbesigheid dryf nie verstrek die volgende besonderhede:

Volle naam...
Permanente adres...

Vorm HR 7

AANSOEK OM REGISTRASIE AS HOTELIER

(Moet in tweevoud voorgelê word)

Die Direkteur
Hotelraad
Posbus 26500
0007, Arcadia

Ek..wat die hotelbesigheid dryf van ....Hotel geleë te.. ....doen hierby aansoek om registrasie van die ondergenoemde persoon, van wie volle besonderhede hiermee verstrek word as hotelier van die genoemde hotel:

(a) Volle name..
(b) Permanente adres...
(c) Identiteit- of paspoortnommer...
(d) Datum van geboorte...
(e) Nasionaliteit...
(f) Datum van aanvaarding van diens as hotelier...........................
(g) Vorige betrekking...
(h) Kwalifikasies...
....
(i) Is die persoon tans geregistreer as hotelier van enige ander hotel?..
(j) Was die persoon voorheen as hotelier van enige ander hotel geregistreer; indien wel verstrek naam(name) en adres(se) van die hotel(le) en tydperk(e) van diens..................................
....
....
(k) Is die persoon 'n ongerehabiliteerde insolvent?.........................
(l) Was die persoon binne 'n tydperk van vyf jaar voor die datum van hierdie aansoek skuldig bevind aan 'n oortreding en gevonnis tot gevangenisstraf vir 'n tydperk van meer as drie maande sonder die keuse van 'n boete?..............................
(m) Was die persoon skuldig bevind aan 'n oortreding ingevolge die Wet of die regulasies binne 'n periode van ses maande voor die datum van hierdie aansoek?..
....
....

Ek verklaar hiermee dat die persoon genoem in paragraaf (a) gemagtig en verantwoordelik is om te alle tye te voldoen aan die vereistes van regulasies 21.1, 21.5, 21.6 en 21.7.

Plek......................................
Datum...................................... ....
Persoon wat die hotelbesigheid dryf

Ingevul te word deur die persoon gemeld in paragraaf (a):

Ek,..., verklaar hierby dat die inhoud van paragrawe (a) tot (m) waar en korrek is en ek onderneem om by registrasie as hotelier, te alle tye te voldoen aan die vereistes van regulasies 21.1, 21.5, 21.6 en 21.7.

Plek......................................
Datum...................................... ....
Voornemende hotelier

Vorm HR 8

REPUBLIEK VAN SUID-AFRIKA

WET OP HOTELLE, 1965

SERTIFIKAAT VAN REGISTRASIE AS HOTELIER

Hierby word gesertifiseer dat...
*(identiteit-/paspoortnommer..................................) geregistreer is as hotelier van..
ingevolge artikel 23 van Wet 70 van 1965.

Gedateer te Pretoria op hede die...............dag van................................
eenduisend negehonderd.......................................

....
Direkteur: Hotelraad

* Skrap wat nie van toepassing is nie.

Form HR 9

HOTELS ACT, 1965

APPLICATION FOR NEW *PLAQUE/CERTIFICATE IN REPLACEMENT OF DAMAGED, DESTROYED OR LOST *PLAQUE/CERTIFICATE

The Director
Hotel Board
P.O. Box 26500
0007. Arcadia

I hereby apply for a replacement of—

*(a) the Hotel Board plaque;

*(b) Certificate No............dated................19........issued by the Hotel Board to...;
(name of hotel)

*(c) Certificate No............dated................19........issued by the Hotel Board to...
(name and identity or passport number of hotelier)

The reason for this application is that the *plaque/certificate(s) has/have been damaged/destroyed/lost in the following circumstances...
....
....
....

I undertake to return the damaged *plaque/certificate to the Hotel Board within seven days of receipt of a new one.

The fee of R30 prescribed by regulation 20 (g) is enclosed.

Place.....................................
Date.......................................

....
*Hotelier/person who conducts the hotel business

* Delete whichever is not applicable.

HOTEL BOARD

GRADING AND GROUPING OF HOTELS.— DRAFT DETERMINATION: 19

The following draft determination to substitute the existing determination made by the Hotel Board in terms of section 15 of the Hotels Act, 1965, is published for general information.

Any person desiring to furnish comments on the contents thereof may do so in writing to the Director of the Hotel Board, P.O. Box 26500, Arcadia, 0007, within 30 days of the date hereof.

HOTEL BOARD

GRADING AND GROUPING OF HOTELS.— DETERMINATION

1. By virtue of the powers vested in it by section 15 of the Hotels Act, 1965 (Act 70 of 1965), the Hotel Board determines that—

(a) the requirements set out in the First Schedule hereto are the minimum requirements with which hotels shall comply at all times;

(b) the requirements set out in the Second Schedule hereto are the minimum differential grading requirements with which hotels shall comply at all times in accordance with the grade determined by the board;

(c) hotels shall be scored on a points system according to the factors set out in the Third Schedule hereto and shall be graded in accorrance with the number of points so allocated on the following scale—

Grade	*Number of points allocated*	*Percentage in each factor*
One-star.........	400 to 550	40 to 55
Two-star.........	551 to 650	55,1 to 65
Three-star........	651 to 750	65,1 to 75
Four-star........	751 to 900	75,1 to 90
Five-star.........	901 to 1 000	90,1 to 100:

Vorm HR 9

WET OP HOTELLE, 1965

AANSOEK OM 'N NUWE *PLAKET/SERTIFIKAAT TER VERVANGING VAN BESKADIGDE, VERNIETIGDE OF VERLORE *PLAKET/SERTIFIKAAT

Die Direkteur
Hotelraad
Posbus 26500
0007, Arcadia

Ek doen hierby aansoek om vervanging van—

*(a) die Hotelraadplaket;

*(b) sertifikaat No............gedateer....................19........uitgereik deur die Hotelraad aan...
(naam van hotel)

*(c) sertifikaat No................gedateer................19........ uitgereik deur die Hotelraad aan...
(naam en identiteit- of paspoortnommer van hotelier)

Die rede vir hierdie aansoek is dat die *plaket/sertifikaat/sertifikate beskadig/vernietig/verloor is onder die volgende omstandighede...
....
....
....

Ek onderneem om die beskadigde *plaket/sertifikaat aan die Hotelraad terug te besorg binne sewe dae na ontvangs van 'n nuwe een.

Die bedrag van R30 voorgeskryf by regulasie 20 (g) is ingesluit.

Plek.....................................
Datum...................................

....
*Hotelier/persoon wat die hotelbesigheid dryf

* Skrap wat nie van toepassing is nie.

HOTELRAAD

GRADERING EN GROEPERING VAN HOTELLE. —KONSEP VASSTELLING: 19

Die volgende konsep vasstelling om die bestaande vasstelling gemaak deur die Hotelraad ingevolge artikel 15 van die Wet op Hotelle, 1965, te vervang, word vir algemene inligting gepubliseer.

Enige persoon wat daarop kommentaar wil lewer moet dit skriftelik rig aan die Direkteur van die Hotelraad, Posbus 26500, Arcadia, 0007, binne 30 dae na datum hiervan.

HOTELRAAD

GRADERING EN GROEPERING VAN HOTELLE. —VASSTELLING

1. Kragtens die bevoegdheid verleen by artikel 15 van die Wet op Hotelle, 1965 (Wet 70 van 1965), bepaal die Hotelraad dat—

(a) die vereistes in die Eerste Bylae hiervan uiteengesit die minimum vereistes is waaraan hotelle te alle tye moet voldoen;

(b) die vereistes uiteengesit in die Tweede Bylae hiervan die minimum differensiële graderingsvereistes is waaraan hotelle te alle tye moet voldoen in ooreenstemming met die gradering toegeken deur die raad;

(c) hotelle punte toegeken word volgens 'n puntestelsel op die grondslag van die faktore in die Derde Bylae hiervan uiteengesit en dat hulle volgens die getal punte aldus toegeken ooreenkomstig die volgende skaal gegradeer word—

Gradering	*Getal punte toegeken*	*Persentasie in elke faktor*
Een-ster.........	400 tot 550	40 tot 55
Twee-ster........	551 tot 650	55,1 tot 65
Drie-ster.........	651 tot 750	65,1 tot 75
Vier-ster.........	751 tot 900	75,1 tot 90
Vyf-ster..........	901 tot 1 000	90,1 tot 100:

Provided that:

(i) No hotel shall be graded as set out above unless it complies with all the minimum differential grading requirements laid down for each grade in the Second Schedule.

(ii) The board may allow a shortfall of not more than 5 per cent in the percentage of any one factor or alternatively not more than an aggregate of 5 per cent in the percentage of more than one factor if it is of the opinion that such allowance will not detract from the general standard of the hotel concerned.

(iii) In the case of an hotel in respect of which a liquor licence in terms of the Liquor Act is not held such hotel shall be compensated for the non-availability of the following items:

Speciality bars........................ 41 points
Variety of wines........................ 8 points
on the formula of—

$$\frac{\text{Actual total score} \times 49}{1\,000};$$

(d) notwithstanding the provisions of paragraph (c) the board may at the request of the hotelier of an hotel or the person who conducts the hotel business and notwithstanding that such an hotel falls within a particular grade as a result of the number of points allocated to it under the said paragraph, accord such hotel a grading which is one grade lower than that indicated by the score; and

(e) (i) hotels shall be grouped and shall comply with the grouping requirements in accordance with the following columns:

Column I (Group)	Column II (Requirements)
Tourist........	Bednights ordinarily sold to tourists shall be not less than 50% of bednights actually sold.
Residential.....	Bednights ordinarily sold to tourists shall be less than 50% of bednights actually sold;

(ii) the provisions of regulation 8.3 of the regulations made under the Act shall be deemed a grouping in terms of section 15 (1) of the said Act.

2. In this determination and the schedules hereto unless the context otherwise indicates—

(i) "bednight" means a bed available for occupation by a quest for any one night at an hotel; (i)

(ii) "floors" for the purposes of determining the number of lifts required, means all floors, including the groud floor; (viii)

(iii) "light meal" means a meal consisting of one course of at least meat or poultry or fish and beverages served hot or cold as ordered; (iv)

(iv) "light refreshments" means tea, coffee, milk, mineral waters and biscuits or sandwiches; (v)

(v) "public room" shall include a lounge, dining-room, function room and speciality bar; (vi)

(vi) "speciality bar" means any bar to which both sexes of the public are permitted; (vii)

(vii) "tiled" means tiled with porcelain or ceramic tiles or marble or any other impervious material approved by the board; (ii) and

Met dien verstande dat:

(i) Geen hotel gegradeer sal word soos hierbo uiteengesit tensy dit aan al die minimum differensiële graderingsvereistes soos voorgeskryf vir elke graad in die Tweede Bylae voldoen nie.

(ii) Die raad 'n tekort van nie meer nie as 5 persent in die persentasie van enige enkele faktor, of alternatiewelik, nie meer nie as 'n totaal van 5 persent in die persentasie van meer as een faktor kan toelaat indien so 'n toegewing na sy mening nie afbreuk sal doen aan die algemene standaard van die betrokke hotel nie.

(iii) In die geval van 'n hotel ten opsigte waarvan 'n dranklisensie ingevolge die Drankwet nie gehou word nie die hotel soos volg vergoed sal word vir die nie-beskikbaarheid van die volgende items:

Spesialiteitskroeë........................ 41 punte
Verskeidenheid wynsoorte................ 8 punte
volgens die formule—

$$\frac{\text{Werklike totale telling} \times 49}{1\,000};$$

(d) nieteenstaande die bepalings van paragraaf (c) die raad op versoek van die hotelier van 'n hotel of die persoon wat die hotelbesigheid dryf en nieteenstaande die feit dat so 'n hotel in 'n besondere gradering val as gevolg van die getal punte wat ingevolge genoemde paragraaf toegeken is aan daardie hotel 'n gradering kan toeken wat een graad laer is as dié aangedui volgens die puntetelling; en

(e) (i) hotelle gegroepeer word en aan die vereistes moet voldoen in ooreenstemming met die volgende kolomme:

Kolom I (Groepe)	Kolom II (Vereistes)
Toeris........	Bednagte in die reël aan toeriste verkoop, moet nie minder wees nie as 50% van bednagte werklik verkoop.
Residensieel....	Bednagte in die reël aan toeriste verkoop, moet minder wees as 50% van bednagte werklik verkoop;

(ii) die bepalings van regulasie 8.3 van die regulasies ingevolge die Wet word geag 'n groepering te wees kragtens artikel 15 (1) van gemelde Wet.

2. In hierdie samestelling en in die bylaes hiervan, tensy uit die samehang anders blyk, beteken—

(i) "bednag" 'n bed beskikbaar vir besetting deur 'n gas vir enige enkele nag by 'n hotel; (i)

(ii) "geteël" geteël met porselein- of keramiekteëls of marmer of enige ander ondeurdringbare materiaal deur die raad goedgekeur; (vii)

(iii) "hangkas" 'n kas of ruimte wat gebruik word om die klere van gaste in te hou en te hang: Met dien verstande dat 'n kas of ruimte wat nie in 'n sluitbare aantrekkamer is nie voorsien moet word met behoorlike deure en slotte; (viii)

(iv) "ligte maaltyd" 'n maaltyd bestaande uit een gereg van ten minste vleis of pluimvee of vis en dranke wat warm of koud bedien word volgens bestelling; (iii)

(v) "ligte verversings" tee, koffie, melk, koeldrank en beskuitjies of toebroodjies; (iv)

(vi) "publieke kamer" ook 'n vertrek soos 'n sitkamer, eetkamer, funksiekamer en spesialiteitskroeg; (v)

(vii) "spesialiteitskroeg" 'n kroeg waar albei geslagte van die publiek toegelaat word; (vi) en

(viii) "wardrobe" means a cupboard or closet used for purposes of keeping and hanging quests' clothes: Provided that a cupboard or closet not situated in a lockable dressing room shall be provided with proper doors and locks; (iii)

and a word or expression to which a meaning has been assigned in the Act or the regulations made under the Act, shall bear that meaning.

3. Government Notice 1735, dated 28 October 1966 is hereby withdrawn.

B. S. WIEHAHN, Chairman: Hotel Board.

FIRST SCHEDULE

MINIMUM REQUIREMENTS FOR HOTELS

Bedrooms for guests

*1. Floor area (inclusive of vestibule and built-in wardrobes):

(a) Single room: 11 m².

(b) Double room: 16,5 m².

The board may grant exemption from this requirement in the case of an hotel in respect of which a liquor licence in terms of the Liquor Act is not held and which was erected or in the course of construction prior to 1 January 1967, if it is satisfied that non-compliance with this requirement will not detract from the standard of the hotel concerned: Provided that the minimum floor area shall, in the case of a single room be not less than 8,30 m² and in the case of a double room not less than 11 m².

2. A washbasin with running hot and cold water, available at all times, in each ordinary bedroom.

*3. A mirror of 0,1 m² and shelf at or near each washbasin and an area of 600 mm x 450 mm immediately above such basin to be tiled.

*4. Width of bed:

(a) Single bed: Not less than 900 mm (except a bed intended for a child under the age of 12 years).

(b) Double bed: Not less than 1 201 mm.

5. Each mattress to be inner-sprung and/or foam rubber or equivalent (except a mattress intended for a child under the age of 12 years).

6. (a) Electric lighting: 15 watt per m² of floor area.

*(b) A reading lamp for each bed with a switch in immediate vicinity of bed (except a bed intended for a child under the age of 12 years).

*7. A dressing table (with a mirror and drawer space) and a wardrobe.

8. A chair for each bed (except a bed intended for a child under the age of 12 years) or a couch to serve one or more beds.

9. A mirror 900 mm in length and 375 mm wide.

*10. A luggage stand.

11. Serviceable and safe locks on each bedroom and wardrobe door with keys available.

12. (a) Six or 12 hangers (not of wire) with cross-bars in single and double bedrooms respectively.

(b) A tie-rail and adequate clothes hooks.

13. An electric bell, internal telephone or internal communication system in each bedroom shall be operative for 24 hours per day.

(viii) "vloere" vir bepaling van die vereiste getal hysbakke, alle vloere met inbegrip van die grondvloer; (ii)

en het 'n woord of uitdrukking waaraan in die Wet of die regulasies ingevolge die Wet 'n betekenis geheg is, daardie betekenis.

3. Goewermentskennisgewing 1735 gedateer 28 Oktober 1966 word hierby teruggetrek.

B. S. WIEHAHN, Voorsitter: Hotelraad.

EERSTE BYLAE

MINIMUM VEREISTES VIR HOTELLE

Slaapkamers vir gaste

*1. Vloeroppervlakte (met inbegrip van portaal en ingeboude hangkaste):

(a) Enkelkamer: 11 m².

(b) Dubbelkamer: 16,5 m².

In die geval van 'n hotel ten opsigte waarvan 'n dranklisensie ingevolge die Drankwet nie gehou word nie en wat vóór 1 Januarie 1967 opgerig is of in aanbou was, kan die raad vrystelling van hierdie vereiste verleen indien hy daarvan oortuig is dat die nienakoming van hierdie vereiste nie afbreuk aan die standaard van die betrokke hotel sal doen nie: Met dien verstande dat die minimum vloeroppervlakte in die geval van 'n enkelkamer nie minder nie as 8,30 m² en in die geval van 'n dubbelkamer nie minder as 11 m² moet wees.

2. 'n Wasbak met lopende warm en koue water beskikbaar te alle tye in elke gewone slaapkamer.

*3. 'n Spieël van 0,1 m² en rak by of naby elke wasbak en 'n geteëlde oppervlakte van 600 mm x 450 mm onmiddellik bokant die wasbak.

*4. Bedwydte:

(a) Enkelbed: Nie minder nie as 900 mm (uitgesonderd 'n bed bedoel vir 'n kind onder die ouderdom van 12 jaar).

(b) Dubbelbed: Nie minder nie as 1 201 mm.

5. Alle matrasse moet binneveermatrasse en/of van skuimrubber of 'n ekwivalent wees (uitgesonderd dié bedoel vir 'n kind onder die ouderdom van 12 jaar).

6. (a) Elektriese beligting: 15 watt per m² van vloeroppervlakte.

*(b) 'n Leeslamp vir elke bed met 'n skakelaar in die onmiddellike nabyheid van die bed (uitgesonderd 'n bed bedoel vir 'n kind onder die ouderdom van 12 jaar).

*7. 'n Kleedtafel (met 'n spieël en laairuimte) en 'n hangkas.

*8. 'n Stoel vir elke bed (uitgesonderd 'n bed bedoel vir 'n kind onder die ouderdom van 12 jaar) of 'n rusbank om een of meer beddens te dien.

9. 'n Spieël van 900 mm in lengte en 375 mm wyd.

*10. 'n Bagasierak.

11. Dienlike en veilige slotte aan elke slaapkamer- en hangkasdeur met sleutels beskikbaar.

12. (a) Ses of 12 hangers (nie van draad nie) met dwarslatte in enkel- en dubbelkamers onderskeidelik.

(b) 'n Dasreling en voldoende klerehake.

13. 'n Elektriese klokkie, interne telefoon of interne verbindingstelsel moet in werking wees 24 uur per dag in elke slaapkamer.

14. If not carpeted wall-to-wall, one floor-mat for each bed, size 67,5 cm x 135 cm or one floor-mat, size 135 cm x 180 cm which serves all beds.

15. A waste-paper basket.

*16. A 15 amp electric power plug.

17. A towel rail at or near the washbasin in each ordinary bedroom.

Bathrooms and sanitation

18. Communal bathrooms and toilets on each floor where ordinary bedrooms are situated.

19. Communal bathrooms and toilets to be separate and separate provision to be made for the two sexes.

20. A mirror of 300 mm x 300 mm and shelf in each bathroom.

21. All bathroom and toilet walls to be tiled to a height of 1 350 mm from the floor and walls above the tiles to be oil-painted or covered with other impervious and washable cladding or material.

22. Bath to be built-in and tiled on the outside.

23. Running hot and cold water serving bath and washbasin to be available at all times.

*24. Floors and floor coverings to be of impervious material.

25. A towel rail at or near each washbasin and bath as well as adequate clothes hooks.

*26. Chair or stool.

27. A washable bathroom mat.

28. Water-borne sewerage.

29. Each toilet pan to be provided with a seat and lid.

30. Sanitary bin with lid in each toilet.

Public cloak-rooms

31. One for men, consisting of—

*(a) a urinal, tiled or stainless steel or any other impervious material to a height of 1 350 mm from the floor and walls to be oil-painted or covered with other impervious and washable cladding or material;

(b) a toilet, the walls of which are to be tiled to a height of 1 350 mm from the floor and walls above tiles to be oil-painted or covered with other impervious and washable cladding or material.

32. One for women consisting of a toilet, the walls of which are to be tiled to a height of 1 350 mm from the floor and walls above tiles to be oil-painted or covered with other impervious and washable cladding or material.

33. Running hot and cold water to be available at all times.

34. Soap and clean facilities for drying.

35. (a) In the case of a cloak-room for men a mirror of 300 mm x 300 mm near the washbasin.

*(b) In the case of a cloak-room for women a mirror of 900 mm x 900 mm and a shelf or dressing table with chair or stool.

(c) Sanitary bin with lid in each toilet for women.

*36. An area of 600 mm x 450 mm immediately above the washbasin to be tiled.

37. Shall be clearly indicated.

38. Adequate clothes hooks.

39. Each toilet pan to be provided with a seat and lid.

14. Indien nie toegerus met volvloermatte nie, een vloermat van 67,5 cm x 135 cm vir elke bed, of een vloermat van 135 cm x 180 cm vir alle beddens gesamentlik.

15. 'n Snippermandjie.

*16. 'n 15 amp elektriese kragprop.

17. 'n Handdoekreling by of naby die wasbank in elke gewone slaapkamer.

Badkamers en sanitasie

18. Gemeenskaplike badkamers en toilette op elke vloer waar gewone slaapkamers geleë is.

19. Gemeenskaplike badkamers en toilette moet apart wees en afsonderlike voorsiening moet vir die twee geslagte gemaak word.

20. 'n Spieël van 300 mm x 300 mm en rak in elke badkamer.

21. Alle badkamer- en toiletmure moet geteël wees tot 'n hoogte van 1 350 mm vanaf die vloer en mure bokant teëls moet geverf of bedek wees met olieverf of met ander ondeurdringbare en wasbare bedekking of materiaal.

22. Bad moet ingebou en aan die buitekant geteël wees.

23. Lopende warm en koue water wat bad en wasbak voorsien moet te alle tye beskikbaar wees.

*24. Vloere en vloerbedekkings moet van ondeurdringbare materiaal wees.

25. 'n Handdoekreling by of naby elke wasbak en bad en ook voldoende klerehake.

*26. Stoel of bankie.

27. 'n Wasbare badkamermat.

28. Spoelrioolstelsel.

29. Elke toiletbak moet voorsien wees van 'n sitplek en deksel.

30. Sanitêre blik met deksel in elke toilet.

Publieke kleedkamers

31. Een vir mans bestaande uit—

*(a) 'n urinaal, geteël of vlekvrye staal of enige ander ondeurdringbare materiaal tot 'n hoogte van 1 350 mm vanaf die vloer en mure moet met olieverf geverf of bedek wees met 'n ander ondeurdringbare en wasbare bedekking of materiaal.

(b) 'n toilet, waarvan die mure tot 'n hoogte van 1 350 mm vanaf die vloer geteël is en mure bokant teëls moet met olieverf geverf of bedek wees met 'n ander ondeurdringbare en wasbare bedekking of materiaal.

32. Een vir vrouens bestaande uit 'n toilet, waarvan die mure tot 'n hoogte van 1 350 mm vanaf die vloer geteël is en mure bokant teëls met olieverf geverf of bedek is met 'n ander ondeurdringbare en wasbare, bedekking of materiaal.

33. Lopende warm en koue water moet te alle tye beskikbaar wees.

34. Seep en skoon afdroogfasiliteite.

35. (a) In 'n kleedkamer vir mans 'n spieël van 300 mm x 300 mm naby die wasbank.

*(b) In 'n kleedkamer vir vrouens 'n spieël van 900 mm x 600 mm en 'n rak of kleedtafel met 'n stoel of bankie.

(c) Sanitêre blik met deksel in elke toilet vir vrouens.

*36. 'n Oppervlakte van 600 mm x 450 mm onmiddellik bokant die wasbak moet geteël wees.

37. Moet duidelik aangedui wees.

38. Voldoende klerehake.

39. Elke toiletbak moet voorsien wees van 'n sitplek en deksel.

Dining-rooms/restaurants

*40. Bilingual typed or printed menus and wine lists on which the ruling price per meal or of the individual dishes in the case of an à la carte menu and of the individual beverages on the wine list appears, shall be available with each meal in each dining-room and restaurant.

†41. Separate swing doors, or a revolving door, with kickplates or other acceptable arrangements for in- and outgoing traffic from dining to kitchen area.

Kitchens and wash-ups

42. Floors to be of impervious material.

*43. All walls to be tiled to a height of 1 350 mm from the floor and walls above tiles to be oil-painted or covered with other impervious and washable cladding or material.

44. Provision for ventilation and the removal of hot air and odours.

45. All shelves and stands to be of impervious material (preferably stainless steel) or uncracked wood.

46. Separate facilities in or near the kitchen, with running hot and cold water, soap and clean towels for personnel for washing hands.

47. The top of each table to be of one solid piece of stainless steel, marble or granite or other impervious material.

48. Each kitchen, pantry and every other room in which food is prepared shall be kept clean and free from insects, flies and rodents.

49. Refrigeration to be available at all times.

50. Two sinks (or a dishwashing machine) with running hot and cold water for the washing of dishes, crockery and cutlery.

*51. Separate sink with running hot and cold water for the washing of pots and pans.

Pantries and food storage rooms

52. Floors to be of impervious material.

53. All walls to be oil-painted or covered with other impervious and washable cladding or material.

54. Shelves and stands to be of impervious material (preferably stainless steel) or uncracked wood.

55. To be kept free from insects, flies and rodents.

Lounges

56. *(a) Lounge facilities shall be available.

*(b) Electric bell shall be available for summoning waiters.

Fire

57. Adequate fire-fighting appliances to be maintained on each floor.

58. (a) Fire-escape if building consists of more than one floor;

(b) escape facilities if building consists of one floor only; and

(c) signposting of fire-fighting equipment and escape facilities on each floor.

Laundry

59. Facilities for the washing and ironing of guests' clothes to be available on the premises or arrangements therefor off the premises to be made.

60. If laundry is done on the premises a laundry proper with washing and ironing facilities shall be maintained.

Eetkamers/restaurante

*40. Tweetalige getikte of gedrukte spyskaarte en wynlyste waarop die heersende prys per maaltyd of van die individuele dis in die geval van 'n à la carte spyskaart of die individuele dranke op die wynlys voorkom, moet met elke ete in elke eetkamer en restaurant beskikbaar wees.

†41. Aparte swaaideure, of 'n draaideur, met skopplate of ander aanvaarbare reëlings vir in- en uitgaande verkeer van die eetplek na die kombuisarea.

Kombuise en opwasplekke

42. Vloere moet van ondeurdringbare materiaal wees.

*43. Alle mure moet geteël wees tot 'n hoogte van 1 350 mm vanaf die vloer en mure bokant teëls moet met olieverf geverf of bedek wees met 'n ander ondeurdringbare en wasbare bedekking of materiaal.

44. Voorsiening vir ventilasie en verwydering van warm lug en reuke.

45. Alle rakke en staanders moet van ondeurdringbare materiaal (verkieslik vlekvrye staal) of ongebarste hout wees.

46. Aparte geriewe in of naby die kombuis, met lopende warm en koue water, seep en skoon handdoeke vir personeel vir die was van hande.

47. Die blad van elke tafel moet van een soliede stuk vlekvrye staal, marmer of graniet of ander ondeurdringbare materiaal wees.

48. Elke kombuis, spens en elke ander vertrek waarin voedsel voorberei word, moet vry van insekte, vlieë en knaagdiere gehou word.

49. Verkoeling moet te alle tye beskikbaar wees.

50. Twee opwasbakke (of 'n skottelgoedwasmasjien) met lopende warm en koue water vir die was van skottelgoed, breekware en eetgerei.

*51. Aparte opwasbak met lopende warm en koue water vir die was van potte en panne.

Spense en voedselstoorkamers

52. Vloere moet van ondeurdringbare materiaal wees.

53. Alle mure moet met olieverf geverf of bedek wees met 'n ander ondeurdringbare en wasbare bedekking of materiaal.

54. Rakke en staanders moet van ondeurdringbare materiaal (verkieslik vlekvrye staal) of ongebarste hout wees.

55. Moet vry van insekte, vlieë en knaagdiere gehou word.

Sitkamers

56. *(a) Sitkamergeriewe moet beskikbaar wees.

*(b) Elektriese klokkie moet beskikbaar wees om kelners te ontbied.

Brand

57. Voldoende brandbestrydingsapparate moet op elke vloer in stand gehou word.

58. (a) Brandtrappe indien gebou uit meer as een vloer bestaan;

(b) ontsnappingsfasiliteite indien gebou uit slegs een vloer bestaan; en

(c) aanwysings vir brandbestrydingsapparaat en ontsnappingsfasiliteite op elke vloer.

Wassery

59. Voorsiening vir die was en stryk van gaste se klere op die perseel of reëlings daarvoor weg van die perseel moet gemaak word.

60. Indien wasgoed op die perseel gedoen word, moet 'n volledige wassery met was- en strykgeriewe in stand gehou word.

Reception of guests

61. At all hours at a reception desk which is near the main entrance and clearly indicated; seating facilities if no lounge is available.

Tariff

62. The current tariff for accommodation in regard to—

(a) all bedrooms shall be available in writing or in a printed notice at the reception desk at all times; and

(b) any specific bedroom shall be set out in a printed notice on which the number of the said bedroom appears, which notice shall be displayed in a conspicuous place in the said bedroom.

62.1 If seasonal tariffs are applicable, the notices mentioned in paragraphs 62 (a) and (b) shall clearly stipulate the exact seasonal periods and applicable tariffs.

Bars (applicable only to liquor-licensed hotels)

63. A sink (preferably stainless steel) with a tiled or stainless steel splashboard and with running hot and cold water for the washing of glasses, or a glass-washing machine in or near each bar.

Dress

64. All personnel shall be appropriately, cleanly and neatly dressed.

Staff quarters and amenities

65. Adequate and proper quarters, suitably furnished and equipped, with proper and sufficient toilet, bathing and washing facilities (with running hot and cold water) shall be provided for all employees residing on the premises.

General

66. The inside and outside of the building and outbuildings shall at all times be clean and in good repair.

67. Each room shall be properly ventilated.

68. All furniture and equipment, kitchen utensils, carpets, cutlery, crockery, glassware, bedding, linen, curtains, mats and other floor coverings shall be clean and kept in good order and no chipped or cracked crockery or glassware shall be used.

69. Facilities for the safekeeping of guests' valuables shall be available or arrangements therefor be made by management.

70. Each tariff card, notice, signboard and information pamphlet issued by the hotel, intended for use or information of guests or visitors shall be in both official languages.

* The board may grant partial or total exemption in respect of this requirement if it is satisfied that non-compliance therewith is due to circumstances beyond the applicant's control or that non-compliance will not detract from the standard of accommodation and service which is provided.

† The board may grant exemption in respect of this requirement in the case of an hotel in respect of which a liquor licence in terms of the Liquor Act is not held and which was erected or in the course of construction prior to 1 January 1967 if it is satisfied that non-compliance therewith is due to circumstances beyond the applicant's control or that non-compliance will not detract from the standard of service which is provided.

If an hotel was registered by the board before ‡.......................and the registration of such hotel is thereafter cancelled the board may, upon subsequent registration, grant further exemptions in respect of any of the minimum requirements, if it is satisfied that non-compliance with anv of such requirements will not detract from the standard of the hotel concerned.

‡ Date of promulgation of this Determination.

Ontvangs van gaste

61. Te alle tye by 'n ontvangskantoor wat naby die hoofingang en duidelik aangedui is; sitgeriewe as geen sitkamer beskikbaar is nie.

Tarief

62. Die heersende tarief vir huisvesting ten opsigte van—

(a) alle slaapkamers moet skriftelik of per gedrukte kennisgewing te alle tye beskikbaar wees by die ontvangstoonbank; en

(b) enige besondere slaapkamer moet op 'n gedrukte kennisgewing, waarop die nommer van die besondere slaapkamer verskyn, in 'n opsigtelike plek in die slaapkamer vertoon word.

62.1 Indien seisoenstariewe van toepassing is, moet die kennisgewings gemeld in paragrawe 62 (a) en (b) die presiese seisoenstydperke en toepaslike tariewe duidelik aandui.

Kroeë (slegs van toepassing op hotelle met dranklisensies)

63. 'n Opwasbak (verkieslik vlekvrye staal) met 'n geteëlde of vlekvrye staalspatbord en met lopende warm en koue water vir die was van glase, of 'n glaswasmasjien, in of naby elke kroeg.

Kleredrag

64. Alle personeellede moet gepas, skoon en netjies geklee wees.

Personeelhuisvesting en geriewe

65. Voldoende en behoorlike huisvesting, gepas gemeubileerd en toegerus, met behoorlike en voldoende toilet-, bad- en wasgeriewe (met lopende warm en koue water) moet voorsien word vir alle werknemers woonagtig op die perseel.

Algemeen

66. Die binne- en buitekant van die gebou en buitegeboue moet te alle tye skoon en in 'n goeie toestand wees.

67. Elke vertrek moet behoorlik geventileer wees.

68. Alle meubels en uitrusting, kombuisgereedskap, eetgerei, breekware, glasware, beddegoed, linne, gordyne, tapyte, matte en ander vloerbedekkings moet skoon en in 'n goeie toestand gehou word en geen gehapte of gebarste breekgoed of glasware mag gebruik word nie.

69. Fasiliteite vir veilige bewaring van gaste se kosbaarhede moet beskikbaar wees of voorsiening daarvoor moet deur die hotelbestuur gemaak word.

70. Elke tariefkaart, kennisgewing, uithangbord en inligtingpamflet uitgereik deur die hotel, bedoel vir gebruik of inligting van gaste of besoekers moet in albei ampstale wees.

* Die raad kan gedeeltelike of algehele vrystelling ten opsigte van hierdie vereiste verleen indien hy daarvan oortuig is dat die nie-nakoming daarvan te wyte is aan omstandighede buite beheer van die applikant of nie afbreuk sal doen aan die gehalte van huisvesting en diens wat verskaf word nie.

† In die geval van 'n hotel ten opsigte waarvan 'n dranklisensie ingevolge die Drankwet nie gehou word nie en wat vóór 1 Januarie 1967 opgerig is of in aanbou was, kan die raad vrystelling van hierdie vereiste verleen indien hy daarvan oortuig is dat die nie-nakoming daarvan te wyte is aan omstandighede buite die beheer van die applikant of nie afbreuk aan die gehalte van diens sal doen nie.

In die geval van 'n hotel wat deur die raad geregistreer is voor ‡................................ en waarvan die registrasie daarna ingetrek is kan die raad by 'n daaropvolgende registrasie vrystelling verleen ten opsigte van enige van die minimum vereistes, indien hy daarvan oortuig is dat die nie-nakoming van enige van sodanige vereistes nie afbreuk aan die standaard van die betrokke hotel sal doen nie.

‡ Datum van promulgering van hierdie Vasstelling.

SECOND SCHEDULE

MINIMUM DIFFERENTIAL GRADING REQUIREMENTS

1. *Structural*	Five-star	Four-star	Three-star	Two-star	One-star
(a) Sleeping accommodation for guests	5% suites and balance bedrooms with bathrooms. Every bathroom must have a shower. Tolerance factor 1 (a).	100% bedrooms with bathrooms or 90% bedrooms with bathrooms and balance bedrooms with showers. Every bathroom must have a shower. Tolerance factor 1 (a).	100% bedrooms with bathrooms or 75% bedrooms with bathrooms and balance bedrooms with showers. Tolerance factor 1 (a).	100% bedrooms with bathrooms or 60% bedrooms with bathrooms and balance bedrooms with showers. Tolerance factor 1.	100% bedrooms with bathrooms or 50% bedrooms with bathrooms and balance bedrooms with showers. Tolerance factor 1.
(b) Floor area..................	Double room: 18,5 m^2 Single room: 14,0 m^2 Tolerance factor 1 (a).	Double room: 18,5 m^2 Single room: 14,0 m^2 Tolerance factor 1 (a).	Double room: 16,5 m^2 Single room: 12,0 m^2 Tolerance factor 1 (a).	Double room: 16,5 m^2 Single room: 11,0 m^2 Tolerance factor 1 (a).	Double room: 16,5 m^2 Single room: 11,0 m^2 Tolerance factor 1 (a).
(c) Ratio of baths in communal bathrooms and toilets to beds in ordinary bedrooms	—	—	1:4 Tolerance factor 2 (a).	1:7 Tolerance factor 2 (a).	1:8 provided that in the case of an hotel in respect of which an hotel liquor licence in terms of the Liquor Act is not held and which was erected or in the course of construction prior to 1 January 1967, the ratio can be 1:12. Tolerance factor 2 (a) or 2 (b).
(d) Dining room(s)/restaurant(s). .	(i) Two open daily to the public for the serving of à la carte lunch and dinner; of which at least one is open daily for the serving of breakfast. (ii) Eight hours service available per day in at least one.	(i) One open daily to the public for the serving of breakfast, à la carte lunch and dinner. (ii) Seven hours service available per day.	(i) One open daily to the public for the serving of breakfast, à la carte lunch and dinner. (ii) Six hours service available per day. Tolerance factor 3.	One open daily to the public for the serving of breakfast, lunch and dinner. Tolerance factor 3.	One open daily to the public for the serving of breakfast, lunch and dinner. Tolerance factor 3.
(e) Permanent function room(s)....	Three. Tolerance factor 3.	Two. Tolerance factor 3.	One. Tolerance factor 3.	—	—
(f) Speciality bar(s) (Subject to the provisions of the Liquor Act)	One, open to guests— (i) during lunch and dinner; and (ii) not less than seven hours per day. Tolerance factor 4.	One, open to guests— (i) during lunch and dinner; and (ii) not less than seven hours per day. Tolerance factor 4.	One, open to guests— (i) during lunch and dinner; and (ii) not less than seven hours per day. Tolerance factor 4.	—	—

2. *Equipment and furnishings*	Five-star	Four-star	Three-star	Two-star	One-star
(a) Telephone	In each bedroom for incoming *and outgoing* calls twenty-four hours per day.	In each bedroom for incoming and outgoing calls twenty-four hours per day.	In each bedroom for incoming and outgoing calls.	Available on premises for making and receiving calls.	Available on premises for making and receiving calls.
(b) Radio and music service	Four-channel in each bedroom of which at least three are for different radio services.	Four-channel in each bedroom of which at least three are for different radio services.	Three-channel in each bedroom of which at least two are for different radio services.	Radio service available in bedrooms on request.	—
(c) Colour television	In each bedroom (or in the lounge in the case of *a suite*). Tolerance factor 5.	In 50% of bedrooms (or in the *lounge* in the case of a suite) and in a public room in addition to any available in bars. Tolerance factor 5.	Available in a public room in addition to any availabile in bars. Tolerance factor 5.	—	—
(d) Air-conditioning and heating	In each bedroom and enclosed public room.	In each bedroom and enclosed restaurant/diningroom and heating in remaining enclosed public rooms. Tolerance factor 3.	Heating provided in each bedroom and enclosed public room. Tolerance factor 3.	Heating available on request. Tolerance factor 3.	Heating available on request. Tolerance factor 3.
(e) Lifts	One for service and personnel and one for *guests, if* building comprises more than two floors.	One for service and personnel and one for guests, if building comprises more than two floors.	One for service and personnel and one for guests, if building comprises more than two floors. Tolerance factor 3.	One if building comprises more than three floors.	One if building comprises more than three floors.
(f) Shaver plugs	Provided, with dual voltage, in each bedroom and located near a mirror. Tolerance factor 4.	Provided, with dual voltage, in each bedroom and located near a mirror. Tolerance factor 4.	Provided, with dual voltage, *in* each bedroom and located near a mirror. Tolerance factor 4.	Available. Tolerance factor 4.	Available. Tolerance factor 4.
(g) Carpeting	All bedrooms, enclosed public rooms and passages carpeted wall-to-wall. Tolerance factor 6.	All bedrooms, enclosed public rooms and passages carpeted wall-to-wall. Tolerance factor 6.	All bedrooms carpeted wall-to-wall. Tolerance factor 6.	—	—
(h) Quality of equipment and furnishings	Outstanding.	Excellent.	Very good.	Good.	Fair.

3. *Services*	Five-star	Four-star	Three-star	Two-star	One-star
(a) Reception office service........	Full-time reception service twenty-four hours per day by person capable of performing reception office duties.	Full-time reception service twenty-four hours per day by person capable of performing reception office duties.	Desk attendance sixteen hours per day by person capable of performing reception office duties; thereafter member of personnel who can be summoned by means of a bell for checking in and out of guests and for arranging baggage service.	Desk attendance fourteen hours per day by person capable of performing reception office duties; thereafter member of personnel who can be summoned by means of a bell for checking in of guests.	Member of personnel who can be summoned at the counter of the reception office or at the main entrance fourteen hours per day for checking in and out of guests; thereafter a member of personnel who can be summoned by means of a bell for checking in of guests.
(b) Message service...............	Messages received for guests recorded in writing and delivered.	Messages received for guests recorded in writing and delivered.	Messages received for guests recorded in writing and delivered.	Available.	Available.
(c) Guest call and paging service..	Avaliable twenty-four hours per day.	Available twenty-four hours per day.	Available twenty-four hours per day.	Available.	Available.
(d) Floor service (In bedrooms and suites)	(i) Available for service of full meals 07h00 to 23h00. (ii) Available for service of light meals twenty-four hours per day. (iii) Available for service of alcoholic beverages and light refreshments twenty-four hours per day.	(i) Available for service of full meals 07h00 to 22h00. (ii) Available for service of light meals twenty-four hours per day. (iii) Available for service of alcoholic beverages and light refreshments twenty-four hours per day.	Available for service of light refreshments and alcoholic beverages eighteen hours per day.	Available for service of light refreshments and alcoholic beverages fourteen hours per day: Provided that in the case of an hotel in respect of which an hotel liquor licence in terms of the Liquor Act is not held, floor service available for twelve hours per day.	Available for service of light refreshments and alcoholic beverages twelve hours per day: Provided that in the case of an hotel in respect of which an hotel liquor licence in terms of the Liquor Act is not held, floor service available for twelve hours per day.
(e) Shoe cleaning................	Service available as well as self-cleaning facilities.	Service available as well as self-cleaning facilities.	Service available or self-cleaning facilities.	Arrangements made by hotel for guests.	Arrangements made by hotel for guests.
(f) Secretarial service.............	Arrangements made by hotel, also for photocopying and twenty-four hours telex service.	Arrangements made by hotel, also for photocopying and twenty-four hours telex service.	Arrangements made by hotel for typing service.	—	—
(g) Valet service.................	Available on premises from 07h00 to 21h00.	Available on premises from 07h00 to 21h00.	Available on premises from 12h00 to 20h00.	Available on premises.	—
(h) Transport....................	Arrangements made by hotel for guests.	Arrangements made by hotel for guests.	Arrangements made by hotel for guests.	—	—
(i) Hairdressing salon............	Full-time on premises for men and women during normal business hours applicable to hairdressing industry. Tolerance factor 7.	Full-time on premises for women during normal business hours applicable to hairdressing industry. Tolerance factor 7.	—	—	—
(j) Laundry and dry-cleaning......	Same-day service available exclusive of weekends and public holidays.	Twenty-four hour service available exclusive of weekends and public holidays. Tolerance factor 4.	Available exclusive of weekends and public holidays. Tolerance factor 4.	Laundry service available exclusive of weekends and public holidays.	Laundry service available exclusive of weekends and public holidays.

4. *Amenities and provisions*	Five-star	Four-star	Three-star	Two-star	One-star
(a) Parking	Parking provided or arrangements made by hotel.	Parking provided or arrangements made by hotel.	Arrangements made by hotel.	—	—
(b) Recreational	Two such as the following available at the hotel: Bowls, Children's playing facilities, Golf course, Sauna, Squash, Swimming pool and Tennis.	One such as the following available at the hotel: Bowls, Children's playing facilities, Golf course, Sauna, Squash, Swimming pool and Tennis.	One such as the following available at the hotel: Bowls, Children's playing facilities, Golf course, Sauna, Squash, Swimming pool and Tennis. Tolerance factor 4.	—	—
(c) Stationery	Provided in bedrooms: To include suitably presented envelopes, aerograms, letterheads, postcards and telegram forms.	Provided in bedrooms: To include suitably presented envelopes, aerograms, letterheads, postcards and telegram forms.	Provided in bedrooms: To include envelopes, letterheads and telegram forms.	Available.	Available.
(d) Glasses and ice water	Ice or ice water and a glass for each guest provided in bedrooms.	Ice or ice water and a glass for each guest provided in bedrooms.	A glass for each guest provided in bedrooms and ice or ice water available.	A glass for each guest provided in bedrooms.	A glass for each guest provided in bedrooms.
(e) Facial tissues	Provided in bedrooms.	Provided in bedrooms.	Provided in bedrooms.	—	—
(f) Toilet soap and face cloths	Provided in bedrooms; soap suitably wrapped.	Provided in bedrooms; soap suitably wrapped.	Soap provided in bedrooms.	Soap provided in bedrooms.	Soap provided in bedrooms.
(g) Emergency provisions	The following items available at the hotel twenty-four hours per day: Toothbrush, toothpaste, shaving cream, razor, emergency sewing kit and sanitary towels.	The following items available at the hotel twenty-four hours per day: Toothbrush, toothpaste, shaving cream, razor, emergency sewing kit and sanitary towels.	Three of the following items available at the hotel twenty-four hours per day: Toothbrush, toothpaste, shaving cream, razor, emergency sewing kit and sanitary towels.	—	—

TWEEDE BYLAE

MINIMUM DIFFERENSIËLE GRADERINGSVEREISTES

1. *Struktureel*	Vyf-ster	Vier-ster	Drie-ster	Twee-ster	Een-ster
(a) Slaapakkommodasie vir gaste...	5% suites en res slaapkamers met badkamers. 'n stort in elke badkamer Toelatingsfaktor 1 (a).	100% slaapkamers met badkamers of 90% slaapkamers met badkamers en res slaapkamers met storte. 'n stort in elke badkamer Toelatingsfaktor 1 (a).	100% slaapkamers met badkamers of 75% slaapkamers met badkamers en res slaapkamers met storte. Toelatingsfaktor 1 (a).	100% slaapkamers met badkamers of 60% slaapkamers met badkamers en res slaapkamers met storte. Toelatingsfaktor 1.	100% slaapkamers met badkamers of 50% slaapkamers met badkamers en res slaapkamers met storte. Toelatingsfaktor 1.
(b) Vloeroppervlakte.............	Dubbelkamer: 18,5 m^2 Enkelkamer: 14,0 m^2 Toelatingsfaktor 1 (a).	Dubbelkamer: 18,5 m^2 Enkelkamer: 14,0 m^2 Toelatingsfaktor 1 (a).	Dubbelkamer: 16,5 m^2 Enkelkamer: 12,0 m^2 Toelatingsfaktor 1 (a).	Dubbelkamer: 16,5 m^2 Enkelkamer: 11,0 m^2 Toelatingsfaktor 1 (a).	Dubbelkamer: 16,5 m^2 Enkelkamer: 11,0 m^2 Toelatingsfaktor 1 (a).
(c) Verhouding van baddens in gemeenskaplike badkamers en toilette tot baddens in gewone slaapkamers	—	—	1:4 Toelatingsfaktor 2 (a).	1:7 Toelatingsfaktor 2 (a).	1:8 Met dien verstande dat in die geval van 'n hotel ten opsigte waarvan daar nie 'n hoteldranklisensie ingevolge die Drankwet gehou word nie en wat opgerig of in aanbou was voor 1 Januarie 1967, die verhouding 1:12 mag wees. Toelatingsfaktore 2 (a) of 2 (b)
(d) Eetkamer(s)/restaurant(e)......	(i) Twee elke dag oop vir die publiek vir bediening van à la carte middag- en aandete, waarvan minstens een daagliks oop vir bediening van ontbyt. (ii) Agt uur diens beskikbaar per dag in ten minste een.	(i) Een elke dag oop vir die publiek vir bediening van ontbyt, à la carte middag- en aandete. (ii) Sewe uur diens beskikbaar per dag.	(i) Een elke dag oop vir die publiek vir bediening van ontbyt, à la carte middag- en aandete. (ii) Ses uur diens beskikbaar per dag. Toelatingsfaktor 3.	Een elke dag oop vir die publiek vir bediening van ontbyt, middag- en aandete. Toelatingsfaktor 3.	Een elke dag oop vir die publiek vir bediening van ontbyt, middag- en aandete. Toelatingsfaktor 3.
(e) Permanente funksiekamer(s)....	Drie. Toelatingsfaktor 3.	Twee. Toelatingsfaktor 3.	Een. Toelatingsfaktor 3.	—	—
(f) Spesialiteitskroeg/-kroeë (Onderworpe aan die bepalings van die Drankwet)	Een, oop vir gaste— (i) gedurende middag- en aandete; en (ii) nie minder nie as sewe uur per dag. Toelatingsfaktor 4.	Een, oop vir gaste— (i) gedurende middag- en aandete; en (ii) nie minder nie as sewe uur per dag. Toelatingsfaktor 4.	Een, oop vir gaste— (i) gedurende middag- en aandete; en (ii) nie minder nie as sewe uur per dag. Toelatingsfaktor 4.	—	—

2. *Uitrusting en meubels*	Vyf-ster	Vier-ster	Drie-ster	Twee-ster	Een-ster
(a) Telefoon....................	In elke slaapkamer vir inkomende en uitgaande oproepe vier-en-twintig uur per dag.	In elke slaapkamer vir inkomende en uitgaande oproepe vier-en-twintig uur per dag.	In elke slaapkamer vir inkomende en uitgaande oproepe.	Beskikbaar op perseel vir die maak en ontvang van oproepe.	Beskikbaar op perseel vir die maak en ontvang van oproepe.
(b) Radio- en musiekdiens.........	Vierkanaal in elke slaapkamer waarvan ten minste drie vir verskillende radiodienste is.	Vierkanaal in elke slaapkamer waarvan ten minste drie vir verskillende radiodienste is.	Driekanaal in elke slaapkamer waarvan ten minste twee vir verskillende radiodienste is.	Radiodiens beskikbaar in slaapkamers op versoek.	—
(c) Kleurtelevisie................	In elke slaapkamer (of in die sitkamer in die geval van suites). Toelatingsfaktor 5.	In 50% van die slaapkamers (of in die sitkamer in die geval van suites) en in openbare vertrekke bykomend tot enige beskikbaar in kroeë. Toelatingsfaktor 5.	Beskikbaar in 'n openbare vertrek bykomend tot enige beskikbaar in kroeë. Toelatingsfaktor 5.	—	—
(d) Lugreëling en verwarming......	In elke slaapkamer en toegeboude openbare vertrek.	In elke slaapkamer en toegeboude restaurant/eetkamer en verwarming in oorblywende toegeboude openbare vertrekke. Toelatingsfaktor 3.	Verwarming voorsien in elke slaapkamer en toegeboude openbare vertrek. Toelatingsfaktor 3.	Verwarming beskikbaar op versoek. Toelatingsfaktor 3.	Verwarming beskikbaar op versoek. Toelatingsfaktor 3.
(e) Hysbakke....................	Een vir diens en personeel en een vir gaste indien gebou meer as twee vloere beslaan.	Een vir diens en personeel en een vir gaste indien gebou meer as twee vloere beslaan.	Een vir diens en personeel en een vir gaste indien gebou meer as twee vloere beslaan. Toelatingsfaktor 3.	Een indien gebou meer as drie vloere beslaan.	Een indien gebou meer as drie vloere beslaan.
(f) Skeerproppe..................	Beskikbaar met dubbelstroomspanning in elke slaapkamer en geleë naby 'n spieël. Toelatingsfaktor 4.	Beskikbaar met dubbelstroomspanning in elke slaapkamer en geleë naby 'n spieël. Toelatingsfaktor 4.	Beskikbaar met dubbelstroomspanning in elke slaapkamer en geleë naby 'n spieël. Toelatingsfaktor 4.	Beskikbaar. Toelatingsfaktor 4.	Beskikbaar. Toelatingsfaktor 4.
(g) Vloerbedekking...............	Alle slaapkamers, toegeboude openbare vertrekke en gange met volvloermatte. Toelatingsfaktor 6.	Alle slaapkamers, toegeboude openbare vertrekke en gange met volvloermatte. Toelatingsfaktor 6.	Alle slaapkamers met volvloermatte. Toelatingsfaktor 6.	—	—
(h) Kwaliteit van uitrusting en meubels	Uitnemend.	Uitstekend.	Baie goed.	Goed.	Redelik.

3. *Dienste*	Vyf-ster	Vier-ster	Drie-ster	Twee-ster	Een-ster
(a) Ontvangskantoordiens.........	Voltydse ontvangsdiens vier-en-twintig uur per dag deur 'n persoon wat bekwaam is om ontvangsdienspligte te verrig.	Voltydse ontvangsdiens vier-en-twintig uur per dat deur 'n persoon wat bekwaam is om ontvangsdienspligte te verrig.	Toonbankdiens sestien uur per dag deur 'n persoon wat bekwaam is om ontvangsdienspligte te verrig; daarna 'n lid van die personeel wat by wyse van 'n klokkie ontbied kan word vir die in- en afteken van gaste asook om reëlings te tref vir bagasiediens.	Toonbankdiens veertien uur per dag deur 'n persoon wat bekwaam is om ontvangsdienspligte te verrig; daarna 'n lid van die personeel wat by wyse van 'n klokkie ontbied kan word vir die inteken van gaste.	Lid van personeel wat by die ontvangskantoor se toonbank of by die hoofingang ontbied kan word vir veertien uur per dag vir die in- en afteken van gaste; daarna 'n lid van die personeel wat by wyse van 'n klokkie ontbied kan word vir die inteken van gaste.
(b) Boodskapdiens..............	Boodskappe ontvang vir gaste skriftelik aangeteken en afgelewer.	Boodskappe ontvang vir gaste skriftelik aangeteken en afgelewer.	Boodskappe ontvang vir gaste skriftelik aangeteken en afgelewer.	Beskikbaar.	Beskikbaar.
(c) Wek- en roepdiens vir gaste.....	Beskikbaar vier-en-twintig uur per dag.	Beskikbaar vier-en-twintig uur per dag.	Beskikbaar vier-en-twintig uur per dag.	Beskikbaar.	Beskikbaar.
(d) Vloerbediening (In slaapkamers en suites)	(i) Beskikbaar vir bediening van volle maaltye 07h00 tot 23h00. (ii) Beskikbaar vir bediening van ligte maaltye vier-en-twintig uur per dag. (iii) Beskikbaar vir bediening van alkoholiese drank en ligte verversings vier-en-twintig uur per dag.	(i) Beskikbaar vir bediening van volle maaltye 07h00 tot 22h00. (ii) Beskikbaar vir bediening van ligte maaltye vier-en-twintig uur per dag. (iii) Beskikbaar vir bediening van alkoholiese drank en ligte verversings vier-en-twintig uur per dag.	Beskikbaar vir bediening van ligte verversings en alkoholiese drank agtien uur per dag.	Beskikbaar vir idieiening van ligte verversings en alkoholiese drank veertien uur per dag: Met dien verstande dat in die geval van 'n hotel ten opsigte waarvan 'n hoteldranklisensie ingevolge die Drankwet nie gehou word nie, vloerbediening vir twaalf uur per dag beskikbaar moet wees.	Beskikbaar vir bediening van ligte verversings en alkoholiese drank twaalf uur per dag: Met dien verstande dat in die geval van 'n hotel ten opsigte waarvan 'n hoteldranklisensie ingevolge die Drankwet nie gehou word nie, vloerbediening vir tien uur per dag beskikbaar moet wees.
(e) Skoeneskoonmaakdiens........	Diens beskikbaar asook selfdiensfasiliteite.	Diens beskikbaar asook selfdiensfasiliteite.	Diens beskikbaar of selfdiensfasiliteite.	Reëlings deur hotel getref vir gaste.	Reëlings deur hotel getref vir gaste.
(f) Sekretariële diens............	Reëlings deur hotel getref, asook vir fotokopieëring en vier-en-twintig uur teleksdiens.	Reëlings deur hotel getref, asook vir fotokopieëring en vier-en-twintig uur teleksdiens.	Reëlings deur hotel getref vir tikdienste.	—	—
(g) Lyfbediendediens.............	Beskikbaar op perseel 07h00 tot 21h00.	Beskikbaar op perseel 07h00 tot 21h00.	Beskikbaar op perseel 12h00 tot 20h00.	Beskikbaar op perseel.	—
(h) Vervoer......................	Reëlings deur hotel getref vir gaste.	Reëlings deur hotel getref vir gaste.	Reëlings deur hotel getref vir gaste.	—	—
(i) Haarkappery................	Voltyds op die perseel, vir mans en dames gedurende normale sake-ure van toepassing op die haarkappersbedryf. Toelatingsfaktor 7.	Voltyds op die perseel, vir dames gedurende normale sake-ure van toepassing op die haarkappersbedryf. Toelatingsfaktor 7.	—	—	—
(j) Was-en-stryk en droogskoonmaak	Selfde-dag-diens beskikbaar uitgesonderd naweke en openbare vakansiedae.	Vier-en-twintig uur diens beskikbaar uitgesonderd naweke en openbare vakansiedae. Toelatingsfaktor 4.	Beskikbaar uitgesonderd naweke en openbare vakansiedae. Toelatingsfaktor 4.	Was-en-strykdiens beskikbaar uitgesonderd naweke en openbare vakansiedae.	Was-en-strykdiens beskikbaar uitgesonderd naweke en openbare vakansiedae.

4. *Fasiliteite en diverse*	Vyf-ster	Vier-ster	Drie-ster	Twee-ster	Een-ster
(a) Parkering....................	Parkering voorsien of reëlings getref deur hotel.	Parkering voorsien of reëlings getref deur hotel.	Reëlings getref deur hotel.	—	—
(b) Ontspanning................	Twee soos die volgende beskikbaar by die hotel: Gholfbaan, Kinderspeelfasiliteite, Muurbal, Rolbal, Sauna, Swembad en Tennis.	Een soos die volgende beskikbaar by die hotel: Gholfbaan, Kinderspeelfasiliteite, Muurbal, Rolbal, Sauna, Swembad en Tennis.	Een soos die volgende beskikbaar by die hotel: Gholfbaan, Kinderspeelfasiliteite, Muurbal, Rolbal, Sauna, Swembad en Tennis. Toelatingsfaktor 4.	—	—
(c) Skryfbehoeftes................	In slaapkamers voorsien: Met insluiting van behoorlik aangebode koeverte, aërogramme, briefhoofde, poskaarte en telegramvorms.	In slaapkamers voorsien: Met insluiting van behoorlik aangebode koeverte, aërogramme, briefhoofde, poskaarte en telegramvorms.	In slaapkamers voorsien: Met insluiting van koeverte, briefhoofde en telegramvorms.	Beskikbaar. —	Beskikbaar. —
(d) Glase en yswater..............	Ys of yswater en 'n glas vir elke gas in slaapkamers voorsien.	Ys of yswater en 'n glas vir elke gas in slaapkamers voorsien.	'n Glas vir elke gas in slaapkamers voorsien en ys of yswater beskikbaar.	'n Glas vir elke gas in slaapkamers voorsien.	'n Glas vir elke gas in slaapkamers voorsien.
(e) Gesigssneespapier.............	In slaapkamers voorsien.	In slaapkamers voorsien.	In slaapkamers voorsien.		
(f) Toiletseep en gesigwaslappies...	In slaapkamers voorsien; seep paslik verpak.	In slaapkamers voorsien; seep paslik verpak.	Seep in slaapkamers voorsien.	Seep in slaapkamers voorsien.	Seep in slaapkamers voorsien
(g) Noodvoorraad................	Die volgende items beskikbaar by die hotel vier-en-twintig uur per dag: Tandeborsel, tandepasta, skeerroom, skeermes, naaldwerkuitrusting en sanitêre doekies.	Die volgende items beskikbaar by die hotel vier-en-twintig uur per dag: Tandeborsel, tandepasta, skeerroom, skeermes, naaldwerkuitrusting en sanitêre doekies.	Drie van die volgende items beskikbaar by die hotel vier-en-twintig uur per dag: Tandeborsel, tandepasta, skeerroom, skeermes, naaldwerkuitrusting en sanitêre doekies.	—	—

TOLERANCE FACTORS

Tolerance Factor 1

(a) Where an hotel does not fully comply with the requirements in respect of bedrooms with bathrooms or in respect of bedroom sizes the board may, in the case of hotels established before *......................, agree to lower minimum requirements.

(b) For purposes of determining the required proportion of bedrooms with bathrooms or bedrooms with showers, two bedrooms with bathrooms or with showers but without toilet facilities shall be regarded as one bedroom with bathroom or one bedroom with shower as the case may be.

Tolerance Factor 2

(a) If the minimum ratio of baths in communal bathrooms to beds is not complied with by an hotel established before *........................., except a one-star hotel in respect of which an hotel liquor licence in terms of the Liquor Act is not held, but apart from communal baths separate showers are also provided, the board may bring such showers into account in the proportion of one shower being equal to one bath: Provided that the number of baths in communal bathrooms may never be less than 80 per cent of the total number which is required under the minimum ratio.

(b) If the minimum ratio of baths in communal bathrooms to beds is not complied with by a one-star hotel in respect of which an hotel liquor licence in terms of the Liquor Act is not held and which was erected or in the course of construction prior to 1 January 1967, but apart from communal baths separate showers are also provided, the board may bring such showers into account in the proportion of one shower being equal to one bath: Provided that the number of baths in communal bathrooms may never be less than 50 per cent of the total number which is required under the minimum ratio.

Tolerance Factor 3

If the board is satisfied that non-compliance with this requirement will not detract from the standard of the hotel concerned, it may grant partial or total exemption from this requirement.

Tolerance Factor 4

If the board is satisfied that non-compliance with this requirement is due to circumstances beyond the applicant's control, it may grant exemption from this requirement subject to such conditions as it may determine.

Tolerance Factor 5

If the board is satisfied that in the area in which the hotel is situated the television reception is such that an effective service cannot be provided, it may grant exemption from this requirement.

Tolerance Factor 6

If the board is satisfied that the nature of the floors of an hotel is such that non-compliance with this requirement will not detract from the standard of the hotel, it may grant partial or total exemption from this requirement.

TOELATINGSFAKTORE

Toelatingsfaktor 1

(a) Waar 'n hotel nie ten volle voldoen aan die vereistes ten opsigte van slaapkamers met badkamers of ten opsigte van slaapkamergroottes nie, mag die raad, in die geval van hotelle wat voor *................ opgerig is, toestem om die minimum vereistes te verlaag.

(b) Om die verhouding van slaapkamers met badkamers of slaapkamers met storte te bepaal sal twee slaapkamers met badkamers of met storte maar sonder toiletfasiliteite aanvaar word as een slaapkamer of een slaapkamer met 'n stort na gelang van die geval.

Toelatingsfaktor 2

(a) Indien 'n hotel wat voor *.................... opgerig is, behalwe 'n een-sterhotel ten opsigte waarvan 'n hoteldranklisensie ingevolge die Drankwet nie gehou word nie, nie aan die minimum verhouding van baddens in gemeenskaplike badkamers tot beddens voldoen nie maar daar, benewens gemeenskaplike baddens, ook aparte storte verskaf word, mag die raad daardie storte reken in die verhouding van een stort gelykstaande aan een bad: Met dien verstande dat die getal baddens in gemeenskaplike badkamers nooit minder mag wees as 80 persent van die totale getal wat volgens die minimum verhouding vereis word nie.

(b) Indien 'n een-sterhotel ten opsigte waarvan 'n hoteldranklisensie ingevolge die Drankwet nie gehou word nie en wat vóór 1 Januarie 1967 opgerig is of in aanbou was, nie aan die minimum verhouding van baddens in gemeenskaplike badkamers tot beddens voldoen nie maar daar, benewens gemeenskaplike baddens, ook aparte storte verskaf word, mag die raad daardie storte reken in die verhouding van een stort gelykstaande aan een bad: Met dien verstande dat die getal baddens in gemeenskaplike badkamers nooit minder mag wees as 50 persent van die totale getal wat volgens die minimum verhouding vereis word nie.

Toelatingsfaktor 3

Indien die raad daarvan oortuig is dat die nienakoming van hierdie vereiste nie aan die standaard van die betrokke hotel afbreuk sal doen nie, mag hy gedeeltelike of algehele vrystelling van hierdie vereiste verleen.

Toelatingsfaktor 4

Indien die raad daarvan oortuig is dat die nienakoming van hierdie vereiste te wyte is aan omstandighede buite die beheer van die applikant, mag hy, onderworpe aan sulke vereistes as wat hy mag stel, vrystelling van hierdie vereiste verleen.

Toelatingsfaktor 5

Indien die raad daarvan oortuig is dat, in die gebied waarin die hotel geleë is, die televisie-ontvangs sodanig is dat 'n doeltreffende diens nie gelewer kan word nie mag hy vrystelling van hierdie minimum vereiste verleen.

Toelatingsfaktor 6

Indien die raad daarvan oortuig is dat die aard van die vloere van die hotel sodanig is dat die nienakoming van hierdie vereiste geen afbreuk aan die standaard van daardie hotel sal doen nie, mag hy gedeeltelike of totale vrystelling van hierdie vereiste verleen.

Tolerance Factor 7

If the board is satisfied that a hairdressing salon as required is conveniently situated for guests in the immediate vicinity of the hotel, it may grant exemption from this requirement.

General tolerances

(a) If an hotel complies with the minimum differential grading requirements of a particular grade and also has additional facilities available and renders additional services which are not prescribed as minimum differential requirements for that particular grade, the board may, with due regard to such facilities and services and notwithstanding the provisions of paragraph 1 (b) of this determination, place such hotel in one grade higher than the grade for which it qualifies in terms of the minimum differential requirements; and

(b) if an hotel was registered by the board before *.................... and the registration of such hotel is thereafter cancelled the board may upon subsequent registration grant further tolerances in respect of any of the minimum differential grading requirements if it is satisfied that non-compliance with such requirements will not detract from the standards as determined for any particular grading.

* Date of promulgation of this Determination.

Toelatingsfaktor 7

Die raad mag vrystelling van hierdie vereiste verleen indien hy daarvan oortuig is dat daar 'n haarkappery, soos vereis, gerieflik vir gaste geleë is in die onmiddellike nabyheid van die hotel.

Algemene toelatingsfaktore

(a) Indien 'n hotel voldoen aan die minimum differensiële graderingsvereistes van 'n bepaalde graad en daarbenewens oor bykomende fasiliteite beskik en bykomende dienste lewer wat nie as minimum differensiële vereistes vir daardie bepaalde graad voorgeskryf is nie, mag die raad, met inagneming van daardie fasiliteite en dienste, en nieteenstaande die bepalings van paragraaf 1 (b) van hierdie vasstelling, sodanige hotel een graad hoër plaas as dié waarvoor dit ingevolge die minimum differensiële vereistes kwalifiseer.

(b) Indien 'n hotel voor *......................... by die raad geregistreer was en die registrasie is daarna ingetrek mag die raad by daaropvolgende registrasie verdere toelatings ten opsigte van enige van die minimum differensiële graderingsvereistes toestaan indien hy tevrede is dat die nie-nakoming van sulke vereistes nie aan die standaard van die betrokke hotel afbreuk sal doen nie.

* Die datum van promulgering van hierdie Vasstelling.

THIRD SCHEDULE

GRADING FACTORS AND POINTS

Summary	Maximum points
Grading Factor 1: Structural features (25 per cent).—Confined to the building(s) as such, adequacy of bathroom/toilet facilities (overall), bedrooms and suites (including air-conditioning), kitchen(s), diningroom(s), lounge(s), public toilets, speciality bar(s); state of repair of these facilities; parking and additional amenities..........	250
Grading Factor 2: Furnishings, fittings, décor and air-conditioning (25 per cent).—Adequacy, quality, comfort and convenience throughout hotel, including soft furnishings, linenware; provision of telephones, radios, television; state of repair of furnishings and fittings..........	250
Grading Factor 3: Service (25 per cent).—Availability, efficiency and courtesy of reception services and those related to bedrooms, diningroom(s), lounge(s), etc.; overall cleanliness, bilingualism; etc..........	250
Grading Factor 4: Food (25 per cent).—Quality, preparation and variety of food and wines; also meal hours, quality of cutlery, crockery, glassware, table appointments, menus, etc..........	250
	1 000

GRADING FACTOR 1: STRUCTURAL FEATURES (MAXIMUM=250 POINTS OUT OF 1 000)

	A Bedrooms with bathrooms	B Bedrooms with showers	C Ordinary bedrooms
1.1 Bathroom/toilet facilities (80):	Points	Points	Points
(a) Percentage of units to total number of bedrooms/suites:			
0–10 per cent..........	0– 8	0– 6	0– 3
11–20 per cent..........	9–16	7–12	4– 6
21–30 per cent..........	17–24	13–18	7– 9
31–40 per cent..........	25–32	19–24	10–12
41–50 per cent..........	33–40	25–30	13–15
51–60 per cent..........	41–48	31–36	16–18
61–70 per cent..........	49–56	37–42	19–21
71–80 per cent..........	57–64	43–48	22–24
81–90 per cent..........	65–72	49–54	25–27
91–100 per cent..........	73–80	55–60	28–30
Score per calculation: maximum points..........	80	60	30

(b) Shower facilities in bedrooms with bathrooms:

Add 20% of total points allocated under Column A above for bathrooms providing shower facilities also (where applicable in addition to the maximum of 80 points indicated above).

	Points
1.2 Bedrooms (38):	
(a) Average sizes: Floor area including vestibule and built-in wardrobes:	
Single rooms / *Double rooms*	
8,3- 9,0 m² / 11,0–12,9 m²	5–7
9,1- 9,9 m² / 13,0–14,7 m²	8
10,0–11,9 m² / 14,8–16,5 m²	9
12,0–13,9 m² / 16,6–18,4 m²	11
14,0 m² or larger / 18,5 m² or larger	12

	Outstanding	Excellent	Very good	Good	Fair	Poor
	% 91–100 Points	% 76–90 Points	% 66–75 Points	% 56–65 Points	% 41–55 Points	% –40 Points
(b) Availability of air-conditioning, heaters or fans in bedrooms (portable heaters and fans only—maximum 12 points)	15	14	11	10	8	0

	Outstanding	Excellent	Very good	Good	Fair	Poor
(c) Structural effectiveness and attractiveness of bedrooms and bathrooms (scored separately and averaged)—average score with regard to lay-out, wall and ceiling finishes, flooring, ventilation, light fittings, fixed accessories and efficiency of hot water system	11	10	8	7	6–4	0

1.3 Suites (10):

Availability: 2 points per suite up to 5 .... Maximum 10 points.

	Outstanding	Excellent	Very good	Good	Fair	Poor
1.4 Structural adequacy of other facilities (50):						
Degree of adequacy with due regard to number of beds and service demands:						
(a) Kitchen(s)	10	9	8	7	6–4	0
(b) Diningroom(s)	10	9	8	7	6–4	0
(c) Foyer, lounge(s), function room(s) and lift(s)	14	13	11	9	8–6	0
(d) Speciality bar(s)	8	7	6	5	4–3	0
(e) Public toilets	8	7	6	5	4–3	0

	Outstanding	Excellent	Very good	Good	Fair	Poor
1.5 State of physical repair (52):						
Average score with regard to walls, ceilings, floors, doors, windows, etc., with special attention to plumbing, toilets, bathroom fittings, etc.:						
(a) Bedrooms, bathrooms and passages	14	13	11	9	8–6	0
(b) Kitchen(s)	8	7	6	5	4–3	0
(c) Diningroom(s)	12	11	9	8	7–5	0
(d) Foyer, lounge(s), function room(s) and lift(s)	10	9	8	7	6–4	0
(e) Public toilets	8	7	6	5	4–3	0

	Outstanding	Excellent	Very good	Good	Fair	Poor
1.6 Parking and recreational amenities (20):						
(a) Parking: Adequacy of garages in relation to number of bedrooms, availability of satisfactory parking space, presence of night-watchman	10	9	8	7	6–4	0

(b) Recreational amenities: 2 points per item, as per differential grading requirement 4 (b) .... Maximum 10 points.

Total (Grading Factor 1) 250

GRADING FACTOR 2: FURNISHINGS, FITTINGS, DÉCOR AND AIR-CONDITIONING (MAXIMUM=250 POINTS OUT OF 1 000)

	Outstanding	Excellent	Very good	Good	Fair	Poor
2.1 Bedrooms (103):						
(a) Basic furniture and fittings:						
Average score with regard to adequacy, quality, comfort and convenience of beds and mattresses, bedside cabinets or tables, dressing tables, cupboard and drawer space, chairs, tables, wall decoration, luggage stands, waste-paper receptacles, coat-hangers, ash-trays, light fittings, clothes hooks, tie-rails, towel-rails, toilet cabinets or shelves, etc.	26	23	20	17	14–10	0
(b) State of repair of items under (a)	14	13	11	9	8–6	0
(c) Soft furnishings and linenware:						
Average score with regard to quality and adequacy of carpets, curtains, pillows and cushions, bedlinen, blankets, bedspreads, bathtowels, handtowels, bathroom mats, etc.	18	16	14	12	10–7	0
(d) State of repair of items under (c)	10	9	8	7	6–4	0
(e) Telephones in bedrooms:						
Percentage of instruments to total number of bedrooms:						
(i) 91–100%	15	—	—	—	—	—
(ii) 76– 90%	—	14	—	—	—	—
(iii) 66– 75%	—	—	11	—	—	—
(iv) 56– 65%	—	—	—	10	—	—
(v) 41– 55%	—	—	—	—	8	—
(vi) 0– 40%	—	—	—	—	—	0
(f) Television in bedrooms:						
Percentage of television sets to total number of bedrooms:						
(i) 91–100%	12	—	—	—	—	—
(ii) 76– 90%	—	11	—	—	—	—
(iii) 66– 75%	—	—	9	—	—	—
(iv) 56– 65%	—	—	—	8	—	—
(v) 41– 55%	—	—	—	—	7	—
(vi) 0– 40%	—	—	—	—	—	0
(g) Radios in bedrooms:						
Percentage of radios to total number of bedrooms:						
(i) 91–100%	8	—	—	—	—	—
(ii) 76– 90%	—	7	—	—	—	—
(iii) 66– 75%	—	—	6	—	—	—
(iv) 56– 65%	—	—	—	5	—	—
(v) 41– 55%	—	—	—	—	4	—
(vi) 0– 40%	—	—	—	—	—	0

	Outstanding	Excellent	Very good	Good	Fair	Poor
2.2 Lounge(s) (45):						
(a) Basic furniture and fittings—average score with regard to adequacy, quality, comfort (including verandas)	30	27	23	20	17–12	0
(b) State of repair of above	15	14	11	10	8– 6	0

	Outstanding	Excellent	Very good	Good	Fair	Poor
2.3 Diningroom(s) (45):						
(a) Basic furniture and fittings—average score with regard to adequacy, quality, comfort	30	27	23	20	17–12	0
(b) State of repair of above	15	14	11	10	8– 6	0

	Outstanding	Excellent	Very good	Good	Fair	Poor
2.4 Speciality bar(s) (25):						
(a) Basic furniture and fittings—average score with regard to adequacy, quality, comfort	15	14	11	10	8– 6	0
(b) State of repair of above	10	9	8	7	6– 4	0

	Outstanding	Excellent	Very good	Good	Fair	Poor
2.5 Function room(s) (12):						
Average score with regard to adequacy, quality and comfort and state of repair	12	11	9	8	7– 5	0

	Outstanding	Excellent	Very good	Good	Fair	Poor
2.6 Shaver plugs (8):						
Availability and efficiency: dual voltage or adapters	8	7	6	5	4–3	0

	Outstanding	Excellent	Very good	Good	Fair	Poor
2.7 Air-conditioning in public areas (12):						
Diningroom(s), lounge(s), function room(s) and speciality bar(s)—average score with regard to adequacy and state of repair	12	11	9	8	7–5	0

Total (Grading Factor 2) 250

GRADING FACTOR 3: SERVICE (MAXIMUM=250 POINTS OUT OF 1 000)

	Outstanding	Excellent	Very good	Good	Fair	Poor
3.1 Reception desk and hall porter services (33):						
(a) Efficiency and hours of reception staff	11	10	8	7	6–4	0
(b) Hall porter service—general information, handling of mail and messages, hotel transport and taxis, theatre bookings, secretarial service and telex service, etc.	12	11	9	8	7–5	0
(c) Luggage service—availability of pages, hours of service, storage, etc.	10	9	8	7	6–4	0

	Outstanding	Excellent	Very good	Good	Fair	Poor
3.2 Service to bedrooms (68):						
(a) Floor service—meals, light refreshments, drinks, etc. in bedrooms: Availability of reliable communication—bell-push and/or telephone—speed, hours, efficiency and courtesy of service	14	13	11	9	8–6	0
(b) Telephones—hours and efficiency of service for external calls as distinct from their installation in bedrooms under grading factor 2.1 (e)	8	7	6	5	4–3	0
(c) Efficiency of equipment: Radio service, television, air-conditioning and heating—efficiency of service as distinct from their installation in bedrooms under grading factors 1.2 (b) and 2.1 (f) and (g)	12	11	9	8	7–5	0
(d) Early morning beverages, call/paging service, night service, changing of linen and towels and provision of ice water	14	13	11	9	8–6	0
(e) Valet service, cleaning of shoes, laundry and dry-cleaning	12	11	9	8	7–5	0
(f) Provision of hotel information and stationery in bedrooms	8	7	6	5	4–3	0

	Outstanding	Excellent	Very good	Good	Fair	Poor
3.3 Service to other rooms (38):						
(a) Diningroom(s)—(Table d'hôte and/or à la carte): Adequacy, efficiency, hours and courtesy of staff, including service from the bar	20	18	15	13	11–8	0
(b) Lounge(s): Adequacy, efficiency and courtesy of staff re beverages, snacks, ice, ash-trays, messages, etc., including service from kitchen and bar	10	9	8	7	6–4	0
(c) Speciality bar(s): Adequacy, efficiency, courtesy	8	7	6	5	4–3	0

	Outstanding	Excellent	Very good	Good	Fair	Poor
3.4 Cleanliness (62):						
The service of keeping the hotel interior and its furnishings free from dust, dirt and insects (flies, mosquitoes, cockroaches, moths, ants, etc.); the adequacy and efficiency of the services:						
(a) Kitchen(s)	10	9	8	7	6–4	0
(b) Diningroom(s)	10	9	8	7	6–4	0
(c) Bedroom(s) [including all bathroom(s), toilet(s), etc.]	10	9	8	7	6–4	0
(d) Other public areas: Lounge(s), etc.	14	13	11	9	8–6	0
(e) Public toilets	8	7	6	5	4–3	0
(f) Staff quarters	10	9	8	7	6–4	0

	Outstanding	Excellent	Very good	Good	Fair	Poor
3.5 (a) Other factors (49): Uniforms of staff: Average score with regard to uniforms and neatness of waiters, wine-stewards, porters, pages, bedroom attendants, etc.	10	9	8	7	6–4	0
(b) Fresh flowers: Effectiveness and consistency of display in reception area, lounge(s), diningroom(s) and bedroom(s)	8	7	6	5	4–3	0
(c) Bilingualism and foreign languages: Degree of bilingualism of all staff in direct contact with guests; also of menus, printed matter and signs and extent of foreign languages spoken	15	14	11	10	8–6	0
(d) Absence of street noises and insulation between rooms	8	7	6	5	4–3	0
(e) Indication of tariffs (clarity)	8	7	6	5	4–3	0

Total (Grading Factor 3) 250

GRADING FACTOR 4: FOOD (MAXIMUM=250 POINTS OUT OF 1 000)

	Outstanding	Excellent	Very good	Good	Fair	Poor
4.1 Breakfast (40): (a) Quality of preparation (includes compliance with reasonable requests e.g. soft-boiled against medium-boiled eggs, etc.)	20	18	15	13	11–8	0
(b) Presentation e.g. "silver" service, plate-service, self-service, garnishing, attractiveness, etc.	9	8	7	6	5–3	0
(c) Variety (per menu and day-to-day) and composition (balance of menu)	11	10	8	7	6–4	0

	Outstanding	Excellent	Very good	Good	Fair	Poor
4.2 Lunch (55): (a) Quality of preparation (includes compliance with reasonable requests e.g. "medium" steak against "rare" steak, etc.)	25	23	19	16	14–10	0
(b) Presentation e.g. "silver" service, plate-service, self-service, garnishing, attractiveness, etc.	14	13	11	9	8– 6	0
(c) Variety (per menu and day-to-day) and composition (balance of menu)	16	14	12	10	9– 6	0

	Outstanding	Excellent	Very good	Good	Fair	Poor
4.3 Dinner (74): (a) Quality of preparation (includes compliance with reasonable requests)	35	32	26	23	19–14	0
(b) Presentation e.g. "silver" service, plate-service, self-service, garnishing, attractiveness, etc.	19	17	14	12	10– 7	0
(c) Variety (per menu and day-to-day) and composition (balance of menu)	20	18	15	13	11– 8	0

	Outstanding	Excellent	Very good	Good	Fair	Poor
4.4 Meal hours of breakfast, lunch and dinner (20): Adequacy in relation to number of bedrooms and in terms of normal demand for the hotel concerned	20	18	15	13	11– 8	0

	Outstanding	Excellent	Very good	Good	Fair	Poor
4.5 Variety of wines (8): Availability of South African wines and whether wine is available per glass or in small containers	8	7	6	5	4–3	0

	Outstanding	Excellent	Very good	Good	Fair	Poor
4.6 Equipment (53):						
(a) Cutlery and table appointments: Average score with regard to quality, effectiveness and cleanliness	25	23	19	16	14–10	0
(b) Crockery, glassware and napery: Average score with regard to quality, effectiveness and cleanliness	20	18	15	13	11– 8	0
(c) Menus, wine lists, etc.	8	7	6	5	4– 3	0

Total (Grading Factor 4) 250

DERDE BYLAE

GRADERINGSFAKTORE EN PUNTE

Opsomming	Maksimum punte
Graderingsfaktor 1: Strukturele eienskappe (25 persent).—Beperk tot die gebou(e) as sodanig, toereikendheid van badkamer-/toiletgeriewe (oor die algemeen), slaapkamers en suites (insluitende lugreëling), kombuis(e), eetkamer(s), sitkamer(s), spesialiteitskroeg (kroeë), publieke toilette; toestand van hierdie geriewe; parkering en bykomende fasiliteite	250
Graderingsfaktor 2: Meubelment, toebehore, décor en lugreëling (25 persent).—Toereikendheid, gehalte, gerief en gemak in die hele hotel, met inbegrip van woningtekstielware, linnegoed; verskaffing van telefone, radios, televisie; toestand van meubelment en toebehore	250
Graderingsfaktor 3: Diens (25 persent).—Beskikbaarheid, doeltreffendheid en hoflikheid van ontvangsdienste en dié wat betrekking het op slaapkamers, eetkamer(s), sitkamer(s), ens.; algemene sindelikheid van geriewe; tweetaligheid, ens.	250
Graderingsfaktor 4: Voedsel (25 persent).—Gehalte, bereiding en verskeidenheid van voedsel en wynsoorte; ook maaltydure, kwaliteit van tafelgerei, breekware, glasware, tafeluitrusting, spyskaarte, ens.	250
	1 000

GRADERINGSFAKTOR 1: STRUKTURELE EIENSKAPPE (MAKSIMUM=250 PUNTE UIT 1 000)

	A Slaapkamers met badkamers	B Slaapkamers met storte	C Gewone slaapkamers
1.1 Badkamer-/toiletgeriewe (80):	Punte	Punte	Punte
(a) Persentasie van eenhede in verhouding tot totale getal slaapkamers/suites:			
0–10 persent	0– 8	0– 6	0– 3
11–20 persent	9–16	7–12	4– 6
21–30 persent	17–24	13–18	7– 9
31–40 persent	25–32	19–24	10–12
41–50 persent	33–40	25–30	13–15
51–60 persent	41–48	31–36	16–18
61–70 persent	49–56	37–42	19–21
71–80 persent	57–64	43–48	22–24
81–90 persent	65–72	49–54	25–27
91–100 persent	73–80	55–60	28–30
Telling volgens berekening: maksimum punte	80	60	30

(b) Stortgeriewe in slaapkamers met badkamers:

Tel by 20% van die totale punte wat toegeken is onder bostaande Kolom A vir badkamers waarin ook vir stortgeriewe voorsiening gemaak is (waar van toepassing, benewens die maksimum van 80 punte hierbo aangedui).

		Punte
1.2 Slaapkamers (38):		
(a) Gemiddelde grootte: Vloeroppervlakte met inbegrip van portaal en ingeboude klerekaste:		
Enkelkamers	*Dubbelkamers*	
8,3– 9,0 m²	11,0–12,9 m²	5–7
9,1– 9,9 m²	13,0–14,7 m²	8
10,0–11,9 m²	14,8–16,5 m²	9
12,0–13,9 m²	16,6–18,4 m²	11
14,0 m² of groter	18,5 m² of groter	12

	Uit-nemend	Uit-stekend	Baie goed	Goed	Redelik	Swak
	% 91–100 Punte	% 76–90 Punte	% 66–75 Punte	% 56–65 Punte	% 41–55 Punte	% —40 Punte
(b) Beskikbaarheid van lugreëling, verwarmers of lugwaaiers in slaapkamers (slegs draagbare verwarmers en lugwaaiers—maksimum 12 punte)	15	14	11	10	8	0

	Uit-nemend	Uit-stekend	Baie goed	Goed	Redelik	Swak
(c) Strukturele geskiktheid en aantreklikheid van slaapkamers en badkamers (afsonderlik bereken en gemiddeld bepaal)—gemiddelde puntetelling met betrekking tot uitleg, muur- en plafonafwerking, vloere, ventilasie, vaste en beligtigstoebehorens en doeltreffendheid van warmwaterstelsel	11	10	8	7	6–4	0

1.3 Suites (10):

Beskikbaarheid: 2 punte per suite tot en met 5 .... Maksimum 10 punte

	Uit-nemend	Uit-stekend	Baie goed	Goed	Redelik	Swak
1.4 Strukturele toereikendheid van ander geriewe (50): Graad van toereikendheid met behoorlike inagneming van getal beddens en diensbehoeftes:						
(a) Kombuis(e)	10	9	8	7	6–4	0
(b) Eetkamer(s)	10	9	8	7	6–4	0
(c) Voorportaal, sitkamer(s), funksiekamer(s) en hysbak(ke)	14	13	11	9	8–6	0
(d) Spesialiteitskroeg(-kroeë)	8	7	6	5	4–3	0
(e) Openbare toilette	8	7	6	5	4–3	0

	Uit-nemend	Uit-stekend	Baie goed	Goed	Redelik	Swak
1.5 Fisiese toestand (52): Gemiddelde puntetelling met betrekking tot mure, plafonne, vloere, deure, vensters, ens., met spesiale aandag aan loodgieterswerk, toilette, badkamertoebehore, ens.:						
(a) Slaapkamers, badkamers en gange	14	13	11	9	8–6	0
(b) Kombuis(e)	8	7	6	5	4–3	0
(c) Eetkamer(s)	12	11	9	8	7–5	0
(d) Voorportaal, sitkamer(s), funksiekamer(s) en hysbak(ke)	10	9	8	7	6–4	0
(e) Openbare toilette	8	7	6	5	4–3	0

	Uit-nemend	Uit-stekend	Baie goed	Goed	Redelik	Swak
1.6 Parkering en ontspanningsgeriewe (20): (a) Parkering: Toereikendheid van garages in verhouding tot getal slaapkamers, beskikbaarheid van bevredigende parkeerruimte, teenwoordigheid van nagwag	10	9	8	7	6–4	0

(b) Ontspanningsgeriewe: 2 punte per item, ooreenkomstig Gedifferensieërde Graderingsvereiste 4 (b)..... Maksimum 10 punte.

Totaal (Graderingsfaktor 1) 250

GRADERINGSFAKTOR 2: MEUBLEMENT, TOEBEHORE, DECÓR EN LUGREËLING (MAKSIMUM=250 PUNTE UIT 1 000)

	Uit-nemend	Uit-stekend	Baie goed	Goed	Redelik	Swak
2.1 Slaapkamers (103):						
(a) Basiese meubels en toebehorens:						
Gemiddelde puntetelling met betrekking tot toereikendheid, gehalte, gemak en gerief van beddens en matrasse, bedkassies of -tafels, spieëltafels, kas- en laairuimte, stoele, tafels, muurversiering, bagasierakke, snippermandjies, klerehangers, beligtingstoebehore, klerehake, dasrelings, handdoekrelings, toiletkassies of -rakke, ens.)	26	23	20	17	14–10	0
(b) Toestand van items onder (a)	14	13	11	9	8–6	0
(c) Woningtekstiel- en linneware:						
Gemiddelde puntetelling met betrekking tot gehalte en toereikendheid van vloerbedekkings, gordyne, bedkussings, bedlinne, komberse, beddekens, badhanddoeke, handdoeke, badkamermatte, ens.)	18	16	14	12	10–7	0
(d) Toestand van items onder (c)	10	9	8	7	6–4	0
(e) Telefone in slaapkamers:						
Persentasie instrumente in verhouding tot totale getal slaapkamers:						
(i) 91–100%	15	—	—	—	—	—
(ii) 76– 90%	—	14	—	—	—	—
(iii) 66– 75%	—	—	11	—	—	—
(iv) 56– 65%	—	—	—	10	—	—
(v) 41– 55%	—	—	—	—	8	—
(vi) 0– 40%	—	—	—	—	—	0
(f) Televisie in slaapkamers:						
Persentasie televisiestelle in verhouding tot totale getal slaapkamers:						
(i) 91–100%	12	—	—	—	—	—
(ii) 76– 90%	—	11	—	—	—	—
(iii) 66– 75%	—	—	9	—	—	—
(iv) 56– 65%	—	—	—	8	—	—
(v) 41– 55%	—	—	—	—	7	—
(vi) 0– 40%	—	—	—	—	—	0
(g) Radio's in slaapkamers:						
Persentasie radio's in verhouding tot totale getal slaapkamers:						
(i) 91–100%	8	—	—	—	—	—
(ii) 76– 90%	—	7	—	—	—	—
(iii) 66– 75%	—	—	6	—	—	—
(iv) 56– 65%	—	—	—	5	—	—
(v) 41– 55%	—	—	—	—	4	—
(vi) 0– 40%	—	—	—	—	—	0

	Uit-nemend	Uit-stekend	Baie goed	Goed	Redelik	Swak
2.2 Sitkamer(s) (45):						
(a) Basiese meublement en toebehore—gemiddelde puntetelling met betrekking tot toereikendheid, kwaliteit en gerief (met inbegrip van verandas)	30	27	23	20	17–12	0
(b) Toestand van bogenoemde	15	14	11	10	8– 6	0

	Uit-nemend	Uit-stekend	Baie goed	Goed	Redelik	Swak
2.3 Eetkamer(s) (45):						
(a) Basiese meublement en toebehore—gemiddelde puntetelling met betrekking tot toereikendheid, kwaliteit en gerief	30	27	23	20	17–12	0
(b) Toestand van bogenoemde	15	14	11	10	8– 6	0

	Uit-nemend	Uit-stekend	Baie goed	Goed	Redelik	Swak
2.4 Spesialiteitskroeg(-kroeë) (25):						
(a) Basiese meublement en toebehore—gemiddelde puntetelling met betrekking tot toereikendheid, kwaliteit en gerief	15	14	11	10	8–6	0
(b) Toestand van bogenoemde	10	9	8	7	6–4	0

	Uit-nemend	Uit-stekend	Baie goed	Goed	Redelik	Swak
2.5 Funksiekamer(s) (12):						
Gemiddelde puntetelling met betrekking tot toereikendheid, kwaliteit, gerief en toestand	12	11	9	8	7–5	0

	Uit-nemend	Uit-stekend	Baie goed	Goed	Redelik	Swak
2.6 Skeerproppe (8): Beskikbaarheid en doeltreffendheid: dubbelstroomspanning of aansluiters	8	7	6	5	4–3	0

	Uit-nemend	Uit-stekend	Baie goed	Goed	Redelik	Swak
2.7 Lugreëling in openbare vertrekke (12): Eetkamer(s), sitkamer(s), funksiekamer(s) en spesialiteitskroeg (-kroeë)—gemiddelde puntetelling met betrekking tot toereikendheid en toestand	12	11	9	8	7–5	0
Totaal (Graderingsfaktor 2)				250		

GRADERINGSFAKTOR 3: DIENS (MAKSIMUM=250 PUNTE UIT 1 000)

	Uit-nemend	Uit-stekend	Baie goed	Goed	Redelik	Swak
3.1 Ontvangstoonbank- en portierdienste (33):						
(a) Doeltreffendheid en diensure van ontvangspersoneel	11	10	8	7	6–4	0
(b) Portierdiens—algemene inligting, hantering van pos en boodskappe, hotelvervoer en taxis, teaterbesprekings, sekretariële- en teleksdienste, ens.	12	11	9	8	7–5	0
(c) Bagasiediens—beskikbaarheid van bodes, diensure, bewaring, ens.	10	9	8	7	6–4	0

	Uit-nemend	Uit-stekend	Baie goed	Goed	Redelik	Swak
3.2 Diens vir slaapkamers (68):						
(a) Vloerdiens—maaltye, ligte verversings, drankies, ens., in slaapkamers: Beskikbaarheid van betroubare kommunikasie—klokknoppie en/of telefoon—spoed, ure, doeltreffendheid en beleefdheid van diens	14	13	11	9	8–6	0
(b) Telefone—ure en doeltreffendheid van diens vir buite-oproepe soos onderskei van die installasie in slaapkamers ooreenkomstig graderingsfaktor 2.1 (e)	8	7	6	5	4–3	0
(c) Doeltreffendheid van toerusting: Radiodiens, televisie, lugreëling en verwarming—doeltreffendheid van diens soos onderskei van die installasie in slaapkamers ooreenkomstig graderingsfaktore 1.2 (b) en 2.1 (f) en (g)	12	11	9	8	7–5	0
(d) Vroegoggend-verversingsdrank, wek- en roepdiens, kamerversorging saans, omruil van linne en handdoeke en voorsiening van yswater	14	13	11	9	8–6	0
(e) Lyfbediendediens, skoeneskoonmaak, was-en-stryk en droogskoonmaak	12	11	9	8	7–5	0
(f) Verskaffing van hotelinligting en skryfbehoeftes in slaapkamers	8	7	6	5	4–3	0

	Uit-nemend	Uit-stekend	Baie goed	Goed	Redelik	Swak
3.3 Diens in ander vertrekke (38):						
(a) Eetkamer(s)—(Table d'hôte en/of à la carte): Toereikendheid, doeltreffendheid, ure en hoflikheid van personeel, met inbegrip van doeltreffendheid uit die kroeg	20	18	15	13	11–8	0
(b) Sitkamer(s): Toereikendheid, doeltreffendheid en hoflikheid van personeel insake drankies, versnapperings, ys, asbakke, boodskappe, ens., met inbegrip van diens uit die kombuis en kroeg	10	9	8	7	6–4	0
(c) Spesialiteitskroeg(-kroeë): Toereikendheid, doeltreffendheid, hoflikheid	8	7	6	5	4–3	0

	Uit-nemend	Uit-stekend	Baie goed	Goed	Redelik	Swak
3.4 Sindelikheid (62): Die diens om die binnekant van die hotel en sy meublement vry te hou van stof, vullis en insekte (vlieë, muskiete, kakkerlakke, motte, miere, ens.); die toereikendheid en doeltreffendheid van die dienste:						
(a) Kombuis(e)	10	9	8	7	6–4	0
(b) Eetkamer(s)	10	9	8	7	6–4	0
(c) Slaapkamer(s) [met inbegrip van alle badkamer(s), toilet(te), ens.]	10	9	8	7	6–4	0
(d) Ander openbare vertrekke: Sitkamer(s), ens.	14	13	11	9	8–6	0
(e) Publieke toilette	8	7	6	5	4–3	0
(f) Bediendekwartiere	10	9	8	7	6–4	0

	Uit-nemend	Uit-stekend	Baie goed	Goed	Redelik	Swak
3.5 (a) Ander faktore (49): Uniforms van personeel: Gemiddelde puntetelling met betrekking tot uniforms en netheid van tafelbediendes, wynkelners, portiers, hoteljoggies, slaapkamerbediendes, ens.	10	9	8	7	6–4	0
(b) Vars blomme: Doeltreffendheid en gereeldheid van rangskikkings in die ontvangsgebied, sitkamer(s), eetkamer(s) en slaapkamer(s)	8	7	6	5	4–3	0
(c) Tweetaligheid en vreemde tale: Graad van tweetaligheid van die hele personeel wat regstreeks in aanraking met gaste kom; ook van spyskaarte, drukwerk en kennisgewings, mate waarin vreemde tale gepraat word	15	14	11	10	8–6	0
(d) Afwesigheid van straatgeraas en isolering tussen kamers	8	7	6	5	4–3	0
(e) Aanduiding van tariewe (duidelikheid)	8	7	6	5	4–3	0

Totaal (Graderingsfaktor 3) 250

GRADERINGSFAKTOR 4: VOEDSEL (MAKSIMUM=250 PUNTE UIT 1 000)

	Uit-nemend	Uit-stekend	Baie goed	Goed	Redelik	Swak
4.1 Ontbyt (40):						
(a) Gehalte van bereiding (sluit in nakoming van redelike versoeke byvoorbeeld saggekookte eiers teenoor mediumgekookte eiers, ens.)	20	18	15	13	11–8	0
(b) Aanbieding byvoorbeeld "silwerskotteldiens", "bordbediening", selfbediening, garnering, aantreklikheid, ens.	9	8	7	6	5–3	0
(c) Verskeidenheid (per spyskaart en dag-tot-dag) en samestelling (balans van spyskaart)	11	10	8	7	6–4	0

	Uit-nemend	Uit-stekend	Baie goed	Goed	Redelik	Swak
4.2 Middagete (55):						
(a) Gehalte van bereiding (sluit in nakoming van redelike versoeke byvoorbeeld "medium" teenoor halfgaarbiefstuk, ens.)	25	23	19	16	14–10	0
(b) Aanbieding byvoorbeeld "silwerskotteldiens", "bordbediening", selfbediening, garnering, aantreklikheid, ens.	14	13	11	9	8– 6	0
(c) Verskeidenheid (per spyskaart en dag-tot-dag) en samestelling (balans van spyskaart)	16	14	12	10	9– 6	0

	Uit-nemend	Uit-stekend	Baie goed	Goed	Redelik	Swak
4.3 Aandete (74):						
(a) Gehalte van bereiding (sluit in nakoming van redelike versoeke)	35	32	26	23	19–14	0
(b) Aanbieding byvoorbeeld "silwerskotteldiens", "bordbediening", selfbediening, garnering, aantreklikheid, ens.	19	17	14	12	10– 7	0
(c) Verskeidenheid (per spyskaart en dag-tot-dag) en samestelling (balans van spyskaart)	20	18	15	13	11– 8	0

	Uit-nemend	Uit-stekend	Baie goed	Goed	Redelik	Swak
4.4 Maaltydure van ontbyt, middagete en aandete (20): Toereikendheid in verhouding tot getal slaapkamers en ooreenkomstig die normale aanvraag van die betrokke hotel	20	18	15	13	11–8	0

	Uit-nemend	Uit-stekend	Baie goed	Goed	Redelik	Swak
4.5 Verskeidenheid wynsoorte (8): Beskikbaarheid van Suid-Afrikaanse wynsoorte en of wyn per glas of in klein houers beskikbaar is	8	7	6	5	4–3	0

	Uit-nemend	Uit-stekend	Baie goed	Goed	Redelik	Swak
4.6 Uitrusting (53):						
(a) Eetgerei en tafeluitrusting: Gemiddelde puntetelling met betrekking tot gehalte, doeltreffendheid en sindelikheid	25	23	19	16	14–10	0
(b) Breekgoed, glasware en tafellinne: Gemiddelde puntetelling met betrekking tot gehalte, doeltreffendheid en sindelikheid	20	18	15	13	11– 8	0
(c) Spyskaarte, wynlyste, ens	8	7	6	5	4– 3	0

Totaal (Graderingsfaktor 4) 250

MEMOIRS OF THE BOTANICAL SURVEY OF SOUTH AFRICA

The memoirs are individual treatises usually of an ecological nature, but sometimes taxonomic or concerned with economic botany. Thirty-nine numbers have been published, some of which are out of print.

Obtainable from the Director, Division of Agricultural Information, Private Bag X144, Pretoria.

Sales tax must accompany inland orders.

MEMOIRS VAN DIE BOTANIESE OPNAME VAN SUID-AFRIKA

Die memoirs is individuele verhandelings, gewoonlik ekologies van aard, maar soms handel dit oor taksonomiese of ekonomiese-plantkundige onderwerpe. Nege-en-dertig nommers is reeds gepubliseer waarvan sommige uit druk is.

Verkrygbaar van die Direkteur, Afdeling Landbou-inligting, Privaatsak X144, Pretoria.

Verkoopbelasting moet by binnelandse bestellings ingesluit word.

AGROPLANTAE

This publication is a continuation of the South African Journal of Agricultural Science Vol. 1 to 11, 1958–1968 and deals with Agronomy, Ecology, Agrostology, Genetics, Agricultural Botany, Landscape Management, Herbicides, Plant Physiology, Plant Production and Technology, Pomology, Horticulture, Pasture Science and Viticulture. Four parts of the journal are published annually.

Contributions of scientific merit on agricultural research are invited for publication in this journal. Directions for the preparation of such contributions are obtainable from the Director, Agricultural Information, Private Bag X144, Pretoria, to whom all communications in connection with the journal should be addressed.

The journal is obtainable from the above-mentioned address at R1,50 per copy or R6 per annum, post free (Other countries R1,75 per copy or R7 per annum).

Sales tax must accompany inland orders.

AGROPLANTAE

Hierdie publikasie is 'n voortsetting van die Suid-Afrikaanse Tydskrif vir Landbouwetenskap Jaargang 1 tot 11, 1958–1968 en bevat artikels oor Akkerbou, Ekologie, Graskunde, Genetika, Landbouplantkunde, Landskapbestuur, Onkruidmiddels, Plantfisiologie, Plantproduksie en -tegnologie, Pomologie, Tuinbou, Weiding en Wynbou. Vier dele van die tydskrif word per jaar gepubliseer.

Verdienstelike landboukundige bydraes van oorspronklike wetenskaplike navorsing word vir plasing in hierdie tydskrif verwelkom. Voorskrifte vir die opstel van sulke bydraes is verkrygbaar van die Direkteur, Landbou-inligting, Privaatsak X144, Pretoria, aan wie ook alle navrae in verband met die tydskrif gerig moet word.

Die tydskrif is verkrygbaar van bogenoemde adres teen R1,50 per eksemplaar of R6 per jaar, posvry (Buitelands R1,75 per eksemplaar of R7 per jaar).

Verkoopbelasting moet by binnelandse bestellings ingesluit word.

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FM 9/5/80

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SOUTHERN SUN HOTEL HOLDINGS LIMITED

PRELIMINARY PROFIT ANNOUNCEMENT

FOR THE YEAR ENDED 31ST MARCH 1980

Group earnings and dividend

The unaudited Group earnings for the twelve months ended 31st March 1980 compared with those of the previous year, are as follows:

	1980 R'000	1979 R'000	Increase %
Turnover	87 540	61 141	43
Profit before taxation	17 060	9 153	86
Taxation	3 077	1 108	
Profit after taxation	13 983	8 045	74
Attributable to outside shareholders	1 324	337	
Attributable to ordinary shareholders	12 659	7 708	64
Earnings per ordinary share (cents)	23,6	15,2	55
Dividends per ordinary share (cents)	16,5	10,5	57
Effective number of shares in issue (000)	53 651	50 690	

Comment

The highly satisfactory results achieved during the past year can be attributed to rising occupancies and revenues, effective cost control and the successful opening of the Sun City resort in Bophuthatswana. The average occupancy for the Group's hotels, at 77 %, is a record and reflects further market share gains.

Dividend

The final dividend for the year has been increased from 8,0 cents per share to 12,5 cents per share, making a total for the year of 16,5 cents per share (10,5 cents – 1979).

Future prospects

In light of the general economic upswing and the continuing growth of international tourism, the Directors expect the Group to achieve satisfactory growth in earnings during the ensuing year. Sun City, which only opened on 7th December 1979, is also expected to make a significant contribution towards earnings.

For and on behalf of the board

R. J. Goss
Chairman

S. Kerzner
Managing director

Declaration of final dividend

Notice is hereby given that the Directors have declared a final dividend of 12,5 cents per share in respect of the year ended 31st March 1980 to shareholders registered and ranking for dividend at the close of business on 30th May 1980.

Dividend warrants will be posted on or about 14th July 1980 to members at their registered addresses recorded on 30th May 1980.

Non-resident shareholders' tax at the rate of 15 per cent will, where applicable, be deducted from dividends.

The share transfer books and registers of members will be closed from 2nd June 1980 to 10th June 1980, both days inclusive, for the purpose of determining those shareholders entitled to the dividends.

By order of the board

J. C. F. Mostert
Secretary

6th May 1980

Registered office
1st Floor
Esso House
Sandpark
Sandton
2199

Transfer office
Fraser Street Registrars
(Proprietary) Limited
8th Floor
Sage Centre
10 Fraser Street
Johannesburg
2001

A 040

NM 27/5/78

(288)

Special status for 47 hotels

Mercury Reporter

THERE are to date 47 international hotels in South Africa — 10 of which are in Natal, according to a list compiled by the S.A. Institute of Race Relations.

An hotel with international status is permitted by law to cater for all races and make facilities available to local Blacks as well as foreigners.

At a recent liquor board hearing in Durban 28 hotels and clubs applied for international status but the Natal hotels which had permission before the hearing are: the Ibhubesi Motel, Camperdon; Blue Waters, Durban; Edenroc, Durban; Edward, Durban; Elangeni, Durban; Holiday Inn, Durban; Royal, Durban; Holiday Inn, Hluhluwe; Capital Towers, Pietermaritzburg; Richards, Richards Bay.

These hotels reapplied for international status as well as the Maharani Hotel, the Astra Hotel, the Outspan Hotel, the Athlone, the Westville Hotel, Zululand Safari Lodge, Mtubatuba; Holiday Inn, Newcastle; Mount Currie Motel, Kokstad.

The only Holiday Inns yet to be granted international status are those at Wilderness, Newcastle and Vanderbijlpark.

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9/11/79

SOUTHERN SUN

288

A sunny winter

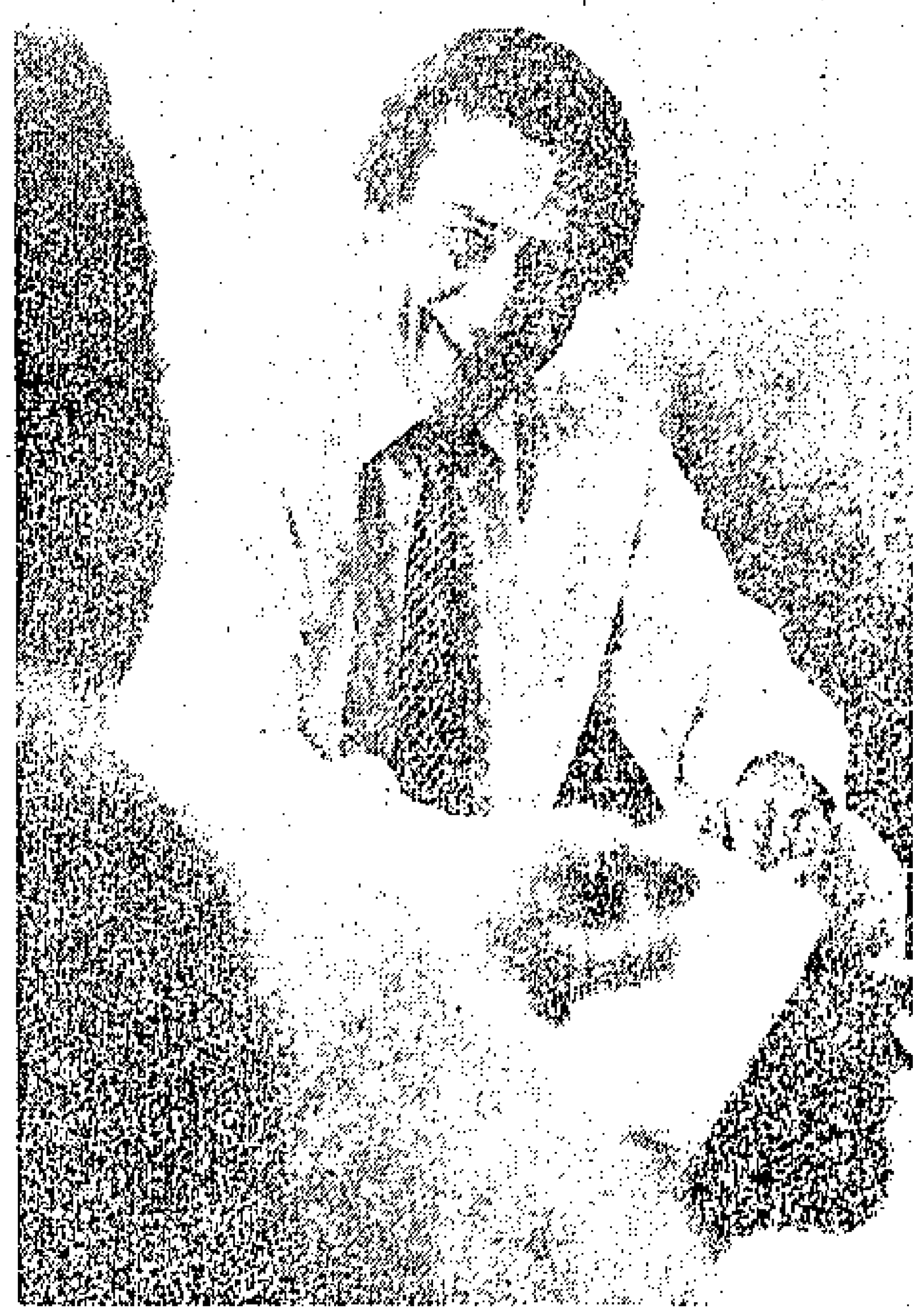
FM 9/11/79

Southern Sun's interim debut as a quoted company has surpassed most analysts' expectations. And the results serve to underline, more than anything else, that Sol Kerzner's chain of hotels must expand considerably to keep earnings growth up at the rate he likes.

Southern Sun hotels are traditionally full during the second half of the financial year. Second-half profit growth depends more on maintaining costs than increasing occupancies as, says Kerzner, "little or no spare capacity exists." But the leverage exerted on earnings by higher occupancies in the slacker winter months is seen in the interim figures to end-September.

On turnover, 23% up at R32,4m, pre-tax profit has risen 96% to R4,6m. But a higher tax bite reduces the gain at net level. Although tax allowances against income in respect of hotel buildings and equipment are favourable in SA, and Southern Sun has traditionally enjoyed low tax rates, the rate in the current interim period has jumped from 9% to 21% because on-going allowances remain relatively static and do not fluctuate in sympathy with profits.

Then, a higher proportion attributable to minorities, in fact the BophuthaTswana government, reduced the profit increase further. The success of the Mmabatho Sun



Sol Kerzner . . . beating all forecasts

hotel, no doubt aided by the Tate-Knoetze fight, boosted BophuthaTswana's share 225% to R439 000. This increase will not carry through, however, as the opening of Sun City will provide considerable tax write-off opportunities.

Thus the bottom-line increase for earnings per share has been whittled down from 96% to 56%. In line with Kerzner's objective of paying out 70% of earnings a 4c (2,5c) interim has been declared. Kerzner says that Southern Sun out-performed the industry with occupancy rates 15% up, tariffs and overheads kept under tight control, capacity well utilised and productivity gains.

The recent acquisitions of the Johannesburg Towers Hotel lease, the Cabana Beach Hotel and Umhlanga Beach Mews will contribute to profits this year while the Sun City resort, opening in December, will contribute to the 1981 year.

Kerzner says results for the year will show an improvement but because there is not much extra capacity, compared with the Christmas season last year, results in the second half cannot increase by anything like the rate just achieved.

Although Southern Sun is spending less on capex than this time last year — R12,5m compared with R18m — it is evident that the growth anticipated in the economy and in the hotel industry will encourage major expansion of capacity excluding the nearly-completed Sun City and the planned Cape Town city centre hotel. Although dividends are traditionally covered only 1,4 times any capex programme will not alter this policy as each new hotel is financed as a separate entity with fresh loans or rights issues.

Southern Sun's management team has few peers in the hotel industry. The recent departure of right-hand man Peter Venison, will leave a gap but will not disrupt management style. So, contrary to one recent theory, buying Southern Sun is not simply a case of putting money on the longevity of Kerzner. At this week's 230c the historical yield is 5,2%. But the projected yield, at the lower limit of possibilities, is 6,1%. And that is high for a strongly growth-oriented company.

Ian Mail

A scorching Sun — 86% profit surge

288

RDM 6/5/80

By HOWARD PREECE
Financial Editor

SOUTHERN SUN Hotels has, as expected, produced a big surge in profits, earnings and dividends for the year to March 31.

Pre-tax profit soared by 86% from R9 153 000 to R17 060 000 — and that was with the inclusion of less than four months from the Sun City extravaganza.

Tax and minorities took a larger chunk, however, and net attributable profit was diluted to a 64% rise from R7 708 000 to R12 659 000.

A modest increase in the issued shares further cut the earnings growth to 55% from 15,2c a share to 23,6c.

The final dividend has been hiked from 8c to 12,5c so that the total jumps from 10,5c to 16,5c — an increase almost exactly in line with earnings growth.

Turnover was up from R61-million to nearly R88-million.

Southern Sun is controlled by SA Breweries and the results are yet another pointer to the enormous success of the whole SAB group.

SAB will be announcing its profits later this week.

Mr Sol Kerzner, the managing director of Southern Sun, and Mr Dick Goss, the chairman, say: "The highly satisfactory results achieved during the past year can be attributed to rising occupancies and revenues, effective cost control and the successful opening of the Sun City resort in Bophuthatswana.

"The average occupancy for the group's hotels at 77% is a record and reflects further market share gains."

COMMENT. **Southern Sun shares were listed on the Johannesburg Stock Exchange last August at an issue price of 150c and opened around 200c.**

The share price since then has touched 345c and closed yesterday at 335c.

That is a handsome premium on the issue price — but one fully justified by the results for the 1979-80 year and by the prospects for this year.

The Sun City casinos are pretty well a licence to print money and while the Bophuthatswana (South Africa?) Government put up a 50% stake there is plenty there for Mr Kerzner.

RDM 14/4/80 (288)

Foreign tourists want more five-star South African hotels

Own Correspondent

CAPE TOWN. — South Africa's tourist industry is hard pressed because it cannot meet the foreign demand for five star hotels.

In Cape Town the tourist industry is facing a crisis because luxury hotels in the Peninsula cannot provide enough accommodation for international tourists.

However, the problem not only affects the Cape but other areas of the country as well.

The crisis became public after the announcement last week by Mr Sol Kerzner, head of the Southern Sun Group, that a luxury R33-million hotel will soon be built in central Cape Town.

Mr Kerzner said there was a definite accommodation problem in Cape Town. His hotel, which will have 32 floors and 350 rooms and suites will not be operational until early 1983. Until then, Cape Town has little chance of expanding its international tourist industry because of the lack of accommodation.

The problem might be eased with the possiblilty of two new hotels being built in South Africa by the Hilton Hotel group, but even if the plan were put into operation, there was no guarantee they would be ready soon.

The latest issue of the Financial Mail disclosed that the Hilton Hotel group planned the building of two international hotels — one in Cape Town and the other possibly in Pretoria.

The group's senior vice-president, Mr Anthony Clegg, told the Financial Mail he would be in South Africa next week to look at a number of sites, mainly in Cape Town.

However, while the question of new hotels is thrashed out, booking agents are experiencing problems in finding rooms for visitors.

In Cape Town, the new 250-bed, three-star hotel in the old Shell House, Greenmarket Square, and 30-room expansion at the Mount Nelson are not expected to resolve the situation.

From interviews it emerged that many overseas tourists are not interested in anything less than four or five-star treatment and it is in this region that South Africa falls short, according to a Johannesburg travel firm.

The spokesman said it was difficult to tell a foreign tourists who spent R100 a night in their own country on five-star accommodation, that there was none available in South Africa, and that he should stay at a three-star hotel.

A spokesman for Captour said Cape Town had problems providing the luxury accommodation required by foreign tourists. Tariffs at South African hotels were low in comparison to those in Europe and as a result more and more people wanted to stay at the best.

The next season would be very difficult for Cape Town, the spokesman said, and Mr Sol Kerzner's new hotel would keep Cape Town's head barely above water.

A spokesman for Holiday Inns said that Cape Town was "without doubt" becoming the centre of a growing international market and that there was a definite need for more top class hotels.

In high season, hotels experienced considerable difficulty in placing clients and there was a possibility people might eventually opt for other holiday countries.

The problem existed because the season in South Africa was at the same time as the off-season in Europe and North America.

1 000 more hotel beds available in City soon

CAPE TIMES 11/3/80 (288)

Chief Reporter

ABOUT 1 000 additional tourist hotel beds will soon be available in central Cape Town — a 33 percent increase on the present number — in what was described yesterday as an exciting and positive move towards revitalizing the area in a logical and integrated development.

Most of the additional beds will be in the multi-million rand Southern Sun scheme for a five-star hotel of spectacular proportions on the Electricity House site bordered by St George's, Strand, Burg and Castle streets.

A start on this project, providing for about 700 beds in what will be one of the City's tallest buildings, is expected to be made soon.

Notice has been given in the provincial gazette that it is proposed, on this site, to erect a building with a tower block that will exceed by 21 metres the maximum height of 100 metres laid down in the guidelines for consideration of tower blocks in central Cape Town.

Details are expected to be announced next month.

The architect in the Southern Sun hotel scheme is Mr Louis Karol, designer of the neighbouring Golden Acre project, which has become a pivotal point of the central business district.

It is understood that the Allied Building Society's main branch, at the corner of St George's Street and Castle Street, will move out of its present quarters in June to temporary premises in Boston House in Strand ~~Street,~~ and will move back into the Southern Sun complex when complete.

Mr D H Zinn, regional manager of the Allied, said yesterday a new branch of the society was being opened in June at the corner of Adderley Street and Riebeeck Street, but this had nothing to do with the Southern Sun project.

Work is already well advanced on a 250-bed hotel at three-star level in the old Shell House, on Greenmarket Square. The hotel, which is being developed by the Ovenstone group and others at a cost of R1,5 million, is to be known as The Inn on the Square.

This project is expected to help revitalize, not only the historic cobbled square on which it stands, but also the central City generally, which for some years has lacked focal points of community interest and activity at night.

The director of Captour, Mr John Robert, said yesterday the new hotel projects would inject new life into the City as well as providing much-needed accommodation in a situation where tourist traffic was increasing at the rate of 15 percent a year.

"The pressure is really on, particularly during the holiday periods and particularly in the central Cape Town area, and these new hotel projects are therefore welcomed as a timely and logical move in the right direction for Cape Town."

288 FM 29/12/80

HOTELS

Standing room only

Nigel Mathews, Holiday Inns MD, tells the FM that with the economy in upswing, "any decent hotel is doing bloody good business." In the three major urban centres, hotel rooms are at a premium.

Despite hoteliers' enthusiasm, the latest Bureau of Financial Analysis statistics reveal no dramatic upswing. The average room and bed occupancy in December were, respectively, 2,62% and 4,66% higher than in December 1978.

For the year, average room occupation rate was 4,13% higher than in 1978. Bed occupancy was 3,99% higher. Three, four and five-star hotels scored best. Three stars rose 6,39%; four-star 7,81% and five-star, 11,18%.

Incomes, however, rose substantially. Average total gross income for December increased 17,93%. Cape Town scored best with 22,20%; Rand and Pretoria 17,74% and the Garden Route 15,9%. Four-star hotels registered the biggest increase for the year, 32%; five stars followed with 21,35%.

Mathews points out that Holiday Inns, three-star rated, are performing exceptionally well. Milpark runs at 90% occupancy, the President in downtown Johannesburg, averages 90%. When Holiday Inns took it over last year, average occupancy as a five-star hotel was 27%.

Mathews says business travel, responsi-

Mathews . . . the hotel industry is underselling itself

ble for 75% of Inns business, is the chief factor behind improved fortunes. "Our concept is geared to the businessman. HI is a well-known brand name, born as a roadside concept. This is changing. We now go for specialised resort Inns like Wilderness or for high-density population areas."

Without becoming euphoric about the industry, Mathews says expansion is indicated. More rooms are coming on stream in Cape Town; construction of a new Sandton Inn (see *Property*), with 200 to 250 rooms, is due to begin in the next two or three months at an estimated cost of R8m — "up market, three stars, with a few frills" — and another regional urban Inn, location not yet disclosed, is in the pipeline.

Development costs, with the new Transkei casino resort Inn about to start development, are roughly R26m to R27m. Return on "overall assets is in excess of 20%. Hotel chain returns are well in excess of 30%. Obviously, returns on existing properties, built before massive cost escalations, are very high."

Anglo American Properties shows little enthusiasm for embarking on new hotel ventures, despite current occupancy and income improvements in the industry. Says a spokesman: "We would not undertake another development. Our business is not hotels. Our expertise lies in high-rise office buildings and shopping centres."

Western International, which manages Amaprop's five-star Carlton and has a small equity stake, shows equally little enthusiasm for embarking on new hotel ventures if it involves them in a building venture or big capital expenditure.

Carlton Hotel GM Pat Burton says hotel occupancy started building up from the beginning of 1979 and now averages 86%. Obviously, business is good but, says Burton: "We're not looking at any specific expansion opportunities. The problem is for Western International to find developers as partners. We would take on the management."

He agrees that if the local economy continues its upswing, there is scope for another big hotel in the next three years. A daunting thought is that the 600-room Carlton, which cost roughly R18m to build in the early Seventies, would now cost at least R30m.

Peter Venison, Southern Sun group GM concurs. "There's a strong requirement to build an upper-bracket hotel in Johannesburg. We're thinking about it, but we have no definite plans to build such a hotel right now."

Southern Sun's five-star Landdrost in Johannesburg now runs at 92% occupancy and averaged "close on 80% last year." The three-star Sunnyside averages 90%. Occupancy increased 16% on average last year for Southern Sun hotels. "With a higher swing in major urban areas," says Venison.

Southern Sun's proposed R30m, 300-room Strand Street Cape Town hotel should be operational in early 1983.

Venison points out that a new hotel currently being built on New York's Madison Avenue was costed out at $10 000 a room two years ago — "with very little public area allowed for." Today costs have escalated to $150 000 to $160 000. In SA, we're talking R90 000-R100 000.

To make profitable returns on these massive investments, Venison says "in three years we'll be looking at room rates of R70 a day, still low compared to overseas prices."

The equivalent of what Southern Sun offers costs, today, £60 a day in London. Rates are escalating at 20% annually." Nigel Mathews says: "The hotel industry is still underselling itself in SA."

International hotel status a 'headache'

288

C. Times 17/3/79.

Own Correspondent

JOHANNESBURG. — International status is giving headaches to an increasing number of South African hoteliers and their black guests.

The cause of the headaches, according to hoteliers, are the anomalies and contradictions in the laws governing "international" hotels.

For instance, only black visitors holding foreign passports can use all hotel facilities.

South African blacks are not permitted to drink in men's-only bars. Neither can they dance, unless by special permit. Yet they are allowed to eat in the hotel's dine-and-dance restaurant.

Blacks may swim in an "international" hotel pool, but only if resident at the hotel. And they can be served liquor at mixed-sex bars, if resident or bona fide guests of a resident.

Yet the law also states that South African blacks who are not resident can be served liquor only if they are taking, or are about to take, a meal on the premises or are attending a function there.

These and other details of apartheid in action are highlighted in the 1978 "Survey of Race Relations in South Africa", just published in Johannesburg by the SA Institute of Race Relations.

The survey reports that at last year's liquor board hearings "international" status was granted to 58 of South Africa's 1 448 hotels — 19 in the Transvaal, 13 in Natal, three in the Orange Free State and 23 in the Cape.

And, contrary to popular belief, it was not only four and five-star hotels that were granted this status.

Last year, seven were one-star, 19 were two-star and 18 were three-star, and one hotel was not classified. Six four-star and seven five-star hotels were granted "international" status.

In 1977, 47 "international" permits were issued and in 1976 only 37.

Last year the Association of Coloured and Indian Management Committees resolved at its annual congress that representations be made to the ministers of Community Development and Plural Relations that hotels in white areas, which served liquor to blacks, open all facilities to all races.

The Institute of Race Relations' survey points out that there is a 10 to 15 percent limit on rooms for blacks in "international" hotels — and that certain key hotel posts, like maitre d'hotel and chief chef, are reserved by law for whites in all "white" hotels.

Only white bands and cabaret artists can perform in "white", licensed premises, according to a ban imposed 12 years ago. And the ban remains.

But last year the Minister of Justice announced that exceptions could be made for musicians at "international" hotels.

Last year a Pretoria Supreme Court judgement cleared the way for "white" hotels to employ black barmen.

There is no way that a white can get a permit to stay in an Indian, coloured or black hotel. A ban on this is imposed in Section 72 of the Consolidated Liquor Act of 1977.

There is no machinery for Indian, coloured or black hoteliers to apply for "international" status. But they can apply for permits for whites to be served meals and liquor.

CT 8/3/81

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Call for review of wages

Staff Reporter

REPRESENTATIVES of workers in the distributive and catering trade have called for a review of wage determinations to counterbalance recent price increases.

New Era, the bulletin of the distributive and catering trade, reports that the Association of Distributive and Allied Workers' Unions (Adawu) has written to the Minister of Manpower Utilisation, Mr Fanie Botha, asking him to instruct the Wage Board to review wages in their trade because of the "soaring" cost of rents, food and other commodities.

New Era blamed rising inflation on the "excessive" profits earned by big firms.

"This is all fine — they are in the business for the profits. But do the workers get their fair share? Workers' wages are often blamed for inflation but we do not show such profits — we show a constant loss.

"We say excessive profits are the cause of much of the inflation rate," said New Era.

It quoted press reports as saying there had been an average 63 percent rise in profits for 36 large listed companies and of these, a quarter reported 100 percent and higher increases.

"Tollgate, the holding company of City Tramways, sold certain interests and will give shareholders R48m of the R57m realized by the sale."

Most hoteliers back integration

STAR 9/1/81.

Staff Reporters

Reaction to the newly announced draft changes in liquor laws — which will allow hotels and licensed restaurants to admit anyone of any race for refreshments, meals, liquor or accommodation — has been mostly positive.

The president of Fedhasa (Federated Hotel Associations of South Africa), Mr Arnold Brock, said that the proposed legislation was a "major step" for the hotel industry.

"It has always been Fedhasa's viewpoint that the discretion on who should be a guest should be left with the hotelier. For that reason we are pleased about the proposed law," he said.

The manager of the Capri Hotel in Savoy East, Mr V Khoury, was delighted. "It has been a hassle in the past to phone Pretoria and get permission to admit blacks to conferences and functions. This is marvellous. It is a step in the right direction."

The owner of the Fourways Gardens Hotel in Bryanston, Mr G J Hodnett, said: "It is a good thing — I was happy to hear about it."

He could not foresee problems but did not think that the change was likely to boost business significantly.

Mr J Levine, general manager of the Gardens Hotel in Berea, regarded the move as a "positive step" and said: "It should have been done a long time ago."

His management would exercise the same standards of discretion as in the past, aiming at a "decent clientele."

"I don't foresee a great deal of trouble. Blacks will feel their way and so will the whites," said Mr Levine.

A hotel assistant at the Hotel Gresham in Loveday Street, Mr A Harrison, said he was "very pleased" and that the

To Page 3, Col 1

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Hoteliers welcome integration

STAR 9/1/81

from page 1

move would save hoteliers a lot of bother.

The manager of the Hyde Park Hotel, Mr Errol Lasarow, also regarded the changes as a "step in the right direction."

A spokesman for the international Devonshire said: "This is great news. I am happy for everyone all round."

Some hoteliers, however, were reluctant to commit themselves.

Spokesmen for the Constantia, the Courtleigh, the Balalaika, the Melville, the Skyline, Dawson's, the Delmont and the Alba reserved their positions until "the legislation is through."

Fedhasa to press for open hotels

CT 30/5/81

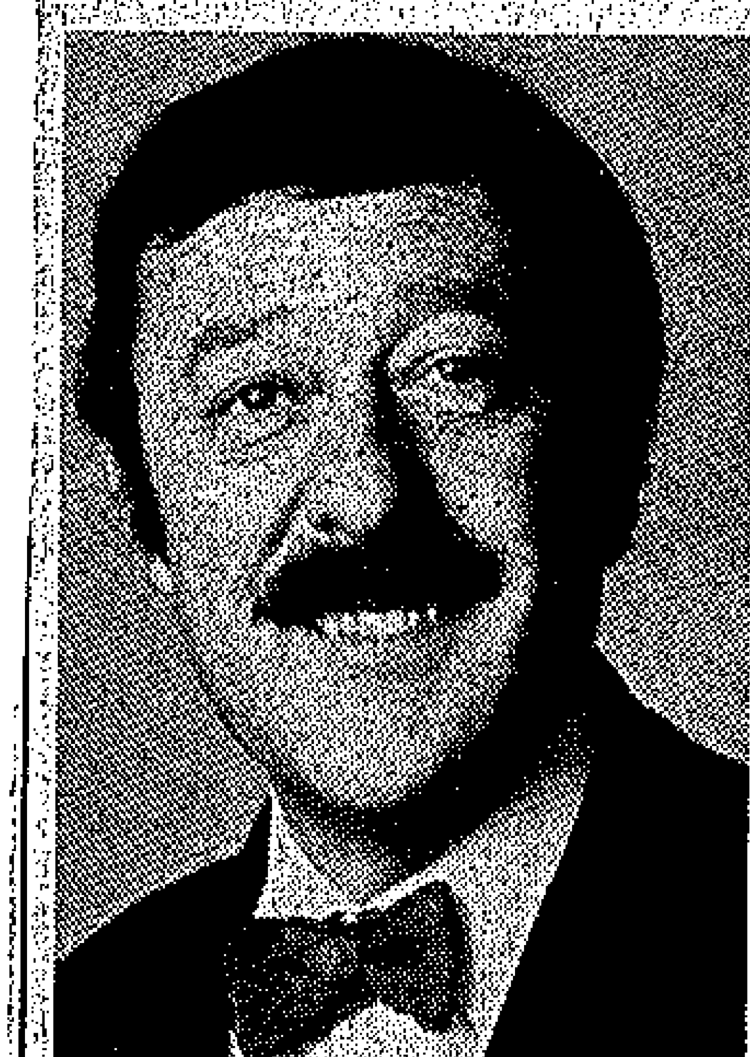
(288) 288

Staff Reporter

THE HOTEL industry is to ask the government to open South Africa's hotels to all races.

This was stated in Cape Town yesterday by Mr Arnold Brock, the recently re-elected president of the Federated Hotel Associations of Southern Africa (Fedhasa).

The industry would soon approach the Minister of Industry, Commerce and Tourism, Dr Dawie de Villiers, with this request, Mr Brock said, adding that it would be



Mr Arnold Brock

part of a "total plan" to be presented to Dr De Villiers by the hotel industry.

Fedhasa not only represents hotels, but liquor outlets as well.

Mr. Brock said he hoped Fedhasa would be able to see new regulations with regard to whom hoteliers could decide to serve in respect of accommodation, bars, restaurants and entertainment.

While legislation soon to be implemented allowed for hoteliers to serve people at their own discretion, there had been talk of regulations. "Sometimes the regulations are more onerous than the law itself," he said.

Asked if there should be a freeze placed on supermarket liquor sales until the proposed liquor body had given the government its recommendations, Mr Brock said there would be plenty of time before the next liquor board hearings early next year and that a freeze would not be neccessary.

He made the hotels call at an informal press conference at which he outlined the aims of Fedhasa for the next year. Another of the aims was trying to move one-star and two-star country hotels away from their dependence on liquor sales.

To this end, Mr Brock will be travelling to England next month to study the situation there and will report on his findings at a one-star and two-star hotel conference due to be held in August.

Dealing with the setting up of the two bodies, Mr Brock said there was a need for a government mandate to be given to interested parties. With regard to liquor, he said that once a policy had been laid down, the Liquor Act could be looked at to see if it needed to be scrapped.

The mandate should be taken on the grounds of "national interest". Once the government had decided on this, the parties could draw up parameters through discussion.

He said the hotel industry was happy that liquor and tourism now fell under the same minister, Dr Dawie de Villiers.

The minister would be able to deal with both studies. "We are in the best position now to do something."

Speaking about the body that would deal with the hotel industry and tourism, he said it would be neccessary for everybody to be involved, including teachers dealing with school holidays, and representatives of industry.

He raised the question of the possibility of staggering school holidays and the annual factory holiday to alleviate problems found in internal tourism. Large "valley periods" in accommodation appeared between between peak tourist periods.

"Everyone must be party to a national tourist plan," he said.

He said the parameters should come about through a process of consultation and agreement, and not by enforcement. Many studies had already been done and the parameters could be established before the next parliamentary session.

Speaking in general about hotel accommodation in South Africa, Mr Brock said that while about 600 new rooms were constructed last year, a number of hotels had stopped functioning.

8Tov 23/6/81

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Sun City shares sale expected, says Kerzner

By Richard Paris

If the Bophuthatswana Government decided to sell part, or all, of its 50 percent share in Sun City, it would not affect Southern Sun Hotels, Mr Sol Kerzner said yesterday.

After reports yesterday that the Bophuthatswana Government was thinking of selling its half share in the resort complex on the Johannesburg Stock Exchange, Mr Kerzner said there had been discussions but no decision had been reached.

"In terms of our agreement, Sun City was launched with the knowledge that a portion of the Bophuthatswana National Development Corporation (BNDC) equity would be sold and the capital used for development purposes, such as housing. It is not a matter of great concern to us when they do it, or how," Mr Kerzner said.

Three proposals are currently being considered by President Lucas Mangope.

One is to sell the entire interest which, together with the much smaller Mmabatho Sun Casino Hotel made a R8,9-million profit in the financial year ended in March, on the Johannesburg Stock Exchange.

Another is to retain a portion of shares for Bophuthatswana citizens wishing to buy them.

The third idea is to extend this offer to black South Africans.

The country holds half of Sun City's original R32-million share capital and has a further half share in its expansions, including the new entertainment centre to be opened in August.

A spokesman for President Mangope said the sale of shares to citizens would be considered only if it were determined that the shares would continue to grow in value and benefit individual buyers.

Mr Kerzner denied that the proposals were related to a recent debate aired in the media in which Sun City was attacked as a "corrupting influence," responsible for widespread prostitution, alcoholism, crime, truancy and family disintegration in the area.

(i)

SUMMARY

South African mortality data have been c
Coloured and Black communities when avai
during the period 1929 to 1970. Infant
Mortality Rates, Age and Cause Specific
Mortalities and Expectations of Life ar
are discussed.

MORTALITY IN SOUTH AFRICA, PART I

1929 - 1970

Bruce Dick *

David Bourne

Department of Comprehensive and Community Medicine, University of Cape Town.

* Present Address:

Benedictine Hospital, Nongoma,

Kwa Zulu 3950.

ıe Natal Mercury, Friday, May 22, 1981

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'Change or die'

Fedhasa's warning to one- and two-star hotels relying on liquor sales

Financial Editor

ONE and two star hotels will be told that they 'have to change or die', Mr Arnold Brock, the president of the Federated Hotels Association of Southern Africa, said yesterday in closing the association's congress held in Durban.

'These hotels have a problem because of their great reliance on liquor sales to provide them with profits,' he said.

It was apparent that the Government through the Liquor Licensing Boards were determined to grant more licences, both to supermarkets and other outlets, and this would have the effect of taking custom away from the small hotels.

'What has to be done is to encourage the image of the small hotels, many of which are in undiscovered tourist areas, get them to group together for joint marketing efforts and to improve their image to the public,' Mr Brock said.

Fedhasa will call a conference of the one- and two-star hotels soon to plan a campaign to help them.

Mr Brock said Fedhasa welcomed the new tax concessions for hoteliers which would provide greater benefits in the earlier stages of building and developing hotels.

He said final details were not available.

They were opposed to the granting of more liquor licences because they believed there were enough to serve the community. But they welcomed the decision to open bottlestores to all races.

Mr Brock said that a spokesman for Coki (the new controllers of Uniewyn) had assured them that they were not interested in retailing liquor but would carry liquor in their wholesale outlets.

Hoteliers welcome tax relief

Argus 25/5/81

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Argus Correspondent

DURBAN. — Tax concessions for building hotels were welcomed by the president of Fedhasa, Mr Arnold Brock, at the close of Fedhasa's congress here.

He told a Press conference he welcomed the extension of tax concessions over a period of five years instead of only one.

Speaking about Fedhasa's aims for the coming year, he said the organisation would take a closer look at one and two-star hotels and assist them.

There are routes off the tourist circuit that are far more beautiful than the beaten track.

'We are going to look at the commercial marketability of hotels on these routes and try to offer holidaymakers a package that would be a genuine deal.'

These hotels should be allowed to keep their own unique style and identity, he said.

The grading system was only to ensure minimum quality control, which should not affect the style and services of smaller hotels.

Fedhasa would also continue its battle to try and influence the teaching profession to stagger its holidays.

'The tourist plant can't cope with the holiday crowds.

'The hotels, railways and airways are all congested, and nobody is comfortable.

'If school holidays were staggered, it would also help to level off valley periods for the hotel industry.'

On the issue of licences being granted to supermarkets to sell wine, Mr Brock said it was a misconception that wine farmers needed more retail outlets.

'Wine is a potentially dangerous product, and should not be associated with groceries.

'What is needed is an orderly marketing system that would ensure responsible control over the distribution,' he said.

Fedhasa would continue to oppose the granting of licences to grocers to sell wine in their own shops, but would support it if existing licensees could extend their licences to a wine counter in supermarkets, he said.

SA can visit an off-course tote to play the horses on his way to the bus. Casinos are not so convenient, or so easy to enter."

Measures taken by casino hotels to curb vice include, strict surveilance of suspected prostitutes (which can lead to embarrassment if a suspect is innocent) and a jacket-and-tie rule, or entry fee to gaming areas.

And legislation in Bophuthatswana forbids public servants from gambling and stipulates that its citizens can gamble on a cash basis only. Southern Sun employees are not allowed to gamble.

Holiday Inn's had the monopoly of the casino industry for 10 years after the opening of its Royal Swazi Spa in 1967. During this period its business grew without the aid of advertising at between 15% and 20% a year.

The market has leapt to new heights since the opening of Sun City in 1979. Matthews is still happy with Holiday Inn's performance even though he has reviewed his policy on advertising.

"Sun City has increased the size of the gambling cake," he says, "and introduced a lot of new people to the game. For despite Sun City's size and success, Holiday Inn's should break its last year's record earnings again this year."

But he recognises that gambling will never be the same again. This is reflected in the plans for the new Wild Coast Inn, which show it to be more of a total entertainment centre on the lines of Sun City rather than a casino tacked on to a conventional hotel.

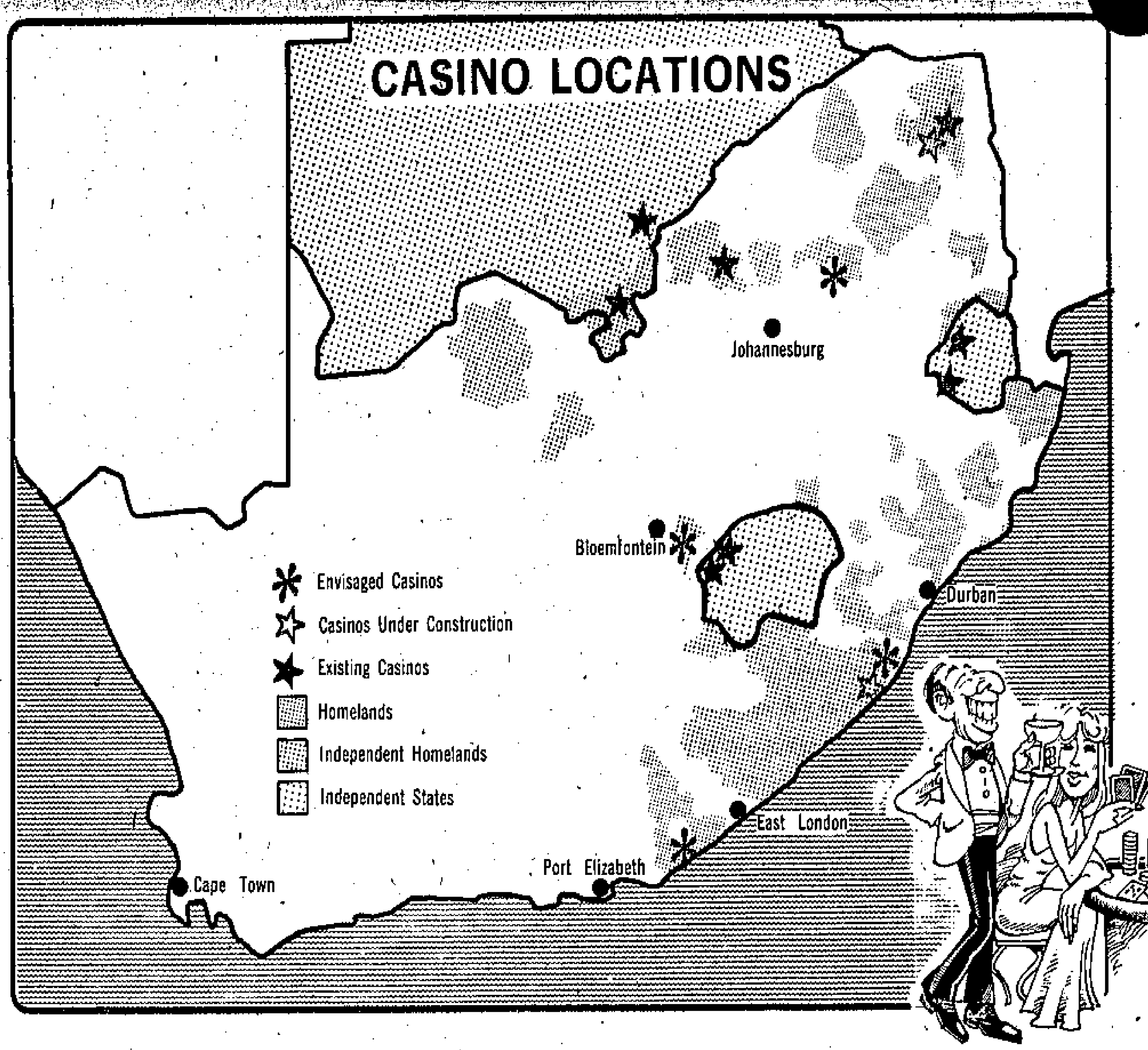
As more SA homelands accept independence, the constellation of casinos which ring the Republic's borders will grow bigger — and move closer to its heartland. The business is now a race between operators to locate as close as possible to SA's major population centres.

In these terms, the acquisition of HI's licence for the Wild Coast Inn is a coup as it brings the pleasures of gambling several hours closer to Durbanites. It also provides an additional attraction to the 350 000 holiday-makers who visit Natal's south coast each year.

If the Wild Coast Inn is a success, as seems probable, Matthews expects it to double his group's casino earnings within two years, which should restore dominance of the market to Holiday Inn's.

Another, less pretentious Inn with lower tariffs will probably be erected nearby to cater for less affluent gamblers as well as taking the overflow from the main establishment. It will thus serve the same function as the two cheaper Inns near the Royal Swazi Spa, and the recently built Cabanas at Sun City.

Matthews also has hopes of building a casino in KwaZulu, which has enclaves even closer to Durban. Chief Minister Gatsha Buthelezi says the homeland's legislative assembly adopted a resolution some time ago calling for the establishment of a casino which the SA government refused on the grounds that only independent territories could have such establishments.



He emphasises there is no way KwaZulu will ask for independence. But circumstances may one day force the SA government to grant the necessary permission

Matthews has also signed an agreement which gives the government of tiny KwaNdebele a 25% stake in a Holiday Inn's casino to be built in the event of that territory's expected independence in 1983. This would bring gambling to within half an hour's drive of Pretoria and an hour's drive of Johannesburg.

There is also talk of a Southern Sun casino in Bophuthatswana's Taba Nchu near Bloemfontein, or at a site close to Pretoria. And both operators have submitted applications for a licence in the Ciskei, between East London and Port Elizabeth.

Kerzner says he is not worried about the possibility of a KwaNdebele Inn. "A glance at the map of Bophuthatswana shows that we could have located fifteen minutes drive from Pretoria, but we chose the Sun City site because it is unique. Sun City is a total resort centre designed to cater for the international market. It offers a wide range of entertainments, sports and conference facilities, in addition to gambling.

"That is why Frank Sinatra said he would return, and if we can satisfy him, we can satisfy the world."

Kerzner apparently regards his superstar shows not so much as direct profit generators in themselves, but as self-liquidating promotions for Sun City on the international market. "When we had the boxing, Sun City was seen on TV by 600m people around the world. And 40m saw it on TV or read about it in the press during the Sinatra visit.

"Sun City has now had more publicity than any other single tourist attraction in southern Africa, and it has become as popular as the Kruger Park."

The business could be thrown out of kilter if government decided to grant casino licences in "white" SA, and the older casinos would probably suffer most.

Government is rumoured to be divided on the matter. Those in favour of local casinos maintain the present system facilitates foreign exchange fiddles and congests roads to the national borders.

Those against include not only the moralists, but the lobby which favours maintaining influence in neighbouring territories by economic means.

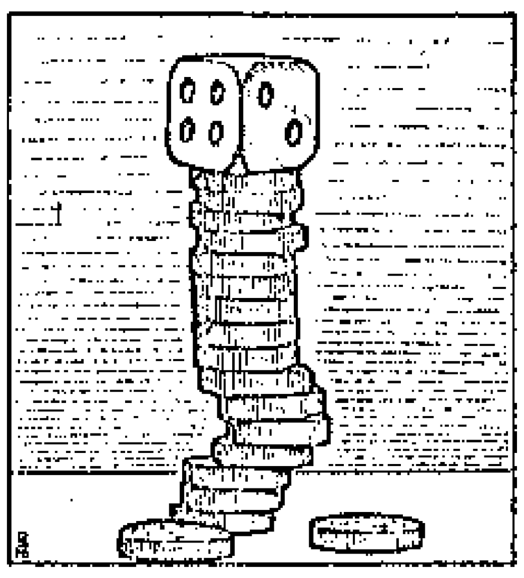
But as one cynic in the industry says: "The present system is very convenient for government, because it can, in effect allow gambling without compromising its moral principles."

Present and planned casinos are probably safe for the foreseeable future, because government has enough problems without wanting to tax its own supporters with yet another divisive issue.

And, of course, with gaming revenues contributing considerably to the economic viability, and hence the political stability, of both the "independent" homelands and SA's neighbouring states, there's economic logic in Pretoria's stance. Rarely was a transfer of resources between rich and poor so painless.

NEIGHBOURING TERRITORIES (2885) FM 7th August 1981

The constellation of casinos



Gamblers do not function according to the conventional rules of logic.

"I've been losing on red all night so I'd better cover it again," says one regular as he pushes the last pile of chips allowed by his credit limit onto the roulette table.

"I won 30 grand last year and put it straight into my business," says another, who has since siphoned almost double from the same business to finance further adventures at the tables.

The casinos which cater for this madness will not reveal their gambling turnovers and revenues. And the two biggest operators in southern Africa, Southern Sun and Holiday Inn's, bury the results of their seven casinos (see map) under figures from 56 hotels.

But in explaining the R20,9m, 123% increase in pre-tax profits to R38m this year, the first full year of Sun City's existence, the Southern Sun annual report states: "Today casinos form a very important segment of the group's business."

This gives some measure of their profitability, as Southern Sun operates only three casinos, one in Mauritius and two in Bophuthatswana, in its 28 hotels.

Holiday Inn's MD Nigel Matthews says that about half of his 1980 pre-tax profit of R12,2m was attributable to outlets in neighbouring territories. These include only four hotels with casinos in a total of 28 hotels in the group.

From calculations based on this information and some of its own estimates, the *FM* believes that gamblers in southern Africa will chance at least R350m on card games, the tables, slot machines and new electronic gaming units this year. Their return on this investment will be around R280m, which leaves casino operators total winnings of R70m, an average of 20% of the total amount bet.

It is not the casino operators but the governments of the territories in which they operate, which take the biggest slice of this haul. Their cut will be in the region of 60% of casino winnings, or R42m.

This amounts to about 5% of the R850m total government revenues of the five territories concerned: Swaziland, Lesotho, Botswana, Bophuthatswana and Venda. To put this figure into perspective, the SA government's revenue from the country's total diamond mining operations amounts to only 1,5% of its total revenues.

The Bophuthatswana government is undoubtedly the biggest beneficiary of casino winnings because it has Sun City, one of the biggest casinos in the world. But as a percentage of total government revenues, Bophuthatswana's casino revenues are probably lower than casino revenues of some of the other territories. For its rich platinum mines help boost its total revenues to R443m a year, more than double those of Botswana, its nearest rival.

Casino revenues to government come in the form of gambling tax, which is levied on casino gross winnings, company tax from casino profits, and dividends from their direct or indirect shareholdings in the casinos.

Of the remaining R28m lost by the gamblers, about R14m will go to casino expenses, and R14m to pre-tax profit attributable to non-government shareholders.

It appears that Holiday Inn's has 38% of the market, handling a total turnover of R133m. Southern Sun handles the lion's share of the remaining R217m of business.

Gambling taxes vary from territory to territory, and are not published. However, it is known that government or government development corporations own 46% of Holiday Inn's two Swaziland casino hotels, Royal Swazi Spa and Nlhangano Casino Hotel; 50% of its Maseru (casino) Inn in Lesotho; 20% of its Gaberone (casino) Inn in Botswana; and 25% of the Wild Coast (casino) Inn under construction in Transkei.

The Bophuthatswana National Development Corporation holds 50% of Southern Sun's two casino hotels, the Mmabatho Sun and Sun City.

Local governments also have stakes in Lesotho's Hilton (casino) Hotel and in the Elephant's Head casino at Venda's Thohoyandou Hotel near Pietersburg.

The casinos bring other benefits to the neighbouring territories. They employ locals and provide employment for locals in support industries such as bakeries, produce small-holdings and laundries; they train locals in business skills they might not otherwise have acquired; and they provide accommodation for non-gambling tourists, which are estimated at about 40% of casino hotel residents.

It is known that a dearth of work permits in Lesotho for expatriates has encouraged Holiday Inn's to train local croupiers instead of importing from the ranks of jobless British and continental casino workers.

"Maseru would be a dump without the Holiday Inn and the Hilton," confides an insider in the tourist industry. "How many people would go there without them?"

It is unlikely that either of these hotels would have been established without the added attraction of a casino licence.

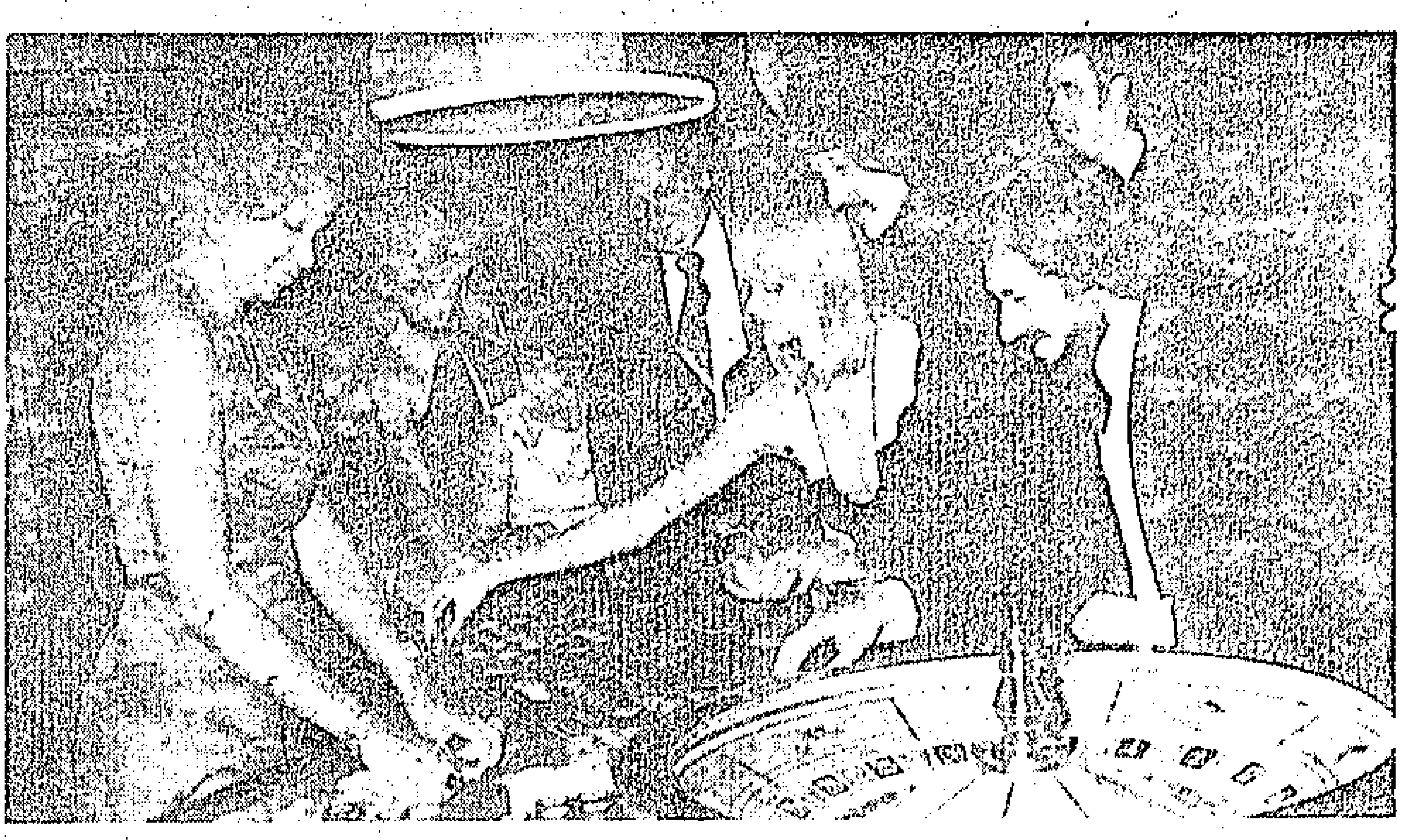
Southern Sun's Sol Kerzner says he employs 3 000 at Sun City, and that Mmabatho Sun and Sun City are bringing R60m a year into Bophuthatswana.

The other side of the coin is the social evils casinos could bring to the communities around them. A study on Sun City's effects on the immediate social environment by Pretoria's Human Sciences Research Council indicates that it has contributed to increases in crime, breakdown of traditional family life, truancy, alcohol abuse, loss of earnings through gambling, prostitution and venereal disease.

Matthews argues that any type of urbanisation has negative effects on unsophisticated people, but that in southern Africa the positives outweigh the negatives.

Kerzner says the study was completed only four months after Sun City opened and that it helped to identify potential problems. "We have been able to preempt some of these problems by acting on the report," he says.

"Besides, the average urban worker in



Roulette . . . painless transfer of resources?

At a meeting of the Federation of Hotel Associations of South Africa in East London yesterday were (from left): Mr Bob Tielscher, vice-chairman of Fedhasa, Mr Jack Rosenberg, chairman of the local branch of Fedhasa, Mr Arnold Brock, president of Fedhasa, Mr Mike Loy, secretary of the Cape Town hotel association and Dr Ernst Uken, executive director of Fedhasa.

288 D. Dispatch 17/2/82

Hoteliers welcome right to decide on black guests

EAST LONDON — The president of the Federation of Hotel Associations in South Africa, Mr Arnold Brock, yesterday said the federation was in full support of the principle that owners of licensed premises could decide for themselves if they wanted to allow members of race groups other than whites on their premises.

Mr Brock was commenting on the amendment made to the Liquor Act last year whereby owners of licensed premises if they wished to do so could apply for a "blanket permit" to serve blacks and other race groups.

The amendment comes into force on April 1. Before the amendment, owners of a restaurant or hotel without an "international licence" had to obtain permission telephonically on every occasion they wished to serve other race groups.

Mr Brock said the exact conditions of the amendment were not known yet but the basic principle was welcomed. He said the amendment could be divided into three parts.

The first part was applicable to existing "international hotels" which were already serving other race groups. He said Fedhasa had asked that the conditions applicable to an international licence should be made easier.

The second part of the amendment was applicable to other hotels and licensed premises which did not have an international licence. These hotels and restaurants which wanted to serve other race groups could now apply for a permit to do so for a specific period of time.

The third part of the amendment was applicable to hotels and licensed restaurants which wanted to keep the status they presently had. — DDR

Plan to market Border

EAST LONDON — The Federation of Hotel Associations in South Africa is going to help hotels in the Border area to group themselves together in marketing areas in order to attract more tourists to the area.

The president of the association, Mr Arnold Brock, said yesterday that this technique would be applied throughout the country but that the Border area in particular had a lot of potential especially as far as two and three star hotels were concerned.

"East London and the area surrounding it are not being marketed sufficiently," he said.

He said that the idea was to get the hotels to work together in a co-ordinating tourism plan. — DDR

taken from Time Magazine

6.1 Discuss the effectiveness of the following graphic aids

WEEKEND ARGUS, MAY 15 1982 288

SYLVIA VOLLENHOVEN surveys the city's restaurants and finds that . . .

Apartheid is being slowly eaten away

WHILE hotel and catering authorities ponder ways of relaxing petty apartheid in the industry, many local businessmen are taking it upon themselves to break down race barriers unofficially.

In a Weekend Argus survey of 60 Peninsula restaurants, steakhouses and coffee bars this week we found most of the owners were "turning a blind eye" to the Group Areas Act or the terms of their liquor licences.

And Government sources say it is highly unlikely that the owners of unlicensed premises will be prosecuted if they do not have permits to serve all races.

Many owners of unlicensed restaurants in white areas did not know they needed permission from the Department of Community Development to serve all races and were under the impression that only licensed premises needed special authority to admit black people.

The owner of a licensed restaurant in Cavendish Square said he had applied twice to the Liquor Board for "international status" but had been turned down on both occasions. No reasons were given.

"These applications are expensive because you need an attorney — the last one cost me about R1 000 — so I have no intention of trying again.

"In the meantime I can't afford to turn black customers away. Some of these people work here in the centre, said the restaurateur who did not want to be identified.

Only eight of the restaurateurs — chosen at random out of the Yellow pages and newspaper dining out supplements — said an outright "no" when asked whether they served black patrons.

Most of the restaurateurs who said they were open to all races, emphasised that it was class and not race distinction they practised.

"I have had only one complaint — from a white person who refused to sit next to a black patron. I asked the white man to leave," said Mr Ronnie Veldhuis, the owner of the Cinnabar steakhouse in Muizenberg.

Only two of the 60 restaurants — the Sea Point Pavilion and the Golden Spur Steak Ranch in Newlands — said they preferred to telephone the Liquor Board's hot line in Pretoria before they served black people.

The Pizza Place in the Gardens said they allowed black patrons to have meals but could not serve them with drinks and the Constantia Nek restaurant said blacks were admitted only on nights when there was no dancing.

They were under the impression that this was the procedure in terms of their liquor licence.

The Brass Bell in Kalk Bay was the only restaurant contacted which was in the process of applying for special international status.

A spokesman for the head office of the Wimpy Bar and Golden Egg food chains in Durban said they had submitted applications for all-race permits — in terms of the Group Areas Act — in respect of all their branches countrywide.

These applications were in various stages of being processed.

Meanwhile, the franchise holder of the Golden Egg in Parow, Mr J L Correia, says he would like to "keep the place for whites".

Ignored

"I'm scared (to allow black patrons) and I don't think I can take a chance here in Parow. Also we are spending a lot of money on alterations here and I want the place for whites.

Three restaurateurs said they were open to all races but did not want the fact published for fear of official reprisals.

One of the businessmen said he could not say publicly whether or not he was "open" because he was "just around the corner from the President's Council."

A spokesman for the historic Groot Constantia resaurant — it is leased from the Government who owns the estate — said they were in a unique position.

"We have people coming here from all over the world and we could never turn anyone away."

Asked whether restaurateurs would be prosecuted if they did not have permission to serve all races a spokesman for the Department of Community Development said:

"We are not doing anything about it."

The department is responsible for issuing all-race permits to unlicensed eating places.

He said they had been told of at least one restaurant which was contravening the Group Areas Act but they had "just ignored it".

However, the chairman of the Liquor Board, Mr T Vorster, said the owners of licensed premises could face prosecution and could also lose their licences if they contravened the Liquor Act by serving black people when they did not have international status.

There are three forms of international status — permanent, temporary and ad hoc.

For the first a licensee must apply formally to the Liquor Board who will hear the application and submit a recommendation to the Minister of Industries Commerce and Tourism.

Temporary international status can be obtained by merely writing a letter to the Director of Liquor Affairs and businessmen who need permission to serve black patrons on an ad hoc basis can contact the Liquor Board in Pretoria during the day or call three after hours telephone numbers.

and Welders

on

Sweet Workers Industrial Union
Sweet Workers Union
Sugar Industry Employees Union
South African Allied Workers Uni
S.A. Boilermakers, Iron & Steelw
S.A. Electrical Workers Associat
Western Province Sweet Workers U
Witwatersrand Baking & Confectio
Witwatersrand Brewing Employees

Tobacco

African Tobacco Workers Union
National Union of Cigarette & T
Rustenburg Tabakwerkersverenigi

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E. Post 3/6/87

More hotels to be open to all

By GRANT AUBIN

PORT ELIZABETH may soon have nine hotels where people of all races are welcome — although some of these will retain vestigal apartheid.

Black guests at hotels with an existing "international" status are now entirely unrestricted, which means mixed dancing or swimming will be allowed.

And any other hotel, regardless of its star rating, can apply for the old international licence.

According to the executive-director of the Federated Hotel Associations of South Africa (Fedhasa), Dr Ernst Uken, the unrestricted status is "completely at a manager's discretion".

Individual international hotels do not have to apply for the unrestricted status. Soon they would get a letter confirming that they had it.

"The new dispensations are very fair," he said.

The new status for hotels is a three-tier system.

The top tier encompasses hotels which are fully racially integrated.

The middle tier incorporates hotels which operate with the minimal restrictions which existed for international hotels until the new dispensation. No mixed dancing, or swimming is allowed and non-residents watching live entertainment in cocktail bars must have a meal. This status is by permit.

The third tier is for hotels, many in highly conservative areas, which don't seek international status. They can make "ad hoc" applications by phone if blacks ask to stay.

Port Elizabeth has four unrestricted international hotels: the Elizabeth, Edward, Holiday Inns and, the newest, Park Towers.

Mr C Egberink, manager of the Park Towers, said he had written for an international licence and, to his surprise, was granted an unrestricted one.

The proprieter of the Walmer Gardens hotel, Mr Trevor Lombard, has applied for a "temporary international licence".

The owner of the Beach Hotel, Mr G Beattie, said he would be applying for international status.

Mr C De Wit, of the Marine Hotel, said he received his application forms yesterday.

Mr A Christodoulou, proprieter of the Grand Gardens Hotel, said he was "still looking into it" and might apply soon.

All hotels to open to blacks . . .

ARGUS 3/6/82

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Argus Correspondent

PRETORIA. — All South Africa's licensed hotels, restaurants, sporting and social clubs will be allowed to admit blacks within the next six months — but only at the owners' discretion.

The executive director of the Federated Hotels Association of South Africa (Fedhasa), Dr Ernst Uken, announced here yesterday the details of a grading system which allow blacks to be residents at hotels throughout the country.

The scheme envisages the creation of a three-tier system of international hotels:

- Super international hotels — those now holding such a licence — which will be open to all races with mixed eating, dancing and swimming permitted.

The only two major requirements for this type of hotel is that there will be no entrance to bars from the street and that the hotelier must maintain law and order on his own premises.

- International hotels, which will have to apply for annual concessions from the Minister of Industries, Commerce and Tourism.
- All other graded hotels (that is, those with liquor licences).

The owners of these establishments will be able to use their discretion whether to admit blacks, but will have to obtain permission for individual applicants by telephoning Pretoria.

The latter system will work retrospectively, and hoteliers will be allowed to make this call at the end of the day and state who they admitted as residents.

Blacks, however, will not be permitted to enter hotels just to drink.

The scheme, which has already been through Parliament and accepted by the Cabinet, was introduced in an attempt to save South Africa's smaller hotels.

About 75 percent of hotels are in the one and two-star bracket and with the continuing creation of luxury hotels, most are verging on bankruptcy.

Dr Uken said the method of granting international licences, tax concessions for larger hotels and the sale of liquor in supermarkets had nearly spelled the end of small and homely hotels.

JEWELLERS AND GOLDSMITHS UNION

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Year	Membership: African	Asian and Coloured	White	Total	
1970					
1971					
1972					
1973		86	320	418	x
1974				322	x
1975				331	x
1976				222	x
1977				377	x
1978					••
1979				445	$
1980				460	Fosatu Annual Report 1980/81

Tourist hotels to get new tax concessions

RDM 19/5/81

~~320~~ 288

DURBAN. — New tax concessions to assist in financing tourist hotels were announced by the Minister of Industries, Commerce and Tourism, Dr Dawie de Villiers, in Durban yesterday.

Speaking at the 32nd annual meeting of the Council of Fedhasa (Federation of Hotel Associations of SA), Dr De Villiers said that the Minister of Finance had approved amendments to the Income Tax Act regarding the hotel grading subsidy. They would appear in the Government Gazette on May 22.

The announcement was made during Dr De Villiers's comments on the problem of financing tourist hotels.

He said that with the increase in the number of quality tourists to South Africa, it was of utmost importance that the trend should be stimulated and encouraged. A lack of facilities and services in popular key areas should not be an inhibiting factor.

It was clear, he said, that better tourist hotels had to be established. He had in mind hotels specifically for the tourist, and not just those that gave them accommodation.

Referring to South Africa's liquor position, Dr De Villiers said the investigation by the Competition Board into the liquor trade was making good progress. Its recommendations — some of which might be drastic — were expected at the end of the year.

He said that though he could not commit the Government at this stage to the recommendations, the report was considered very important.

He said it appeared that there was an increase in the number of off-consumption retail outlets that became involved in illicit liquor dealings.

"These transgression are not merely technical offences, but constitute wilful premeditated acts."

Dr De Villiers said he was aware that most of the offences were because there was no proper control of the liquor trade in the black metropolitan areas, where most of the existing outlets were unlicenced.

Administrative problems had caused delay since the Government announced its intention to allow blacks to participate legally in the liquor trade, he said. — Sapa.

Liquor sale snag

DURBAN. — Dr Dawie de Villiers, Minister of Commerce and Tourism, told hoteliers in Durban yesterday it appeared an increasing number of off-consumption liquor retail outlets were involved in illegal liquor dealing.

Addressing the annual congress of the Federation of Hotels Associations of SA, Dr De Villiers said: "These transgressions of the law are not merely technical offences, but constitute wilful, premediated acts which reflect adversely on the liquor industry."

He was aware most of the offences occurred because there was no proper control of the liquor trade in the black metropolitan areas, where most of the existing outlets were unilcensed.

Administrative problems had caused a delay since the Government had announced its intention to allow blacks legal participation in the liquor trade.

He said the report and recommendations from the investigation into the liquor trade were expected at the end of the year — and some of these might be drastic.

Although he could not commit the Government to the recommendations at this stage, the report by the Competitions Board was considered very important. — Sapa.

288 C. Herald 12/6/82

Law favours white hotels — claim

THE raising of the status of "international hotels" to that of "super international hotels," where mixing of races on all levels would be allowed, was described this week as looking after the interests of white hoteliers at the expense of blacks.

The new hotel status system, which was announced in Pretoria last week by Dr Ernst Uken, executive director of the Federated Hotel Association of South Africa, will mean that members of all races will be able to swim, dance, eat and drink together at hotels which have super international status.

Previously the mixing of races when it came to swimming or dancing at hotels was strictly forbidden — even at hotels which had the old international status.

The old international status, said Dr Uken, would remain, but would be graded on the second level.

ENTRANCES

International hotels which had proved themselves would be up-graded to the super level, said Dr Uken. Conditions of the new status were that the hotelier was responsible for the maintenance of law and order and there could be no street entrances to any bars.

The right of admission has been placed in the hands of individual hoteliers, rather than the authorities, and international status can now be extended to include smaller hotels.

The third category of the new system included all other hotels. These hotels would continue as at present except that the proprietor would be able to serve other races on condition Pretoria was informed.

Dr Uken said that, when supermarkets obtained liquor licences, the hotel industry had lost a major source of income which had to be found elsewhere.

He said that the new hotel status scheme had opened the way to the buying potential of Africans, coloureds and Indians being tapped.

HOTELIER

Mr Reggie Webb, a Cape Flats hotelier, said that the new hotel status scheme was making use of the blacks.

He said that it was geared to look after the interest of the white hotelier at the expense of the blacks.

Southern Sun into orbit — Phase 3

(288) S. Times 13/6/82

A NEW era is dawning in South Africa's burgeoning hotel industry.

By John Spira

Southern Sun's announcement of a mammoth new R100-million hotel complex in the centre of Johannesburg heralds the third phase in the country's largest hotel group's drive to consolidate its leadership of the industry.

In a wide-ranging interview with Business Times, Southern Sun managing director Sol Kerzner emphasised the innovative nature of the new complex, and pointed out that this was part and parcel of the group's policy of being first in the field of fresh, creative endeavour.

The projected R100-million development is, comments Mr Kerzner, the biggest of its kind attempted in South Africa.

Spanning as it will nearly two city blocks and boasting more than 800 rooms, it embodies new scales and new concepts.

According to Mr Kerzner: "By undertaking so huge a project, we are saying that Southern Sun is working towards cementing its continued growth in the decades ahead.

"We are saying that it's shortsighted to get cold feet at the first signs of an economic recession. We took a long and unorthodox view during the tough climate of the mid-1970s. That paid off.

"I see no reason why our new initiative will not, in due course, reap substantial rewards."

Tracing the three phases of his group's headlong growth, Mr Kerzner pinpoints the first phase as characterised by the building of enormous hotels (relative to standards ruling at that time), with particular emphasis on the Durban beachfront, "when there was no apparent market for hotels of that size".

Then followed the casino phase of the late 1970s, at which time Southern Sun pioneered the concept of casino complexes on an unprecedented scale.

And so to the third, jumbo-hotel phase, underlining as it does Southern Sun's unswerving confidence in the future of the hotel industry in particular and in the country in general.

Mr Kerzner says that it will take a few months before plans for the new Johannesburg hotel are completed. Building is scheduled to start in the first half of 1983, with completion expected in the second half of 1986.

An integral part of the plans for the new hotel is an innovative financing package, the details of which Mr Kerzner declines to reveal at this stage.

Clearly, however, it will need to involve a number of creative features in order to get round the current crippling cost of money.

As Mr Kerzner points out: "The money market has altered drastically. We see this as a major challenge — especially since our financing has been extremely sound in the past and we intend that it should remain so in the future.

"And in the same way that we have not lacked in vision and foresight in introducing new ideas into the hotel industry, so we shall not lack creativity in our financing methods."

Looking forward to the group's likely performance in the context of recessionary economic circumstances, Mr Kerzner believes that, while occupancies will be adversely affected in the short term, the longer-term future looks promising.

He sees the conference business as an area in which Southern Sun will experience continued strong growth and draws attention to the "fantastic" performance of the conference facilities at Sun City.

In 1980-81, Sun City hosted about 200 conferences and then doubled that figure in 1981-82. And the second six months of 1981-82 was a period when the recession was already starting to bite.

Further, more facilities will shortly come on stream in the form of Sandton Sun (which will have the capacity to accommodate 1 500 delegates on one level) and a slightly smaller facility in Cape Town.

Mr Kerzner is hoping that the creation of additional conference and banqueting facilities will enlarge the size of this market — particularly in Cape Town, where very little in the way of such facilities exists.

A significant plus factor for future performance is Southern Sun's balanced property portfolio. This, says Mr Kerzner, has been a telling force in the group's rapid growth rate in the past and, at a time of rapidly escalating rentals, will continue to be a pillar of strong profit support in the future.

He points out that earnings per share have grown at an average annual compound rate of 55% over the past five years and that the group's balance sheet is stronger than ever. He is therefore "very confident" for the medium to long term future.

He concludes: "I am excited by the twin challenges of coping with the downturn in the economy and our ability to cope with the dramatic changes in scales which will materialise in the years ahead."

Sanlam launches big new hotel group

1/3/82 288 S. Times

By Vera Beljakova

SOUTH Africa's latest hotel group, with a potential turnover of R25-million for its first year, was midwifed into the world this month by its powerful parent, Sanlam.

The new Protea Hotel group will be managed jointly by the Trust Bank and Otto Stehlik, MD of the former Heerengracht Hotel group — which, through expansion, becomes the new Protea group.

It is now the country's third-largest hotel company in terms of turnover, and, in view of Sanlam's aggressive marketing habits, it could prove tough competition for the other two — Southern Sun and Holiday Inns.

The Protea group was spawned by the former Sanlam/Trust Bank-backed Heerengracht Hotel group, which consisted of Cape Town's five-star Heerengracht, four-star Capetonian and San Lameer, Sanlam's exclusive Natal-coast holiday resort development that sells beach houses for R70 000-R140 000.

Protea was forced into existence when the former Heerengracht Hotel group withdrew from the "Tale of Three Cities" marketing organisation which serviced Westin's Carlton Hotel in Johannesburg, Durban's Royal Hotel and the upmarket jet-set game reserve, Mala Mala, as well as the Heerengracht and San Lameer.

The group parted company with the marketing arm when it developed a hunger for the lucrative Johannesburg market. This appetite for expansion on the Reef — traditional Westin territory — obviously conflicted with the Carlton Hotel.

"This month we bought the group's third-largest hotel, Berea's residential Gardens, and shall lavish R3-million on the 358 rooms to provide sorely needed conference and banqueting facilities for Johannesburg," says Mr Stehlik. "Our capacity will be 400 delegates."

When the hotel reopens in December 1982 under the name of Constantia Gardens ("to remind one of Protea's Cape origins"), it will have undergone a 5-star facelift — complete with Cape furniture and decor.

Its admirable aim "is to tend to the businessman's needs, hence hairdryers and other such grooming aids will feature in all rooms".

(288) FM 10/12/82

HOTEL TRADE

Waking up sleepy hollow

This month, government should give its decision on Competition Board (CB) recommendations that liquor be sold more freely through supermarkets and groceries. If this happens, it could ultimately close down 500 out of SA's 1 315 one and two-star hotels.

This is the claim of Fedhasa executive director Ernst Uken, who says that 80% of the total income of one-star hotels comes from liquor sales against 20% for five-star hotels.

According to the University of Pretoria's Bureau of Financial Analysis, hotel room occupancy has shown an average drop of 5,6% or 37 000 rooms/month in the first nine months of 1982, compared to the same period last year.

One and five-star hotels have been hardest hit. One-star hotels were down by 8% or 9 500 rooms/month and five-star hotels down by 8,4% or 5 500 rooms/month.

The drop in five-star occupancy is largely due to less custom from recession-hit businessmen, who are now going more to four-star establishments. Room rates of four and five-star hotels differ markedly at R45,50 (out of season) and R48 (in season) versus R63.

While some one and two-star hotels are still cheap — about R12 for some Free State country hotels — most have raised tariffs to keep up with rising costs. Tariffs for one and two-star hotels countrywide now average R16,50 and R25 respectively.

It now costs R120 000/room to build a five-star hotel compared to R14 000/room 10 years ago. Since May 1981, the permitted depreciation write-off period is 10 years for a five-star hotel against 25 years for a one-star and 20 years for a two-star.

Since hotels are so capital intensive, there is the investment allowance. A five-star hotel has nine years against 22,5 years for a one-star and 18 years for a two-star.

These incentives have been good for upgrading hotels to match top standards for international businessmen, but little incentive remains to build new one-star hotels apart from offsales revenue. None has been built in the last five years.

A one-star hotel must have 71 basic requirements prescribed by regulations, as well as private bathrooms or showers for at least a quarter of the rooms, a ratio of one or more communal bathrooms and toilets to every eight beds and a 16-hour light refreshments floor service.

Supermarketers say that increased competition to hotels will probably be limited to natural wine sales, which make up only a percentage of offsale income.

"Liquor licensing has been slowly freed over the past 20 years and hotels have been aware of this trend," says Checkers national merchandise manager (wine) Vaughan Johnson. "They have had plenty of time to adapt, but instead they ask for protection."

But Uken replies: "A small country hotel is the community centre. Take the hotels away and you will be left with ghost towns. Why destroy the existing infrastructure of the platteland to implement a purely economic principle, which appears to merely shift the point of sale rather than stimulating new sales?"

About 30 000 blacks could lose their jobs and would battle for re-employment as most of these hotels are not in industrialised areas.

The government is also hampering its policy of decentralisation, says Uken. Businessmen would be happier to set up in border areas or economic growth centres if they were assured of accommodation and a community centre to attract salesmen, mechanics and other assistants.

Unfair competition

Hoteliers claim that the competition from supermarkets is unfair as these chains often use liquor as a loss leader. Johnson denies this. "Wine has a natural place in the shopping basket and must contribute a profit."

Hoteliers also argue that they already face sufficient competition. Johannesburg alone has 250 offsales and, if further competition is to be encouraged, it should concentrate on "undersupplied" areas such as Soweto, which has only 18 outlets, says Uken.

This month, a Fedhasa delegation meets the government to again put forward the small hoteliers' case. Those in the trade say it is unlikely that beer retailing practices will be relaxed, unlike the case for wine.

Meanwhile Fedhasa has held regional conferences for one and two-star hoteliers, to encourage them to exploit assets such as a beautiful setting, good hiking country, or an innovative menu. Fedhasa also wants to start a campaign to pull conference business to country hotels.

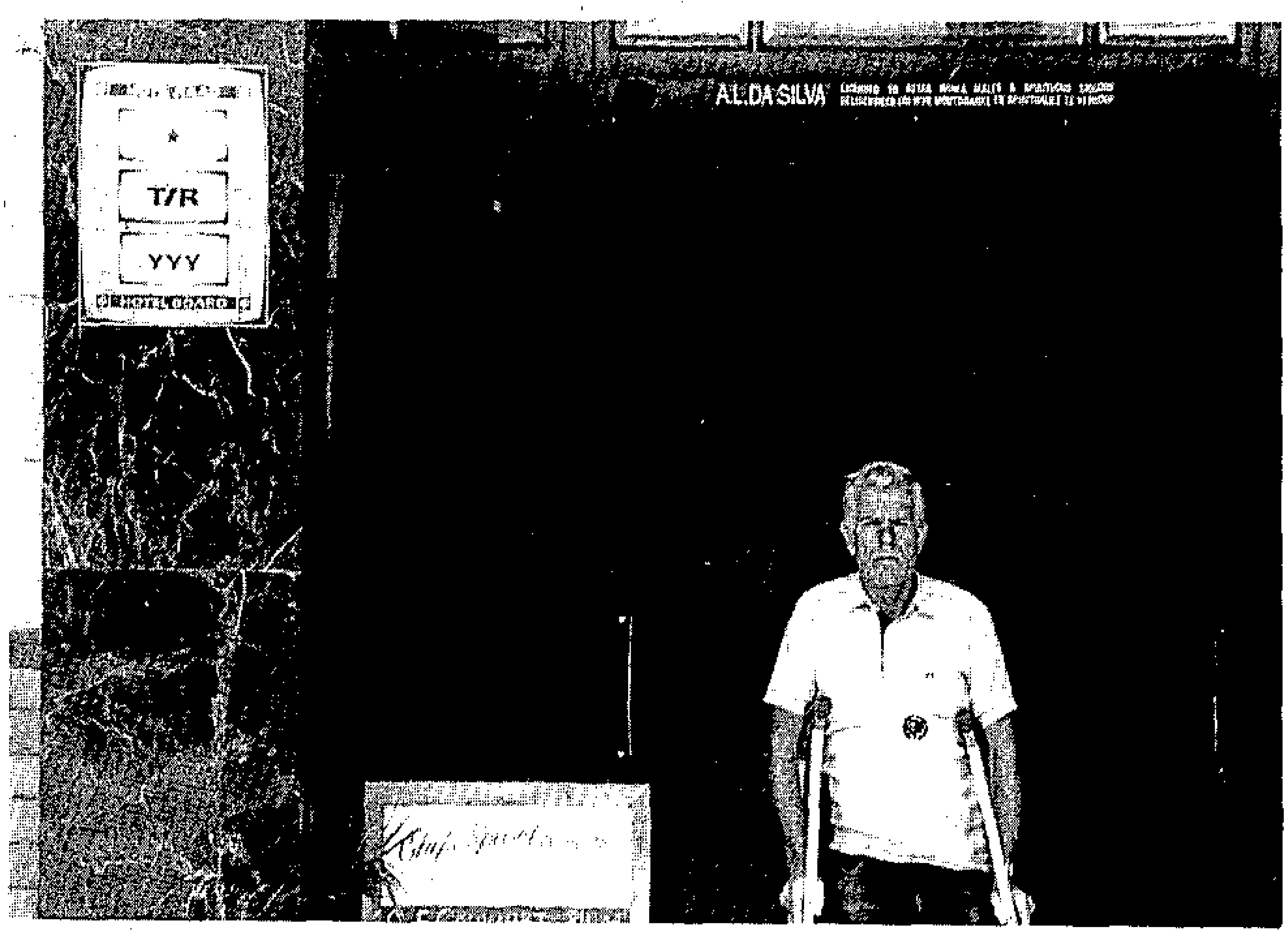
About 100 small hoteliers are hoping to band together in a concerted attempt to attract more overseas tourists and Fedhasa has discussed group marketing with travel agents. Uken says the cooperative marketing scheme would be on the lines of the independent grocers in the Spar organisation.

Since last year, a small hotelier has been able to apply for a temporary international licence. The licence is valid for a year and is renewable and so far has been granted to nearly 30 hotels. This has given them a new black market.

Some one and two-star hotels have been made to pay. Republic Inns marketing director Edward Lawrence has attracted casual custom to his two and three-star hotels by updating the decor and offering live entertainment in "action bars."

The Karos group, with four two-star hotels and four one-stars in its stable, buys neglected old hotels and refurbishes them at about R15 000/room. The group is also offering Christmas package rates, such as R95 for eight days and seven nights in its Johannesburg Park Lane hotel

Perhaps these are the prescriptions for survival for the rest of the industry.



One and two-star hotels ... hobbling along

288
16/10/82

Post Focus

No 'Whites only' signs end Cape beach apartheid

288

By CLIFF FOSTER

IF Port Elizabeth is looking for a way to open its beaches to all races it would do well to examine the simple measures taken by the Cape Town city authorities.

Cape Town decided to ignore apartheid laws on the beaches, and the problem has gone away.

Today all races mix with harmony on those world-famous beaches, an inoffensive spectacle to international tourists calling by.

The City Council fought apartheid with nothing more than a will as inflexible as the apartheid laws themselves.

It refused, right from 1949, to put up *Whites Only* signs, thrusting the responsibility into the lap of the Provincial Administration. The police, in their turn, refused to arrest or prosecute on a "white" beach where no sign existed.

Result: Apartheid steadily retreated, blacks and whites moved on to the beaches together.

This is a development which many people in all levels of local and national government are now ready to accept, even if only on an "unofficial" basis. It is very much the same, on a city scale, as the situation we have had over the years on the sands at the mouth of the Swartkops River.

Introducing this kind of change to the beaches fronting Port Elizabeth's holiday hotels would no doubt be a pretty conspicuous measure, but if Cape Town can do it all along those internationally-known Atlantic beaches running down from Camps Bay to the city, including Clifton, Sunset Beach, Saunders Rocks, Sea Point and Milton Pool, why can't Port Elizabeth try it at Humewood and King's Beach?

Mr D J de Villiers, assistant city administrator in Cape Town, told Weekend Post: "This council decided many years ago, when the demarcation of beaches was done, that it would not put up the signs, and the council policy is that it will not allot separate areas.

"We have a force of beach constables to prevent anti-social behaviour.

"The police themselves would not act against blacks if no signs existed.

"Clifton's three beaches have had very little use by blacks so far. Close to Camps Bay there is a tidal pool which is normally used by coloureds. They have been using Camps Bay for about three years — generally only at the height of the season.

"Virtually all the beaches on the Atlantic seaboard are open to all races.

"East of Sunrise Beach at Muizenberg there is a long beach called Strandfontein and this has been an 'undeclared' beach for the last four years or so.

"There has been no official legal change in the last four years. No applications have been made to anyone to allow blacks on to the beaches at Cape Town. They are there by natural usage.

"There are not many notices left now — one or two at Muizenberg, at Kalk Bay and a couple of other tidal pools, at St James' Beach and Maiden Cove."

What has been achieved in Cape Town has flowed from a resolute stand against apartheid by a succession of city councillors with citizens firmly behind them.

We have been witness to quite a different picture in the Eastern Cape, with black families herded off beaches after anonymous complaints — but the police have only acted where notices have controlled the use of the beach, and already in the Dias Divisional Council area (as at Brighton Beach) the sands are open to all races.

Most important in the Cape Town situation, there has been no cause for regrets on the part of the whites. Opening the most popular beaches has led to no racial incidents.

Mr Bob Molloy, a Cape Town journalist and author of the tourist guide to the Peninsula *When in Cape Town*, has kept a close eye on developments round the Peninsula and he told Weekend Post the opening of beaches two years ago had produced no unpleasant results.

The first immediate effect on certain popular beaches, he said, had been overcrowding at the peak holiday period, lasting about three weeks.

"There is an enormous beach running east from Sunrise Beach at Muizenberg which was a favourite spot for walking dogs and from this beach the whites seem to have retreated.

"Part of Hout Bay is undeclared and it has been used by coloureds and whites. Sandy Bay is undeclared but it's mainly been used by whites.

"There are many areas of the coast north of Milnerton which are undeclared.

"Sometimes the beaches get very crowded, but only in the high season. There are very few protests about the overcrowding.

"I have a cottage right on the beach at Hout Bay and at the weekend I just ignore the beach because anything between 5 000 and 6 000 people could be right in front of my cottage. I know I have the beach to myself five days of the week.

"Hout Bay will probably be the next multiracial beach.

"I know of no racial incidents on any of the beaches. Recently we have introduced a system of beach constables for municipal beaches.

"The Peninsula is strongly in favour of non-racial beaches.

"At Tokai whites wanted a non-racial area. They opposed an upper-class coloured suburb which was being proposed and wanted the whole area declared open so that those who could afford to buy there were free to do so.

"The mixing of the races virtually started with the opening of the braai areas.

"The municipality of Cape Town has refused to put up *Whites Only* notices. It is totally opposed to any kind of Group Areas whatever and the people are firmly behind the City Council."

Signs like this one in Port Elizabeth, limiting access to the beach to whites only, have been ditched by the Cape Town City Council which has refused to comply with apartheid regulations.

Big opposition to liquor trade switch

Star 10/6/82 2868 288

By Pieter de Vos

Strong protest mounted today against the call by the Competition Board for sweeping changes in the liquor industry.

Mr Ernest Uken, executive director of the Federated Hotel Associations, said that half of the small one and two-star hotels could close if the Government accepted the recommendations. The KWV said that the report applied double standards.

The board's 78-page report into the supply and distribution of alcoholic beverages would largely undo the restructuring of the industry in 1979.

SA Breweries and Cape Wine & Distillers would not comment at this stage.

The monopoly in the wine-and-beer industries should be broken up, the report said.

The board found that:

- SA Breweries 30 percent shareholding in Cape Wine & Distillers was "not justifiable in the public interest."
- The KWV should sell its interest in Cape Wine & Distillers.
- Steps had to be taken to end Cape Wine's shared control over the Oude Meester group and Stellenbosch Farmers' Wineries.
- The interests in the wine-and-beer industries should be divorced from one another.
- The administration boards should no longer have the sole rights to sell sorghum beer and distribute alcoholic beverages in black townships.
- The decision that no person or controlling body may own more than five retail liquor outlets should be reversed.
- Grocers' licences should also permit the sale of light alcholic beverages other than wine, such as beer.

CONNECTION

The KWV said it would be "a total blunder to maintain that the wine growers' limited participation in the marketing of their own products was not in the public interest while there was a much bigger participation in the case of other agricultural industries."

The KWV was strongly opposed to the extension of grocers' licences to other alcoholic beverages such as beer, reports Sapa.

Justification for the distribution of wine through grocers lay mainly in the strong connection between wine and food, which no other alcoholic beverage could claim, the KWV said.

The Competition Board's confirmation of a 1979 Cabinet decision that there should be an absolute separation between the wholesale and retail trade accorded with principles that the KWV and others had put forward for many years, the KWV statement said.

However, to separate the two sectors without placing some form of restraint on the number of outlets in the hands of one party could be self-defeating.

MALPRACTICES

A new power concentration at retail level could give rise to more severe malpractices than those the board wanted to eliminate.

The KWV rejected as "extreme" the recommendation that Cape Wine and Distillers should be dissolved and noted that the company came into being after being approved by the Cabinet.

"It is very clear that, as stated in the minority report, double standards were applied here," the statement commented.

"In the case of SA Breweries the board obviously accepts a 100 percent monopoly, but in the case of the wine and spirits industry a 75 percent market share would appear to be sufficient to recommend dissolution."

Big shake-up in hotel industry

288 Star 17/2/83

By Alec Hogg

Negotiations being held on "rationalisation of interests" between Southern Sun and Rennies (which controls the Holiday Inn chain in Southern Africa) have far-reaching implications for the hotel industry.

Although an announcement on the result of the negotiations will become known within a month, investigations by The Star show that closer co-operation among the groups is likely in sponsorship, administrative and the travel tour areas.

Significant in the discussions is the future of Southern Sun's profit-spinner Sun City, which is being threatened by kwaNdebele opting for independence.

Holiday Inn has the casino rights to the kwaNdebele homeland. It therefore would be easy for the group to open a Sun City-type centre an hour's drive from Johannesburg.

But Southern Sun could open another gambling centre, even closer to South Africa's biggest city, because Rosslyn East, near Pretoria, is part of Bophuthatswana, where the SA Breweries-controlled group has sole casino rights.

Although Rennies' chairman Mr Charles Fiddian-Green said at a conference this week kwaNdebele is not a critical element in the discussions, The Star has established that the question is on the agenda.

It has been ascertained that closer co-operation between the groups on package tours, particularly from abroad, will be discussed.

It seems probable that a future package tour could include stays at the Holiday Inn in Johannesburg, Hluhluwe and the Wild Coast, supplemented by Southern Suns Maharani in Durban, President in Cape Town, and perhaps Sun City.

Another area where rationalisation between the groups could be achieved is through sponsorships. Holiday Inn could receive some mileage out of the Sun City Million golf tournament while Southern Sun could benefit from the Holiday Inn Handicap.

Exactly what the conditions of agreement are is difficult to establish, but it is beyond doubt that kwaNdebele is involved.

Southern Sun still looking at US venture

288 NDM

4/4/83

By JOHN MULCAHY

SOUTHERN Sun is conducting a feasibility study of the $250-million Camelot hotel-casino project at Atlantic City, New Jersey.

The group's managing director, Mr Sol Kerzner, says: "The thing will either go or it won't go come May. If the conditions are met, I think we've got a great scheme."

Mr Kerzner says Southern Sun was approached to participate in Camelot in the middle of last year, and examined the proposals at length before deciding in November to reject the approach.

The first offer was rejected for reasons related to the pitfalls later highlighted in a New York stockbroker's report.

The New York firm, Drexel Burnham Lambert, in a report to clients on Southern Sun's proposed link with American Leisure Corporation (ALC), expressed misgivings about the alliance, pointing to ALC's chequered history.

Mr Kerzner says: "The so-called revelations by Drexel are not news to us — we have been aware of Jacobson's background for some time."

(Mr Nate Jacobson, ALC's chairman, was indicted in 1971 by the Securities and Exchange Commission, and the Nevada Gaming Commission later decided to rescind his casino licence in Lake Tahoe. In 1980 he, together with ALC and other parties, were charged with violating Federal securities laws relating to an ALC share offer).

Mr Kerzner says the proposals first put to Southern Sun were too loose, providing no protection against a repeat performance by ALC.

"The very doubts raised by Drexel rendered the possibility of a partnership with ALC out of the question, and Southern Sun's board turned down the offer in November."

Southern Sun was again approached in January this year, by a different investment broker, who had penned an agreement that took heed of all the pitfalls, but provided Southern Sun with an opportunity to participate in the Atlantic City development.

"The bank that came up with the revised deal understood our reasons for withdrawing from the original offer, but they believed the deal could be structured to overcome these problems.

"They set out the reasons for Southern Sun turning the deal down and realised there had to be a way to cope with the problems."

In terms of the new agreement the best ALC will get is a minority stake in a new company, with Southern Sun deciding who will be offered the rest of the minority stake.

Mr Kerzner says: "We have the power to insist on the resignation of directors from ALC's board, not to mention control over Sun Resorts.

"ALC will not be a partner in this venture — they will have a minority stake with no say in the direct management."

If ALC wants representation on Sun Resorts board its proposed representatives will have to submit to investigations by Southern Sun into their backgrounds.

"We will have to be satisfied that these people can never be under question in terms of integrity."

Applications for gaming licences are made only when a casino has been completed, and the New Jersey Gaming Commission is empowered to investigate every proposed manager and employee.

Sun Resorts is the company to be formed to control and manage Camelot, with Southern Sun holding 60% of the equity and the balance split between ALC and other as yet unidentified parties.

Mr Kerzner regards the Drexel report as a feather in Southern Sun's cap. "If you study our agreement with ALC alongside the Drexel report you will find there is not one loophole that has not been plugged."

On the question of cost overruns — Drexel's report says the Hilton and Golden Nugget groups have announced plans for 600-room hotels each costing about $250-million — Mr Kerzner says there is no obligation to continue with the project if the results of the feasibility study suggest otherwise.

ALC has a history of announcing schemes which have never materialised, and Drexel's report quotes an example of a contractor who confronted ALC with the option of renegotiating a contract or stopping construction and fighting the case in court.

But, says Mr Kerzner, "there is no way we make an announcement when we are not serious about it".

Camelot is a 1 000-room venture, but Mr Kerzner says the schemes are not strictly comparable, as communal facilities, such as the casino, bars and restaurants, absorb a disproportionate slice of the cost.

In response to Drexel's claim that the land for Camelot has been overvalued at $26-million, Mr Kerzner says the price paid is at the lower end of Drexel's estimates.

The brokers have overlooked the fact that with the ground comes a string of permits and approvals, as well as complete architectural, mechanical and interior designs, and full sets of plans.

The permits alone represent two years of hassle, says Mr Kerzner, and the value of the plans — "they are excellent, and I foresee few changes" — while difficult to assess, is at least $6-million.

"If you consider the holding costs of the ground for two years — a conservative estimate assuming one is starting out fresh on the project — the actual effective cost of the ground is probably about $15-million.

"If Drexel says there are other sites available for between $15-million and $25-million then I think we have got a good deal here."

May 1 is the deadline — Sun Resorts will either embark on an ambitious project, propelling Southern Sun into the cut-throat world of American gambling, or the whole deal will merely have been a passing fancy.

'No-star' hotels scheme

CAPE Times 3/1/83

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Own Correspondent

DURBAN. — The Federation of Hotel Associations of South Africa (Fedhasa) wants to hear from the public whether there is any interest in the creation of "no-star" hotels at lower rates.

Fedhasa's Executive director, Dr Ernest Uken, said yesterday that the concept of hotel accommodation cheaper than the one-star grading would be discussed at its annual meeting in May.

"I believe we must come up with something for the average family man, who is finding graded hotels too expensive."

Dr Uken said a possible answer was to revive the basic motel concept at about half the average one-star hotel rate.

Anyone interested in sabmitting giving their views should write to the Executive Director, Fedhasa, P.O. Box 244, Pretoria. 0001.

Breweries boss quits, Sol wants more of Southern Sun

Goss, Kerzner shocks for SAB

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RDH

23/7/83

By HOWARD PREECE and STEVE ELLIS

THE R2 000-million South African Breweries group was rocked by two major developments yesterday.

- Casino king Mr Sol Kerzner launched the biggest gamble of his career by announcing that he wanted a "larger stake" in his Southern Sun hotel chain, which is controlled by SAB.
- Mr Dick Goss, 56, announced his [illegible] resignation as managing director and chief executive of SAB.

No direct connection, however, was seen between the two events.

Mr Goss was known to be bitterly unhappy over the deal in May in which effective control of SAB went to a consortium led by Anglo American and including the Premier Group and Liberty Life Assurance.

An attempt by Mr Gavin Relly, the chairman of Anglo American, to pacify Mr Goss would appear to have failed — his resignation was announced at a special SAB board meeting yesterday morning.

Mr Meyer Kahn, the 43-year-old chief executive of OK Bazaars and SAB's deputy managing director since May, is the new managing director.

Mr Kahn said it was likely Mr Goss would also resign as deputy joint chairman of Premier Investments — the company created to hold Premier's 34% stake in SAB.

The appointment to Premier Investments was part of the package by which the Anglo-led consortium hoped to appease Mr Goss and five other rebel directors who threatened to walk out after the Premier purchase.

Later in yesterday's meeting, Mr Kerzner revealed that he was seeking a larger stake in Southern Suns, a move which prompted the immediate suspension of the hotel group's shares on the Johannesburg Stock Exchange.

A SAB announcement said: "Mr Kerzner has expressed his wish to participate financially to a greater extent in the Southern Sun group and the SAB board has agreed to enter into negotiations in this regard."

Mr Kerzner tendered his resignation from the SAB board to avoid any potential conflict [illegible]

There was intense speculation in business circles last night about what Mr Kerzner may be intending. Southern Suns is valued at over R300-million on the Stock Exchange.

Mr Kerzner, who has about 10% of the group, would have to pay a minimum of R140-million (based on Southern Suns pre-suspension price) to secure control — something he could not possibly do on his own.

One theory was that Old Mutual might be backing Mr Kerzner.

There has been a major breakdown in relations between Anglo and Old Mutual since the consortium took control of SAB. The sale of Southern Suns to an Old Mutual-backed Mr Kerzner might restore the traditional friendship between Anglo and the Old Mutual.

The Cape-based insurance giant already owns Holiday Inns through last month's purchase of Rennies.

Mr Kerzner said: "I obviously have confidence in the Southern Suns group and I want a bigger stake in the business." However, he would not disclose the extent to which he hoped to increase his holding.

Negotiations with SAB had already begun and should be completed within "one or two weeks".

Mr Kahn said that an amicable Mr Kerzner had come to SAB "on commercial grounds" and added that if the scheme suited the brewery group, it would sell. He did not detail the size of the SAB stake involved — indicating that control could well change hands if the price was right.

The resignation of Mr Goss has been in the wind since the Premier deal was struck behind the back of the SAB board.

It was, perhaps, ironic that he stepped down at the same meeting which approved the appointments of Mr Tony Bloom, Premier's chairman, and Mr Michael Rapp, an executive director of Liberty Life, to the SAB board.

Mr Goss said "it is in the best interests of the everyone" to resign after 16 years at SAB's helm because his total commitment to the job had begun to weaken.

Mr Goss had not decided what he was going to do. He was confident he would get back into "SA's exciting business world". However, he would hesitate before taking a position as onerous as the one he held at SAB.

Commenting on reports that he would have to give up stock options worth about R1-million over 175 000 SAB shares, Mr Goss said: "I have not lost financially through the separation."

Magnate nets Southern Sun gems

Sol Kerzner in R30m casino coup

RDM (R88) 5/8/83

By JOHN MULCAHY

THE suspense is over. Mr Sol Kerzner has bought control of the gems in Southern Sun's portfolio — the hotel-casinos — for just over R30-million.

After 10 days of tough and relentless horsetrading, the ebullient hotel magnate has concluded a deal with South African Breweries that not only gives him the independent say over Sun City, Mmabatho Sun, Amatola Sun in the Ciskei, and three hotels in Mauritius, but also R7-million in cash.

A delighted, if exhausted, Mr Sol Kerzner, and SAB's Mr Meyer Kahn and Mr Peter Bacon, faced newsmen at the Landdrost Hotel, Johannesburg, yesterday afternoon and told of the deal reached after negotiations that Mr Kahn said required "every ounce of stamina, fortitude, and courage we had".

"Forget about all the friendly, amicable stuff you read about in the papers. This was rough stuff, fought every inch of the way."

Mr Kahn emphasised that at no stage was overall control of Southern Sun negotiable. "It (Southern Sun) is an integral part of SAB and we would not consider selling it — we saw the first prize as a deal that was satisfactory both to us and to Sol."

Mr Bacon, until now director of Southern Sun's hotel operations, has been appointed managing director of the group in succession to Mr Kerzner. His appointment becomes effective on October 1.

A new company, whose working title for the moment will be "Newco" is to be formed to encompass ownership.

Southern Sun, in which SAB had an interest of 71% until yesterday, has been restructured, and the main elements of the deal are:

- Mr Kerzner sells 10% of Southern Sun — 5 500 000 shares — to SAB for R34 560 000.
- Mr Kerzner pays Southern Sun R30 160 000 for a 51% stake in "Newco" which will control the Bophuthatswana, Ciskei, and Mauritius operations. Southern Sun holds the remaining 49%.
- Southern Sun pays Mr Kerzner R2 750 000 in terms of restraint of trade agreement.
- Mr Dick Goss, former SAB managing director, resigns as chairman of Southern Sun from September 30. He has been invited by Mr Kerzner to take the chairmanship of "Newco".
- Mr Kahn, new SAB managing director, is likely to succeed Mr Goss as Southern Sun managing director.
- Southern Sun minority shareholders offered 80 SAB shares for every 100 Southern Sun shares they own.

According to Mr Kahn the deal, which was finally concluded at 2.30am on Thursday, was satisfactory to SAB, Southern Sun's external directors — they include Mr Marmion Marsh, managing director of Safmarine and Mr Louis Shill, managing director of Sage Holdings — and Mr Kerzner.

It seems, however, that if anyone was a winner, it is Sol Kerzner's number that came up in this particular spin of the wheel.

For R30-million Mr Kerzner is getting control of 1 311 hotel rooms, including 624 at the high-occupancy Sun City.

The deal puts a total value of about R59-million on the casino-hotel operations, or R45 000 a room.

It has been recently estimated that a "greenfields" hotel in South Africa now would cost at least R100 000 a room.

Mr Kerzner said the deal had yet to be approved by the relevant homeland governments, but he was confident their approval would be given.

Referring to earlier speculation on his intentions, Mr Kerzner stressed that at no stage was the Old Mutual involved in his efforts to strike a deal.

He did not, however, deny the possible involvement of any other financial institution.

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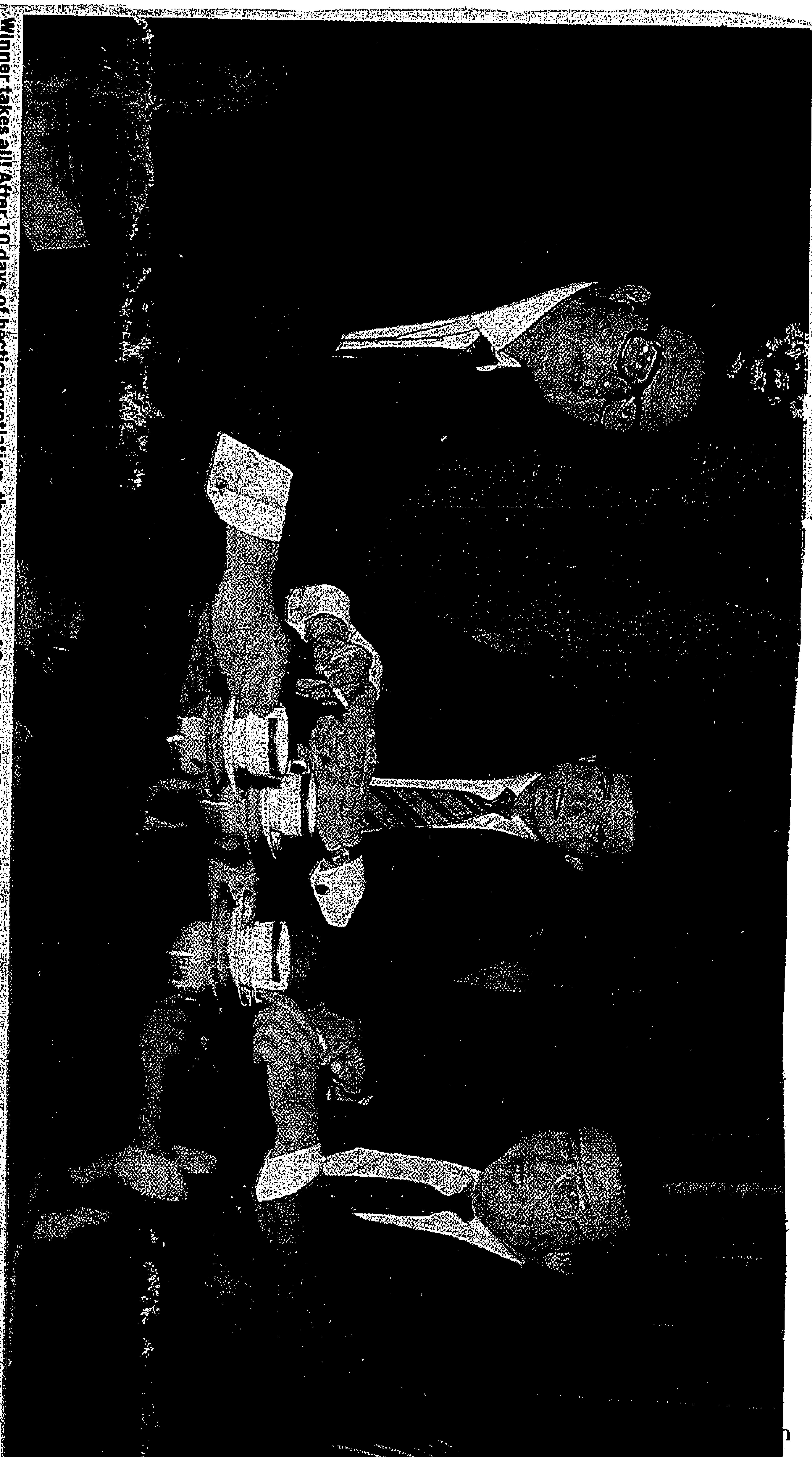

Winner takes all! After 10 days of hectic negotiation, the new owner of Sun City, Mr Sol Kerzner, relaxes with South African Breweries managing director Mr Meyer Kahn, left, and Mr Peter Bacon, centre, Southern Sun's new managing director.

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SOUTHERN SUN AFFAIR

Throwing down the gauntlet

Control of Southern Sun hangs in the balance as Sol Kerzner bids to acquire a greater stake from SAB. This could be another aspect of a larger corporate battle.

It is difficult to believe that SA Breweries would be short-sighted enough to relinquish control of Southern Sun. It would be even more incredulous if the decision were taken to accommodate the susceptibility of some directors smarting at the Premier deal.

There have been some hasty decisions taken by those involved in the SAB power struggle in recent months. A great deal of money has been involved. At some stage commercial logic must prevail and the flavour of a soap opera be washed away.

The very idea that SAB should contemplate selling control of its thriving hotel group to Sol Kerzner borders on the ludicrous. It erodes the logic behind the Premier deal, predicated as it is on the acquisition of productive assets rather than cash. Yet, given some of the surprising decisions of late, it cannot be ruled out.

Fact is that, but for a last-minute rethink, the deal could well have been a *fait accompli* before Kerzner's resignation last week and that of SAB's MD Dick Goss. The whisper is of reluctance at 44 Main Street to face a confrontation over the matter.

Apart from contributing some R210m of SAB's R4,3 billion turnover last year, Southern Sun (SS) accounted for around 17% of SAB's R213m net income. Clearly, SS is not an asset that those with the interests of SAB and Premier at heart would like to see go.

There is, however, some commercial logic in allowing Kerzner to increase his personal stake in SS from the present 12% — worth around R40m — to, say, 25%. He has been the powerhouse behind the group's success. But would even this be sufficient to satisfy him?

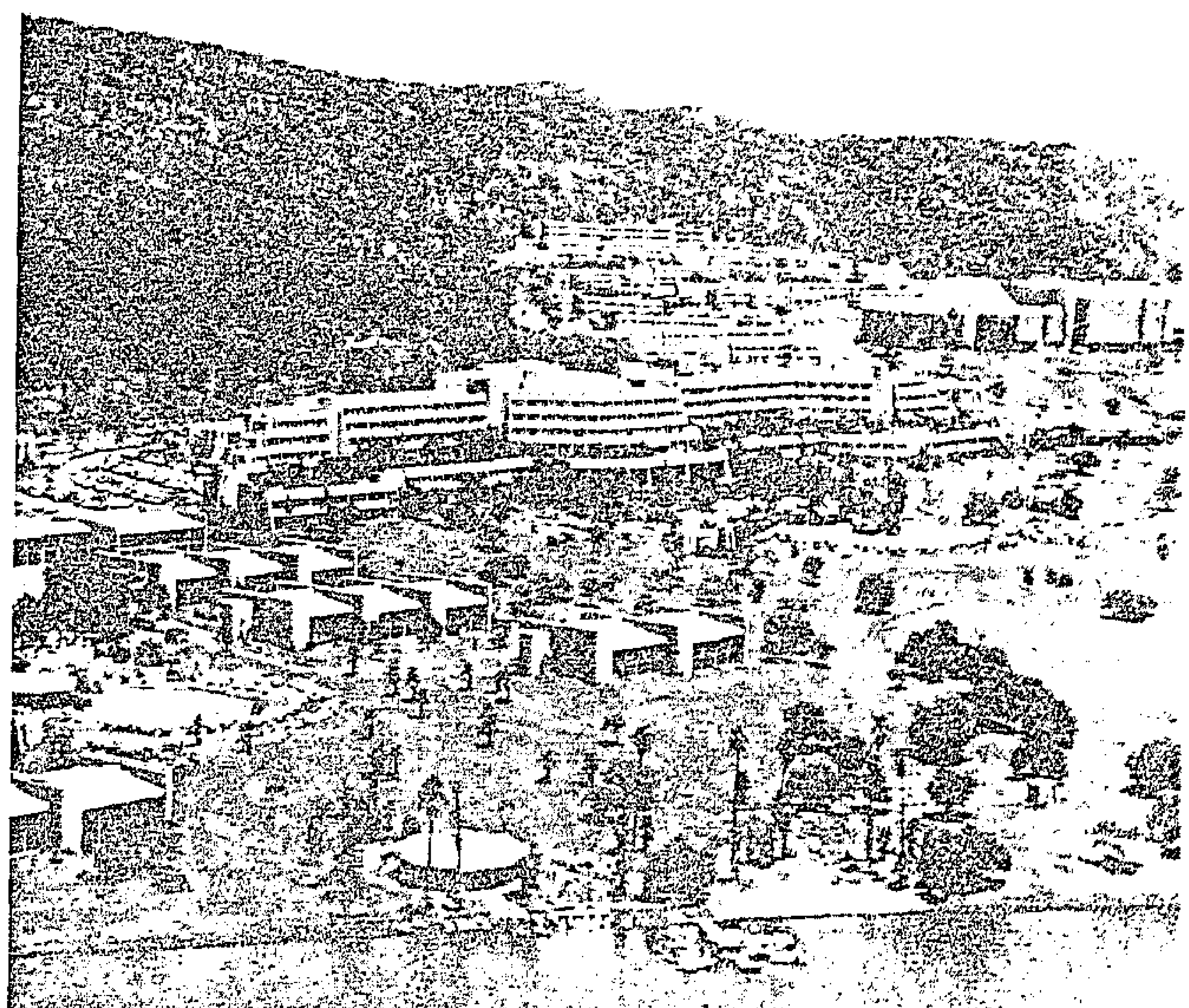
Kerzner is obviously a businessman who needs the motivation of personal profits; his eye for the gap in SAB's recent internal upheaval over being catapulted into the Premier camp bears this out. For someone who thrives on the cut and thrust of a fiercely competitive business, a personal controlling stake in a company the size of SS must be highly prized.

Of course, Kerzner's contribution to SS cannot be underestimated. But the hotel group is today an asset that will continue to grow without Kerzner, even though in his absence momentum may be less.

Kerzner resigned from the SAB board apparently because he decided there would have been a conflict of interests if he sat on both sides of the fence. Curiously, conflict did seem to figure in the previous day's discussions. However, if Old Mutual is behind Kerzner, this raises the question of the positions of Jan van der Horst, Frans Davin, Mike Rosholt and Frans Cronjé as SAB directors. It would appear that there is a clear conflict of interests if, as is suspected, Old Mutual, or groups connected to it, are providing Kerzner with the resources to buy SS.

Sources of finance available to Kerzner for a deal of this size — over R200m — are limited. But by a process of elimination all pointers suggest that the Old Mutual/Nedbank camp is Kerzner's likely backer. First, Nedbank is Southern Sun's traditional bank, and the others are unlikely to lend a sympathetic ear. Second, Barclays is too closely tied to Anglo, with Gordon Waddell, Tony Bloom, Nicky Oppenheimer and Julian Ogilvie-Thompson on the board. Third, Standard, apart from having Relly himself and Rosholt on the board, is close to Liberty with Donald Gordon as a director.

After the first nifty coup, the



Sun City . . . the jewel in Sol's crown?

INTERWOVEN INTERESTS

SA BREWERIES	SOUTHERN SUN	OLD MUTUAL	NEDBANK
F J C Cronjé	**R J Goss**	**J G van der Horst**	**F J C Cronjé**
* **R J Goss**	**S Kerzner**	**M de Wilton Marsh**	**G S Muller**
J M Kahn	P D Bacon	I G Halliday	**L G Abrahamse**
R Cohen	E N Joannides	D G Malan	R J N Abrahamsen
* **S Kerzner**	W S MacFarlane	**F J C Cronjé**	J L Nel
W MacFarlane	**M de Wilton Marsh**	**L G Abrahamse**	**R J Goss**
L van der Watt	K A Rosevear	**G S Muller**	**P K Hoogendyk**
K Williams	H L Shill	J C Pijper	J C Pijper
C Carrington	M Stabinsky	A Louw	**J G van der Horst**
F J Davin		D V Benade	
D Gordon		R G Ross	
P K Hoogendyk		G N G Brown	
A M Rosholt		J J Kitshoff	
D M Stevenson		D C Smith	
J G van der Horst		**A M Rosholt**	
G H Waddell		**F J Davin**	

* Resigned as of July 22 1983.
Bold designates cross directorships.

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GOSS'S OPTIONS

Former SAB MD Dick Goss says he will not lose out financially through his separation from SAB. He has exercised the stock options available to him under the executive share scheme and repaid the SAB loan that was originally used to finance the purchase of the shares. These shares were sold, he says, after his departure from SAB.

It is difficult to work out exactly how many shares Goss bought in this manner, but we estimate he acquired some 175 000. At the current market price of R7,50 a share, they are worth more than R1,3m. After repaying the amount outstanding on the SAB loan, Goss is understood to have netted a cool R1m.

Goss says this is no reflection on his expectations of the future investment potential of SAB. He has additional SAB shares, worth between R750 000 and R800 000, which he acquired on his own account during his years working at SAB.

Anglo/JCI/Liberty consortium must be wondering what has backfired. It is clear their initial steps in reshuffling their respective SAB holdings were hardly calculated to produce the developments that have subsequently taken place.

The consortium's soft pedalling — through the formation of a holding company for its Premier and SAB stakes and the appointment of Goss as a joint deputy chairman — was obviously designed to smooth ruffled feathers. But having given in once, the inevitable has happened: it is now facing demands for more.

Goss says that he had for some months been considering retiring from SAB and looking for a new challenge. But the presence of the Anglo-led consortium as a major shareholder certainly speeded up his decision-making process. He adds that the formation of a holding company, to prevent a conflict of interests between the two trading companies, rectified the situation to the satisfaction of the SAB board. But, reading between the lines, it plainly didn't suit him.

Goss will not be drawn on his future intentions, but at only 55 he is obviously not contemplating resting on his laurels. It is widely recognised that he enjoys a healthy working relationship with Kerzner. And should Kerzner's bid to gain control of SS succeed, the experience and influence of Goss could be of enormous benefit. His strategic thinking and sound profit achievement over many years at SAB would be invaluable.

Backing Kerzner

If Old Mutual and Nedbank are backing Kerzner's attempt to control SS, it will be interesting to see how the recent acquisition by OM of roughly 75% of Rennies will fit into the longer-term plans of SA's largest insurer. Several months ago talks between Rennies' wholly-owned subsidiary, Holiday Inns, and SS, which were aimed at identifying areas of possible rationalisation, broke down. However, should OM end up with effective control of both, these talks will surely be resuscitated.

In the past OM has not played an active role in the management of companies in which it has investments. There have been signs that this attitude is changing. The SAB affair could speed up the process. One future development may be the creation of an industrial holding company that would play a more active role in the management of OM subsidiaries. If this were to emerge, who better to head it than Goss?

There is no lack of financial muscle at Anglo American. Why, therefore, did it almost allow Kerzner to snatch SS over the negotiating table last week? Some might conclude that the answer is that it has been staggered by OM's reaction to having been left in the dark over the Premier deal. Van der Horst's resignation from AA's board and willingness to pay over the odds for Rennies was a swift and sharp retaliation. There may be some truth in this.

Apparently, however, Anglo American chairman Gavin Relly has all along played the role of peacemaker and attempted to maintain an arm's length relationship. Anglo sees itself fulfilling the role of financier rather than negotiator.

On the other hand, by selling SS to an OM-financed Kerzner, Anglo would have effectively got the Mutual out of its hair. It may be a costly way of severing ties, but one result of the deal could be the removal of the four OM directors currently *in situ* on the SAB board.

Peter Farley

CAPE TIMES 19/8/83

Sol Kerzner in big merger

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JOHANNESBURG. — A merger that will bring together Rennies, Holiday Inns, Safmarine, Southern Sun and Mr Sol Kerzner, was announced yesterday by Finansbank.

This follows the announcement on August 3, that the Kerzner Group of Mr Kerzner and associates would acquire a 51 percent interest in a new holding company, Newco, which would be formed to acquire with effect from October 1, the hotel/resort interests of Southern Sun in Bophuthatswana, Ciskei and Mauritius and to take responsibility for their management.

It was also announced then that the Kerzner Group had an option to acquire a further nine percent of Newco on April 1 next year.

Yesterday's announcement said that Union Acceptances on behalf of Safmarine, Southern Sun and Mr Kerzner and Finansbank on behalf of Rennies had agreed:

- The shareholders of Newco will be Safmarine, Rennies, the Kerzner Group and Southern Sun.
- Safmarine will subscribe in cash for shares equivalent to 49,9 percent of the ultimate interest of 37,5 percent which the Kerzner Group will have in Newco.
- Rennies, Safmarine, the Kerzner Group and Southern Sun have agreed that Newco will acquire for R35,48m, by the issue of new shares in Newco, the hotel/resort interests of Rennies, held through its wholly-owned subsidiary Holiday Inns Ltd, "Holiday Inns", in Botswana, Lesotho, Mauritius, Swaziland, Transkei and Venda with effect from October 1. Newco will have responsibility for the management of the resorts.

The Kerzner Group will exercise the nine percent option on April 1 next year which will result in effective interests in Newco being: Safmariune and the Kerzner Group 37,5 percent, Rennies 37,5 percent and Southern Sun 25 percent.

Safmarine and the Kerzner Group and Rennies will hold their combined 75 percent interest through a joint company, "Sun Rennie".

"This merger will bring together in Newco the considerable resources and expertise of Rennies, Holiday Inns, Safmarine, Southern Sun and Mr Kerzner, which will significantly benefit tourism in Southern Africa and open up new opportunities for international expansion," Finansbank said in the statement.

Mr R J Goss will be the chairman of Newco and Mr C W Fiddian-Green the deputy chairman. Mr Kerzner will be the chief executive and will enter into a service contract with Newco.

Other initial board members of Newco, representing the shareholders will be Mr P D Bacon, Mr W S MacFarlane, Mr M de W Marsh, Mr I N Matthews and Mr E Steyn.

- The merger will not change in any material way the effect on the earnings or net asset value of Southern Sun as announced to shareholders on August 4, Finansbank said.

Nor would the transaction have a material effect on Rennies' attributable profits from trading for the year to December 31.

There will, however, be a non-trading profit which will result in an increase in net asset value of 75c a Rennies share, equivalent to 16 percent.

The effect on Safmarine shareholders will be to increase earnings by 3c a Safmarine ordinary share for the period to June 30, 1984. There will be no effect on Safmarine's net asset value.

The transactions are subject to certain conditions precedent.

Circulars to the shareholders of Rennies and Safmarine with details of the transactions will be circulated as soon as possible, the statement said. — Sapa

THE BATTLE FOR CASINO RIGHTS

● Sol Kerzner
... deals revealed intrigue

How the hotel giants struggled for power

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● Hennie van der Walt
... cleared by committee

By MARTIN WELZ, Political Correspondent

THE resignation this week of Mr Hennie van der Walt, Deputy Minister of Co-operation and Development, followed hard on the heels of a select committee report spelling out his role in the shadowy battle over casino rights in the homelands.

The battle culminated this week in the merger of Holiday Inns and Southern Sun casino interests in Mr Sol Kerzner's Newco, and the Prime Minister's announcement that Mr van der Walt had resigned his post because of ill health.

Earlier this week Mr van der Walt was cleared by a select committee of any improper conduct concerning casino negotiations in the homelands.

The select committee investigated Mr van der Walt's alleged involvement in the kaNgwane and kwaNdebele casino concession negotiations, but the government has ordered that a great deal of the evidence and a mystery letter remain secret.

The dispute centred on the concession obtained in 1980 by Holiday Inns to build a casino almost on the outskirts of Pretoria as soon as kwaNdebele became independent.

The prospect of a casino so close to main population centres was seen as a mortal threat to Sun City.

Political factors played a vital role in the battle, as much depended on kwaNdebele's independence date and the location of its boundaries.

As chairman of the land consolidation commission Mr van der Walt was closely involved in both issues.

There were hints at the time of conflict between his commission and Dr Koornhof's department on whether the kwaNdebele government could validly grant a casino concession to Holiday Inns while the homeland was still not independent.

Evidence to the select committee has confirmed that conflict, although many details remain secret.

A controversial letter by the commission to Holiday Inns at the time was referred to briefly in evidence to the select committee, but it cannot be published.

In his evidence to the select committee earlier this year, Mr van der Walt said a departmental report on the kwaNdebele concessions was not shown to him. Nor was he told that the department was very concerned about people going around the homelands seeking concessions.

"Until today, neither the Minister nor the Director General have discussed the report on my involvment in kaNgwane with me," he said. If it was such a terrible thing, why did they not immediately rap me over the knuckles?"

Mr W S Coetzer, Holiday Inns's casino director at the time, confirmed in his evidence that when he obtained the kwaNdebele concession, he immediately asked to be introduced to the "people who count".

They were Mr van der Walt, chairman, and Mr Sif van Wyk, member of the commission and its only full-time professsional employee.

He flew with Mr van Wyk in a helicopter to view possible casino sites and got to know him "quite well". He had identified a place on the Elands River near Cullinan and had said to Mr van Wyk and Mr van der Walt that "it would be very nice" if it could be included in kwaNdebele, Mr Coetzer said.

He then said that Southern Sun, which he described as "our opposition company, well known to friends in high places", were also "sniffling around there".

"I wanted to keep close and hear what our opposition were doing. Mr van der Walt indicated to us very often that the opposition companies were certainly there trying to grab what we thought we had a right to," Mr Coetzer said.

In August, 1981, Pretoria concession hunters with links to Holiday Inns and Mr van Wyk told members of the kaNgwane government that Southern Sun and Holiday Inns would merge their casino interests to form a casino monopoly in Southern Africa.

This was recalled by Mr Peter Bowen, a senior official from the Department of Co-operation and Development, when he gave evidence to the parliamentary select committee on April 28 this year.

In evidence it was said that Mr van Wyk had also become closely associated with Holiday Inns' casino director, Mr W S Coetzer.

Mr van Wyk's role in homeland casino negotiations has since been the subject of a major secret departmental enquiry. He is now deputy director of agriculture in the Department of Co-operation and Development.

Dr Koornhof told Parliament this week he had still to decide what action he would take on Mr van Wyk.

Bottle-toting cowboys go 'bounty' hunting

TWO Pretoria businessmen who hoped to obtain casino and other concessions worth millions of rands in kaNgwane first aroused the suspicions of a senior government official when they arrived in the homeland wearing cowboy hats and consumed two bottles of cream-coloured liqueur in the course of a bus tour of development sites.

This emerged in evidence before the parliamentary select committee appointed earlier this year to investigate the involvement of the Deputy Minister of

there were many reasons to be suspicious of the businessmen who — apparently with the support of Mr van der Walt — sought casino and other concessions from the kaNgwane government in 1981.

Mr Bowen was seconded to the kaNgwane government at the time. He took minutes at two meetings at which the concession hunters attempted to persuade kaNgwane executive councillors to grant them a casino concession in the homeland.

Mr Bowen said he had been suspicious

Kemp and De Beer.

Kemp and de Beer had earlier been associated with casino concessions granted in kwaNdebele.

"Their behaviour was quite out of the ordinary — not what one would expect from people interested in development in a national state."

Mr Bowen said his suspicions increased when at their first meeting with kaNgwane councillors, the two men spoke loosely of amounts such as R50-million and R100-million for development projects without being willing to commit

he had been warned to be wary of concession hunters by a senior official from his head office in Pretoria.

He was therefore particularly surprised when Mr van der Walt and a senior official of the land consolidation commission, Mr Sif van Wyk, arrived with the concession hunters and — as it appeared to him — proceeded to promote the granting of such concessions, contrary to government policy.

Mr Van Wyk had accompanied the concession hunters to two such meetings.

should be here involved in this type of meeting?"

He had no information, however, to indicate that Mr van der Walt had an improper motive for trying to promote the concessions.

After the meetings, Mr Bowen said, he sent copies of the minutes to the department in Pretoria, together with a letter in which he asked for confirmation of the department's attitude.

"I know they received them, because at a later meeting with the department's

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This emerged in evidence before the parliamentary select committee appointed earlier this year to investigate the involvement of the Deputy Minister of Co-operation Development, Mr Hennie van der Walt, in the alleged granting of concessions in kwaNdebele and kaNgwane.

Mr Peter Bowen, a senior official in the Department of Co-operation and Development, told the select committee there were many reasons to be suspicious of the businessmen who — apparently with the support of Mr van der Walt — sought casino and other concessions from the kaNgwane government in 1981.

Mr Bowen was seconded to the kaNgwane government at the time. He took minutes at two meetings at which the concession hunters attempted to persuade kaNgwane executive councillors to grant them a casino concession in the homeland.

Mr Bowen said he had been suspicious of the whole enterprise from the start when Mr C P Bosch and Mr A J Van Coller, builders from Pretoria, arrived for a two-day conference on development in the homeland wearing cowboy hats and tags on their lapels announcing that they represented a Pretoria firm of attorneys, Kemp and De Beer.

Kemp and de Beer had earlier been associated with casino concessions granted in kwaNdebele.

"Their behaviour was quite out of the ordinary — not what one would expect from people interested in development in a national state."

Mr Bowen said his suspicions increased when at their first meeting with kaNgwane councillors, the two men spoke loosely of amounts such as R50-million and R100-million for development projects without being willing to commit themselves to anything specific.

Finally Mr Bowen's suspicions were roused by the type of concessions they were after, which besides casinos included dog racing, horseracing, airlines, and commercial radio and television stations.

Mr Bowen said that at about that time he had been warned to be wary of concession hunters by a senior official from his head office in Pretoria.

He was therefore particularly surprised when Mr van der Walt and a senior official of the land consolidation commission, Mr Sif van Wyk, arrived with the concession hunters and — as it appeared to him — proceeded to promote the granting of such concessions, contrary to government policy.

Mr Van Wyk had accompanied the concession hunters to two such meetings.

At one meeting Mr van der Walt had given the impression of being extremely nervous.

"He was perspiring freely and not speaking fluently," Mr Bowen said. The thought had occured to him: "Have these people got something over him that he should be here involved in this type of meeting?"

He had no information, however, to indicate that Mr van der Walt had an improper motive for trying to promote the concessions.

After the meetings, Mr Bowen said, he sent copies of the minutes to the department in Pretoria, together with a letter in which he asked for confirmation of the department's attitude.

"I know they received them, because at a later meeting with the department's chief director of development, Mr Gregory, I mentioned, tongue in cheek, that I had not received a reply yet. Mr Gregory replied that I was not likely to get one either," Mr Bowen said.

Mr Bowen said he discovered that an investigation had already been launched.

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possible casino sites and got to know him "quite well". He had identified a place on the Elands River near Cullinan and had said to Mr van Wyk and Mr van der Walt that "it would be very nice" if it could be included in kwaNdebele, Mr Coetzer said.

He then said that Southern Sun, which he described as "our opposition company, well known to friends in high places", were also "sniffling around there".

director, Mr W S Coetzer.

Mr van Wyk's role in homeland casino negotiations has since been the subject of a major secret departmental enquiry. He is now deputy director of agriculture in the Department of Co-operation and Development.

Dr Koornhof told Parliament this week he had still to decide what action he would take on Mr van Wyk.

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The director general of Co-operation and Development had taken a copy of the minutes to Cape Town and after the second meeting Mr Bowen was visited by a member of the National Intelligence Service.

In his evidence to the select committee Mr van der Walt said he was asked to attend a meeting in Louieville by Mr Van Wyk, a senior member of his staff. The reason for the meeting, he was told, was that businessmen attending a kaNgwane promotion, 'Spotlight on kaNgwane', had been told by kaNgwane councillors that South Africa was dragging its feet on consolidating and fixing the homeland's boundaries.

Mr van der Walt confirmed that he had been called by one of the businessmen, Mr Bosch, who had wished to confirm a date for the meeting. He had agreed to it, but at no stage had he known that concessions were to be discussed until the morning shortly before the meeting.

When the subject of concessions arose, Mr van der Walt said, his attitude had been that the kaNgwane councillors should consider the matter, not reject it out of hand. Casinos had brought benefits for their homelands. They should not be "shy" to approach the South African government if they wished to grant such concessions.

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Sol is set to build a gambling mecca

By DAVID CARTE — Editor, Business Times

LAS VEGAS, Atlantic City, Monte Carlo, Southern Africa ... these will be the world's gambling meccas, not necessarily in that order, if Mr Sol Kerzner's dreams for his new monopoly in gambling come true.

After the merger between Mr Kerzner's Newco casinos, including Sun City and those of Holiday Inns — also the Wild Coast Inn — SA gaming has hit the international big time.

The new company, provisionally named Newco, will have half shares with governments in casino resorts in BophuthaTswana, Botswana, Ciskei, Lesotho, Mauritius, Swaziland, Transkei and Venda.

It will have initial revenues of R150-million, and taxed profit of R30-million, making it worth about R300-million.

Mr Kerzner aims to make it grow at the 30-percent plus per annum achieved by Southern Sun under his stewardship.

Mr Kerzner and Mr Fiddian Green, chairman of Rennies, told the Sunday Times that Newco would almost definitely be listed on the Johannesburg Stock Exchange in the next 18 months.

They maintain one of the main reasons they decided to work together rather than against one another, was to pool international marketing strengths.

"The tiny share of international tourism South Africa has today is scandalous," says Mr Kerzner. "We attract fewer European tourists than Australia."

He is confident the new gaming giant in association with its partners, Southern Sun and Safmarine, can launch an unprecedented marketing effort abroad.

■■■

Multimillion rand "spectaculars", such as the boxing, golf, tennis and entertainment seen in recent years at Sun City, could become even more frequent and audacious in future as the new, stronger group attempts to grab world attention.

The new company will be able to offer globe-trotting gamblers a large variety of casinos on land and at sea, in the bushveld and at the coast, balmy weather, beautiful scenery plus first rate accommodation — at bargain prices.

One reason why it will be so competitive is the cheapness of the rand. Already it is possible for Americans to have a two-week, five-star holiday in South Africa for as little as R1 500.

If Mr Kerzner and his team have their way, they will communicate this bargain in tourism internationally, and they hope SA will soon lead the field.

Safmarine has already started looking for a passenger liner, "a five-star hotel on water", which will include a casino and, says its chief executive, Mr Marmion Marsh, expects to start a service between Europe and South Africa within the next six to nine months.

Another service, cruising the subtropical seas of Southern Africa towards Mauritius, is also on the cards.

"Let's face it, we'll be catering for the affluent," says Mr Marsh, "and there's no question that these passenger ships will pay."

He admits travelling on these liners will be expensive, "but not so expensive if you take an air fare and add 14 days in five-star comfort."

Mr Marsh sees nothing contradictory about Safmarine being a major party in gambling, while the State, which officially frowns on gambling, is still a major shareholder in Safmarine.

"There was gambling on the Union Castle liners we took over years ago and no one made any fuss."

Safmarine has been a shareholder in Southern Sun since the latter's inception 14 years ago, and it was only natural, say Messrs Marsh and Kerzner, that they should act together now. Hotels and ships belong side by side.

The parties to this week's deal were anxious to play down talk of monopoly, but with the Hilton Hotel's Maseru casino the only one south of the Limpopo not in the stable, that is what they have.

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The parties did not consult the Competition Board because all the casinos are outside SA, and they say the board therefore has no jurisdiction.

"We don't have the monopoly," says Mr Fiddian Green, "the governments do."

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Delegates slam new constitution at UDF rally

By BRIAN POTTINGER and SYLVIA VOLLENHOVEN

THE United Democratic Front was launched yesterday on a wave of enthusiasm at a mass rally in Cape Town which attracted between five and 6 000 people of all races from throughout the country.

The rally, one of the largest nonracial anti-Government congresses in years, heralds the beginning of a major campaign to smash the Government's constitutional proposals.

More than 600 delegates, representing 400 organisations, adopted a series of resolutions condemning the proposed new constitution, the "Koornhof Bills", "imperial-

banner, and to educate people about the dangers in the constitution.

Other resolutions slammed cornerstones of the apartheid society such as group areas and removals. One resolution attacked the alleged continu-

and Swapo were also read out at the meeting.

In a well-received keynote speech at the rally after the closed session, Dr Alan Boesak, president of the World Council of Reform Churches, said the historic meeting was telling South Africa and the world: "We are struggling for our human dignity and for the future of our children — we shall never give up."

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S Times 21/8/83

By BRIAN POTTINGER in Cape Town

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The new company will be able to

By DAVID CARTE **Editor, Business Times**

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But the homeland governments that do not yet have casinos, such as KwaZulu and KwaNdebele, will now have only one strong suitor for the right to operate in their territories.

It is probable that any casino in KwaNdebele will now be smaller than might have been the case had it been competing directly against Sun City.

Negotiations for the pooling of Newco and Rennies casino interests took only six days. This required a lot of trust and complete faith in accounting between the parties.

Newco and Holiday Inns pooled their assets and took shares in the merged operation according to the profits generated by the respective assets.

Newco is 25 percent owned by Southern Sun and 75 percent by Sun Rennie. Sun Rennie is owned 50 percent by Rennies and Holiday Inns, and 50 percent by Mr Kerzner and Safmarine. Mr Kerzner is chief executive and Mr Dick Goss, former chief executive of SA Breweries, chairman.

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"In a sense, the formation of the UDF both highlights…

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Fireworks not likely from UN's Mr Plod

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By BRIAN POTTINGER in Cape Town

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Deal with Sol gives the Government a stake in gambling, then Minister orders an urgent inquiry

STATE IN CASINO SHOC[K]

BY BRIAN POTTINGER, DAVID FORRET and DOUGLAS GORDON

[T]HE Government has been [t]aken to find itself with a [m]ajor stake in Mr Sol [K]erzner's new gambling [e]mpire.

It has ordered an urgent inquiry [in]to this week's Kerzner-Holiday [In]ns deal.

Through its interest in Safmarine, the [St]ate has become in effect a partner in [th]e deal which will put all but one of the [ca]sino resorts in Southern Africa under [on]e umbrella.

Yesterday, the Minister of Industry [an]d Commerce, Dr Dawie de Villiers, [sa]id: "It has implications about which [I a]m not happy."

A "surprised" Mr Kerzner declined to [co]mment on the Minister's statement.

Disquiet

Safmarine, shipping arm of the Gov[er]nment-controlled Industrial Develop[m]ent Corporation, has taken a share of [ab]out 18 percent in Mr Sol Kerzner's [n]ew group which will control all the [c]asinos of Southern Sun and Rennies' [H]oliday Inns.

The major Afrikaans churches and [ri]ghtwing politicians were quick to ex[p]ress disquiet at the State's involve[m]ent with gambling and indicated pres[s]ure would be brought to bear on the [G]overnment.

The Cabinet, sensitive to opposition [a]mong its supporters towards anything [w]hich smacks of gambling, appears to [h]ave been taken by surprise by its sud[d]en participation in roulette and [b]lackjack.

As it is, Ministers have faced bruising [c]riticism from churches and political [g]roups over the Bonus Bond scheme.

The casino deal, announced with

SOL'S GOLDEN CHAIN: Page 2

much fanfare on Friday, has been put together as follows:

Safmarine (in which the IDC holds a stake of at least 50 percent) will, in a joint venture with casino king Mr Kerzner, acquire a 37,5 percent interest in Newco, which will operate 13 casino resorts in neighbouring states and Mauritius.

Rennies Consolidated Holdings, controlling company of Holiday Inns SA, will also acquire 37,5 percent, while Southern Sun, controlled by SA Breweries, will have a 25 percent interest.

Mr Kerzner, with 50,1 percent, will control the Safmarine-Kerzner holding and, as chief executive of Newco, will be effective boss of the casino chain.

Implications

The gambling group expects to make profits of between R25-million and R30-million in its first year on a turnover more than R150-million.

In a statement issued yesterday, Dr de Villiers, an ordained NGK minister, said the Safmarine interest was "a purely business transaction and was not submitted to the Government or the board of the IDC for approval".

He added: "Safmarine operates as an independent public company and the interests of the IDC in this group are represented by two directors.

"The details which have thus far come to me through Press reports have implications about which I am not happy.

"The involvement in casino activities of a group in which the IDC has a substantial interest cannot nearly be accepted.

"I have therefore urgently called for the details and am giving the matter my urgent attention."

Mr Kerzner said from Cape Town yesterday he had no comment on the decisions of the Safmarine board.

He was surprised by the Minister's statement as he saw the deal as a major stimulus for the Southern African tourism industry.

But Mr Kerzner had no comment on the text when it was read to him.

"The deal we concluded this week — which I see as an exciting grouping of hotels for the future — represents a

□ To Page 2

MOMENT ... DEAL ... Safmarine ... Marsh

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Southern Sun since the latter's inception 14 years ago, and it was only natural, say Messrs Marsh and Kerzner, that they should act together now. Hotels and ships belong side by side.

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gains stake in casinos

□ From Page 1

strong thrust into the overseas market.

"It pools the major resources involved in tourism — which would have the capacity to make a significant impact in the international marketplace, thus stimulating foreign exchange earnings," he said.

The present annual turnover from overseas tourism in Southern Africa was roughly R500-million, said Mr Kerzner.

A substantial force, properly directed at the international market, should yield returns of around the R2-billion mark by the end of this decade, he added.

The intention of the Newco group's recent moves in the Southern African market was to develop the entire tourism industry, of which the gaming aspect was merely a part, he said.

At a Press conference on Friday, Mr Marmion Marsh, chief executive of Safmarine, said he could see nothing contradictory about his company's participation in gambling.

Gambling

"There was gambling on the Union Castle liners we took over years ago and no-one made any fuss," he said.

"If we have to provide gambling facilities to attract tourists, we provide to meet the demand."

Influential leaders of the three major Afrikaans churches yesterday reiterated their total opposition to gambling and said they would look into the implications of the latest deal.

"It is possible that we may make representations to the Government if we are unhappy with the situation," said Professor Bart Oberholzer, chairman of the General Assembly of the Nederduitsch Hervormde Kerk (NHK).

"Generally speaking we are quite perturbed at the growth of casinos on our borders," he added.

The Rev Kobus Potgieter, chairman of the Plenary Executive of the Nederduitse Gereformeerde Kerke (NGK), said if the Government was in any way involved in the deal, the church's repeated condemnation of gambling would be valid.

"We cannot excuse any-

Fireworks not likely from UN's Mr Plod

S Times 21/8/83

By BRIAN POTTINGER in Cape Town and MICHAEL LITTLEJOHNS in New York

SOUTH AFRICA is gearing itself for the first visit of a United Nations Secretary-General in 10 years with hopes of some new impetus for the SWA/Namibia negotiations, but no major breakthrough is expected.

Mr PIK BOTHA
Easier to talk to

Dr Javier Perez de Cuellar, UN Secretary-General, and an 11-man entourage left New York last night for a whistle-stop tour that will take in South Africa, SWA and Angola.

They arrive in Cape Town on Monday.

Five years ago the Security Council unanimously approved a Western-drafted plan to lead SWA to statehood but the scheme remains unimplemented.

On May 31 the council directed Dr Perez de Cuellar to try to break the deadlock and he must report back on his efforts by August 31.

Unlike his predecessor, Dr Kurt Waldheim, who missed few opportunities to lambast South Africa's internal and SWA policies, Dr Perez de Cuellar has made few criticisms, apparently in the belief that it is not the Secretary-General's function to damn member states.

Secretary-General's visit was in the balance because of queries over the agenda facing him when he arrived. Clarifications from the South African side apparently smoothed the path.

It is expected discussions between Dr Perez de Cuellar and the South African Government will focus mainly on the outstanding issues concerning the United Nations Transitional Assistance Group (UNTAG) and the proposed electoral procedures for a post-independence constituent assembly.

Impartiality

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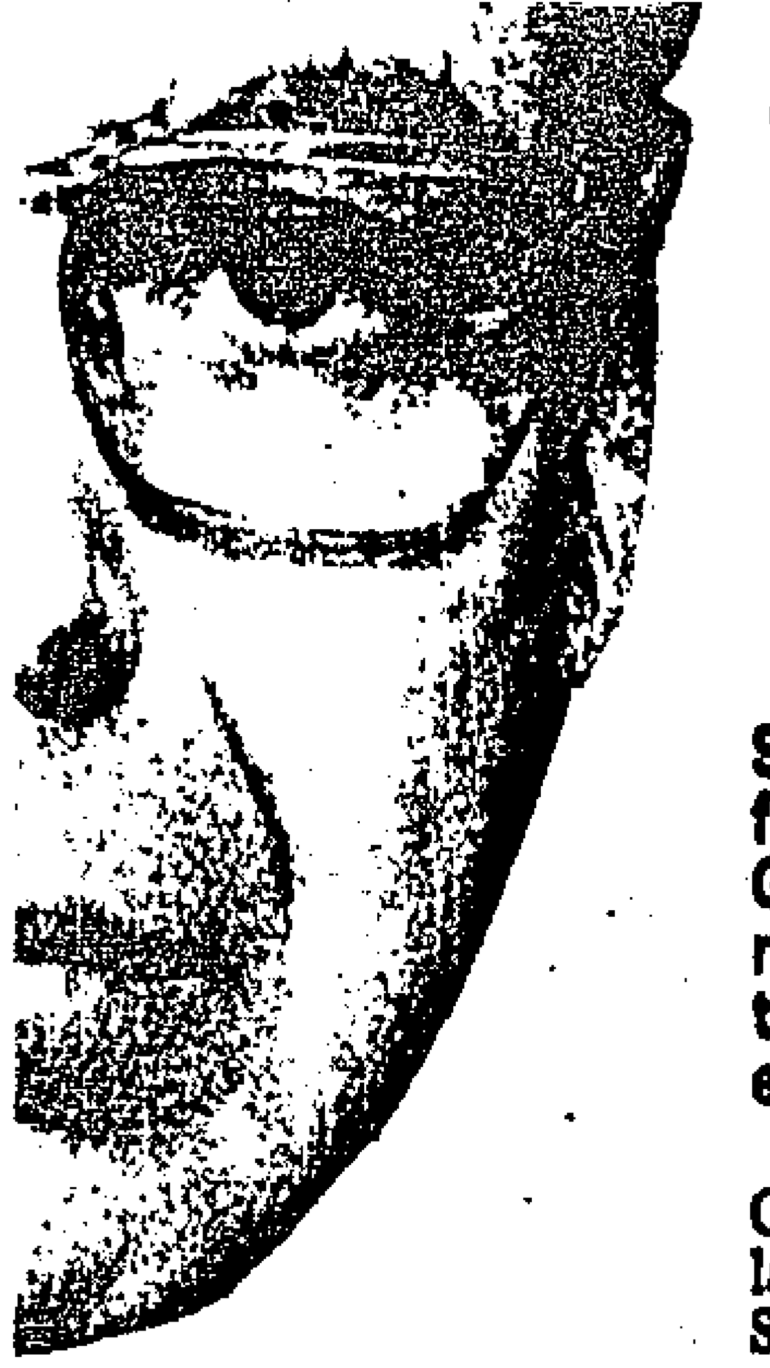

from UN's Mr Plod

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Officials said this quieter approach would make it easier to talk to the Prime Minister, Mr P W Botha and the Foreign Minister, Mr Pik Botha.

After 20 months in office, Dr Perez de Cuellar badly needs a diplomatic success, UN observers said.

The United States, Britain, France, Canada and West Germany, which together drew up the settlement terms, are especially eager for it and have been pressing South Africa to be as accommodating as possible.

Unless there is significant progress, diplomats said, it was inevitable that the black African states, backed by a large body of UN members, would demand that the Security Council impose a long list of economic sanctions as well as the current arms embargo.

Realistic

Asked about pessimistic reports on the prospects for the visit, the UN Press secretary, Mr Francois Giuliani, said there were always anonymous officials ready to make such comments but his chief himself was "realistic".

Mr Giuliani indicated that Dr Perez de Cuellar would not be going to Cape Town if he believed he would return empty-handed. He recalled the Secretary-General's remark to that effect after the May resolution.

South Africa has welcomed the mission and Pretoria has apparently gone out if its way to ensure that no obstacles should sabotage the visit of the Secretary-General.

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Impartiality

The possibility of some further movement on the composition of the UNTAG forces as a result of the visit is not ruled out.

Another relevant topic which may be raised involves UN impartiality. Although South Africa has accepted the principle of UN non-partisanship in the settlement process it might want to discuss practical implementation of that impartiality.

But the key question from South Africa's side and ostensibly the last major stumbling block to implementation of Resolution 435 — the withdrawal of Cuban forces from Angola — seems destined to remain outside the ambit of discussions.

The Secretary-General's mandate from the UN General Assembly does not include the Cuban issue which is held to be a matter of bilateral discussion between the United States and the Angolan Government.

Similiarly, possibilities of some form of coalition between the MPLA Government and Dr Jonas Savimbi's Unita forces is held to be outside the Secretary-General's brief.

Dr Perez de Cuellar leaves on Thursday for Windhoek for an "orientation" visit which will most likely include talks with South Africa's Administrator General, Dr Willem van Niekerk. He might also meet internal party leaders.

The Secretary-General's visit comes amid a background of dramatically increased warfare in south and east Angola in which Unita forces have claimed substantial victories and the Angolan Government has accused South Africa of participation.

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DR ANDRIES TREURNICHT
Could gain poll support

forward motions calling on the South African Government to include white Southwesters in the coming referendum on the proposed South African constitution.

Observers reckon that if whites are included in the referendum it could add several thousand "no" votes to the voice of the CP.

Speculation that the SWA NP was set to throw its weight behind Dr Treurnicht heightened when a low-key speech given by Mr Pretorius in the white Legislative Assembly on Wednesday was splashed across the front page of the weekly NP mouthpiece, Die Suidwester.

In the speech, Mr Pretorius directly accused "every member of the South African Cabinet and Member of Parliament" of a breach of trust in their handling of the Namibian question.

He said the Botha Government had shifted from a "juridically correct" path in its handling of SWA, and had yielded to pressure from the United Nations and the Western Five.

In a separate interview with the Sunday Times on Thursday, Mr Pretorius accused the UN of being "terrorists", and said if the Secretary General of the UN, Dr Javier Perez de Cuellar, arrived in Windhoek with a "UN attitude", then he too would be a "terrorist", and not just a "tourist".

ly a part, he said.

At a Press conference on Friday, Mr Marmion Marsh, chief executive of Safmarine, said he could see nothing contradictory about his company's participation in gambling.

Gambling

"There was gambling on the Union Castle liners we took over years ago and no-one made any fuss," he said.

"If we have to provide gambling facilities to attract tourists, we provide to meet the demand."

Influential leaders of the three major Afrikaans churches yesterday reiterated their total opposition to gambling and said they would look into the implications of the latest deal.

"It is possible that we may make representations to the Government if we are unhappy with the situation," said Professor Bart Oberholzer, chairman of the General Assembly of the Nederduitsch Hervormde Kerk (NHK).

"Generally speaking we are quite perturbed at the growth of casinos on our borders," he added.

The Rev Kobus Potgieter, chairman of the Plenary Executive of the Nederduitse Gereformeerde Kerke (NGK), said if the Government was in any way involved in the deal, the church's repeated condemnation of gambling would be valid.

"We cannot excuse anybody," he said. "The Government is aware of our deep concern and the warnings we have repeatedly given on the dangers of gambling, which can lead to the downfall of our people."

Opposed

Dr Chris Malan, chairman of the Gereformeerde Kerk's Government Liaison Commission, said the matter would be discussed at its next meeting.

"We are opposed to any form of lottery or gambling, no matter who initiates it," he said.

Mr Jaap Marais, leader of the Herstigte Nasionale Party, also condemned the deal.

He said in Port Elizabeth that the Government's involvement was the "most disgusting manifestation of double standards".

The most outspoken criticism came from Mr Eddie van Zyl, director of Aksie Morele Standaarde.

He said there would be a "cry of protest" if a semi-government body was involved in the casino deal.

Mr van Zyl, whose organisation claims to represent more than 80 000 members, said: "The mission fields of our churches are being developed into gambling dens.

"We piously state we are a Christian country and yet we are prepared to help destroy the values and morals of another nation.

"All this plastic and lights and feathers and glitter they put in places where people are living in utmost poverty. We must rather use our resources to build industries."

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	High/Low	High/Low
Cape Town	0210/0824	1436/2038
Mossel Bay	0232/0846	1459/2054
Knysna	0253/0902	1518/2110
Port Elizabeth	0230/0843	1500/2053
East London	0241/0851	1504/2100
Durban	0242/0856	1509/2109
Walvis Bay	0213/0810	1432/2030

Govt now has stake in casino empire

RDM. 22/8/83 288 ~~237~~ ~~229~~ ~~260~~

By GEOFFREY ALLEN and JOHN MULCAHY

THE South African Government — which has outlawed gaming within the country's borders — has found itself saddled with a significant stake in the multi-million rand over-the-border Southern African gambling industry.

The Government's stake in the gambling industry arose through a complex deal between Southern Sun, Holiday Inns, Safmarine Corporation and Mr Sol Kerzner.

While politicians and churchmen debated the issue this weekend, reactions from the key parties involved in the deal varied:

● The Minister of Industry and Commerce, Mr Dawie de Villiers, declared that the deal had "implications about which I am not happy" and went on television to say that he had ordered an urgent inquiry into the matter.

● Mr Sol Kerzner said that he was "surprised" at that reaction.

● Mr A J van den Berg, executive chairman of the Industrial Development Corporation (which effectively controls almost 50% of Safmarine) said that he couldn't understand the fuss because the IDC (and therefore the Government) had been involved in Southern Suns (and hence it's casino operations) since the hotel company's inception.

"We are perfectly happy with the deal," he said.

"People tend to read a lot into this deal, but there's not a cent of IDC money involved," said Mr Van den Berg, who in the same breath confirmed that the total IDC holding in Safmarine, "when we add up all the interests, comes to around 50%".

Mr Van den Berg, who had been constantly on the phone answering questions from reporters around the world since 3am, said he couldn't understand all the fuss.

"The IDC was involved with Southern Sun from it's inception. Only three years ago we needed the cash so we sold our shares."

In terms of the IDC's 1972 annual report, the corporation is not allowed to invest or operate in the "homelands".

The report reads: "The geographical area covered by the activities of the corporation includes the whole of the Republic and South West Africa, but excludes the Bantu homelands.

"... In exceptional cases, where the national interest is clearly at stake, the IDC may even act outside the borders of the Republic."

Mr Marmion Marsh, executive chairman of Safmarine, said it was not the company's place to prescribe to other countries on the moral standards they should have.

In an amusing sideline to Friday night's Press conference at which the deal was announced, Mr Marsh confirmed that gambling was not a new concept to Safmarine — in the 1970s, its luxury passenger liners had slot machines aboard.

The Mail's Political Staff reports from Cape Town that the foundations of the Government's embarrassing link with Mr Sol Kerzner's casino empire were laid several years ago when the chips *were down for a number of struggling shipping companies.*

The Government-controlled IDC moved in to help them survive the international shipping slump and to restructure Safmarine.

Through the IDC's share in Safmarine, the Government now indirectly has an 18% share in the casino business.

Dr Dawie de Villiers, Minister of Industries, Commerce and Tourism, confirmed yesterday that he had asked for more details of IDC's involvement.

● See Page 2

HOTEL INDUSTRY 288 FM 6/5/83

What's in their stars?

SA hotels are facing some rapid changes that could significantly alter the shape of the industry and lead to the disappearance of many small individually owned establishments.

The hotel industry is rapidly being transformed as it faces stiffly rising costs, lower occupancy and growing labour militancy. This is leading to changing operating methods and a greater concentration of ownership that could mean the disappearance of many of the small, owner-operated establishments.

According to the Federated Hotel Associations of Southern Africa (Fedhasa), there are 1 353 hotels in SA. Of these, the vast majority, 1 299, are in the one and two star category and provide most of the available beds. Only 70 hotels rate three stars, 12 four stars and nine five stars.

But the figures are misleading. Many small hotels are little more than glorified bottle stores, dependent on their liquor sales for survival.

Fedhasa figures show that total industry income from offsales amounted to R535,5m in 1982, compared to R433,7m from accommodation and meals and R233,8m from the sale of alcohol on the premises. But the spread of very competitive retail liquor outlets has pinched the profits of the more expensive bottle stores.

At the same time, the labour movement is beginning to take hold in the industry. Equally important, the Wiehahn Commission recommendations on labour relations have changed official policy.

"We have moved away from the old master and servant relationship to modern legislation," says Peter Botha, Holiday Inns (HI) human resources manager. "We are going to see some major changes as far as minimum wages and working conditions in small hotels are concerned over the next 18 months."

Hoteliers agree that the labour movement in their industry is still very much in its infancy.

Says Jim Finlayson, Southern Sun (SS) group personnel manager: "They are still learning about the hotel industry and about their responsibilities as union members."

The largest union, the Commercial Catering and Allied Workers Union of SA (CCAWUSA), is based mainly in the Transvaal. Another labour organisation is the Hotel Liquor and Catering Trade Employees. But Botha estimates that only 20% of the hotel workers in the Johannesburg area are unionised.

He adds, however, that the high-profile hotel industry can expect more labour unrest over the next two to three years as the unions mature. He also believes there could be more sympathy strikes that spread from one group to another.

One answer to militant unionism is better training. But only the larger and some of the better small groups put any emphasis on improving the skills of employees. HI, for one, has embarked on a major training and information exercise, and is even setting up its own hotel school.

SS emphasises on-the-job training, but does include specific training programmes if there is a particular problem to overcome.

The local industry is dependent on overseas recruitment to fill skilled positions. The lack of local expertise worries the big groups because they have important expansion programmes that will put even more pressure on skills.

SS has projects totalling R200m on the books and that figure could go up another R120m if the Durban beachfront project gets the go ahead. HI has new construction and expansion programmes worth about R100m and is considering building an Inn in Soweto.

HI, which has the most advanced training programme, says it cannot meet its own staff requirements. Its in-house training programme will produce 110 management trainees this year and the group will also recruit about 10 of the 40 graduates of the hotel school, for a total of 120. But it needs at least 180 people to meet its skilled personnel needs.

Cut staff turnover

One solution could be a cut in staff turnover, which currently runs at 66% for the industry as a whole. Both SS and HI pay substantially more than the industrial council minimum wage and have increased pay packets from 20% to 25% a year respectively over the past few years. They also have "colour blind" promotion programmes.

Rapidly increasing building costs also pose a threat. SS estimates it now costs an average of R130 000 a room to build a five star hotel.

HI's MD Nigel Matthews echoes the complaint: "Five years ago it cost us R23 000 a room to build our HI in Vanderbijlpark. Our new Inn in Pretoria will cost R100 000 a room.

"The rule of thumb in the industry is to knock off the last three digits to get a rough idea of what you should charge for a room. But, obviously, we can't charge R100 a room for a three star hotel, so we will have to wait longer to recoup our costs."

To make matters worse, although hotel tariffs went up an average of 18% in 1982, profits were down and the trend will continue throughout 1983.

Overall hotel occupancy was down 9,4% in February, according to the Bureau of Financial Analysis of the University of Pretoria. But the bigger groups are not as badly hit. Some regions, such as Cape Town and the Garden Route, are faring better than others, although no one is keeping up with inflation.

As the recession continues, marketing is becoming increasingly fierce and SS, in particular, is offering substantial discounts with its Sun Saver excursions. Seven nights and eight days, including breakfast, at the five star Maharani in Durban, for example, costs a mere R279 a person — R414 if air fares are included. The group also offers lunch and dinner packages, which can be added on to the Sun Saver from as little as R5,70 a day.

"It is especially important to have aggressive marketing during bad times," says SS group marketing manager Jurgen Burmeister.

He adds that about 40% of SS's business is generated by international and domestic tourism, which is more sensitive to a downturn.

HI and the Carlton Hotel also have packages, but they concentrate on the weekends.

"One advantage we have over SS is that most of our customers are businessmen and we don't rely as much on tourists," says Matthews.

Adds Pat Burton, general manager of the Carlton: "Most of our guests are businessmen and overseas tourist groups. It is a useless exercise for us to go after greater market share because the potential is so small. We have to try to hang on to the guests we have."

One of the more exciting developments in the industry is the appearance of smaller groups like Karos, Kondotel and Sanlam-backed Protea. They specialise in taking over and refurbishing small hotels, and sometimes flats, and could be the answer to the dilemma faced by older, neglected establishments.

The small groups are also bringing more professionalism into the industry because they are able to afford training and to raise general standards, although their tariffs are usually lower. They still appeal mainly to family and lower-income holidaymakers, although they are increasingly attracting businessmen and even some overseas tourists.

So, while the large hotels are discounting heavily to boost flagging occupancy now, the cost of hotel accommodation is clearly going to rise steeply once the economy begins to grow again. But at the same time there should be a rising standard of service and a great deal more professionalism at the lower end of the market.

148bn

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...is is running at a rate of 24% ... the previous year, and might ...d the budgeted R19bn.

...he eight months the deficit be... borrowing and before repaying ...ing loans was R2,199bn. This ...een comfortably financed with ...0bn being raised by stock issues ...st maturities amounting to ...n. In addition to R463m accrued ... Treasury bills R130m was re...d from the International Monetary Fund.

...tails of the November receipts ...e Treasury are not yet available; ...per figures, however, have been ...shed.

...T produced R2,205bn in the first ... months of the year against a ...eted R3,955bn.

...amond export duty earned ...2m against R15,1m the previous ... and a budgeted R27m for the full ...year.

...ansfer duties, reflecting buoyant ...itions in the property market, ... brought in R186,8m in the seven ...ths against R106m in the pre...s year and a budget estimate of ...0m.

...interim

surprisingly drifting at 190c sellers with a bid price of 175c — light years away from the year's peak of 310c. Given an eventual revival in demand and no more thefts the share might be classed as a longer-term recovery stock.

But with the generally depressed state of the stock market, interest rate levels and the drain that the move in HQ will no doubt have on the group's books, bargain hunters can find better value around.

Sanlam bonus 'highest ever'

By PAUL DOLD

ABOUT 350 pension fund clients invested in Sanlam's Alpha Plan are receiving up to a 21% bonus bringing the increase since 1978 to 65%.

The first bonus was 12,7%.

Some R270m has been invested in Alpha — Sanlam's guaranteed portfolio with a spread of equities, fixed interest and property.

Sanlam says this is probably the highest bonus yet declared in South Africa on a guaranteed portfolio of this nature.

The initial bonus on investments made under the Alpha Plan in 1983 amounts to 18%.

Mr Johan Neethling, gen...

Mr Eldred Taylor has been appointed executive director and general manager of Osborn Coalequip Engineering (Pty).

Ms Barbara Palframan has been a public relations executive of Barlow Rand.

Mr Dick Goss has accepted an invitation to join the board of Saficon Investments.

Japan growth forecast

TOKYO. — Two major Japanese city banks and a research body have predicted Japanese real economic growth of between 3,8% and 4,5% for the new year.

Mitsubishi Bank said it ex...

ROM 29/12/83

Safmarine details Sun Hotels deal

By JOHN MULCAHY

SOUTH African Marine Corporation (Safmarine) paid R36m in cash for its effective 18,75% stake in Sun Hotels International, the vehicle for the control of most casino resorts in Southern Africa.

According to a circular to Safmarine shareholders the decision to participate in Sun International was a logical extension of the group's travel, passenger ships, aviation and shipping interests.

"Furthermore, Safmarine's intention to develop its interests in the tourist industry, hotels and resorts, and activities related to those interests, will render its profits less susceptible to international trade cycles."

Safmarine's participation in the new leisure grouping, which involves Southern Sun, Rennies (and Holiday Inn) and Mr Sol Kerzner, triggered a swift reaction from the Government which ordered the Industrial Development Corporation to dispose of its stake in Safmarine.

Details of the sale of the IDC stake are now being worked out, and the sale is expected to take place in March 1984, after the group's interim results have been released.

The acquisition of the Sun Hotels International stake is expected to increase Safmarine's earnings by 3c a share for the year to June 30, 1984. Earnings for the year to June 1983 were 46c a share.

The effect on Safmarine's net asset value will be minimal, according to the circular.

Sun Hotels International acquired the following assets from Southern Sun:

- 50% of Southern Sun Hotels (*Bophuthatswana*) (*Pty*).
- 50% of Ciskei Southern Sun Hotels (Pty).
- 15% of Sun Resorts Ltd, incorporated in Mauritius.
- 20% of Bophuthatswana Commercial Radio (Pty).
- Shares in the financing and management companies related to the operations sold by Southern Sun.

Also, Sun Hotels International acquired these assets from Rennies Consolidated Holdings:

- 80% of Holiday Inns International (Pty).
- 75% of Wild Coast Holiday Inn (Pty).
- 50% of Swazispa Holdings.
- 50% of Holiday Inn of Lesotho (Pty).
- 50% of Venda Holiday Inn (Pty).
- 46% of Mzamba Development (Pty).
- 33,75% of Transgames (Pty).
- 33% of Casino de Maurice Ltd.

Wholly-owned subsidiaries of Swazispa Holdings include the Royal Swazispa Hotel, the Ezulwini Holiday Inn and the Lugogo Holiday Inn. Nhlangano Holiday Inn is a 51% subsidiary.

A key point in the Safmarine circular concerns Mr Kerzner's restraint of trade agreement.

"Consequent upon the imposition on Kerzner of a restraint prohibiting him from being interested or engaged in the hotel industry in the Republic of South Africa at any time before April 1, 1985, the business of Sun Hotels International will initially be restricted to hotels, resorts and related activities elsewhere than in SA, but upon the lapse of that restraint, there will be no limitation on the geographical areas within which hotel and resort interests may be operated."

Another quiet day on JSE

By NORMAN CUTHBERT

TRADING was quiet and firm on the Johannesburg Stock Exchange yesterday, marked by a continued reluctance of sellers.

Any small buying — as investors dressed up year-end balance sheets — tended to push up prices.

Turnover was light.

Gold shares finished firm in particularly active closing trading. Industrials were firm through the day.

Golds opened firmer in fairly active trading, sparked by overnight interest in New York, as the gold price hovered around $380.

Counters tended to ease from early highs around midday as the initial rally was not immediately followed through. But in the afternoon prices of better quality stock were pushed better by steady London buying.

At the close, 18 golds were ahead, 16 posted losses and eight were unchanged.

Heavyweight gains included Harties up 300c to R90 and Buffels 150c firmer at R69,50 after R70.

Gains among lightweights and marginal producers were limited to around 10c.

De Beers was unchanged at 905c.

Platinums were easier, with Impala down a further 15c to R16 and Rustenburg off 20c at R13,20.

The industrial board finished with 51 shares firmer and 11 easier, led by sector leaders Barlow Rand, up 35c to R13,85, and Sa Breweries, 25c better at 800c.

Banks were firmer, with Bankorp up 25c at 595c and Trust Bank closing 27c ahead at 267c after 280c.

Liblife added 100c to R55.

Interest was shown in Picbel, unchanged at 700c, and Picfin, up 120c to 760c, in view of the impending sale by Picfoods of its stake in Kanhym to Gencor.

Six US Steel plants to be closed down

PITTSBURGH. — US Steel says it will close six of its money-losing domestic steel plants and reduce operations at 24 other facilities, eliminating about 15 400 jobs.

It was announced earlier four plants would be closed and an undetermined number of other plants affected.

The six plants to be closed are Lorain-Cuyahoga in Ohio, three plants in Pennsylvania, a plant in New York and another in New Jersey.

Other plants, including the South Works near Chicago, would be mostly shut down, the company said.

The closings would eliminate the jobs of 4 590 active ...

US Steel lost $497m in the first three quarters of this year. Last year, US Steel's steel segment reported an $852m operating loss.

US Steel has also dropped discussions to import steel from Britain.

It was reported earlier a deal with British Steel Corporation had been cancelled for "purely economic reasons".

Discussions had ended so that the two companies could pursue "other options," US Steel's chairman, Mr David Roderick, said.

US Steel and the state-owned British company had ...

US slashes foreign catch quotas

TOKYO. — The United States, in a move apparently aimed at bolstering its fishing industry, has slashed catch quotas for foreign vessels operating in its 200-mile fishery zone in 1984, Japanese officials said.

The officials in the Fishery Agency said a total quota for foreign fleets in the first half of next year had been cut by 14% from the current year to 1,363-million tons.

Japan would be given 71% *of total catches but its share* will also be slashed 15% to 486 000 tons ...

Kersaf's listing today promises exciting ride

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20/8/84 Star

By Peter Farley

Mr Sol Kerzner's Kersaf was officially listed on the JSE today after a series of steps which transformed cash-shell Javcor into the effective holding company for Sun International.

Although Mr Kerzner is not releasing formal earnings figures for the year to end-June for Kersaf or Sun International, it seems likely the pro-forma estimates made in the listing statement will have been exceeded.

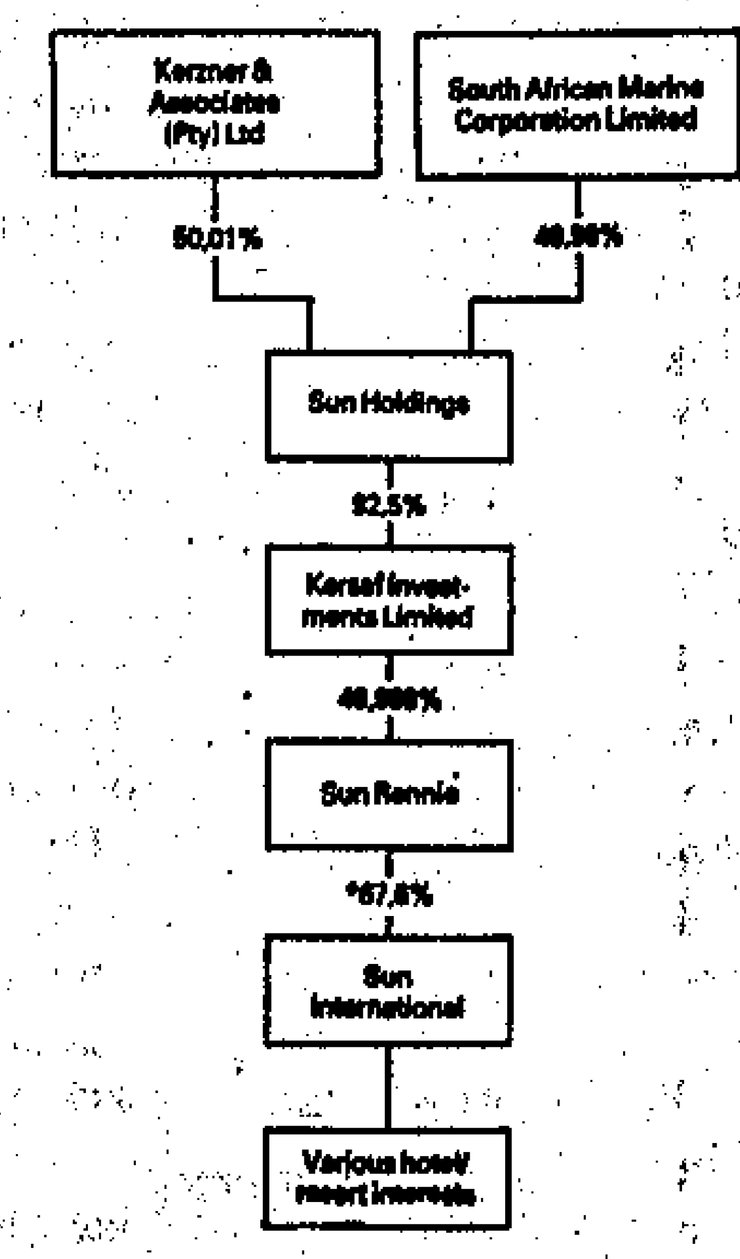
Some indication of how the hotel/resort group has performed will, however, be evident from the Rennies figures, due on Wednesday morning.

The Javcor shares closed at 70c on Friday, but after the eight-for-one share consolidation Kersaf should open this morning at 560c.

But that was based on an estimated 27c dividend for the year just ended on earnings of 40c a share. This offers an historic 4,8 percent dividend yield and a PE ratio of 14:1.

Given the earnings and dividend projections were probably exceeded, the Rennies results should show this, and that the growth rate should be maintained this year a forward yield of six percent is now not unreasonable.

The Kersaf shares could therefore soon move towards 700c. This would put them on a forward 4,8 percent yield, assuming a total payout next year of around 34c.



Kersaf was formed to hold the combined Kerzner and Safmarine stakes in Sun Rennie — which in turn holds 67,6 percent of Sun International.

Although Kersaf has one share less than Rennies in Sun Rennie, it has management control.

Has the market underestimated the forward performance of Kersaf? Certainly expectations appear based solely on the earnings contribution from the stake in Sun International.

While that is its sole investment now, future growth could be equally generated from non-hotel/resort projects.

The company has been formed with a strong equity base for expansion into other leisure activities not allied to existing spheres of operation.

Developments on the hotel side will come through Sun International under an agreement with other major shareholders Rennies and Southern Sun.

Kersaf may well feature prominently in the longer-term ramifications of the merger between Rennies and Safmarine.

More major developments on the Sun International side will probably have to wait until after next March. From that point Mr Kerzner's restraint of trade agreement with former employer SA Breweries expires.

But this only prevents him from operating on the hotel/resort side in South Africa. It does not preclude a development, through Kersaf, outside these spheres.

It is almost four months since Mr Kerzner announced his plans for forming Kersaf. With equity likely to be the major source of funds for acquisitions he has no doubt waited for the final share structure to be established before making any moves.

He has given no inkling of what direction the first move will take, but it seem likely an announcement can be expected soon. Last May he said several possibilities were already being examined.

Whatever the outcome, shareholders in either Kersaf, or yet-to-be-listed Sun International, can be assured they are in for an exciting and profitable ride.

between.

Recently, many practices have preferred to move into low-cost mass housing which involves the total environment.

Such barefoot architects — not a perjorative term for non-architects — are beginning to get such commissions from which they were often excluded in the past.

The commission aspect, however, serves only to highlight the by-now familiar problem of centralised control of the professions — both statutory and voluntary? Why do architects, like so many other professionals, continue to shelter behind a tariff book? Why should they not advertise their services?

The usual reply, of course, is that such controls are needed to maintain standards in the public interest. But, accepting that minimum qualifications are necessary, there should be nothing thereafter to stop architects or anyone else from openly competing on service and price and letting the market sort the good from the bad.

After all, a little more entrepreneurship could well prove profitable. And who in the professions would object to that?

RENNIES/KERZNER/SAFMARINE

Casino royale

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The effective merger of the southern African casino interests of Holiday Inn and Southern Sun, under the auspices of Sol Kerzner's Newco, provides the platform for a major drive to attract foreign tourists and for a concerted assault on overseas markets.

The southern African casino resorts have effectively been put under the control of one man. Will he be able to reproduce the growth he generated at Southern Sun?

In addition, the presence of Safmarine in the controlling consortium gives the new group a further dimension, which should further enhance its existing activities. Kerzner obviously has ambitious plans for Newco, which extend far further than just being content with developing the assets now under his control.

While some details will be made public in the next couple of weeks, there are, however, unlikely to be any major developments for the next year. Kerzner says that the group needs time to consolidate before new ventures are undertaken. And he admits that it will take him a while to get to know the operations of the Holiday Inns now under his control.

This may be one of the biggest hurdles. Although Newco — to be renamed in the near future — will have a strong corporate identity, distinct from both Holiday Inn and Southern Sun, it will have the problem of running two virtually separate hotel chains. Under licensing agreements with Holiday Inn International, the hotels in Swaziland, Transkei, Venda and Lesotho will have to maintain the Holiday Inn name — at least until the existing agreements expire. The first due for renewal is that in Swaziland, and this not for another six years.

Kerzner, however, does not see this as a problem. "We will develop a strong corporate umbrella that will prevent any confusion arising from the different names." He points out that Southern Sun faced a similar situation during its formative years.

The next step will be to co-ordinate developments and expansions at the various group hotels. The green light has just been given for a R25m expansion at Sun City which will greatly increase room capacity at the group's flagship resort, while plans are in hand to build a similar extension at the Wild Coast Holiday Inn in Transkei.

Although specific details of the latter plan are under wraps, a logical step would be to include a large entertainment centre. Kerzner says that he envisages contracting international entertainers and sportsmen to perform on one tour at several of Newco's resorts. Apart from increasing the earnings return on these visits, Kerzner says it will also enhance the group's bargaining power when looking for potential attractions.

The link with Safmarine will provide other benefits than just the financial muscle which has so far been used. The shipping group intends to re-introduce a passenger liner service to southern Africa which could also be linked to a more regular route servicing the group's hotels on Mauritius.

In addition, Safmarine's air transport

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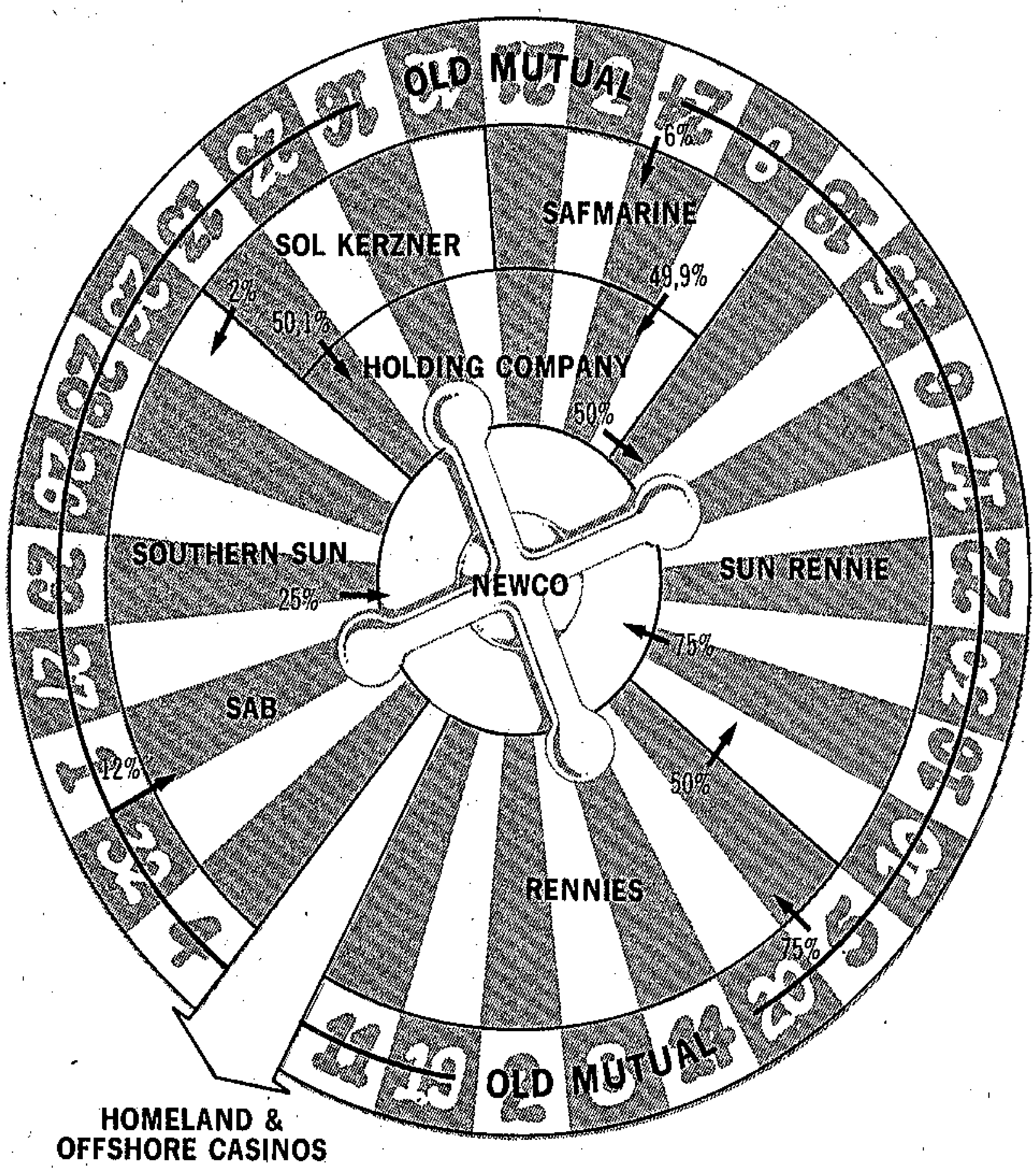

fix it.

He removed it with the full co-operation of the family and had

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side is currently under-utilised and could be further developed to provide links between the resort and SA's main cities. The air interests range from CapeAir and NamibAir (passenger) to Safair (transport). An international air charter service should also not be ruled out. Many of the major international hotel groups already have strong links with airlines — such as Westin with United and Hilton with TWA.

This is, perhaps, the most exciting potential development for the new group. The added pulling power of being linked with a shipping and airline group could dramatically improve the group's chances of attracting international travellers to this part of the world.

But what about the domestic ramifications of a virtual monopoly on this form of resort? Kerzner obviously does not see this as being detrimental, either to the potential vistors or to the independent countries and homelands which depend on the resorts for much of their revenues. He says that two companies competing for the same market in two neighbouring homelands would find themselves both worse off, as would the governments of the respective homelands.

But with control now in one pair of hands, Kerzner says, development can be controlled and allowed to take place in an orderly fashion. It is almost certain that it was this scenario — over the proposed Holiday Inn in KwaNdebele close to Sun City — that prompted the first round of rationalisation talks between Holiday Inn and Southern Sun earlier this year. Kerzner says that under the new set-up any development at KwaNdebele can now be designed not to conflict with Sun City. "If we build something completely different, we will re-educate the potential market and also create completely new markets."

He is more guarded on the possibility of international expansion by Newco. This is scarcely surprising since the failure of the foray into Atlantic City and the snub received in Queensland while he was chief executive at Southern Sun. "It is certainly an area we would like to get into, but I do not expect any development on this side for at least a year." The lessons learnt in Atlantic City have been studied and the same mistakes are unlikely to be repeated.

One possibility, to circumvent some of the opposition voiced over South African links in the US, could be to headquarter the new group in one of the countries in which the group is now operating. Under his restraint of trade clause with SAB and Southern Sun, Kerzner is, in any case, prohibited from operating in SA for the next 18 months.

So what about a listing for Newco? Kerzner says that all the parties concerned are working towards that objective, but that nothing will be done for at least 18 months. While Newco could immediately produce a five-year track record to satisfy JSE requirements, by putting together the historic numbers from its various operations, Kerzner feels that one full year's operation is desirable before a listing is contemplated.

One aspect of the new set-up which Kerzner may find a little difficult to swallow, however, is the loss of the independence which he set out to achieve when he broke away from SAB/Southern Sun. Rennies is now the biggest single shareholder in Newco, with an effective 37,5%. Kerzner has an effective 18,75%, with Safmarine also holding 18,75% and Southern Sun the 25% balance. This "minority status" is, however, more apparent than real. The holding company through which the Kerzner/Safmarine 50% of Sun Rennie is held is controlled as to 50,1% by Kerzner (Safmarine has 49,9%), so he effectively has the same voting power in Sun Rennie, and hence in Newco as Rennies (see diagram).

Kerzner says he left Southern Sun because he did not like being a minority shareholder with one large majority owner. In Newco, although he still has only a minority stake, he says he is happier with the rest of the shareholding being spread fairly evenly among many more hands. What is noticeable, however, is that Southern Sun now has a distinctly smaller slice of Newco, though in a bigger operation and despite having board representation.

This begs the question: why did Kerzner need to leave Southern Sun in the first place? From his point of view, the ramifications of the Premier deal were probably too much to come to terms with. However, why did Southern Sun not just re-open the earlier rationalisation talks with Holiday Inn and come to some sort of agreement along the lines now concluded? A link up with a transportation company, such as Safmarine, could also then have been examined.

Although Southern Sun still has a slice of the casino action, it has not gained most from the latest arrangement. Kerzner has what he wants and Rennies, with the largest stake in Newco, has what it wants. Southern Sun itself is out on something of a limb, which is not what the architects of the original Premier/SAB deal had in mind.

Peter Farley

Rennies — Safmarine on a high seas venture

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By Peter Farley
Investment Editor

Rennies and Safmarine have formally joined forces to create a conglomerate that will effectively be able to make the running in South Africa's leisure, shipping and freight industries.

And, although both sides deny it, the move must have been heavily influenced by the substantial shareholding Old Mutual has in both companies.

On a quid pro quo basis Old Mutual would have ended up as clear controlling shareholder in the merged operation. But, for some reason, has chosen to abdicate this right to a less than 50 percent stake.

How, where and when the additional shares will be sold has not yet been disclosed. But perhaps the presence of Anglo American's industrial supremo Mr Graham Boustred at yesterday's briefing gives some indication in this direction.

At the same time Anglo's Amic has merged its 50 percent stake in Freight Services in the new operation, with no real shareholding in return. On the surface it appears content to hold an outside stake in what will effectively be a small part of the overall operation.

The formation of the new group involves the delisting of both existing quoted shares, Rennies and Safmarine, and the creation of a joint holding company to be called Safmarine and Rennies Holdings (Safren).

The only surprise is that Safmarine chairman Mr Marmion Marsh becomes chairman and chief executive of the combined outfit, with Mr Charles Fiddian-Green seemingly playing a somewhat secondary role.

Nevertheless, it is probably indicative of where the power lies in that four out of the new group's five operating legs will be headed by Rennies's executives.

It is clear from the comments of both sides that the new group's earnings growth will be firmly planted in the leisure industry. The recent formation of Sun International, into which Rennies sold its casino/resort interests and in which Safmarine already has a sizeable stake, will no doubt be the primary vehicle.

In addition, the recent listing of Kersaf, which initially excluded Rennies, could prove a remarkable vehicle for bringing the SA side of Holiday Inns into line with the rest of the now shared leisure interests.

SAB and Southern Sun must be wondering why they ever let the ball start rolling in the first place. Certainly ABF's Mr Gary Weston has a great deal to answer for.

The listing of the new holding company will not take place until mid-November, but existing shareholders in the listed companies will be offered shares for the Safmarine and Rennies scrip they already hold.

Safmarine shareholders will receive 45,6 Safren shares for every 100 held, while Rennies' scripholders will get 100 for 100. Safmarine shares closed yesterday at 600c and Rennies at 1 425c.

Despite the recent surge in the Safmarine share price, the deal is still slightly more attractive to those shareholders. Therefore it would still be cheaper to buy into the deal through Safmarine, for those wanting a share of the new joint company, than through Rennies.

But there are still a great number of questions that remain unanswered. For a start the two sides accept that they have not been able to resolve the future of the respective insurance or travel interests.

In fact, the deal has not yet even been signed by either consenting party, let alone their lawyers.

There is, nonetheless, no doubt that it will now take place.

The combined operation will have gross assets of some R1,2 billion, but this boils down to a net worth of some R400 million. On a guesstimated issued share capital of 46 million shares this would offer a net worth of some 870c a share.

This is broken down by the book value of Safmarine being worth around R250 million against Rennies' R150 million. The figures are, however, somewhat misleading as the market value of Rennies investments would show a much more substantial premium over book value than those in Safmarine.

Nevertheless, the deal appears to have been split pretty fairly down the middle.

The merging of the shipping, freight and forwarding op tions will certainly afford marine the chance to incr market share, while certair pects of these operations also present rationalisation portunities.

In the longer term, a co of years away, the platform certainly been laid for exter international expansion on tremely competitve terms.

Locally, however, keep eyes on the expansion of the sure interests and the oft-for ten liquor side of Rennies t ing operations.

Charles Fiddian-Gree

Insider

SA Breweries may have launched its new Ohlsson's Lager with much fanfare last week, but what many may have missed was the introduction of a new corporate logo.

The Beer Division has gradually been extending its independence, now further enhanced by this latest development.

Mind you, the changes are pretty subtle: a frothing beer tankard in place of a sheaf of barley above the SAB logo.

The colour scheme on letter-heads, etc, has also been rede-

droppings — are now a welcome addition to the staff.

□□□

It must seem like hard times at the stock exchange these days, with daily turnover now often well below the R10 million mark regarded as the breakeven level by the stockbrokers.

I understand some brokers are now looking around to where costs can be cut and i-

Pre-packaged training may create learning ba

Ivor Oyston, MD of Tadsa Mohr writes on aspects of training and behaviour

Behaviour modelling stresses learning through example, so if a picture is worth a thousand words then is one good role model worth endless hours of classroom training?

A growing number of individual psychologists are beginning to believe in this approach.

Training companies have adapted this concept to give both inexperienced and experienced managers/supervisors people-handling skills

/BUSINESS

join forces

Fiddian-Green (right) in pensive mood as Marsh takes the helm

n and Marmion Marsh, ship-shape and Cape Town fashion

Investor interest indicates rates may have peaked

By Duncan Collings

Although the money market closed the week much as it had started — with rates static and trading extremely quiet, rates tended to firm across the board during the balance of the week.

In line with the increased rates substantial buying was seen in the 90-day and one-year areas, National Acceptances says in its weekly money market report.

Investors are buying at the longer end of the market, indicating that rates may have peaked, National Acceptances says.

Comments made by the Governor of the Reserve Bank, Dr Gerhard de Kock, confirmed the view that while rates may have peaked, there will be no decline until all the criteria for having introduced the austerity package have been satisfied.

On Friday, at the short end of the market, the key three-month liquid bankers' acceptance remained at 22,10 percent.

The market shortage on Friday stood at R1,93 billion, little changed from Monday's R1,95 billion.

At Friday's weekly treasury bill tender, the rate was fixed at 21,77 percent, barely changed from last week's 21,78 percent.

On the capital market during the week rates moved up by 0,10 to 0,15 percent in very quiet and dull trading with little institutional interest evident.

Some switching was seen out of the RSA 14,50 percent 1987 into Escom L156 and out of the RSA 13 percent 2005 into Escom L154. Activity here was restricted by the quiet tone of the market.

Post Office raises rates

The interest rate on investments in Post Office savings certificates has been increased to 10,5 per cent, tax-free.

At the same time the limit on that part of investments in Post Office savings certificates on which the interest is tax-free, has been raised from R40 000 to R70 000 per taxpayer.

The Minister of Post and Telecommunications, Dr Lapa Munnik, announced in Pretoria yesterday that the higher interest rate becomes effective immediately.

Dr Munnik also announced that new investments in Post Office savings certificates will have to be held for twelve months instead of the current six months to earn the new interest rate of 10,5 per cent.

It will, however, still be possible to withdraw an investment before the 12 months are up, in which case interest will be paid at the same rate as for current accounts in the Post Office savings bank (6,5 per cent).

Interest on Post Office savings certificates will from now on be paid on March 15 and September 15 of each year.— Sapa.

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Japan still exporting at record pace

TOKYO — Japan again recorded substantial current account and trade surpluses in July, though in both instances below the all-time peaks achieved in

Rusplats sets fine example in cash flow

Michael Menof on the company beat

By Michael Menof

Rustenburg Platinum operates three major mines exploiting platinum-bearing ores with the primary product

In these cash-strapped times, Waddell emphasised the importance of cash flow management and how successfully the group had mastered this

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Money, money, money . . . There's no shortage of the stuff in Sol Kerzner's Southern Africa holiday-casino operations, The Star's 24 Hours team has found in spite of heavy security as far as casino earnings in the national states are concerned.

24 HOURS

Russell Gault

Casino 'goldmines' take R100-m in year

More than R100 million poured into the casino goldmines of the Kerzner-Holiday Inns group in the past year.

And this year South African gamblers will be fighting to lose their cash in even bigger heaps if Sol Kerzner's profits forecast for his new company, Sun International, is on the ball.

He says profits will be between R25 million and R30 million net in the first year of the new company's operation.

A huge amount of the group's earnings will go to the homeland and independent state governments under a variety of guises.

The great golden nugget of Sun International's casino mine is Sun City in Bophuthatswana. It earned a gross R30 million. That figure does not include the earnings of the holiday complex.

And most of it came from Johannesburg big spenders. In the past three years more than four million people have been to the complex, making it the most popular in Africa and helping to make Sun the most profitable hotels group on the continent.

The seven big casino complexes are: Bophuthatswana, Sun City; Botswana, Gabarone; Lesotho, Maseru; Swaziland, Nhlangano Casino Hotel and the Royal Swazi Hotel and Casino; Transkei, Wild Coast Holiday Inn; Venda, Venda Hotel.

Sun also has casinos in Mauritius.

Attempts to track down precise earnings of the homeland states from the casino and holiday complexes were unsuccessful.

This information appears to be regarded as top secret. There is no indication anywhere in their public accounts as to their earnings.

Yet they all own 50 percent of the resorts — and their casinos.

The director of marketing and sales of Sun International, Mr Stewart Banner, said the homeland and independent states made huge amounts of money from the operations.

Although figures varied, on average special levies of up to 15 percent had to be paid to these governments on gross revenue from casinos (as opposed to revenue from the resort operations).

Tax was then paid on all profits from the entire casino-resort operation. This was as high as 42.5 percent.

Then the states got half the net profit. They took tax from the earnings of all employees, in total 6 600 people. Sun City alone employed 3 000.

Mr Banner said criticism of the establishment of casinos was not justified because of the big boost the complexes gave local economies.

"We don't spoil the environment. We encourage tourism. We train the locals in all aspects of hotel employment from the cleaning to management. In Swaziland for example, of 200 expatriates initially there are now only 36.

"Everyone benefits, from the local telephone organisation to shops and other businesses."

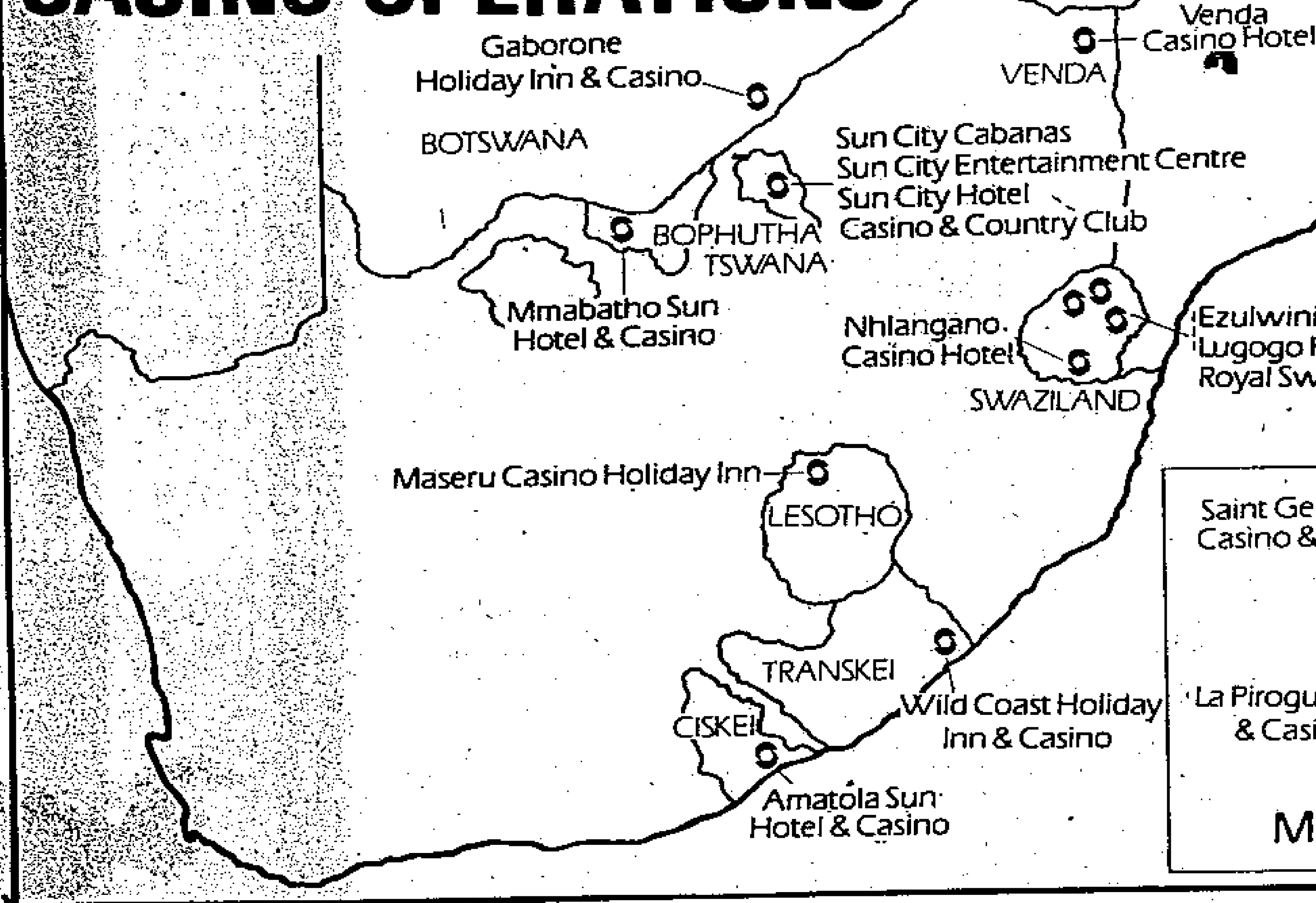
He said in one case, Transkei, the government took R7 million from the complex. This came from sales tax, company tax and levies.

Asked whether the one-armed bandits fleeced gamblers as heavily as people suspected, Mr Banner claimed it was a myth. He said for every R100 paid in R95 was paid out in winnings.

Sun International earned its keep, he said.

When asked whether his company paid bribes to local politicians as had been suggested by sceptics, Mr Banner replied: "We don't pay blackmail to anyone. We will never do that. We'd close the operation first."

THEIR HOLIDAY AND CASINO OPERATIONS



Kersaf Investments gets a 40% stake in Satbel

28.8 Star 11/9/84

By Duncan Collings
Deputy Financial Editor

Newly listed Kersaf Investments, which holds a substantial interest in Sun International, has purchased an effective 40 percent interest in theatre, cinema and entertainment group Satbel.

At a press conference this morning it was announced that a new, as yet unnamed, company will be formed which will hold 80 percent of Satbel.

Kersaf and Federale Volksbeleggings will each hold 50 percent of the new company.

Purchase consideration as far as Kersaf is concerned is R25 million, to be settled by a mix of an issue of Kersaf shares and cash.

On October 1 this year R10 million will be paid in the form of 1,7 million Kersaf shares at 600c each.

The balance of R15 million will be settled on July 1, 1985 in the form of 1,3 million shares at 600c each and R7,5 million in cash.

Satbel was previously owned 51 percent by Fedvolks, 31 percent by AA Life and 18 percent by Sanlam. Sanlam and AA Life will each hold a direct 10 percent interest in Satbel after the deal.

Satbel's activities comprise Ster-Kinekor, the largest exhibitor and distributor of films in South Africa with 120 theatres and 50 drive-ins.

Ster-Kinekor also distributes video-cassettes for the home market.

Also in Satbel's stable is Cinemark, screen advertisers and Irene Film Laboratories and Video RSA. ACF Merchandise imports and distributes professional film projection, sound and lighting equipment. Satbel also has a substantial property portfolio from which the Ster-Kinekor chain operates.

Announcing the deal, Mr Dick Goss, chairman of Kersaf, said that the investment was in line with the company's policy of diversifying into consumer oriented businesses with the emphasis on the leisure industry. Kersaf would be responsible for the management of Satbel.

He said that Kersaf felt that the experience and expertise of its chief executive, Mr Sol Kerzner, in the entertainment industry would enable Kersaf to make a significant contribution towards the future direction and development of Satbel.

He said that the investment would have a material impact on the medium to longer term prospects of Kersaf.

While it was difficult to accurately estimate the effect on earnings in the current year, he said that the acquisition could increase current earnings a share by between 5 and 10 percent, but would have no effect on net asset value per share.

Mr Piet van der Walt, chairman of Satbel and an executive director of Fedvolks, said the deal would have no immediate effect on earnings per share or net asset value of Fedvolks. But he said it would be of significant medium- to long-term benefit for Fedvolks.

A listing will not be sought for the new company.

Of Satbel's properties Mr Goss said indications were that their market substantially exceeded balance sheet values, and they would be assessed.

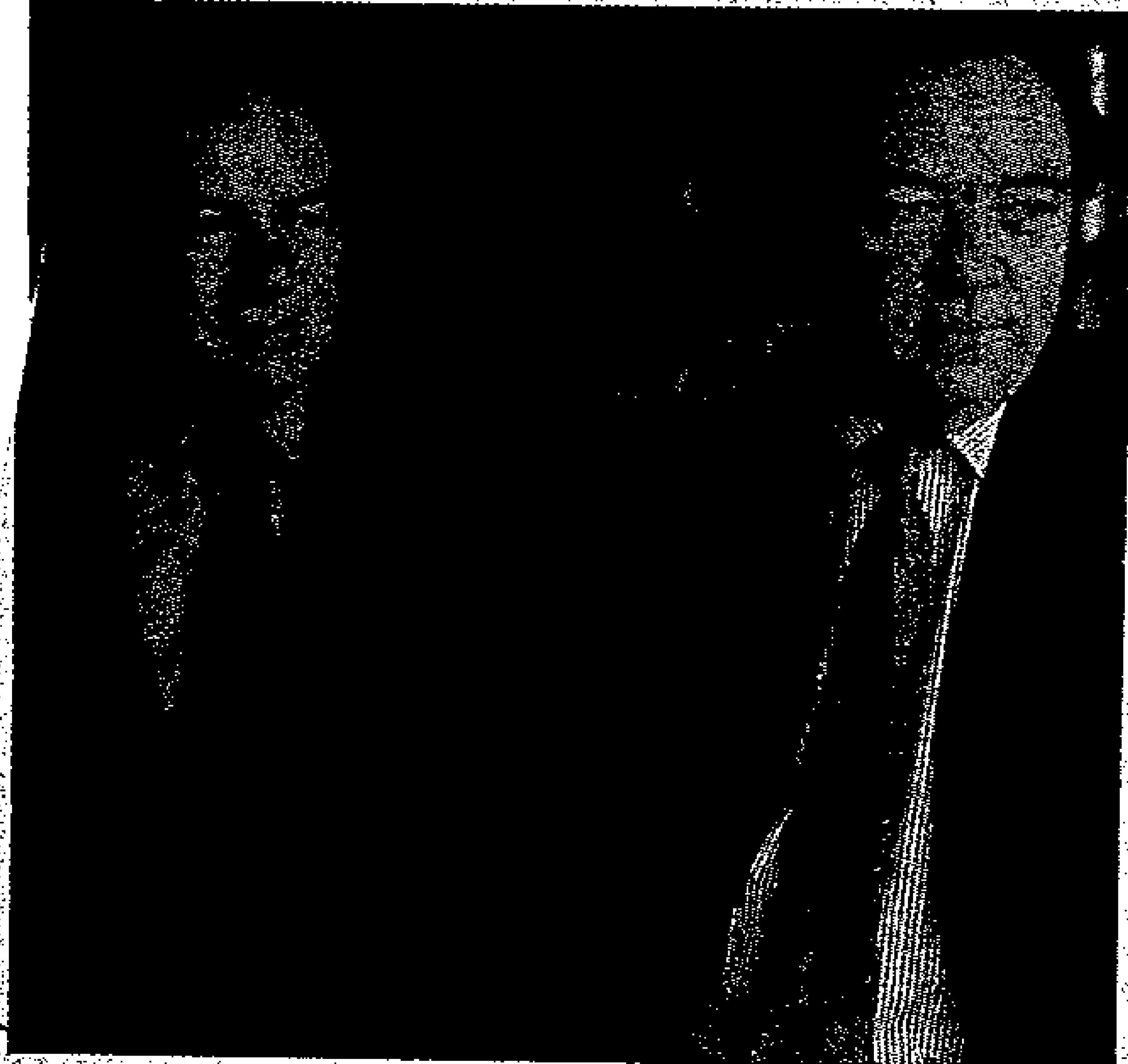
"We are not a property company, so if we reckon that the best course to follow is to sell them the properties will be put on the market."

Rennies, Safmarine link up in great dollar tourist hunt

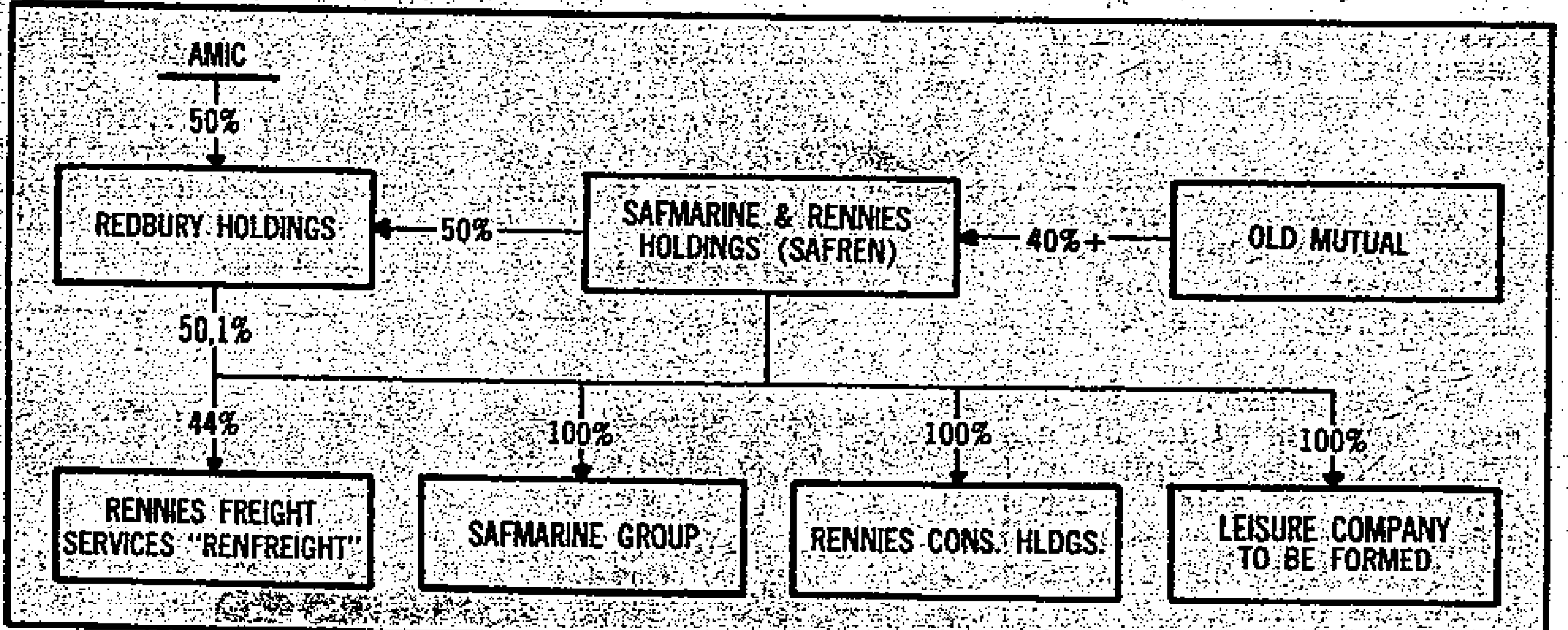
SA goes for Big Game

288 S. Times

2/9/84



Partners Charles Fiddian-Green and Marmion Marsh.



Safren's structure — Old Mutual top of the pile

By David Carte

FREE-SPENDING tourists by the thousand are expected to stream into Southern Africa on grand tours of the sub-continent after the merger this week of Rennies and Safmarine.

With Sun City, the Wild Coast Sun and Safleisure's floating pleasure palace, the MV Astor, under its wing the giant company plans to offer an irresistible package deal to foreign tourists.

They will be offered the delights of Sun City, the Bushveld, the Wild Coast, the Garden Route, the Cape, the desert game reserves of South West Africa plus cruises on the Astor — for magical prices.

Muscle

South Africa draws fewer than 300 000 tourists a year — less than Sri Lanka's total. The merged company — called Safmarine & Rennies Holdings — will have the financial muscle to embark on a hard sell among wholesale travel companies abroad. America, with its strong dollar, will be the main target ...

... merger this country has seen in years," said an equally delighted Mr Fiddian-Green. He reckons the group will do well not only in tourism but in hotels and forwarding and shipping.

"The new group aims to further develop its Holiday Inn chain and to strongly enter the field of budget hotels to cater for the family man and less affluent overseas visitor."

Restraint

Sol Kerzner is widely expected to lend his hand to this venture when a restraint forbidding him to engage in hotels in competition with SAB's Southern Sun falls away.

Other than to say there is a "strong likelihood" of his being involved in SA hotels again after March next year, he will not comment.

Mr Marsh and Mr Fiddian-Green are excited about the ...

Rennies produced a 27% earnings improvement last week. On Friday, thanks to its new investments, the premature mini-boom in the economy, burgeoning imports, plus a weak rand, Safmarine unveiled a 90% improvement in earnings and a 40% dividend increase to 35c.

Analysts said the merger terms were "fair and reasonable, if perhaps a bit kind to Rennies". The company had great potential, but they warned that heavy weather lay ahead because of the depressed economy.

Old Mutual, always a bit uncomfortable about controlling companies, will have more than 40% of Safren, but Mr Marsh stresses it will keep its hands off Rensaf.

The package deal will be made even more attractive if the merged company can bypass South African Airways, or induce it to lower its loaded fares.

Neither Rennies nor Safmarine will confirm it, but travel industry sources say the group is likely to fly tourists into Mmabatho in Bophuthatswana.

This will land them close to Sun City, the beginning of the grand tour package — and will enable Rensaf to offer even more competitive prices.

Jumbo jets

Safmarine owns more than one domestic airline, so moving tourists around Southern Africa once they get here will be no problem.

After recently being strengthened, the Mmabatho runway is being lengthened to take jumbo jets. But Bophuthatswana is not recognised by any foreign country, complicating landing there.

A travel agent says: "But if Sol Kerzner can't sort out that little problem, I'll be surprised."

Fortune

"It won't all happen overnight but we're going to make a fortune in tourism," Marmion Marsh, chairman of Safmarine, told Business Times as he and Charles Fiddian-Green, chairman of Rennies, set the seal on the deal.

Mr Marsh will be chairman and chief executive of Safren and Mr Fiddian-Green deputy.

"This is the most logical potential rationalisation benefits in clearing, forwarding and shipping."

In the past, Rennies and Safmarine were competitors and much of Rennies traffic went to other lines. Now the two will dominate the industry, particularly since Rennies and Freight Services have merged their forwarding activities.

Valuation

For the merger, Rennies and Safmarine were valued identically. Safmarine shareholders will receive 45,8 Safren shares for every 100 shares they hold and Rennies holders 100 for 100. There are more Rennies shares in issue, hence the different ratios.

Had the merger been effective in the year to 1984 Rennies earnings would have risen 4% and its net asset value by 42%. Safmarine's earnings would have fallen 4% and its net assets by 23%.

The stock market has traditionally valued Rennies slightly higher than Safmarine, which has been more cyclical — especially last year. Since the merger was proposed, Safmarine, which has greater reserves, has been rerated in line with Rennies because of the quality of its assets and the strength of its cash flow.

Heavy non-cash charges, notably depreciation and deferred tax, masked the quality of Safmarine while it was building up its merchant fleet.

Now that the fleet is in good shape and capital spending is expected to fall, Safmarine — like Rennies — is expected to be a strong cash generator.

50c

UNVEILED:

HOW SA PAYS FOR CASINOS

~~110~~ 288 ~~xxx~~ S. Express

11/9/83

THE South African government has for years poured many millions of rands — in cut-rate subsidised loans — into the construction of all the major casino centres in Southern Africa.

By MARTIN WELZ

The loans have been provided through the Industrial Development Corporation at 6% less than market rates.

This long-standing interest in the construction of gambling centres has emerged in the wake of a row over the government's accidental acquisition of a stake in Mr Sol Kerzner's casino empire.

Dr Dawie de Villiers, Minister of Commerce, Industries and Tourism, was so shocked last month by the discovery of the government's interest in gambling that he summarily ordered it to be sold.

Now he has vowed to stop the loans too. "If in future I am satisfied that loans are to be used to expand the casino industry, I will personally block them."

He ordered the IDC to rid itself of a R130-million holding in Safmarine when he learned Safmarine was a partner in Mr Kerzner's new casino development firm.

However, the IDC loans mean that taxpayers have for long been helping to pay for such gambling centres as Sun City, the Wild Coast Holiday Inn and even the Swazi Spa.

The chairman of the IDC, Mr Abie van den Berg, yesterday confirmed that loans for the construction of the Wild Coast casino hotel alone totalled R24-million.

The loans were in the form of export credit to pay the South African construction companies, suppliers of building materials and consultants who had contracted to build the casino hotels.

"Provided at least 70% of the goods or services originate in South Africa, they qualify for loans to finance the exports at an interest rate about 6% lower than the current open market rate," Mr van den Berg said.

"We did not pay for the actual casino equipment. That did not come from South Africa," he added.

"We paid the South African building contractors and consultants direct and then Holiday Inns or Southern Suns took over liability for repayment of the loans.

"Provided they qualify as South African exports, there is nothing to stop them from getting further such loans in the future," he said.

Dr de Villiers immediately disagreed when asked for comment. "The government guarantees the loans, so I and the Minister of Finance have the final say."

Dr de Villiers also revealed that the government intended "entering into discussion" with neighbouring states in an attempt to discourage them from allowing further expansion of the casino industry in the region.

Technically the loans were granted by the government-sponsored Credit Guarantee Insurance Corporation and finally approved by the reinsurance committee, comprising senior public servants responsible to the Ministers of Commerce and Finance.

Dr de Villiers said: "The loans to the hotel groups were given to finance South African exports on the same basis as applies to all other exporters.

"We were financing the construction of hotel complexes, not casinos. We also have no say in what additional facilities are then provided in the complex, such as films and shows which we might not approve of.

"In future, however, if it is clear to me that the main purpose of the project is in fact to expand the casino industry, I will not approve such loans."

Sun hotel rivals square up for a bloody battle

288

S. Times 10/2/85

WAR looms between Southern Sun Hotels and Sun International. By David Carte

Unless a truce can be arranged, the chances are good that Sol Kerzner will soon put together a chain of top-flight hotels to take on Southern Sun in toe-to-toe slugging in the domestic market.

He is expected to announce the acquisition of Holiday Inns' best hotels and the Royal in Durban and Cape Town's Mount Nelson. This could happen the day after his restraint expires on March 31.

Murder

A scrap between the Big Two would be super for four-star and five-star hotel guests, but murder for the two companies and their shareholders.

If hostilities do break out, Gordon Waddell, chairman of SA Breweries, will have two wars in his greater empire. Argus and Saan are fighting a debilitating battle in newspapers.

Four-star and five-star hotels come at R50-million apiece and there are so many that national decadence is suggested.

A war between the majors would probably lead to unnecessary duplication of extravagant units. There is not room for more five-star hotels in most the main centres. But a war might oblige Mr Kerzner to build them — and both companies would suffer.

Tourism

Some up-market hotels are struggling. All they don't need is financial fisticuffs to exacerbate their plight.

War between the erstwhile partners could also harm attempts to build up the underperforming tourist industry. Two market leaders working together against foreign competition would be far more effective than squabbling rivals.

In any contest, if one contender is much stronger than the other, the struggle is brief and inexpensive. Here, both parties are enormously strong, so the battle could be protracted.

Cash flows

Sun International has strong gaming cash flows and a stratospheric stock market rating in its favour. It can get huge amounts of money from Old Mutual, Safmarine and the stock market for about 4%.

Most important, it also has almost the entire team that built up Southern Sun. So Mr Kerzner may feel he cannot lose in the coming struggle.

It may therefore be hard to talk him back into his corner.

Control

Another thing, he has ultimate control of Sun International and nobody can order him to back off.

Even if Southern Sun, Premier and SA Brews are spoiling for a fight, there are powers that be in Liberty, JCI and possible in Anglo American and Old Mutual, who can pull puppet strings.

Still, Mr Kerzner will not find Southern Sun a pushover.

His adversary has an established chain of 26 quality hotels and an exceptionally strong balance sheet in spite of a costly refurbishing programme. People at SA Brews say those who have left to join Mr Kerzner were "the gambling guys" and insist that Peter Bacon was the only heavyweight hotelier Southern Sun lost. They contend management is intact.

Another plus for Southern Sun is the muscle of SA Brews in the wings.

Irresistable

An obvious tactic might appear to be to put Sun International and Southern Sun together again. Then you would have the old group plus Holiday Inns and Mr Kerzner's present targets.

No war and a combination like that. It looks irresistible.

Southern Sun shareholders would receive the benefit of a bid for their shares and would no doubt be happy to stay aboard in droves with Mr Kerzner back at the helm. The market capitalisations of the two companies would soar.

The bad news is that it is not on. Both camps insist the divorce was final.

One is told that more than personality differences and bruised egos separate the two camps. SA Brews, it appears, has set its face against gambling and that's final.

Gaming is the first interest of Mr Kerzner and his crew. If they are able to find the $200-million hotel-casino operation they are looking for offshore, they may hold off an attack on Southern Sun domestically, or they could go slowly.

But if they continue to be frustrated abroad, the scrap will be on and the best advice for both sets of shareholders will be to abandon ship.

HOTEL INDUSTRY

The knives are out

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SA's hotel industry is entering a turbulent year destined to change its character and focus. There are three major influences — apart from the recession, which has cut occupancies and income in all grades except three-star hotels and forced groups to economise, market strongly and restructure operations.

The critical influences are the strong national emergence of Protea Hotels and Inns (PHI) in the three-star sector over the past six months, the imminent re-entry of Sun International (SI) amid rumours of a link-up with Holiday Inns' luxury hotels and the proposed amendments to the Liquor Bill.

PHI's management concept — involving refurbishing existing hotels, individual ownership and management contracts, subject to the group's strict quality standards — is having a powerful effect on the industry.

MD Otto Stehlik says PHI now has 22 hotels. Last August it had four — the Heerengracht and Capetonian in Cape Town, the Protea Gardens in Johannesburg and San Lameer on the South Coast.

"We have had more than 400 applications from individual hoteliers and groups interested in joining PHI. Only infrastructural logistics and our high standards prevented the group from mushrooming even further by this stage," he says.

The group now has 10 hotels in the Cape, four in Natal and eight in the Transvaal, including Pretoria's Culemborg, which is being refurbished at a cost of R4,2m into the Proteahof. Two game reserve resorts, Mabula Lodge near Warmbaths and Tuli in Botswana, complete the portfolio

The next 15 hotels will be concentrated near the Kruger National Park, Durban, the Garden Route and in the Kimberley/Bloemfontein areas. The third development phase will take the group to neighbouring areas like Malawi, Mauritius, Zimbabwe and various homelands, says Stehlik.

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He has no doubt that PHI will meet its target of 35 hotels by mid-year and 50 by the end of 1985. "Turnover has already shot up from R20m a year in August to the current R100m a year, and we are set to become SA's major hotel group within the near future," he says confidently.

Member hotels pool marketing resources, providing a marketing budget of R1,5m a year. "Joint marketing just about doubles the return for individual hotels," Stehlik explains.

New PHI hotel members are spending about R12m on the refurbishment and upgrading of hotels to fit the group's quality standards. "Our concept helps hotels cut back dramatically on unprofitable outlays and increase profitability. Group members are set to reap the benefits and profits of this proven concept," says Stehlik.

Fedhasa operations director Fred Therman says PHI's system of reviving and refurbishing older hotels is "tremendous." New hotel rooms in the two top brackets cost between R120 000-R150 000, while PHI renovates older hotels to three-star grade at about R30 000 a room, he says. "Their leasing and management sytems leave hoteliers free to concentrate on cost-effective management and higher standards at lower prices."

This should boost tourism and benefit the hotel industry. "Greater competition will lead to more upgrading of service and standards and therefore better value for money in a free market situation," says Therman.

A Fedhasa committee is already investigating possible changes to the star grading system, as SA's high standards could inhibit quality service growth. SA is the only country with legalised star rating, while European and US hotel ratings are usually given by the travel industry and motor associations, says Therman.

Proposed Liquor Act amendments, including the severing of traditional links between country hotels and their bottle stores, will also help create a new tourism consciousness among lower-graded hoteliers.

Sakkie Hattingh, marketing manager of the SA Tourism Board, says although the strong dollar means US tourists can afford SA's five-star establishments, low-cost hotels can play an important role in broadening the market, especially once the rand strengthens again. "This should also bring down the cost of tourist packages abroad and enhance our tourism effort," he adds.

Southern Sun (SS) marketing director Bruce Hutchison says although PHI is not in direct competition with his group, its entry creates a measure of competition which all groups should heed.

"We have a different style and are big in top grade hotels. Of SS's 26 hotels, seven have five stars, 16 have four stars and only three are three-star hotels, where PHI can be seen as direct competition," he says.

Hutchison is confident that SS's strong marketing, with discount packages, will ensure dominance in the local market. "Bookings for January packages are 25% up on 1984, and they show continuing profitability, in spite of discounts," he says.

Hutchison is not worried about the entry of Sun International (SI) to the local market from April 1, but admits Sol Kerzner's moves will be watched with interest. "We don't anticipate a massive challenge in these lean times — and remember, we own 25% of SI," he adds.

Hutchison says SS is presently investigating "a number of expansion plans in SA and neighbouring states to be phased in over the next two years."

Meanwhile, the R110m Johannesburg Sun is "on schedule" and will open in February 1986. SS is also involved in the development of Gold Reef City, which will play a part in the Johannesburg centenary celebrations in 1986. A hotel, a number of restaurants, bars, banqueting centres, conference rooms and entertainment facilities will form part of the project which is planned for a March 1986 opening at a cost of "well in excess of R5m."

And it has blocked another potential avenue of attack by Kerzner by buying Cape Town's 170-room Inn on the Square for a reported R8m.

On the foreign front, SS is active in North America and Europe, where it plans a "massive" advertising campaign. This will be a follow-up to the current joint $2,5m US marketing campaign, and details will be finalised in March.

Hutchison is satisfied that SS gets about 80% of US visitors to SA (between 47 000-50 000 in 1984). Although overall occupancy rates declined by some 2% in the first nine months, this included the lean winter and they should improve soon, he says. Hutchison has little doubt that 1985 will be a tough year, but he is confident SS can meet the challenge.

SI's joint deputy MD Ken Rosevear is reticent on the group's re-entry plans when the trade restraint on Kerzner falls away on April 1. But SI has already announced plans to buy and upgrade the Riviera resort on the Vaal River. The new 80-room hotel and conference centre should open by October.

He sees the main challenges coming from SS and Holiday Inns (HI), while PHI "seems to go for the business market."

HI marketing director Tim Rands says he cannot add details to group plans to enter the budget end of the market. "You will have to wait a few weeks for an announcement," says Rands, adding that most of HI's hotels are three-star establishments. HI recently refurbished its East London, Port Elizabeth and Bloemfontein hotels for about R9,3m.

With its three-star range, HI directly faces the PHI challenge. Rands says competition will be "very difficult" in 1985, but he expects the group to maintain its 1984 occupancy rate and profitability.

"We do not see a direct threat emanating from PHI. We offer a uniform, high-standard product throughout the country and our special packages are still very popular. We had a very good holiday season in all seven coastal resorts," he says.

Rands, too, sees no "specific threat" from the entry of SI. He expects its main thrust to be confined to the resort market.

Rands will not comment on rumours that SI may make a run for HI's prime hotels to provide an upmarket base in SA. The talk was inevitable following the takeover of HI's casino resorts in neighbouring states after the two groups joined forces under the Safren banner.

But whatever the outcome, it is clear that aggressive new entries in the improved three-star bracket and possible rationalisation by the "big three" will create a leaner, and more competitive, industry.

Sun International's Kerzner . . . adding to the competition

Business Day

3/4/87 288 R10M

Travel agents in giant merger

By ETHEL HAZELHURST

THOMAS COOK Rennies Travel and Freight Services Travel are to merge into an operation with 55 retail outlets and an estimated annual turnover of about R800m.

It will be known as Thomas Cook Rennies Travel, Mr D A (Buddy) Hawton, chairman of the new company, said yesterday.

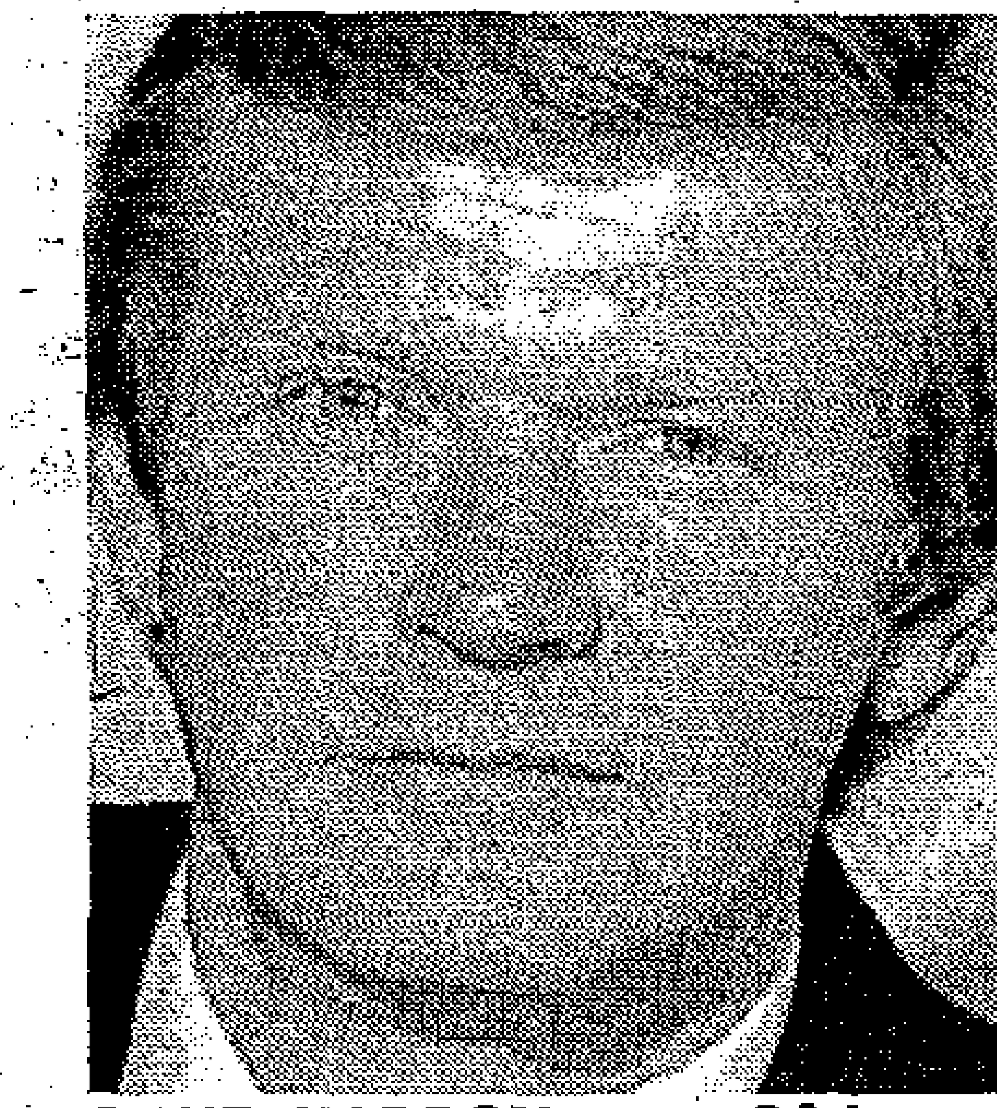
The arrangement, he stressed, was subject to three qualifications: the actual signing of the agreement; exchange control approval in writing from the Reserve Bank; approval from the International Air Transport Association (IATA).

Before the merger, Rennies Freight Services (Renfreight) had a 100% shareholding in Freight Services Travel (previously American Express) and a 50% stake in Thomas Cook Rennies Travel.

Renfreight now has a 71% shareholding in the broader travel group. The remaining 29% is held by Thomas Cook UK.

The deal was sparked by the merger in December of the parent companies, Safmarine and Rennies, but was delayed by the need to renegotiate the Thomas Cook and American Express deals.

BUDDY HAWTON . . . merger subject to three qualifications.



DAVE HADDON . . . a 24-hour, money-back guarantee.

"We didn't want to dispose of either one of the organisations. Our options were either to sell our 50% in Thomas Cook back to Thomas Cook, thus creating a major competitior, or to dispose of 100% in Freight Services Travel," said Mr Hawton.

"The first prize was to integrate, which we estimate would give us about 25% of the market and the benefits of rationalisation."

The company, which will continue to stock both American Express and Thomas Cook travellers cheques, has signed a termination agreement with American Express and handed back five offices.

"The merger makes us undoubtedly the biggest travel agent in South Africa," said Mr Dave Haddon, previously the managing director of Thomas Cook's 33 branches and now managing director of the expanded operation.

He sees the size of the new company as a strength.

Among other things, it will provide the means of automation, so vital in the travel industry with its constant need for up-to-date information.

It also means that "TCRT will be able to offer a 24-hour, money-back guarantee to any person booking a tour through them. This guarantee covers any tour cancelled through the financial failure of the tour operator".

Competition Board gives nod to multimillion-rand deal

Holiday Inn

Giants of SA hotel industry to merge

by

288

Star 13/4/85

Duncan Collings, Deputy Financial Editor

In an enormous multimillion-rand financial deal, the South African hotel industry is expected to come effectively under one company this weekend when a formal announcement is made of the merger between the Holiday Inns and Southern Sun groups.

Though no official announcement had been made by late last night by either South African Breweries, owners of Southern Sun, or Safmarine Rennies (Safren), which has the 23 Holiday Inns in its stable, a statement from the Competitions Board makes statements from the companies a mere formality.

The Competition Board said that an acquistion by Southern Sun Hotel Holdings of Holiday Inns was not contrary to the public interest.

The chairman, Dr S J Naude, said the board's opinion was based on "current available information".

He was commenting on a meeting between the board and

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(288) Star 13/4/85

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on "current available information".

He was commenting on a meeting between the board and the other interested parties.

Dr Naude said out that in the light of the "significant potential advantages" for the tourist industry in the country, and in particular for international tourism, the proposed acquisition might have substantial benefits for the public.

The merger will put most of South Africa's hotels under one company, with only the small Protea chain and independents operating outside.

Homelands

However, what is not clear is the position of Sun International, which operates 16 hotels in independent "homelands" and other Southern African countries, as well as Mauritius.

The group is owned by Southern Sun, Safren and Mr Sol Kerzner. It has indicated that it will issue a statement this weekend.

Mr Kerzner's restraint of trade, which restricted him from operating hotels in South Africa, expired at the end of March and speculation has been rife on his plans now.

The restraint was placed on him when he pulled out of the Southern Sun group — which he started originally — taking with him the over-border hotel/casinos which he placed in his new company, Sun International. Southern Sun retained a 25 per cent interest.

 288 RDM 30/4/85

Country hotels may be hit by amended Act

By LAWRENCE BEDFORD

The Liquor Amendment Bill tabled in Parliament recently is expected to give the hotel, liquor and catering sectors far greater financial security.

It was also likely to lead to the closure of some small hotels, particularly in rural areas, and more flexible opening hours.

Mr Stan Hoffman, president of the Federation of Hoteliers of SA (Fedhasa), said yesterday: "A major aspect of the amendment is that hotel-owners now have the option of separating their off-sales from their hotels."

It was, however, a decision subject to approval by the Department of Industries, Commerce and Tourism.

The amendment would give hotel-owners greater flexibility, enabling those running struggling one-star metropolitan hotels, for example, an opportunity to sell off the property for some other purpose and concentrate on the off-sales, the viable part of the business.

Alternatively, hoteliers with accommodation facilities with growth potential wwould be able to sell their liquor outlets in the marketplace and plough the funds raised into their main business interest. This privilege would, however, not be granted to any future purchaser of the hotel.

"Once the off-sale has been sold, that hotel will never again be able to apply for an off-sales licence," said Mr Hoffman.

"The changes permitted by the amendment are likely to lead to rationalisation within our industry, some of it immediately. For example, rural hoteliers, losing money on, say, 6% occupancy only, might opt to shut up shop and concentrate on the bread winning off-sales licence."

Mr Hoffman said the amendment posed no threat to the one- and three-star hotels. It was also unlikely to affect the development of the proposed Continental bed-and-breakfast (hotel garni) system which depended on revision of the Hotels Act.

It was hoped to get the amendment Bill before the next session of Parliament in January.

Most of the changes to the Liquor Act followed the recommendations of Mr Tommy Voster, of the Liquor Board, who stated that liquor would now be distributed like any other commodity, with the choice being made by the hotelier himself.

Other items in the Bill include changes in the selling hours of restaurants and bottle stores. Restaurants wwould be able to serve liquor from noon until 14h20 and between 18h00 and 01h00 (instead of the previous limit of 23h30. Liquor stores will be allowed to open earlier and close later under the new changes.

A clause which lifts the bar on sales of liquor on polling days is also included.

Hotel room and bed occupancies last year hit their lowest levels for several years, the Bureau of Financial Analysis reported in February.

It added that the average room and bed occupancy levels for all gradings were 59% and 46% respectively, compared to the previous lowest levels in 1981 of 60% and 47%.

The bureau's monthly survey compared hotel ratios in December with those in December 1983. December was the 37th consecutive month that the indices of average room and bed occupancies were lower than in the same months of the previous year.

One-star hotel room occupancy was down 6,5% to 49,6%, and bed occupancy down 3,9% to 48,8% in December, compared to the same month in 1983.

Two-star hotels kept their heads above water, with room occupancy up 1,4% to 55,4%. However, bed occupancy declined by 2,7% to 48,8%.

Three-star hotels reported a 2,1% decrease in room occupancy to 59,6%, while bed occupancy increased by a marginal 0,3% to 59,8%.

The top end of the market also continued to perform badly.

Four-star hotels reported a 6,6% decline in room occupancy to 49,1%. Bed occupancy increased 1,1% to 49,3%.

Five-star hotels reported a decrease in room and bed occupancy of 0,3% and 0,1%, down to 56,4% and 49,9% respectively.

Bar sales crashed for the fifth month in succession, with decreases in 20 out of the 21 regions surveyed.

Major split emerges in new hotel conglomerate

288 S Sun 3/5/85

By Peter Farley
Investment Editor

A major split has already occurred in the hotel conglomerate recently established by the merger of the Holiday Inn chain into Southern Sun.

Less than a month after the deal was concluded Holiday Inn MD Mr Hans Enderle is quitting — and is set to take with him the fledgling budget hotel chain that Holiday Inn was striving to get off the ground.

Mr Enderle confirmed that he was going, but would not divulge his precise plans.

Nevertheless, a Press release embargoed specifically for the Sunday papers and sent out yesterday, says that Mr Enderle is to head up the new budget chain and has until the end of May to come up with the R6 million asking price.

Mr Enderle said the reason for his resignation is that he did not want to be No 2 in the merged group, but he is staying for the next couple of months to see through the handover.

"There was only one top job, and that went to Mr Bruno Corte. I want to conduct the orchestra, not play first violin."

But, in true Southern Sun style, the full details of this new deal are once again being held exclusively for the Sunday newspapers.

Sure, this is not a major deal — given the now R500 million-odd size of the total group — but it is a significant development that should be told to all media and sharehlders at the same time.

Recent studies show that the growth potential and earnings returns of the new change would be roughly twice that of existing Holiday Inn operations.

The new budget hotel chain was planned to be an integral part of Holiday Inn's growth in coming years. It is based on an American concept which offers basic accommodation for short stays at rates well below existing tarrifs.

The first of the new hotels is The City Lodge — under construction in Randburg, across the road from the Sandton Clinic. Several others are in the pipeline around the country.

Senior executives of Southern Sun were not available for comment early this morning.

Southern Sun, which now has 100 percent of Holiday Inn, and whose share price had been languishing around the 500c mark until the latest deal after the merger, has again acted against the interests of shareholders in the way it chooses to disseminate information.

That aside, many analysts feel that the subsequent rise in the share price to around 650c was due more to the fact that Mr Sol Kerzner's Kersaf had taken a 21 percent stake in the chain, than because of the injection of Holiday Inn.

The deal also meant that Southern Sun would not be competing directly on home turf with former leader and mentor Sol Kerzner — a battle which most would have expected Kerzner to win.

Nevertheless, one now wonders what else Southern Sun may have in store, having let go what Holiday Inn, at least, saw as outstanding potential.

The SAB-controlled hotel chain certainly regrets its last divestment — the sale of the casino-resorts to Mr Kerzner. Will the same be the case with Mr Enderle?

Kerzner's Sun International has gone from strength to strength since the split, and Southern Sun's 25 percent stake in that operation will probably be its best investment this year.

Ex-Innkeeper goes for budget hotels

(288) S-Times 5/5/85

By David Carte

HANS Enderle, chairman and managing director of Holiday Inns, has quit to set up his own chain of quality budget hotels.

He will be assisted by another former Holiday Inns managing director, Nigel Matthews, an old friend and colleague.

The first hotel in a chain to be called City Lodge will be finished in August in Sandton. It will offer four-star comfort at R40 a night compared to the going rate of R70 to R90 a night.

Shareholders

Mr Enderle and Mr Matthews are looking for shareholders, probably a financial institution, to join them in a project that will eventually cost R50-million or more.

The 123-room Sandton City Lodge, already at roof height, will cost R6-million. That is at an average cost of R49 000 a room compared to the R125 000 a room capital cost of the Durban Holiday Inn.

The rooms, says Mr Enderle, will be as pleasant as any others. The lodges will be cheaper than comparable hotels because less will be spent on spectacular lobbies, lounges, restaurants, conference halls, other public rooms, and kitchens. They will also need less staff.

Cosiness

The lodges, aimed largely at businessmen but also at budget travellers of all kinds, will serve generous breakfasts and light dinners but no lunches. They will be licensed and located close to good restaurants and shops.

Mr Enderle says: "The City Lodges will not be glass, chrome, plastic and neon palaces in downtown locations. They will be low-rise developments, located in leafy suburbs, well connected by arterial roads with city centres and airports. The emphasis will be on comfort and cosiness rather than spectacle and ostentation."

Southern Sun and Holiday Inns have given Mr Enderle their blessing. Bruno Corte, managing director of Southern Suns and Holiday Inns, says his group has its plate full in the three- to five-star market.

Mr Enderle planned the City Lodge concept before Southern Sun took over Holiday Inns. This explains why construction of the first lodge is so advanced. The lodge, which many thought was an office block on the corner of Peter Place and Main Road, opposite the Sandton Clinic and closer to Randburg than Sandton City, is two-thirds complete.

Hans Enderle ... fewer frills in the lodges

High costs

Mr Enderle said high building and finance costs would see to it that the hotels would not be wildly profitable at first, but there was plenty of scope for increasing tariffs in time. The lodges would merely have to offer a big discount on rival hotels.

Three- to five-star tariffs have been rising at up 30% a year for the past four years.

Pointing to the success of the Days Inns, Hampton Inns, Motel 6 and Econo Lodges in the US, Mr Enderle said quality discount hotels were outgrowing the others.

Mr Enderle highlights some stark financial differences between the City Lodge and conventional luxury hotel concepts. City Lodge will take 80% of its revenue from accommodation and only 20% from food and drink.

Margins

Glamour hotels take 53% from accommondation and 47% from food and beverages. Gross margins on rooms, at about 86%, are far better than on food and beverages of between 30% and 38%.

Operating margins on a City Lodge are expected to be 36% of turnover, and on a conventional hotel they are more like 20%.

Mr Enderle wishes to keep control of the chain. This will probably necessitate selling the properties to an institution and leasing them back, this reducing capital employed in the lodges.

25% tourism drop feared this year

(288) S Times 28/7/85

By Kerry Clarke

CIVIL unrest and the state of emergency threaten South Africa's tourist industry.

Some predict a 25% decline in the number of foreign tourists this year.

The outlook was bright early this year as a weak rand made SA a bargain destination.

But increasing unrest placed a damper on arrivals as early as April, and the outlook for the peak season from September to November is bleak.

Peace and quiet on the beaches ... attempt to reassure visitors

Tremendous

The SA Tourism and Safari Association (Satsa) expected a bumper 1985-1986 because of the weak rand and packages offered by SA Airways. But it says it will take a considerable marketing effort merely to keep the number of visitors from declining.

Otto Stehlik, managing director of Protea Hotels & Inns, says: "There has been a tremendous decline in incoming tourism in the past three months.

"In May last year we had 1 000 Americans at our Heerengracht Hotel in Cape Town. This May there were only eight.

Low profile

"February and March were good months, especially for tourism from Europe. Their numbers rose by 14% over the previous year. I haven't seen so many Germans here for a long time.

"But from April the position changed.

"We would be wasting our money if we put more into advertising abroad. For every column centimetre of advertising we pay for in the US and Europe, there are 100 column centimetres of free, front-page editorial against SA.

"We have proof of this. The expensive advertising campaign in the US last November and December (sponsored by the SA Tourism Board, Southern Sun, SAA, Sun International) did not bring the desired results.

"We should keep a low profile and remain in close contact with the market place — tour operators and retailers overseas — as well as with the opinion makers, and continue to bring them to South Africa."

Expositions

Satsa president John Rothschild says: "We are putting together a strong contingent from the SA tourism industry to attend the World Travel Market in London in December, the US International Travel Exchange in Miami in January and the Exposition in Berlin in March 1986. These three are the largest travel-trade expositions in the world.

"Many of our members are abroad now to reassure customers in our three major markets — the US, Germany and the UK."

Southern Sun marketing director Bruce Hutchison agrees that traditional advertising will not help now, and direct contact with travel agents and tour operators is the solution.

"In the short term the state of emergency will have a negative effect, especially as it is often taken out of context overseas — they don't realise that things haven't changed much in the areas they visit."

Dispute

Mr Hutchison says Southern Sun will not be greatly affected by a decline in foreign tourism. Although about 85% of foreign tourists stay in either Southern Sun or Holiday Inn hotels, this market makes up only 10% of the group's business.

He predicts the unrest and the state of emergency could result in a 25% decline in the number of visitors — 20 000 to 25 000 people.

But an exact figure is difficult to come by. The SA Tourism Board claims 450 000 foreigners visited SA in 1984. It says they spent R900-million — about R2 000 each.

Potential

However, most tour operators and hoteliers say the figures are inflated because they include people visiting friends and relatives, business travellers and South Africans on foreign passports.

Mr Hutchison and Mr Stehlik say the correct figure is 100 000 tourists. If each tourist spent R2 000, foreign currency earnings would be R200-million.

Mr Stehlik says figures for the past three months show that fewer foreigners will holiday in SA in 1985.

"I don't expect more than 50 000 to 70 000 visitors to South Africa this year."

He says that once the unrest ceases the tourism industry's potential is vast.

"Countries like Zimbabwe and Kenya receive many more tourists than SA, but they don't have our attractions."

Ignorant

Sun International marketing director Jurgen Burmeister is also optimistic.

"The state of emergency will have a negative effect, but I don't think it will necessarily be too bad."

He believes the unrest would have had a larger impact abroad had it not been for the hijacking of the TWA airliner and airline office bombs.

"The news about SA will probably have a greater effect in the US than in Europe. The Americans are more ignorant about South Africa than the Europeans. I question whether it will have a drastic impact on the European market."

Mr Burmeister says: "Sun City draws a fair number of international tourists, but taken against the size of the complex and the extent of our conference business and domestic holidays, international business comprises less than 10% of total turnover."

Although the state of emergency may have a short-term effect on tourism, the industry's long-term health depends on the success of the Government's reform programme and their ability to achieve long-term stability in SA.

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SOL KERZNER

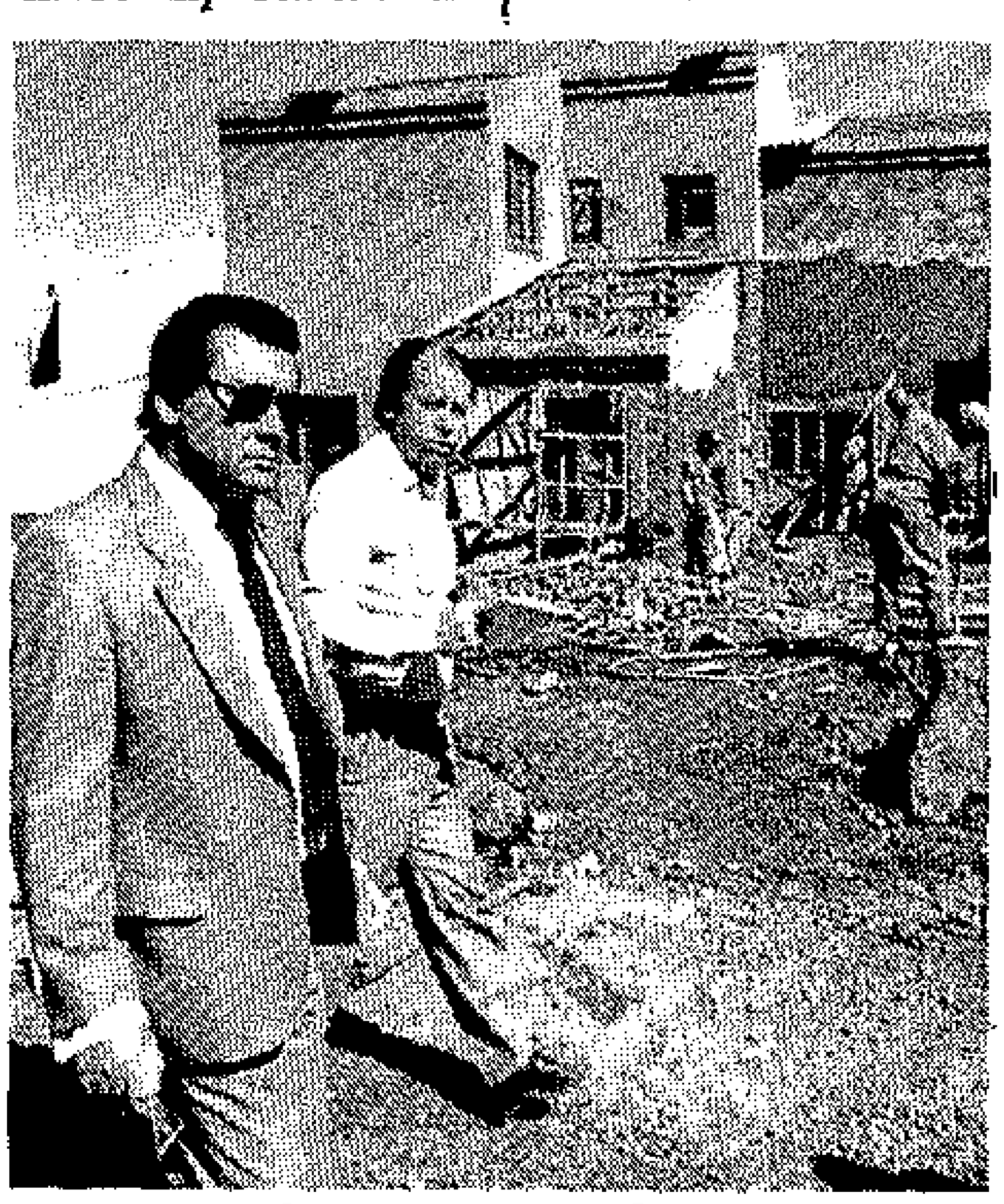
His life and times

Turning 50 can make you think. Certainly, top businessmen tend to become reflective when they hit their half century. In a world which demands achievement and encourages unceasing self-improvement, it's a round figure which can suddenly prompt the realisation that one's potential is no longer limitless.

There's an intimation of mortality — not that many years to go, you muse. The ladder of personal success can suddenly seem pretty well climbed. So perhaps it's a good excuse to get off the treadmill for a moment, withdraw from the hurly-burly to consider past achievement, and take stock for the future.

Sol Kerzner hits 50 this week, sure enough: but he doesn't seem to be nudged by thoughts like that. He assured the *FM* that he doesn't find being 50 more important than being 60 or 49 or 51, or whatever. So why the extravagant rolling birthday party, starting at his palace at Sun City and moving on to Mauritius?

Says Sol: "Perhaps it's special. It's a reason to gather my friends and family, have a party, take five days off work. I have some great buddies, really close friends, that I haven't seen in years. I dunno why — 50 is a good excuse to spend time with people that I like. The way we live, one doesn't have the opportunity."



Kerzner on site

Clearly, sometimes one does.

The fact that Kerzner doesn't have *many* opportunities to socialise has a lot to do with the driving energy that makes his business involvement virtually indivisible from his personal life. For instance, the great corporate ructions which preceded his decision to break away from SAB at the end of 1983 had considerable echoes in his own feelings: "I don't see business as a game of monopoly. Emotion drove me to do what I did at that time. In my case business is people and people aren't pawns that you just move around.

"I was *not* thinking of looking to improve myself financially. When I made my decision in terms of my sharehold arrangement with SAB, I didn't have any special minority protection. So when I walked in and put my resignation on the table, the thing could have worked a number of different ways. I had asked myself for six weeks — what demotivated me? It was a helluva emotional time for me. I went to Wimbledon, didn't really concentrate much on the tennis; then spent a week on one of my buddies' yachts and lay there and thought about it. It's very difficult to say what motivates you."

The Sun King is 50. He'll be celebrating with a few hundred of his best friends — Sun City, Mauritius. But there's more to Kerzner than glamour.

Well, the desire to keep control seemed to motivate him immediately after the problems with SAB; but Kerzner says that, since the recent Safren deal with Kersaf, he is again in a minority position. To hold out for control would have impaired the growth of Kersaf. He recalls the discussions with SAB in 1968, when he was building the Elangeni Hotel and had the idea of establishing Southern Sun. He knew he'd have a minority holding, but he needed the deal to realise the dream of starting a major hotel chain.

"I recalled my late father pulling me aside and saying I must be mad. What are you looking for? he said, you're in control now, it's your business, you do as you wish. But I've always had a very simple philosophy, as an operator and as a manager. If I was doing a bloody good job it was unlikely that a group would give me a hard time — or we'd split. And I said that to my father. If a group like SAB wanted to terminate me, or we couldn't agree, it would probably be in the best interests of the family anyway. So control never really worried me. At the end of the day, it's whether you're having fun, enjoying yourself that counts."

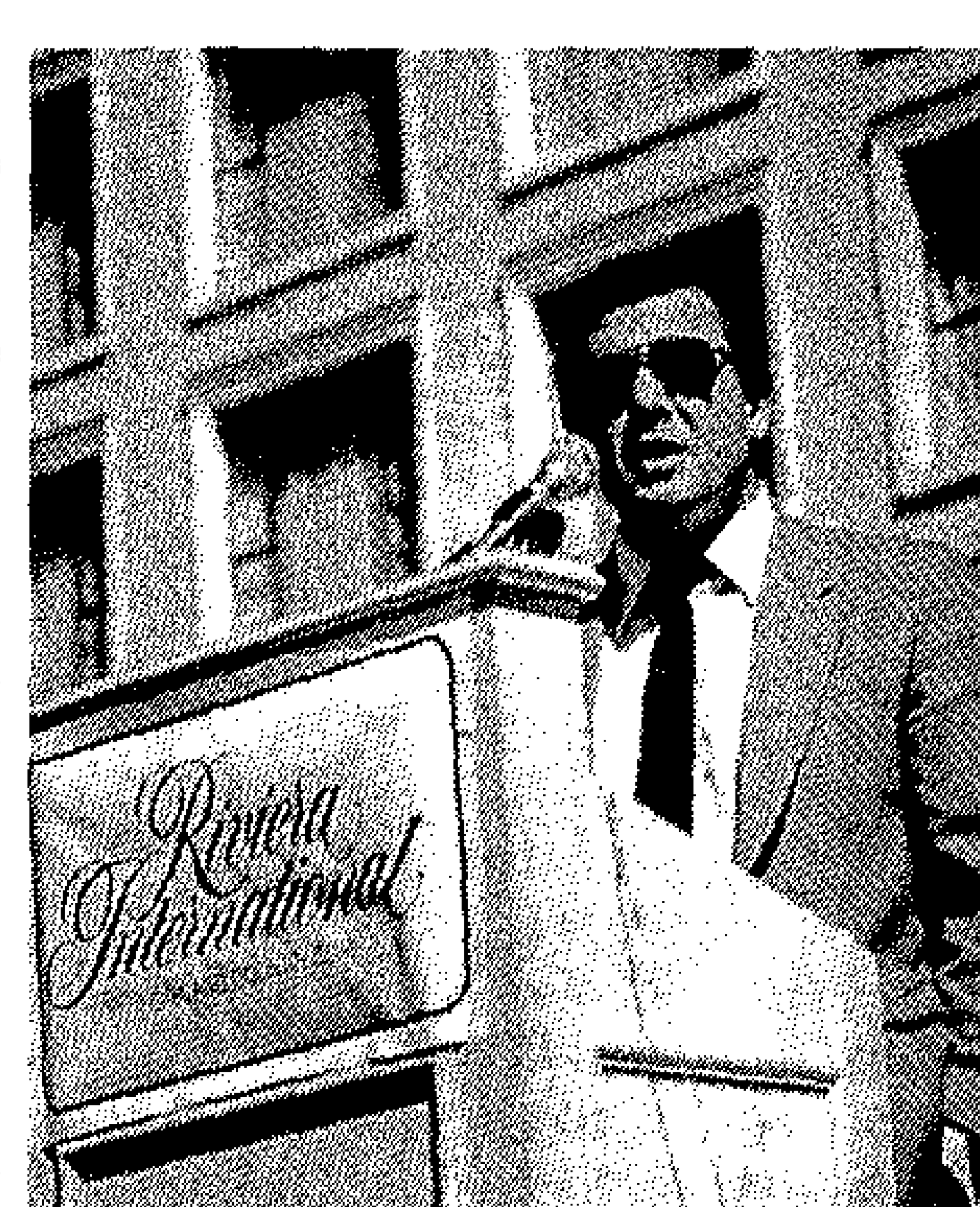
That focus on enjoying himself might just be the key to Kerzner's character — at least, it's the key that he consistently offers to people who try to unlock the secret to what he's all about. He displays considerable puzzlement when asked what it is that drives him. Money can no longer be a factor; nor, he claims, is the undeniable power he can wield over people: "I'm not looking to control people, I like working with them. It doesn't give me a kick as chief executive that we have 5 000 people working in the group or 100 000." So what, then, is the nature of the Kerzner dynamo?

"I am motivated in the first instance by what I am doing. I've been very excited by everything I've done — whatever. From the time I started the old Astra Hotel — and I built that little hotel and all that stuff — I enjoyed it. Worked from seven in the morning till two in the morning. Was fantastic. And the time I planned the Beverly Hills — I've always been motivated, one after the other. It's been a combination of the challenge and the people I was doing it with."

There is an innocence about this vagueness. He is a man obsessed with the challenge of the Here and Now. Kerzner is a one-off, an original. When they made him, they either broke the mould or he bought the rights to it. He is the model capitalist in terms of his achievements — yet it's almost as if his empire-building was done in a fit of absence of mind.

"Some people look for a strategic business plan — they say where they are gonna be in five years and plan growth, wealth, parameters. Well, I've never sat down to do that for myself *personally*. I've never said, listen, this is where I'd like to be in 20 years' time in financial terms. Never ever done that. The money side of it never really came into it. It was natural I would succeed if I had a big piece of the action, but it was never an objective, never been a turn-on and I never really think about it."

However much he may enjoy himself, Kerzner has a virtually unrivalled reputation for being a rough, hard bargainer, with a shrewd instinct for what is possible and a breathtaking capacity for ruthless brinkmanship when it counts. Whatever his philosophy and however recklessly piratical his corporate raiding may appear, his approach to the building blocks of business displays a consistent logic.



Down at the Vaal

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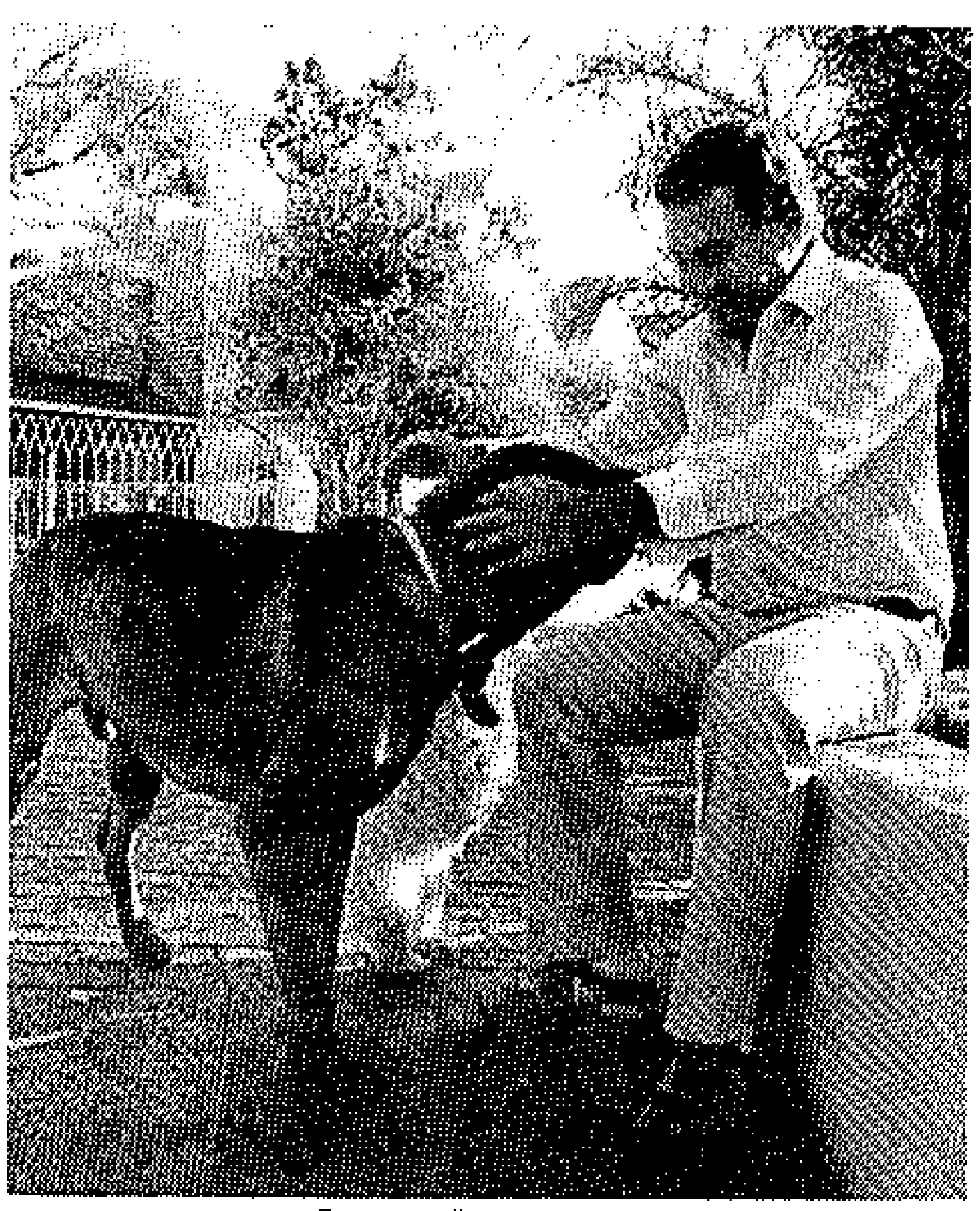
"Kersaf's objective is to diversify in consumer businesses with a major stake in casinos and the hotel industry through Sun International.

"This relates to the basic business of SI. This is why we took up a position in Kunicks in the UK. They operate discos, the London Dungeon and were involved in that massive Live Band-Aid concert. This of course links up with Sun and Ster-Kinekor. Such businesses are international — the expertise for cinema, video and concerts doesn't change from place to place. This direction is working very well. People is where we're at. That's why you can't be in Kersaf and think you're playing monopoly. Our business is people, right across the board."



One dog's life

People: not only across the board, monopoly or otherwise, but also within the employee ranks of his organisation. "The girl at the front desk had a bad time with her boyfiend the night before, that's gonna affect the quality of our product." Kerzner likes to point out that he started at the bottom of the trade, serving food out of kitchens, serving drinks in pubs. "I'm a grassroots operator — when I walk through a hotel I'm watching the little things. What I ought to be doing, I guess, is walking through and being totally relaxed. But I can't help seeing things. It's not for me to correct a head waiter who's done something wrong — although maybe I've done it once or twice."

Yes, he has. In fact, if Kerzner doesn't exactly cultivate the image of being on-site with his sleeves rolled up, he certainly doesn't discourage it. He would probably describe such involvement as hands-on management. At each level of his organisation, he claims, he has autonomous operators who "run with the ball." Yet his behaviour has suggested that he cannot resist interfering at ground level.

Structurally, according to his own belief in decentralisation, he should be remote from the daily mechanics of his projects, but he has occasionally seemed arrogant and unreasonable. One example was when he abruptly ordered, at an advanced stage of construction, that a waterfall at the new Cascades be moved a few metres — he didn't like it where it was. Surely it would not be unfair to conclude that he was being petty and unreasonable?

But, he says, "it's my job to keep in touch at all levels. I don't think I've been unreasonable, I think I'm aiming at a real quality of excellence. Because one is striving for it, there's always that challenge, because you're never going to get there. You're just not gonna get perfection."

What about the way he handles people? "I feel strongly about excellence. I want people to apply themselves. So I guess at times I get irritated if I see too many things going wrong. Fortunately, over time, I guess one mellows a bit. As the organisation develops, you realise you can't be running everything and you realise you've gotta work through people. Over the last couple of years I'd say I've managed to do that pretty successfully. And I've enjoyed that.

"No, I'm not unreasonable. At times I'm quite ambitious, I guess — like completing the Cascades in a year and getting a certain quality into that garden. I unquestionably have high expectations — I expect a lot from people. At the same time I always believe I am fair."

When Kerzner is reminded that the *FM* once described him as a "corporate streetfighter," he throws his head back, roars and squeals with laughter. "I dunno what that means. If it means I drive a hard bargain and like to get what I want, it's true." He's just as amused at the idea that he deliberately cultivates an unpolished, rough-diamond image, designed to display rebellion. "Great exaggeration," he gurgles. "But one thing I am is absolutely honest. Perfectly honest. I believe that's important. And if that doesn't happen at the top, then you get politics in the organisation and all sorts of bull. Then the guys spend too much time worrying about stupid internal politics instead of running their business. In our setup there isn't any nonsense like that. They know where they stand. And if there are problems, I find it quite easy to confront guys."

No doubt many of the guys who've worked for him would agree — and many have stayed with him during his cruise around the corporate ocean.

It hasn't all been plain sailing. Sometimes he hasn't got what he wanted — or seemed to want. How did he react when Environment Minister John Wiley turned down the application to develop land of great natural beauty near Sandy Bay? The press made much of the matter at the time.

"In certain ways I was pleased. I bought Leeuwkoppie from Robert Hall — he retained a half-interest in the Sandy Bay side of the property. But I promised I would make an application to have a very small section zoned for some form of development, and that's the section right next to Llandudno.

"I wasn't keen on it — I did not buy Leeuwkoppie for development. What people don't know is that on the other side, where

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the house is, there's already a township development in progress — and I wanted to stop that! I don't want any development on Leeuwkoppie — but I was committed to Hall to make an application. But I don't want development."

The papers, of course, made him out to be a greedy entrepreneur, with a reckless disregard for natural beauty. "Rubbish. Of the 300 acres that I own, we were talking of not even 20 acres. This didn't come across. But I had nothing to do with the press, I wouldn't talk to them about it. I love what I have there, Sandy Bay... I love Leeuwkoppie. It's a place where I can come to terms with myself."

This is difficult to imagine — the suggestion of moments of introspection. On his office wall there is a explosive picture of the Queen concert at Sun City — the inscription reads: "SOL BABY HOW'RE YOU GOING TO FOLLOW THIS ONE THANKS FOR EVERYTHING QUEEN." And the few books in his office do not upset the preconceived notion of him — *Project Management for Executives*, *Who's Who*, the *FM* Top Companies survey, *Leadership SA*, and books on Sinatra, Wimbledon and boxing. It all fits the conventional image — yet there are hints of another side.

Also on the walls are a few sombre, restful landscape paintings, hardly in keeping with the dynamic image. "Ja. I like them, I love them. My schedule doesn't let me get down to the Cape as much as I like; when I do get there I find a tremendous peace." But surely it's difficult to relax quickly? "You know, a few months ago I took my two young kids and I took our jet and I went down there and just had lunch on a Sunday and came back that night and I still felt fantastic. It's an extraordinary place and I was very lucky to get it."

Seeing that Kerzner keeps emphasising the importance of people in his life, it seems appropriate to ask why he surrounds himself with the Beautiful variety. "Myself in a photo with Princess Caroline has never been important to me," he claims. So how does he end up so often in precisely that kind of situation?

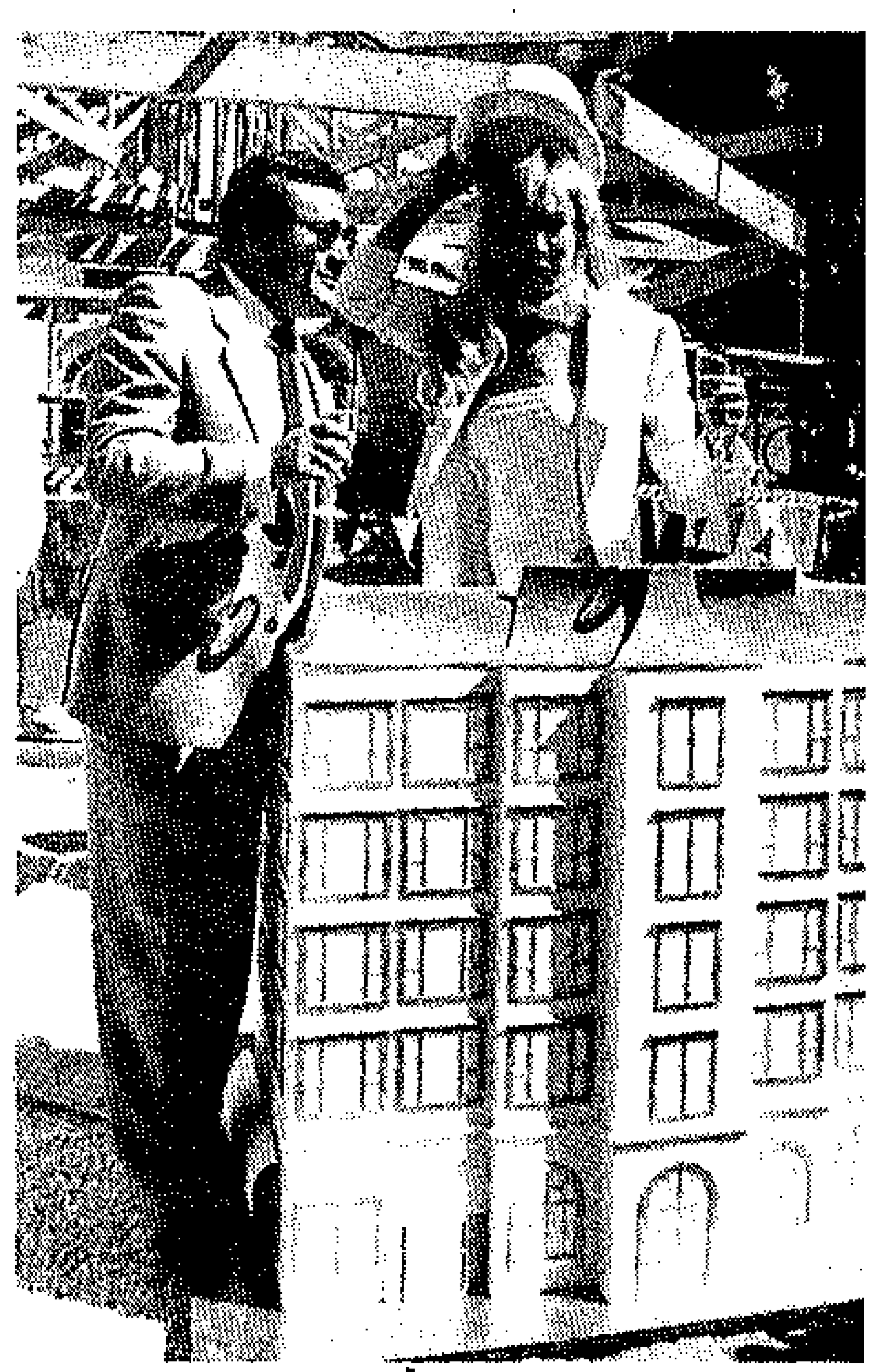
"These are people I enjoy being with and I happen to meet them through my business. A couple of weeks ago I happened to be in New York, staying as always at the Waldorf Tower. Sinatra has an apartment there, and he was in town. Knew I was coming — we ended up sitting for five hours eating takeaways and just chatting. No photographers, we weren't seen by anyone."

But surely it's difficult to achieve a real intimacy in such a glittering world? "Sinatra is fantastic. I've got no problem in saying that he's a good friend. He's the sort of guy that cares."

One is not in a position to argue with that assessment, even if it seems like shallow name-dropping; nor is it possible to dispute his sincerity when he waxes enthusiastic over his experience of Elizabeth Taylor. "It was in '75 and I'd taken them up to Chobe. I knew I'd like Burton, because I'd heard about him from Stanley Baker. They came from the same Welsh town. Anyway, I spent the night with them at Chobe. My young kid had become quite ill, and I was very worried about her. I explained I would be flying back. Liz became most distressed. Next day, she actually telexed me at the office to find out how my kid was. That was very nice. You wouldn't think she would be that caring. Later I got the most terrific letter from her."

Kerzner is very definite when asked who he really admires, who he has placed on a pedestal.

"The only guy I've ever met and sort of felt nervous and humble with — and that was a very quick meeting, maybe 40, 50 seconds, a very quick chat — was the Pope. And I was really moved by that, and felt inferior. It was the man. Those eyes. I dunno what was in them. Strength. It was just the way I felt. I was in awe."



A little champagne

Beyond that, and it's indeed a difficult act to follow, he is not specific — he admires many people for different reasons. In the main, they are achievers, and often he has been surprised by them because they are nothing like the image you have of them. It would appear that Kerzner likes being with beautiful and famous people because... well, because he likes it.

But in the search for challenges, fun and excitement, it was inevitable that something had to give. "I guess the fact that I've been married three times, and I'm in the process of getting divorced right now, must say something. On the other hand, it's ups and downs. I don't blame my business for certain setbacks I have had. I look at myself and say, well, look — had I chosen an easier route, been more careful, and been with somebody not necessarily dynamic... but I didn't choose that route. Perhaps if I had I would have been a long-time married man. With Annie — young girl, very beautiful girl. Very career orientated, great achiever, great ambitions — obviously there's a risk factor. Not easy to say it was my fault or the other person's fault —" (here he slaps the table a few times) "— that's the way the cookie crumbles. But I can at least say that the times I *have* had have been fantastic, and I have a very close family — that's most important. We're all human, all going to have setbacks, some are more serious than others."

Apart from the troughs, what about the highlights of a spangled life? Again, he's a bit bewildered at having to single out anything. Making Sun City was obviously a great moment, he says vaguely, but his life has never stopped being a great moment. He resorts again to the general view: "I'm lucky that people have been prepared to back my thinking. Sun City is great — profits, generating employment, doing a helluva lot of things.

"But in 1978, putting 30m bucks into the scheme wasn't that obvious an idea when I put it to the board. Before that, the Beverly Hills seemed outrageously extravagant. Dick Goss was tremendous, as CE of Breweries, in backing me — in the early days, what sort of track record did I have? These were huge projects for their time. A lot of people questioned my ideas. I was lucky to have the confidence of men like Goss and Marmion Marsh."

Was there ever any point where he lost confidence in himself or his ideas, feared it all might collapse? "*No.* I might have been nervous about certain aspects of a project. But if you say did I ever really lose any sleep, did I ever sit down and say, Christ, what happens if Sun City isn't gonna be a success — no.

"I never lost sleep over the Beverly Hills, although it seemed the craziest thing in a little fishing village like Umhlanga. People afterwards came to me and said, hey Sol, jeez, you must have had tremendous courage, putting everything on the line like that. But I knew it was going to be a success. It didn't frighten me at all.

"I'm not stupid enough to believe you can't make a mistake in judgment, or that plans can't come unstuck. And I have made mistakes, and certain deals haven't worked out as I would have liked. I've taken risks, but it's got nothing to do with courage or guts. Your instincts must be good if you're going to take big risks, as I have."

Kerzner, one realises, is not very interested in delving into the past or speculating about the future. Right now, he's concerned with Kersaf, which he says is poised and structured to become a well-respected international leisure group.

He wants to get it into shape — and refers vaguely to a time when he might step back and be interested in a non-executive position. This is difficult to believe. As he points out, there's always a new phase: creation, consolidation, diversification. These seem to be phases required by his own personality, only

(288) FM 23/8/85

mirrored in his business record. He likes to make things happen, as an end in itself.

If he does ever say at some point that he's had enough — and it's certainly not now — he thinks he might spend more time with his kids, or take a month to ski and play tennis, or get an appreciation of art. It's as simple as that. And if he were starting out again, would he approach things in the same way? "Oh yes, I think so. Perhaps I'd have a little more balance in my life, but I'd still have a full go."

The curious thing about Sol Kerzner at 50 is that his achievements make him seem older, while his phenomenal energy and enthusiasm give the impression of enduring youth. But this is irrelevant. In essence, he lives for today. ■

CINEMA SMALL

Grade 10

0.00 0.00 14.95
0.00 0.00 14.47
Current Hours:

Grade 12

10.38 13.85 16.5
10.95 14.38 16.0
Current Hours:

Economy hotel concept is booming in the US

City Lodge to launch budget hotels in SA

288 Sa 16/7/85

The budget hotel concept is about to be launched in SA under the City Lodge banner by former Holiday Inn MD Mr Hans Enderle. But, while the concept is new here, it is already a booming business in the US.

Time magazine this week took a look at why this is not only the fastest growing and most profitable aspect of the hotel industry, but also one of the strongest growth areas in the US economy as a whole.

The budget hotel concept was originally brought to SA by Holiday Inn, then controlled by the Rennies group. The merger with Safmarine and subsequent consolidation of its leisure subsidiaries in Kersaf saw Holiday Inn sold to competitor Southern Sun.

One of Southern Sun's first actions was to sell the first budget hotel, already under construction in Sandton, to Mr Enderle who did not see a future for himself in the expanded hotel group.

City Lodge

After exercising the option to buy the first hotel from Holiday Inn for R4,5 million, Mr Enderle now has institutional backing from the Mines' Pension Funds to construct a chain of these hotels around the country.

The first City Lodge is due to open on August 1, and planning is underway for the second, which it is believed will be set up close to Jan Smuts airport.

The *Time* magazine article said: "No-one would mistake any one of the 60 low-priced motel groups for the Ritz. They offer spare, though not spartan, accommodation. Rooms at Days Inns, Econo Lodges and other budget operations run around 20 percent less than the rates at Ramadas or Holiday Inns and up to 60 percent below prices at the Hiltons.

The limited-service motels now constitute the fastest-growing and most profitable sector of the $36 billion lodging industry. The number of these motel rooms is up 15 percent from last year and 78 percent from 1980.

Charlotte North Carolina-based Econo Lodges, whose slogan is "Spend a Night, Not a Fortune", and rival Super 8 are opening a new property about every four days.

Americans, who are expected to take 282 million trips within the US this summer, are flocking to these chains, which have a total of 276 000 rooms.

Some major hotel corporations are launching low-priced motel divisions in an attempt to attract their own crop of value-conscious travelers.

In August 1984 Holiday Corp, parent of Holiday Inns, inaugurated its limited-service Hampton Inn. Ten such inns are now in business, and by the end of the year an additional 90 are expected to be open or under construction. Quality Inns runs 160 lower-priced Comfort Inns.

Says Quality Inns President Robert Hazard: "The economy sector is where the action is today."

Running a limited-service operation is roughly twice as profitable as managing one that offers a lot of amenities. Most budget locations lack swimming pools, inhouse restaurants and convention facilities. This means less land and lower construction costs.

Once the establishment is opened, the operator saves by using a skeleton staff, since he dispenses with waitresses, convention-hall managers and other service employees.

No-frills establishments fall into three price catogories. The top tier, which includes Days Inns and the San Antonio-based La Quinta chain, typically charges $35 to $40 a night for one person. In the medium-price range, for $30 or less a night, travelers can check in at Super 8 and Red Roof Inns, whose roofs are indeed painted red.

Cheapest of all is Motel 6, a favorite of truckers, who appreciate the $17,95 price tag.

Occupancy rate

Inexpensive inns are attracting a clientele similar to that of more expensive places. More than half of all customers are now businessmen travelling alone.

"Corporate controllers have started rapping knuckles on expense accounts," says Econo Lodges' Douglas. But the success of low-priced lodging in part also reflects effective marketing. Econo Lodges' 84 percent occupancy rate is the highest in the industry.

Still, experts wonder how long no-frills operators can enjoy such a smooth journey. As new companies enter the market and established chains expand, there is the growing risk of a glut.

"Profit potential now is high, but success breeds excess," says Daniel Daniele, an analyst at Laventhol & Horwath, an accounting firm specializing in the lodging industry; Daniele predicts an industry shake-out in the next two to five years.

But travellers tooling down interstate highways are sure to find plenty of bargain motels.

Liquor 'open house'?

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STAR 31/8/85

Hotels, restaurants and accommodation establishments throughout the country could be opened to all races if a request by the Federated Hotel Liquor and Catering Association of South Africa (Fedhasa) is accepted by the Liquor Board.

This is one of Fedhasa's main recommendations to the board which is currently reviewing the entire Liquor Act.

Other key submissions include the legalisation of shebeens; removal of "excessive" police interference in consumption of liquor; control of the use and prevention of the abuse of alcohol, and removal of sexual discrimination in the Liquor Act.

The submissions are the result of more than a year of in-depth investigation within the industry, consultation with the Liquor Board, the police, the tourism board, various ministers and suppliers.

Liquor Board chairman Mr Tommy Vorster has stated that racial differentiation in hotels will receive priority in terms of the over-all review of the Liquor Act.

This implies that moves to open hotels to all races will take place even before the Liquor Act review is complete. If approved, such moves would eliminate the need for the "international" status for hotels catering for all races and only the conventional rights of admission would remain in force.

On the question of liqour distribution, Fedhasa recommends control of licensing on the basis of what it terms "objective criteria" such as type, density, location and number of outlets.

Fedhasa states that the "control of distribution of alcohol would not be necessary if alcohol was not already significantly abused on a socially significant scale". It takes the stand that the Liquor Act must help assure a future where alcohol consumption is kept relatively low and the beneficial consumption of alcohol encouraged.

Cape Times (288)

W Cape hotels fight for survival

By ROGER WILLIAMS
Chief Reporter

HOTELS in the Western Cape are going through one of their worst-ever slumps with a dramatic drop in occupancy rates.

The drop was estimated yesterday to be between 10 and 17 percent, but in some cases the figures are as much as 50 percent down on those for this time last year.

One hotelier commented: "Things are very quiet in the industry, and for some hotels it has become a battle for survival."

The sharp down-turn in business started in May, and hoteliers' troubles have been exacerbated by the declaration of the state of emergency two weeks ago.

Cancelled

Many foreign travellers have cancelled planned tours of South Africa as a result of the emergency.

The slump in the industry, linked with the general down-turn in the economy, is reported to be hitting hotels of all grades, but particularly those at the up-market end of the business, who are the main losers through the sudden drop-off in tourists from abroad who had till recently been attracted by the favourable — for them — dollar-rand exchange rate.

Mr Mike Kovensky, Western Cape chairman of the Federated Hotel, Liquor and Catering Association of SA (Fedhasa), said yesterday that not only had tours been cancelled; there had also been a sharp drop in the number of inquiries from overseas about tour prospects here.

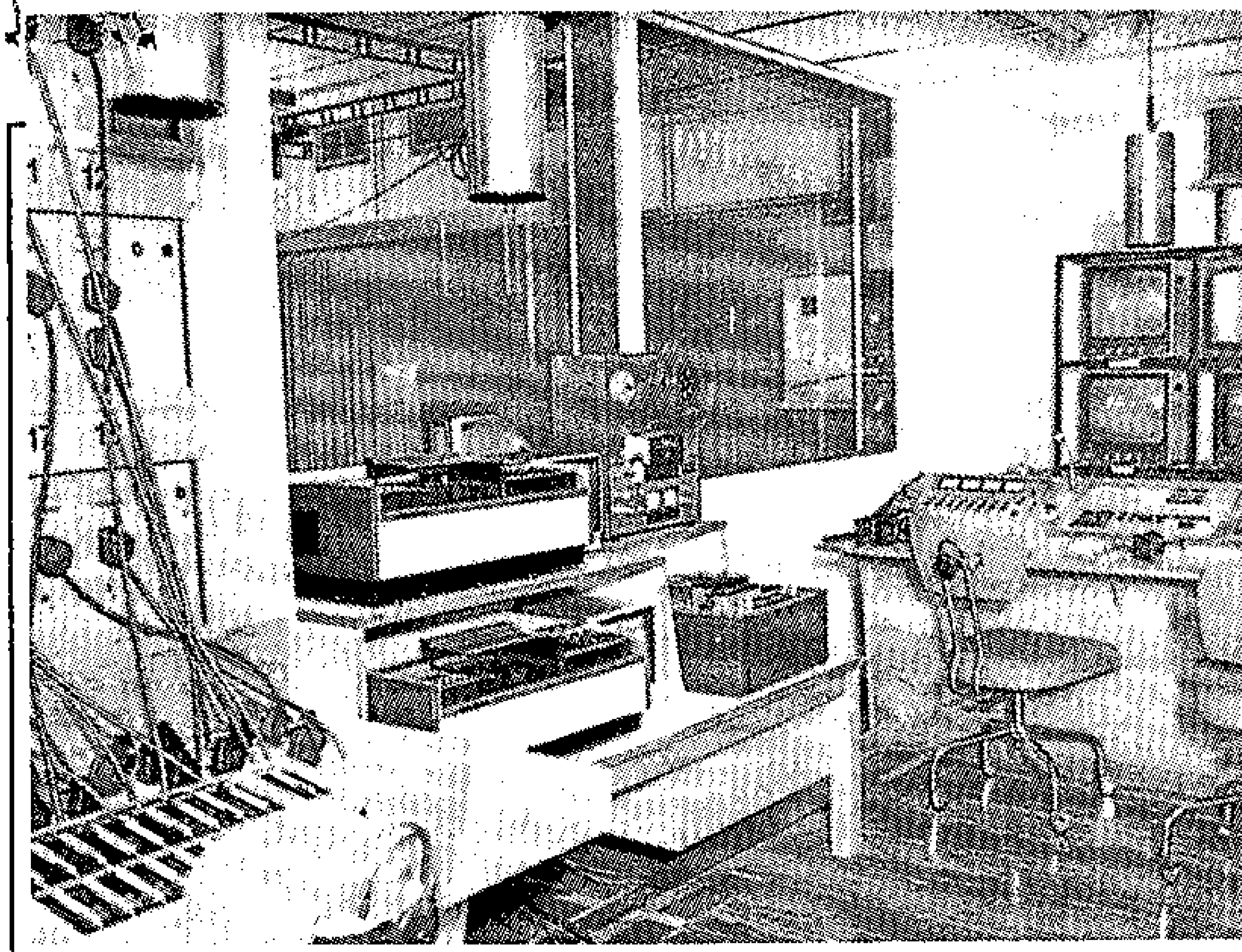
"Germany was one of our main tourist sources, but even this has all but dried up," he said.

Pressure

Mr Kovensky said even domestic tourism, on which the South African authorities had recently been concentrating their resources and efforts, was under severe pressure.

Captour's publicity manager, Mr Hans van Heukelum, said Captour's feed-back from the hotel industry in the region showed an average drop-off of 15 to 17 percent in the occupancy rate in the past few months, compared with this time last year.

With the steep decline in tourism from overseas, he added, Captour was "going all out" on its domestic campaign.



ted in the share price, which last week fell to a low of 190c, down from over 900c early last year. The price may now be close to net worth, which I estimate around 150c.

In my opinion, Tedelex shares should be avoided until its markets show clear signs of sustained recovery. In the event of that happy scenario unfolding — which seems a millenium away — the stock could rebound strongly; and not only for the obvious reasons. After all, not many companies will enter recovery in the knowledge that their first R100m profits will be tax-free. As usual it is a question of time

Neville Glaser

HOTEL INDUSTRY

Troubled hosts

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A combination of internal recession and external suspicion is severely depressing the South African hotel trade. But strategies are being adjusted and there are hopes that the shake-out will eventually leave the industry better off than ever

Southern Sun's profit crash in the six months to end-September (see *Fox*) says it all — the South African hotel industry is in trouble.

Hit by falling local demand for rooms, a calamitous drop in tourist trade and surging costs, managements are cutting prices and putting together innovative packages merely to keep occupation levels looking respectable.

As any major hotelier will tell you, filling rooms is the name of the game. Although break-even point inevitably varies between hotels, the general rule of thumb is that a 60%-65% occupancy rate is needed to cover costs.

But in SA at the moment, more than half of all rooms are standing vacant at any particular time. Statistics compiled by Pretoria University's Bureau for Financial Analysis show that occupancy levels in August this year were way behind August 1984's — and even then occupancy levels were dangerously low.

One-star hotels dropped from 33,83% to 27,8%, two-stars from 35,96% to 33,29%, three-stars from 48,1% to 41,64%, four-stars from 42,25% to 38,16% and five-stars from 43,49% to 33,24%.

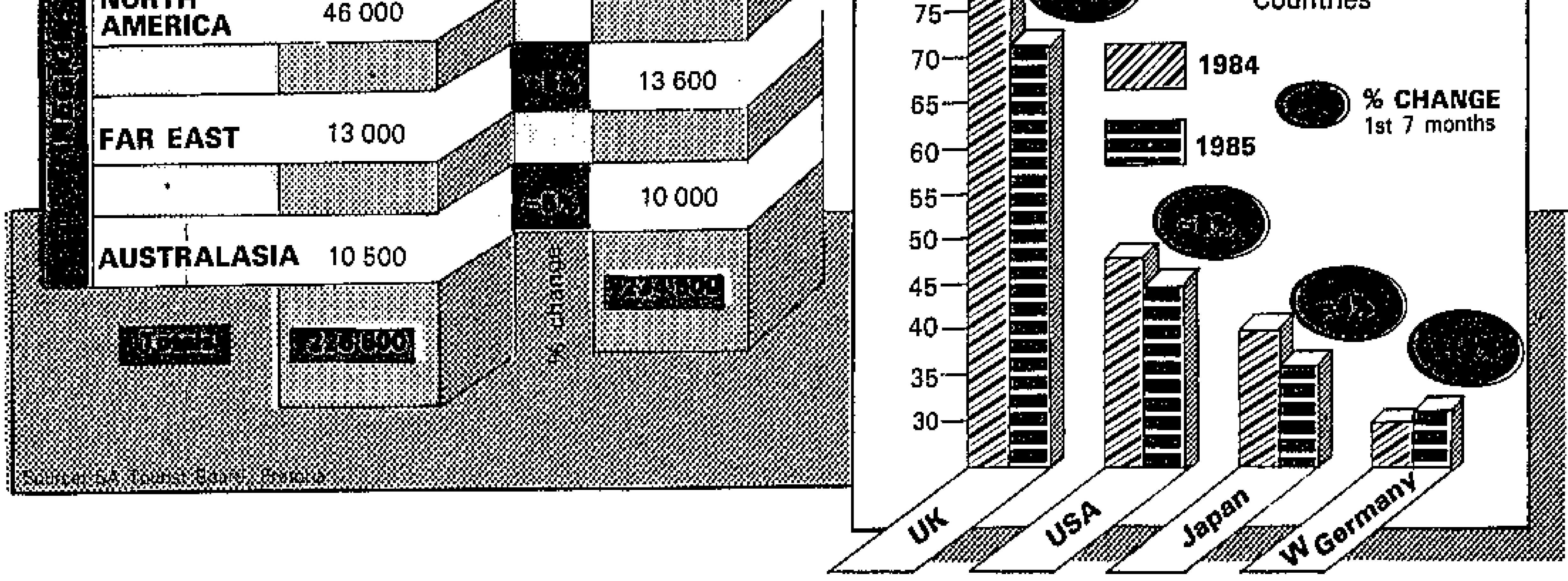
Coupled with the squeeze on margins, therefore, the countrywide occupancy drop of 14% in the latter part of this year is going to cut deeply into profits. Even worse, some weaker establishments are going to find it difficult to survive.

Southern Sun itself admits to a seven percentage point drop in occupancies to 55% (well above the national average) for the six-month reporting period. But even this comparatively small fall-off "affected operating profit considerably."

The irony, of course, is that at least the tourist-orientated hotels should now be coining it. The low rand makes SA dirt cheap, tourist marketing has been expanded overseas and the country has a lot to offer.

Instead, the perceived hostile climate has turned away potential visitors by the thousand. Says Protea Hotels and Inns (PHI) MD Otto Stehlik: "We are talking about an 80% drop in foreign visitors to this country, while cancellations of group tours are still

OVERSEAS VISITORS TO SOUTH AFRICA



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pouring in."

He expects genuine tourists — as opposed to business visitors and cross-border shoppers — to total a mere 30 000 this year. "I sense a drop of between 40% and 50% in the total hotel market this year," he adds.

Overseas group tours — comprising about half the total overseas tourist market — have dropped by some 80% and the number of individual tourists has fallen by around 50%.

Allan Edgar, marketing director of Johannesburg's Carlton Hotel, says his occupancy rate for the past two or three months has been a mere 40%. Nor is the outlook any brighter: "Things are looking pretty bleak, and I can't see any improvement in 1986 or 1987 either."

Edgar adds that heavy cancellations of thousands of SAA flight bookings from New York will hit the Carlton further and, "although we welcome the opening of the Johannesburg Sun hotel in the CBD next year, it is bound to create further stresses on our operations."

Southern Sun marketing director Bruce Hutchison also expects a foreign tourism cancellation factor of 75%-80% for 1985 although "fortunately foreign tourism contributes only 15%-20% of our total business."

On the domestic front, prospects look brighter. Hutchison says bookings for the coming Christmas season are 10%-15% up on last year.

Bruce Hutchison ... expects up to 80% foreign tour drop-out

While the negative international perception of SA remains, therefore, hoteliers will have to look to local trade to fill the voids. Indeed, although overseas visitors traditionally provide the cherry on top, South Africans supply the bulk of the business anyway.

However, Hutchison says the travelling executive market has been badly damaged by the recession. And Stehlik agrees: "On average, about two-thirds of the turnover generated by the 35 hotels in our group comes from the business sector.

"The balance originates from holidaymakers who provide R70m of our R200m annual turnover. The recession, coupled with the dramatic slump in foreign tourism, means the industry is in deep trouble," he says.

Riot-hit Cape Town is suffering particularly badly and many hotels are now pushing food and beverage operations harder to recoup lost turnover. City hoteliers report that the tourist trade is virtually dead as upcountry visitors steer clear to avoid the unrest.

Stehlik says several incoming tour operators, hotels and other businesses dependent on the holiday and business markets could fold, unless things soon improve. This would mean the loss of many jobs at an especially inappropriate time.

The State of Emergency, he says, appears to have done most to turn off overseas visitors "but I expect foreign tourism to take off soon when government succeeds in solving the unrest problem. Tourism could exceed gold as the country's biggest single foreign exchange earner by the year 2000 because SA is the best and the cheapest holiday destination in the world."

Although the Cape Town outlook is bleak and the two-year recession has sharply reduced the disposable local consumer rand, there are some positive spin-offs. One is that the low international value of the rand has closed traditional foreign holiday doors to many South Africans, who will this year holiday at home.

"Instead of spending R15 000-R20 000 on an expensive overseas holiday, many South Africans can now take advantage of excellent local discount packages at about a quar-

LIGHT IN THE GLOOM

For most hoteliers gloom may be the operative word these days, but there's always the exception to the rule. In this case it is a new chain called City Lodge.

Hans Enderle jointly developed the City Lodge concept when he was chairman and MD of Holiday Inns before its takeover earlier this year by Southern Sun.

Hans Enderle

The City Lodge undertaking — based on the proven US budget-type, minimum-frills hotels providing luxury accommodation for travelling businessmen — was sold to Enderle earlier this year. The deal, backed by two mines pension funds, included the half-completed, 123-room City Lodge hotel in Sandton.

And, judge on the first two months of operation, Enderle has no cause for regret. In September, the first full operating month, occupancy levels stood at 64%. And in October business became even more brisk, with occupancy rates rising to 81% and outperforming all competition.

The question is how. Enderle explains: "We cut out all unnecessary frills and therefore construction and operating costs were low. Total turnkey costs were about R6m, or some R49 000/room which is well below average for similar accommodation. Also we operate on only about 0,3 employees/room — far below the normal 0,8 to 1,0. This means we can offer virtual four-star services at about half the cost of similar full-service hotels."

So now it's on to bigger things. Encouraged by the success, Enderle says the group is considering constructing three more hotels in 1986. "We're looking," he says, "at northern Johannesburg, Jan Smuts Airport, Cape Town, Durban, Port Elizabeth and Bloemfontein."

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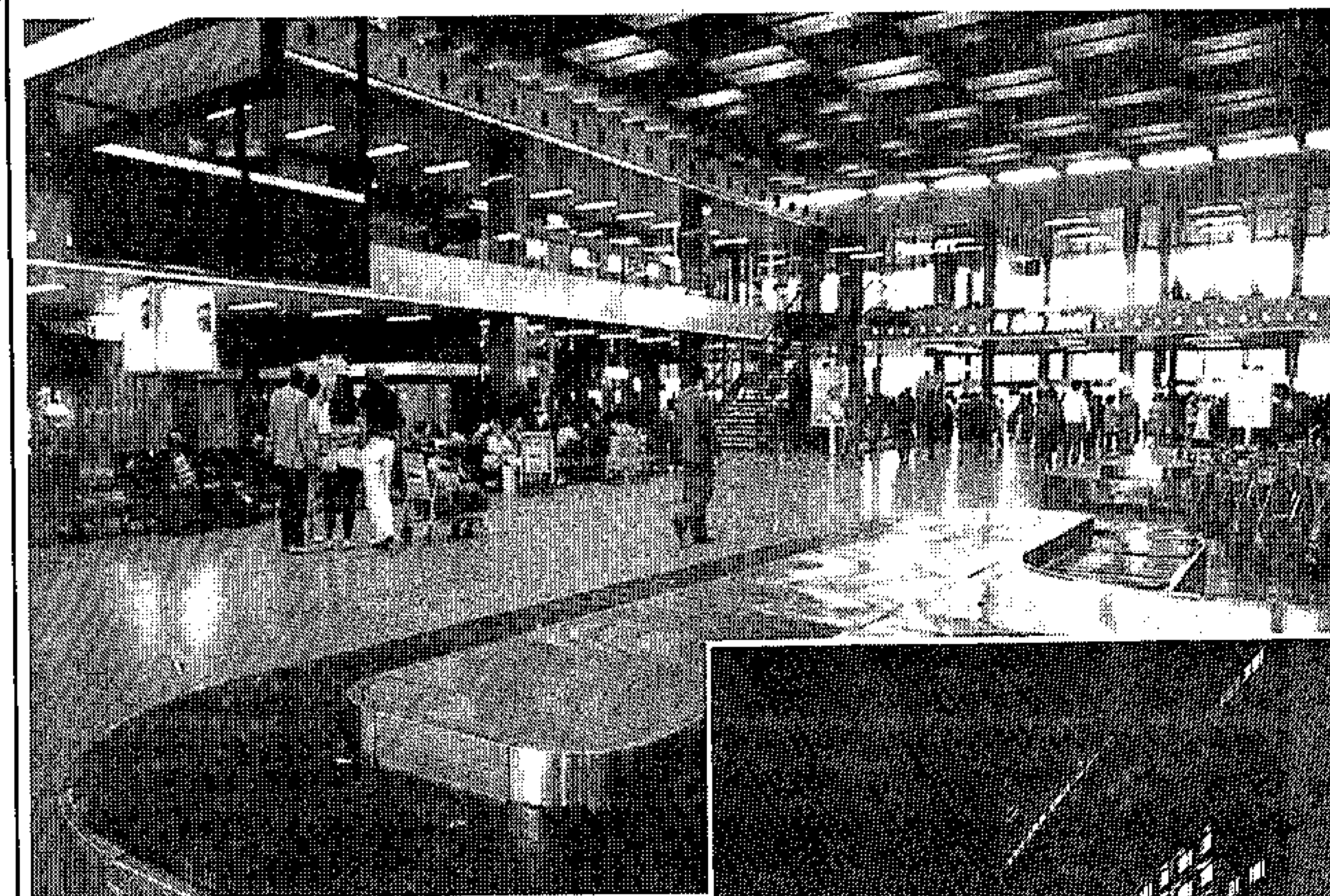
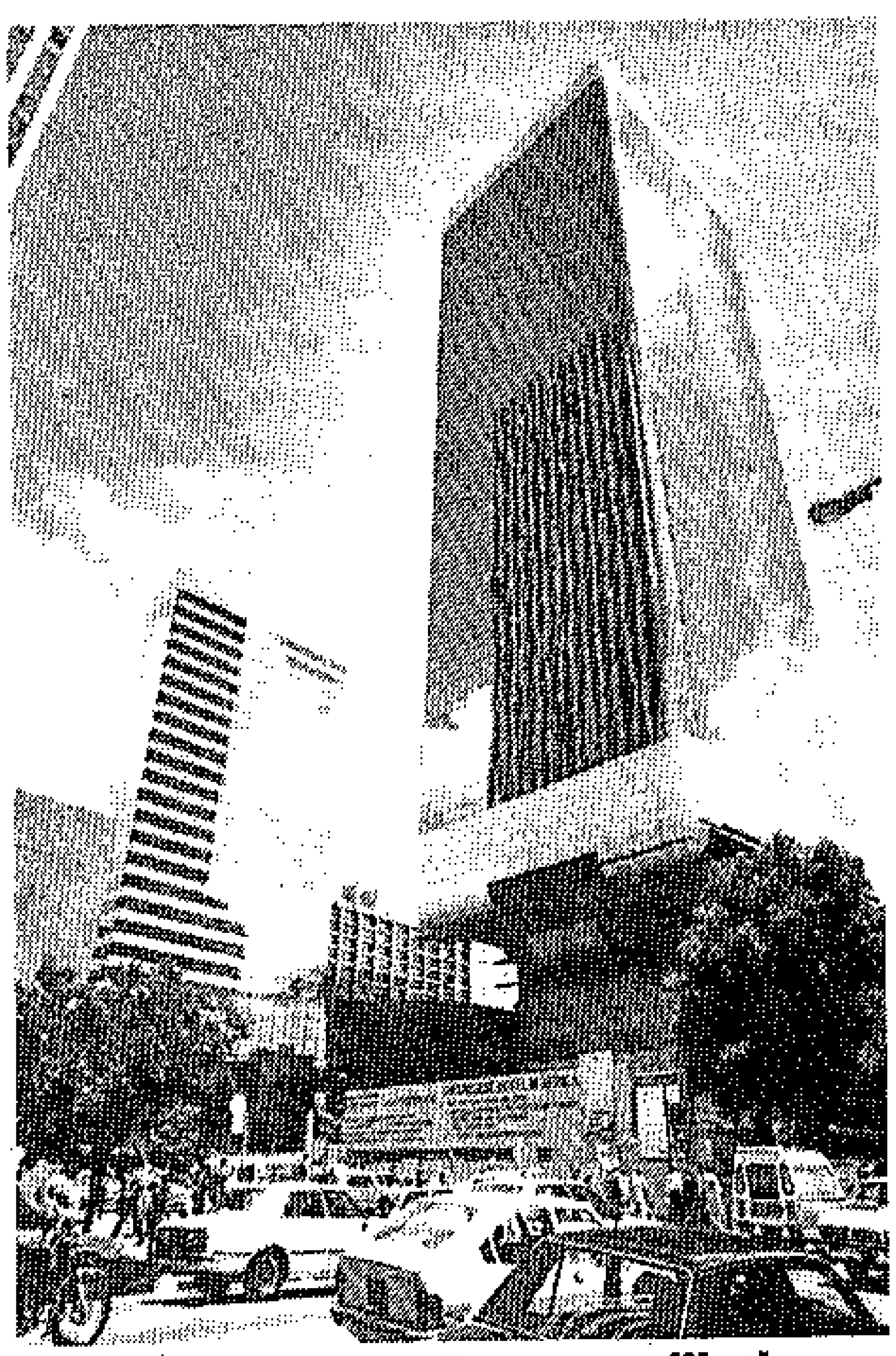
ter of the cost of an overseas holiday," says Stehlik.

Positive results can also be expected in the medium and longer term from the SA Tourism Board's (SATB) "See SA First" advertising campaign, which is being complemented by massive weekend marketing drives by hotels.

There is an urgent packaging of innovative new products to lure locals into holidaying in their own country. For example, the SATB, SAA, major hotel groups, SAR, car hire firms, bus tour operators and travel agents are now working together on a marketing strategy to sell SA.

And meanwhile, SA Tour and Safari Association (Satsa) president John Rothschild says his association will send a strong delegation to this year's World Trade Market in Britain, and it will also attend the International Tourism Bourse in Berlin next March. "Not a single Satsa member is throwing in the towel," he says.





Johannesburg Sun . . . will the clouds lift?

Fred Therman, Fedhasa's operations director, sees it as a time of opportunity. "It's bargain-basement time and the man-in-the-street will probably never see values like these again. South Africans should jump at the packages which are now available.

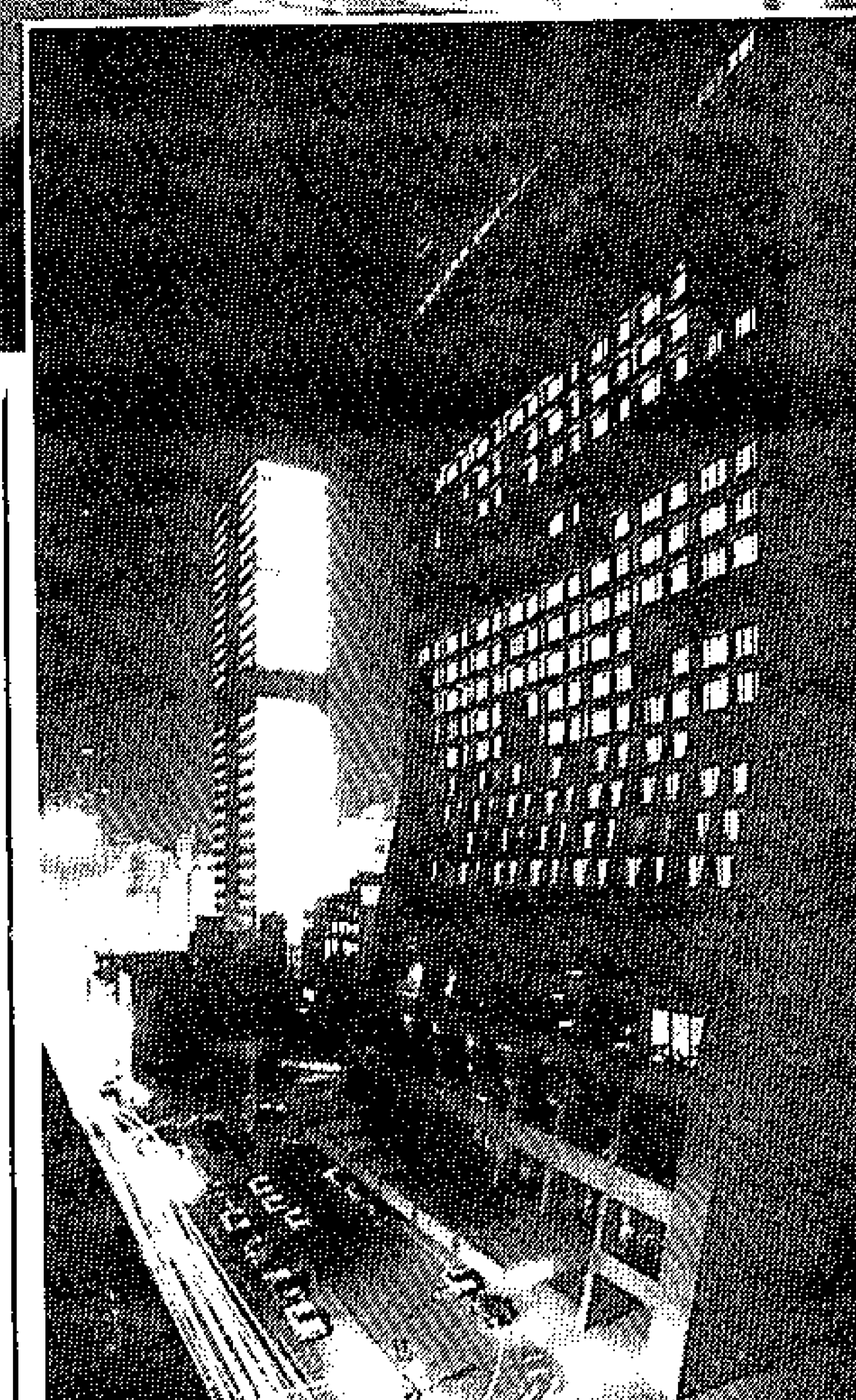
"A bumper Christmas season is expected, and we also find growing interest in extended holidays, right into February and March."

Packaging and discounting thus appear to have become a fixture in an industry fighting for survival. But the come-ons are bound to hit bottom lines. Surprisingly, results held up remarkably until the declaration of the State of Emergency, but now the competition is getting rough.

"I see many groups doing anything to get customers into their beds — with the hope that they will benefit from food and beverage expenditure once bookings are confirmed. These could be signs of desperation," says Therman.

But package tours like the "Banana Split" to Natal, "Southbound" to the Cape, PHI's "Price-Breakers" and many more could be the industry's long-term saviour.

Packaging is in fact succeeding in establishing a greater tourism-orientation in the hotel industry — something which could lead to immense benefits once the dollar-rich foreign tourists return.



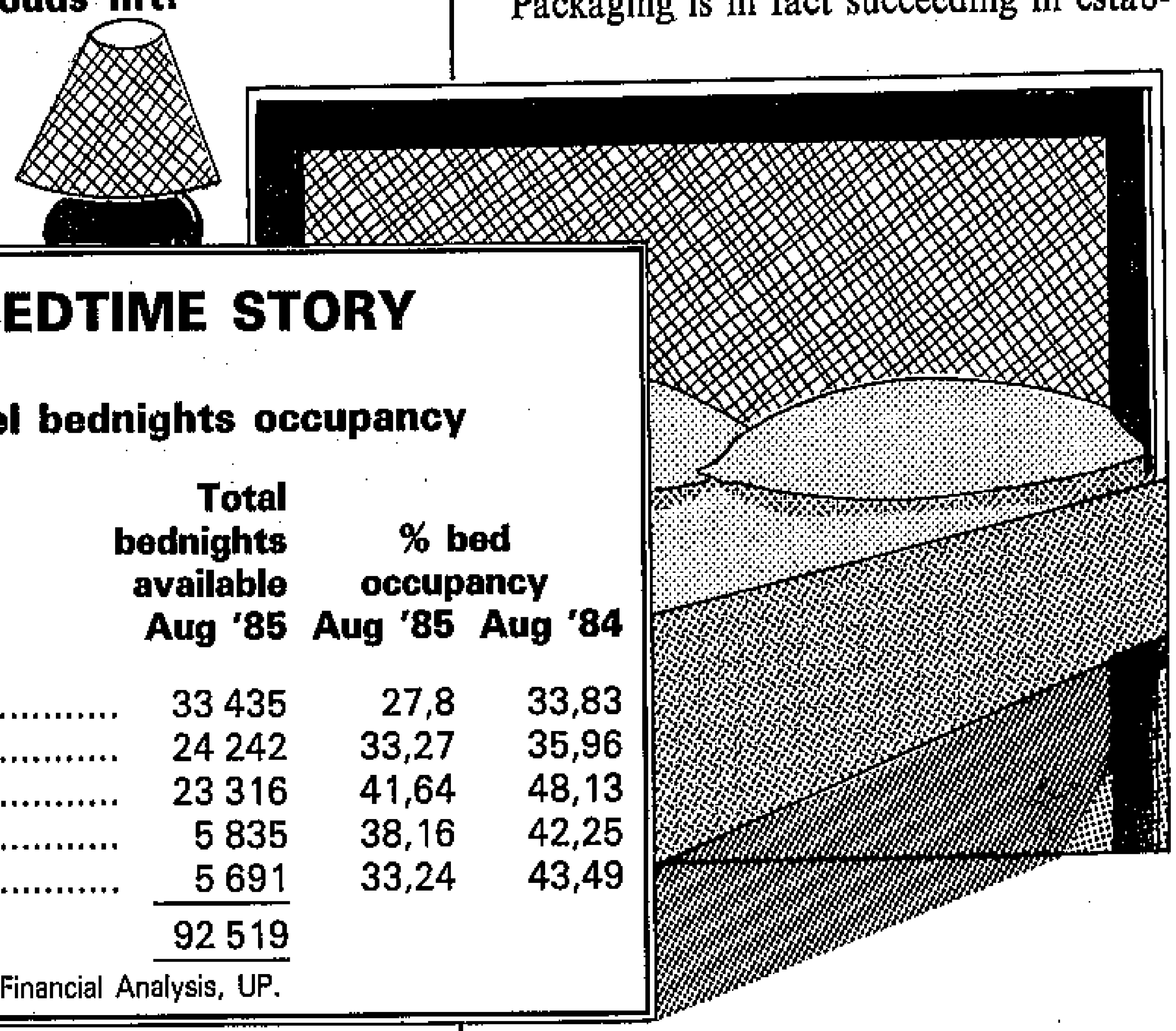
Carlton Hotel . . . dim prospects

Expected changes to the Hotels Act next year should also help to improve the industry's flexibility. The changes include improvements to the strict star-grading standards and, hopefully, tax concessions which have been asked for by the Federated Hotels Association (Fedhasa) in representations to the Margo Commission.

One good that is emerging from it all is strength from adversity. It is said that travel agents, hoteliers, bus tour operators, the airways and railways, the SATB, car hire firms and resort owners are co-operating better than ever before.

SATB's director for international tourism promotions Gunther Dettweiler tells the *FM*: "The tourism industry has weathered critical periods in the past, like Sharpeville and Soweto.

"I see it growing by 10% in 1986 from the current low base, but this will depend on successful political reform and the extension of the current favourable rand/dollar exchange rate." ■



BEDTIME STORY

Hotel bednights occupancy

Hotel star grading	Total bednights available Aug '85	% bed occupancy Aug '85	% bed occupancy Aug '84
1 star	33 435	27,8	33,83
2 star	24 242	33,27	35,96
3 star	23 316	41,64	48,13
4 star	5 835	38,16	42,25
5 star	5 691	33,24	43,49
Total	92 519		

Source: Bureau of Financial Analysis, UP.

28 — CAPE TIMES 1/2/86

Hotel industry 'faces collapse'

By ROGER WILLIAMS
Chief Reporter

WARNINGS were sounded in Cape Town yesterday that the hotel industry in the Western Cape, if not in the Republic as a whole, faced collapse if there was no improvement soon in the climate for resumption of large-scale tourism.

Mr Otto Stehlik, managing director of the Protea Hotels group, said it had been established that more than 90 percent of the country's 1 350 graded hotels were losing money.

'Downturn'

"We are in really serious trouble, and unless we can instil confidence in tour operators, with assurances for the safety and security of overseas and other tourists, there is little hope of improvement."

Mr Stehlik and Mr Mike Kovensky, Western Cape chairman of the Federated Hotel, Liquor and Catering Association (Fedhasa), said Cape hotels had suffered a "significant downturn" in business during the summer high season, and that many more hotels faced closure in 1986.

Those that had managed to survive on income from off-sales liquor would not be able to do so for much longer, they warned.

Mr Stehlik said Cape hotels — particularly those on the higher grades — had fared worse than elsewhere, as unrest in this part of the country had not only kept overseas visitors away; it had also had a "very negative" effect among intending holidaymakers from up-country.

"Of every 10 people in Johannesburg who had booked for a Cape holiday, at least five cancelled; it's as bad as that."

Mr Kovensky said hotels in the region had reported the greatest incidence ever of "no-shows" — in other words the number of bookings not taken up. In many cases, intending holidaymakers who had cancelled bookings had had to forfeit their deposits.

"In many other cases, where people turned up at the hotels at which they had booked, they stayed only for the period covered by their deposits — usually just a few days.

"In most cases they did not have the money to stay any longer, and a factor here was the smaller bonuses paid by many firms this year, if bonuses were paid at all, and also the general unrest in the country.

"This has been our poorest season for a long time — and this in spite of the fact that hotels have been offering the best-ever value for money."

High season

Mr Kovensky said restaurants had also fared badly over the holidays, with liquor sales down 25 to 30 percent.

Earlier this week the Cape Times quoted Mr John Robert, managing director of Captour, as saying that although the number of callers at the visitors' bureau in central Cape Town in December 1985 was higher than in the previous December, the summer high season had been "definitely shorter" and fewer visitors had stayed in hotels.

He was, however, optimistic about the future of tourism at the Cape, which he was convinced would improve with the economy.

Hotel industry plans for growth

3/2/86 BUS DAY (288)

Business Day Reporter

FOUNDATIONS for future growth of South Africa's hotel industry are expected to be laid this year.

Top on the list of expected changes is the long-awaited opening of hotels of all grades to all racial groups.

Fedhasa — the Federated Hotel, Liquor and Catering Association of South Africa — believes the step will initially have only a limited impact on profitability but will promote growth in the long-term.

The repeal of the racially restrictive clauses of the Liquor Act, if passed by Parliament, is expected to be promulgated in May-June. Individual licensees will then have the discretion to decide whom to admit to their hotels.

"A complete revamping of the hotel grading system, which will promote the development of low cost, high quality hotels is also planned", says Fedhasa.

The SA Tourism Board, in conjunction with members of the hotel industry, is investigating the grading system with a view to amending the Hotels Act.

The aim, says Fred Thermann, Fedhasa director of special operations, is to loosen up the stringent requirements on such matters as space ratios and service facilities.

Fedhasa is also hoping for changes to tax regulations so that one- and two-star hotels can benefit from the same tax rebates on capital investments as higher grade hotels.

Despite these positive signs on the horizon, conditions in the industry in the immediate future are expected to be tough, says Fedhasa president Stan Hoffman, with fierce competition for the local market, low prices and little overseas tourism.

He predicts major promotional efforts aimed at the local market and "excellent deals" in the conference market this year.

HOTEL INDUSTRY

The new ball game

288

Two developments are affecting the shape of SA's hotel industry. Internationally, the weak rand should encourage greater numbers of foreign visitors than in the past; and inflation has made "internal tourism" increasingly budget-conscious. Hoteliers are beginning what could prove a painful adaptation for some.

SA's embattled hotel industry could soon get a new lease of life. But this will entail major structural changes — with much the greater emphasis falling on the budget sector.

At present, SA has 1 359 star-graded hotels, 1 007 in the one-star economy class — about 8% lower than the 1 090 one-star hotels in 1976. Going up the grading ladder, there are 249 two-star hotels, 79 three-star, 14 four-star, and only 10 five-star hotels. This grading pattern is due for a shake-up, since local and international consumer preferences are shifting towards more economical hotel accommodation.

Coupled to that are expectations of a US-based upswing of tourism to SA (*Business* September 14). American "middle-class" tourists (a loose and widening definition) have been riding the strength of the dollar into Europe — where they have become familiar with *pension*-type establishments, catering mainly for overnight stays. Facilities are scaled down appropriately, and meal arrangements left to the individual tourist.

At present, US tourists can pick and choose between any number of relatively cheap destinations, a trend assisted in recent years by an international swing towards less costly accommodation. In SA, however, upmarket hotel fares have been mushrooming — and the traditional "family hotel holiday" has been severely squeezed. If SA's industry is to survive the rough ride ahead, it will have to adapt according to the wishes of both international and local travellers.

In the past, Pretoria (partly because of its traditional antipathy to anything approaching large-scale tourism) has imposed strict star-grading standards on local hotels, and given tax-break preferences to higher-grade establishments. While there is still a market for luxury accommodation, economic trends should determine a shift in emphasis to family hotels. There is hardly likely, in any case, to be a mass influx of tourists to SA.

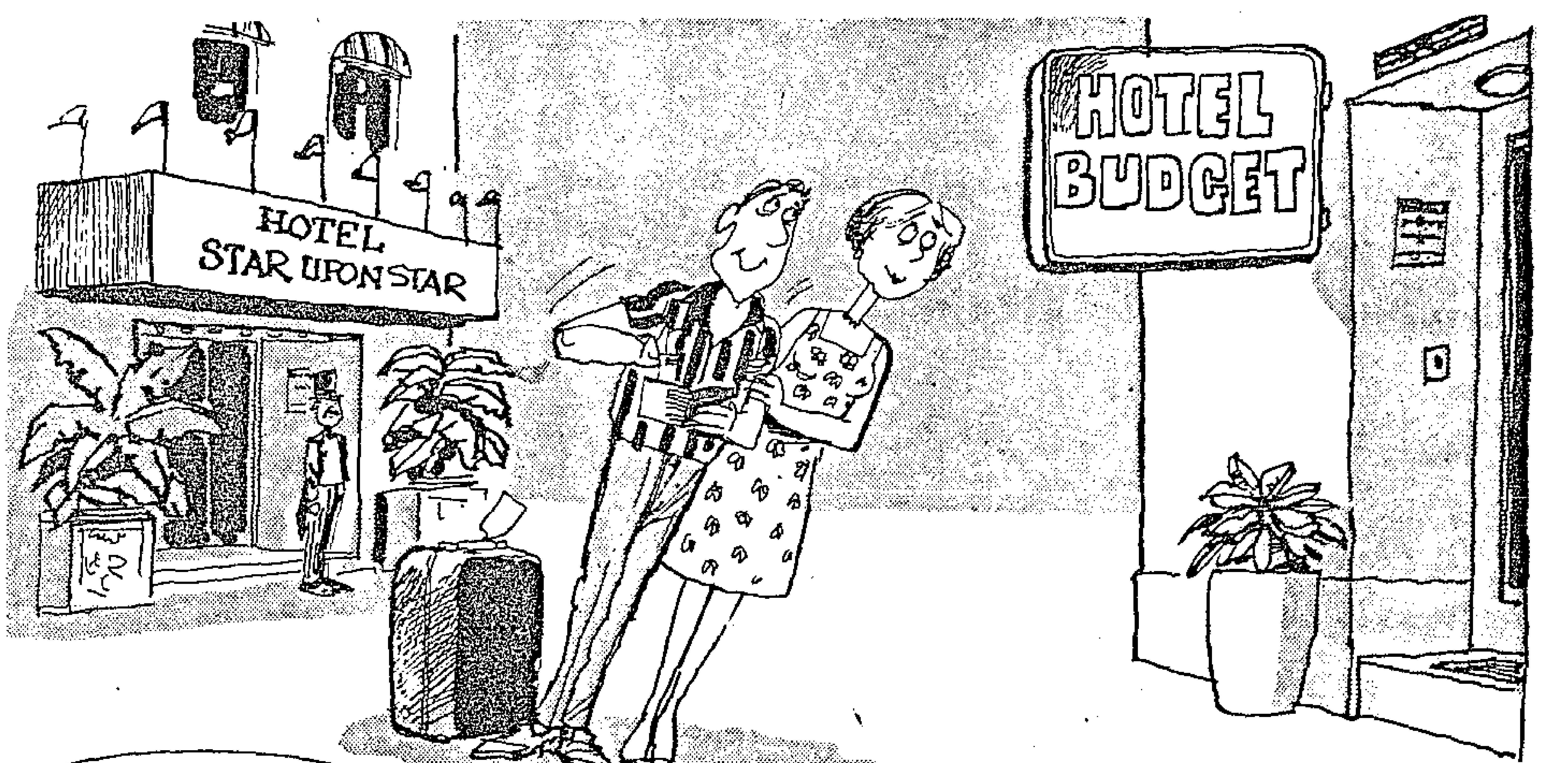
At the top end, the fading rand has supported the luxury hotels as at least some discerning foreign visitors have taken advantage of the exchange rate. But this, in itself, is unlikely to prove an enduring trend. Perhaps with this in mind, tourism has undergone a rethink — particularly with the formation of the new SA Tourism Board, representing a partnership between the private and public sectors. And there has, of late, been more emphasis on the creation of a "local" tourism industry — summed up in the slogan: "Visit SA first."

Fedhasa executive director Ernst Uken says changing patterns in the local hotel industry have mainly been the result of economic hard times: "As a result of inflation and gst, SA has become a more expensive country with less spending money and sharp increases in hotel tariffs. Accordingly, there has been a customer shift towards shorter holidays. People are also travelling less, and the demand for cheaper accommodation has gone up substantially."

The local hotel industry has been extremely hard hit by the downward swings in tourism fortunes and changing accommodation preferences. Hoteliers in traditional holiday cities like Durban have experienced this downswing for a number of years, while luxury four-star and five-star hotels have also begun to feel the chill.

The outcome has been the formation of a joint SA Tourism Board (SATB) and Fedhasa specialist committee investigating changes in the industry and seeking a way out of the present impasse. "We are now looking at a review of existing regulations in order to promote a new dispensation for the small hotelier," says Uken.

The proposed "new dispensation" will benefit not only the local tourist industry — but also promote a stronger foreign tourist-



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based industry, bringing in much-needed foreign exchange.

The SATB-Fedhasa talks could also possibly lead to major changes in hotel regulations, and the Liquor Act could come under reconsideration — should government decide to change existing regulations.

Changes in the offing include "liberalising" the star-grading system; more tax breaks for lower-star hotels; and changes in the automatic linkage of a liquor licence to a hotel licence. This practice has led to many one-star hotels becoming little more than "glorified liquor outlets," according to tourism sources.

With a softening of star-grading standards, hoteliers would be able to save on building and running costs, as a number of unnecessarily strict requirements and regulations could fall away without damaging basic hotel standards.

"We are taking complete stock of the whole industry, looking at consumer needs and whether existing regulations match the practical requirements of the industry. This should help the industry become more cost-effective," says SATB executive director Spencer Thomas.

At least one hotel group has already moved strongly into the "budget" gap. Cape-based Protea Hotels & Inns (PHI) MD Otto Stehlik says he is being "inundated" with enquiries from hoteliers interested in its franchise and management contract scheme, aimed at forming a chain of "economy" and budget hotels (*Business* August 17).

The beauty of Protea's scheme is that it needs very little capital outlay. Individual hoteliers wishing to join the chain have to qualify in terms of the provisions of PHI's 40-page "quality assurance programme." The aim is to ensure that all participating hotels comply with the new group's standards. Any refurbishing and upgrading costs must be carried by the participating hotelier, who will be funded by the Bankorp group (the major shareholder in PHI).

Stehlik expects PHI to comprise 20 hotels by the beginning of next year, increasing to 35 by June-July, and reaching 50 by the end of 1985. He says PHI has already identified about 100 areas in southern Africa where it would like to make its presence felt.

Protea's high-powered entry into the budget market is underlined by its appointment of Theo Behrens (former Secretary for Tourism and ex-chairman of both Satour and the now-defunct Hotel Board) as marketing director from October 1. Stehlik claims the group now has "a couple of million rand" available to market the group's hotels locally and overseas from early next year.

Protea Hotels already has a well-established international marketing division. A bigger advertising pool will enable it to launch a major marketing campaign, as soon as the group is "on stream," says Stehlik.

A wide range

He adds: "Travel patterns are changing. People are becoming more adventurous and interested in visiting outlying country areas. With many of our hotels in upcountry areas — and a fair mix of rural, resort and central city locations — we will be able to offer visitors a wide range of accommodation."

Stehlik is "amazed" at the number of largely unknown hotels, with great tourist potential, that are available in various scenic areas round the country. He sees the PHI venture as an opportunity to put these hotels "on the map." PHI is also negotiating with three homeland governments on possible hotel and resort developments, and Stehlik hopes to announce one major deal soon.

The hallmark of the new group will be the individuality of its hotels. "We do not plan to operate an over-standardised, over-commercialised group of hotels," says Stehlik.

Another major group has also indicated that it is "going budget." The new Safren group is strongly involved in tourism development through its two components — Safmarine, with its *Astor* cruise liner, and Rennies, which controls Holiday Inns (HI).

Rennies chairman Charles Fiddian-Green tells the *FM* his group has investigated the issue for some time in the US and "definitely" wants to press ahead with development in the budget hotels sector.

"Safmarine are 100% with us in this venture and we are actively looking for new hotel sites. We are, in fact, already negotiating to buy acceptable sites for building purposes and would prefer this avenue of development to taking over existing hotels," says Fiddian-Green.

HI presently has 22 hotels in SA, and one in the Transkei. The rest of its stable has been amalgamated with Sun International and includes the highly successful Wild Coast Sun, and its Swaziland resort.

Marketing and sales director Tim Rands says HI's 350-room highrise, second-generation hotel on Durban's Marine Parade will be completed at a cost of R45m by April 1985, while its new 250-room Pretoria Hotel was recently opened at a cost of R28m. Rands also expects a strong overseas tourism upturn as soon as the positive effects of the rand/dollar exchange rate begin to filter through to the local hotel and tourism industries on a larger scale.

SI's exclusion contract from the SA market terminates next March — and the group is already studying further local and overseas developments. However, SI is definitely not in the "budget" market, and chairman Sol Kerzner recently said it is looking for good multi-million-rand foreign hotel investments.

Presently under construction are its 120-room, R25m Thaba'Nchu casino resort hotel, due for completion by the end of 1985, and "the finest hotel in Africa" — its new 250-room, R40m Cascades Hotel at Sun City. Marketing director Stewart Banner says the group has "a few more plans in the pipeline."

The overall pattern suggests that hoteliers are increasingly becoming aware of the advantages to be reaped from a weak rand; and that a greater "targeting" on tourists — upmarket or budget, local or foreign — has to form an essential component of planning. Perhaps not all SA's hotels will survive. But those that do, should be in a strong position to provide carefully catered services.

Fedhasa welcomes Bill to open hotels to all races

STAR 1/2/86

Fedhasa has welcomed the new Bill which will allow hotels and restaurants to open their premises to all races — if they wish to.

The director of operations for Fedhasa (Federation of Hotels of Southern Africa), Mr Fred Thermann, said his organisation had been one of the main initiators of the Liquor Amendment Bill.

"If the Bill is accepted, it will mean that people in the industry can sell their wares — accommodation, food and drink — to whomever they like."

This would place hoteliers in the same position as other businessmen, who had always been able to sell their wares to anyone, said Mr Thermann.

The president of the Association of South African Travel Agents (Asata), Mr Wally Thorne, said that though he felt the proposed legislation was "one step in the right direction", he did not believe it would increase the number of overseas tourists visiting South Africa.

BLACK TOURISM CRUCIAL

"I do not see the legislation on its own strengthening the number of incoming tourists, but it will definitely open up the local tourism market to blacks."

"Travel agents who do not aim for the black market do so at their own peril."

The managing director of Southern Sun, Mr Bruno Corte said: "It's about time it finally happened. I don't see it as a leap forward — there should never have been a restriction in the first place."

If the Bill is passed unaltered, licencees will be able to decide whom they want to serve.

Moving the second reading of the Bill yesterday, Minister of Trade and Industries Dr Dawie de Villiers said the most important discriminatory provision of the present Act was the one which prevented the holder of an on-consumption licence from selling liquor, meals, accommodation and refreshments to blacks. This was injurious to blacks and had led to unfortunate incidents.

It has already caused South Africa much unfavourable publicity, said. The hotel and tourism industries have found this measure a serious impediment to tourism.

Though the so-called 'international status' authority had allowed exceptions, the provison was still differential. It had been found that no problems are experienced with the presence of blacks on 'white' premises.

The new Bill will also repeal the second important discriminatory measure in the Act — the special authority given to certain races to sell liquor to members of other specified races. The Bill removes all reference to race in granting these authorities.

The Bill will also repeal the section which allows only nine litres of liquor to be introduced into black areas, and the section which compels the police to seize liquor, vehicles and so on suspected of having been used for unlawful purposes.

Mr Desmond Lockey (LP, nominated) asked it would be possible to take a person to court for discriminatory liquor selling. Dr de Villiers said he could only remove statutory discrimination. It was up to the individual licencee to decide to whom he wished to sell.

ARGUS 13/2/86 288

Less expensive hotels planned in new system

Political Staff

PROPOSED far-reaching changes to the hotel grading system which will open the way to new, less expensive classes of hotels — including bed and breakfast only establishments — are to be gazetted tomorrow.

A team of Tourism Board officials is already visiting the various centres inder the auspices of the Federated Hotel, Liquor of Catering Association (Fedhasa) to introduce the proposals to hoteliers and others.

The industry has 30 days after the proposals are gazetted to make their comment.

Widening choice

The envisaged changes to the Hotel Act would revolutionise the industry, widening choice, introducing the cheap bed and breakfast type and the tavern or "pub" establishment. This would enable hotels to meet market needs as opposed to providing unviable facilities to obtain a grading.

"Provided any hotel and tourism industry facility is able to meet certain basic, minimum standards of cleanliness and state of repair, they can become accredited by the Tourism Board," said Mr Fred Thermann, director of Fedhasa operations.

There would be an accreditation system for petrol stations, taverns and the bed and breakfast only establishments as well as for the more conventional graded hotel.

HOTELS F IN MAIL 28/3/86

Inns and outs (288)

Although the proposed liberalisation of SA's strict hotel registration and star grading systems (*Business* March 14) is generally welcome, anomalies in the tax relief for hotel development still require urgent attention.

The current tax incentive system effectively allows five-star hotels to write off 110% of their building costs against taxable income over 10 years. But, as City Lodge CE Hans Enderle notes, one-star hotels can write off their bricks and mortar costs over a longer 25-year period.

This has created an imbalance in the industry, with a strongly-developed luxury hotel sector and an under-developed lower grade sector. Some 80% of South African hotels fall in the one- and two-star brackets — and many are in a bad state of repair, he adds.

Enderle says SA's current hotel grading system, now being reconsidered 21 years after its introduction, achieved its objective in establishing a strong luxury hotel sector. The proposed new system aims at cutting red tape, increasing flexibility and encouraging creative, market-related development. But without more tax support for lower-graded hotels, the industry stands little chance of re-establishing the balance.

High costs

"It costs money to develop new hotels and to refurbish old ones," says Enderle. "Unless the Margo Commission leads to a levelling out of the tax allowances which currently favour luxury hotel development, the changes to the Hotels Act will not achieve their targets.

Under the existing tax system, all hotels write off 10% of building costs in the first year of operation and 2% a year thereafter. But five-star hotels can write off another 8% a year for the following 10 years, while the additional tax write-off for one-star hotels is only 2% a year.

Two-star hotels are slightly better off — they can write off an additional 3% a year, says Enderle. All hotels receive the same write-off benefits against furniture and fittings.

"As this sets the precedent for all hotels to have similar tax allowances, why is there still tax discrimination against lower-graded hotels on building costs?" asks Enderle.

Changing the existing tax write-off system would not cost overmuch, he adds. Capital costs for one- and two-star hotels are much lower and, allowing a bigger write-off on building costs would cost the Receiver of Revenue relatively little.

Alternatively, retaining tax discrimination could cost the industry dearly, he adds.

The proposed changes to the Hotels Act would allow lower-graded hotels to become liquor-selling taverns. If many take that option, small hotels may disappear from country towns, leaving a gap in the accommodation chain for tourists.

Amendments to the Income Tax Act would, on the other hand, encourage hoteliers to upgrade and continue to provide an essential service.

Cheaper, low-graded hotels play a major role in the tourist industries of European countries like Switzerland, and Enderle feels the same should apply in SA.

The 80% occupancy rate of his City Lodge budget hotel in Sandton, he reckons, proves the need for quality, economical establishments catering for the business and leisure traveller. ■

Berg resorts flourish while . . .

Jo'burg hotels are in the doldrums

5/6/86 (288)

Johannesburg hotels have been hardest hit by the fall off in hotel occupancies, according to statistics issued by the Bureau of Financial Analysis of the University of Pretoria.

But, at Drakensberg resorts, there was an increase in demand in March this year compared with March 1985.

The Federated Hotel, Liquor and Catering Association (Fedhasa) interprets the situation as a changing pattern in the tourism market with major city centre hotels feeling the pinch more because of the fall in overseas visitors.

"The tendency now is for South Africans to take short breaks, essentially weekend or long weekend getaways," said Mr Fred Therman, Fedhasa's executive director.

"This means the resorts closer to the major city centres — such as those in the Drakensberg — will benefit.

"Johannesburg, on the other hand, has seen room occupancies fall 27 percent in March and total real income decline by 38,8 percent despite the centenary. This is a massive decline probably unprecedented in the country's history."

Other results received from the BFA:

- Pretoria — down 33,9 percent in income and 20 percent in room occupancies.
- Witwatersrand triangle — down 28,4 percent in income and 23,7 percent in room occupancies.
- Eastern Transvaal — down 1,1 percent in income and 6,8 percent in room occupancies.

Mr Thermann said the big disparity between gross real income and room occupancies underlined the extent of rate-cutting taking place.

Food and beverage sales, which would normally offset the decline in room occupancies to some extent, had also declined and restaurants were fighting for survival.

SA hotel industry on 'brink of collapse'

W/E ARGUS 21/6/86

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MARK STANSFIELD
Weekend Argus Reporter

SOUTH Africa's hotel industry is on the brink of a "cataclysmic" financial collapse and hundreds of establishments will not survive if the Government does not step in, according to a top hotelier.

He said the closure of hotels would increase the alarmingly high unemployment figure and could mean the loss of one of the biggest sources of foreign exchange.

In a shock disclosure this week Mr Mike Kovensky, president of the Federated Hotel, Liquor and Catering Association (Fedhasa), said fewer than 50 of the 1 174 one and two-star hotels were making a profit and many were not expected to survive.

"Cut to the bone"

"I doubt whether many of the bigger establishments are any better off, even though most hotel operators have cut their costs to the bone," he said.

Some large hotels had closed half their residential floors and were operating at 20 percent — or less — of their capacity.

Mr Kovensky said this was "unfortunately an accurate gauge of the hotel industry as a whole.

The owner of one small Cape Town hotel described the dilemna of smaller hoteliers as "like committing suicide and being given the razor blade in the form of Government regulations".

Mr Kovensky said Fedhasa would soon submit an "urgent" memorandum to Government departments setting out a plan of action which could save the industry.

"Deaf ears"

"We urgently require a shot in the arm.

"Unfortunately our pleas in the past seem to have fallen on deaf ears," Mr Kovensky said.

"Events in this country since August 1985 and the tourist void are not the only reasons for the serious state of affairs in the hotel industry.

"The problem is more deep-rooted than that," he said.

"Business failures benefit nobody. It will mean the loss of a lot of jobs and a lower standard of living.

"There is no question that many hotels will not survive. We are being threatened by collapse on a cataclysmic scale," he said.

Recent amendments to the Liquor Act allowing grocery outlets to sell wines had "cannibalised" hotel off-sales trade and had destroyed the infrastructure of the hotel industry.

"Fedhasa is asking for a moratorium for the granting of new licences in this regard.

"Grocers' licences to sell wine increased by 40 percent in 1985/86 but wine sales increased by only 25 percent.

"What is the benefit of destroying the infrastructure of a part of the business community who have never abused the situation?

"This is destructive competition.

"The Government must acknowledge that the hotel industry is a large employer and a potential foreign exchange earner and should value us as a small business industry.

"They must give us a shot in the arm and agree that the industry should be treated as a special concern for a while.

"Otherwise, collapse on a huge scale is not far off," he said.

Cape Times 7/6/86 (109) (288)

SI to spend R160m in SA

Own Correspondent

JOHANNESBURG. — Sun International (SI) is to spend R160m in Southern Africa over the next 18 months, on a hotel and African theme park in Bophuthatswana and extensions to the Transkei's Wild Coast complex.

SI chief Sol Kerzner has also disclosed he is considering listing the Wild Coast operation to raise funds for the project.

Plans

Announcing the plans yesterday, he said the new hotel and Disney-style park would be near Babelegi, north of Garankuwa and about 50 km from Pretoria.

The R40m hotel is expected to be complete by next June.

Researchers were still studying the concept of a R60m African theme park, he said, but he hoped the development would be ready for use by December next year.

He hinted that if all went well "this might just be the beginning".

The R60m extensions to the Wild Coast Sun will increase the number of rooms by about 130, bringing the total to 400, and add substantially to the public areas with additions which include a theatre and conference centre.

Finance for this project would come either from a listing of the Transkei operation — a route favoured by Kerzner — or through a loan raised by the undergeared company. Either way a decision is to be made soon.

Commenting on perceptions that Sun International, with its recently forged UK links, might be moving away from Southern African, Kerzner said that while the company would undoubtedly grow internationally, he certainly saw it continuing to expand in this region.

One star hotels fight off recession

Dispatch Reporter

EAST LONDON — One star hotels are fighting the effects of the economic recession while their more luxurious competitors continue to struggle.

The monthly survey of hotel ratios by the University of Pretoria's Bureau for Financial Analysis showed that one star hotels fared considerably better than other grades in all divisions of their business in March this year.

One star hotels showed an increase in bed-occupancy rates compared with the corresponding month last year.

However, the survey showed that all grades experienced a decline in total real income during March. A general decline had commenced in November 1981.

Five star hotels made the heaviest weather in March with a decline of at least 35,9 per cent in total real income, while the declines for other grades ranged between 29 per cent for four star hotels and 9,4 per cent for one star hotels.

All grades showed a decline in room occupancy with the one-star hotels faring the best.

Only one star hotels showed an increase of 4,5 per cent in bed occupancy compared with declines of between 23,3 per cent for five star hotels and 2 per cent for two star hotels.

Hotel industry in SA faces 'worst' crisis

CAPE TIMES 11/7/86

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By ROGER WILLIAMS
Chief Reporter

SOUTH AFRICA's hotel industry, which employs more than 140 000 people, has been plunged into its gravest crisis since the 1930s, with an increasing number of hotels, particularly those on the lower grades, facing collapse.

The crisis has been ascribed to soaring inflation, the poor performance of the rand, dramatic increases in basic costs and the drying-up of tourism from abroad because of the current situation in South Africa.

Mr Mike Kovensky, national president of the Federated Hotel, Liquor and Catering Association (Fedhasa), said yesterday: "We are being adversely affected at every level. Every fibre of the industry is under strain."

He added that there was a special case to be made, "in fundamental commercial terms", for urgent government assistance for this labour-intensive industry, which has been one of the country's main producers of foreign exchange.

Outlook 'must be bleak'

Mr Kovensky said unless South Africa's image abroad "can be perceived to have changed", the outlook for the hotel industry must be bleak.

Mr Otto Stehlik, managing director of Protea Hotels, said the situation the hotel industry found itself in was the most critical ever.

The whole infrastructure of tourism in South Africa, built up over many years in what had become the country's second-biggest industry next to mining, was "crumbling", he added.

He said independent, privately-run hotels were worse hit than those on the higher grades, most of which were owned by big corporations. An increasing number of lower-graded hotels were facing collapse, if they had not already been forced to close.

Linked to state of emergency

Mr Stehlik said the sharp decline in the hotel industry was directly linked to the state of emergency, and that the R750 million of foreign exchange generated by tourism in 1983, when there were 406 000 visitors from overseas, had been reduced to a fraction of that figure.

There was a total investment in graded hotels in South Africa of about R2,5 billion, with a total of 50 000 rooms which had a replacement value of R50 000 a room, Mr Stehlik said.

Tourism, with the hotel industry as a key component, was worth an estimated R1,5 billion a year to the country in direct income and R6 billion altogether when indirect benefits were also taken into account.

Mr Stehlik said the hotel industry was not asking for government handouts. "We are merely asking for what we are entitled to — a reasonable trading situation in which to operate.

"The socio-political climate in which we find ourselves is completely beyond the industry's control."

SOUTHERN SUN

More hopeful

(288) FM 30/1/87

FEATURE

Early indications are that Southern Sun is on line to recoup the R6m loss made in the six months to end-September, and perhaps even show a few cents of EPS.

The share has moved to a 12-month peak in line with these expectations. Although analysts generally anticipate little upward movement in the share over the short term, it could be considered an attractive long-term buy for investors seeking a defensive stock in a hot industrial market. Old Mutual Unit Trust for one increased its holding in the counter in the December quarter, adding some 526 000 shares to its portfolio.

In a recent presentation to institutions organised by stockbroker J D Anderson, Southern Sun management indicated that the first half loss of 8,5c a share should be recouped through increased occupancies and improved average room rates in the second half of the year.

Financial director Les Smith said second half occupancies usually improve on the first half by 10%. A 1% increase in occupancies for the full year generates an additional R1,9m in room revenue. Accepting that profit generated by the additional food and beverage revenue is sufficient to cover the variable cost element of additional room sales, all of the R1,9m is converted to bottom line profit. For six months, this translates into R950 000 per percentage point of additional occupancy.

On this basis, some 6,5 additional occupancy percentage points, or a total occupancy rate of 58,5% is required to totally eliminate the interim loss. Southern Sun management contends this compares with the 55,5% occupancy achieved in the second half of last year, when adverse conditions hurt business.

Reservations rise

Southern Sun MD Bruno Corte told me this week that December was a good month as always, and although it is difficult to improve on historical performances, Cape Town showed an improvement on last year's low base which resulted from unrest in that area. He adds that the group's January occupancies haven't been particularly good, but central reservations is seeing a lot of activity.

"We are marketing aggressively — our new Southern Sun package is selling well and our new Holiday Inn advertising campaign seems to be working. There are some good signals, but it is still difficult for us to be anything other than extremely cautious about prospects."

Hindering the group's quest for better overall occupancies are the two flagship hotels — the Johannesburg Sun and the Cape Sun. Both of these are believed to be running at about 30% occupancy. However, Corte says the Sandton hotels are experiencing high occupancies.

Corte confirms that tariff increases in room rates and in food and beverage rates were introduced in January, which is favourable for second half results. An increase of R1 in the overall room rate for the second six months of the 1987 financial year can add R880 000 to the group's bottom line.

In 1986, timesharing and the casino interests contributed positively to profit after tax, while hotels and travel exerted a negative influence. Corte says he is "holding thumbs" that the two negative contributors will turn profitable in 1987, and contends that they will certainly be profitable in 1988. Even if hotels and travel contribute negatively in the current year, a healthy contribution from the 20,4% interest in Sun International and the 50%-held Southern Sun Timesharing, should help the group back towards profit.

Analysts caution that even if, in the most optimistic scenario, the group manages to earn 10c a share in the year to March, the share will be on a p:e of 37 times, which is too high to attract many institutional buyers. They say that for any sustained recovery, Southern Sun needs a resumption of a high level of tourist travel, and particularly foreign tourism, which fills the R100 a day four and five star hotels. International business contributed only 8% of Southern Sun's income in 1986.

But, taking a two- to three-year view, analysts say investors could do a lot worse than to invest in Southern Sun, particularly as inflation is causing phenomenal increases in the replacement costs of hotels.

At the J D Anderson presentation, group chairman Ronnie Cohen calculated the group's net worth at 818c a share, taking into account the basic net worth of 371c at interim, and adding a revaluation of Sun Bop shares (6c), the value of the Sun International investment (188c), the revaluation of fixed property to depreciated replacement cost (104c) and the revaluation of fixed property to full replacement cost (a debatable point) at 149c or R104,4m.

Kerry Clarke

MORE EMPTY ROOMS

Southern Sun Occupancies

	Six months to Sept 30	Six months to Mar 31	12 months to Mar 31
1986	54,5%	55,5%	55,0%
1985	61,8%	67,1%	64,6%
1984	63,2%	69,9%	66,6%

Source: Southern Sun

HITTING THE BOTTOM LINE

Impact of a 1% occupancy increase

	Southern Sun	Holiday Inn	Total
Rooms available	5 188	4 416	
Less: Sandton Sun (Managed)	340		
	4 848	4 416	
Rooms for sale per annum	1 768 000	1 612 000	3 380 000
1%	17 700	16 100	33 800
At current room rates	R1 036 519	R905 993	1 942 512
Impact of a R1 increase in room rate			
Rooms for sale per annum	1 768 000	1 612 000	3 380 000
R1 additional room revenue	R1 768 000	R1 612 000	R3 380 00
At current occupancy	R896 000	R874 000	R1 770 000

Source: Southern Sun.

Shebeen war looms

29/8/87 W/Argus

by MARK STANSFIELD
Weekend Argus Reporter

A SILENT, deadly war is brewing in Peninsula townships over control of the extremely lucrative local tavern, shebeen and bottlestore trade.

Local black businessmen have accused one of South Africa's most powerful shebeen kings of starting the war with an attempted "coup d'etat" while they had their backs turned.

Local tavern owners — most of them executive members of the Western Cape Taverners' Association — said they were in Port Elizabeth earlier this week for a meeting with other Cape-based taverners to form a province-wide body to govern and regulate taverns and shebeens in the Cape.

Problems

While they were earnestly debating the constitution and electing executives for the newly-formed Cape Province Taverners' Association, flamboyant Soweto millionaire Mr Lucky Michaels, chairman of the National Taverners' Association, "quietly" flew down to Cape Town and held his own meeting with local shebeen kings.

He formed the Cape Town Taverners' Association while those apparently in control of Peninsula taverns were away, according to sources within the Western Cape Taverners' Association.

Lucky Michaels

The control for power of the million rand shebeen-tavern trade in the Western Cape is crucial at this stage.

At stake is ultimate control of township bottle stores — which will soon be sold to local businessmen by Community Services. Whoever gains the upper hand now could increase his wealth tenfold within a year.

But while the executive of the Western Province Taverners' Association have accused Mr Michaels of hoodwinking them, Mr Michaels maintains that local Peninsula tavern owners invited him down to "sort out some problems".

"Lets get one thing straight ... I did not do anything behind anyone's back — local tavern owners were unhappy with the way Mr Sam Tuntubele (president of the Western Cape Taverners' Association) was running the show.

"About 95 percent of Peninsula taverners attended the meeting and decided that they would rather form a new body to govern the shebeen trade in the Western Cape. That's how the Cape Town Taverners' Association was formed.

"Local shebeen owners said that the executive of the Western Cape Taverners' Association were using bullying tactics against them and using the association for their own gain.

"They said the executives were rezoning stores for tavern locations because that way more taverns could not be formed in the townships and there would be less competition for those already legalised.

"In fact, long-established shebeen owners say they have been ignored for rezoning and will never be able to become legal," he said.

Mr Tuntubele said Mr Michaels had "no right" to talk to local shebeens because his organisation — the National Taverners' Association was not affiliated to Cape-based associations.

"How can he say that the National Taverners' Association is 'national' when no Cape-based shebeens are officially affiliated to it?" he said.

"We have now formed the Cape Province Taverners' Association and all taverners in the Western Cape, Eastern Cape, Border, Midlands, Ciskei and Transkei unanimously agreed that this would be the official organisation in the Cape. We do not recognise the National Taverners' Association.

"Mr Michaels sneaked in here while we were in conference in Port Elizabeth simply because he wishes to gain control of the bottlestores.

proved to be difficult to breach with the stronger import demand.

politicians would like to see a show of rand strength before polling day.

"for the time being". Should the rand reach levels above $0,49, Standard

Exporters could s market.

Despite a decrease in real income . . .

3/2/87 (288)

Hotel industry shows signs of improving

B/day

GERALD REILLY

THE downward trend in the trading results of the country's battered hotel industry showed signs of recovery in the three months to November last year, Pretoria University's Bureau for Financial Analysis said yesterday.

But all gradings showed decreases in total real income in November compared with November 1985.

The bureau said Johannesburg hotels showed the biggest decline in real income (22,5%), followed by East London (21%).

Five-star hotels nationwide showed the biggest drop (15,7%).

Declines in other grades ranged between 13,9% for three-star establishments to 8,2% for one-star hotels.

Only one region — "the rest of the Free State" — showed an increase (8%).

One-star hotels showed an increase of 0,6% in room occupancy in November compared with November 1985, while five-star hotels showed the greatest decline (2,5%).

Other gradings showed only minimal declines.

Two-star hotels fared best in bed occupancy — an increase of 0,7% — while five-star hotels declined by 3,2%.

However, a bureau spokesman said a regional analysis showed a more encouraging picture.

Eleven of the 20 regions showed increases in room occupancy.

Highest was in Cape Town (13,1%), followed by Port Elizabeth (10,5%).

The biggest decline was in East London (14%), followed by Johannesburg (7%).

Increases in bed occupancy were registered in 14 regions. The rise in Cape Town was 10%.

In East London the decline was 12%, followed by Boland with a drop of 11,4%.

Bar sales fell steeply in November against November 1985. The steepest decline (23,2%) was in Johannesburg.

Bar sales increased marginally in only four of the 20 regions.

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O'Brien tak cudgels ove

LONDON — Dr O'Brien has con Town University pleasure over stemming from year.

In a telex to Dr Stewart Sau him to dissocia the university reflections on tained in a re words falsely at

New buildin union born

A NEW building — the Constru Workers' Union launched in S weekend.

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Cape Times 10/1/87 288

Bumper season for Cape Town hotels

Financial Editor

CAPE TOWN hotels have had their most successful season for five years, the Western Cape chairman of the Federated Hotel, Liquor & Catering Association (Fedhasa), Brian Bowman, said yesterday.

And for the first time there was a substantial number of coloured, black and Indian visitors.

Welcoming this trend, Bowman said: "It's very exciting. It shows these people are now confident they will be welcome in our hotels and restaurants."

He said the influx of visitors had also helped the city's restaurants, which had a lean time for most of 1986.

The international sales manager of the Cape Town-based Protea Hotels and Inns, Lorraine Levieux, said foreign visitors were also beginning to return.

She thought this was due to the advertising campaign launched by the SA Tourism Board (Satour) at the end of last year combined with the fact that pictures of violence in this country had now disappeared from overseas TV screens and newspapers.

"People now realize it's safe to come here."

The Protea group's five-star "flagship" hotel, the Heerengracht, which is in the middle of a R2,5m refurbishing, had one of its most successful seasons ever.

GM Horst Frehse said occupancy was 34% higher than in December 1985. Accommodation turnover increased by 50% and total turnover by 22%.

"The next six months are looking good, with at least one big conference every month."

The Ritz Protea Hotel in Sea Point, which was in trouble at the end of 1985 when the Trust Bank took it over and placed it under Protea's management, also did well.

GM Steve Romburgh said occupancies rose to 81,4% in December compared with 68,7% at the same time the previous year.

"Our food sales were up by 120% and our liquor sales up by 60% over the previous year."

Satour's deputy director, international, Dale Pretorius, forecasts a 10% increase in the number of foreign tourists who will visit this country in 1987.

"We are no longer featuring in adverse US press reports and the response we have received to our advertising campaign in the US, Britain and Continental Europe has been tremendous."

VENTURES

ARGUS 9/3/87.

Sun International in R110-m development plan

From FRANK JEANS 288

JOHANNESBURG. — Sun International (Bophuthatswana) is earmarking more than R110-million in its new hotel and upgrading programme this year, the highlights of which are two new operations — at Nooitgedacht Dam in Bophuthatswana, and Umtata in Transkei.

Scheduled for the market in June, the R22-million Nooitgedacht venture will have 49 rooms, along with a first for the SI hotel network — a beer garden.

The group expects a lot of interest from the conference business both locally and internationally, and has incorporated top-rate convention facilities.

The R25-million Umtata hotel will have 125 rooms and will feature an "Action Entertainment Bar".

The R65-million extensions at the Wild Coast Sun in Transkei will put the development among the best in the world. Work on the additional accommodation wing and entertainment centre is on schedule, and the hotel is sure to draw a major slice of conference trade with its 700-seat complex.

The Gaborone Sun in Botswana is also undergoing a major revamp with an additional 44 rooms, and in Swaziland, SI is making headway on boosting its spread of hotels there.

Further afield, the popular La Piroque in Mauritius is getting top treatment, with a further 24 cottage-style rooms.

A further 16 rooms, along with increased restaurant facilities, are also planned for the end of this year.

Food chains 'should not sell liquor'

16/2/87

Hotel industry opposes easing of liquor laws

288

CHRIS CAIRNCROSS

THE hotel industry will oppose vigorously any attempts by the Competition Board and the retail discount chains to relax the liquor licensing laws and to grant more grocers' licences.

Federated Hotel, Liquor and Catering Association of SA (Fedhasa) president Mike Kovensky believes the latest appeals made by Assocom to the Department of Trade and Industry to give the food retailing chains the right to sell liquor will merely be "pandering to the fat-cats" in the retail sector and will, in the end, be contrary to consumer interests.

Far from promoting greater competition, such a development will eliminate many small businesses, increase unemployment and lead to an unhealthy concentration of power, he claims.

A furious Kovensky says that the Assocom retailers' technical committee, which has recently been making representations to government for a relaxation of the liquor laws, is pandering to a segment of retailers whose primary aim is to establish control in the liquor marketplace.

Accepting their demands will lead to an unhealthy concentration, and knock a lot of small operators out of business at a time when job creation is a national priority, Kovensky argues.

Spreading the number of liquor retail outlets will not solve this sectors' problems, he says.

The solution lies in eliminating the cartel-like, monopolistic and manipulative arrangement that exists at the producer level, Kovensky says.

He supports the recommendation made by the Competition Board about three years ago and turned down by government that the comfortable arrangement which exists at the primary end of the liquor industry should be dismembered.

Until that happens, no extension of the number of retail outlets will boost competition and benefit consumers.

Hotels want black cash

788

JOHANNESBURG one- and two-star hotels are applying to the Liquor Board for international status to counter the effects of the economic recession.

The hotel industry has been hit by a slump, which may be offset by allowing blacks to use their facilities.

The move has been supported by the Federated Hotel Association of South South Africa, which has always been critical of legislation barring blacks from certain hotels.

At present there is only one one-star hotel in the Transvaal and one two-star hotel in Johannesburg that have international status.

HOW JO'BURG PLANS TO BEAT THE BIG LITTLE-STAR SLUMP

By MOKONE MOLETE

Latest figures from a nation-wide survey by the University of Pretoria's Bureau of Financial Analysis show that the total number of rooms let in May slumped by 80 000 on the figure of 1 520 691 for May last year.

Bed nights sold fell by 148 000 during the same month. In 1981 the number of bed nights available was 2 941 363.

Tourist hotels have been hit hardest — unlicenced residential hotels report healthy trade.

The survey further shows that the average room occupancy in South Africa declined by 1,5% since June last year and the average bed occupancy by 3,4%.

In May this year the room occupancy rate fell by 9,3% from 1 055 207 (May 1981) and the bed occupancy rate fell by 12,5% from 1 591 572 (May 1981) to 1 392 626.

The Durban area suffered most: the rate fell by 18,1% while the Cape Province (excluding Cape Town with a fall of 10%) was the lowest with 8,3%. The Rand, including Pretoria, fell by 10%.

A senior researcher at the University of Pretoria, Mr Schalk Schoombie, said 2 600 000 rooms a night were available each month. These generated R31 500 000 annually for all types of hotels.

It was interesting to note, he said, that "unlike any other commodity, when a room is not sold today, it won't be sold the following day — no matter how many people come to the hotel".

The manager of the Springbok Hotel, in Joubert Street, Johannesburg, Mr R Amoils, said room occupancy figures for his business fell by about 60% from last year. The hotel has 75 beds.

"The situation is terrible," he said. "We have applied to the Liquor Board for permission to allow people of other races to use the hotel."

The hotel is now being renovated to comply with new regulations.

The Victoria, the only two-star hotel in Johannesburg with international status, is not experiencing any downturn in the number of rooms sold.

The manager, Mr Robert Burns, could not say whether the hotel's trading position was due to it having international status.

Under the Liquor Amendment Act, No 117 of 1981, all hotels can apply to for permission to serve all race groups. The Act also allows for 'mixed' dancing and swimming on hotel premises.

Another hotel that has experienced problems is the Connoisseur in Joubert Park.

The manager, Mr Rootshtain Michael, said that since the beginning of the year there had been a 30% drop in the the number of beds sold.

He has aready applied to have the hotel proclaimed 'international'.

"We get people from countries such as Malawi and Zambia and we would like a hotel to be in a situation where it will be up to the proprietor to choose who he lets into the hotel — rather than having that decided on a control basis," he said.

The vice-president of Fedhasa, Mr Stanley Hoffman, said the Government passed the new Act as a result of representations from his organisation.

He said hotels which had been serving all races wouldn't be affected if one-star and two-star hotels were granted multiracial status.

A spokesman for the Liquor Board said patrons at international hotels shared all the facilities provided. He could not say how many hotels were applying for reclassification.

Argus (288) 15/10/84

Shake-up expected in SA hotel industry

Staff Reporter

SOUTH AFRICA'S hotel industry may be on the brink of major changes, including a new system of grading, a different liquor-licensing system and the development of accommodation-only establishments.

These proposals would directly affect the travelling public and alter the financial structure of some hotels, said Mr Arnold Brock, Cape regional director of the Federated Hotel, Liquor and Catering Association of South Africa.

Mr Brock said Dr Dawie de Villiers, former Minister of Commerce, Industries and Tourism, had already warned of a "new dispensation" in the hotel industry.

Among possible changes are:

- Liquor laws now allow hotel licencees to operate off-sale bottle stores but there is a possibility that hotel and off-sales licences could be separated in future;
- The South African Tourism Board is examining the hotel grading system and changes are expected;
- There is a likelihood of accommodation-only hotels being established, offering the traveller accommodation without the services normally associated with hotels;
- A controversial proposal involves possible new legislation allowing hotels to make franchise agreements with catering and liquor groups to provide dining or restaurant services.

Mr Brock said these were some of the subjects expected to be discussed at the first Cape regional congress of Fedhasa at Worcester on November 5 and 6.

The congress would concentrate on the interests of one-star and two-star hotels which were still heavily dependent on liquor sales for their financial viability.

Govt scraps hotel bans

CAPE TIMES 27/3/85

288

Political Staff

HOUSE OF ASSEMBLY. — The government has quietly scrapped the restrictions on mixed dancing and mixed swimming at "international" hotels.

The Minister of Justice, Mr Kobie Coetsee, said yesterday on behalf of the Minister of Trade and Industry, Dr Dawie de Villiers, that the only restriction on international hotels was that "no men's bar with an entrance from outside is allowed".

He said "all restrictions, except the restriction concerning the men's bar, have been removed", as from April 1, 1982.

In the past, local black people were not permitted to use dancing facilities and swimming pools at international hotels.

Dr De Villiers revealed the removal of the restrictions when he replied to a question which had been tabled by Mr David Dalling (PFP, Sandton).

Mr Dalling said he was delighted that "all racial restrictions on dancing, swimming and even the quotas on blacks allowed into hotels have been removed.

'Special permission'

"It is very strange that the scrapping of these restrictions were never announced and it is amazing that the government should have kept it secret."

Mr Dalling also said: "As there had been no incidents of any kind in the two years since the restrictions were last applied, why can't all hotels be opened and why should this only apply to hotels with special permission?"

In his reply, Dr De Villiers said licensees at hotels with international status "shall at all times be responsible for the orderly and socially acceptable behaviour of guests and shall at all times exercise strict control over functions held or entertainment provided on the premises".

He also said all conditions and restrictions except those relating to the display of insignia and those concerning the men's bar had been removed.

Fight to make city an international gateway

CT 1/8/91 (288)

By PETER DENNEHY
Municipal Reporter

THE mayors of Cape Town and Durban have joined forces to try to persuade the government to allow international flights to land at coastal airports as often as their airlines wished them to do so.

Mr Gordon Oliver of Cape Town and Mr Gys Müller of Durban said after a meeting yesterday that their respective airports already had a limited "international gateway" status, but they also wanted an opening up of the air routes.

"We want a bigger cut of the cherry," Mr Müller said.

'Open approach'

Cape Town and Durban are rivals as far as tourism is concerned, but both mayors agreed yesterday that their respective cities were "the two main tourist destinations" in South Africa.

Yet Cape Town had only six direct international-destination flight connections a week, and Durban only four.

The remainder of international air traffic to this country went through Johannesburg.

"We want an open approach to international flights," Mr Oliver said.

"Let the airlines decide where they want to fly to on the basis of market demand."

At present, the Department of Civil Aviation can veto applications by airlines to operate to coastal cities without having to give reasons for their decisions.

Turned down

The mayors are hoping to meet the Minister of Transport to ask him to cut the red tape and take the power to dictate air routes away from the regulators.

Mr Hylton Ross, the Western Province chairman of the Association of South African Travel Agents (Asata), said Durban had had an application for 26 charter flights by a German carrier, Condor, turned down recently.

Mr Gordon would like Cape Town to have the opportunity to approach carriers such as Virgin Airlines and ask them to operate to D F Malan Airport. If such applications had to be evaluated, this should be done at open hearings.

Mr Ross said tourism was now in a slump in both Durban and Cape Town.

JOHANNESBURG. — Lufthansa is to decrease fares from Germany to South Africa until September 30, the airline announced yesterday.

Fares from Germany are to drop immediately by about R300 to about R3 600. The tickets, available to people travelling from Germany only, will be valid for a minimum of 14 days and a maximum of three months. From October tickets will once again cost the full amount.

"As SA is an ideal destination for the family, we have also introduced a youth fare applicable for the over 12 and under 18-years-olds," the airline said.

ALL AGREED . . . Allies in the tourism industry met yesterday. From left: The Mayor of Durban, Mr Gys Müller, the managing director of Captour, Mr John Robért, and the Mayor of Cape Town, Mr Gordon Oliver.

Picture: RICHARD BELL

CAH Times 1/2/86 (288)

Hotel industry 'faces collapse'

By ROGER WILLIAMS
Chief Reporter

WARNINGS were sounded in Cape Town yesterday that the hotel industry in the Western Cape, if not in the Republic as a whole, faced collapse if there was no improvement soon in the climate for resumption of large-scale tourism.

Mr Otto Stehlik, managing director of the Protea Hotels group, said it had been established that more than 90 percent of the country's 1 350 graded hotels were losing money.

'Downturn'

"We are in really serious trouble, and unless we can instil confidence in tour operators, with assurances for the safety and security of overseas and other tourists, there is little hope of improvement."

Mr Stehlik and Mr Mike Kovensky, Western Cape chairman of the Federated Hotel, Liquor and Catering Association (Fedhasa), said Cape hotels had suffered a "significant downturn" in business during the summer high season, and that many more hotels faced closure in 1986.

Those that had managed to survive on income from off-sales liquor would not be able to do so for much longer, they warned.

Mr Stehlik said Cape hotels — particularly those on the higher grades — had fared worse than elsewhere, as unrest in this part of the country had not only kept overseas visitors away; it had also had a "very negative" effect among intending holidaymakers from up-country.

"Of every 10 people in Johannesburg who had booked for a Cape holiday, at least five cancelled; it's as bad as that."

Mr Kovensky said hotels in the region had reported the greatest incidence ever of "no-shows" — in other words the number of bookings not taken up. In many cases, intending holidaymakers who had cancelled bookings had had to forfeit their deposits.

"In many other cases, where people turned up at the hotels at which they had booked, they stayed only for the period covered by their deposits — usually just a few days.

"In most cases they did not have the money to stay any longer, and a factor here was the smaller bonuses paid by many firms this year, if bonuses were paid at all, and also the general unrest in the country.

"This has been our poorest season for a long time — and this in spite of the fact that hotels have been offering the best-ever value for money."

High season

Mr Kovensky said restaurants had also fared badly over the holidays, with liquor sales down 25 to 30 percent.

Earlier this week the Cape Times quoted Mr John Robert, managing director of Captour, as saying that although the number of callers at the visitors' bureau in central Cape Town in December 1985 was higher than in the previous December, the summer high season had been "definitely shorter" and fewer visitors had stayed in hotels.

He was, however, optimistic about the future of tourism at the Cape, which he was convinced would improve with the economy.

SERVICES SECTOR —

ACCOMM; LIQUOR AND CATERING — GENERAL

1985

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SOUTHERN SUN/KERSAF

Into battle

After sitting out an eighteen-month restraint of trade obligation, Sol Kerzner returns in April to the SA hotel scene. With the market already heavily overtraded, Kerzner's return could precipitate a shakeout in the industry. Indications are that the major hotel groups are preparing for a tough fight for market share. Inevitably, several independent operators could find themselves becoming takeover targets.

Main contenders in what promises to be a three-way fight are Sun International (SI) — the company formed by Kerzner when he split with Southern Sun — the Southern Sun group (SS), and Holiday Inns. It is Southern Sun, built up by Kerzner and now headed by MD Bruno Corte, that will provide Kerzner with his toughest opposition.

Stripped of its casino resorts in the homelands, SS has been somewhat overshadowed by Kerzner's Sun International. But SS, with some 26 quality hotels in prime locations throughout the country, is strongly entrenched in the local market, and it will take a powerful opposition indeed to budge it. Ironically, Kerzner will compete against the landmark buildings he planned himself, including the Sandton Sun, and the giant new Johannesburg Sun.

SI director corporate planning Eugene Joannides, denies that SI has immediate plans for a major re-entry into SA. "Locally, we'll be very selectively looking for good strategic deals," he says. "The market clearly cannot support a spate of new hotels coming on stream."

It seems more likely that SI will want to make acquisitions of independently-owned, quality hotels. The Royal hotel in Durban, and the Mount Nelson in Cape Town have been mentioned. SI's recent acquisition of the Riviera hotel in Vereeninging seems to point in this direction. But Kerzner may also aim for a large trading base as rapidly as possible, which could ensure significant takeover deals. Even Holiday Inns, with its countrywide coverage, has been mooted as a logical target.

Slowdown refuted

Since the split with Kerzner, some analysts have tended to down-rate SS. But the group's performance last year refutes suggestions of a slowdown. While occupancy levels dropped throughout the industry, SS increased its overall market share to around 31%. "We have beaten industry trends in such key areas as average room rate, room occupancy and sales of food and beverages," says Corte. He adds that SS had an outstanding December with record occupancies reported for most of the resort hotels.

How does Corte feel about Kerzner's return to the local market? "Make no mistake, we will protect our market share aggressively," warns Corte. "We are not prepared to give up even one percent of our market."

To consolidate its share at the top end of the market, SS last year spent more than R20m on refurbishments, which was also an important factor enabling it to gain market share. And, in recent months, SS's marketing has been notably aggressive, offering hard-sell package deals. Some competitors say these offers are unprofitable, designed only to secure market share. Corte denies this. When all the peripheral spending is taken into account, he says, the package holidays provide good profit margins.

SS is set to expand "locally, regionally as well as internationally," says Corte. With regional expansion, SS would be directly up against SI's homeland resorts. However, if SS moves into the neighbouring states, it will try to avoid close proximity to SI. "We do not intend challenging them directly for the casino market," explains Corte.

It is common cause that use of the word "Sun" by both SS and SI has caused consumer confusion. However, neither seems perturbed. "Our advertising is designed to sell specific packages, not the identity of SS," says Corte. Joannides and Corte contend both groups aim at a similar market, so both benefit. "An ad placed by either company has the indirect effect of stimulating desire for a holiday," argues Joannides.

Brokers remain bullish on Kersaf, listed holding company of SI, which stands at 805c. Many expect further growth this year. Indeed, SI's lucrative casino interests are proving highly resilient to recession. However, Joannides warns that if the economy remains depressed for much longer, even SI's casinos will feel the impact.

The weak rand is also likely to affect SI's profitability this year. The costs of bringing superstars to Sun City, and of staging million dollar golf tournaments, have soared. However, SI's long-term growth is being directed overseas. If plans work out, this will eventually reduce dependence on the local market, which must make Kersaf shares more attractive to local investors.

Southern Sun shares, after an initial downrating following the management split, have already regained some of their former shine. The interim results for end-September confounded many sceptics. Pretax profits were boosted by 24%, on a 10% increase in turnover, indicating some hefty cost-cutting. It's worth remembering too that SS has 25% of SI. Indeed, some brokers

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feel that at 500c, SS may be better value than the expensive Kersaf, and could be due for a rerating. The danger for both groups is that competition could become too aggressive, and could depress profits.

Neville Glaser

RUSPLATS

Burning bright

Rustenburg's spectacular interim results show the benefits that an exporter can harvest from the weakness of the rand. Even though the free market dollar prices of platinum and the two important byproducts, palladium and nickel, were lower this interim than previously, the rand prices have soared. The improved cash flow, profitability and prospects seem to have helped loosen the directors' tight dividend policy, and the payout has doubled.

However, the board, as cagey as ever, fails to disclose whether either production rates or capacity were boosted. But their comment that "the sales volumes of platinum, palladium, nickel and copper increased" could give the game away. Stocks of refined and unrefined metals on hand at the June year-end were probably at normal levels, so the improved demand for platinum is likely to have been met through increased production. The previous annual production capacity ceiling of about 1,3m ounces is now likely to be a thing of the past.

The leap in tax and lease payments to 51% of pre-tax profit from the previous year's 10,1% seems to add credence to the view that production has been significantly increased, with lease payments rising. The rise in capital expenditure to R34,2m (R9,1m) in the six months to end-December tends to confirm this.

Rustenburg's surplus cash pile has probably grown and this, combined with the record short-term interest rates, are the likely factors behind the almost trebling to R18,8m in other income received.

Higher US auto sales have increased the demand for platinum and platinum group metals. The continued economic revival in the industrial countries, particularly the US and Japan, is lifting demand, and jewellery sales in Japan are rising. Nonetheless, the free market price of platinum continues to languish at a discount to the gold price, around $275/oz.

The strong dollar and lower gold and silver prices have probably helped depress platinum. The price could once again prove highly sensitive to any favourable shift in investors' sentiment towards precious metals.

The market has reacted favourably to Rustenburg's results by pushing the share to 1 750c — an all-time high. At this price it stands on an historic dividend yield of 4,4% and on dividend yield considerations remains more highly rated than Impala. Rustenburg's prospective yield is almost certainly much higher, and the share remains worth accumulating on weakness.

Brian Zlotnick

RUSTENBURG'S GLITTER

Results for the six months ended	Dec 31 1983	Dec 31 1984
Sales (Rm)	367,2	466,4
Pre-tax profit (Rm)	74,1	125,7
Attributable profits (Rm)	32,0	59,5
Earnings (c)	25,5	47,5
Dividend (c)	17,5	35,0

SAAN/ARGUS

Sell-out

SA Associated Newspapers' (Saan's) sale of its 6,4% stake in Argus severs a link between the two publishing groups. But the deal should put Saan in a stronger position to deal with its trading problems.

Some R5m was raised from the sale of 99 000 shares to Anglo American-managed pension funds. In selling the shares, Saan has avoided taking up its entitlement in Argus's R18m rights issue, which it evidently does not consider to be attractive. Saan chairman Ian MacPherson merely comments that Saan sold the shares because the funds could be used better elsewhere.

I understand the money is likely to be used inside the company. However, if it isn't, Saan could achieve better returns by investing in money markets at rates up to 23%. Even accepting that dividends are not taxable in the hands of corporations, the yield on a liquid investment compares with the historic 7,8% yield on Argus, which stands at R50.

Argus forecasts in the rights offer documents that "unless there is a significant deterioration in trading conditions, the final dividend for the year to end-March 1985 will be maintained." However, they don't indicate what might happen to earnings, or to the dividend cover.

Argus's trading profits may well turn out more favourable than those of Saan, which says it expects losses. Even so, the market is not bullish on Argus or its associate CNA/Gallo, which yields 8%.

Apart from the financial considerations, Saan presumably ceased to see any purpose in holding an investment in Argus some time ago. Of course, if Argus now decides to dispose of its 37% interest in Saan, that could knock Saan's share price, which was last sold at 1 800c. However, when asked whether Argus might sell, MD Hal Miller replied: "No. We haven't even thought about it."

Andrew McNulty

ABERCOM

New course

Chairman Peter Herbert is elated over this week's deals aimed at extricating Abercom from its losses. Certainly, the transactions sound sensible: selling off SA loss-making subsidiaries, and diversification abroad by the $6m purchase of the US Westinghouse group's Sturtevant fan division, which though currently making losses, will dovetail with Abercom's successful US fan interests.

As Herbert explains, "the economic recession is intensifying with no uplift in demand in sight from infrastructural development. It made sense to sell loss-making subsidiaries, pay off the overdraft and expand off-shore."

But assessment of the deals' merit will not be aided by Herbert's non-disclosure of the size of the Sturtevant fan division's losses. Herbert says this is confidential, but Abercom should tell shareholders the extent of the task of turning its US acquisition to profit. At any rate, the market's initial response was cautious — the share price on the first day rose only 5c to 120c.

Abercom's Davidson fan division in the US, and the new purchase, will be merged into a company with potential $40m turnover, and some 40% of the US fan market, which awards contracts worth $100m a year. Through rationalisation, lay-offs and concentration on fan refurbishment, Herbert reckons the merged operation will break even in the year to end-June. In the 1986 financial year, Herbert expects a good profit from the US investment, although he gives no figures.

"We will be looking to the overseas operation to produce improvements in our profits," he says, "especially as 65% of our total assets will be outside SA." Herbert believes that there is attractive long-term growth in the US fan market. "The fans used by the US mines and utilities are becoming old," he says, "and there is an enormous market developing for new equipment."

Herbert sees domestic trading in the next 18 months as "bloody awful" and does not rule out further disposals in Abertech's divisions. He expects this year's pre-tax profit from continuing operations to exceed last year's R9,5m, but makes no projections for 1986. Abercom is also faced with R20m pre-tax losses this year on discontinued operations. This could lead to a roughly R10m overall loss before tax, which would be written off against retained income of R43,9m at end-June 1984.

Murray & Roberts' (M & R) executive director Steve Boyazoglu says that M & R bought Cape Consani because "we have similar operations in Cape Steel and we believe that we can better utilise Consani's management and property and gain access to a much wider market." Boyazoglu says the purchase price is subject to an audit, but believes it will be R5m-R6m.

Herbert stresses Abercom has paid off all short-term debt. By end-June, it will have a R4m cash pool to match outstanding long-term liabilities. Westinghouse will lend Abercom $4m of the $6m purchase price for Sturtevant and the remainder will

Chobe slice for Sun International as end of trade curb on Sol nears

Kerzner waits for kick-off

(288) S. Times 3/2/85

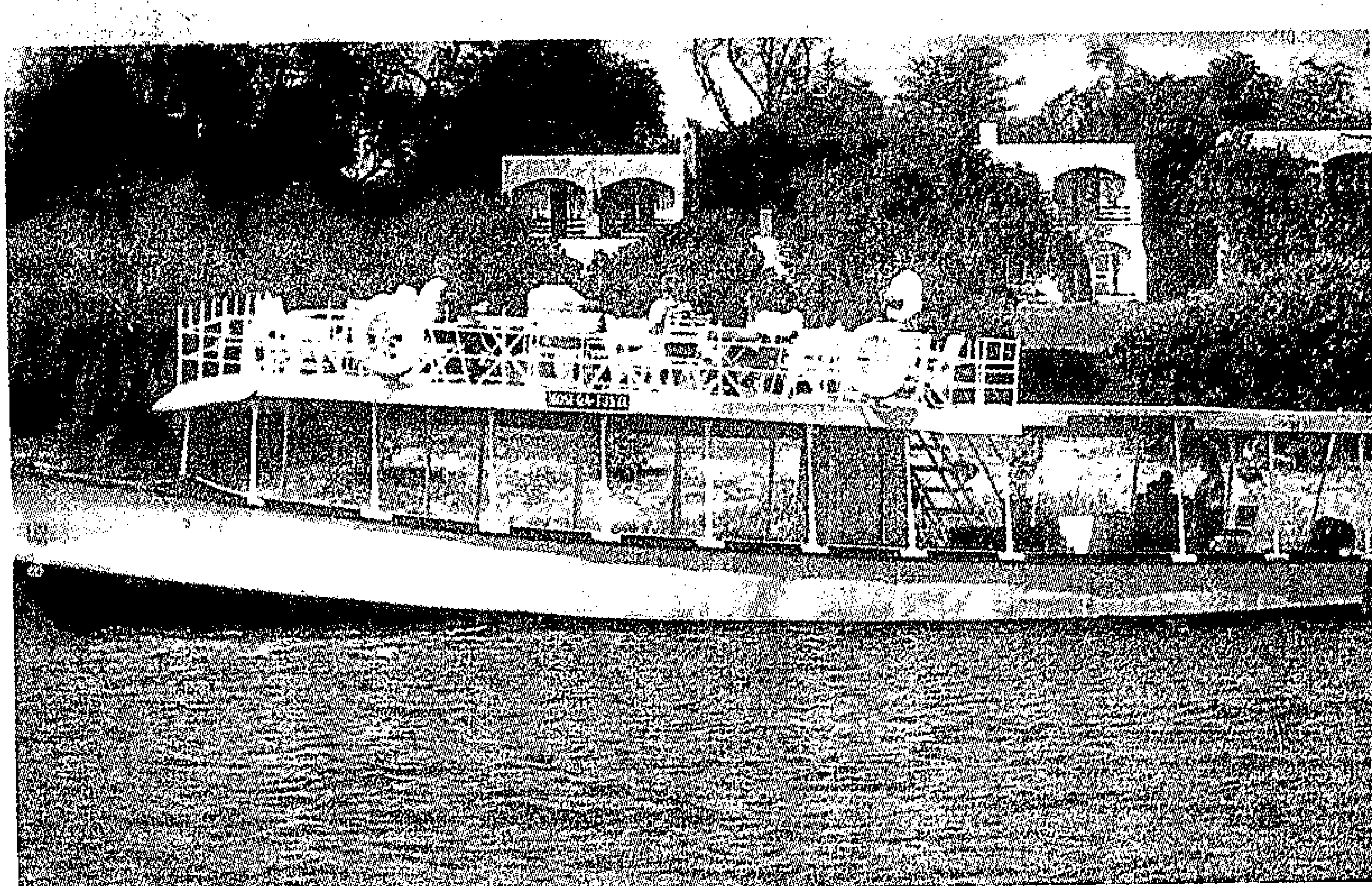
By David Carte

SUN International has bought into Chobe Game Lodge in Botswana as part of its strategy to lure thousands more American and European tourists to Southern Africa.

The announcement comes at a time of high expectation for the group.

Managing director Sol Kerzner hopes to conclude a large offshore hotel or casino project this year.

Many Sun International watchers expect Mr Kerzner to announce a spectacular return to the South African hotel industry virtually the day after an agreement restraining him from entering the hotel industry in SA expires.



Mosi Aou Tunya — the Smoke that Thunders — modern version of the African Queen plies the Chobe in front of hotel

April Fool

The share price of Kersaf, holding company for Sun International, has leapt in recent weeks in anticipation of a major announcement. It has gone from 800c since its listing in August 1984 to a high of 975c. Now it is 900c, a price which makes it one of the highest-rated shares on the Johannesburg Stock Exchange.

Chobe is tiny in the Sun International context, so is obviously not the cause of the excitement.

The restraint on Mr Kerzner expires on March 31. Observers say April Fool's Day might be the wry Mr Kerzner's choice, much to the discomfort of his former partners, SA Breweries and Southern Sun.

The expectation is that Holiday Inns more glamorous four-star and five-star hotels, such as those in Durban, Jan Smuts Airport and Sandton, will go into Sun International.

Extravagance

Mr Kerzner is also known to be interested in the Mount Nelson in Cape Town and the Royal in Durban.

The Royal is controlled by Old Mutual, the most important ultimate stake holder in Kersaf. The Mount Nelson belongs to African Lands & Hotels, which in turn is controlled by the Cayzer family of the UK.

Mr Kerzner has said he is still interested in hotels in SA, but will not comment on speculation.

Investment analysts have been asking whether the Sun International share price has not exceeded itself. The worry is that the company depends on wealth and extravagance for success — and recession might take its toll.

The news from the company, however, is that gambling, its mainstay, is not cyclical. Hotels are. Gaming has increased in spite of hard times. The group has also been underpinned by the weak rand as hundreds of additional foreign visitors have been drawn to Sun International hotels and casinos.

Record

Sun City had a record month in December and turns over hundreds of millions a year. The Wild Coast Sun is also spectacularly successful. Most of the millions come from ordinary people playing "one-armed bandits". The hotels and the casinos pale in comparison as money-spinners. Still, Mr Kerzner warns that the group is not recession proof.

Although it will be insignificant to Sun International's total operations, the Chobe Game Lodge, in which Sun International has bought 40%, will be an important addition to the enticing Southern African carrot Sun International can offer to foreign visitors.

Both Sun International and Southern Sun have been buying "highlight" spots around the sub-continent to enable foreigners to make whistle-stop tours. Americans have been staggered at the value their dollars buy here.

All tar

Situated on the Chobe River in the 11 700km² game reserve of that name, Chobe, with its huge elephant population, will be a must for many foreigners expected to pack the Cascades at Sun City. It is only 80km from Victoria Falls.

The road from Johannesburg is now all tar. In addition, there is an air strip 12 km from the lodge.

Character

Botswana has looked after its game better than any African country and is fast taking American and European tourist business away from Kenya and Tanzania.

The intention is to double the size of Chobe, but it will have only about 100 rooms and will retain its character as a game lodge.

Sun International's partners in Chobe are Ian Green and Jonathan Gibson, the previous owners, who bought it from Southern Sun. They retain 40% and the Botswana Government has 20%.

Community Development spells out a complex pricing system which will give existing tenants of State aided schemes massive discounts.

Mr M J Aggenbach, deputy chairman of the Cape Divisional Council, said the principal of creating a stable community by enabling people to buy homes instead of letting them, had long been the policy of the council.

Although the Divisional Council has not yet formally approved details of the latest selling

computed.

A buyer paying cash would be entitled to a 25 percent discount. Another five percent discount was given to a tenant who had occupied a house for at least five years and another five percent rebate was given to those buying the house within a year.

For example, a house costing R5 000 in 1968 would cost R25 000 to replace at today's building costs.

The average between the original and replacement price is R15 000. Discounts of 35 percent would amount to R5 250 meaning the actual price paid would be R9 750.

Doss-house ritzyfier Selwin in the fast lane

Business Times Reporter 288 S-Times

THE fire at the Wilderness Hotel on the Southern Cape coast will not slow the nine-hotel Karos Hotel chain in its growth drive, says the co-founder and managing director, Selwin Hurwitz.

Mr Hurwitz says the hotel was insured against the R2-million damage as well as loss of profits, and it is still full steam ahead for the bustling group.

Mr Hurwitz is looking at several hotels to add to his chain. Karos has shown spectacular growth, buying old and jaded hotels and improving them to three-star specifications.

JSE plans

The group turns over R30-million a year. Taxed profit this year has doubled to R1,5-million in spite of the downcast economy and Mr Hurwitz hopes to bring the group to the Johannesburg Stock Exchange in 1987.

Even Nigel Matthews, former managing director of Holiday Inns, is impressed, though he has no connection with Karos.

Mr Matthews says: "Selwin

Selwin Hurwitz ... an eye open for jaded hotels

3/2/85

has achieved miracles in the transformation of some of those hotels, notably the Park Lane, Johannesburg, which is super after having been a real doss house. I'd say Karos is a promising operation. But I think they could have chosen a sexier name."

Now there are eight hotels in the group, Karos vies with Kondotel after Southern Sun and Holiday Inns as the third-biggest chain of owned hotels in SA. There are 22 hotels in the Protea stable, but they are managed and franchised, not owned.

Mr Hurwitz says the four-star and five-star area is overcrowded and too capital intensive. He intends to leave it to Southern Sun, Sun International, Westin and the rest.

He foresees a bright future in the three-star area, particularly in the current budget travel era for businessmen and holidaymakers.

Mr Matthews says the Karos formula is bound to work as the company is avoiding high capital costs of building hotels. Because its cost a room will be much lower than those of its more ritzy rivals, its pricing will be extremely competitive.

Black travel

Long term, Mr Matthews thinks this will be important, as more blacks travel on business and pleasure. The group appears to have the management to maintain decent standards as well, he says.

Karos has hotels for businessmen in Johannesburg (the Park Lane in Hillbrow), Cape Town (Arthur's Seat), Pretoria (Manhattan), Maritzburg (Capital Towers), Richards Bay (Richards) and Tzaneen.

For holidaymakers, it has the Wilderness, the Ngwane Valley Inn (near Nelspruit) and the Bayshore Inn (Natal

Hotels spend a mint to help guests feel like a million

W/E Argus 16/2/85

288

By AUDREY d'ANGELO

HOTELS are spending hundreds of thousands of rands on providing exercise facilities for health-conscious executives who now expect more than accommodation and good food.

Some city hotels have discovered a new market opportunity and now run health clubs to which hundreds of business people and figure-conscious housewives belong.

Other hotels, which so far have limited facilities on the premises, make arrangements for guests to jog or take part in a variety of sports, from golf to volleyball.

In some cases hotel staff are available to go jogging with guests or partner them at squash or tennis.

Cholesterol intake

Concern with health does not stop with exercise. Today's businessmen have cut down on wining and dining and keep a careful watch on their cholesterol intake.

Mr Otto Stehlik, managing director of the rapidly growing Protea Hotels and Inns chain, said: "We now serve more health orientated foods in our restaurants.

"Also, bar sales are dropping, not just as an effect of the recession but because people are more careful what they drink."

He said R800 000 had been spent on the health spa at the Heerengracht, flagship hotel of the group, which had sophisticated equipment imported from overseas and ran eight aerobic exercise classes a day.

Dr Gordon Irving, of the University of Cape Town, was the resident doctor and the spa was used by about 300 local business people as well as by hotel guests.

Mr Stehlik expected membership of the health club to grow to 700 this year.

Lavishly equipped

The Capetonian, the city's other hotel in the Protea group, also has a health club and so has the Swiss Farm Excelsior in Franschoek — acquired by the group at the end of November and now being extensively refurbished.

The Southern Suns hotel group also caters for the needs of health-conscious guests and the lavishly equipped health club at the Cape Sun is used by many city business people.

Guests at the Cape Sun and the De Waal Hotel who want to jog are taken to the Sea Point promenade by minibus.

Guests at the Newlands Sun are provided with maps of jogging routes covering distances of 2 km, 3 km or 5 km in Newlands Forest and offered transport there every morning.

A member of the hotel management normally runs with them and afterwards joggers with time to spare visit the sauna and have breakfast together.

The Inn on the Square ... a bargain for Southern Sun

(288) S. Times 17/2/85

Cayzer, Southern Sun block Sol's Cape raid

By Alec Hogg

SOUTHERN Sun and the owners of the Mount Nelson have between them dealt a blow to Sol Kerzner's hopes of breaking into the lucrative Cape Town hotel market.

While Lord Cayzer was posting up "Not for sale" signs at the five-star Mount Nelson Hotel, Southern Sun strengthened its position by acquiring the 170-room Inn on the Square, a prestige hotel.

Since June last year rumours have been rife that Sun International would buy the Mount Nelson when Mr Kerzner's restraint of trade expired in April.

But Lord Cayzer, chairman of the Mount Nelson's owner British Commonwealth & Shipping, left no doubt that the hotel was not for sale.

Protea's Heerengracht Hotel is also out of Mr Kerzner's reach and he has no ready-made entry into Cape Town's lucrative de luxe hotel market where occupancy rates have been between 85% and 95% in the past few months — much higher than a year ago.

Southern Sun's acquisition of the Inn on the Square from Ovenstone Investments Limited (OIL) for an estimated R8-million, strengthens the SA Breweries subsidiary's dominance at the top end of the Cape Town hotel market. The acquisition increases Southern Sun's rooms in Cape Town by 22% to nearly 1 000.

Managing director Bruno Corte says his group had been negotiating for the hotel since November. Although the price is not disclosed, it is "at a significant discount" to the R25-million it would cost to build a similar hotel.

Southern Sun has also tied up the accommodation and entertainment end of the R25-million historic mining village which opens in Johannesburg next year.

At a cost of R5-million, Southern Sun will build and run a luxury hotel with 50 bedrooms, three restaurants and a tea shop in Gold Reef City.

Southern Sun looks well placed to meet the Kerzner challenge. Its financial position is sound, profits being held at a level which suggest an unchanged dividend payment this year.

Financial director Les Smith says the gearing ratio is about 28% after 26% at the end of September.

Mr Corte claims: "For us it is not a question of riding out the storm. We are in a good position to take advantage of buying propositions. We are investigating four or five."

● Mr Kerzner denied on Friday that he had ever been interested in the Mount Nelson or Durban's Royal Hotel. He did so shortly after the sale of the Inn on the Square to Southern Sun.

Russell Stevens, managing director of the Royal, says it is not for sale.

Mr Kerzner has proffered the peace pipe to Suthern Sun, saying he does not want a showdown.

Wimpy wants to serve everyone

(288) Star 19/2/85

By Bill Levitt

SA Wimpy Ltd, the fast food chain controlled by Anglovaal, could "double its turnover overnight" if blacks had free access to restaurants in white areas, says Mr Errol Kristal, one of the company's directors.

While it it true that the Government and some downtown restaurateurs may turn a blind eye to the restrictive regulation under the Group Areas Act, its very existence seriously affects business, Mr Kristal said in an interview.

The franchise chain has annual retail sales of close to R60 million and its turnover has been increasing at about 12 percent ahead of the current inflation rate, Mr Kristal said.

The firm has been lobbying senior Government Ministers to have the regulation dropped. The Strydom Commission recommended repeal of the Act but no action has yet been taken.

To date, the chain has 160 stores, including those under the banner Golden Egg, Golden Egg Grills, Pizzaland and the newly-acquired Wendy's — the fast-food operation which has been operating in Sandton and Hillbrow.

Policies could jeopardise R700m in tourism earnings

Deal with unrest, Govt warned

~~278~~ 288 Star 9/3/85

— by —
Richard Paris,
Travel Editor

BERLIN — Executives of the South African travel industry have been warned that R700 million worth of incoming tourism could be jeopardised if the Government does not improve its methods of dealing with black unrest.

The warning was issued by Europe's leading tour operators — the companies that provide 70 percent of all visitors to South Africa — to members of Satour and delegates from 28 private companies at the South African pavilion at ITB, the world's largest tourism fair, which ended this week.

A senior tourism leader from Pretoria, who did not wish to be named, said: "I have been told at least 100 times by travel agents and tour operators who do business with or who are interested in sending clients to South Africa that nothing could justify what they regard as the uncivilised behaviour of our Government in dealing with unrest at Crossroads and other removal areas."

He added: "Europeans do not believe that casualties should occur when police have to be called in to cope with riots and that, if we cannot avoid this, we will get the reputation for being a barbaric country and it will dissuade people from going there."

The director of tourism promotion for Satour, Mr Gunther Dettweiler, said that South Africa could expect to earn R1 000 million in foreign exchange from tourism this year, as opposed to R800 million in 1984.

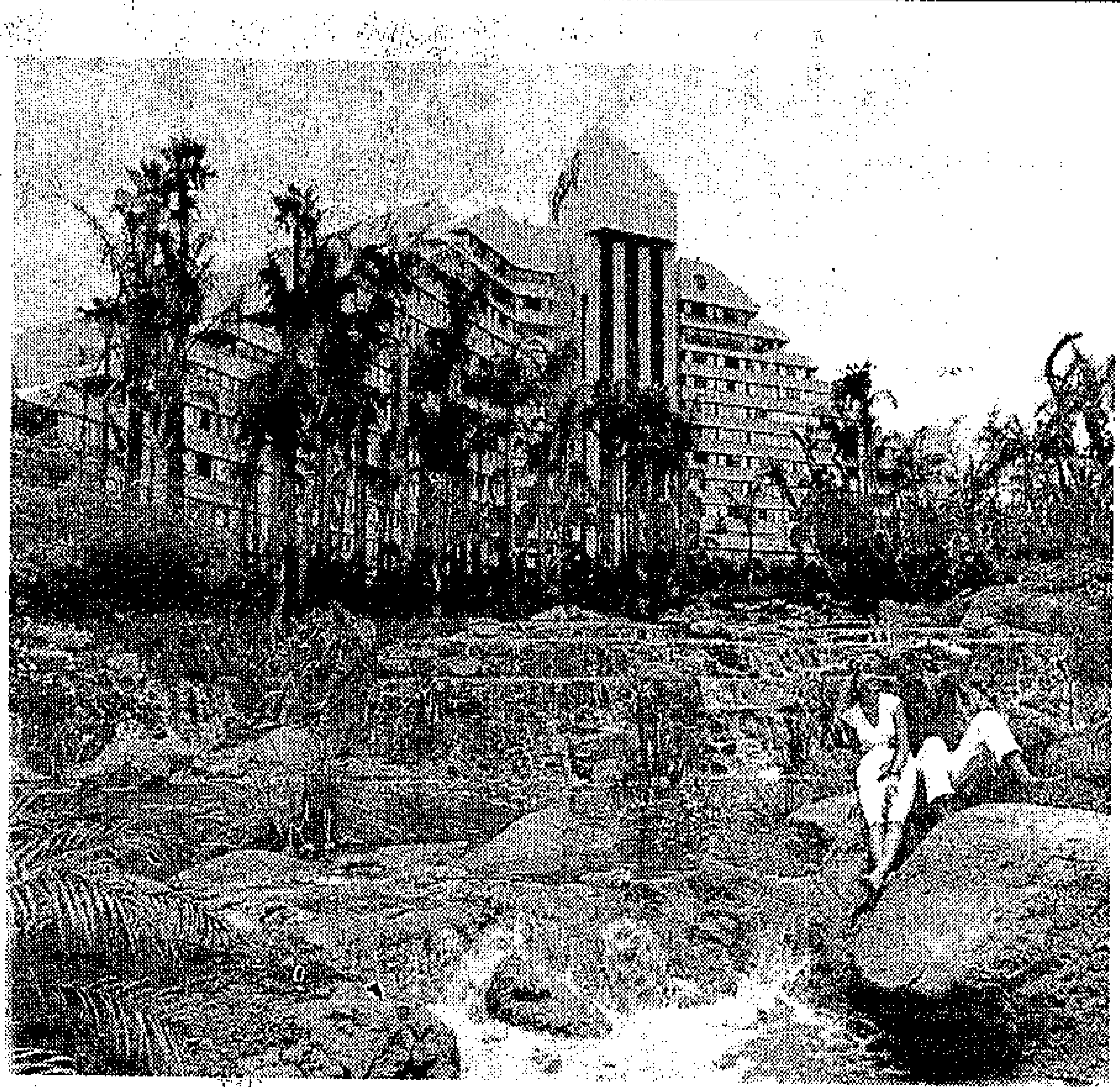
"We received more than 60 000 Germans last year and expect a 12 percent increase this year, with more and more younger and less affluent tourists among them," he said.

An indication of the growing importance of the German market was the fact that Lufthansa German airlines, which shares the Johannesburg-Frankfurt route with SAA, planned to fly non-stop between the two cities four times a week, leaving out Nairobi, from the middle of this year, he explained.

"In January, the South African Embassy and its missions processed more visa applications from Germans than in any previous month," he added.

In addition to having a major pavilion at travel fairs such as ITB, Satour, in conjunction with SAA, Southern Sun hotels and Sun International hotels, are to launch a R1,5 million advertising campaign in the German Press to promote the country this year, he said.

Apart from South Africa's political problems, Mr Dettweiler pointed out, its high inflation rate was well known in Europe and a matter of concern among tour operators, even though the weakness of the rand did offset rising tariffs.



The new Cascades at Sun City boosts the resort's bed count to more than 1,500 enough for the largest international conference.

Sol pitching for the big international conferences

288 5 jan 12/3/85

By Peter Farley

The recent opening of the Cascades at Sun City will spearhead Sun International's challenge for a larger slice of the lucrative business conference market.

The new hotel adds almost 500 beds to the existing 1 100-odd at the resort complex and now boasts the only facility in this part of the world to be able to house, sleep and cater for a conference with 1 500-plus delegates.

There are few South African companies or organisations who would be able to generate a conference of that size, but it does open the door for SA to bid for the big international conventions. Until now many of these have been out of bounds because of an absence of suitable facilities.

The Cascades is linked directly to the main convention convention centre at Sun City, which includes the Superbowl for the huge functions.

By July this year all the resort's facilities will be linked by a mono-rail system, which will be supplemented by the existing minibus shuttle service.

Sun International is actively seeking international conference business to complement the local trade — with some notable successes.

One of the most lucrative areas to get into is the dealer incentive programmes offered by the major motor manufacturers. So far Chevrolet — part of General Motors in the US — has already been out and Ford are bringing out another crowd from Europe.

But Sun International emphasises that it is equally seeking the small business conferences. Facilities already in place cater for any size conference, as rooms can be divided up to cater for individual needs.

The R50 million Cascades has 243 rooms, complementing the 650 at the main hotel and the 514 at the Cabanas.

The hotel also boasts a new concept in the Cascades' Peninsula restaurant, where Sun International has, for the first time, aimed for a true five star operation. It certainly stands up to the best on offer at top South African restaurants.

The Cascades does not, however, have any gambling facilities. This could well be an attraction to many companies who have expressed concern over the inability of the delegates to drag themselves away from the tables in time to be sufficiently prepared for the next day's working session.

For those that way inclined extensive gambling facilities are available in other parts of the resort.

With all the other facilities already on offer in other parts of the hotel, combined with the new attractions at the Cascades — and the added bonus of no GST in Bophuthatswana — there can be few better places to hold that annual convention.

(288) E.Post 20/3/85

R5 billion to be spent by hotels

FORGET the economic recession says Fedhasa. The South African hotel industry plans to spend R1 000 million during the next five years on refurbishing and new buildings.

Present investment in the country's hotel infrastructure is estimated at R2 700 million.

The estimates for future investment arise in an international hotel industry survey by Horwath and Horwath, accountants and management consultants in the leisure and tourism industry.

The survey, regarded as the world hotel industry "bible" indicates that these amounts will be spent in spite of the fall-off in room sales in South Africa in 1983 and '84.

Latest figures for all graded hotels from the University of Pretoria's Bureau of Financial Analysis indicate 1984 room occupancy rates dropped marginally to 59% from 60%.

"The clear implication of this survey is that the hotel industry is taking a long-term view and is determined to capitalise on the strength of the tourist industry, says Mr Fred Thermann, director operations of the Federated Hotel, Liquor and Catering Association of South Africa (Fedhasa).

Analysing the statistics Mr Thermann points out that the South African tourist industry earned more than agriculture in 1984.

Domestic tourism accounted for R1 000 million of the total and overseas visitors for another R750 million.

"Projecting these figures forward at a rate of 10% per annum growth, overseas and domestic tourism in 1983 values will amount to R2 900 million by 1990, fully justifying the R1 000 million investment programme over five years.

"Southern Africa remains inexpensive to visit and South Africa specifically with the low value of the rand is proving increasingly popular notwithstanding the long distances from the major European and other capitals," Mr Thermann says.

Sun International's revamped Riviera Hotel ... Sol's re-entry vehicle

R32-million Vaal River complex spearheads Kerzner's SA return

(288) S. Times 24/3/85

By Ciaran Ryan

SOL Kerzner's first venture on his return to the South African hotel market, the revamped Riviera Hotel on the banks of the Vaal River, Vereeniging, will challenge his own Sun City for weekend holiday trade from the Reef.

Mr Kerzner was prevented by a restraint of trade clause signed when Sun International broke away from Southern Sun Hotels from re-entering the SA hotel market until the end of this month.

He is poised to make an assault on the lucrative business conference market through the Riviera and the Thaba 'Nchu Sun in the Eastern Free State limb of Bophuthatswana.

R20m villas

The Riviera Hotel, which will have 110 rooms, is being revamped at a cost of R12-million. The project is a joint venture between Bendor Properties and Sun International which will manage the hotel.

In addition, 90 villas are being constructed on the 154 114m² landscaped property. They will cost R20-million and will be sold on sectional title.

The Riviera complex will open in September. The deputy managing director of Sun International, Peter Bacon, says it will be a "Sun City-like resort" focusing on the scenic and entertainment potential of the Vaal River.

Water sports, golf and tennis facilities will be provided. Some of the hotel suites will be sold on a timeshare basis for weekend occupation.

□ To Page 3

Sol's Riviera challenge

(288) S. Times 24/3/85

□ From Page 1

Water sports, golf and tennis facilities will be provided. Some of the hotel suites will be sold on a time-share basis for weekend occupation.

Mr Bacon told Business Times that the Riviera, to be decorated in the style of an eighteenth century French chateau, should not be seen as the spearhead of a major thrust by Sun International into the South African hotel market.

"This will be a one-off development for us. The real estate component of the Riviera is larger than the hotel itself and we don't intend going into sectional title development on a big scale.

"We are stresing the suitability of the resort for business conferences because of its location, and its recreational facilities."

EVENING POST, TUESDAY, APRIL 2, 1985

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Business

Poor start to 1985 by East Cape hotels

By LOUIS BECKERLING
Business Editor

EASTERN CAPE hotels fared poorly at the start to the new year, with room occupancy rates down 11,6% in Port Elizabeth and 19,5% in East London, compared with January 1984.

In both cases the performance was considerably worse than the aggregate 4,3% decline shown by the industry and in only one region (Pretoria, −25,3%), was the room occupancy performance worse than in East London.

The comparative statistics monitored by the University of Pretoria's Bureau for Financial Analysis graphically portray the sustained depression in the hotel industry.

The January figures bring to 38 consecutive months the period in which indices have been lower than corresponding previous months.

In economically straitened circumstances little relief has been possible from increased tariffs to offset declining occupancies, and in only two regions (Durban/Umhlanga Rocks and "rest of Natal") were real income increases recorded.

For January the index of total real income for all hotels was 8,9% lower than January, 1984, and comparatively speaking two-star hotels fared the worst, with a decrease in real income of 10,3%.

Little better off were three-star hotels which recorded real income levels 10,1% lower than those for the comparable previous month, while four-star hotels enjoyed the best fortunes, with a 6% decline in real incomes.

For the full 12-month period ended January 1985 the index of total gross real income decreased by 6%.

The BFA's regional analysis shows that only four of the 20 regions experienced increases in room occupancy, while only one region (Cape Town), showed an increase in bed occupancy.

On average bed occupancy rates were 6,4% down throughout the industry, while East London hotels were among the biggest losers (−15,4%), and Port Elizabeth bed occupancy rates were 8% down on January 1984.

The malaise in the industry is evident in liquor sales as well, with the indices of real income from bar sales down in 17 of the 20 regions, with the highest declines in the rural OFS (−26,3%), and Bloemfontein and Kimberley (−24,7%).

Income earned from retail liquor sales was down in 16 of the 20 regions, with the highest declines in Bloemfontein and Kimberley (−29%), and the South Eastern Transvaal (−21,7%).

A comparison based on star-gradings shows that over the 12 months to January 1985 one- and two-star hotels barely maintained positive growth in room occupancy rates (+0,7% in the case of one-star hotels and +0,9% for two-star hotels), whereas three-star hotels showed a 2,1% decline in room occupancy rates over this period, five-star hotels were 2,2% down and four-star hotels were 6,8% down on the comparable previous 12-month period.

ARGUS 4/4/85 (288)

Hotels nearly full

Staff Reporter

CAPE Town hotels are filling up and flights to and from Cape Town are fully booked on the eve of the Easter weekend and a fortnight of Cape Town Festival events.

According to a spokesman for Captour's information bureau most of the hotels in and around the city are full — especially those in the lower price range — as well as residential hotels and holiday flats.

Coastal flights and flights between Cape Town and Johannesburg are fully booked today and Friday and on Monday and Tuesday, according to the South African Airways reservations office.

Festival activities get underway this weekend at venues around the Peninsula.

The Festival at Pier Head and open-air entertainment at Groot Constantia and on the station forecourt start today.

At 8.15pm tomorrow The Messiah will be sung by the Cape Town Philharmonic Choir in the City Hall.

The festival procession through Adderley Street takes place on Saturday and sporting events include The Argus-Shell Two Oceans marathon, the South African waterski championships at Zeekoevlei and a deep-sea big game fishing tournament at Hout Bay.

Hout Bay joins in the festival on Saturday with seafood braais and boat rides.

Sailboard nationals start at noon on Sunday at Fish Hoek Beach.

● If the languid festivities in the city seem too sedate and burning rubber and 180km/h is more your style, you should be at Killarney race track on Saturday for the first leg of the national kart championships.

More than 50 contestants have been burning up 1,4km track in preparation for the official practice which starts at 9am on Saturday.

Spectators are likely to see some exciting action as the lap time is about 40 seconds and top speed on the straights is often faster than 180km/h.

The first race of the day begins at 1pm and for those who would like to see it all organisors have prepared a feast of refreshments for sale.

Apart from the championship classes featuring top entrants from around the country there will be supporting events involving 100cc juniors, 50cc karts and lightweight motorcycles.

Entrance is R4 for adults and R2 for children over 10 years. A special price of R10 for families has been arranged and children under 10 can enter for free.

Harbour search

Staff Reporter

POLICE divers were searching Hermanus harbour today for a man who is presumed to have drowned last night.

Mr Gideon Poyo, 27, of Zwelihle township, fell into the harbour about 8.45pm.

The diving team, stationed at Boland headquarters, had been searching since early today, said Major George Kershoff, Boland police spokesman.

Merger may see hotel costs shoot sky high

RDM 17/4/85 (288) (hotel)

By SUE FAULKNER

HOTEL accommodation costs will rocket as a result of the Southern Sun Hotels takeover of Holiday Inns, Mr Robin McGregor, author of "Who Owns Whom," said yesterday.

Slamming the takeover Mr McGregor said the economy was becoming concentrated more tightly than ever.

He said it was "inexplicable" that the Competitions Board had approved the takeover.

Competion at major centres would be minimal as most of the independent hotels were scattered across the country, he said.

The PFP's acting spokesman on Finance, Mr Ken Andrew, said the merger meant that the public would find little choice between competing hotel groups in major cities.

A spokesman for the Consumer Council said the Council was monitoring the hotel situation closely and would appeal to the Competition Board if unreasonable price increases were introduced.

Since Southern Sun acquired Holiday Inns from Safren, the company has a 70 to 80% stake in the South African hotel industry.

EL hotels feeling the pinch

(288) D. Dispatch 5/4/85

EAST LONDON — The city's hotels are facing tough economic times, but hoteliers are weathering the storm.

The chairman of the Border branch of the Federation of Hotels Association of South Africa, Mr Bob Thielscher, said he expected the January figures for the city to be low, but that February's figures would be higher.

"The hotel industry in the Border is in fair shape when one looks at the rest of the country. There are, however, a few exceptions," he said.

The director of the East London Publicity Association, Mr Ted Walsh, agreed and said the January figures were not good because everyone had just returned from holiday.

"I'd say our hotels are doing all right, except for some. Just today a man told me he could not get in at any of the hotels, neither could he get a flight to East London," Mr Walsh said.

The latest survey by the Bureau of Financial Analysis at the University of Pretoria said East London hotels were not worse off than the country's more than 1 300 hotels, which have a nearly R3 billion infrastructure investment.

The latest figures published by the bureau show that the city's hotels' room occupancy rate for January this year suffered the second largest decline in the country. It dropped 19,5 per cent and only Pretoria was higher, with a 25,3 per cent decline. Mr W. Schoombie, of the bureau, said the figures were based on nine of the city's hotels. They include all three of the three-star hotels, five of the seven two-star and one of the 13 one-star hotels.

The overall picture for 1984 shows that East London recorded below average performances in January, March, April and August last year, which were accompanied by one of the sharpest tariff increases in the country.

East London tariffs rose by 19 per cent up to July while tariffs for the rest of the country rose by 12 per cent, in line with the inflation figure for 1984.

Mr Schoombie said the tariff increases could have contributed to the bad performances.

Research also showed that of the 2 007 hotel beds available in East London, about 60 per cent were empty for the 12-month period. This was calculated on the basis that there were 735 000 bed nights to sell over the year.

Only 300 000, or 39 per cent, were sold in the city.

East London was, however, only one per cent down on room occupancy compared to 1983, while the national figure was two per cent.

The city also fared better than the national figures for real income. The gross income for East London hotels was down three per cent while the national figure was down four per cent.

The city was on a par with other Cape hotels in the bureau's analysis of 20 regions in the survey.

The figures showed only four of the 20 regions experienced increases in the indices of room occupancy. The highest increase was in Natal, with nine per cent, followed by the regions south coast with 4,7 per cent.

Only two regions showed an increase in the indices for total real income, while the indices of real income from bar sales were down in 17 regions. The highest drop was in the Free State, with 26,3 per cent, with Kimberley 24,7 per cent down.

The indices of real income from off-sales were down in 16 regions with the highest declines in Bloemfontein and Kimberley, 29 per cent, followed by the south-east Transvaal with 21,7 per cent.

The analysis dealt with 322 hotels and the index of the average room occupancy in January was 4,3 per cent lower than in January 1984. Average bed occupancy was 6,4 per cent lower.

In the period from February 1984 to January 1985, the indices of average room occupancy were 1,4 per cent lower and average bed occupancy decreased by 1,7 per cent compared to the same period in 1983/1984.

Mr Schoombie said the statistics reflected gross income and no presumptions could be made from them about the profitability of hotels. — DDR

19/7/85

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don in Kensington Palace, London. The Prince

Four East London hotels change hands

By ANDRE JORDAAN
Business Editor

EAST LONDON — Four East London hotel businesses have changed hands following repossession by their original owners.

The repossession of the Grand, Carlton and Queens hotel businesses from the Horizon Hotels group was welcomed yesterday by the mayor, Mr Joe Yazbek, who confirmed that there had been considerable concern in the city about problems experienced by the hotels last month — a time when East London had to accommodate large numbers of women bowlers participating in a national tournament.

The hotel buildings are owned by a Johannesburg businessman, Mr Solly Gorfil, and his son, David, who lease them to other concerns which operate the actual businesses.

Mr David Gorfil confirmed yesterday that they had repossessed the Carlton and Grand businesses from Horizon and had also taken back the business at the Deals Hotel, also owned by them, which had been operated by a different group.

The Queens Hotel business was repossessed by its original owners, Mr Adrian Rheeder and Mr Norman Minnaar, who lease the building from the Gorfils.

Mr Minnaar emphasised yesterday that they had been running the business since March 16 and that recently reported civil actions involving the hotel were the concern of the previous owners.

The Grand, Carlton and Deals businesses have now been sold to subsidiaries of a holding company, the 147 Group, owned by a Mr L. de Kock.

The general manager of the group, Mr G. F. Baumgartner, said in East London yesterday that they operated hotels in Welkom, Virginia, Bloemfontein and Kroonstad.

Mr Gorfil said he and his father had been forced to repossess the hotels in order to protect their assets. He said he was satisfied that their new tenant was a strong operating company with wide experience in the hotel industry.

Mr Yazbek said yesterday he was "very pleased" to hear about the reorganisation of the hotels. "Our experience before and after the bowls tournament was traumatic," he said.

"I personally spent many hours during the tournament going from club to club organising accommodation and apologising for inconvenience caused."

Mr Yazbek said there had been doubts about the ability of the Horizon hotels to meet their electricity commitments, but the municipality had been able to continue power supplies during the bowls tournament after a cheque and guarantees had been received from Johannesburg.

IBM pledge on SA sales

NEW YORK — The International Business Machines corporation (IBM) pledged yesterday it would not "sell equipment to the South African military, police, prisons, agencies for national security, the department that administers the passbook system, or the Department of Home Affairs".

The pledge was contained in a letter from Mr Victor Macdonald, IBM's vice-president, published in the New York Times. — SAPA

Post Dining ~~and Wining~~

Protea Hotels plant flag in Port Elizabeth

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AMONG the most recent of the Protea Hotels and Inns Group's acquisitions is the Algoa Protea in Lutman Street, known until the beginning of this month as the Clarendon.

The phenomenal growth of this Cape Town-based group stuns the imagination.

A bare six months ago it had under its management the internationally recognised, top-graded Heerengracht and Capetonian in Cape Town, the Protea Gardens on the Berea in Johannesburg and the San Lameer resort on the lower south coast in Natal. These it had acquired some years before.

During the past six months, however, it has added a further 18 or 20 properties to its list and by next year plans to have a total of 50 quality hotels, inns and resorts under its wing.

All will comply with the group's stringent quality controls, with personalised service and "traditional South African hospitality" the yardstick for all of them.

And they are to be found not only in South Africa's major centres but all along the coast in smaller towns and holiday resorts from the Cape to Northern Natal as well as in much more remote areas such as Swakopmund in Namibia; Kakamas, halfway between Upington and the Augrabies Falls; and Tuli Lodge on the banks of the Limpopo River in Botswana.

Pieter Bekker, who has had 11 useful years of varied experience in the hotel and catering trade, has been appointed general manager of the Algoa Protea.

Pieter is no stranger to PE. He started his career as a hotelier at the Marine Hotel when it was owned by the Baumker brothers and was later appointed general manager of their East London establishment, the King's Hotel (also now under the Protea Group's management).

He also had a spell as a general manager for the Southern Suns group and gained further valuable experience when, as the major shareholder, he managed the VOC Tafel Restaurant in the Nico Malan Theatre centre.

Having sold this at a healthy profit he then launched out as the owner of the one-star Good Hope Hotel in the heart of Cape Town. This he sold on April 1, and a few days later he took up his new appointment at the Algoa Protea.

Prior to coming here he spent some time at the Heerengracht and Capetonian and at the Protea head office familiarising himself with the group's systems and policies.

Left: PIETER BEKKER, new general manager of the Algoa Protea Hotel (formerly the Clarendon) in Lutman Street. Right: NICOLAS MASIKO, former head chef at the SFW Centre at Struandale, will institute a training programme for the Protea Hotels and Inns Group, based initially at the Algoa Protea.

There will inevitably be some changes at the Algoa Protea and already an elegant, interesting, but not over-elaborate executive menu has been designed

Some of the more popular dishes from the Clarendon's menus (notably the paella) will be retained, however, and so will the delightful children's menu.

El Cid celebrates 15 years

EL CID — which, as Barry's Steakhouse, was one of the pioneers of the restaurant scene in Parliament Street — celebrates its 15th anniversary this year.

The actual date is in November, but the owners, James and Jeanette Mackenzie and Fred and Nannette Rogel (Nannette is James's sister), have decided to make the birthday an on-going occasion.

To start the ball rolling they gave their steakhouse a handsome present, a specially designed wine-tasting cabinet

The slightly tilted top of the cabinet forms a shallow bin in which rest collectors' items, including a magnum of Nederburg Cabernet Sauvignon WOS 1980 with a special commemorative label, and two bottles of white wine, advertising that two equivalent bottles, open and chilled, are kept for a free tasting in the lower part of the cabinet.

Young red wine is a first for SA

by Eira Parker

ONE of the excitements of being in London at the right time (mid-November) is to be invited to see the first of the young Nouveau Rouge wines come roaring in from France, less than three months after the grapes have been harvested.

This is an annual affair — a race which engenders considerable fervour among its participants and their supporters; and, of course, the Beaujolais Nouveau, young as it may be, is suitably and most quaffably honoured once it reaches its destination.

At the Nederburg Auction last week a similar wine, Nederburg Gamay, made in the style of these young French reds, was introduced to enthusiastic tasters who had their first experience of it at the luncheon table.

Nederburg's great cellarmaster, Günter Brözel, is very proud of this new young wine.

He explained that due to our warmer climate the Nederburg Gamay was made in even less time than the Beaujolais Nouveau: only 55 days after the grapes were pressed, in fact.

Made only of gamay grapes — of which there are fewer than 12 hectares in the Cape — it is also the first red wine of the '85 vintage.

"As a matter of fact," he said, "we were already drinking the new wine while the grapes of the later-ripening cultivars were still being offloaded at the cellar."

He pointed out that it normally takes about a year to produce a quality red wine, of which one month is taken up by fermentation.

"But making a wine like this requires a totally different approach from the one we are used to. Where our conventional red wines could be compared to long-distance runners, the Nederburg Gamay is like a sprinter.

"It not only requires different skills from the winemaker but also a different approach by wine lovers in their evaluation of it.

"It is not a wine which will gain by maturation, but should be enjoyed for its charm and exuberant youthfulness."

This is a sentiment I can happily endorse. It is indeed a delightful young wine, most attractive in the glass, silky on the palate — an easy, anytime wine.

Because of the scarcity of the variety and the experimental nature of the wine, Nederburg Gamay was produced in very limited quantities. The amount available to the trade is less than 5 000 bottles.

Nederburg Gamay, a young red wine, now ready for drinking, is the first gamay of the 1985 vintage in the world.

Kersaf pays R42m for discos, waxworks and gambling hope

(288)

Sol's huge entry fee

S. Times 19/5/85

SOL Kerzner's Kersaf has paid a huge price in an attempt to enter the lucrative UK gambling industry.

By David Carte and Neil Behrmann

In bidding R42-million for 40% of Kunick, Kersaf paid 28 times the expected taxed profit of Kunick. In South Africa 10 times earnings is regarded as a good price.

British investors, mainly institutions in the over-the-counter market, were so excited about the link with Kerzner they pushed the price of Kunick to 49 times expected earnings. The shares leapt from 27 pence to 66p *after the deal and the company, set to earn a modest R3,75-million, is now* capitalised at R182-million. Kersaf paid 38p a share.

Kunick is an entertainment enterprise.

Strict control

Mr Kerzner and David Hudd, chief executive of Kunick, told Business Times they would like to get Kunick into gambling, but had no immediate prospect.

Mr Hudd, who steered Trident Television into gaming, said entry to casinos would not be easy as the industry was strictly controlled. He said Kunick would look at all opportunities, including horse racing and football pools.

Mr Kerzner said Kunick would probably not be the vehicle for the R250-million casino extravaganza that Kersaf had sought all over the world. That would more than likely go into Sun Holdings International, also registered in London.

Ownership of club-like British casinos was highly desirable as they did not require an outlay of hundreds of millions. But because they were patronised by sheikhs and other serious gamblers turnovers and profits in UK casinos were exceptional.

Underworld

Mr Hudd said the number of casinos in the UK was controlled. Anyone who wanted to launch a casino had to show there was a need for it, that he had the financial backing and was "clean" with the law. Regulations had been tightened up to keep the underworld out.

Kunick is small by Kersaf standards, but in the three years of its existence has virtually doubled profits annually.

Mr Hudd said the partnership with Kersaf and Sun International was a "quantum leap" for his company. The enormous price earnings multiple his company enjoyed was justified by the earnings performance and outlook.

"The expertise of Sol and Peter Bacon is a big gain for us."

The Kunick Group's principal interests are:

- *Water theme parks in Scarborough (the first in the UK),* North Bay Pool and Water Scene Park.

Simon Wharmby, of broker *Fiske & Co which is an expert on the Kunick Leisure group* says there *"is huge public interest, well above budget forecasts"* in the parks. Other parks will open in Wandsworth and Morecamb.

- The London Dungeon near London Bridge is a waxworks with tableaux depicting English history and legends and draws 600 000 tourists a year. Bought for £1-million in September 1983, profits in the first year under Kunick's management rose by 50%. In the first three months of this year the numbers of visitors rose by 20%.
- Two discotheques in Scarborough. The objective is to have five discotheques by 1985.
- An opera house in Scarborough holds popular shows and a pleasure boat Coronia carries 280 people.
- A skating rink in Scunthorpe and a "fun pub".

Expansion

Kunick Leisure is headed by Sir Fred Pontin, the British holiday king. In the deal with Kersaf, it received Kersaf shares which were passed on to British institutions for cash. Now K— has £9,7-million of cash plus *another £2,5-million and the ability to issue valued scrip* for expansion.

Sir Fred will be replaced by Mr Hudd.

Mr Hudd is described by Sol Kerzner as "impressive and dynamic" and by London brokers as "ambitious". UK brokers say *Kunich would have shown a "quantum leap in profits" with or without* Kersaf.

Like Kunick, the Kersaf share price discounts fantastic growth. Trading at 23 *times earnings, Kersaf is one of the highest-rated stocks on* the Johannesburg Stock Exchange.

Mr Kerzner will have to deliver at the bottom line on some of the promise built into the share if it is not to suffer setbacks.

Hotel discrimination could go next year

Janet Moore

NM 23/5/85

RACE discrimination in South African hotels could disappear next year, the president of the Federated Hotels, Liquor and Catering Association, Mr Stan Hoffman, disclosed yesterday.

In Durban for the association's annual congress, Mr Hoffman confirmed that extensive discussions had taken place with Government officials over the past few months with the aim of scrapping existing conditions.

There was a great possibilty, he said, that a new Act would be promulgated early in 1986, as the date for review of the current Liquor Act was pushed forward until June 30 this year at the request of the Minister of Industry and Commerce, Dr Dawie de Villiers.

According to Mr Hoffman the association's members, who are experiencing the worst losses in 10 years, want the laws scrapped to 'open up the market'.

Members

He denied the move was recession-induced and said the association would like to see more black entrepeneurs enter the market.

'We would be very happy to see them become members of the association, and enter into a much larger, and improved market,' he said.

Mr Tommy Vorster, chairman of the Liquor Board, last night confirmed a decision had been made to review the Act at an early date. He would not say when he would report to the minister.

Meanwhile, delegates at the congress felt the move was an inevitable result of social and political changes within the country.

The recession and continuing slide in occupancy rates had led to a 'survival situation' and delegates expressed the view that it was either 'open doors or die'.

Figures issued indicated the hotel industry was in one of its most severe declines in 10 years.

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PROFILE/Margaret McAllister

● PETER BACON ... "Sun International is a grassroots company"

Pictures: ROBERT TSHABALALA

Bacon off to fly the SI flag in Britain

IF SUN INTERNATIONAL is set to become an international empire, then deputy managing director Peter Bacon will surely be one of its prime emperors.

Debonair, diplomatic and ambitious, Bacon is at the helm of the hotel company poised to make its mark in the world of leisure and entertainment. And far from being daunted by the mammoth task of establishing the new Sun International-Kunick offices in London, Bacon is thriving on the challenge.

When he says that Sun International's success can be attributed to the way it has faced challenges head on, he's talking about himself, too.

Bacon, who moved across to Sun International (SI) from Southern Suns soon after Kerzner broke away in 1983, saw a new challenge and didn't hesitate to become a part of it.

"Sun International is a grassroots company, and the team works well together. Certainly I enjoy working with Kerzner, who has tremendous vision and talent. It gets the adrenalin going and that's what spurs us on," he says.

Bacon left Southern Suns early in 1983, spent five months at San Francisco's Standford University on an executive programme — an invaluable experience, he says — and walked straight into his airy office at the new SI headquarters in Sandown.

His interests have always been with international business and his move to SI seems to bear the stamp of his long-term career objectives. As joint deputy MD with Ken Roseveare, Bacon takes charge of all development within the company as well as offshore expansion, while Roseveare oversees on-going operations.

And with Kerzner having effectively stepped down from day-to-day operations of the group, the triumvirate of Bacon, Roseveare and Eugene Joannides (director of strategic planning) — all key "old boys" from Southern Suns — is sitting squarely in the driving seat. Obviously reportbacks to Kerzner are comprehensive and regular.

Bacon will be transferring to London within the next few months to set up the new office for SI. As a member of the Kersaf board, he will be there to look after SI's R25m investment in the venture. In addition, he will be seeking new investments and acquisitions in the hotel, leisure and entertainment industry. Two to three other key SI people are also likely to relocate to London at a later stage.

"It's a major step for the company, and I'm very excited to be at the hub of the new developments in London," says Bacon.

Bacon sees that now SI is 20 months old, its consolidation period is over and the time is ripe to take a more aggressive approach.

"We've established our identity, separate to that of Southern Sun, and we're looking at major expansion on a very broad base. We'll be going for major resorts, as opposed to city-centre operations. After all, this is where the strength of our company lies.

"The Kersaf-Safren deal gives us a market capitalisation of R650m, which gives us the means to make substantial acquisitions and investments. But while the spotlight is on our offshore developments, we still see plenty of scope in Southern Africa, where we own 4 500 rooms," he says.

SI has three exciting projects either in the pipeline or nearing completion — the Riviera Hotel on the Vaal Dam, which incorporates the Vereeniging country club and is being revamped at a cost of R12m; the Thaba 'Nchu Sun in BophuthaTswana, near Bloemfontein; and a new business orientated hotel in Port Louis, Mauritius.

Bacon describes himself as optimistic but realistic about South Africa's tourist position, and he admits he's worried about the recent drop in incoming tourists and South Africa's "image problem".

"There's no doubt that incidents like the Uitenhage confrontation affect the tourism image," he says. "But it need not spell gloom and doom. It just means that we have to work much harder at increasing our share of the growing world tourism market."

Cultural boycotts which affect Sun City's entertainment drawcard are undoubtedly also causing headaches in high places, but Bacon is characteristically quick to point out that Sun City's dependence on the Superbowl has lessened considerably during the past year.

"Sun City has changed profile over the last two or three years," he says. "It's firmly positioned at the top end of the international resort market and its strength now lies more in its casino, restaurants and conference facilities and events like the Million Dollar Golf Challenge. The rand-dollar rate of exchange has also obviously made international star importations very expensive. What we'll obviously do is make more use of local acts."

Bacon, the epitome of the unruffled, personable hotelier, seems cut out for the challenges ahead. And, most important, he thoroughly enjoys his work.

"A holiday job at a hotel in Dartmouth convinced me that hotels were my line, and I promptly gave up my boring engineering studies. I haven't looked back since," says Bacon.

Four years of study at the hotel school in Cheltenham put Bacon on his feet and his move up through the Trust Houses Forte company was sure. Working on the personnel side, Bacon was active in the launching of hotels in such far-flung destinations as the Caribbean and the Far East.

In London in 1973, Sol Kerzner met Bacon and asked him to set up the personnel department for his young, fast-growing company. After careful deliberation, Bacon took the job and moved to South Africa.

His role in the burgeoning of the Southern Suns company is legendary — he was active in opening St Geran, Maharani and Sun City. Now 12 years after arriving here, Bacon is packing up to return to London, this time in very different circumstances.

He'll probably miss the cross-country riding with his wife and three horse-crazy daughters aged 10, eight and six. And the weather in England might not be so good for the tennis he so enjoys.

But, by his own assessment, great things will be happening overseas shortly.

30/5/85 (288) B. Day

A brighter Sun at TFC

By LAWRENCE BEDFORD

SOUTHERN Sun Hotels has acquired 50% of the TFC Travel Group.

Announcing the deal in Johannesburg last night, hotel group managing director Bruno Corte said its shareholding in the largest wholesale tour operator was a commitment to Southern Sun's promotion of international tourism to South Africa.

It gave his group access to existing fully-operational marketing and selling structures which would otherwise have taken considerable time and money to establish.

TFC would maintain its present identity and day-to-day management control under founder John Foggitt Snr, who would retain the other 50%. The acquisition, for an undisclosed sum, would not materially affect Southern Sun earnings and net assets.

TFC maintains the country's largest general travel sales agency division, representing 45 principals and including overseas airlines, shipping companies and hotels worldwide.

It has a major shareholding in a travel newspaper, 12 franchised offices in SA, and 10 TFC offices in nine foreign countries.

In order to progress further, Foggitt said, it was necessary to take on a partner with huge resources, muscle and high ambition. With Southern Sun, it would set up a sophisticated administration and sales machine to bring overseas tourists to SA.

Budget hotels raise R65m

288

B. Day 6/6/85

By LAWRENCE BEDFORD

HOLIDAY INNS' former executive Hans Enderle has found a major financial institution to back his new City Lodge chain of budget hotels to the tune of R65m.

Enderle said yesterday he had secured finance for the development of at least eight City Lodges within five years.

"Assuming the earnings performances which we have projected for City Lodge materialise, we fully intend to list the company on the Johannesburg Stock Exchange (JSE) within about five years," he said.

The identity of Enderle's backer remained secret yesterday.

Speculation in some quarters is that it could be Sanlam, but Enderle denied this last night. He also ruled out Santam.

According to a City Lodge spokesman, the backer insists on anonymity as part of the deal.

City Lodge, Sandton, already roof high, is due to open in August. The group's hotels are intended to offer comfort without non-essentials like conference rooms and lobbies.

By cutting out frills these hotels can offer rooms at between 30% and 40% less than full-service hotels.

Enderle said speculation that former Holiday Inns managing director Nigel Matthews was to join City Lodge was premature.

"Nigel, who is now an independent consultant, has been advising me on the financial arrangements," he said.

Share prices rocket

UK institutions sell R13,5m Kersaf stock

288

10/6/85 B. Day

● KERZNER

By PETER FARLEY

BRITISH institutions last week sold 1,5% of the share capital in leisure group Kersaf — almost half their total holding — for R13,5m.

Yet the price of the shares on the JSE continues to hold around record levels.

The shares were sold as the UK institutions took profits of around R2,5m, less than a month after acquiring the scrip.

A mad scramble for the shares by SA institutions nevertheless pushed the share price up by 60c over the week to 1 135c at Friday's close. Under normal circumstances an offering of this nature would have severely dented even the strongest company's share price.

Market sources were unable to identify who was the leading buyer but those close to the transactions pinpointed a Cape Town-based institution.

Kersaf chairman Dick Goss supported this theory and emphasised that none of the company's principle shareholders, including himself, Sol Kerzner and Safren — between them holding 92% of the company — had been sellers.

Kerzner is overseas and unavailable for comment.

During last week almost 1,2-million Kersaf shares changed hands — the bulk being a single deal of 900 000 shares on Wednesday — at a cost of around R13,5m.

Stockmarket sources said that while 2,6-million new Kersaf shares were issued to UK institutions in mid-May, to fund the purchase of 40% of Kunick, the premium on the shares meant that a quick turn became highly attractive. The shares were issued at 900c each.

With SA minorities holding less than 8% of the company's stock, and local institutions prepared to pay virtually any price, the opportunity for the UK holders to take a quick profit was undeniable.

It remains to be seen whether the other shares will be offered for sale. But local market sources feel the UK shareholders now want to hold on to the balance.

If the rest are sold back into SA, Kerzner will have effectively sidestepped exchange control regulations — albeit legally — and the entire R24m needed to buy the 40% stake in Kunick will have come straight from SA institutions.

The way Kerzner structured the Kunick deal, the 2,6-million new Kersaf shares were issued straight to Kunick for the 40% stake. Kunick then sold the Kersaf shares directly to UK institutions.

This meant that Kunick had around R24m for further acquisitions and allowed the group room to expand without diluting existing shareholdings.

The UK institutions were, however, expected to be determined holders of the new shares, particularly given the way the scarcity of the shares here has pushed the price to near-record stock market ratings.

The sale of the shares could therefore prove to be of greater significance than just mere profit-taking. The profit of R2,5m, although significant in such a short space of time, is hardly of any real importance to the institutions.

However, the sale of the shares must come as some disappointment to Kerzner, who had hoped to see the beginnings of an unofficial market in Kersaf shares in London. This is particularly important given Kerzner's already-stated intention to list either Kersaf or Sun International on the London Stock Exchange later this year.

Kunick, although it is focused clearly on the leisure industry, was seen by many analysts as a strange acquisition for Kersaf. Kunick has a wide portfolio of investments, ranging from pubs and discotheques to waxworks and an opera house — none of which represents an area in which Kersaf management has any real strength or experience.

Whatever the outcome, Kerzner has paid a PE ratio of around 20:1 on current Kunick earnings, which discounts growth for at least the next 20 years. It is an expensive entree into the international leisure arena and Kersaf management will have to work hard if it is to live up to the current high expectations of the investing public.

Edited by Mervyn Harris

288 B. Day 19/6/85

Budget hotel chain to cut tariffs by 40%

By PETER LEE
Property Reporter

THE frills and heavy weight costs of South African hotels have been cut in the design and construction of the new City Lodge in Sandton. As a result the hotel will offer rooms at about 40% less the tariff of a full service hotel.

City Lodge in Sandton, opening in August, will be the first in a chain of budget hotels.

"There are two heavy weighing costs in hotels," says former Holiday Inn MD Hans Enderle — the man behind the City Lodge chain of budget hotels. "One of these is the finance charges for building and the other is the labour component. With the City Lodge concept we are trying to reduce both these key costs.

"With a 120-room budget hotel land costs should be between R300 000 and R700 000. The variation depends on the area in which the hotel is to be built."

Enderle says construction costs have been reduced by building low-rise buildings on land "not necessarily in prime downtown areas. We will be selective in our sites and keep land costs at a minimum," he says.

"Low-rise construction excludes lifts from the costs and also lowers operating costs.

"The commercial or public areas will exclude vast lobbies, restaurants, lounges and conference rooms. We have reduced these areas to 300m². An equivalent full-service hotel will have three to seven times this amount in commercial area.

"On the labour side, the most labour intensive areas are the public service or food and beverage areas. Because this has all been kept to a minimum the number of staff has been cut down and the back-of-house areas also cut. Our staff ratio to the number of rooms will be about 3. In a full service hotel the ratio would be between 0,8 and 1,1.

Referring to the construciton Enderle says: "We have adopted a production line approach and our philosophy is one of repeating design. With each new hotel we will not be designing from scratch. This saves on construction time and cuts down costs. From the time of foundation till completion a hotel takes 6 months to build."

The plans for the City Lodge in Sandton were designed on Stauch Vorster's computer graphic system at Midrand. Bryan Prisgrove, partner in charge of the Johannesburg office of Stauch Vorster, says the plans for City Lodge were one of the first to come out of the new facility.

The City Lodge in Sandton consists of two wings of rooms, one of three floors and the other two floors, with a reception area, lounge and a small restaurant between the two wings. The restaurant will cater for 60 people.

Small man going for property

Property Reporter

SMALLER investors are returning to the property market.

Two properties sold on auction in Johannesburg this week elicited strong bidding in the first positive sign of a major switch to property investment by smaller, non-institutional investors.

A double-storey block of shops and offices in Louis Botha Avenue, Orange Grove, attracted eight bidders and fetched a price of R287 000. There was also strong bidding for Bellmor Court, a block of 12 flats in Bellevue East, which was sold for R220 000.

Property Mart auctioneer Hymie Leibman says "both prices were above my estimate. Suddenly a lot of people are coming out of the woods after a dull response to property on auction over the past year.

"Instead of leaving their money on call, smaller investors now seem to be turning to property as a means of growth," he said.

Property Mart is the only auctioneering company specialising in property.

Lister revamp

Property Reporter

A MAJOR reconstruction of the retail levels of Lister Building in Jeppe Street, Johannesburg, has resulted in new leases with a total rental value of

(2288) B. Day 24/6/85

Sun International's Bop hotels to be listed

By CHERILYN IRETON

SUN INTERNATIONAL's Bophutatswana hotels — including Sun City — are to be launched in a R30m issue on the Johannesburg Stock Exchange.

The new listing will be known as Sun International Bophutatswana (SIB). The company will own Sun City, the Mmabatho Sun and the ThabaNchu Sun.

SIB interests are the group's most profitable, with an after tax profit of more than R20m.

With assets worth R300m, SIB is expected to be valued at around R400m on the JSE.

At present Sun International and the Bophutatswana National Development Corporation each own 50% of SIB.

Kersaf will have a 36% interest in SIB from Sun International. Sun International will pass on its rights to Southern Sun and Kersaf. Kersaf's rights will be passed on to its shareholders.

The Bophutatswana government will pass on its rights to its citizens and residents. Institutions will also be invited to take up shares in SIB.

About 15% of SIB's issued capital will be in public hands.

SIB's future plans for the homeland include a R30m gambling and pleasure resort at the Nooitgedacht Dam near GaRankuwa. The rights issue will provide finance for this venture.

This is the first time a company operating out of a homeland will be listed on the JSE.

But Kersaf are likely to carry out a similar exercise in the Transkei, where they have substantial hotel, resort and casino interests.

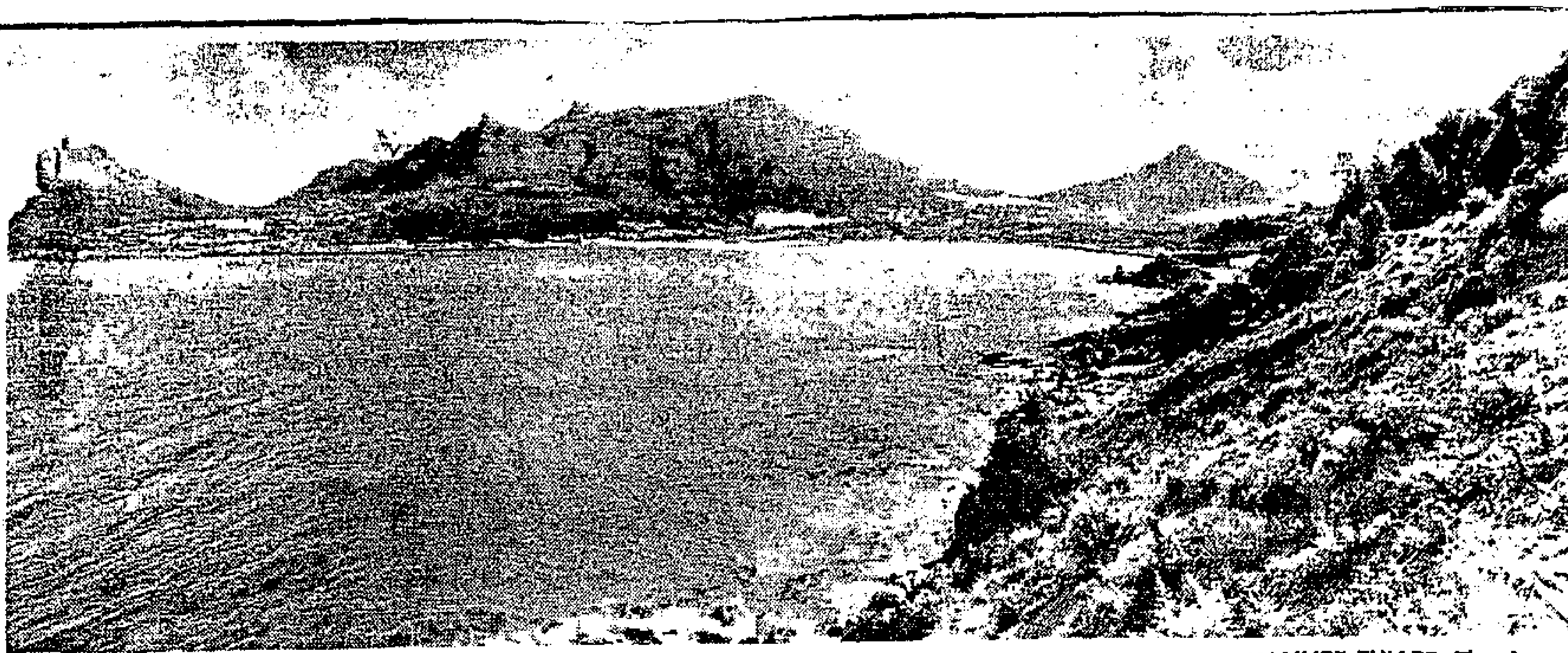
The cash injection will strengthen the SIB's balance sheet — allowing it to optimise growth opportunities.

Last year Sun International spent R100m in Bophutatswana.

1985

age: R 9.3

age: R 10.01



Picture: HANNES THIART, The Argus

A view over Hout Bay from below Chapman's Peak. The hotel site is the steep slope on the right.

Argus 25/6/85 288

R8-million hotel for Hout Bay

Staff Reporter

A CONTROVERSIAL R8-million time-share hotel below Chapman's Peak Drive in Hout Bay is certain to go ahead soon — after residents' objections have delayed the project for 12 years.

Plans for the three-star hotel, The Sentinel, were first submitted to the Divisional Council of the Cape in 1973 and chief engineer Mr J Clark said yesterday all that remained before the project could be given the final go-ahead was "administrative approval".

The 12-year delay had been caused by objections from the Hout Bay Ratepayers' Association and residents of the area, Mr Clark said. But these problems had been "ironed out".

The proposals did not contravene regulations, so they would not have to be submitted to the full council, Mr Clark said.

If no further delays are encountered the hotel phase will be completed by mid-1986, according to Mr Colin Myles, a trustee of An correct De Waterkant Trust.

This local trust bought the property last year from the South West African consortium which originally planned the development.

Mr Myles said that to ensure that the project was "environmentally acceptable" the developers had to adhere to "very stringent and arduous regulations".

The scenic view from Chapman's Peak Drive could not be interrupted, natural-coloured building materials had to be used and indigenous vegetation preserved.

The site, sloping very steeply from the road to the rocky coast next to the Flora Bay bungalows, was "very difficult" to develop, but was "totally unique", Mr Myles said.

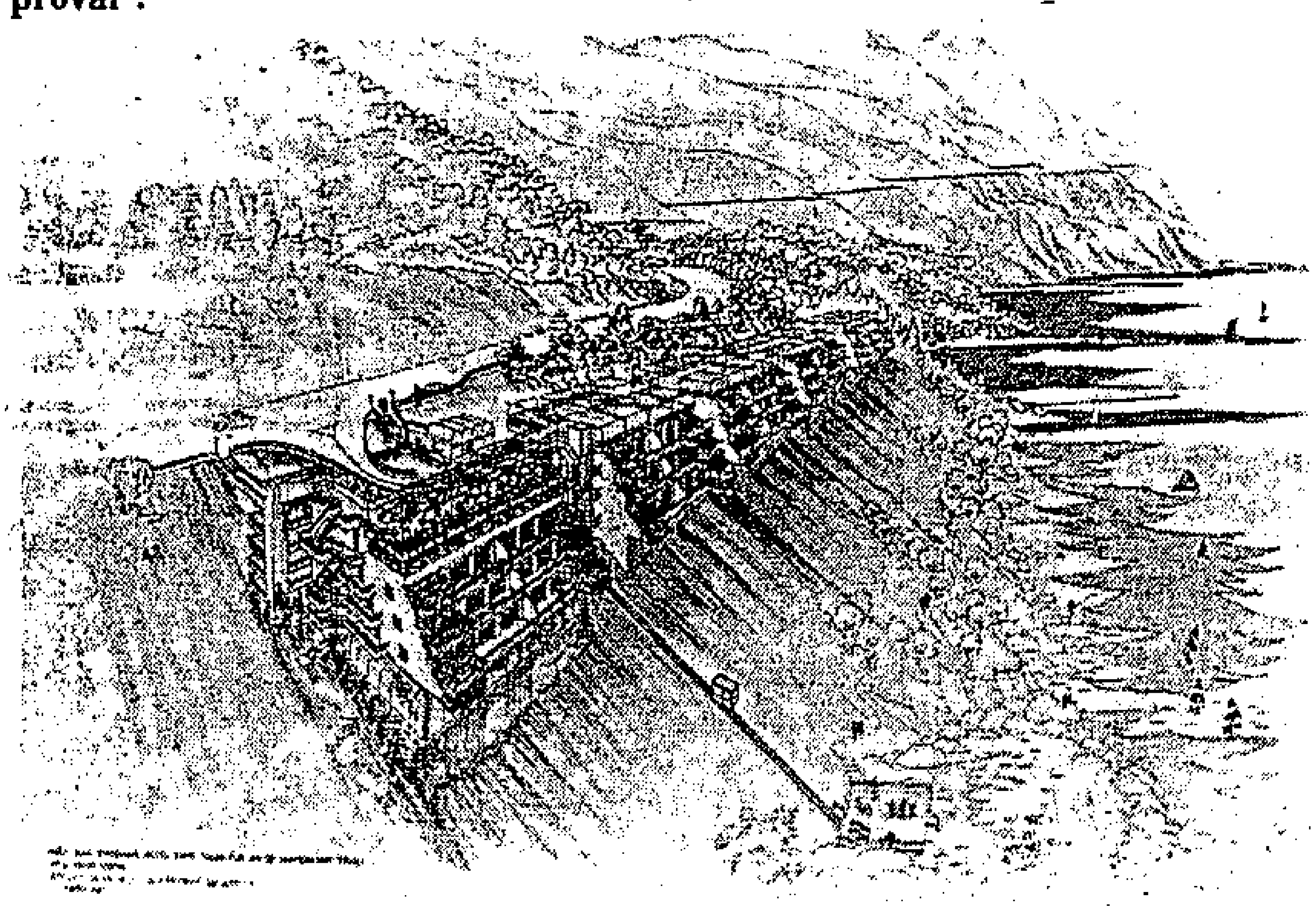
CONFERENCE CENTRE

Mr Henry Villet, an architect involved in the project, said the complex would consist of four three-storey blocks containing a total of 32 time-share units, each with its own kitchenette.

A fifth, four-storey building would house hotel facilities such as a restaurant, a bar and a conference centre.

The blocks would be linked by walkways. Rooftop parking would be hidden from view by plant-covered pergolas.

The developers plan to restore the old jetty as a viewing platform and build a tidal pool.



An architect's drawing of the proposed hotel.

'Horrific' hotel for Hout Bay

CAPE TIMES 26/6/85 288

Municipal Reporter

A STAUNCH opponent of the plan to build a hotel below Chapman's Peak Drive, Mr Ivan Hampshire, has called on conservationists to "rally together" and put a stop to it.

Mr Hampshire, a former chairman of the Divisional Council, who tried to block the proposal in 1981 while he was still a council member, described the plan as "horrific".

In spite of the controversy which has surrounded the plan since it was first mooted 12 years ago, developers are confident they will be able to start building by September this year.

The architect of the project, Mr Henry Villet, says all the objections voiced by local residents have been dealt with, and only a few details still have to be worked out with the Divisional Council's engineering department.

Mr Villet said indigenous vegetation on the site, above Flora Bay, would be preserved.

The hotel would be practically invisible from the road, the parking area on the roof would be screened by pergolas and the building would be constructed from natural-coloured materials.

A spokesman for developers An De Waterkant Trust, Mr Colin Myles, said he was confident the public would be in favour of the scheme.

The three-star hotel, to be called The Sentinel, would be sold as 30 timesharing units at competitive prices, he said.

The Divisional Council engineer, Mr J Clark, said the development had been accepted in principle by the Divisional Council.

Wimpy food chain now opening to all races

288 B. Day 18/7/85

WIMPY have been given the go-ahead to serve people of all races.

"We have succeeded in our approaches to government to lift a Group Areas Act restriction as it relates to Wimpy restaurants," MD Vincent Hays said yesterday.

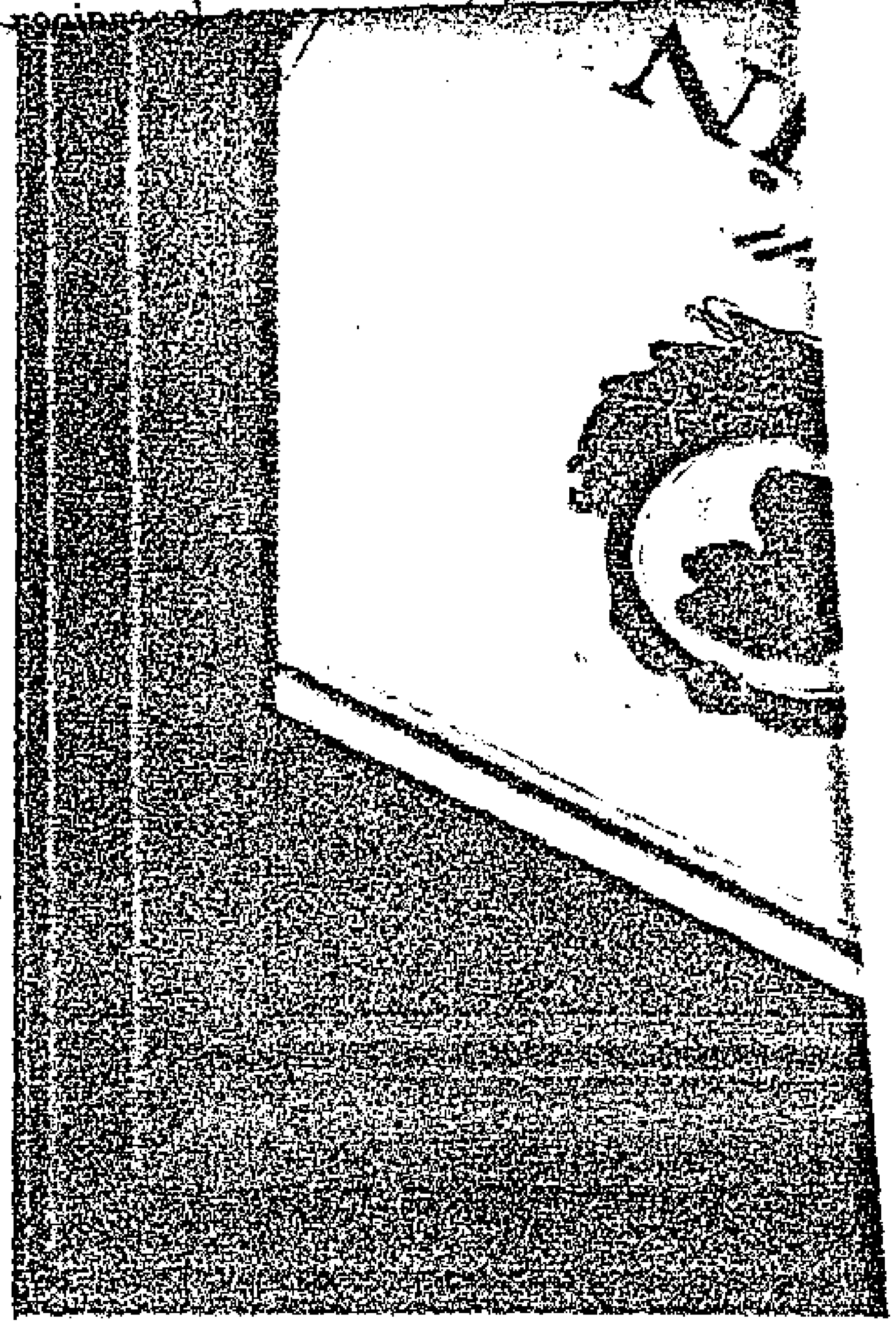
This means that all Wimpy outlets can, following application, become international or open-concession restaurants.

Hays said regional Constitutional Development and Planning Department officials had been told to issue the necessary documents on receipt of applications from individual Wimpy operators.

Wimpy operations director Noel O'Connor said that of the 160 franchised and company-run units, about 40 had permits to serve all races.

Wimpy said it was determined to enforce its non-racial policy by not renewing franchise agreements if individual operators did not comply.

He said: "In view of the events of the past 24 hours, the



SA hotels are at 10-year low

10/7/8 288

Argus Correspondent

PRETORIA. — Hotel bookings have sunk to their lowest level in 10 years, by the recession putting the pinch on local travel and political problems stemming the flow of overseas visitors.

A survey by the Bureau for Financial Analysis at Pretoria University shows bookings at five-star hotels has tumbled from 73 percent in 1980 to 61 percent and still falling.

Occupancies at four-star hotels are down from 70 to 60 percent and at three-star hotels from 75 to 64 percent.

Lower-grade hotels have also been hard hit in a decline that has wiped tens of millions of rands off turnover.

90 perce[nt] not see

JOHANNESBURG. — Wh[en] TV starts broadcasting "ne[ws] on television screens on N[...] about 90 percent of viewe[rs] be able to call up the di[...] because their TV sets are [...]

The SABC has put R300 [...] gratis TV-based informati[on] Teledata, but most viewe[rs] be able to tune into it for [...] of years.

They will first have to [...] their outdated sets and o[...] with remote control and [...] unit, which today cost[s] R1 400 and R1 500.

But the SABC denies th[...] vice, similar to those us[ed in other] countries, will be a "white [...]

Firstly, says Mr Tim R[...]

home.

Changes in hotels?

FAR reaching changes were on the cards for the South African hotel, liquor and catering industry, Mr Stan Hoffman, president of the Federated Hotel, Liquor and Catering Association of South Africa, said this week.

Speaking at a Fedhasa congress in Durban, he said these changes would affect, among others, the Liquor Act and the Hotel Act. They would also open the way for a more flexible hotel, liquor and catering sector which would be accessible to all races.

"The hotel, liquor and catering industry is faced with major challenges to handle a burgeoning population which will reach 50 million by the year 2 000 and to meet the needs of a changing social and political structure," he said. — Sapa.

Recession still biting into hotel industry

(288) B. Day 22/7/85

Pretoria Bureau

THE continuing slump in the hotel industry reflects the depressed state of the economy, says a monthly survey by the Bureau for Financial Analysis of the University of Pretoria.

All hotel grades had decreases in room and bed occupancy and in total real income in May, compared with the same month last year. The real incomes of five-star hotels decreased by 22,6%. Income declines for the other gradings ranged from 21,8% for four-star hotels to 7,8% for one-star establishments.

The highest increase in bed occupancy was in the Eastern Transvaal — 5,3%. The biggest decline was in Pretoria — 7,5%.

Only one of the regions — the Drakensburg — showed an increase in real income.

The biggest income drop was in Bloemfontein and Kimberley — 26,2%.

The bureau found that in 18 of the 20 regions income from off-sales were down, with the biggest fall being in Johannesburg at 27,9%, Pretoria at 27,4% and Blomfontein and Kimberley at 26,7%.

The average room occupancy in May was 12,2% lower than in May last year. In the 12 months to May this year average room occupancy was 3,9% lower.

The biggest decline in room occupancy was in four-star hotels — 24%. Three-star hotels were down by 14%, five-stars by 12,7%, two-stars by 5,1% and one-stars by 10,8%.

Hotels report 70 percent occupancy

(288) NM 23/7/85

Mercury Reporter

MANY Durban hotels and holiday flats have been 70 percent full during the July holidays in spite of earlier predictions of a quiet holiday season.

The Durban chairman of the Federated Hotels, Liquor and Catering Association of South Africa, Mr Alan Gooderson, said although hotels did not have bumper turnovers, they did better than first anticipated at the start of the holiday.

A spokesman for the Durban Publicity Association said the first two weeks of July were the busiest because of the July Handicap, the Durban Tattoo and Navy Week. Business however started to slow down at the middle of the month.

'The poor economy has affected trade but not to the degree a lot of people first thought,' he said.

A spokesman for the Durban Chamber of Commerce said is was too early to give an accurate assessment of business turnover during the holidays as the July season was not over.

Although Natal and Transvaal schools reopen today, a number of hotels have bookings until the end of the month.

Durban's R45 million Marine Parade Holiday Inn was opened on Friday by Minister of Environment Affairs and Tourism, Mr John Wiley on Friday.

SA hotels in worst period, says Corte

Star 22/7/85

288

Financial Staff

The SA hotel industry is going through one of the "worst periods we have seen", said Southern Suns managing director Mr Bruno Corte after the opening of the Marine Parade hotel in Durban on Friday.

Pointing out that international tourism has only grown by 1,5 percent so far this year, despite the favourable international rand exchange rate, he said that SA's political image overseas has resulted in the industry missing a major boom this year.

However, he said, "we do not build our hotels with an eye to international tourists. Ninety percent of our business is concerned with the local market."

As far as budget hotel chains — the first of which is to open shortly in Johannesburg and which are becoming very popular in the US — Mr Corte said that he did not believe there is, at present a major demand for these locally. "Budget hotels do not excite us."

He said that one of the major challenges ahead for Holiday Inns/Southern Suns lies in the area of the black sector of the population. "We don't know yet what form this will take but much of our present investigations are geared towards this market."

Tourist slump hits local hotels

ADVERSE overseas publicity of the prolonged township unrest was cited as a major contributing factor to South Africa's dismal slump of tourists from overseas, which in terms of hotel occupancy has reduced the industry to its lowest for many years.

Finance Reporter

Mr Allan Gooderson, managing director of Kondotel Inns, who has recently returned from overseas, said that South Africa's overseas tourist industry should have multiplied, following the successful and expensive advertising campaign by the S A Tourist Board and backed by a favourable exchange rate.

'Initial booking response was good, but this has been followed by many cancellations because the negative publicity has made many people doubtful of their safety here.

288

NM 26/7/85

Business Mercury

U S visitors

'Unfortunately, it is in the U S, where the genuine tourists came from, that we've lost most ground and not so much in the U K, where relatives still come to visit regardless of overseas publicity.'

The industry, which had a purple patch from 1960 to the mid '70's, apart from the occasional hiccup, has also been hammered by inflation, which has ballooned hotel tariffs up by 60 percent in the last four years according to Mr Gooderson.

Added to this is the fact that many families in a bid to to ease the grip of recession have either cancelled, or reduced the length of their annual holidays.

'It's still a case of "Good old Durbs" for many up-country visitors; but instead of the annual two or three-week pilgrimage to the coast, it's a three-day package holiday now.'

He believes the industry could see an upswing late next year, 'if inflation is checked,' and that Durban still has a great future as the country's holiday mecca.

'The new exhibitin centre, plans to turn the beachfront area into a walkaway, and if Nic Steyn's amusement area is allowed to remain in the same place this will all continue to draw visitors.'

But Mr Gooderson, who has been the Durban chairman of the Federated Hotels of South Africa for the last three years, would like to see the Government, 'undoing some of the damage by allowing South African Airways to reduce tourist fares and operate chartered flights when the country's overseas image hopefully improves again.

'Additional relief to the industry,' he adds, 'could also come if Government dropped hotel racial standings, which to my mind destroys the very spirit of free enterprise.

Blacks

'The "middle-class black" is undoubtedly going to replace the diminishing white in terms of traffic in the industry, but hoteliers, unless they have international status, cannot throw their doors open to all races.'

Mr Gooderson, who heads a group of six hotels and a large time-sharing unit, firmly believes that South African hotels, apart from being among the cheapest and the best in the world, have also suffered through their grading, which are higher than European equivalents.

'A three-star South African hotel is equivalent to a four-star overseas, and we hope to see this adjusted next year when Parliament considers regrading.'

He declines comment on occupany rate of his four Durban units, but says other than the traditional seasonal retrenchments, Kondotel have not made any major retrenchments.

The recession has forced the group into a period of consolidation, where elimination of overheads and intense marketing provide the key to survival, he says.

Kondotel

Kondotel have had a turnover of 'about R12m for the last two years,' but Mr Gooderson believes the introduction to South Africa of a similiar version of the French budget hotels and greater emphasis on accommodation and self-service dining-rooms as opposed to full-board could produce healthier figures.

'Soaring cost of food, kitchen staff, full waiter service and breakages have all boosted tariffs tremendously; but one way I see hotels remaining competitive is through more emphasis on accommodation or at most, bed and breakfast, which as a hotelier I would welcome.'

It's worth R300m a year

238

Fast food industry plans a year of bold expansion

FRED STIGLINGH

THE local fast food industry, worth an estimated R300m a year, is alive and cooking, with major chains planning more than 100 new outlets over the next 12 months.

The traditional hamburger, celebrating its centenary in America next week, has become part of South African snack fare since Wimpy declared itself the "home of the hamburger" in the Sixties.

But the market has become specialised, sophisticated and — need one say it — very competitive as variations on good ideas are snapped up and produced at speed.

Conquering the black market has become an important aspiration over the past five years, but fast food operators are careful to point out that target market details include specific income and age groups, never colour of customer. Most are adamant that, given government go-ahead or not, all customers will be served, regardless of race.

Outlets not already trading in black areas are actively investigating the possibilities of black franchisees.

Some controversy usually surrounds the subject of franchising, but from the individual's point of view, benefits are numerous.

Statistics show that out of all private fast food ventures up to 90% go under in the first five years.

Benefits of buying into a franchise include the strength of the brand name, the tested, standardised food formula, buying power, corporate advertising, and company back-up and training.

For the franchisor, main benefits are on-going expansion with less capital involvement.

But most chains like to have a certain percentage of outlets as company-run units, both to keep in touch with street-level trading as well as, in certain cases, to run some outlets as training flagships.

Franchises don't come cheap. Fees vary from R7 500 (Mr Rooster's), to R15 000 for a MacMunch franchise, and individual operators can expect to fork out up to R165 000 for the total investment.

On top of that come royalties, paid to the franchisor monthly, and usually in the region of 5%. In addition, corporate national and regional advertising fees can be anywhere up to an extra 5%.

Even if you have the money, it is not simply a matter of walking away as a new fast food operator, as the trend is towards stricter screening of applicants.

Says Vincent Hays, MD of Wimpy Restaurants, an Anglovaal subsidiary: "The franchisee must fit the mould for the hospitality business.

"They have to work long and unsociable hours, and their personality must suit this."

Wimpy has doubled its training time from one to two weeks and this is followed by on-going in-store training and seminars throughout the year.

In line with stepped-up back-up and contact with franchisees, Wimpy has doubled their number of representatives over the past few years and introduced a marketing council. Representatives are elected as voicepieces for franchisees from each of 10 designated areas nationally.

The chain has also streamlined operations by trimming the number of outlets from 300, 10 years back, to 160. This includes one in Swaziland and one in Bophuthatswana.

High pedestrian traffic areas remain prime sites for any fast food outlet.

This means, strictly speaking, places such as Hillbrow and central Johannesburg should by now be overpopulated with operators, but spokesmen for the major chains are not concerned. There always seems to be room for one more.

FAST FOOD OUTLETS	ANNUAL TURNOVER	NUMBER OF BRANCHES
KENTUCKY	R75m	170
WIMPY	R60m	160
JUICY	R18m	85
CAPTAIN DOREGO	R15m	42
MR. ROOSTER'S	R8m	29
MAC MUNCH	R4m	11

New Sun to spark war of the inns

Hotels battle for business

(288)

B. Day 1/8/87

CHERILYN IRETON

A BATTLE for business is looming between Johannesburg's city-centre hotels with the opening of the Johanneburg Sun next March.

The central business district (CBD) hotels have taken a hammering from the recession and are struggling to maintain occupancy rates.

The addition of another 800 rooms downtown at the R120m Sun will spark a bloody fight for the shrinking market of travelling businessmen and wealthy tourists.

Hotel income in Johannesburg is down 23% on last year and according to the Federated Hotel Associations of South Africa (Fedhasa), occupancies are at their lowest ebb in 10 years.

The city's up-market hotels are accutely aware of the threat posed by the Sun. The five-star Carlton Hotel, which aims for the same mix of businessmen and confence visitors, is likely to be hardest hit.

Westin Hotels MD Ulrich Wall who is responsible for The Carlton has no illusions about effect the new hotel will have on business.

"At the moment it is difficult to fill our rooms. By adding another wedge into the hotel-room pie, the market is going to be even more divided."

Southern Sun's group marketing director Bruce Hutchison said: "The Sun is being developed as five-star deluxe hotel and conference centre. We are aiming for very different markets to that which the our group's Rand International and Landdrost serve.

"We are certainly not going to put pressure on the Sandton Sun — which has established itself as a suburban hotel served by suburban businesses in and around Sandton. Location is important, no one who has business to do in the suburbs wants to stay in town," he said.

Wall concedes that Southern Sun could have the edge as far as marketing goes. "Southern Sun have a great marketing machine. There is no doubt that they are going to fight hard to make their hotel work. Hopefully we will be able to operate as friendly competitors."

Wall believes the Carlton could benefit from spin-off business. "If the new Smal Street Mall comes about we could get additional trade from them."

City hotels could be cushioned from the full impact of the Sun's opening by the Johannesburg Centenary festivities. "We are expecting an influx of tourists, which will also help the start of the new hotel. Otherwise prospects for next year look pretty grim," says Wall.

A positive aspect of the Sun is that it will give Johannesburg the facilities to host international conventions, which couldn't be done before.

The insecurity being felt by competitors is not being shared in the Southern Sun camp. "Things look rosy, it's a superb hotel and international-tour operators are mad about the plans", said Hutchison.

"We have a lot of confidence in the CBD and have built the hotel as a long-term project. We believe that the slump is ony temporary and that the market will spring back to what it was fairly shortly."

Hutchison could not give specific details on the tax concessions gained by putting up the five star hotel but suspicions that hoteliers' tax holidays are about to end appear unfounded.

Big hotel group expands in Natal

288 3/8/85

Mercury Reporter

ONE of South Africa's largest hotel groups, Protea Hotels and Inns, hopes to have built two new hotels and taken over a further seven in Natal by early next year.

Already the group was in the middle of final negotiations for the purchase of four Natal hotels, the group's managing director, Mr Otto Stehlik, confirmed yesterday.

He did not disclose the names of the hotels or where the two new hotels might be built.

"This would mainly involve buying existing hotels — upgrading them and incorporating them as part of the the group," said Mr Stehlik.

Protea already have six hotels in Natal, which include resort, commercial and mountain hotels, and hope to increase the total to 15 by early 1986.

The Natal properties are San Lameer at Southbroom on the South Coast, the newly-opened La Côte D'Azur Resort at Margate, La Montagne at Ballito, Breakers Resort at Umhlanga Rocks, the Rob Roy Hotel at Botha's Hill near Durban and the Mont Aux Sources Hotel in the Drakensberg.

Sol's latest hotels will aid bottom line

288

STAR 5/8/85

By Peter Farley

Two major Sun International (SI) projects worth a combined R47 million are nearing completion and are expected to be contributing strongly to bottom-line earnings early next year.

The Riviera Hotel, on the Vaal river outside Vereeniging, and Thaba'Nchu Sun, in an isolated outcrop of Bophuthatswana near Bloemfontein, are scheduled to open in the next couple of months. In very different ways, they should provide earnings earlier than would normally be expected in the industry.

Group marketing director Mr Jurgen Burmeister said that the Riviera, which is a 50/50 project with Mr Theo Rutstein's Bendor construction group, could be able to recoup most of the R22 million outlay before any room nights are sold.

In a new concept to SA, some 90 villas are being built alongside the hotel complex which are to be sold off for around R200 000 each. In addition, 51 suites are being sold on a weekend timesharing basis for around R75 000 each.

So far, says Burmeister, 11 suites and 16 villas are sold. But only a third of the villas are now under construction, with the balance to be put up as the economic climate improves.

This is effectively both the first and last SA development for Sun International, which has signed a restraint agreement with SA Breweries. After the sale of Holiday Inn to Southern Sun (SS) and the 21 percent stake acquired by Sun International holding company Kersaf in SS, Sun International has agreed not to expand any more in SA.

SA DEVELOPMENT

SI's only other SA development is the Aloe Ridge Health centre north of Johannesburg.

Thaba'Nchu is a Sun City-style complex, but with only 120 rooms at present is aiming at a fairly specialist conference and holiday trade. Nevertheless, Burmeister says that 4 000 of the first seven months' room nights — almost a third — have already been sold. He expects more rooms to be added shortly after the hotel opens in October.

It has all the expected casino, resort, conference facilities, but Burmeister points out that it is now better positioned to attract business from the coast and the Free State.

Overall, Burmeister says that Sun International is weathering the current downturn in the hotel business far better than its traditional counterparts.

He adds that while average countrywide occupancies have slumped to near 50 percent, Sun International ran at an average in excess of 70 percent last month. More particularly, while the Durban hotels had one of their worst July holiday seasons ever, the Wild Coast Sun held occupancies at over 95 percent.

ARGUS 8/9/85 [illegible] 288

SHI profits up 46 percent

JOHANNESBURG. — Sun Hotels International (SHI) lifted operating profit by 46 percent to R77,5million in the year to end-June, from R53,2 million the previous year, on the back of a rise in turnover to R274,4 million from R175,6 million.

The annual report of SHI — a subsidiary of the listed Kersaf and the British registered holding company for Sun International — shows that after tax and minority payments net income leaped by 51 percent to R37,1 million from R24,5 million.

Chairman Mr Dick Goss writes in his annual review that while trading conditions are expected to remain difficult, "the directors believe that earnings per share growth, expressed in rands, is again achievable".

He said that although group activities are reasonably well spread, "further geographic diversification is necessary if the group's longer-term goal of becoming a major force in the international entertainment and leisure industries is to be achieved".

Though he does not specify what areas are considered, it has already been reported that the group is on the brink of giving the go-ahead for a near R400 million leisure complex in London. In addition, the acquisition of a major resort/entertainment operation in Mediterranean Europe is possible in the next few months.

Peter Farley

Hotel complex planned for Ga-Rankuwa

Kersaf improves earnings by 33%

288

Cape Times 14/8/85

JOHANNESBURG. — Plans by Sun International to establish a new hotel and entertainment complex at Ga-Rankuwa north of Pretoria were disclosed yesterday by the head of the hotel group, Mr Sol Kerzner.

He also released the results for the first year of trading for Kersaf Investments, Sun International's holding company, whose earnings for the year to June 30 represent a 33 percent improvement over pro-forma earnings of the previous year.

In addition, he announced a R40m rights issue aimed at achieving the listing on the Johannesburg Stock Exchange of Sun International's Bophuthatswana company, Sun International (Bophuthatswana) (Pty).

The rights issue for the Bophuthatswana company will increase the company's share capital by about 20 percent.

One of the first projects which the company will undertake after the proposed listing will be to establish a new hotel and entertainment complex at Ga-Rankuwa, which would cost an estimated R30m, Mr Kerzner said.

There was a big concentration of population in this area and a specific need for a such a complex existed there.

It would serve the needs of both the local population and inhabitants of nearby cities, such as Pretoria.

However, Mr Kerzer said it had not yet been decided whether or not to include a casino in the proposed complex, which would compete with the lucrative casino facilities at Sun City.

The hotel facilities would be at a "good three-star" level, he said.

Kersaf, which has a 72 percent holding in Sun Hotels International Plc — the UK registered company which incorporates Sun International in Southern Africa — had attributable earnings of R15,8m or earnings a share of 53,5c in the year to June.

A final dividend of 18c a share has been declared, bringing total distribution for the year to 34c.

The directors attribute the good results mainly to the strength of Sun Hotels International which, "achieved excellent growth in revenue, operating profit and attributable earnings".

In their comments accompanying the audited profit statement, they state: "This performance is all the more remarkable because it took place in a depressed economic climate which saw occupancies of South African three, four and five star hotels drop by around six percent.

"By contrast, Sun Hotels International's occupancies at 67,5 percent dropped by a marginal two percent, while total room nights sold increased by seven percent with the additional rooms coming on stream at Sun City."

They point out that several major acquisitions came into effect in June this year.

"If all acquisitions had contributed earnings for a full year, attributable earnings would have amounted to approximately R37m and return on equity after revaluation of fixed assets would have approximated 15 percent."

Mr Kerzner said prospects for the immediate future were uncertain in view of the effects of the state of emergency, which was likely to cause a delay in the country's expected economic recovery.

However, taking into account the group's recent investments and the resilience of its casino interests in par-

To page 26

GFSA lifts pro

JOHANNESBURG. — GFSA group holding companies Witwatersrand Deep, New Wits and Selected Mining Holdings, as well as Gold Fields Property Co, announced their preliminary results yesterday.

Vogelstruisbult Metal Holdings, another holding company in the group, has announced its

(288) S. Day 14/8/85

Kersaf's first year satisfies Kerzner

KERSAF INVESTMENTS LTD

BRIAN ZLOTNICK
Investment editor

KERSAF INVESTMENTS has turned in a fine set of results in its first year of trading. The fast-growing leisure group posted earnings a share of 53,5c and dividends totalling 34c a share in the year to June.

The earnings are 33% higher than the previous year's *pro forma* earnings and 7% ahead of what directors forecast at the interim.

MD Sol Kerzner says: "I am very satisfied with the growth we have achieved over the past year."

Certainly, with hotel occupancies declining sharply over the past year, 72%-held Sun Hotels International did well to record only an occupancy fall of just 2% to 67,5%. However, total room nights sold increased by 7%, after taking Sun City's new rooms.

Kerzner is concerned about the coming year as trading conditions remain difficult. He admits "we will do well if we hold our occupancy rate. Even if we experience a marginal drop, it will not be serious".

He adds: "Provided there is no further deterioration in economic conditions, Kersaf should enjoy further growth in earnings a share this year."

Indeed, if all the group's acquisitions, including a 21% stake in Southern Sun Hotels, liquor and beverage interests and the UK leisure group, Kunick, had contributed earnings for a full year, attributable earnings would have amounted to R37m instead of R15,8m, the directors say.

On the 67,06-million shares in issue at end-June, the earnings a share would have been 55c a share.

After diversifying rapidly into leisure-related businesses last year, Kersaf, with a total revenue of R396,1m in the 1985 financial year, receives the bulk of its revenue from its Southern African interests.

So far much of the organic and acqusition growth has not been overseas, but Kerzner says: "In the longer-term, I expect about 33% to 50% of our profits to come from overseas investments."

Hotels still hit by recession

Cape Times 27/8/85

288

Own Correspondent

JOHANNESBURG. — The recession continues to take its toll of the hotel industry.

The decline in trading results, which began as long ago as November 1981, is continuing, with four and five-star hotels hardest hit.

The latest hotel survey by Pretoria University's Bureau of Financial Analysis shows all grades of hotel had a continued decline in room and bed occupancy rates in June.

Compared with June 1984, two-star hotels fared best in respect of room occupancy, with a decline of only 8,6 percent, while four-stars had the worst decline at 23,9 percent.

For bed occupancy, two-stars also had the least decline — of 9,7 percent — with four-star hotels showing the greatest decline — 23,5 percent.

Five-stars were worst hit in real income terms, with a 26,8 percent decline.

Other falls ranged from 19,4 percent for three-stars to 13,1 percent for one-stars.

Only one of the 20 regions surveyed — the Boland — had an increase in room occupancy.

Pretoria suffered most with a 33,8 percent decline, followed by the Garden Route with 17,6 percent.

Only three regions had increases in bed occupancy, with the Boland again showing the way with an increase of 15,3 percent and Pretoria again lagging behind with a 34,8 percent decline.

No region reflected an increase in real income. In this respect, the Garden Route and Port Elizabeth had declines as high as 23,9 percent.

288 B. Day 2/9/85

Fedhasa wants end to hotel race bars

Industrial Staff

THE hotel and liquor industry has formally requested the elimination of all race bars in hotels, restaurants and accommodation establishments.

This is one of the main recommendations to the Liquor Board by the Federated Hotel, Liquor and Catering Association of South Africa (Fedhasa). The Liquor Board is currently reviewing the entire Liquor Act.

Fedhasa's other recommendations include control of the use and prevention of the abuse of alcohol, removal of sexual discrimination, removal of "excessive" police interference in consumption of liquor, and legalisation of shebeens.

In a statement, Fedhasa says it wants improved controls, "where effective, necessary and desirable, and deregulation where existing legislation is ineffective, unnecessary and undesirable".

Commenting on previous statements by Liquor Board chairman Tommy Vorster that the issue of racial differentiation in hotels would receive priority in the review of the Liquor Act, Fedhasa says: "The implication is that moves to open up hotels to all races will take place even before the Liquor Act review is complete.

"Such moves, if approved by Pretoria, would eliminate the need for so-called 'international' status for hotels wishing to cater for all race groups. Only the conventional rights of admission would remain in force."

On the question of liquor distribution, Fedhasa recommends control of licensing on "objective criteria", such as type of outlet, density of outlets, location and number.

"It is necessary to strike a balance between the adult and responsible use and availability of alcohol, and control of the licensee and the protection of the consumer and society," the organisation says in a summary of its submission to the Liquor Board.

Fedhasa lists its other short-term priorities as:

☐ Removal of dual inspections of hotels by police and the Tourism Board;

☐ Amendments to measures such as the liquor stock book, the nine-litre restriction on conveyance of liquor into black areas, and limitations on liquor transportation, hours and day of sale in such areas.

☐ The mass licensing of shebeens "to regularise and control the sale of liquor through these channels".

Wimpy on expansion trail

288 B. Day 4/9/85

Industrial Staff

WIMPY, the Anglovaal-owned restaurant chain with 185 outlets countrywide, is on the expansion trail.

"We plan to open a further 22 outlets in the next year," MD Vincent Hays said on Monday.

"A network of over 200 outlets will make us the largest fast-food franchise operation in South Africa."

The group reported retail sales of over R60m after an 11% increase in turnover for the year to June. Profits were up 29%.

The chain recently opened its outlets to all races.

Said Hays: "We have identified several areas where we would like greater representation and are actively seeking new premises in good locations within these areas."

He said franchising in South Africa showed clear signs of following trends in the US where over 30% of retail sales were made in franchised outlets.

"Franchising benefits both parties. The franchisor can continue expansion with less capital outlay and with the assurance that franchisees will be motivated by personal interest to maintain group values and standards.

"Franchisees have the security of company back-up and training and the proven strength of a brand, as well as financial assistance, corporate advertising and buying power."

Africa. Hans

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Fedhasa request to end race bars

Cape Times 31/8/88

Staff Reporter

THE Federated Hotel liquor and Catering Association of South Africa (Fedhasa) has formally requested the elimination of all race restrictions on admission to hotels, restaurants and accommodation establishments.

This is one of the main recommendations contained in the submissions to the Liquor Board by Fedhasa.

Shebeens

The board is reviewing the Liquor Act.

Other key submissions by Fedhasa include control of the use and prevention of abuse of alcohol, removal of sexual discrimination in the Liquor Act, removal of "excessive" police interference in consumption of liquor and legalization of shebeens.

The submissions are the result of more than a year of investigation in the industry and consultations with the Liquor Board, the police, the Tourism Board, various ministers, suppliers and other bodies. Due to the nature of the Liquor Act review, Fedhasa cannot publish full details of its submissions.

Broadly, however, the organization wants improved controls "where effective, necessary and desirable and deregulation where existing legislation is ineffective, unnecessary and undesirable".

Implication

The formal request for opening hotels to all races paves the way for government to take this decisive step in that the biggest representative body in the hotel liquor and catering industry has indicated its members want such reform.

Liquor Board chairman Mr. Tommy Vorster is on record as saying that racial differentiation in hotels will receive priority in during the review of the Liquor Act.

The implication is that moves to open up hotels to all races will take place even before the Liquor Act review is complete.

Such moves, if approved by Pretoria, would eliminate the need for so called "international" status for hotels wishing to cater for all race groups. Only the conventional rights of admission would remain in force.

Pubs may be opened to men, women of all races

ARGUS 9/9/85

288

Staff Reporter

PUBLIC bars may soon be opened to men and women of all races.

Sweeping changes to the Liquor Act are in the offing, including an end to all discrimination based on race or sex, following a Liquor Board investigation commissioned by the Minister of Trade and Industries, Dr Dawie de Villiers.

The board has studied all aspects of discrimination in the Act and amendments will probably be introduced in Parliament next year.

Dr de Villiers said a first priority would be the removal of all discriminatory aspects still in the Act.

A spokesman for the Federated Hotels Association of South Africa (Fedhasa) said the industry's view of this was that licensees should be allowed to decide who should use their premises and on what conditions.

PRIORITIES

Fedhasa's priorities in the reform of the Liquor Act are:

- Control of the use and prevention of the abuse of alcohol;
- Removal of racial and sexual discrimination in the Act;
- Removal of excessive police interference;
- Modernisation of the Act and simplification of the administration of the law.

In addition to the removal of racial discrimination Fedhasa has called for the licensing of shebeens to regularise and control liquor sales.

DUAL INSPECTION

If the Liquor Act can be amended only in relatively limited terms in the short-term, Fedhasa believes amendments should concentrate on:

- Removal of all racial and sexual discrimination;
- Removal of dual inspections of hotels by police and the SA Tourism Board;
- Amendments to measures such as the nine-litre restriction on carrying liquor into black areas, liquor trasnportation, hours and days of sales.

Hotels get warning on 'suicidal' price-cutting

11/7/85

Hotels are cutting rates to "suicidal" levels after 44 consecutive months of declining occupancy, says the Federated Hotel, Liquor and Catering Association.

288

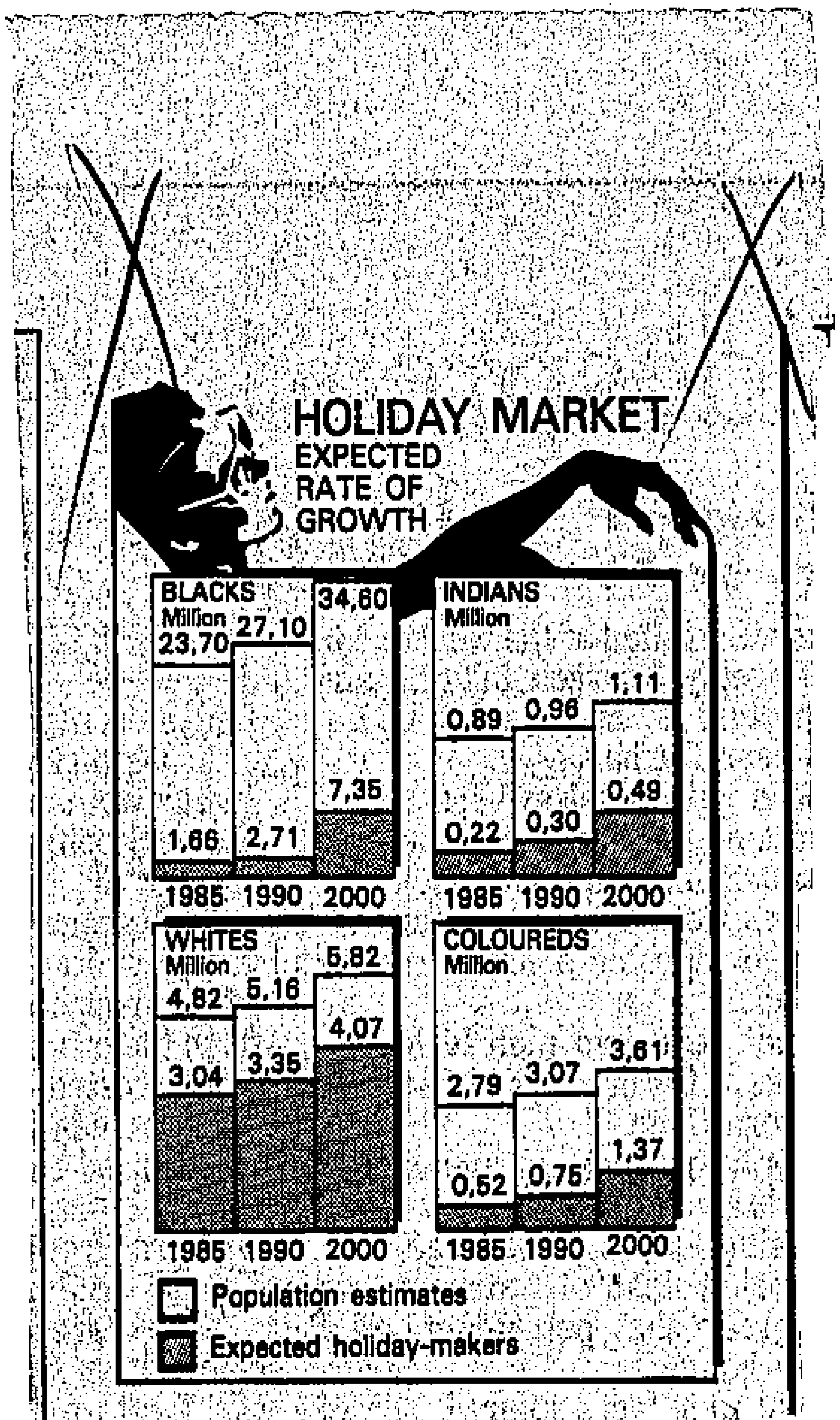
In a statement issued in Johannesburg this week, the association advises members to be as competitive as possible in the current business climate but emphasises the need to retain a level of returns on sales which will ensure financial viability and a healthy future for the industry.

"Many hoteliers are selling room occupancy at below cost in the hope of generating additional bar and restaurant sales as an 'equaliser'," the statement said.

STAR

"In the short term, the public will benefit from drastic price cuts.

"But, in the long term, the hotel infrastructure of the country could suffer and this is not in the interests of the consumer and tourism in general."



Distinct upsurge in black holidaymakers in 15 years

288 B. Day 30/9/85

ALAN PEAT

THERE is expected to be a distinct upsurge in the numbers of black holidaymakers in the next 15 years.

And there is little time left for anticipatory planning and development of facilities to meet the need, according to a CSIR consultant Dr Franco Ferrario.

Between now and the start of the next century, the growth rate of urban black holidaymakers is an estimated increase of 289%. This is an annual growth rate of about 19% compared to the population growth rate of 3%.

Rural blacks have an even more noticeable increase rate of 504%, or about 34% a year, compared with the same 3% population growth.

The white holidaymaking market, already well supplied with facilities nationwide, will grow by only 34%, or 2% a year — only marginally above the expected 1,3% population growth.

The Indian and coloured market sectors also have considerable growth patterns — expected to be 120% growth by the year 2 000 for Indians, or about 8% a year, compared with a population growth of 1,6%; and 166% for coloureds, or about 11% a year, compared with a 2% population growth.

Said the report: "Even accepting their (29 chosen tourism experts') conservative estimates, it is obvious that a large proportion of the anticipated growth in the South African holiday market over the next 15 years will be concentrated among the non-white sectors of the population.

"Is our tourist industry prepared for such a shift of clientele? This question offers much food for thought for any weather-wise manager."

It later adds: "The fact that those (black) people do not take conventional vacations as we perceive them, does not mean that they do not represent a particular section of the present holiday market."

Ferrario also spotlights the growing non-white socio-economic strength, and the potential areas of spending by non-white holidaymakers.

"As a common trend, our experts assigned a consistently lower level of holiday-making among non-whites (compared with the total population), but expected a substantially higher change in percentages over the next 15 years in comparison with the white market."

The report is an extrapolation of present trend figures with expert estimates of future trends. There is particular emphasis on the role of air travel, where the sensitivity of travellers to price changes is also estimated.

The Vaal Dam is almost at its lowest ... start of the rainy season. Mr Dick Menton, who lives on the banks of the Vaal, says the water level should be a metre from the top of the jetty wall he is pointing to — that would indicate that the dam was full. But the Rand Water Board confirmed recently the dam was only 15,3 percent full — down by about 11 percent on levels in October last year.

● Picture by Rebecca Hearfield.

Moves to scrap Liquor Act rules welcomed

288 STAR 8/10/85

By Duncan Guy

Several Johannesburg hoteliers see the Government's proposed scrapping of racial restrictions under the Liquor Act as an opportunity for business to expand freely.

The Minister of Trade and Industry, Dr Dawie de Villiers, has announced that all discriminatory rules restricting blacks from restaurants, bars and other licensed premises — contained in section 72 of the Act — would be put before Parliament next year for amendment.

The director of operations for the Federated Hotel Liquor and Catering Association of South Africa (Fedhasa), Mr Frederick Thurmann, welcomed the announcement saying hoteliers could at last do business with whoever they wished without any restriction.

Mr A Amoils, manager of a central Johannesburg hotel, said it was an economic necessity to allow all races into his hotel.

"Since we started allowing everyone in, subject to special permission, business has increased tremendously," he said.

The manager of a southern suburbs hotel, Mr Frederick Bloch, said most of his hotel's facilities were already open to all races. He said he would be happy to have the rest of the hotel open to everyone.

The manager of a northern suburbs one-star hotel said although it would be good for business in large hotels, small hotels would have to keep in line with the demands of the communities they served.

Hotels previously had to seek special permission in advance from the director of the Liquor Board if they were to have multiracial parties.

HNP call to members for boycott of Durban hotels

Mercury 5/10/85 288

THE Herstigte Nasionale Party has called on 'traditionally minded' South Africans to boycott Durban hotels and the rest of the city during the Christmas holiday season because of the decision to open certain beaches to all races, reports Sapa.

In a statement released by the Durban spokesman of the HNP, Mr Martin Louw, on the authority of the national leader, Mr Jaap Marais, the HNP called on its 'up-country and inland supporters' not to visit Durban.

Mr Louw said it was the first time 'the full might of the HNP' had been used in the economic arena.

'We intend to unleash a backlash against Durban hoteliers through our newspaper Die Afrikaner and at political meetings. We want to make a visible, practical statement to highlight our belief in separate group identity in a residential context.'

Mr Louw said the HNP sincerely regretted inconvenience to Durban's Expo 85, but larger considerations prevailed in this instance.

Approached by Sapa, several blacks who have traditionally bathed at Durbans's beaches for years greeted the HNP statement with hilarity.

Mr Obed Kunene, editor of the Zulu newspaper Ilanga, founded in Natal in 1903 and later based in Durban, said:

'This is hilarious. We've been swimming at those beaches for years without anyone's permission. Now blacks are being allowed to swim in the blue sea and whites must keep out?'

Industrial psychologist Nimrod Mkele dismissed the HNP statement by saying: 'He is right. That way maybe more people who have always regarded the seas as not a racial oasis may find that in the final end there's only one race — the human race.'

Advertising executives Madala Mphahlele and Horace Mpanza said: 'That's funny. We always thought the sea off Durban was the Indian Ocean...'

Liquor Act change will be another blow to apartheid

10/10/85 / 288 / ST AK

By David Braun
Political Correspondent

Proposed amendments to South Africa's liquor laws are soon to remove one of the pettiest racial bugbears from the apartheid system — the measure which banned blacks from eating and drinking with whites in public amenities.

Legislation will be introduced next year to rid South Africa's liquor laws of remaining racial discriminatory measures, the Minister of Trade and Industry, Dr Dawie de Villiers, recently announced.

As part of the Government's overall plan to purge racial discrimination from the statute book, the announcement effectively means that, if Parliament agrees, all establishments which sell or supply liquor to the public will be allowed at their discretion to serve people of all races.

The law will be changed merely to make the serving of all races possible. There will no legal impediment against landlords barring certain people because of their colour.

Dr de Villiers said last week that, if the proposed amendments were accepted by Parliament, "all differential measures based on race will be removed from the Liquor Act".

The most important amendments include:

- The deletion of section 72 which regulates the admission of persons to licensed premises, including hotels and restaurants.
- The substitution of section 23 to remove the reference to race in the granting of special authorisation. The substitution simultaneously provides for more flexible dealing in liquor, enabling shebeens to operate legally.
- The abolition of the need for a permit to introduce more than nine litres of liquor into a black area.
- Deletion of the provision which provides for the compulsory seizure and forfeiture of liquor, vehicles and receptacles because of the possibility that they may have been involved in a contravention of the Liquor Act.

Section 72, which effectively excluded blacks from white restaurants and bars, has been the most controversial aspect of the Act.

The section made it "a special condition of an on-consumption licence ... issued in respect of any premises intended for occupation by, or the convenience of whites ... that the licensee should not on the licensed premises sell or supply to any person who is not white any refreshments, meals or accommodation or any liquor for consumption thereon, or admit any such persons as a guest to such premises."

But licensees could apply for an exemption to section 72, originally by means of application to the Minister who, on the advice of the Liquor Board, could grant such exemption subject to whatever conditions or restrictions he saw fit.

In more recent years this cumbersome procedure was effectively sus-pended and licensees could admit any person to liquor-licensed premises and obtain approval afterwards.

The deletion of section 72 now means that the right of admission is placed entirely in the hands of the licensee.

The licensee will be held responsible for the orderly management of his concern and, Dr de Villiers warned, if conditions should arise which were detrimental to the public interest, steps would be taken and the licence could even be cancelled.

(288) 11/10/85

APARTHEID FM

Absurd anomalies

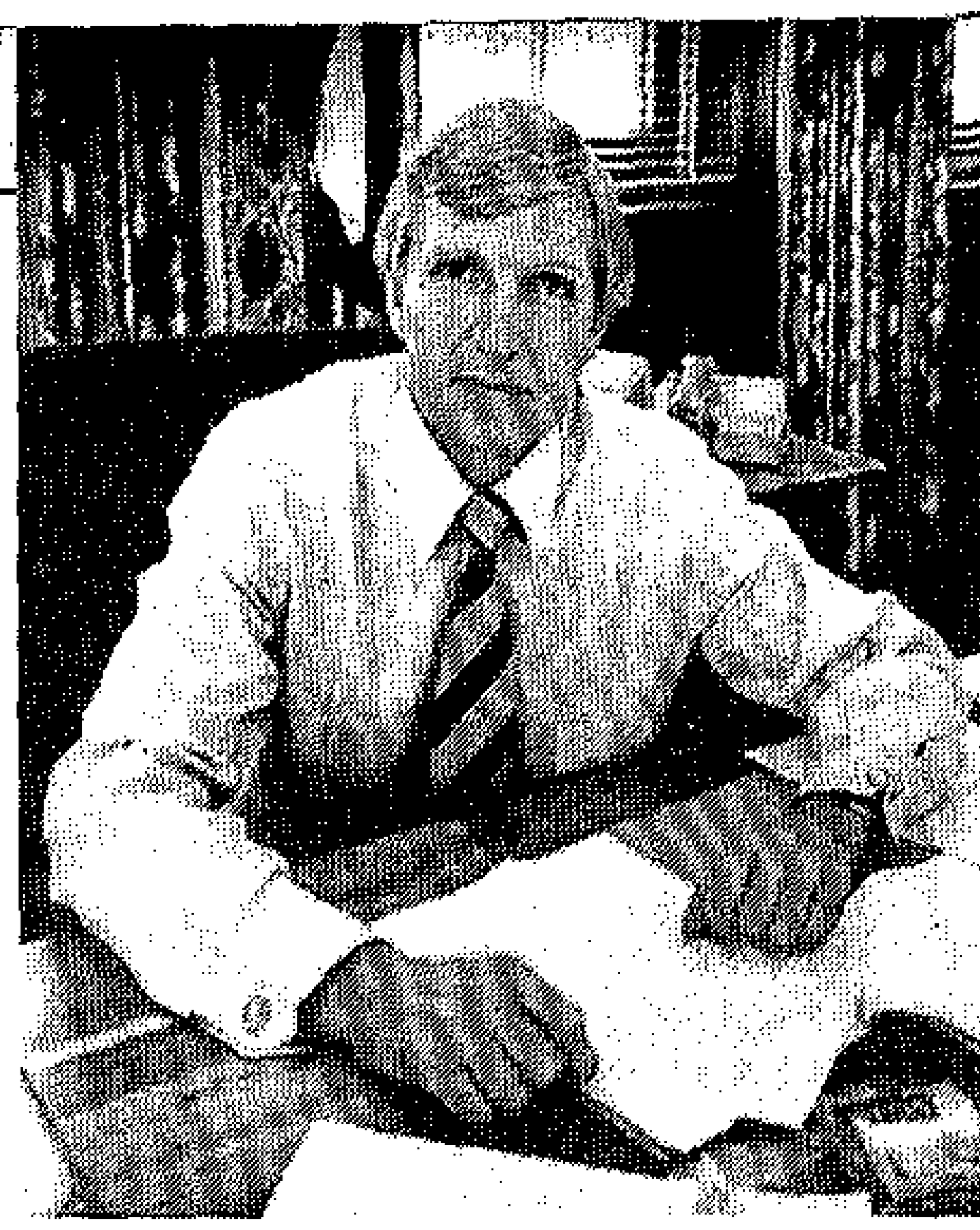
Another piece of the petty apartheid wall will crumble next year when the Liquor Act is amended, leaving hotel and restaurant owners free to open their doors to all races. Commerce and Industries Minister Dawie de Villiers has announced that amendments removing all forms of discrimination from the Liquor Act will be put before Parliament during the next session.

Following the repeal of the Mixed Marriages Act and Section 16 of the Immorality Act, Section 72 of the Liquor Act has become an absurd anomaly technically prohibiting legally married couples from even having a drink together let alone staying in the same room without special permission in any hotel that has not achieved international status.

Federated Hotel Liquor and Catering Association of SA (Fedhasa) president Stan Hoffmann describes discriminatory elements of the Liquor Act as a thorn in the flesh of the entire tourism industry.

Liquor Board Chairman, Tommy Vorster, notes that the board has been trying to shift the onus for discretion as to who can and who cannot be allowed on hotel premises and for what purposes, onto licensees for the past four years. Permission has already taken on the form of condonation and is as simple as a telephone call to Pretoria which is operating a 24-hour "hotline."

However, the anticipated changes in the legislation will not necessarily mean the colour bar will vanish. Individual owners will still be allowed to reserve the right of admission in terms of common law. The question is: will they exercise their right racially? After all, many unlicensed restaurants effectively practise a colour bar although there is no law saying they should. Particularly in small towns, it will need a sea-change in attitudes before these traditions tumble. The complete opening of hotels and restaurants will probably only happen once there is legislation that makes racial discrimination an offence, as already exists in Namibia.



De Villiers ... Liquor Act discrimination to go

Assessing the likely response of individual owners, Hoffmann said the feeling was that members would welcome the move. "It will mean anyone can go anywhere and if they are prevented, owners can't hide behind the Liquor Act anymore," said Hoffmann. "Of course there may be hassles with different groups mixing but people will have to learn to handle it. People have had a lot of unfounded fears." The experiment of granting international status to some hotels where the race bar was removed had been most satisfactory, he added.

Other expected changes to the Act include the removal of the provision that inhibits blacks from selling liquor to whites. This, coupled with the forthcoming opening of major CBDs for multiracial trading, will allow black businessmen in those towns to open restaurants, clubs, and bottle stores in city centres. Multiracial clubs that flourished a couple of years back could re-open. Black businessmen, however, are being cautiously optimistic. Licensed premises will still be subject to the regular controls and while the decision to license shebeens was originally welcomed, in the end there were so many conditions attached to the licences that only a few were successful.

"While I appreciate being able to go to restaurants," says Heilbron Majola, MD of Black Chain, "as a businessman I'm not excited yet and can't be until we have the green light to start operating in town." ■

Argus 18/10/85 (288)

Half South Africa's hotels 'are doomed'

Tygerberg Bureau

ABOUT half of South Africa's hotels, hard-hit by rock-bottom international tourism and competing with grocery stores selling wine and beer, will be forced to close within the next two years.

This warning was issued yesterday by the managing director of the Aroma Group of liquor outlets and hotels, Mr Mike Kovensky.

Speaking at the Tygerberg Chamber of Commerce monthly luncheon in Parow, Mr Kovensky said about 500 to 600 of South Africa's 1 175 hotels, the majority one-star, were experiencing one of the most difficult periods in their history.

He said: "It is indeed a battle for survival, particularly in view of the fact that local tourism and business travel has been severely hit by the recession.

"And with international tourism at its lowest ebb, occupancies have taken a severe hammering."

Mr Kovensky said that to save these mostly platteland hotels, which have traditionally relied on liquor sales but have lately been improved considerably, they should not be required to compete with grocery stores for liquor sales.

He supported the stand by the hotel association, Fedhasa, which promoted the moderate use of alcoholic beverages to be sold in the controlled environment of a liquor store.

"I fully support the call for more people to drink less and cannot support the sale of wine in groceries," he said.

Liquor sales should not be viewed as a normal retail commodity because overseas studies had shown very clearly that the free availability of alcohol in grocery stores had led to an increase in alcohol abuse by women and children, he said.

The advocates of a totally free, competitive market place should realise their claim that the market was the true arbiter of fair play and fair practice was "a hopeless over-simplification of reality".

	'85
Debt:	
Short-term (Rm)	25,8
Long-term (Rm)	62,8
Debt:equity ratio	0,20
Shareholders' interest	0,66
Int & leasing cover	4,9
Debt cover	0,86

Performance:

	'85
Return on cap (%)	14,9
Turnover (Rm)	396
Pre-int profit (Rm)	405
Pre-int margin (%)	24,9
Taxed profit (Rm)	61,6
Earnings (c)	53,5
Dividends (c)	34,0
Net worth (c)	394

KERSAF 288

High hopes

Activities: *Has leisure and entertainment interests in southern Africa, Mauritius and UK. Activities comprise hotel-casino resorts, cinemas, film and video distribution, and other tourist and recreation activities. Involved in local hotels via 21% interest in Southern Sun.*
Control: *Safren has an effective interest of 77%.*
Chairman: *R J Goss; managing director: S Kerzner.*
Capital structure: *67,1m ords of 8c. Market capitalisation: R604m.*
Share market: *Price: 900c. Yields: 3,8% on dividend; 5,9% on earnings; PE ratio, 16,8; cover, 1,6. 1984-1985 high, 1300c; low, 690c. Trading volume last quarter, 398 000 shares.*
Financial: *Year to June 30.*

When Kersaf gained its listing in July last year the market wasted no time in according the share a rating comparable to those traditionally enjoyed by such established high-fliers as Altech, Pick 'n Pay and Remgro. At 900c, the stock is off its 12 month high of 1 300c, but still yields a low 3,8% on historic dividend.

Results for the year to end-June underlined the high returns, particularly in the core Sun Hotels International (SHI). This company contains the casino hotel operations, contributed the bulk of the profits and is scheduled for a JSE listing to raise R40m in November. SHI's return on equity last year was roughly 23%, while the figure for Kersaf, after revaluation of fixed assets — and if all acquisitions had contributed for a full year — was about 15%. Chairman Dick Goss notes that the aim is to improve this, and 20% has been set as a longer-term target.

Kersaf's Kerzner ... needs to improve returns

This, essentially, is the crux of the market's expectations: To justify the present share price, never mind the high side of the recent trading range, the return on assets managed will have to be not only maintained but improved.

To a large degree, investors are doubtlessly taking a view on the entrepreneurial — and management — reputation of Goss and MD Sol Kerzner. Already we have seen some expansion by acquisition, particularly the purchase of Satbel from Federale Volksbeleggings and the move into the UK leisure industry via a 40% stake in Kunick.

Management has stressed it wants to expand overseas, and Goss says in his review that "further geographic diversification of the portfolio is necessary if the longer-term goal of becoming a major force in the international entertainment and leisure industries is to be achieved.

"It is the intention significantly to increase that portion of earnings obtained from activities outside southern Africa. A high priority will be given to seeking out investment opportunities abroad in casinos, hotels, entertainment and general leisure activities." Goss adds that Kersaf won't necessarily take shareholder control, but would want management control.

Past run-ups in the share price seemed partly to reflect speculation of a major overseas deal, such as a stake in Monte Carlo — something that Kerzner is reputedly hoping to achieve. There are, however, limits to the potential profits to be derived in the foreseeable future from international expansion, even if the group may yet be a long way from bumping up against them.

For one thing, the overseas expansion has so far been paid for by share issues, thereby keeping gearing low. With 67m shares now in issue, this technique will eventually outgrow its usefulness. There is ample scope to increase borrowings, but the low debt level is part of the share's attraction. Not that overseas growth need be dependent on a choice between scrip issues or borrowings; finance and planning director Eugene Joannides points out that management contracts could provide an effective way into some projects.

However, international growth prospects are only an element in the stock's rating. More important at present are the profitability and the successful expansion of the local interests.

Notably, major investments are being made to expand money-spinners such as Sun City and the Wild Coast Inn. Capital expenditure by SHI and Satbel totalled R94m last year, almost half of it spent on completion of the new Cascades Hotel and rock and waterscape gardens at Sun City. Some R57m will be spent this year, with R17m going to complete the Thaba 'Nchu hotel and Sun City's Sky Train.

The focus of expansion of existing operations is shifting to the Wild Coast, where profit contribution is second only to Sun City, and which last year lifted earnings by 35% and operated at average occupancy of

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80%. Construction on the first phase of a plan to create a "Disney by the Sea" is expected to start in early 1986.

Less successful at present is cinema and entertainment arm Satbel. At R6m, its attributable earnings were down 18%, although ahead of expectations and budget. The damage was done by the decline in consumer spending and the introduction of TV4, and operating conditions could worsen this year. However, Kerzner says Satbel's earnings should at least be maintained. Its goals for 1986 include raising R5m from property sales.

On prospects, Goss says that "earnings growth is again achievable, given the benefits of recent acquisitions and new projects which will come on stream in the coming year." The SA hotel industry is under pressure, as emphasised by the recent slide in Southern Sun's share price.

Kersaf's rate of growth will, however, depend largely on the exceptional earnings of its casino resorts, where occupancies remain relatively high. Low gearing also provides a significant advantage over debt-burdened Southern Sun. The share is worth holding.

Andrew McNulty

CAPE WINE

Smaller measures

Activities: *Produces, markets and distributes wines and spirits. Main subsidiaries are Stellenbosch Farmers' Winery, Oude Meester and Henry Tayler & Ries.*

Control: *Rembrandt-KWV Investments has a controlling interest.*

Chairman: *O Horwood; managing director: P G Steyn.*

Capital structure: *140m ords of NPV. Market capitalisation: R392m.*

Share market: *Price: 280c. Yields: 6% on dividend; 9% on earnings; PE ratio, 11; cover, 1,6. 1984-1985 high, 290c; low, 240c.*

Financial: *Year to June 30.*

	'82	'83	'84	'85
Debt:				
Short-term (Rm) ..	34,2	23,8	23,9	47,3
Long-term (Rm) ...	39,2	39,2	39,0	28,9
Debt:equity ratio	0,38	0,30	0,27	0,35
Shareholders' interest	0,50	0,53	0,52	0,51
Int & leasing cover .	7,8	7,9	13	8
Debt cover	0,67	0,89	0,74	0,43

Performance:

	'82	'83	'84	'85
Return on cap (%) ..	20	22	24	21
Pre-int profit (Rm) ...	75,4	86,5	120,6	124,2
Earnings (c)	27,4	31,9	32,0	25,9
Dividends (c)	13,7	15,9	16,0	16,0
Net worth (c)	134	148	165	174

Cape Wine is one of those curious companies that generate mountains of cash, while showing unremarkable profits. In recent years earnings have dwindled to 26c a share from 32c in 1983, while dividends remained frozen at 16c. Yet strong cash-generating capabilities are reflected in the cash-flow statement: R53,6m flowed from business operations last year, most of it being reinvested in fixed assets.

Cape Wine's Horwood ... worried about tax

To some extent, the disparity between cash and profits reflects the conservative accounting policy. The lifo method of stock valuation is still used, although there is no longer any tax benefit. There are, however, good reasons for this.

By using a realistic value for closing stocks, the lifo adjustment eliminates the effects of inflation on profits. Simply stated, without the adjustment the company would show fictitious profits. In the case of Cape Wine, which holds maturing stocks of spirits and wines for years, the inflationary pressure on profits is substantial. Last year R24,9m was transferred from profits to lifo reserve, to lift the total reserve to R120m; and, because the lifo adjustment was particularly large, profit would have looked a lot more favourable had the fifo method of stock valuation been used.

As things stand, R120m has come straight off profits over a number of years, much of which has generated no tax relief. It is little wonder that chairman Owen Horwood expounds at some length on the iniquities in current tax legislation.

At operating level, Cape Wines is beginning to feel the effects of recession. Since the beginning of this year, says Horwood, overall demand for wine and spirits has declined, with consumption of fortified wine falling by 7%, and local spirits by 10%. Unfortified wines showed an increase of 2%, attributable to aggressive marketing of flavoured wines.

Margins came under pressure, as an 8% increase in turnover lifted pre-interest profits by only 3% to R124,2m (R120,6m). The bottom line was hit further by interest charges sharply higher at R11,8m (R6,6m), but debt:equity remains healthy at 0,35.

With markets showing no sign of short-term improvement, Cape Wine is likely to produce flat profits again this year. At 280c, and yielding 6% on dividend, the share seems fully valued.

Neville Glaser

DATES TO REMEMBER

Last day to register for dividends:
Friday Oct 25: Anamint 180c; Cullinan 18c; Ensign 5c; Picfin 12c; Picknpay 21,5c; Pikwik 10,6c; SARB R5; Sinclair 8c; Wilbarz §6,04c.

Meetings:
Monday Oct 21: Buffels; Cape Wine (Stellenbosch); Consol (Ord & S); Kersaf (Sandton).
Tuesday Oct 22: Ind & Com; Iss & Inv; Sinclair.
Wednesday Oct 23: Fedbla (3S) (Sandton); Johnies (Ord & S); M & R (Bedfordview).
Thursday Oct 24: Globe (Woodstock); Gresham (Sandton); Ind Inv (Pinetown); Nat Chem (Pinetown).
Friday Oct 25: Af & Over (Salt River); Concor; Ed L Bate (Boksburg); Goldstein (Sandton); I & J (Cape Town); N Kleins; Rex True (Salt River); Sasol (Secunda); Welfit O (Ord & S) (Port Elizabeth).

All meetings are in Johannesburg unless otherwise stated.
§ = Net after non-resident tax.
S = Special meeting.

REX TRUEFORM

Forex disaster

Activities: *Clothing manufacturer.*

Control: *The directors hold 54% of the equity, mainly through African & Overseas.*

Chairman: *S C Shub.*

Capital structure: *2,73m ords of 50c; 1,4m non-voting A ords of 50c; 140 000 6% prefs of R2; R12m variable rate redeemable prefs (issued since year-end). Market capitalisation: R34m.*

Share market: *Price: 820c. 1984-1985 high, 1 000c; low, 650c. Trading volume last quarter, 37 000 shares.*

Financial: *Year to June 30.*

	'82	'83	'84	'85
Debt:				
Short-term (Rm) ..	6,2	3,1	9,2	10,8
Long-term (Rm) ...	12,7	18,5	18,0	20,0
Debt:equity ratio	0,55	0,55	0,64	0,76
Shareholders' interest	0,54	0,56	0,53	0,49
Int & leasing cover .	5,2	4,1	2,5	2,2
Debt cover	0,55	0,40	0,20	0,29

Performance:

	'82	'83	'84	'85
Return on cap (%) ..	19,0	16,0	8,1	13,8
Turnover (Rm)	315	327	369	385
Pre-int profit (Rm) ...	11,9	11,7	6,5	11,4
Taxed profit (Rm)	8,7	7,2	4,0	7,0
Earnings (c)	271	243	137	—
Dividends (c)	55	55	55	—
Net worth (c)	1 117	1 326	1 440	979

Most South African companies incur forex losses by *failing* to cover forward; poor Rex Trueform lost R16,3m on cover it had actu-

PREMIER GROUP

Worth a new look

Premier's decision to hold a rights offer to raise some R100m — its first rights offer since the group was founded in 1913 — may carry bullish implications for profits and the share's performance.

Terms of the offer will only be published in early November, on the same day that Premier publishes its results for the six months to end-June. Until then it will not be possible fully to assess the issue. At this stage, however, an injection of capital on this scale looks encouraging, simply because Premier has maintained fairly good operating profits, but its borrowings have soared in recent years.

Debt started rising after the 1983 acquisition of 34% of SA Breweries and was pushed higher last financial year with the first-time consolidation of Ovenstone Investment's borrowings, which added R45m to Premier's debt. In total, Premier borrowings reached a record R419m at end-March, after only R181m in 1982. The year-end debt:equity ratio was a relatively low 0,29, but the borrowings are generating a substantial interest burden.

Among better-quality industrials, in fact, Premier is particularly sensitive to interest rates. This was underlined in the year to end-March, when trading profit and dividend income rose by 8,5% from R167,3m to R181,5m, but the interest payment soared 67% to R72,3m. The result of this, and a R7m forex loss, was that earnings a share fell by 21%. At the time, chairman Tony Bloom said that every 1% fall in interest rates would add R3m to Premier's earnings.

Repaying borrowings

Financial director Derek Hunt-Davis tells me this figure is based on interest-bearing debt of roughly R300m borrowed at variable rates. Because most money market instruments such as three-month BA's carry fixed rates, there are delays before management can take advantage of lower rates. Deputy chairman Peter Wrighton says it can actually take two to three months before the benefits flow through to the income statement.

Funds raised from the rights offering of preferred ordinary shares should be available by early December. Hunt-Davis says that proceeds will immediately be used to repay borrowings, although later in the year they may be used for "normal business purposes."

There is not likely to be anything very positive in the end-September interim results, due out on November 11. There should have been some benefits from the falls in interest rates since April, although part of this is still in the pipeline. Benefits would also be appearing now from the rationalisation and asset management programme of the second half of last financial year, when working capital was cut by R100m. But much will depend on the operating performance: in his review Bloom warned that conditions in this period would be tough; and it's widely thought that SA Brews will have done extremely well to have avoided an earnings fall this time.

Premier's Wrighton . . . cautiously optimistic

But a number of positive factors should help the second half performance. Interest payments should be considerably lower, both because lower interest rates should have had a firmer impact on the bottom line and the funds from the rights issue will have been on hand for four-and-a-half months; there should have been further benefits from the rationalisation and the operating performance may well have improved from October to March.

Trading conditions are normally seasonal, with the second half better than the first. Activity usually picks up over Christmas, and the food operations tend to enjoy better margins after the cost increases in the first half. Wrighton says he is "cautiously optimistic" on the second half. "I would think we must be bumping along the bottom," he says.

Nobody is saying an upturn in profits will be either steep or assured for this year. But there must be some prospect that the dividend will be increased from last year's maintained 86c. At 1 900c, the share yields a historic 4,5%, in line with the industrial sector, but the price stands well below the 12 month high of R23 and may be worth a new look.

Andrew McNulty and Stephen Richter

SUN BOP 288 FM

Teasing offer 25/10/85

Sun International Bophuthatswana (SIB), the Kersaf subsidiary comprising three gem casino resorts, has moved closer towards its planned JSE listing. And the terms of the issue announced this week are likely to both frustrate and please investors.

The terms are highly favourable, virtually assuring 100% stagging profits to Kersaf investors who take their rights. But with Kersaf shareholders allocated only 11 SIB shares for every 100 Kersaf shares held, there is little cause for most of them to celebrate.

Nevertheless, the SIB listing, although not the biggest we have seen this year, may well prove to be among the most tantalising. The three SIB resorts: Sun City, Mmabatho Sun, and Thaba 'Nchu Sun, represent a large slice of Kersaf's money-spinning casinos. And, for the smaller investor, the share is likely to trade at half of Kersaf's 900c.

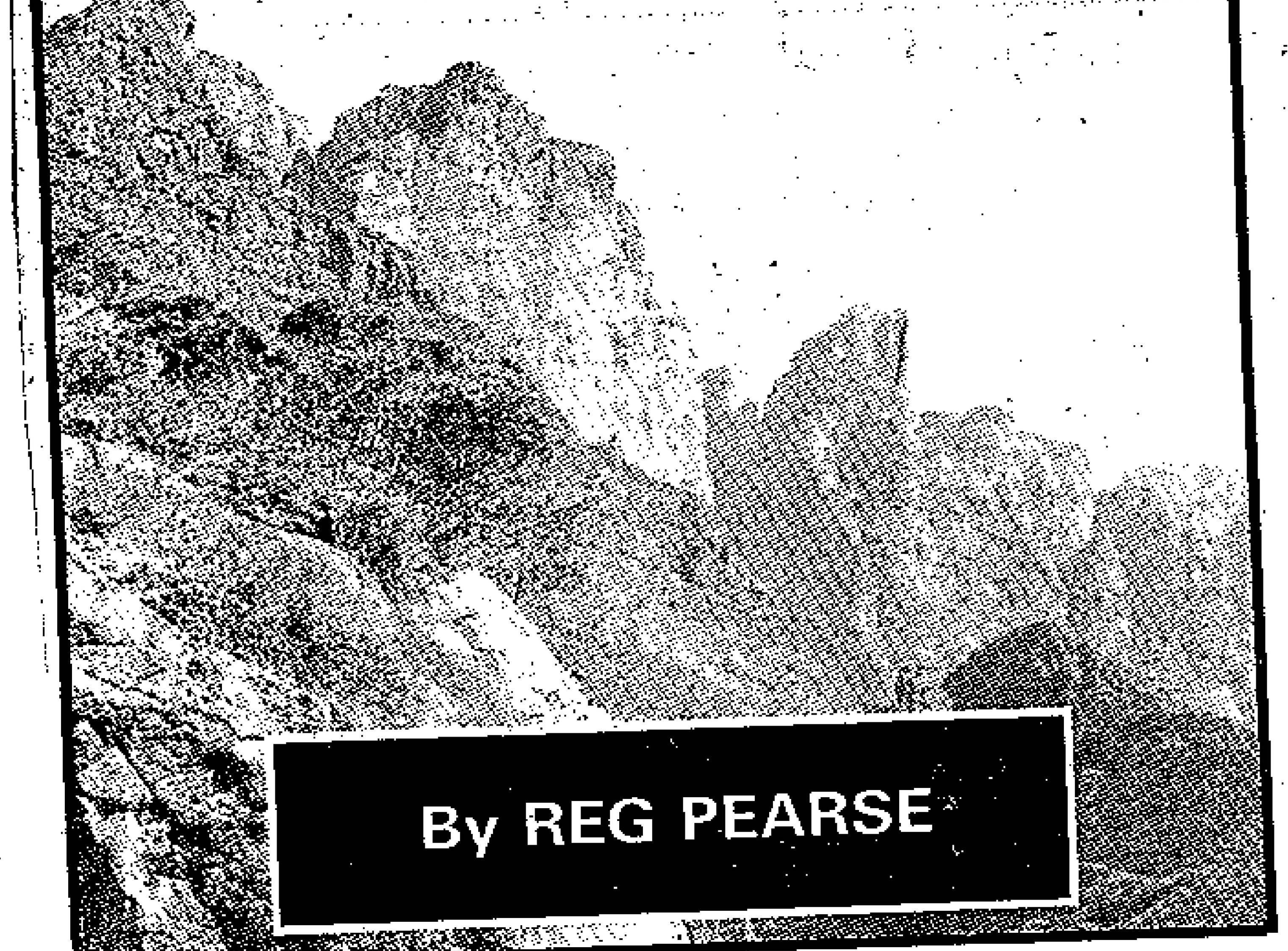
Mechanics of the issue are: SIB, currently held equally by Sun Holding International (SHI) and Bophuthatswana Development Corp (BDC), will raise R41,4m through a rights issue of 20,7m shares at 200c each. SHI will forgo the right to 7,5m SIB shares in favour of the shareholders in parent company Kersaf. BDC, owned by the Bophuthatswana government, will pass its rights to "the people of Bophuthatswana." This nebulous phrase has yet to be explained.

Based on SIB's historic earnings of 26,7c a share, the rights are being pitched at a conservative price:earnings ratio of 7,5 times. If SIB shares begin trading at a p:e of 17, which is the same rating accorded Kersaf, the price will be over 400c.

Although the internationally-spread Kersaf may, in theory, deserve a better rating than its narrowly-focused subsidiary, there are other factors that make SIB seem possibly more attractive.

Firstly, SIB's trading base consists only of high-yielding casino interests. Kersaf, on the other hand, contains a wide range of other interests whose returns cannot easily match those of the casinos (although Sun International represents the great bulk of Kersaf's profits). Secondly, SIB could be more attractive than Kersaf because it will be cheaper.

Neville Glaser



The Drakensberg

By REG PEARSE

Gerald Otto Zunckel

The end of an era

288

Mercury 26/10/85

A LITTLE over a week ago, on October 11, Gerald Zunckel died, the last of the famous family of Drakensberg hoteliers and crack mountain climbers. An era had come to an end.

Gerald's great grandfather, the founder of the family, was the Rev Karl Edward Zunckel, a Lutheran missionary, who came out to this country in 1850, in the *Archimedes*. The journey took six months.

Karl, a young man of 28, joined the Emmaus Mission Station, founded three years previously by the Rev C W Posselt, and situated in the Cathedral area of the Drakensberg.

Karl's grandson, Otto, Gerald's father, had four children — Walter, Gerald, Udo and a daughter Ruth.

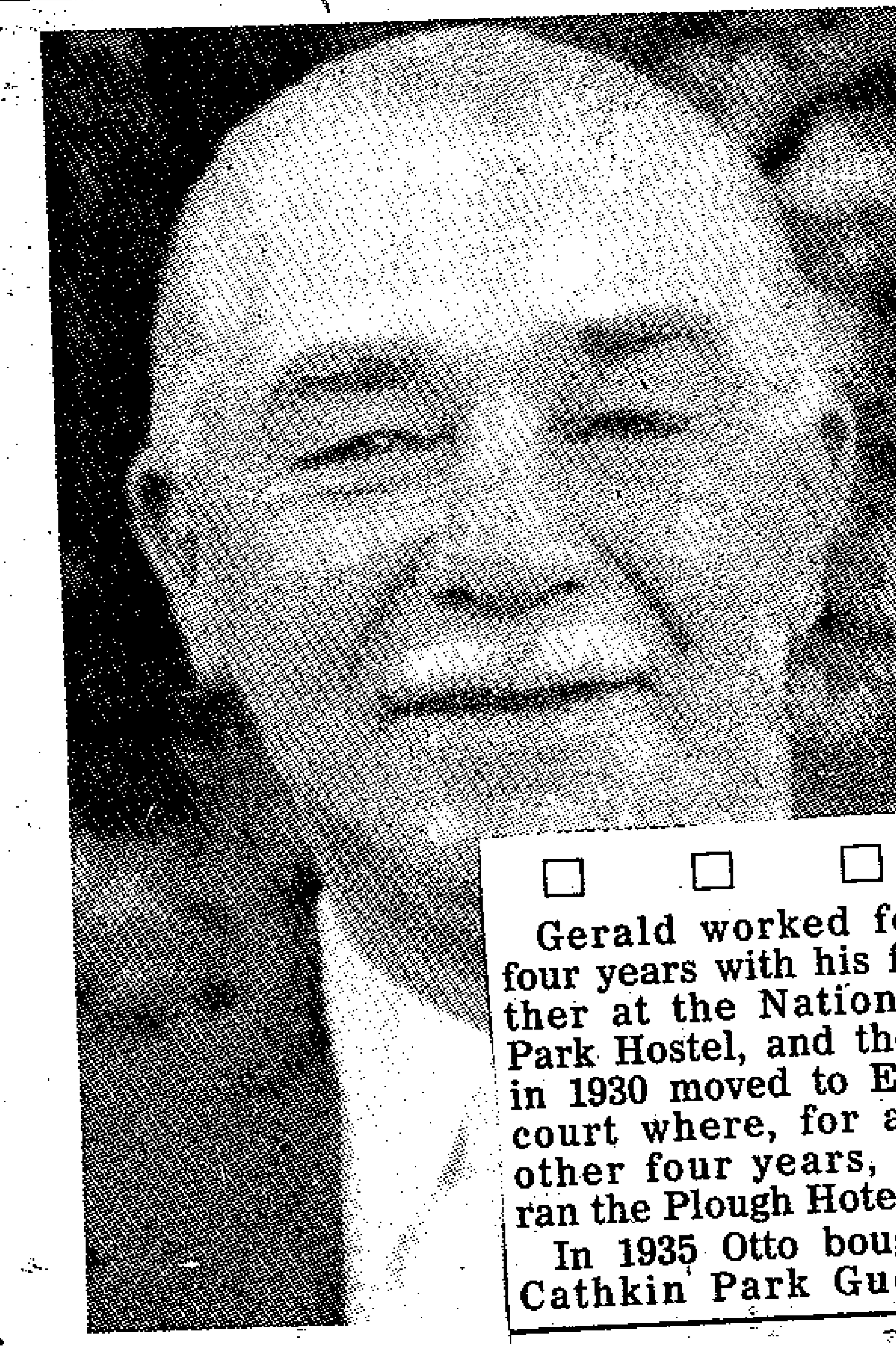
□ □ □

Otto grew up on his father's farm and never went to school, his only education being what his parents gave him. But he grew up to be the 'Grand Old Man of the Drakensberg,' founder of the Drakensberg hotel industry, and loved by all for his warm friendliness and his genial hospitality.

Gerald was born in 1906 and was educated at Grey College, Bloemfontein. (His brother Udo was the first Head Boy and first Dux of Estcourt High School).

In 1926, when Gerald was 21, Otto took over the National Park Hostel (as it then was), and the Wardenship of the recently proclaimed Natal National Park.

He brought into the venture his whole family, his three sons, his daughter and his wife Mathilda. From then on the two names 'Drakensberg' and 'Zunckel' became almost synonymous, especially where stranded mountaineers were concerned. Again and again Otto and his three sons would be called out, often at the dead of night, to bring in an injured climber or to mount a search party for someone lost in the mountains.



Gerald Zunckel, the 'Grand Old Man of the Drakensberg,' and founder of the Drakensberg hotel industry.

□ □ □

Gerald worked for four years with his father at the National Park Hostel, and then in 1930 moved to Estcourt where, for another four years, he ran the Plough Hotel.

In 1935 Otto bought Cathkin Park Guest Farm and put his two sons Gerald and Udo in to run it. This was a small guest farm which had been opened up in 1929 by Mr Cater Robinson.

When Gerald and Udo took over in 1935 the front veranda was only 2 m wide and the dining room was the size of a normal passage. The tariff was £2 per person per week. But over the years the two men developed it into the spacious Cathkin Park Hotel of today, surrounded by a lovely garden, green lawns and dozens of charming little rondavels. They gave to the hotel a distinctive atmosphere of its own characterised by warm friendliness, intimacy and personal interest in each guest.

□ □ □

When war broke out Udo joined the South African forces for a time and Gerald was left to carry on alone. In 1958 Udo died and Gerald again carried on alone, later being joined by Udo's son, Anton. Gerald finally retired in 1967, loved and respected by all, and Anton carried on alone.

Over the years Gerald and his two brothers figured in many famous mountain rescues and search parties.

On September 13, 1937, a light Hornet Moth took off from Kroonstad for Durban, with two men on board, R Stuart Armstrong and T H Archbell. It crash-landed in heavy mist, deep in the heart of the Drakensberg, on the slopes of Gatberg in the Cathkin area, and for 48 hours was reported missing. Gerald and his father Otto led the search party which climbed through the night of September 14/15, in heavy mist and rain, in search of the missing plane. At 2 a m they found it.

□ □ □

Four months later Dick Barry fell to his death in an attempt to climb Monk's Cowl, the first fatal climbing accident in the Berg, and again it was Gerald, with Udo this time, who organised and led the relief party to recover the body.

Heavy rain fell continuously, with a dank, dripping mist. The relief party was marooned in the heart of the mountains and their food supplies began to run out. Gerald set off alone through the mist, down the Mhlwazeen, up to Hlatikulu Nek and along the spine of the Little Berg to procure fresh supplies and more adequate equipment.

He arrived late that night at the Hotel exhausted and unshaven, and set out at first light next morning, again in heavy mist, with a full load of fresh supplies, to take over the leadership from the by now exhausted Udo.

The full story of this epic rescue is told in a new book, *Dragon's Wrath*, which I have co-authored with James Byrom and which should be out early next year.

Yes, the Drakensberg is the poorer today for the loss of Gerald Udo Zunckel.

Black visitors can't get drinks at KwaZulu hotel

288

31/10/85 Mercury

Mercury Reporter

A WHITE-OWNED hotel in the heart of KwaZulu will not serve liquor to blacks, coloureds or Indians, unless they are resident guests of the hotel.

This was the policy spelled out yesterday by the manageress of the New Nongoma Hotel, Mrs Maria Potgieter, after an Indian cattle buyer, accompanied by his white partner, Mr Stuart Knight, of Umfolosi had been ordered out of the hotel.

'Rules are rules no matter if the person is the king,' said Mrs Potgieter.

Mr Knight said yesterday he and his partner from Ladysmith had gone to the hotel to have a drink after attending a stockowner's auction in Nongoma.

He said King Goodwill Zwelithini had planned to join them but had changed his mind.

Mrs Potgieter said Mr Knight and his Indian friend had been refused service because of the conditions of their licence.

'If they were residents

Drinks restriction

FROM PAGE 1

at the hotel then they would have been served.

'Rules are rules no matter if the person is a king,' Mrs Potgieter said, adding that Indians, coloureds or blacks would not be served even if they were accompanied by whites.

Her husband, Mr Tas Potgieter, said the hotel had a one-star rating and had a concession to accommodate non-whites and serve them drinks.

He said if the King of the Zulus or Chief Buthelezi arrived at the hotel then special arrangements would have to be made with the Liquor Board in Pretoria to serve them.

Mercury

Chief Buthelezi said last night he was shocked to hear of the incident and would deal with it as soon as possible.

31/10/85

'Even though the hotel still belongs to South Africa, it is in KwaZulu territory. These things should not happen,' he said.

Drop in SA tourism 'crisis proportions'

N/t NEWS 2/11/85 288

Weekend Argus Correspondent

JOHANNESBURG. — The dramatic slump in the flow of overseas tourists into South Africa has reached crisis proportions inside the travel industry as losses run into millions of rands a week.

And travel business leaders have given warning that it may take as long as three years to repair the damage to tourism caused by unrest and the imposition of the state of emergency, which has been blamed for a wave of tour cancellations.

An emergency plan to boost the country's tottering tourist industry starts in Durban today when more than 200 overseas South African Airways and Satour managers arrive for a week-long conference.

More than a dozen large travel firms have collapsed in bankruptcies and retrenchments are now widesspread among tour operators.

A full dossier on the extent of the disaster is being compiled by the South African Tourism Board and the Travel Agents Board in readiness for emergency talks with Mr John Wiley, Minister of Environment Affairs and Tourism.

Detailed accounts are being gathered from the Association of South African Travel Agents, the Federation of Hotel Associations, South African Airways, the Hunters' Association and road and rail travel operators.

Mr Peter Botterill, chairman of the Travel Agents Board, estimates that more than 113 000 nightly hotel bookings by overseas tourists have been cancelled since the state of emergency was declared in July.

The number of tourists coming in from abroad had plunged by more than 50 percent and there was little prospect of any turnaround in trends until the emergency was lifted.

"Overseas travellers are scrapping their bookings because they have been scared off by newspaper reports about the scale of unrest," he said.

"In normal times they would have been flocking here in their thousands to take advantage of the tremendous bargains created by the weakness of the rand.

"But the temptations are drowned in all the fears that have spread about their safety here. The cancellations are costing tens of millions of rands.

"More than a dozen quite big travel firms have closed down in recent months — aside from the crop of disasters among small agencies."

Southern Sun passes interim as profits plunge

5/11/85 Star

288

By Peter Farley

Southern Sun clung on to profitablity in the six months to end-September, after a helping hand from both the Receiver and the hotel chain's 25 percent stake in Sun International.

Had it not been for these two factors, the group could have been as much as R7 million in the red in the past six months.

Nevertheless, earnings collapsed to 1,4c a share from 20,5c, including a 27 percent in crease in the issued share capital, and the interim payment was passed after a 14c dividend at the halfway stage last year.

But MD Mr Bruno Corte says the worst should now be behind the group, and "if everything goes according to plan" Southern Sun should be in a position to pay a final dividend.

The two main problems were a slump in average occupancy levels to 55 percent — including Holiday Inn for the first time — and a near doubling of gearing to 44 percent. This latter factor, combined with higher rates, rocketed the interest bill to a shade under R10 million from just under R2 million in the year-ago period.

With operating profit falling to R7,9 million from R11,9 million, a R1,8 million tax credit and R1 million net earnings from associates saved the embarrassment of red figures on the bottom line.

The drop in occupancy levels had the knock-on effect of vastly reducing the profit contribution from the group's food and beverage operations. These were also adversely affected by sharp declines in both banquet business and non-resident use of bars and restaurants.

The calculation of associate company earnings — principally Sun International and the time-sharing operations — has been altered and restated to bring dividends in at the operating level and leaving the remaining share of net profits to be accounted lower down.

Given this shift, it seems likely that around half the R7,9 million operating profit came from Sun International and the time-sharing side.

For the first time Southern Sun has also opted not to disclose turnover figures, and Mr Corte justifies this by saying that the figures are not comparable given the acquisition of Holiday Inn.

He noted, however, that occupancy levels in SS and HI were about even, and both chains improved market share in the six months. More effective marketing and other cost-rationalisation, however, brought the cost per unit sale down to 19 percent from 30 percent a year ago.

Following the merger with HI some 800 jobs have been axed, about 30 percent of which were through natural attrition, which combined with other rationalisation benefits should aid the bottom line in the second half of the year.

The possibility of a recovery in the second half, however, hinges as much on politics as it does on improved Christmas trade. With overseas business already down by around 60 percent year-on-year and cancellations running at around 75 percent for the holiday period, the future does not look too bright.

And overseas holidaymakers are not the only ones backing out. In recent weeks some 40 percent of forward bookings by South Africans for Cape Town over Christmas have been cancelled in the wake of the troubles there.

Mr Corte noted, however, that Cape Town had, until recently, been virtually the group's best geographic performer and justified the recent acquisition of the Inn on the Square.

The group brought almost R2 million in tax benefits to bear in the first half year and Mr Corte says that there are still another R15 million to be brought to account — excluding those to be derived from the new Johannesburg Sun.

This hotel opens in February and is already 25 percent pre-booked with convention business for its first year. In order to finance the purchase of the hotel, after completion, SS is issuing R108 million worth of preference shares.

These will initially carry a nominal interest rate, which is set to escalate over the hotel's 60 year lease life.

The share has slumped to 300c from a high earlier this year of just over 650c and has probably now discounted the results — which were spot on line with most market expectations. That does not mean the shares yet offer an attractive buying proposition, but the downside now appears to be fully done.

Buying the shares should, however, be deferred until a better idea is gained of how the group performs through the forthcoming crucial Christmas trading period.

Beer to the rescue at SAB once

By Peter Farley

SA Breweries duly reflected the problems inherent in its component parts with a 30 percent earnings decline in the six months to end-December.

But, given the disasters in certain areas — notably Southern Sun and Amrel — and the upheavals in the furniture industry, SAB did reasonably well to hold the earnings decline in the parent company to the level it did. As expected, the interim dividend was held rock steady at 10c a share.

Once again beer came to the rescue. And, in a recession-defying performance, a one [illegible] increase [illegible] price [illegible] main reason [illegible] percent profit improvement in the beverage division.

Group MD Mr Meyer Kahn said that although returns in some areas had not been up to scratch, the overall result was in line with forecasts. Asked whether the latest performances would cause a re-think of future strategy, Mr Kahn said that there were no plans to alter the existing structure.

He said: "We are comfortable with the existing portfolio."

Mr Kahn admits that SAB has looked at opportunites which will complement existing businesses (he offered a wry smile when asked about any interest in the Kirsh group) but is adamant that future growth must come from within.

"We can generate the great part of our future growth by growing organically, and this is our first priority."

Although group net income fell to R50,8 million from [illegible] million, there is every [illegible] that full-year earnings [illegible] as high as R190-[illegible] million against the [illegible] million earned in 1985.

The main basis for this optimism is the low base so many of the subsidiaries will be trading against in the second half of this year and the bringing to account of the tax benefits still accruing from the Rosslyn brewery.

This year there are more than R[illegible] million worth of credits to be applied against the bottom line, none of which was used in the first half of the year.

Despite the current results Mr Kahn is optimistic about the future. In the next full financial year the group will regain dividend income from its 60 percent-owned Delta Corp subsidiary in Zimbabwe. When earnings from this division were cut off a couple of years back it was contributing about three cents out of earnings around 86c.

Mr Kahn also suggests that "if this country is to survive there has to be a massive upgrading of black earnings which will lead to an explosion of spending by the black community". He contends that no other corporation is better placed to benefit from that development.

That does not mean it will be an easy ride. The second half is still heavily dependent on the vagaries of Christmas spending, which could make or break several divisions. But longer-term there is every reason to believe that SAB will regain the stature of one of the country's leading blue chips.

For the time being, however, the shine is a little tarnished as reflected in a near 30 percent fall in the share price to a shade over 600c from above 900c earlier this year. The downside may now have been overdone, but any purchases should be deferred until some clearer idea of how the Christmas period turns out is evident.

Work on the ventilation plant and sha[…] Holdings complex on the West Rand is [...] expec[…]

Kahn's 'budget' hotel plan

288 Star 7/11/85

Financial Staff

Southern Sun is to go ahead with its own budget hotel chain next year, says chairman Mr Meyer Kahn.

He said that the hotel group was now poised to develop a separate chain from within the hotels it already owns, following the acquisition last year of the Holiday Inn group from Rennies.

Mr Kahn said that this was one of the main reasons it let go the City Lodge concept to former Holiday Inn MD Mr Hans Enderele.

But the development could well not prove the easy ride Southern Sun seems to think it will be.

Mr Kahn admitted that there will be no separate identity for the new "chain" and that it will use some of the existing Holiday Inns and possibly a couple of Southern Sun hotels.

Mr Kahn felt that it would be better to retain the existing names to benefit from the goodwill those titles already enjoyed.

But he admitted that part of the motivation for creating the chain came from the potential expense involved in upgrading existing Holiday Inns to a standard required by the US franchise holder.

US[…]

WASH[…] can-le[…] prove[…] plan […] ment[…] accep[…] of P[…] exe[…] pop[…] an[…] me[…] tin[…] bet[…] T[…] gua[…] nee[…] nati[…] The[…]

'Sigh of relief' at rush for rooms

CAPE TIMES 7/11/85 Staff Reporter (288)

THE rush by South Africans for accommodation at resorts during the coming holidays is on, with all the major chains reporting good to "better than last year" advance bookings.

The hard-hit hotel industry, with occupancy levels so far this year below 40 percent, is breathing a collective sigh of relief.

"It seems South Africans will go on their annual holiday no matter what," said Mr Fred Thermann, director (operations) of the Federated Hotel, Liquor and Catering Association (Fedhasa) which has canvassed the major hotel groups for booking trends.

Neither Christmas bonuses nor salary increases would be big this year, but the announcement of the loan levy repayment — an effective R650-million injection of cash into consumers' pockets — would probably help, he said.

Most affected by the decline in room occupancy levels during the year were four-star hotels, said Mr Thermann. Least affected were the two-star ones.

Booking trends also suggested that holidays would be shorter.

The "Mickey Mouse" value of the rand was undoubtedly encouraging more South Africans to spend their Christmas holidays at local resorts and this had compensated to some extent for the drop of up to 80 percent in overseas visitors.

Mr Thermann said hotels had cut rates by anything up to 50 percent.

"We'll probably never see value like this again. Numerous specials are on offer over Christmas. Just shop around."

City Christmas holiday hotels hit hard by unrest

ARGUS 12/11/85 288

DICK USHER
Staff Reporter

BOOKINGS for the holiday season in Cape Town have been hit by the unrest.

Many city hotels and travel agencies have reported cancellations from the Transvaal and Free State because of the unrest.

And people are also taking shorter holidays because of the economic situation.

Traditionally Cape hoteliers rely on the short Christmas holiday season for a major portion of business and the weak prospects are expected to have serious results for other sections of commerce.

"Very worried"

Mr Gerald Waight, owner of the Carnaby Hotel in Sea Point, said he was very worried.

"The Cape season high has traditionally been a short one, from mid-December to mid-January. Because we have a small hotel we've always enjoyed a longer season, but I'm very worried about December and January because our bookings are so low."

A spokeswoman for the Robin Gordon at St James said the outlook was gloomy.

"Besides the unrest there is the petrol price and the cost of air fares, which have all affected people.

"We used to depend on people from Johannesburg and Zimbabwe — overseas visitors are lost because of the unrest — but even they are thinning out," she said.

Mr Freddie Cummings, general manager of the Fairmead in Rondebosch, said his position was looking healthy, but down on last year. People were taking shorter bookings.

Travel agents also face bleak prospects for internal and overseas holidays.

The cost of foreign currency against the rand has made overseas trips almost prohibitively expensive for South Africans.

"I'm happy to say that we have the same number of people going overseas that we had last year, but rather than taking extended holidays spread over two continents, as they did before, they're trimming their stays and concentrating on one country or area," said Mrs Glynis Zagnoiev of Holiday Travel.

Transvaal and Natal people were tending to look for holidays in their own backyards.

Mrs Glenda Smith, branch manager of Keiser and Gentry, said domestic travel had dropped considerably compared to last year because of the cost of air travel and people were becoming worried about travelling long distances by car because of the unrest.

"And I've heard from agents in Johannesburg that people are cancelling Cape holidays because of the unrest," she said.

Tourism boost

W/C Argus 23/11/85

City hotels counteract bad publicity with cut-rate holiday plan

288

IRVING STEYN, Weekend Argus News Editor

A VIGOROUS advertising campaign by Cape Town hotel groups offering attractive cut-rate holiday accommodation has to a large extent countered a potentially disastrous season because of the unrest and bad publicity overseas.

In fact, hoteliers are optimistic about a good tourist season. "We are gearing ourselves for a flood of people coming to Cape Town," Mr John Robert, director of Captour, said this week.

Behind the optimism is an aggressive marketing campaign by the major hotel chains aimed at promoting family holidays at prices which again make them possible after a number of years of expense escalations of up to 20 percent a year.

"The hotels have come up with some very good bargain packages, which means we can have a very good season indeed," Mr Robert said.

He bases his reasoning on the fact that many South Africans who would normally take their holidays abroad have cancelled their plans because of the weakness of the rand, and have instead settled for a local holiday.

"There were huge campaigns overseas for South African tours, but they turned sour on us because people decided it would be unsafe to come to Cape Town after reading the unrest reports. It's a pity — we would have made a killing."

However, Mr Robert said there was sufficient evidence to show an encouraging trend for the Cape. For instance, hotel bookings in October were 40 percent up on October last year.

Rock bottom

Mr Otto Stehlik, managing director of Protea Hotels and Inns, said he did not expect the pressure on Cape Town hotels to be as high as in previous years because of the decline in the number of foreign visitors.

"Basically, all our hotels are nearing the fully-booked mark, with about 2 500 packages taken for the season, a third of them in Cape Town — which represents 30 000 bed nights."

Rock-bottom prices have been the major attraction, with rooms going at R19,50 a person a night.

"With two people sharing for a week we will still make a reasonable income and bring back the family hotel holidays as we used to know them," Mr Stehlik said.

Waiting list

Mr Chris de Kock, regional manager for the Cape and Free State of Southern Suns, said his group had experienced a tremendous drop in foreign visitors because of group cancellations.

The number of foreign visitors is nowhere near that of last year, but for all that the hotels were doing well, with one already opening a waiting list and another 90 percent full.

A vigorous advertising campaign and favourable holiday package deals which were being offered had contributed tremendously in combating adverse publicity.

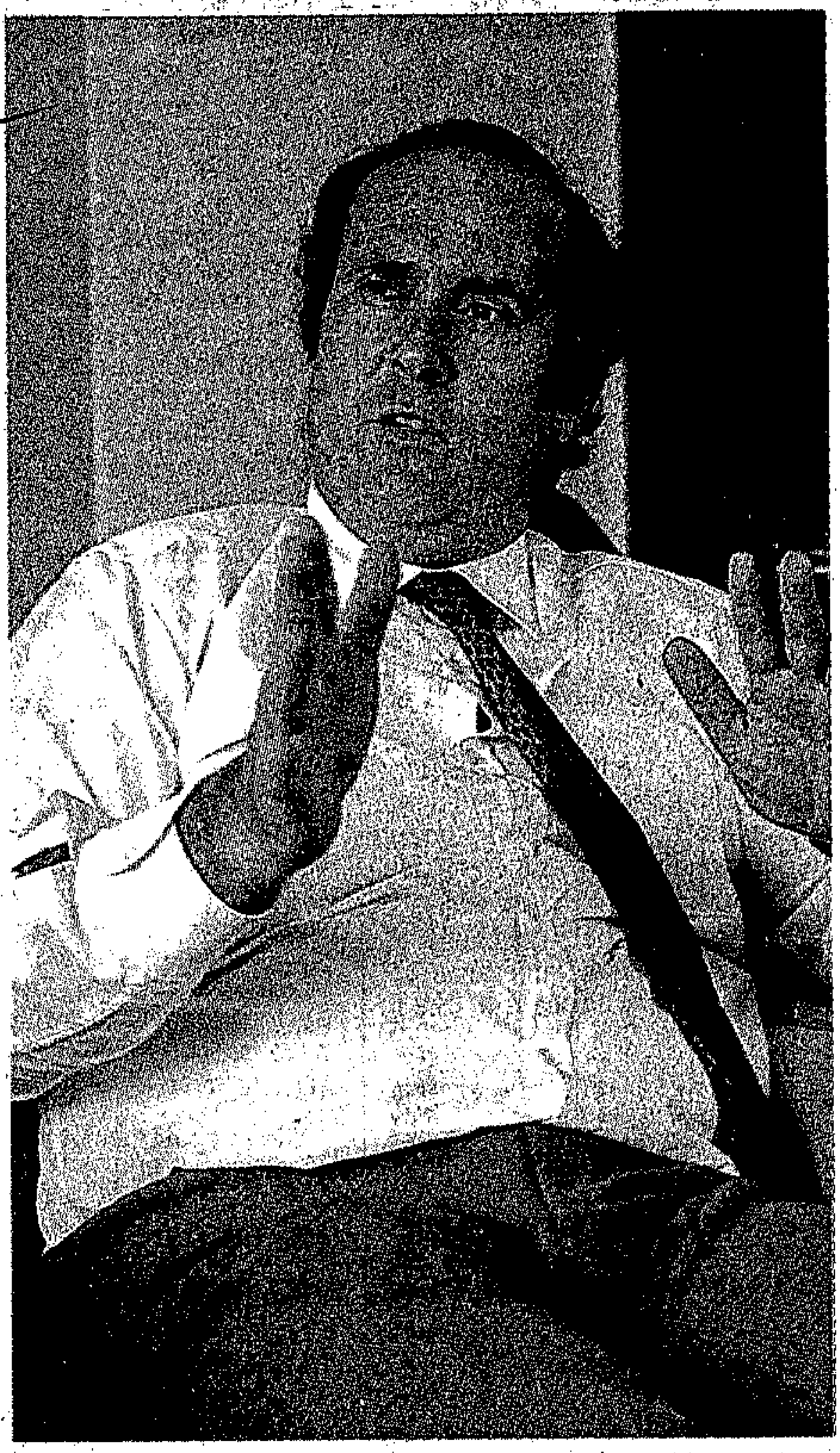
"People are actually over the moon with what we are offering. Where in the world can you get five-star accommodation for $20 a day? Our advertising is certainly paying off," Mr de Kock said.

BUSINESSMAN OF THE WEEK

When there's too much room at the inn

S/t Argus 23/11/85 288

STEPHEN ROBINSON



Mr Bruno Corte . . . pressing problem.

IN Bruno Corte's two brief years as managing director of Southern Sun there have been several important developments in the company's history.

First, there was the painstaking work involved in ensuring the smooth completion of the group's major project at present, the Johannesburg Sun, which opens in February next year.

Then he walked headlong into the worst recession anyone can remember in the the hotel industry, with bed occupancies at an all time low.

And then there was the acquisition of the Holiday Inn chain, which even for the giant Southern Sun group, will take some absorbing.

But the most pressing problem at present is the dismal room occupancy levels, and it was this problem which most pre-occupied Bruno Corte on his visit to Cape Town this week.

"The hotel industry, with its huge fixed labour and capital costs, is wholly dependent cash flow from the rooms."

"Although the company was much bigger this year, we still battled to break even on the bottom line, simply because our average occupancy rate has slipped to 55 percent."

Any one percentage point of occupacanncy over the 55 percent breakeven level earns the group between R1,5 — R2 million net profit; so, as Mr Corte remarked ruefully, had conditions been normal the group would have made a very handsome profit indeed.

The generally depressed picture is reflected equally throughout the country — with the Sandton Sun doing best of the groups assets, and the Cape Sun the next best performer.

Some analysts have questioned the wisdom of introducing yet another luxury hotel into the highly traded Johannesburg market, yet Mr Corte says he is convinced it will eventually prove to be a very sound investment.

"In 1983 you couldn't get a room in central Johannesburg. Maybe our first year will be slack, but once things pick up it will do very well for us."

"We believe the site is excellent, and we are very keen to be taking part in the process of bringing back some life to the centre of town.

"Although the hotel has not yet opened, we already see evidence of renenwal of the downtown area around our site."

Diplomatically, Mr Corte says he is perfectly happy with the standard of service offered by South African Airways.

"They have always been very accommodating when we have asked them for special deals; yes, the air fares are expensive, but I don't believe that is a major deterrent for people wanting to come to South Africa. They expect to pay more to come to such an exotic destination."

On one thing, however, he is quite certain — that one day southern Africa will become the most attractive and sought after tourist destination in the world.

Southern Sun will be looking to acquire interests in southern Africa to develop a fully integrated regional hotel network, and the recently acquired Holiday Inn franchise gives Southern Sun the regional rights as well.

But in the immediate future, Mr Corte predicts a period of consolidation for Southern Sun.

With new projects now working out at arond R150 000 a room, and most of the financial institutions already heavily invested in the hotel sector, he says there will not be much money around for grandiose projects.

"We will have to commit between R15 and R20 million to refurbishing the Holiday Inns over the next two or three years. Apart from that, we do not plan far-reaching changes to the chain, and management structure has been retained virtually intact."

"We will not be pushing the Holdiay Inns upmarket towards the four star category, because the two and three star hotel is the main growth area in the industry at present."

Cape Times 26/11/85

Black couple asked to leave City hotel

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Staff Reporter

A BLACK couple was asked, in front of about 100 people, to leave the Kings Hotel in Sea Point by one of the managers, who later said that in terms of the Liquor Act the hotel could not admit blacks.

The couple, who prefer not to be identified, said they had accepted an invitation to have drinks at the hotel from one of three black members of the five-piece band playing at the hotel.

While they were sitting at the bar counter, a manager approached and told them the hotel was for "whites only".

"At first we thought he was pulling our legs," the couple said afterwards.

Mr George Garrick, one of the two managers at the hotel, said that as the hotel did not have a five-star rating (it has one star), it could not admit blacks.

His partner, Swiss citizen Mr Martin Gunert, said the hotel did not allow blacks in terms of government policy.

TOURISM News 27/11/85 (288)

Recession hits city hotels

JOHANNESBURG. — Two-star hotels have been the most successful of the hotel grades in resisting the effects of the continuing recession, but five-star hotels are experiencing drops of at least 19 percent in room and bed occupancy and in real income.

Cape Town hotels had the greatest decline in real income, room occupancy and off-sales, and the second biggest decline in bed occupancy.

The results of a survey of monthly hotel ratios for September by the University of Pretoria's Bureau for Financial Analysis revealed that the decline in trading results which began in November 1981 is still continuing.

Out of 20 regions, only Natal South Coast hotels succeeded in increasing room occupancy in September, compared with September last year.

The Witwatersrand and Vaal Triangle regions fared the worst after Cape Town in room occupancy, with a decline of 19,4 percent.

In respect of real income, five-star hotels suffered a drop of 28,5 percent. The drop for other grades ranged between 22,3 percent for three-star hotels to 16,5 percent for two-star hotels.

Two-star hotels fared the best on room occupancy, with a decline of only 6,1 percent in September compared with September last year. Five-star hotels experienced a drop of 19,9 percent.

Bed occupancy dropped 23,5 percent in five-star hotels, but just 2,6 percent in two-star hotels. — Sapa.

Cape Times 30/11/85 (28)

5-star hotels faring worst in recession

Staff Reporter

FIVE-STAR hotels are having the toughest time resisting the economic recession while two-star hotels are having the greatest relative success.

This applies to both room and bed occupancy as well as to total real income, according to a survey of monthly hotel occupation ratios for September.

Conducted by the Bureau of Financial Analysis of the University of Pretoria, the survey reveals that the downward tendency in trading results which started in November 1981, is still continuing throughout the country.

Two-star hotels fared best with a decline in room occupancy of 6,1 percent while five-star hotels fared the worst with a drop of 19,9 percent in September in comparison with the same month last year.

In bed occupancy two-star hotels dropped 2,6 percent while for five-star hotels the decline was 23,5 percent.

The real income of five-star hotels dropped 28,5 percent in September this year in comparison with the corresponding month last year. The drop in real income for the other grades ranged between 22,3 percent for three-star hotel and 16,5 percent for two-star hotels.

The real income of City hotels declined by 28,1 percent, room occupancy by 24 percent, off-sales by 32,6 percent and the second biggest decline in bed occupancy of 22,6 percent.

The Natal South Coast increased its room occupancy while the Witwatersrand and Vaal Triangle fared the worst after Cape Town.

Relief sought for lower-graded hotels

288 12/12/85 BUS DAY

Industrial Staff

ABOUT 6% of one-star and two-star hotels in South Africa have gone out of business in the past five years, according to the Federated Hotel, Liquor and Catering Association (Fedhasa).

It said in a statement yesterday that it had asked government for comprehensive tax relief which could place many threatened hotels on a viable footing.

Fedhasa said one-star and two-star hotels comprised about 80% of the 1 300 graded hotels in the country and remained the backbone of the industry.

According to the statement, good Christmas bookings would help tide smaller hotels over until the proposed tax relief plan, a new grading system and the opening of hotels to all races came into effect.

Discounting suggestions that the hotels could survive on liquor sales alone, Fedhasa operations director Fred Thermann said latest hotel industry statistics showed one-star and two-star hotels had suffered declines in gross inflation-adjusted income of 19,9% and 16,5% respectively in September, compared with last year.

The Fedhasa statement said it had made submissions to the Margo Commission on taxation which, if accepted, would place one-star and two-star hotels on the same basis as five-star hotels for tax allowances.

US protest against SA Press

12/12/85 BUS DAY

WASHINGTON — A journalists'-rights committee, backed by the Newspaper Guild, yesterday gave SA diplomats petitions signed by hundreds of reporters protesting against Press restrictions in SA.

David Marash, chairman of the Committee to Protect Journalists, said: "We're here to protest specific restrictions on the rights of journalists in South Africa to practise their profession."

Marash, anchorman for Washington's WRC-TV evening news, led a delegation of six committee officials and supporters who presented the petitions, bearing 750 signatures, to SA Press officer Delarey van Tonder in the embassy. — Sapa-AP.

~~Services & Amenities - Accommodation, Liquor & catering General~~

Service Sector - Accom. liquor & catering General.

1986

RAIDS ON SHEBEENS

Sowetan 1/12/86 288

ALLEGATIONS of raids on shebeens and beatings by municipal police have been made in Atteridgeville, Pretoria.

Miss Margaret Seema said she was arrested and her liquor confiscated while celebrating her son's birthday recently. She said her friend was arrested and only freed after paying a R100 admission of guilt fine. Others who were arrested paid admission of guilt fines ranging from R30 to R100 each, she said.

Miss Seema said that one of the policemen warned her to report birthday parties at the superintendent's office in future.

"This is ridiculous and the whole thing is sickening," she fumed.

The local deputy mayor, Mr Victor Zobane, said that he had already received reports concerning the allegations against the police and said he was going to discuss them with Mr Chris de Wet, chief of the local municipal police.

Mr Zobane added that he was also planning a meeting with shebeen owners to discuss the issue.

Picture

Mrs SYLVIA MKWETSHANA, BProc, is congratulated by her proud children (from the left) SIBONGILE, THEMBA, NOXOLO and MANDLA. Noxolo, 14, and Mandla, 12, are still at school.

Training — but only for 'legit' shebeeners

Weekend Post Reporter

SHEBEEN owners in the Eastern Province will be going back to the classroom to learn the "ins and outs" of the liquor trade — but only if they are licensed.

The offer has been made by South African Breweries, who have already started training the staff of various liquor outlets in Port Elizabeth's northern areas.

Shebeeners in the region are, however, still not licensed and for the present the course is not available to them.

Mr Welcome Duru, chairman of the Port Elizabeth Taverners' Association, said he was pleased with the plan.

"It is a beautiful idea and I hope that the members of the association will be able to take part in the course when they get their licences. I am sure we will be able to learn a lot," he said.

The association's 900 members were becoming impatient because none of them had yet received licences.

Mr Duru said the situation in the townships had made it impossible for members of the special committee to inspect premises, as required by the authorities.

Those with licences in the Western Cape and other centres have already attended their first session in the "partners in profits" training programme.

SAB's Eastern Cape sales manager, Mr Conrad Rose, said staff of liquor outlets, who attended the first part of the course in a Korsten hotel recently, were given a lesson in marketing.

Each "pupil" received a certificate afterwards, and there were favourable comments about the course.

It would be continued next year, and if there are any local licensed shebeeners by then they would be allowed to attend

Mr Gary May, public affairs manager for the company's beer division, said many shebeen owners in the Transvaal and Cape Town, including some who were waiting for their licences to be processed, had recently attended the first part of the course.

The course deals with financial management, product knowledge, legal requirements and general management, which were presented on video with an expert in attendance.

6/12/86 W/E Post 288

HOTEL INDUSTRY 288

Not all bad

The hotel industry may be down (*FM* November 8), but it's certainly not out. The country's largest privately-owned hotel group, Karos Hotels, has just completed a R6m reconstruction of its prime Wilderness Hotel and is hoping to clinch deals in Durban and Port Elizabeth soon.

New acquisitions in East London and Bloemfontein are also on the cards.

While the major groups and four and five-star hotels are bleeding, Karos still boasts

Karos' Hurwitz ... bucking the trend

50%-55% occupancy throughout the chain for 1985. Taxed profits in the year to February 1986 will not be less than R1m in spite of the closure of two of the biggest money-spinners for a large part of the year.

"We have no illusions about the serious problems facing the hotel industry," says MD Selwin Hurwitz. "But we think we've hit on the formula for success in South Africa today."

To support his claim he points to the group's history of profits and the fact that shareholders' funds have been built up to more than R15m in six years.

However, the 15-year-old group is no stranger to adversity. It began when lawyer Hurwitz and two friends bought the 14-bedroom Northam Hotel in the western Transvaal, mainly for its off-sale liquor licence. Within three years the partners had three small country hotels, all in areas where government or semi-government development was proceeding or slated.

"Our policy was to concentrate on these areas and upgrade the hotels using the cash flow from the bottle stores," says Hurwitz. By 1978 the group had hotels in Northam, Vryheid, Richards Bay, Sishen, Ellisras and Hendrina.

But then, with the liberalisation of off-sales licence regulations and the realisation that competitors could sell liquor without maintaining hotels, the partners decided to change tack.

"We could see Sun International and Holiday Inns concentrating on higher grade hotels, and we detected a strong niche for metropolitan and tourist hotels in the two and three-star range which offered consistent standards and value for money," says group sales and marketing manager Barry Melamet. "This is the gap we went out to fill."

The bottle store licences were sold — the

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last two in Richards Bay went in December — and a policy decision was made to concentrate on two and three-star hotels in areas of high economic or tourist activity. It was also decided that every hotel would have a consistent standard and a minimum of extra charges.

"Now we have nine hotels, all in good positions, which can be marketed comprehensively," says Hurwitz. "Our confidence is based on the fact that we believe many more South Africans will take local holidays. We have also seen our business custom increase as companies have moved to two and three-star hotels as they try to contain their travel costs."

Karos has also ensured that all its hotels have conference facilities, which help to fill the mid-week troughs in resort areas.

Profitability was hit in 1985 when Maritzburg's Capital Towers was closed for five months for renovation and the Wilderness Hotel was out of operation for nine months after it was severely damaged by fire. Karos has also felt the pinch from the fall-off in foreign tourism.

But future prospects look good. "For the first time in the group's history all hotels are operational and all have been completely renovated," says Hurwitz. "And our debt ratios are well in line with acceptable financial standards." ■

W/e Argus 18/1/86

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KWV joins 'profiteering' protest

Wine price furore

SYBRAND MOSTERT
Weekend Argus Reporter

Restaurant operators have retaliated strongly to an attack on them this week for their "over-ambitious wine profiteering".

An article in the powerful KWV's publication Wynboer listed the high prices of wines in certain establishments compared with the wholesale prices. In some cases prfits were up to 400 percent.

But Mr Mike Kowensky, Fedhasa chairman for the Western Cape, retorted in an interview: "It's a lot of rot," he said. "Wine is one contributor to the gross layout of capital that an entrepeneur has to risk to make a profit. In any restaurant or hotel this includes the decor, food quality and service provided. The consumer wants packaging for the product, and this costs money.

"Unacceptable"

"A Fedhasa survey showed that the average mark-up throughout the country was 200 percent. I am surprised that hotels and restaurants have been able to maintain a reasonable mark-up if you look at the present inflationary environment and the tremendous rise of costs for refurbishment, maintenance and labour."

"I find it unacceptable to eat in a restaurant in which wine prices are out of proportion," says wine writer Godfrey de Bruin. "And I would call a reasonable mark-up one of 100 percent.

"The wine-loving diner goes to a restaurant primarily for the food, and the wine is but an additive. Therefore in price it should be a grace note."

But, says KWV's chief marketing exectutive, Mr Kobus van Niekerk, "KWV is concerned at the discrepancy between profit margins on different alcoholic beverages."

In a survey conducted by KWV last year, high markups were found on brandy, local liquers and higher quality wines "that prompted KWV to enter negotiations with Fedhasa (the Federated Hotel Association of South Africa) on attaining parity within the trade on prices charged."

"We have come to an agreement with Fedhasa in which we will constantly monitor prices as we find some profit margins — and the effect of this on the trade — most disturbing," Mr Van Niekerk said.

- In two experiments conducted last year, a hotelier found that charging "realistic" prices for wine had increased sales 16-fold and had brought him a full diningroom at virtually every sitting.

A popular restaurant, under new management, drastically reduced its profit margin on wine and sold 4 891 bottles in six weeks instead of the usual 1 269.

R1,5bn industry is stimulated by recession

BUS DAY 31/1/86

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ANNABELLE GORDON

CATERING is growing in importance as the industry expands and becomes more sophisticated ... and costly. Costs include not only equipment but rentals, labour, expertise and building expenses.

The Catering Association of SA (Casa) claims there are 1 344 hotels, 856 hospitals, 1 840 restaurants, 2 450 canteens, 7 325 fast food outlets, and 650 in near fast food chains.

The total annual catering spend is estimated at R1,5bn, with a breakdown of: hotels responsible for R111m, restaurants R115m, cafe and fast food independents R172m, shebeens R15m, canteens R295m and the mining industry R317m.

Expertise

Managements today realise good catering not only improves staff relations but that well-fed workers are more productive.

Improving quality while being cost-effective has become a science as well as an art — it requires expertise but professionalism is costly. Food consumption is a daily ongoing occurence that requires food to be constantly replaced hygienically, appetisingly and at a reasonable price.

Only experts can design food service operations which conform to all the incredible statutory requirements plus management needs. There have been profound changes during the past decade in new technology and higher standards. One needs not only a planned system, but service backup.

To have a cost effective unit, the food service operation should not be made up of *ad hoc* pieces of equipment that may not be compatible.

SA's biggest catering management specialist, Fedics, with about 25% of the market, spent in the region of R74m on provisions, fresh and tinned foods, meat, fish and equipment last year which gives an idea of size, considering this is one of several companies in the field. Fedics looks after industrial, commercial and institutional organisations serving up to 350 000 people three meals a day.

The US trend of eating out is rapidly becoming more popular in SA and there are significant changes already. There is a drive towards healthier, more natural organically grown food and a limit to the refining of foods — diet swings which are changing the ecological focus.

Fedhasa director of operations Fred Thierman believes industry training is an urgent necessity and to meet the need Fedhasa is introducing training on a modular basis. "Certification," he says, "is good for motivation.

"Spending is down due to the recession but discounting is not helping: service deteriorates and that is bad for the industry.

"The image of managers in this field has changed; people who had a flair for the business used to become food and beverage men. Imagine the expertise required by the F&B manager at the new Johannesburg Sun. He'll have a staff of probably 1 000 to control. Training is imperative today."

Thierman also cites shrinkage as a major area of concern.

"Shrinkage has become a worry as food costs are too high to suffer incorrect buying, food going off, miscalculating a menu or having an incompetent cashier who bills out incorrectly."

Detail

Peter Kruger, in-house chef at Vulcan, says machines cannot do everything thus one must be professional and that includes being able to attend to details. For instance, a drinking glass containing traces of soap or grease will cause a newly-poured beer to taste flat.

"It's the kind of incident," says Kruger," that will upset a beer drinker and cause dissension between himself and the caterer. That's a situation the industry can ill afford."

MPs refused at restaurant

BUS DAY 4/2/86 (288)

BARRY STREEK
Political Staff

A GROUP of coloured MPs — including two ministers in the House of Representatives — were refused service yesterday in the House of Assembly's "white" restaurant.

Among those understood to have been refused service were Minister of Local Government, Housing and Agriculture David Curry and Minister of Education and Culture Carter Ebrâhim.

The Labour Party held a special meeting about the incident last night and resolved to send a delegation to see the Speaker.

One of the MPs involved, Addo MP Peter Hendrickse, said: "What makes it even more shocking and disgraceful is the fact that I'm not prohibited by law from going there — I'm prohibited by my colleagues in the House of Assembly."

Hendrickse said the matter would be raised in the no-confidence debate in the House of Representatives today.

It is understood the decision to enter the restaurant was taken by the Labour Party caucus because it feels all apartheid measures should be scrapped immediately.

●Comment Page 6

Government is expected to change liquor laws

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Bus. Day 4/2/86

CHRIS CAIRNCROSS

GOVERNMENT is planning to introduce changes to the laws governing the sale and supply of liquor and the granting of liquor licences.

A Bill on the changes envisaged has been tabled in Parliament and is to be dealt with during the current session.

It follows an investigation carried out by the Liquor Board, which last year heard representations from the liquor and hotel trades.

The major reform proposed for the Liquor Act, and contained in the Bill, is to eliminate all differential and discriminatory measures based on race or sex.

This means that in future licencees will be able to decide for themselves who may use their premises and on what conditions.

The changes to the Act also place curbs on the often punitive role of the police in handling liquor controls. Currently they have the mandatory authority to seize liquor, vehicles and other goods under specific circumstances, and to dispose of them on their terms.

The amendment stipulates that the courts should handle the disposal of the seized goods and not the police or any other administrative authority.

Another change does away with the 9l restriction on the carrying of liquor into black areas.

Another legislative reform in the pipeline is the relaxation of a 1983 ruling limiting retail organisations to a maximum of 12 liquor outlets each.

5/2/88. BUS DAY (288)

Row hots up over whites-only restaurant for MPs

BARRY STREEK
Political Staff

THE ongoing row over the whites-only restaurant in Parliament escalated yesterday when Cabinet Minister Alan Hendrickse joined the defiance and the Labour Party said it would continue its campaign.

Progressive Federal Party frontbencher Horace van Rensburg said he would not eat in the canteen again "until such time as it has been opened for use for all Members of Parliament, irrespective of their race and colour".

In the House of Representatives yesterday, the refusal of service to Labour Party MPs was strongly condemned as an apartheid measure.

Speaker Johan Greeff met a deputation of Labour MPs and told them demonstrations would not be tolerated in Parliament.

He told Sapa after the meeting he had requested the MP's to put their case properly and he would submit it to the Committee on Standing Orders for consideration.

Greef said the dining-room was a facility provided for House of Assembly members.

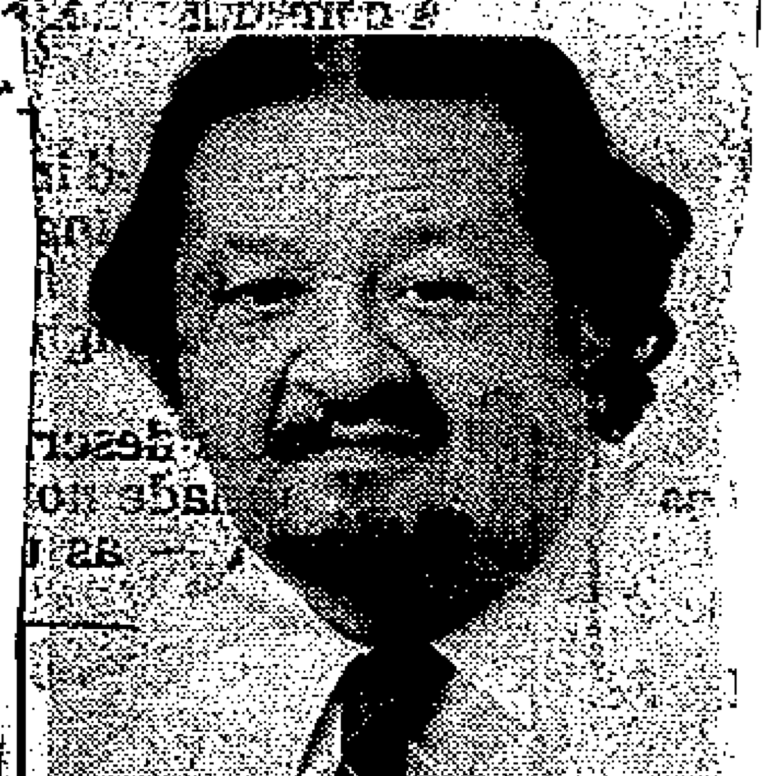
"Each and every House has their own dining room where the members can discuss matters without interference," he said.

"This policy was "never brought in for apartheid reasons or for reasons of colour. It is like a club where they are entitled to their privacy", Greef said.

At lunch-time yesterday Hendrickse, and two other ministers, Andrew Julies and Chris April, were among about 30 Labour MPs refused service in the dining room.

Van Rensburg said he had sat down with a member of the House of Representatives "and we proceeded to discuss matters relating to education in South Africa".

They had both ordered a meal but "the waiter only arrived with my meal."



● HENDRICKSE

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Liquor change 'good for hotels'

Staff Reporter ARGUS 11/2/86

LEGISLATION removing racial restrictions from licensed premises at the discretion of the licensee, will have a profound effect on the depressed hotel industry.

This is the opinion of Mr Mike Kovensky, chairman of the Federated Hotel, Liquor and Catering Association (Fedhasa) in the Cape.

He welcomed the Liquor Amendment Bill introduced in Parliament yesterday by the Minister of Trade and Industry, Dr Dawie de Villiers.

The Bill removes all discriminatory provisions from the Liquor Act — except allowing women into street bars.

It removes the "nine-litre law" restricting the amount of liquor allowed in black areas and provisions providing for seizure and forfeiture of goods.

Mr Kovensky said: "Hoteliers will be able to sell their facilities to a huge market which was previously out of reach."

Women will still be barred from "street bars", although the policy of the Liquor Board is to encourage hoteliers to convert these into ladies' bars with higher standards.

● See Page 4.

9, Letters 10, Racing 12 and 13, Sport 13 and 14, TV — Page 3

Will all bars serve women?

STAR 12/2/86 (288)

PARLIAMENT — Two questions remained in the wake of the Government's decision to allow people of all races to be served liquor on licensed premises: Whether hotels would be free to accommodate any guests they wanted to, and whether women could be served liquor at any hotel, **Mr Mike Tarr (PFP, Pietermaritzburg South)** said yesterday.

Speaking in the Second Reading debate on the Liquor Amendment Bill, Mr Tarr said the PFP supported the Bill, the main purpose of which was to remove any reference to race from the Liquor Act.

People had been able to apply for permits to serve liquor at racially mixed functions but had not been able to dance together. "No doubt when people are allowed to drink together they will now also be allowed to dance together," he said. — Sapa.

New, cheaper hotels on the way

13/2/86 STAR

(288)

Proposed far-reaching changes to the hotel grading system which will open the way to new, less expensive classes of hotels — including bed-and-breakfast only establishments — are to be gazetted tomorrow.

A team of Tourism Board officials is already visiting various centres under the auspices of the Federated Hotel, Liquor of Catering Association (Fedhasa) to introduce the proposals.

The changes to the Hotel Act would widen the choice, introducing the cheap bed-and-breakfast "garni" type and the tavern or "pub" establishment.

This would enable hotels to meet market needs as opposed to providing unviable facilities to obtain a grading.

13/2/86.
Bus DAY
(288)

Old grading system might go

Major changes await hoteliers

Industrial Staff

FAR-REACHING changes to the hotel-grading system should be gazetted tomorrow, says a spokesman for the Federated Hotel, Liquor & Catering Association (Fedhasa).

He says the changes will open the way to new, less-expensive classes of hotels, including bed-and-breakfast-only establishments.

A team of Tourism Board officials is currently visiting tourist centres to introduce the proposals to hoteliers and other interested parties.

The proposals, which require changes to the Hotels Act, should revolutionise the hotel industry, says the Fedhasa spokesman.

Widening choices to include cheap bed-and-breakfast establishments and taverns, similar to those found in Europe, will allow hoteliers to meet market needs rather than be locked into providing costly facilities to obtain a grading.

Fedhasa operations director Fred Thermann says: "If the proposals are accepted by Parliament, virtually any facility related to the hotel and tourism industry can become accredited by the Tourism Board."

This would be dependent, however, on its capacity to meet certain basic minimum standards of cleanliness and state of repair, he says.

A two-tier system will operate — accreditation for facilities such as petrol stations, taverns and bed-and-breakfast establishments, and the more conventional graded hotel.

The definition of hotel will alter to cover those establishments that draw at least 75% of their bed occupancies from tourists.

The grading system itself will become more flexible.

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Advertising 1832

'Greatest breakthrough in 25 years'

18/2/86 BUSDAY

(288)

New hope for struggling hotels

LINDA ENSOR

MANY one-star hotels are likely to become taverns if the gazetted amendment to the Hotels Act becomes law.

The proposed changes provide for the registration of pub/taverns and *garni* hotels. Garni hotels — common in Europe — offer only bed and breakfast.

The provisions would not apply to new establishments.

Federated Hotel, Liquor and Catering Association of SA (Fedhasa) director of operations Fred Thermann said the Hotel Amendment Act, if promulgated, would be "the greatest breakthrough in the hotel industry in 25 years".

He added: "The changes would make the hotel industry healthier and cost-effective. They provide for cheaper accommodation with a high standard of hygiene and cleanliness but without the luxuries of graded hotels."

Fedhasa president Stan Hoffman predicted about 500 uneconomic one-star hotels would, if given the choice, opt to become taverns.

Licensed taverns would not be obliged to provide meals and could operate purely as pubs if their owners decided not to open the rooms, said Hoffman.

The proposed amendment also extends the definition of an hotel to include garni hotels. These would not be licensed and would be able to offer low-cost accommodation because they would not be required to comply with the stringent conditions laid down for graded hotels.

In terms of the proposals, hotels would be able to decide whether to provide two or three meals a day, depending on their grading and specific business needs. Residential hotels would no longer be registered as hotels.

The amendments were gazetted so that interested persons could comment on them before they are submitted to Parliament. The closing date for representations to the Department of Environment Affairs is March 31.

POLITICAL REPORT

Bill 'will lead to scrapping Group Areas Act'

Right wing slams removal of Liquor Act race clauses

STAR 9/2/86 288

Political Staff

PARLIAMENT — The right-wing parties in the House of Assembly have clashed with the Government on the issue of opening hotels and restaurants to people of all races.

Speakers of the Conservative Party and the Herstigte Nasionale Party accused the Government of being illogical in still adhering to its policy of racial separation in schools and residential areas.

They predicted that the removal of racial provisions in the Liquor Act would lead to further pressures on the Government for scrapping laws such as the Group Areas Act and the Separate Amenities Act.

The clashes occurred during yesterday's second-reading debate on the Liquor Amendment Bill.

Mr Louis Stofberg (HNP, Sasolburg) reacted sharply to an argument from **Mr G J Malherbe (NP, Wellington)** that discriminatory laws could stir up hatred among black people against the whites.

"How does he explain the fact that schools remain closed to other races? Will this not also cause hatred among the black people?" Mr Stofberg asked.

Both the CP and the HNP opposed the second reading of the Bill. The other opposition parties (the PFP and the NRP) voted on the side of the Government in a division.

Earlier, **Mr Tian van der Merwe (PFP, Green Point)** said the Bill brought to an end a "painful" episode in South African history.

Racism in the Liquor Act had caused "endless international embarrassment" for South Africa and had damaged race relations.

Replying to the debate, the Minister of Trade and Industry, **Dr Dawie de Villiers**, said the existing Liquor Act was being reviewed in its entirety.

"Times have changed, circumstances have changed, and a general revision has become necessary."

Dr de Villiers said the "enemy" of South Africa was not contact between people, but a lack of contact.

"If absolute separation is enforced and contact is avoided, it leads to suspicion and resentment."

The Afrikaner was strong enough to maintain himself in his own community life without laws "around every corner" for his protection.

The Bill would promote good group relations in South Africa.

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STAR 24/1/86

Bookings hit 11-year low

Times keep getting tougher for hotels

Pretoria Bureau

For South Africa's hotel industry 1985 showed the worst turnover in 11 years. Even December and its holidaymakers brought no relief.

According to figures from Pretoria's Bureau for Financial Analysis, in the past 49 months — the period since November 1981 — hotels have shown a successive decline in trade.

Hotels' total real income in December 1985 was 21,5 percent lower than in the same month in 1984.

One-star hotels were relatively better off, with only a 15,9 percent decline in real income in December while five-star hotels took a drop of 23,9 percent in the same period.

Reduced bookings

Last year, bookings dropped to their lowest level in 11 years.

The average occupancies were 53 percent and 42 percent respectively, compared with the previous lowest levels of 59 percent and 46 percent in 1984.

This meant that, in 1984, 9 million room-nights and 18 million bed-nights went unsold.

Only two out of the country's 20 regions — the Drakensberg and East London — showed increases in room occupancy during December last year and even those increases were less than 6 percent.

Worst-hit regions

Among the regions where hotels showed the greatest decline in 1985 were the Witwatersrand and Vaal Triangle where trade dropped by 28 percent compared with the previous year.

R125-m Sun was planned during boom in industry

By Sue Dobson

One of the world's most modern hotels, the R125-million Johannesburg Sun and Towers, opened at the beginning of the month in the worst conditions the South African hotel industry has known.

The Sun has received a restrained welcome from other Johannesburg hotels, whose occupancy rates are being hammered by the effects of the economic downturn and the state of emergency.

The Sun was planned three years ago during a "boom period" for the hotel industry, when foreign tourists were streaming into the country.

However, marketing director of Southern Sun Mr Bruce Hutchison is confident the new hotel will do well and that it has features that will give it an edge over its competitors.

REVITALISE CBD

"We never envisaged the current political unrest or the recession but we are confident that this hotel will revitalise the CBD," Mr Hutchison said.

The Sun's closest competitor in the five-star bracket is the Carlton Hotel.

The hotel's marketing director, Mr Allan Edgar said: "Although we see the Sun as a competitior we do not believe that it will affect our business adversely — the Carlton is 14 years old and we have an established clientele."

Sales manager for Protea Hotels and Inns, Mr Barry Hurter, said that Johannesburg's new hotel could not really be seen as a competitior to hotels in the group as it was geared towards a different market.

Mr Fred Thermann, a spokesman of the Federated Hotel, Liquor and Catering Association said: "We are confident that state of the hotel industry will improve soon and that South Africa will again be a popular tourist spot."

1986, certain parent bodies do not enjoy official recognition; if so, (a) which bodies do enjoy such recognition and (b) what criteria are used in granting recognition;

(2) whether any applications by parent bodies for recognition have been refused by his Department or any provincial education departments; if so, (a) which parent bodies are involved and (b)(i) when and (ii) for what reasons were their applications refused;

(3) whether he has granted interviews to any parent bodies not enjoying official recognition; if so, (a) to which bodies and (b) when;

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

†The MINISTER OF EDUCATION AND CULTURE:

(1) Yes, the ordinance of the Transvaal Education Department already makes provision for the recognition of parent bodies and official recognition has been given to the Transvaalse Afrikaanse Ouervereniging. The request for recognition recently received from the Transvaal English Parents' Association is under consideration. The Department of Education and Culture has not yet given official recognition to parents' associations and has accordingly not yet formulated criteria. If necessary the co-ordination of criteria for the provinces will be considered at a later stage;

(2) no, all the provincial education departments are already considering the recognition of parents' associations and consultation is under way with a view to final resolutions when the legislative basis for such recognition has been established;

(3) yes;

(a) the English Speaking Parents' Association and OFS Afrikaanse Ouervereniging;

(b) on 17 February 1986 and 6 August 1985 respectively; and

(4) no, the matter will be further dealt with if Act 39 of 1967 is amended appropriately.

Mr R M BURROWS: Mr Speaker, arising from the hon the Minister's reply, the hon the Minister will be aware of the fact that there are contradictory provisions being applied by the various directors of education in the different provinces as far as the recognition or non-recognition of parents' associations is concerned. I should like to ask the hon the Minister whether he does not consider now to be the time when he should set up express guidelines for the provinces for the recognition of parents' associations.

†The MINISTER: Mr Speaker, the hon member is aware of the fact that until 1 April the recognition of parents' associations depends on the discretion of the different education departments. It is possible that the different education departments have set different strandards for the recognition of such parents' associations, and I am aware of this. However, after 1 April the situation will change. I agree with the hon member that it is absolutely essential that we investigate the question of the recognition of parents' associations because according to the Government's White Paper and also pursuant to the De Lange Report it is important that we do give the necessary recognition to parents' associations so that they can achieve the necessary participation. As I also indicated in the reply to the hon member's question, we will give attention to this at a more convenient time.

Mr R M BURROWS: Mr Speaker, arising further from the hon the Minister's reply, I should like to point out that both Act 39 of 1967 and the Government's White Paper on education give express recognition to a parental function in advising on changes in the educational structure in South Africa. The hon the Minister will be aware of the fact that all four provinces are at the moment concerned with changes in the structure of

education, particularly pertaining to the education council. How is it then possible that a parents' body can advise if it has not been recognised? The hon the Minister seems to be suggesting that parents' associations will only be recognised after 1 April.

†The MINISTER: Mr Speaker, the members of the parents' associations have the opportunity to put their case, either at the education departments concerned or to me. They could have had an interview with me, as my reply very clearly indicated. Some parents' associations which up to now have not had recognition have applied for an interview with me, which I have granted. We have listened to these people.

For written reply:

General Affairs:

4/3/86 -

Small Business Development Corporation

HANSARD GCOL 317

13. Dr W J SNYMAN asked the Minister of Trade and Industry:†

(1) Whether his Department (a) has received any representations on and/or (b) has been informed of irregularities which have allegedly occurred in the vicinity of Amanzimtoti in connection with the claim for removal costs of the Small Business Development Corporation; if so, what is the nature of the alleged irregularities;

(2) whether his Department intends taking any steps in this connection; if not, why not; if so, what steps?

The MINISTER OF TRADE AND INDUSTRY:

(1) (a) and (b) No. The Small Business Development Corporation has not effected any removals in the vicinity of Amanzimtoti and is also not aware of any irregularities regarding alleged removals or claims.

(2) Falls away.

HANSARD GCOL 318

National Liquor Board

4/3/86 288

163. Mr D J N MALCOMESS asked the Minister of Trade and Industry:

What was the cost of operating the National Liquor Board in the latest specified year for which figures are available?

The MINISTER OF TRADE AND INDUSTRY:

R756 700 during the 1984/85 financial year.

Labour Relations Act

HANS. G.COL 318

168. Mr D J N MALCOMESS asked the Minister of Manpower:

4/3/86

(1) How many (a) strikes as defined in section 65 of the Labour Relations Act, No 28 of 1956, and (b) discontinuances of work reportable in terms of section 65A of the said Act took place in 1985;

(2) how many (a) prosecutions were instituted and (b) convictions were obtained in that year in respect of contraventions in terms of section 65 of the above-mentioned Act;

(3) how many (a)(i) recognition and (ii) other agreements have been filed with his Department in terms of section 31A of this Act since 1 September 1984 and (b) *status quo* orders in terms of section 43 of the Act were (i) granted and (ii) refused by the Industrial Court in 1984 and 1985, respectively?

The MINISTER OF MANPOWER:

(1) (a) 346.

(b) 390 [including the figure specified under (a)].

(2) (a) and (b) The Labour Relations Act, 1956, does not require that the Department of Manpower must be informed of prosecutions in terms of section 65

Central computerised accounting system

*16. Mr D J N MALCOMESS asked the Minister of Transport Affairs:

(1) Whether the South African Transport Services introduced a central computerised accounting system for the invoicing and payment of goods traffic; if so, when was it introduced;

(2) whether this system was introduced as a result of a project known as Marius;

(3) whether any money has been lost as a result of the implementation of this accounting system; if so, what is the estimated loss;

(4) whether this system is to be replaced or upgraded; if not, why not; if so, when?

†The MINISTER OF TRANSPORT AFFAIRS:

(1) No.

(2), (3) and (4) Fall away.

HANSARD 11/3/86

Events in Cradock: report

QCOL 455

*17. Mr D J N MALCOMESS asked the Minister of Law and Order:

(1) Whether, during the first half of 1985, he or any member of the South African Police received a report concerning events in Cradock from any member of the Official Opposition in the House of Assembly; if so,

(2) whether any affidavits were attached to this report; if so,

(3) whether the police in Cradock have questioned any of the persons who signed affidavits attached to this report; if so, (a) when and (b) why;

(4) whether the police have requested or required any of these persons to sign statements regarding incidents mentioned in this report; if so, why?

The MINISTER OF LAW AND ORDER:

(1) Yes.

(2) Yes.

(3) Yes.

(a) From 11 March 1985 up to the present.

(b) To investigate allegations against members of the security forces.

(4) Yes, in order to fully and comprehensively investigate the allegations.

Mr D J N MALCOMESS: Mr Speaker, arising out of the hon the Minister's reply, can he tell me whether as a result of these investigations any cases have as yet been referred to the Attorney-General of the Cape?

The MINISTER: I am sorry, I do not know off-hand.

HANSARD 11/3/86

Occupation by non-qualified persons: restrictions

QCOL 456 288

*18. Mr R M BURROWS asked the Minister of Constitutional Development and Planning:

Whether any restrictions are placed on the occupation by non-qualified persons and (a) university residences, (b) school hostels, (c) licensed hotels, (d) non-licensed hotels, (e) boarding houses and (f) time-sharing facilities; if so, in terms of which statutory provisions in each case?

†The DEPUTY MINISTER OF CONSTITUTIONAL DEVELOPMENT AND PLANNING:

(a) Yes, the Group Areas Act, 1966;

(b) Yes, the Group Areas Act, 1966;

(c) Yes, the Liquor Act, No 87 of 1977, and for periods in total more than ninety days in any calender year, also the Group Areas Act, 1966;

(d) Yes, the Group Areas Act, 1966;

(e) Yes, the Group Areas Act, 1966; and

(f) Yes, the Group Areas Act, 1966.

Pedagogically neglected children

*19. Mr R M BURROWS asked the Minister of National Health and Population Development:

(1) Whether, with reference to his reply to Question No 37 on 12 March 1985, his Department has finalised the appropriate regulations relating to schools for pedagogically neglected children; if not, (a) why not and (b) when is it anticipated that these regulations will be finalised; if so,

(2) whether these regulations have been promulgated; if so, when; if not, (a) why not and (b) when is it anticipated that they will be promulgated?

The MINISTER OF NATIONAL HEALTH AND POPULATION DEVELOPMENT:

(1) No.

(a) The reason for the delay is due to a request by a large number of welfare organisations to again scrutinise the revised draft regulations.

(b) As soon as possible.

(2) Falls away.

QCOL 457

Advertisements

HANSARD 11/3/86

*20. Mr L F STOFBERG asked the Minister of Foreign Affairs:†

(1) Whether the advertisements which recently appeared in South African publications in the form of signed statements by the State President and to which the Deputy Minister of Information referred in his reply to Question No 37 on 18 February 1986, have appeared in foreign publications as well; if so, (a) to what extent is his Department involved in this, (b) in what foreign publications did the advertisements appear and (c) what is the total cost of the planning, composition and publication thereof;

(2) whether the advertisements were directed at certain target groups; if so, at what target groups;

(3) whether his Department itself handled the advertising in this connection; if not, (a) why not, (b) by which agency was the advertising handled and (c) what amount has been or will be paid to this agency for its services?

†The DEPUTY MINISTER OF FOREIGN AFFAIRS:

(1) Yes.

(a) The Department of Foreign Affairs, through its missions abroad, arranged for the publication of similar advertisements based on the State President's address of 31 January 1986, in newspapers in France, Germany, Italy and Australia.

(b) Le Figaro; Suddeutsche Zeitung; Corriere della Sera; The Australian and Financial Review.

(c) R145 768.

(2) Yes. The advertisements were directed at the middle income groups which include also policy and opinion makers in those countries.

(3) No.

(a) It is normal practice that advertising agents are employed abroad for the preparation of advertisements which are placed in overseas newspapers, because of the time factor, problems with translations and other technical aspects. However, some newspapers and magazines handle the preparation of advertisements themselves.

FIN MAIL 28/2/86

PROTEA HOTELS (288)

Going for growth

Paradoxical it may be, but Protea Hotels has created a new division to run its expansion programme at a time when performance appears to indicate a substantial contraction would better suit market conditions.

MD Otto Stehlik accepts that 90% of SA's 1 350 graded hotels are losing money. Cape hotels in particular have just had a disastrous season. Cancellations from Johannesburg are exceeding 50% of bookings and overseas tourism has, essentially, evaporated with the unrest.

No-shows were running at the highest levels yet reported, according to Fedhasa's chairman in the western Cape, Mike Kovensky, and numerous bookings were cut short after arrival. Many tourists stayed only for what they considered to be the period covered by their deposits in the apparently erroneous belief that this is acceptable. Legal opinion, however, has it that the booking is a contract which can be and often is (depending on circumstances) enforced by the hotelier — a kind of don't-fly-now-but-pay-later anyway, justified by hoteliers on grounds that nothing is more perishable than an unused bed night.

The Protea group, made up of 29 hotels, is a long way off its target of 50 units by June. Former marketing director and head of the new expansion division, Theo Behrens, maintains rather unconvincingly, however, that growth is on schedule with six or seven new deals under negotiation.

Behrens says he's convinced the industry has passed its low point. "I think the crisis is over, although we are not returning to normal as fast as we'd like."

He is positioning the group for recovery by concentrating the search for new additions to the chain on areas where industrial and commercial development is expected to take place and, of course, on remaining spots believed to have good potential for tourist development.

Present difficulties notwithstanding, Behrens sees enormous scope for the future of tourism in SA, predicting the need for a tripling of tourism facilities by the not-so-distant end of the century. ■

Signs of pick-up in hotel industry

288

Industrial Staff

3 DAY 7/3/86

FIRST glimmerings of improvement in the hotel industry are appearing, the Federated Hotel, Liquor and Catering Association of SA (Fedhasa) reports.

"It may be too early to make firm predictions, but it would seem that the worst could be over," says operations director Fred Thermann. "We hope we are seeing the start of a climb back to some semblance of improved occupancy."

The hotel, restaurant and catering sector has just been through its toughest year in more than a decade, with unsold room-nights for the year topping the 9-million mark on a national basis.

Inflation-adjusted gross income for December slumped 21,5%. Gross income in the Vaal Triangle fell 30,1%, in the OFS 31,2% and in the Cape Town area 29,5%.

"With figures like these, it's surprising we've lost only about 6% of our hotels to liquidations and rationalisation," he says.

But Thermann adds: "Those that have survived the recession have never been better run, with the lowest possible overheads and maximum productivity. When the good times return, the hotel industry will be one of the most efficient sectors in SA, provided the lessons of the recession aren't forgotten."

Thermann warns that hoteliers and restaurateurs may soon be forced to increase prices. "Imported foods have rocketed in price and wholesalers have not been shy to pass on price rises."

BDAY 25/3/86.

No joy for hoteliers

S288

LINDA ENSOR

HOTELS continued to suffer a decline in inflation-adjusted real income in January.

Fred Thermann, operations director for the Federated Hotel, Liquor and Catering Association (Fedhasa), said figures showed tourist hotels had been worst hit.

The declines in real income in January, compared to January 1985, were "mighty big", Thermann said.

One-star hotels fared best with a 19,8% decline.

Real income of two-star hotels declined by 23,1%, of three-star hotels by 26,5%, of four-star hotels by 30,6% and of five-star hotels by 28,8%.

Overall room occupancies declined by 15,1%.

Natal — excluding Durban — was down 32,5%, with the South Coast showing a 32,2% decline.

Drinks data to be dropped

27/6/86 BUS DAY

288

Business Day Reporter

OFF-SALES turnover figures will be omitted from the monthly survey of hotel trading results by the University of Pretoria's Bureau of Financial Analysis.

The Tourism Board believes their inclusion gives a wrong picture of the hotel business.

The survey was also distorted, it says, because off-sales play an unimportant role in the total income of higher-grade hotels but an overwhelming role in the results of lower-grade hotels.

Excluding off-sale figures will also make possible a more equitable comparison between SA and overseas hotels which do not include off-sales in their statistics.

City hoteliers welcome end to race bars

288

Staff Reporter ARGUS 9/4/86

CAPE Town hoteliers have welcomed changes to the Liquor Act as a boost to the industry, especially for the lower-graded hotels, and said they would apply them as soon as possible.

But many said there would be little change in practice because the law only regularised what had been happening for years.

One manager, who did not want to be named, said: "There will be occasional problems because you will be mixing liquor and prejudice but we are used to problems in the hotel industry and we'll deal with them as we always do."

Mr Gerald Waight, owner of the unlicensed, one-star Carnaby Hotel in Sea Point, said the moves were welcome and would increase trade.

The owner of the popular student pub, the Pig 'n Whistle, Mr Bertie Chait, said the changes would have no effect on his business.

"BEST MOVE"

He said: "We are in a student environment and have never been racially oriented. The changes shouldn't make any difference to the way we operate."

Mr Paul Manfred Gumms, general manager of Claridges in Sea Point, said the changes were one of the best moves for a long time.

Manager of Garbo's restaurant, Mr Gerhard van Aswegen, said it would make little difference to their operation.

"We have been allowing people in previously and it was always a case of whether the person was presentable or not," he said.

● The Government has scrapped race restrictions in hotels, restaurants and accommodation establishments. Legislation amending the Liquor Act of 1977 was promulgated in the Government Gazette of April 2.

12/4/86 BUSDAY (288)

Hotel profits wiped out as foreign tourists steer well clear of SA

GERALD REILLY

THE bottom fell out of the hotel business last year.

Central Statistical Services' figures show aggregate profits of R59,5m in 1984 crashing to a R1,7m loss.

Pretoria University hotel-watcher Professor Aad Zevenbergen predicts even worse to come.

"Bed occupancy throughout the industry for the first two months of the year is down to 80% on last year's low figure," he says.

Federated Hotel Association of Southern Africa operations director Fred Thermann says CSS figures are not surprising.

Foreign tourism plunged by 80% last year compared with 1984, due mainly to cancellation of tours from North America, Europe and South America.

"This was in spite of the outstanding value for money available to foreign tourists because of the depressed rand. Tourists should be flooding into SA," Thermann says.

He adds: "Reason for the decline is the perception that the country is in the grip of turmoil and violence."

Thermann says four- and five-star hotels were hardest hit.

CSS figures show that tax paid by hotels last year fell by 22,2% compared with 1984.

Thermann says recent liquor law changes, which eliminate discrimination in the hotel sector, will bring no spectacular results in the short term but will pay off in the long run.

Thermann expects little or no improvemnt this year though a campaign has been lauched by the Tourism Board to stimulate the local market.

Thermann adds another reason for the drastic deterioration in profitability was the fact that travel by businessmen was severely curtailed because of the recession.

Zevenbergen, Bureau for Financial Analysis head, says there have been few hotel liquidations in the past year.

"Hotels in severe difficulties are normally sold and new owners or groups take over."

Women penetrate last retreat

288 By Jackie Unwin

The scrapping of discrimination in hotels, bars, restaurants and accommodation has been welcomed by most hotels, but could ring a death knell for men-only public bars.

Mr Stanley Hoffmann, president of Fedhasa (the Federated Hotel, Liquor and Catering Association) said "in terms of the Act there is no discrimination. Bars are open to all races and both sexes. But I don't know whether a women would want to go into some of the men's bars."

He said hotels and restaurants had to have legitimate reasons to refuse admission. "You have to behave improperly or be improperly dressed," he said.

"It may take a little time to settle down. Society, as is the norm, regulates itself through its own social and group pressures."

He said clubs were governed by their own constitutions.

Most hotel managements were enthusiastic about the opening to all races.

But when told discrimination against women had also been scrapped and they could not be barred from men-only bars, Mr Michael Miller, general manager of the Quirinale Hotel, laughed and said he had not realised that.

10/4/86

"That will cause fun and games. Some of the men who come to our men's bar say it's the only way they can get away from their wives.

Mr Joe da Costa, owner of the Richmond Hotel in Roodepoort, said: "We are happy to serve anybody as long as they are well dressed and well behaved. The opening to all races will be good for business."

He supported the opening of public bars to women. "There are women who want to have a drink and play darts and if they want to come into the men's bar they are welcome."

Mr Guido Hans, manager of Kyalami Ranch Hotel, said "I think it is a positive move towards the hotel industry especially in the bad times we are suffering."

Mr T J Ruttimann, managing director of the Rosebank Hotel, said "We are very pleased. Our organisation was already international, so it will not make much difference to us. It is a step in the right direction."

Mrs Carol Gates, of the Alberton Hotel, said "We have been multiracial for quite a while and we have never had any problems in the past."

Mr Errol Fellows, manager of the Astra Hotel, Birnam, said: "It's about bloody time."

Hotel apartheid alive and well in Jo'burg

10/4/86 STAR (288)

By Rich Mkhondo and Claire Robertson

Few Johannesburg hotels seem to have heard of the Government's hush-hush scrapping of race restrictions in hotels, bars, restaurants and accommodation establishments by a promulgation in the Government Gazette this week.

Admitting black people is now subject to normal rights of admission — but still not widespread. It would have made little difference if they had, for the hotels that denied two *Star* reporters service last night did not do so on the grounds that one of us was black.

They had "nothing against blacks personally, but ... ", or the bar had "just closed" as we sat down.

In the first we visited, the Cardiff Hotel near Joubert Park, we were stopped at the door by the concierge who asked where we were going.

After a confused explanation of the amending of the pertinent section of the Liquor Act — not helped by his weariness, our trepidation and hissing from passing patrons — he told us the bar and advertised "dancing nightly" were upstairs.

Upstairs we were again stopped, by what appeared to be a bouncer, but who claimed to be the manager.

He told us we could not enter the pub because "the police had told him not to allow blacks entry" after a "bad fight last week".

While he insisted to the white half of the team, ignoring Rich's questions, that the fight had involved only black patrons, several burly men appeared at his side. They alternately stared at us, and exchanged comments with a growing band at the pub entrance.

"She must be colour-blind," opined a woman to guffaws from the crowd.

We left more than a little intimidated. Shouted obscenities followed us. The bouncer had been adamant — he had nothing against black people, but their prescence in his pub led to fighting. He knew nothing, and cared less, about the new law.

BAR CLOSED

The next bar lounge, in the Hotel Monte Carlo in Claim Street, was a quiet place with few (white) late-night drinkers. We sat down at 10.50 pm. Five minutes later a waiter approached to tell us the bar was now closed. It closed at 11 pm, he told us with a grin.

A middle-aged man who heard the exchange promised to get us drinks but by then the bar really had closed.

Downstairs we asked if a black-white couple could get a room in the hotel. "If there is a room, no problem," said the desk clerk. Unfortunately they were booked solid that night.

Thirsty and dispirited, we arrived at the Rand International Hotel in Bree Street. This 18-year-old hotel acquired "international status" four years ago and we anticipated no problems.

In the comfortable bar we were served, along with a 50 percent-black clientele — a haven until a Portuguese regular called a Zambian hotel guest a "bobbejaan" and stalked out.

"I am not from here, I am from a proud country," the Zambian called after him.

A tiff over a (black) woman, said our barstool neighbours. "One too many," said the unflappable and charming barman.

"Nkosiyami (My God), he called you 'bobbejaan'," another customer said, head in hands.

The (white) man next to him patted him on the shoulder: "Please, forget it. Let me buy you a drink."

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Hoteliers hit at liquor price hike

The latest liquor wholesale price increase is "once again a case of the little guy being hammered by the big guy," according to Mr Mike Kovensky, chairman of the Federated Hotel, Liquor and Catering Association's (Fedhasa) liquor committee.

The latest increases are eight percent for wines and five percent for spirits. Whisky, however, dropped in price by 10 percent.

Mr Kovensky said liquor retailers and hoteliers were dismayed by the price increases shortly after Easter, only eight weeks after previous increases.

They were announced by the Cape Wine and Spirit Institute, described by Mr Kovensky as a "cartel" of producers and wholesalers.

He said: "I find it impossible to believe the Cape Wine and Spirit Institute got its figures so wrong eight weeks ago that unforeseen circumstances made it necessary to raise prices again, particularly with a petrol price decrease in the offing."

W/Argus 19/4/86 288

The dilemma of lifting race bars in country hotels

By LINDA PIETERSEN
Weekend Argus Reporter

CONFUSION reigned in many small-town hotels this week when quizzed on whether they were multiracial following the recent scrapping of race restrictions in hotels and restaurants.

The Garden Route still sports some racial diehards who refuse to open their accommodation to "people of colour".

And many receptionists have opinions that differ from those of their managers.

"No," said a Mossel Bay hotel receptionist, "the manager prefers whites only."

But the irate manager said his receptionist was "talking nonsense" and that the hotel was multiracial.

A hotel manager in Caledon said the "right of admission" ruling would be applied if anybody "undesirable" caused trouble at the hotel. "But that goes for any race group," she said. "If people are of the same standard of living they can get along socially."

A Hermanus hotel receptionist admitted not really knowing what the situation was at the hotel. "The owner will know but he is not available," he said.

Conservative patrons seemed to be the biggest problem for a Paarl hotelier, who said he catered for both whites and non-whites but kept all facilities separate.

"Strange times"

"I've been gearing myself for this moment," he said, "but we are living in strange times.

"When members of one race enter a 'separated' bar there is always trouble."

Other hotel owners believed they had no option but to go multiracial.

"Nobody can not be multiracial," said a Stellenbosch hotel manager. "We can't go against the law."

Said another: "We have to be colour blind now."

Mr Mike Kovensky, Western Cape chairman of the Federated Hotel, Liqour and Catering Association (Fedhasa), said hotels had for many years been agitating for change and the move had been welcomed by city hoteliers.

"I don't think Fedhasa can recommend common sense to people but I'm sure most members welcome the change."

According to Mr Fran Swarbreck, executive director of the Catering, Tearoom and Restaurants Association (Catra), there are no laws dictating to tearoom and cafe owners regarding racial segregation.

"It is entirely up to each individual," he said, "although there sometimes is polarisation towards one ethnic group."

The Argus, Fr
ARGUS 25/4/86 (189) (288)

Liquor on Sundays: Hotels want laws changed

The Argus Correspondent

DURBAN. — Major changes in the liquor laws, which will allow for Sunday serving of liquor in hotels and restaurants without meals having to be taken, have been requested by the Federation of Hotel Associations of South Africa, which represents hotels throughout the country.

An executive director, Mr F Thermann, said today that an application for these changes had been made to the Liquor Board, but that the matter was *sub judice*.

"Naturally we would like to see trading hours on Sunday extended," he said. "At the moment it is impossible for a tourist, for example, to have a drink at a hotel if he is not staying there or is not having a meal.

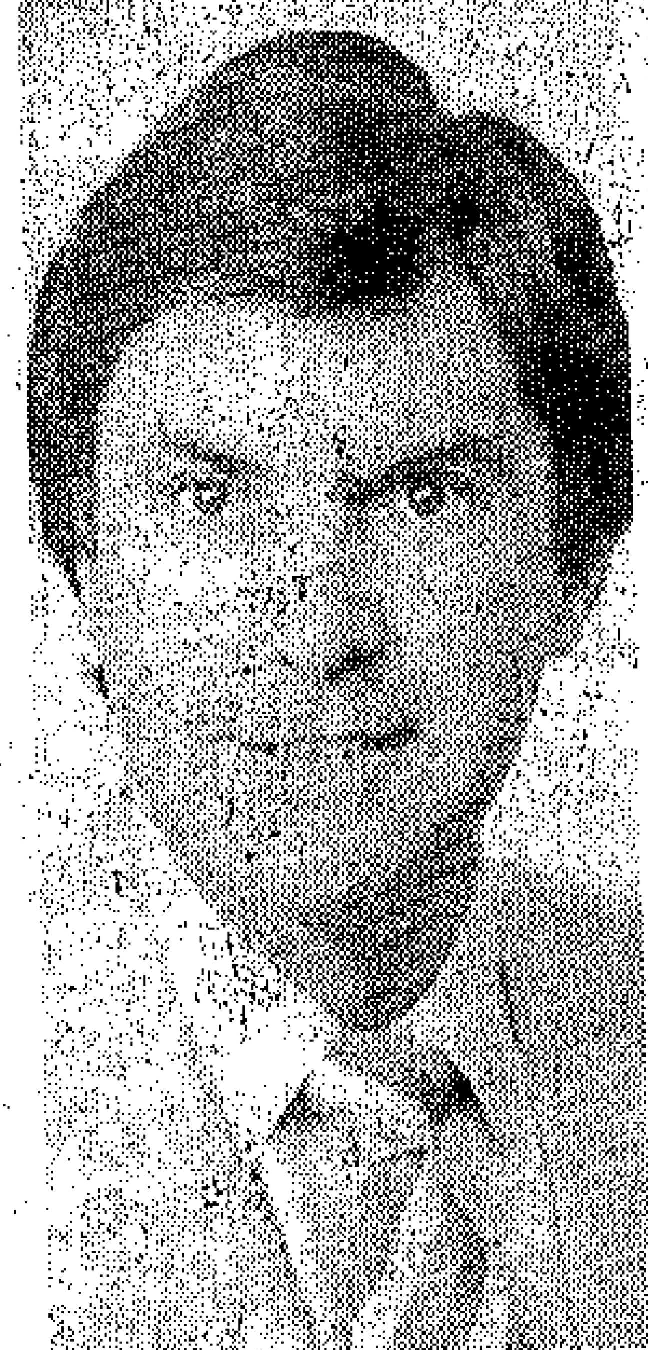
"We have not asked for public bars to be opened, but if it is a hot summer day and the customer feels like a cold beer or glass of wine, we feel this should be allowed.

"At the moment that is not possible and tourists cannot understand why, so we would like some changes here."

Mr Thermann said that hopefully the changes requested by Fedhasa could come into affect in 1987 or 1988, but in the meanwhile the changes that had been made, such as allowing all races to drink in public bars, had made an enormous difference.

According to a another source in the industry, it is also hoped that wine-tasting, which has been taboo at retail outlets, is also expected to be allowed now.

These new developments follow the scrapping of legislation which discriminated on a racial basis, so it is now no longer illegal for races to mix while drinking.



Theo Rudman, managing director of Business Dynamics (Pty), has been appointed chairman of the Southern African Society of Training and Development (SASTD) Cape region.

Recession hits Southern Sun — pay 3c dividend

CAPE TIMES 6/5/86

288

JOHANNESBURG. — Southern Sun has been hard-hit by the recession and the fall in the number of foreign tourists.

The preliminary report shows that it achieved earnings of only R3,1m in its past financial year, and the dividend has fallen to 3c a share compared with 32c last year.

The directors said the adverse economic and socio-political environment has led to "a sharp deterioration in trading conditions within the hotel industry," and average room occupancies at 48% are at the lowest level achieved in 11 years.

Occupancy

The traditional increase in occupancy expected in the second half of the year did not materialize due to the very poor summer tourist season and a collapse of foreign tourism.

The group achieved average annual occupancies of 54% compared with 65% for the previous year.

The decrease in the level of full-rate transient business and high volume conventions led to a decline in margins which was partially offset by savings resulting from stringent cost control measures.

Following a cash injection on January 2 of R48,5m from the sale of the group's 50% interest in Renhil Properties, the level of interest paid declined significantly in the last quarter of the year.

Earnings

The dividend receipts from both Sun International and Southern Sun Timesharing improved, but retained earnings of associated companies declined, in part due to the performance of TFC Tours, hampered by the effect of the weak rand on outbound tours and reduced local travel.

In March 1986, the first tranche of non-redeemable nil coupon preference shares in a subsidiary were issued in part satisfaction of the purchase consideration of the 800-roomed Johannesburg Sun and Towers building, which became fully operational on March 1, 1986.

Additional preference shares will be issued in satisfaction of the balance of the purchase price, estimated at R24,2m.

Critical factor

The directors said room occupancies are a critical factor in the determination of profitability in the hotel industry and there is currently no evidence to suggest that present levels will improve significantly in the coming year.

In addition, the high starting-up costs of the group's new ventures are expected to impact negatively, particularly in the first six months of the year.

However, continued emphasis on cost control and a full year's rationalization benefits from the Holiday Inn acquisition, should result in an improvement in the earnings for the year as a whole. — Sapa

Business Mercury

Hotel occupancy rate at lowest level in 11 years

288 Mercury 6/5/86

JOHANNESBURG—The continuing adverse economic and socio-political environment has led to a sharp deterioration in trading conditions within the hotel industry and average room occupancies at 48 percent are at the lowest level achieved in 11 years, Southern Sun says in its preliminary report.

The traditional increase in occupancy expected in the second half of the year did not materialise, due to the very poor summer tourist season and a collapse of foreign tourism, said Southern Sun.

The group achieved average annual occupancies of 54 percent as compared to 65 percent for the previous year. The decrease in the level of full-rate transient business and high volume conventions led to a decline in margins, which was partially offset by savings resulting from stringent cost control measures.

Following a cash injection on January 2 of R48,5 million from the sale of the group's 50 percent interest in Renhil Properties, the level of interest paid declined significantly in the last quarter of the year.

The dividend receipts from both Sun International and Southern Sun Timesharing improved, but retained earnings of associated companies declined, in part due to the performance of TFC Tours, hampered by the effect of the weak rand on outbound tours and reduced local travel.

After the deferred taxation credit, which arose as a result of claimable hotel allowances, the group achieved earnings of R3,1 million for the year.

In accordance with its policy of distributing 70 percent of attributable earnings by way of dividend, the board has declared a dividend of 3 cents per share which compares with 32 cents declared in the previous year.

The gearing ratio at 31 March 1986 of only 23 percent represents an extremely sound position.

During March 1986 the first tranche of non-redeemable nil coupon preference shares in a subsidiary were issued in part satisfaction of the purchase consideration of the 800-roomed Johannesburg Sun and Towers building which became fully operational on 1 March 1986.

Pref shares

Additional preference shares will be issued in satisfaction of the balance of the purchase price, estimated at R24,2m.

Room occupancies are a critical factor in the determination of profitability in the hotel industry and there is currently no evidence to suggest that present levels will improve significantly during the coming year.

In addition, the high starting-up costs of the group's new ventures are expected to impact negatively, particularly during the first six months of the year. However, continued emphasis on cost control and a full year's rationalisation benefits from the Holiday Inn acquisition, should result in an improvement in the earnings for the year as a whole. — (Sapa)

HOTEL INDUSTRY 2 8/8 11/4/86

Selling abroad FIN MAIL

Bankorp's Protea Hotels and Inns chain has gone offshore in the increasingly difficult and frustrating search for bed-night occupants. The net is to be cast wider on the home front as well.

Offices have been established in Frankfurt and Stratford-upon-Avon to develop new business and increase its market share of visitors from Germany and the UK, says MD Otto Stehlik, who is particularly impressed with the potential of the German market. About 90% of Germans expect to improve their financial position this year, against 7,6% who expect to be poorer, notes Stehlik. The logical implication is more travel to more distant and exotic locations.

SA is, of course, dead as a destination for overseas package tours, but all is not lost. Stehlik cites figures indicating that two-thirds of German holidaymakers prefer individual vacations. Since SA is now cheaper than Kenya, he is counting on value for money to stem last year's 5%-7% decline in European visitors. Protea already has 32% of the German market to SA, according to Stehlik. It is too early to gauge the success of the Frankfurt office, but the UK operation, now in its second month, has achieved about 500 bed-nights a month from a virtually nil base.

Obviously SA's worrisome politics remain a big turnoff everywhere, and Stehlik believes only government can rectify that one. He maintains there is no other reason why SA should not compare with the Caribbean, where tourist growth has been double the world average since 1981. Last year the Caribbean had 8,1m holiday visitors (600 000 from Germany) who spent about $5 billion and created 300 000 jobs. SA had 100 000 visitors.

"Until such time as our government manages to project a more favourable image of our country, we will just have to watch other Third World destinations creaming off the tourist market with inferior hotels, unfriendly service, rip-off prices and fly-by-night marketing techniques," he complains.

What is bad for the foreign market, however, could be at least partly compensated for by the locals who are only too well aware that the rand is worth nothing abroad. It can still buy a good stay-in-SA holiday. This is evidently taking the industry back to its roots with greater emphasis on scenic attractions for the domestic market as opposed to business and conference turnover.

Black tourism is in. Stehlik reckons most of the down-star establishments probably owe their survival now to clientele they could not accept until recently. He accepts that blacks already comprise almost half the domestic tourist market, and this is expected to grow to more than two-thirds by the end of the century. The changing market mix does not require dramatic changes, only careful application of the trend to quality for money.

Protea's expansion programme has not been curtailed. The chain now has 35 hotels and another 15 are expected by mid-year. Some 80% of its members were in trouble before signing on with Protea, but Stehlik says most are now trading profitably and he expects Protea itself (which is essentially a marketing and administration franchiser) to earn about R500 000 this year. ■

FIN MAIL 9/5/86 (288)

BRIGHTER BED COUNT

Cape Town hotel occupancies are moving against the national trend with a significant, if largely inexplicable, improvement, particularly at higher star levels.

The Cape Festival provided a boost and the extra session in August of the enlarged tri-cameral parliament is another bonus. Even overseas tourists are beginning to trickle back, says Fedhasa Cape regional chairman Mike Kovensky. He reckons April/May occupancies are about 15%-18% better than the corresponding period last year. In rand terms, growth would be slightly less because of intense competition.

Kovensky thinks the previously bleak outlook has brightened because of an improvement in overseas perceptions of SA in general — a feeling that real reform without revolution is not just possible, but is actually taking place. Cape Town is one of the beneficiaries.

The tourism industry itself is providing helpful business in the city this month through Fedhasa's national conference and the SA Tourist Board Indaba, each hosting about 300 delegates and their wives.

Otto Stehlik, MD of Protea Hotels and Inns, says occupancies in the city averaged about 70% in February and March (compared with virtually 100% when overseas tours were still coming in). But Easter and the Cape Festival filled group hotels in April. Stehlik regards the leaner festival, which was limited to two key venues this year, as "a tremendous success."

Southern Sun regional GM Chris de Kock says business suddenly bloomed after a depressing January, and the improvement is being maintained.

The spin-off also appears to have helped the smaller hotels and pension-type accommodation. They report encouragingly high occupanices in April.

Last round for all-male pubs

288

ARGUS 9/5/86

Political Correspondent

ONE of the last male preserves, street bars, may be opened to women.

But it is not likely to happen until next year when legislation to amend the Act is due to come before Parliament.

The Liquor Act in general is being reviewed by the Liquor Board.

The street bars were originally closed to women for their protection.

In the '60s cocktail or ladies' bars, where women could drink with men, were introduced. Many of these have some dress restrictions.

When race barriers in hotels were recently lifted Mrs Helen Suzman, MP, raised the question of the sex barrier.

The Minister of Trade and Industries, Dr Dawie de Villiers, who handles liquor legislation, indicated that the matter could be considered in the review of the Liquor Act.

A spokesman for the department confirmed this today but said legislation to amend the Act would not be raised in Parliament before next year.

288 W/C ARGUS 10/5/86

Blacks charged higher prices at some SA hotels

Weekend Argus Correspondent

DURBAN. — Oil and water don't mix.

With this simple motto firmly tucked under his belt, a hotelier in Witbank has decided to "discourage" black patrons by charging them excessive prices.

And at several other hotels, fights have broken out between white and black customers since the Government's decision to abolish race discrimination in the hotel trade.

Triple

The owner of a one-star hotel in Witbank was reported this week to have said he would charge blacks exorbitant prices in order to discourage them.

The manager was not available for comment. But staff said he intended charging blacks who entered the bar or who wanted to stay at the hotel, "triple or more".

"No one can stop me charging what I like. I will not be rude to any of them, but oil and water do not mix," he is reported to have said.

And at Lydenburg black men were thrown out of a bar by locals who "were not interested" in the Government's announcement.

Welcome

It seems such attitudes are held only at one-star and two-star hotels, with more expensive establishments welcoming black patrons.

The manager of a three-star hotel in Witbank said he would welcome black customers, particularly as the hotel trade was in a serious slump.

"A guest is a guest, whatever his colour. This amendment is long overdue", the manager said.

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February worst month for a decade

Hotel industry's profits plunge

THE hotel industry's profits plunged by a massive R61,5m to an overall loss of R1,7m last year, compared with the previous year's aggregate profits of R59,5m, Central Statistical Services figures show.

And this downward slide continued in February with the worst room-occupancy rates in the decade, says Fred Thermann, executive director of operations of the Federated Hotel, Liquor and Catering Association (Fedhasa).

Room-occupancy figures showed a national decline of 14,9% compared with February 1985, while total inflation-adjusted real income dropped by 25,6%.

The Witwatersrand/Vaal Triangle was worst-hit, with income dropping by 40,9% an room occupancies by 32,9% over February 1985.

Garden Route hotels showed a decline of 28,9% in room occupancies and 39,5% in real income.

Room occupancies increased in some places like East London (6,1%), the Natal South Coast (4,3%) and the OFS (8,6%), while real income dropped (8,2%, 7,7% and 4,8% respectively), demonstrating, says Thermann, that "rooms are being given away at bargain prices".

Bar takings and "miscellaneous" were the only items showing increases for this period, namely 1,2% and 9,4% respectively.

Yet hoteliers and related sectors remain confident of a recovery and about 500 delegates are expected to attend Fedhasa's annual congress in Cape Town from May 18 to 23.

The congress will be opened by Minister of Trade and Industry Dawie de Villiers.

Cape Times 4/5/86 (288)

Beach report referred back

Municipal Reporter

THE Executive Committee of the City Council yesterday referred a report on pay beaches — which promises to be controversial — back to the Amenities and Health Committee.

No decision was taken at yesterday's Exco meeting on the report, which recommends that pay beaches be retained at Camps Bay and Milton Road tidal pools for one month during each summer season.

The Director of Civic Amenities, Mr Jack Kloppers, said he thought the experiment to charge admission fees and restrict numbers at beaches was "a success".

He said one "could not attach too much significance" to the outcome of a Camps Bay ratepayers referendum in which 62 percent of respondents voted against any beach restrictions.

Many voters had not been canvassed, he said, and besides many who used the pay beach were not from Camps Bay.

Mr Kloppers disclosed that 122 people had been arrested on beaches in the past season while 295 were fined, and a further 792 warned.

He recommended that the fenced area at Milton Road pool should be much smaller than it was last season, and that Mnandi and St James should not be pay beaches at all.

It was "imperative" to enforce maximum number quotas again at Saunders Rocks, Queens, Rocklands and St James beaches, he said. He recommended that dogs be banned from Bakoven beaches.

Mr Kloppers described the R2 admission fee at the Sea Point and Muizenberg Pavilion pools as "high", but he wanted the tariff retained in December and January.

He said he had received numerous complaints about the high admission fees. The fees had led to a reduction by almost half of the number of people at Muizenberg pool, which was used "almost exclusively by coloureds on weekends and public holidays".

At the Sea Point pool, which he said was also used "almost exclusively by coloureds on weekends", the R2 fee had led to a 34 percent reduction in admissions.

Mr Kloppers proposed that members of "recognized swimming clubs" should pay R5 a year to gain admission to pools.

413- BUSINESS EQUIPMENT INDUSTRY, CERTAIN AREAS

AREA A: Alberton, Bellville, Benoni, Boksburg, Brakpan, The Cape, Durban, Germiston, Goodwood, Inanda, Johannesburg, Kempton Park, Kimberley, Klerksdorp, Krugersdorp, Kuils River, Nigel, Oberholzer, Pietermaritzburg, Pinetown, Port Elizabeth, Pretoria, Randburg, Randfontein, Roodepoort, Simonstown, Springs, Westonaria, Wonderboom, Wynberg; Municipal Areas: Bloemfontein, Paarl, Sasolburg, Uitenhage,
Vanderbijlpark, Vereeniging, Welkom, and Witbank,

AREA B East London. Municipal Areas: Bethlehem, Ermelo, George, Grahamstown, Kroonstad, Ladysmith, Middleburg (Tvl), Nelspruit, Newcastle, Oudtshoorn, Pietersburg, Potchefstroom, Rustenburg, Somerset West, Stellenbosch, Strand, Wellington, and Worcester;

AREA C Municipal Areas: Bethal, Dundee, Empangeni, Eshowe, Graaf-Reinet, King William's Town, Lichtenburg, Louis Trichardt, Parys, Phalaborwa, Port Shepstone, Queenstown, Standerton, Tzaneeen, Upington, Vredendal, Vryheid, and Zeerust;

Footnotes

1. Sunday Work - Shift workers rate for Sunday work is 1.33

VENTURES AK645 24/5/86

City hotel chain cuts prices by 45 percent

218

By TOM HOOD

AFTER plunging profits and occupancies throughout the hotel industry, the Cape-based Protea Hotels and Inns chain is slashing prices by as much as 45 percent.

The move follows the disclosure by Fedhasa that the industry had a R1,7 million loss last year after profits of R59,5 million in the previous year.

Occupancy in the Cape Peninsula in February was 33 percent lower than a year ago, according to Central Statistical Services figures.

Accommodation will cost as little as R19,50 a person in a number of hotels, said Protea's managing director, Mr Otto Stehlik, today.

At the three-star Ritz in Sea Point, for example, the rate for a couple drops from R74, breakfast excluded, to R39 (R19,50 a head), bringing a saving of R33.

The overnight rate at the five-star Heerengracht Hotel in Cape Town falls by R34 to R78, including a R9 breakfast.

"People can now stay at hotels at the same tariffs as four years ago," he said.

At a rate of R19,50 he claimed, Protea's hotels were still profitable.

The group had a very low capital base, most of the buildings had been written off and only the cost of refurbishing and maintenance needed to be recovered.

"With prices such as these we feel we are contributing significantly towards making the once-traditional hotel holiday possible again," he added.

Year of headaches for hotels

STAR 17/5/86

288

By Zenaide Vendeiro and Jackie Unwin

The hotel industry, after a year of the lowest bed occupancy for a decade, will tackle some of its problems at the annual congress of the Federated Hotel, Liquor and Catering Association (Fedhasa) in May.

About 500 delegates are expected at the congress, the theme of which will be "Management in a Competitive Era".

The congress, which will be opened by the Minister of Trade and Industry, Dr Dawie de Villiers, is to be held in Cape Town from May 18 to 23.

In the past year there were nine million unsold rooms and inflation-adjusted income was down 21,5 percent in December — normally a good month.

Central Statistical Services figures show average profits of R59,5 million in 1984 crashing to an overall loss of R1,7 million in 1985 — a turnaround of R61,2 million.

Congress organisers stress that there will be practical advice from top speakers to help industry members through what Fedhasa president Mr Stan Hoffmann described as "an extremely bad patch but not a disaster".

Mr Hoffmann added: "The industry is still showing a decline — it hasn't bottomed out yet."

The congress will address issues such as allegations of liquor distribution cartels, promotion of internal tourism, changes to the Hotels Act, the effects of the opening of hotels and related facilities to all races and the survival of small hotels.

1986

R150-m London backing for casino in Durban

388

Weekend Argus Correspondent

DURBAN. — A London-based company is prepared to invest R150-million in a casino-hotel complex in the city, according to the chairman of the Durban Publicity Association, Mr Ivan Dodd.

Although no finality has been reached on whether Durban will get a casino, Mr Dodd said that he had had talks with representative of a hotel-casino group which was interested.

"This is the first approach we have received and we have not looked at it yet. I have no doubts in my mind that if Durban is to get a casino, there will be no problem getting investors.

Project

"I met representatives of the company in London recently and we discussed the project," said Mr Dodd.

He said that local investors have not yet been approached, but he had no doubt that there were investors who would jump at the chance.

Mr Dodd expressed delight at the support the city was getting in its bid to get a casino as an added attraction.

He said that he was pleased that Assocom had backed the idea for a casino to be built in Durban.

Battle

"Half our battle has been won, now we have to take it further with the authorities," said Mr Dodd.

He said that when Sun City opened for the first time, it was estimated that people gambled away R10-million there.

"But now people are spending many hundreds of millions of rands a year gambling," said Mr Dodd.

CAPE TIMES 19/3/86

288

Change 'best hope for hotel industry'

By AUDREY D'ANGELO

SOME sections of the trade are already feeling the benefit of opening hotels to all races, the outgoing President of the Hotel, Liquor and Catering Association (Fedhasa), Stan Hoffman, said last night.

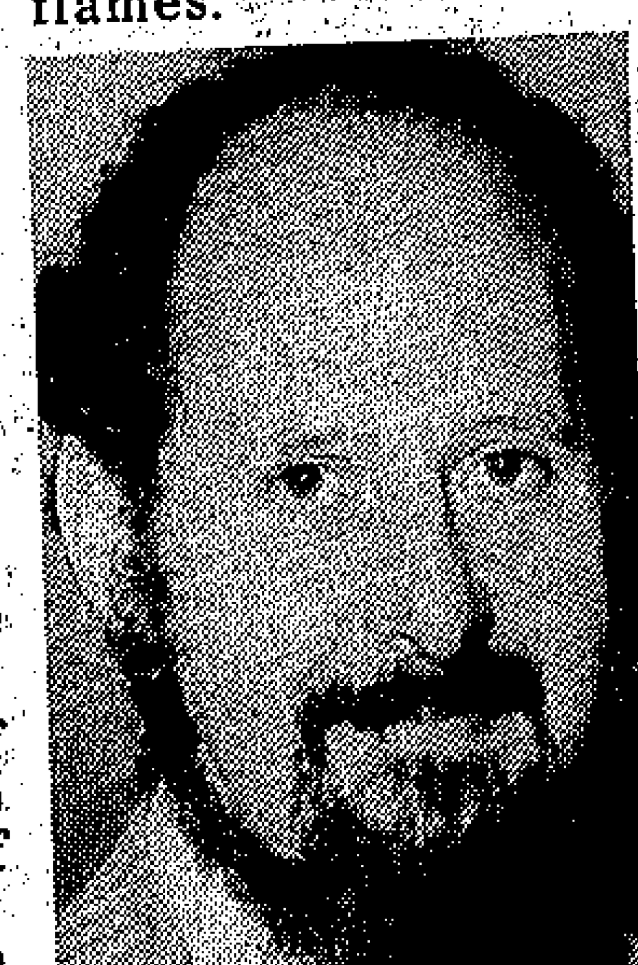
Both he and the president-elect, Mike Kovensky, thought this and the opening of bars to women would help the hard-pressed hotel industry in the coming season.

Interviewed at a reception to welcome delegates to the Fedhasa congress, which opens at the Cape Sun today, both men said they believed there would have to be a greater perception of change in this country to bring large numbers of overseas tourists back.

They said there was a need for a dramatic stroke to restore confidence and alter overseas perceptions of South Africa.

But Kovensky believed that even without this the right type of marketing could attract some Europeans in the middle income group — provided they were convinced there was no danger in coming to South Africa — and tourists with a sense of adventure.

He said the overseas mass media had given the impression that South Africa was in flames.



Mike Kovensky

He hoped word of mouth from businessmen and others well-informed about this country, who were continuing to come, would counteract this.

If they could be convinced there was no danger he believed medium-income European tourists who, because of the weak rand, would find themselves instantly affluent in South Africa could be attracted here.

"Most people are tempted by the promise of luxury," he said.

The world tourist market was so vast that even a small proportion attracted to South Africa by imaginative and innovative marketing could make a big difference to the hotel industry.

Kovensky praised the enterprise and efficiency shown by the hotel industry in offering innovative packages to attract the family man.

He said spending on conferences and seminars had started tailing off about a year ago and hotel chains which had previously concentrated on the business expense-account market were now switching their emphasis to family holidays.

He saw the opening of hotels to all races, although the individual hotelier had the right to refuse entry at his discretion, as a major source of growth.

He did not think many hoteliers would turn custom away.

Hoffman said he thought opening hotels to all races would benefit the industry and foresaw no problems.

He welcomed the prospect of most bars being opened to women because this would have a civilizing influence, improve the image of pubs and lead to an increase in custom.

Cape Times 20/5/86

288

Liquor Act 'too complex' – minister

By NEILL HURFORD

THE LIQUOR ACT is too complicated and more than two thirds of its 212 articles should be amended or scrapped, the Minister of Trade and Industry, Dawie de Villiers, said yesterday.

Opening the annual congress of the Federated Hotel, Liquor & Catering Association of SA (Fedhasa) in Cape Town, De Villiers said that the composition of the Liquor Board was among matters which would receive attention.

As an interim measure, it had been decided that members of other race groups would be represented on a regional basis.

He said one of the most important consequences of amendments already made to the Act was the opening of licenced liquor outlets to all race groups, with admission subject only to the common law right of the licencee.

As this would apply to all premises, amendments would also be made to Proclamation 17, promulgated in terms of the Group Areas Act.

Transition

"I am convinced that your members and their clients will manage this transition without any problems," he told delegates.

"It is my intention to delete all discriminating licensing conditions in terms of this authority.

"Consequently licensees will in future be in a position to make their own arrangements as regards admission as well as marketing of any product on their premises."

De Villiers said he believed South Africans were far more capable of sharing amenities in a responsible manner than was often predicted.

Among other changes, he announced that in future only the SA Tourism Board (Satour) would be responsible for the inspection of hotels.

The acquisition and retention of hotel liquor licences would now depend on the registration of the hotel with Satour.

He said that it had often been alleged that inspection by more than one authority had a frustrating effect on the industry.

The liquor trade and bona fide accommodation facilities would be separated and in future separate licences would be issued.

Kruger rands

JSE Closing

	Buyers	Sellers	Sales
1 oz	840	845	840
1/2 oz	415	425	415
1/4 oz	22000	—	22000
1/10 oz	8800	9000	9000

Cape Gold Coin Exchange

	Buyers	Sellers
1 oz	829	831
1/2 oz	420	425
1/4 oz	220	225
1/10 oz ..	85	90

Groenewald Gold Coins

	Buyers	Sellers
1 oz	843	847
1/2 oz	419	426
1/4 oz	212	223
1/10 oz ..	86	99

— Reuter

London stocks after hours: Blyvoors 490, Bracken 145, Driefontein $14\frac{11}{16}$, E Rand Prop $4\frac{9}{16}$, Freegold $9\frac{13}{16}$, Grootvlei $3\frac{7}{8}$, Harmony $9\frac{1}{8}$, Leslie Gold 133, Randfontein 720, SA Land Exp 150, Southvaal $28\frac{1}{2}$, Stilfontein $5\frac{15}{16}$, Venters $4\frac{13}{16}$, West Rand 253, Zandpan 60.

FIN MAIL 23/5/86

FEDHASA 288

Lifting bars

For those who fondly think of hotels as miniature communities, the rapid pace of legislative change affecting the troubled industry must be a morale booster.

The single penetrating message at the Federated Hotel, Liquor and Catering Association (Fedhasa) congress in Cape Town this week is that apartheid must go if the hotels are to survive, and there is nothing like perceptibly looming disaster to get action. Trade and Industry Minister Dawie de Villiers told the congress that about two-thirds of the 212 articles in the Liquor Act are to be amended to get rid of race aspects. Section 17 of the Group Areas Act (GAA) will be amended to accommodate the Liquor Act changes.

De Villiers noted that an anomaly was created by the Liquor Amendment Bill of 1986. It removed all race restrictions on liquor-licensed premises, but free use of restaurants and hotel facilities by casual guests has continued to be restricted by section 17 of the GAA.

He also announced that the Liquor Board will include blacks on a "regional" basis.

Referring to government's deregulation policy, De Villiers said discriminatory or differential conditions which were imposed by the former liquor licensing boards can now effectively be scrapped.

"It is my intention to delete all discriminatory licensing conditions in terms of this authority. Consequently, licensees will in future be in a position to make their own arrangements with regard to admission to their premises, as well as the marketing of any product on their premises. I believe South Africans are far more capable of sharing amenities in a responsible manner than is often predicted," he said.

Industry support

The industry, of course, has long accepted this view and Fedhasa president Stan Hoffman emphasised that any lingering vestiges of apartheid would also have to go if blacks were to be brought into the South African tourism mainstream. Without them, the industry could go into a steady decline, he maintained, reducing the country to a second-rate destination for overseas visitors as well.

Welcoming proposed revisions of the Hotels Act to allow for new classes of cheaper accommodation, Hoffman cautioned that not enough attention had been given to creating an efficient and profitable travel infrastructure. Examples: a network of motorway refreshment stations, such as those found in Europe, and the adaptation of bus, train and air travel facilities to carry greater volumes at less cost.

Certainly, the industry continues to feel the effects of the recession and the fall-off of international tourism. Bed occupancies in 1985 reached their lowest point in 11 years (18m unsold bed nights), according to Fedhasa touring committee chairman Theo Behrens. Inflation adjusted income in the industry for December 1985 was 21,5% lower than the same month in 1984, and overseas group travel has declined by about 80%.

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have annual turnover of some R250m, to increase market penetration.

Lubner stresses that existing outlets will sell other manufacturers' products in line with market demand. Sappi's Novobord products, for instance, will still be used in manufacturing and sold through retail outlets.

"Our manufacturing companies will not confine the distribution of products to the PG group," says Lubner. He points out that Bisonbord is unable to supply full market demand.

Lubner hopes to increase exports from about 2% of combined output to 10%-20% in the next couple of years.

He says the PGWI and Bisonbord plants are operating at about two-thirds capacity, but exports could increase this substantially. Exports are also seen as an essential factor in keeping prices down.

Lubner outlines the different strengths of the companies involved: "The Anglo organisation is very manufacturing orientated, while SA Breweries' Afcol concentrates more on manufacturing and distribution. PGWI, on the other hand, is a trader by history, and has strength in marketing and adding value,' he says. ■

Store liquor sales upset Fedhasa

STAR 23/5/86 288

About 200 hotels have been forced to shut down in the past few years — and another 500 to 600 could face the same fate unless the policy of freely issuing liquor licences is changed and the economy improves.

This was said by the president-elect of Fedhasa (Federated Hotel, Liquor and Catering Association), Mr Mike Kovensky, at the annual congress in Cape Town yesterday.

Mr Kovensky said grocers' liquor licences were being issued freely, while the retail sector was controlled by two monopolies — South African Breweries and the statutory KWV monopoly of wine and spirits.

He said hotels were trying to move away from dependence on liquor, but even with liquor sales, the industry in good economic times hardly showed excessive profits. A recent survey showed that the most efficient hotels were returning 6 percent profits, while many were running at a loss because of the vicious price wars backed by the producer/retailer and the chainstores, who were using liquor as a loss-leader.

Moreover, the ready availability of alcohol in grocers' stores undoubtedly led to abuse. In France, for example, where alcohol had been freely available, there had been an enormous alcoholism problem.

"It is interesting to note that the French authorities have seen fit to take corrective action, and no new licences for off-consumption have been issued since the late 1960s."

1(a)	(b)	(c)	2(a)		(b)
B L Dineni	Middelburg	intimidation	No	—	no nominations
T S Schalk	Middelburg (CP)	intimidation	No	—	no nominations
K W Ngoqo	Middelburg (CP)	intimidation	No	—	no nominations
B M Nombewu	Middelburg (CP)	intimidation	No	—	no nominations
W P Mato-lengwe	Middelburg (CP)	intimidation	No	—	no nominations
A Nguqa	Middelburg (CP)	intimidation	No	—	no nominations
T Cetyiwe	Middelburg (CP)	intimidation	No	—	no nominations
V N Noyi	Molteno	work conditions	No	—	no nominations
S Sihlangu	Molteno	personal	No	—	no nominations
J M Shiba	Molteno	pressured by inhabitants	No	—	no nominations
G F Vakala	Molteno	personal	No	—	no nominations
M Boyana	Mossel Bay	intimidation	No	—	no nominations
F Komani	Mossel Bay	intimidation	No	—	no nominations
J Mapisa	Mossel Bay	health	No	—	no nominations
W L Mnweba	Noupoort	intimidation	No	—	no nominations
R S Maseti	Noupoort	intimidation	No	—	no nominations
K N Qatana	Noupoort	intimidation	No	—	no nominations
E M T Ram-ncwana	Noupoort	intimidation	No	—	no nominations
M N Tshitshiba	Noupoort	intimidation	No	—	no nominations
L A Vinqi	Noupoort	intimidation	No	—	no nominations
S Zakhe	Noupoort	intimidation	No	—	no nominations
N G Bonga	Alicedale	intimidation	No	—	no nominations
N A Dyasi	Alicedale	intimidation	No	—	no nominations
S N Skepu	Alicedale	dangers	No	—	no nominations
T J Gwebani	Alicedale	intimidation	No	—	no nominations
R Mali	Pearston	intimidation	No	—	no nominations
E Malose	Pearston	intimidation	No	—	no nominations
S Kota	Pearston	intimidation	No	—	no nominations
J Nkumande	Pearston	intimidation	No	—	no nominations
M Gunguluza	Pearston	transferred	No	—	no nominations
A Ngqeza	Pearston	intimidation	No	—	no nominations
V L Makapela	Queenstown	personal	No	—	no nominations
W Yokwe	Queenstown	personal	No	—	no nominations
M N Ganya	Queenstown	personal	No	—	no nominations
I R Mdudu	Queenstown	personal	No	—	no nominations
M W Majikela	Queenstown	high age	No	—	no nominations
S G Madube-dube	Queenstown	personal	No	—	no nominations
R Nculu	Queenstown	unsatisfied with Development Board			
M J Tom	Richmond	intimidation	No	—	no nominations
J S Nkewana	Richmond	intimidation	No	—	no nominations
J V Jacobs	Richmond	intimidation	No	—	no nominations
B G Yekani	Richmond	intimidation	No	—	no nominations
K M Lester	Richmond	intimidation	No	—	no nominations
F V Yose	Somerset East	health	No	—	no nominations
T W August	Sterkstroom	intimidation	No	—	no nominations
F G Peteni	Sterkstroom	intimidation	No	—	no nominations
M J Moyakhe	Sterkstroom	high age	No	—	no nominations
M A Stoza	Sterkstroom	personal	No	—	no nominations

1(a)	1(b)	1(c)	2(a)		2(b)
T M Skweza	Sterkstroom	intimidation	No	—	no nominations
N P Makalima	Sterkstroom	intimidation	No	—	no nominations
J D Maneli	Steynsburg	intimidation	No	—	no nominations
M Meje	Steynsburg	personal	No	—	no nominations
K Bam	Steynsburg	intimidation	No	—	no nominations
N Miggels	Steytlerville	intimidation	No	—	no nominations
J M Golozana	Steytlerville	intimidation	No	—	no nominations
D Grootboom	Steytlerville	intimidation	No	—	no nominations
E Yantolo	Steytlerville	intimidation	No	—	no nominations
R E Mdlela	Tarkastad	work pressure	No	—	no nominations
D M Siqithi	Tarkastad	health	No	—	no nominations
R K Silinga	Tarkastad	intimidation	No	—	no nominations
E Malange	Tarkastad	intimidation	No	—	no nominations
J Vena	Tarkastad	intimidation	No	—	no nominations
N E Resha	Tarkastad	intimidation	No	—	no nominations
E Manong	Victoria West	intimidation	No	—	no nominations
H Majali	Victoria West	intimidation	No	—	no nominations
J Jacobs	Victoria West	intimidation	No	—	no nominations

(3) Yes.

(a) 18 Further vacancies still to be filled, exist at the following community councils and

(b) will be filled as soon as by-elections can be held:

One each at: Postmasburg, Carolina, Breyten, Jamestown, Middelburg (CP), Mossel Bay, East London and Alicedale.

Two at: Somerset East/Cookhouse and Steynsburg.

Six at: Stutterheim.

East Rand Development Board

HANSARD

919. Mr P G SOAL asked the Minister of Constitutional Development and Planning:

(a) How many persons in each specified township under the control of the East Rand Development Board applied to purchase houses in terms of the 99-year leasehold scheme in 1985 and (b) how many of these applications had been granted as at the latest specified date for which figures are available?

The MINISTER OF CONSTITUTIONAL DEVELOPMENT AND PLANNING:

(a)

Katlehong	769 persons
Tembisa	750 persons
KwaThema	155 persons
Daveyton	779 persons
Tokoza	32 persons
Duduza	102 persons
Vosloorus	232 persons
Ratanda	5 persons
Tsakane	137 persons
Wattville	14 persons
Refilwe	2 persons
	2 977 persons

(b) 2 977 applications to 31 January 1986.

Sorghum beer/liquor

HANSARD 288

928. Mr A SAVAGE asked the Minister of Constitutional Development and Planning:

What was the total turn-over in sales on trading account in respect of (a) sorghum beer, (b) liquor and (c) other specified items for the 1979-80 and 1984-85 financial years, respectively, in respect of each specified Development Board area?

The MINISTER OF CONSTITUTIONAL DEVELOPMENT AND PLANNING:

Development Board		Financial Year 1979-80 R	1984-85 R
Northern Transvaal	(a)	4 578 145	9 385 431
	(b)	1 469 550	3 924 800
	(c)	407 444	1 365 780
Eastern Transvaal	(a)	4 179 720	7 073 625
	(b)	1 395 408	2 382 106
	(c)	Nil	Nil
Central Transvaal	(a)	9 305 470	15 259 251
	(b)	9 021 785	3 946 189
	(c)	7 089 955	437 067
Western Transvaal	(a)	12 826 301	20 063 390
	(b)	9 482 604	7 377 559
	(c)	702 583	1 464 164
Western Cape	(a)	2 165 955	2 649 286
	(b)	8 325 325	16 147 605
	(c)	Nil	Nil
Highveld	(a)	9 266 524	15 562 716
	(b)	3 914 212	5 594 571
	(c)	Nil	Nil
Northern Cape	(a)	7 668 564	12 865 050
	(b)	2 840 655	3 133 079
	(c)	36 884	525 204
Orange-Vaal	(a)	6 560 815	9 604 727
	(b)	16 143 236	21 262 473
	(c)	Nil	Nil
Natalia	(a)	36 321 620	64 376 428
	(b)	3 503 565	3 406 208
	(c)	635 282	1 921 107
West-Rand	(a)	18 140 402	19 684 632
	(b)	30 589 120	32 631 621
	(c)	368 413	570 796
East Rand	(a)	12 910 739	25 854 765
	(b)	33 520 890	1 414 693
	(c)	Nil	Nil
East Cape	(a)	9 522 244	12 006 204
	(b)	14 014 802	20 527 393
	(c)	1 766 534	1 941 364
Southern O.F.S.	(a)	11 293 244	20 653 054
	(b)	7 866 234	8 562 927
	(c)	55 820	73 573

Community councils/local authorities

HANSARD

929. Mr A SAVAGE asked the Minister of Constitutional Development and Planning:

(1) What total amount was in the reserve funds of community councils and Black local authorities in each specified Development Board area for the 1979-80 and 1984-85 financial years, respectively;

(2) whether any portion of these reserve funds had been transferred to any Black local authorities as at the end of 1984-85 financial year; if not, why not; if so, what was the amount involved;

(3) whether any of these funds were transferred to meet deficits on any revenue accounts; if so, (a) what amounts and (b) when?

The MINISTER OF CONSTITUTIONAL DEVELOPMENT AND PLANNING:

(1) *Development Board*

Development Board	1979-80 R	1984-85 R
Northern Cape	1 702 139	2 571 089
Orange Vaal	3 982 546	8 400 094
Western Transvaal	2 008 283	2 052 468
Eastern Transvaal	1 305 725	3 476 298
Northern Transvaal	—	—
Southern OFS	5 800 636	12 139 660
East Cape	9 453 974	16 723 198
Western Cape	2 657 411	3 954 942
Central Transvaal	857 368	3 960 063
Highveld	3 517 894	6 196 073
Natalia	1 041 080	2 180 789
West Rand	27 982 042	62 948 237 (30/6/84)*
East Rand	20 078 533	6 670 046 (Excluding Tokoza. Not available.)

*Only the totals of the Reserve funds for Bekkersdal Community Council and Mohlakeng Town Council as at 30 June 1985 can be supplied and this mounted to R4 300 431.

(2) *Development Board*

Development Board		Amount R
Northern Cape	Yes	643 946
Orange Vaal	Yes	6 429 322
Western Transvaal	Yes	285 233
Eastern Transvaal	Yes	735 100
Northern Transvaal	—	—
Southern OFS	Yes	3 082 328
East Cape	Yes	5 541 369
Central Transvaal	Yes	2 566 756
Highveld	Yes	475 386
West Rand	Yes	55 435 232
East Rand	Yes	7 691 071
Natalia	No (Community Councils have not yet been vested with this function.)	

Cape Times 20/8/86

'Hotels survival depends on political solutions'

By AUDREY D'ANGELO

LIQUOR licensees should look for a go-ahead black partner to help them take advantage of new opportunities opening up for the trade, business consultant Colin Hall advised yesterday.

Speaking at the annual congress of the Federated Hotel, Liquor & Catering Association of SA (Fedhasa), Hall told licensees that white people would never be able to realize the enormous potential of the black consumer market if they selfishly tried to do so on their own.

Venture

They would be well advised to venture with a black partner, who might well be a shebeener now.

In his opening address to the congress, the retiring president of Fedhasa, Stan Hoffmann, said conditions in the past year had forced the industry to "adopt a survival at all costs stance."

Hoteliers had been obliged to retrench staff "resulting in high unemployment as well as the loss to the industry of highly skilled and semi-skilled workers."

Stan Hoffmann

This would be "at great cost to our industry in the long term."

There had also been a general cutback and postponement of hotel refurbishment programmes.

This had resulted in a gradual lowering of standards. Hoffmann feared that the industry as a whole would not be able to regain these standards because of a changed political and economic environment.

He thought the market place would demand a wider range of types of accommodation "offering as a baseline a lower standard of accommodation".

Discussing the short-term outlook, he said: "We as an industry cannot see at this stage any short-term upturn and, in fact, view 1987 prospects of such an upturn as poor.

Revival

"Economic revival is dependent upon political solutions being found."

Confidence could not be restored without these solutions and "economic revival is dependent upon the restoration of such confidence among the business community at large."

Hoffmann called for more consultation and negotiation with "the authorities that control our destinies" — particularly the Liquor Board, the SA Tourism Board, the Competition Board and the Department of Manpower — and major trading organizations to help the hotel industry survive.

Hotel industry experiences an eleven-year low

SMRL 26/5/86

288

Staff Reporter

The hotel industry had 18 million unsold bed nights last year — the lowest bed occupancy for 11 years.

In his report-back to the annual congress of the Federated Hotel, Liquor and Catering Association (Fedhasa), the chairman of the tourism committee, Mr Theo Behrens, said inflation-adjusted income in the industry for December 1985 was 21,5 percent lower than in the same period in 1984.

DECLINE OVERSEAS

He said the figures for the decline in overseas tourism were:

- Europe, down 11 percent.
- North America, down 14 percent.
- South America, down 21 percent.
- Australia, down 11 percent.
- Asia, down two percent.
- Middle East, down six percent.

Overseas group travel had declined by about 80 percent with October 1985, usually a popular tourism month, being described as "dead quiet".

Mr Behrens said it was fatal for the industry to stop marketing but unfortunately this had happened.

CMC 7045 29/5/86 280

Tongaat Foods buys Supervision Services

Own Correspondent

JOHANNESBURG. — Supervision Services, one of SA's largest industrial catering and contract cleaning groups, has become a wholly-owned subsidiary of Tongaat Foods.

Tongaat Foods has purchased the outstanding 50% of Supervision Services shares from the American conglomerate Delaware North with whom Tongaat Foods had been a joint partner for the last three-and-a-half years.

Chairman of Supervision Services, Russell Stevens said yesterday that Delaware North still retained a smaller interest in another SA group.

He declined to say how much Tongaat Foods had paid for the outstanding 50% stake.

Stevens will be stepping down as executive chairman due to other business commitments but will remain on the board and as a consultant.

Simon Dougherty, chairman of Tongaat Foods will be appointed chairman of Supervision Services.

The Cape Times correspondent in Washington, Simon Barber, writes that Delaware North Vice President Samuel Gifford said the firm had sold its stake in Supervision Services to Tongaat Foods for "business reasons" which he declined to specify. He would not reveal the terms.

Gifford said the company was continuing to do business with the SA government through Air Terminal Services, a wholly owned subsidiary under contract to provide catering services at Jan Smuts airport.

Delaware North is privately held, and is not a signatory of the Sullivan Code. Its US businesses include a steel foundry, racecourse management and a typesetting concern.

Tasty treat for investors as Spur heads for JSE listing

STAR 28/5/88

(288)

By Gareth Costa

Spur Steak Ranches hits the JSE tommorrow, and with competitor Mike's Kitchen following shortly, investors with a taste for gambling on the Development Capital Market (DCM) might sample the delicacies dished up by Spur in order to gauge Mikes' offer.

Some analysts believe the success achieved by DCM star performer Juicy Lucy could be emulated with Spur, as the chain which has "the vibe" boasts a compounded 52 percent growth in net income for the last five years, from R65 000 in 1982, to R370 000 in 1986.

The 1,25 million shares were offered in a private placing at 40c each, and are expected open at a hefty premium to the offered price due to the consistent profit record.

The essential difference between Spur and Mike's Kitchen is that the latter chain provides loan financing to franchisers while Spur does not.

Spur MD Mr Allen Ambor says that franchisers must put one third of the money up front, and then work to repay the outstanding money from the profits achieved.

There are currently 44 Spur outlets around the country, but the chain's exposure in Johannesburg is limited to the surrounding areas such as Pretoria and Witbank.

However, Mr Ambor believes there is plenty of room for expansion into Johannesburg, although on a restricted basis, as there is a restraint of trade agreement between him and his franchisers for a three kilometre radius around each Spur branch.

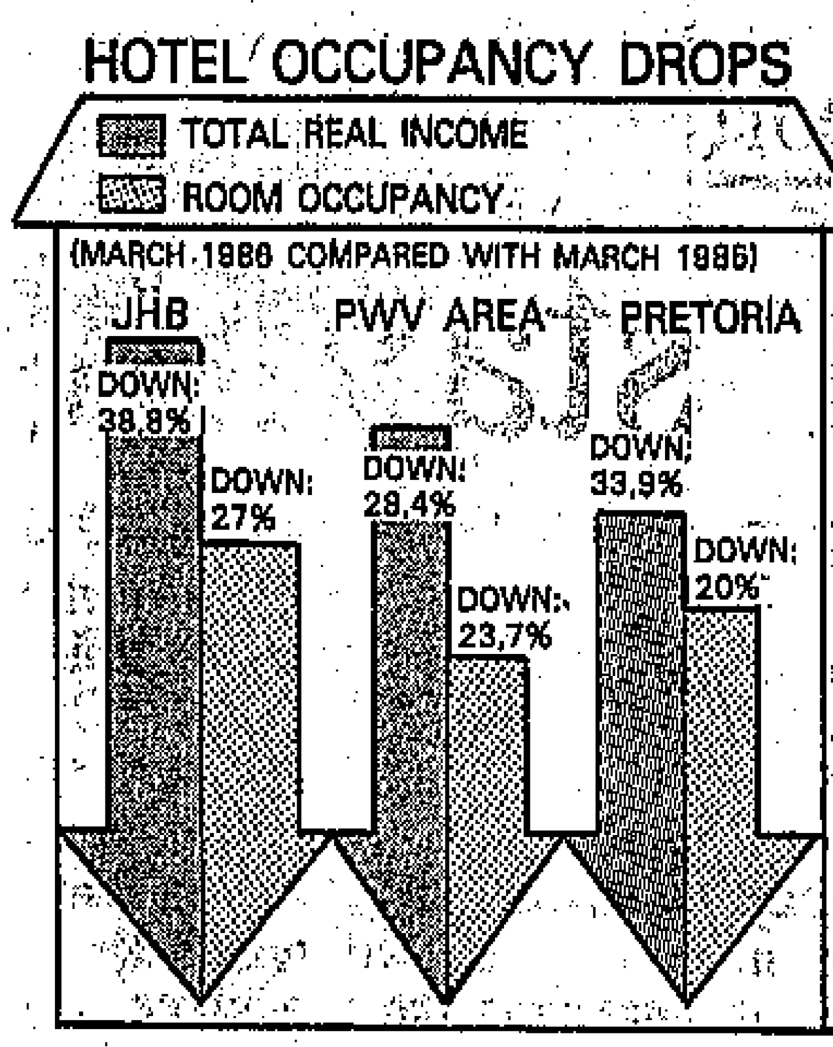
POPULARITY

Mr Ambor also owns the extremely successful Hard Rock Cafe in Cape Town, and he has just announced that a franchised Hard Rock operation in which he is personally involved, will be opened in Illovo.

Much of the popularity of the Hard Rock Cafe is expected to rub off on Spur, and Mr Ambor is not ruling out the possibility of Hard Rock being incorporated into Spur.

4/6/86 (288) BUS DAY

Hotels feeling the pinch



MICK COLLINS

AS overseas visitors continue to shun SA, hotels in Johannesburg have been hardest hit.

Total real income for March fell a massive 38,8%, compared with March last year. Room occupancy dipped dramatically by 27%.

Figures released by the Bureau of Financial Analysis at the University of Pretoria show that Pretoria hotels also fared badly, with total real income for March dropping by 33,9%.

Fred Thermann, executive director of the Federated Hotel, Liquor and Catering Association (Fedhasa), attributed the slump to the foreign tourist stayaway.

He said the fall off in the number of visitors was also hitting restaurateurs who were fighting for survival.

Statistics for hotels in the PWV area showed a drop of 28,4% in real income and 23,7% in occupancies.

The only hotels which bucked the trend were in the Drakensberg region where increases of 17,4% in income and 9,2% in occupancy were recorded.

PFP call to open recreation centre

288

By Janine Simon

About 15 black, coloured and Indian people have been refused membership to the Hillbrow Recreation Centre over the past three months — the last as recently as this week, Mr Michael Sutherland, city councillor for Braamfontein and Hospital Hill said last night.

His statement follows last week's heated council debate during which Progressive Federal Party councillors accused the Johannesburg municipality of keeping apartheid alive in toilets, recreation centres and swimming pools even though President P W Botha had declared that it was dead.

Last week's motion calling on all council facilities to be opened was defeated and the amendment supporting President Botha, and his initiative for change, accepted.

TOTALLY UNACCEPTABLE

Mr Sutherland said the Hillbrow situation was totally unacceptable.

Progressive Federal Party councillor Mr Geoff Stark, who has researched laws related to mixed facilities and led the attack on the council last week, said restricting entry to municipal facilities was completely illegal.

"No national laws allow this type of action by municipal or provincial authorities.

"Suburban centres are acting according to a specimen constitution handed down to them from the General Manager of Parks — that contains a clause reserving the facilities for whites," he said.

PE hotels suffer big trade drop

EVE POST 10/6/86

278

Post Correspondent

THERE was a 20,3% drop in room occupancy at Port Elizabeth hotels in March compared to March last year, statistics show.

And countrywide, hotels are still feeling the effects of the economic recession and political ills.

In terms of losses in real income the plunge for PE was 29,3% in March compared to March 1985, according to monthly figures compiled by the University of Pretoria's Bureau of Financial Analysis.

But this was not the biggest drop.

The drop in real income for Johannesburg was a massive 38,8% followed by Pretoria which recorded a fall of 33,9%.

The Witwatersrand and Vaal Triangle areas recorded real income falls of 28,4%.

But the country's one-star hotels are generally fighting back strongly against the effects of the recession while their more luxurious competitors continue to struggle.

One-star hotels fared considerably better than other grades in all divisions of their business in March this year, and even showed an increase in their bed-occupancy figures compared with the corresponding month last year.

The bureau reports that the decline in real income bega in March 1981.

Five-star hotels made the heaviest weather in March, with a decline of 35,9% while the declines for other grades ranged between 29% for four-star hotels and 9,4% for one-star hotels.

All grades showed a decline in room occupancy. One-star hotels fared best with a decline of only 0,9% compared with a drop of 21,2% for five stars and 18,3% for four stars.

In respect of the bed occupancy index, only one-star hotels showed an increase of 4,5% compared with declines in the other grades ranging between 23,3% for five-star hotels and 2,0% for two-stars.

According to the regional analysis, only three out of the 20 regions experienced increases in the room occupancy index. The greatest increase was in the Drakensberg, which gained 9,2% while the rest of the Transvaal rose by 5,4% and the rest of the Cape by 5,7%.

The greatest decline of 27% was in Johannesburg, followed by the Witwatersrand and Vaal Triangle with 23,7% and Port Elizabeth with 20,3%.

Six regions showed increases in the bed-occupancy index. In this division, the rest of the Transvaal fared best with an increase of 15,7% followed by the Drakensberg with 14,9%. The greatest decline was in Johannesburg, with a drop of 26,2% followed by Port Elizabeth with 18,9%.

David Lewis scores with Mike's polite waiters

W/t Argus 14/6/86

288

By DEREK TOMMEY
Financial Editor

WHEN a South African takes his family to a restaurant he is looking for polite waiters, good service, the best quality food and value for money, a recent survey showed.

He also wants owners who care about the customer, a relaxed atmosphere, super grade meat and friendliness — all in that order.

This information has been extremely important to Mr David Lewis, a well-known South African enterpreneur. With this and other knowledge about what people want in a restaurant, he has been able in the past three-and-a-half years to build up his Mike's Kitchen restaurant franchising group from 11 to 42 outlets.

A further measure of his success is that his company is being listed on the Johannesburg Stock Exchange on Wedneday.

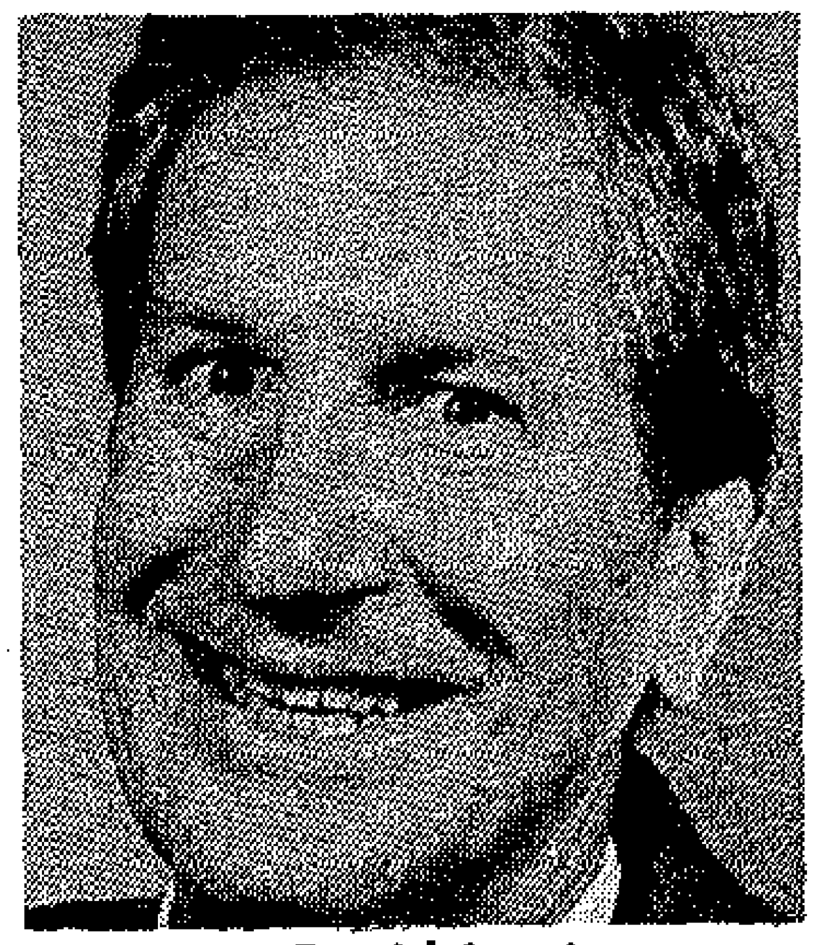
Mr Lewis, who was in Cape Town this week to check on his own outlets (and keep and eye on the opposition), said part of the secret of his group's success was the emphasis on attracting the whole family.

The group's restaurants make parents with children especially welcome, to the extent of having a special meal for children and giving children under 12 who belonged to the group's birthday club a free meal on their birthday. In addition they now would get a Disney video as well.

Adults were not ignored in the group's promotion. At the moment adults can get a meal on their birthday for R5 — provided they are in a party of four or more.

All this and extensive television advertising has established Mike's Kitchens as places where South Africans like to eat.

Television advertising was



Mr David Lewis

paying off handsomely, Mr Lewis said. To this he attributes the record business the group did in May, when turnover reached R24 million.

Particularly pleasing to Mr Lewis has been the sight of a large number of "top people" unashamedly eating at Mike's Kitchens. "But even top people must have been affected by the recession", he said.

Now that Mike's Kitchens are fairly widespread what will the group do for an encore?

"We've been looking at the fast foods business," Mr Lewis said. The group knew the business, but he was not certain this was the right time to move into that market.

Two million Mike's Kitchen shares were privately placed at 45c and the company is forecasting a dividend of 2,5c a share covered twice by taxed earnings. This puts the shares on 5,6 percent dividend yield.

Market fundis will be watching the share closely on Wednesday to see how its performance compares with that of Spur Steak Ranches whose shares were listed two weeks ago.

They were placed at 40c, giving a prospective dividend yield of 5,0 percent, twice covered. Recently they have been traded at around 65c, giving Spur shareholders a 62 percent premium.

Tax losses in subsidiaries highlight SuthSun's plight

288 STAR 19/6/86.

By Peter Farley

The parlous position of the local hotel industry in general and Southern Sun (SS) in particular is vividly highlighted by a tripling of tax losses in the group's operating subsidiaries to R56 million from R18 million a year ago.

Although the income statement for the year to end-March shows that the listed holding company scraped together a tiny bottom line profit, the myriad of investments that now comprise the group blurs the contribution of the core hotel operations.

The revelation in the annual report that assessed tax losses from the operating companies increased by R38 million last year, with the investments in timesharing and Sun International both profitable, shows clearly that the rest — Southern Sun Hotels, Holiday Inn and TFC Tours — must have been heavily in the red.

Of the total R224 million group turnover R125 million was attributable to the SS operations and almost R99 million to Holiday Inn. Both suffered from declining occupancy levels and lower per capita spending on food and beverages.

Given the state of the economy and continuing resistance to SA as a destination from overseas, it seems likely that the trend could well continue this year.

Of the other investments, it is also probable that Southern Sun's share of income from Sun International will weaken this year after the deal between Mr Sol Kerzner and British & Commonwealth Shipping.

FRUSTRATING

The deal effectively dilutes the revenue accruing to existing Sun International shareholders in return for a cash injection.

It must be particularly frustrating for Southern Sun to see Sun International go from strength to strength, with the success of the homeland/resort concept brought home even harder by the success of the two remaining Holiday Inn operations in that sector.

The group paid out profits to minorities of almost R450 000 last year, with the only outside shareholders being homeland government stakes in the Umtata and Ulundi Holiday Inns. In fact, it is highly likely that these two hotels were the only ones in the group to make a profit last year.

The balance sheet gives the impression of having been substantially strengthened last year, with gearing down to 23 percent from 33 percent. However, this belies the practical position after the issue of R85 million worth of pref shares for the Johannesburg Sun — with another R24 million to be issued this year — which will have to be serviced out of group profits.

With interest-bearing debt up to R80 million from R70 million the strain on operating income becomes even more evident.

Overall, the picture looks pretty bleak for the current year and hardly ties in with the chairman's forecast that earnings for the full year should show an improvement. The share price appears to have stabilised around the 300c mark — down from above the 600c level seen through most of 1984 and early 1985 — but looks precarious.

Any purchases should therefore be deferred until a clearer picture emerges of a return to profit growth.

Little relief for hotels, says chairman

BUSDAY 19/6/86 (288)

MERVYN HARRIS

SOUTHERN SUN chairman Meyer Kahn sees no evidence to suggest present room occupancy levels — critical in the determination of profitability in the hotel industry — will improve significantly in the current financial year.

However, any upswing in occupancy would have a marked effect on the business of the group, the largest single hotel operator with a market share of 31% of the available hotel rooms in SA — excluding time-share properties and non-SA casino resorts in neighbouring countries.

Each point of increase in average annual room occupancy would represent more than R2m in room revenue, says CE Bruno Corte.

Kahn and Corte made these remarks in the group's annual report where they said a full year's benefits from the Holiday Inns acquisition should result in an improvement in earnings in the current financial year.

Earnings have been hammered over the past year and the share has languished at the 300c level. The inherent strength of the group is, however, reflected in the excellent presentation of the annual report which has been upgraded and redesigned to give shareholders a comprehensive view of the group's activities.

The report introduces new information including unusual items such as PAYE payments and rates and taxes, a detailed eight-year financial review and a profile of group directorate and management.

The difficulties which hit the hotel industry last year were mirrored in the average room occupancies achieved by the group. The decline from average occupancies of 59% to 53% (all hotels) means there are on average 24 500 room-nights unsold across SA each night of the year.

Hardest hit were three, four and five star hotels — the sector in which Southern Sun predominates.

In the event, the decline in occupancies from 64,5% in the previous year to 54% overall still produced occupancy levels significantly higher than the 48% achieved by the rest of the industry, excluding the Southern Sun group.

Kahn says average room-rate growth was hampered by discounting necessary to retain market share and by reduced levels of full-rate transient business and high volume conventions.

Moreover, food and beverage revenues declined in sympathy with the falling occupancies and continuing pressure on the capacity for discretionary spending available to the man in the street.

In response to declining revenue trends, the group implemented stringent cost-control measures which kept total operating costs for comparable hotels at the same level as the previous year.

This could still not contain the slide in operating profits while sharply higher interest charges resulted from increased borrowings after the incorporation of the liabilities of the Holiday Inn group, particularly during the first three-quarters of the year.

This pattern was reversed in the last quarter following the injection of R48,5m from the sale of the group's 50% interest in Renhill Properties.

However, the R10m increase in interest paid over the previous year was a major drain on profitability.

The group's dividend income from its investment in Sun International increased from R5,4m to R8m, reflecting significantly better casino-resort hotel occupancies than the SA industry average with casino revenues appearing almost recession proof.

Hotels spend R1bn, but lose R300m in revenue

22/6/86 ST 288

By Ruth Golembo

AFTER investing a billion rands in 18 months the hotel industry has lost at least R300-million in revenue as tourists and business travellers remain at home.

Occupancies are the lowest in 11 years and the industry holds no hope for improvement in the coming year.

Desperate attempts are being made to fill the empty beds. Some groups have sent canvassers abroad to drum up trade and others are offering cut-price packages.

Occupancy rates for some hotels are only about 10% down on last year, but others are battling to survive with only about 40% of their rooms taken.

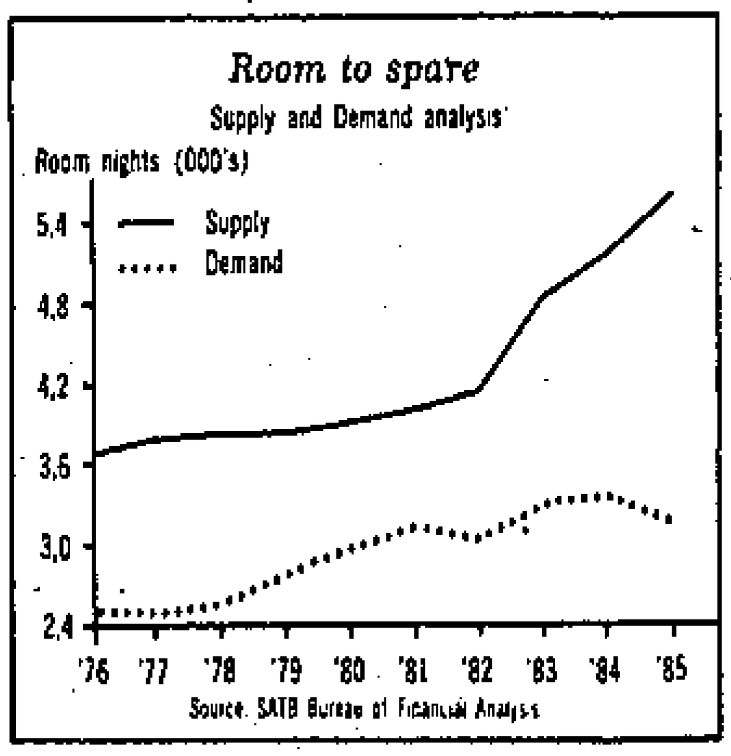
Break even

New hotels have a high fixed operating cost. Empty rooms and restaurants result in their losing hundreds of thousands of rands a year.

Break even for profitability is generally 65% occupancy.

The Bureau for Financial Analysis at Pretoria University says the occupancy rate in April was 51%.

Southern Sun and Holiday Inns, which account for about 31% of hotel accommodation, suffered a decline in rooms filled from about 80% in 1981 to 54% this year.



In April, five-star and four-star hotels operated at an average occupancy of 46% — 14% down on last year. Their March figure was 57% occupancy — 21% down on last year.

Hard sell

Professor A P Zevenbergen, director of the bureau, says there has been a consistent drop in occupancy since November 1981.

All hotels were losing at least 17% in real terms taking increased operating costs and inflation into account.

Johannesburg's Carlton Hotel has launched a marketing campaign. Marketing director Allan Edgar has returned from a seven-week trip to Europe and the Far East in search of business.

Although Mr Edgar believes direct promotion in the international market is the only way to encourage tourists, he returned disheartened.

"Our hotels are a bargain for overseas visitors. But no matter how tempting the package, it is no longer a matter of selling one's hotel but of doing a hard sell on South Africa.

"There is no way one can persuade the overseas visitor to come to South Africa if he fears for his life.

Optimism

"South Africa has incredible potential for tourists — but the industry has to contend with factors outside its control.

"Historically about 70% of our guests are from overseas. We have a great reputation among corporate business travellers. But only those who have no option come here now.

"They no longer bring their wives and children and extend a business trip into a holiday."

But Howard Williams, managing director of Horwath & Horwath, consultants to the hotel and leisure industries, is optimistic about a recovery.

Mr Williams says: "The problems are not unique — other parts of the world are facing or have faced them.

"Recovery has followed after even worse slumps in the foreign industry, so there is no reason it should not happen here."

Gainers

Hotel occupancy fell in the rest of the world from 1979 until 1984. The world supply of rooms in the three-, four- and five-star catogory increased by 44% in 1984 and by 55% in 1985. But demand fell by 33% by 1985.

In Houston, Texas, available rooms had increased by 43% in the past five years and demand by only 5%.

Industry sources say that although SA's luxury hotels are in difficulty, more modest establishments are gaining business.

Figures for March show a 4,5% increase in occupancy figures for one-star hotels compared with the same month last year.

City Lodge, a new "no-frills" chain in Sandton, is operating at 80% occupancy, says managing director Hans Enderle.

It offers budget-priced rooms with few services and is expanding rapidly. It plans to have eight lodges in the next five years.

TSHABALALA WINDFALL

ET's son and daughter each get a bottle store

SIXTEEN bottle stores have been allocated by the Soweto Council — two of them to mayor Mr E T Tshabalala's children.

Mr Vusi Tshabalala and Miss Elizabeth Dombolo Tshabalala, have been allocated two stores — both selling for about R3,1 million — previously owned by the now defunct West Rand Development Board.

By JOSHUA RABOROKO

The deputy mayor of Soweto, Mr Glen Jwara, yesterday confirmed the purchase of the liquor outlets and said the two Tshabalalas were among the many people who applied for the businesses following advertisements in the media and notices issued to residents.

Mr Vusi Tshabalala confirmed to the *Sowetan* that he and his sister were allocated bottle-stores by the council, but declined to disclose how much money was involved in the transaction.

He dispelled rumours that their applications were successful because they were the mayor's children, adding, "my father did not have influence on our success, we applied in our own private capacities".

Miss Tshabalala, who manages her father's Eyethu Cinema in Mofolo, said: "I am happy that my application has been successful. I applied for the business after seeing an advertisement in a newspaper."

Satisfied

Mr Jwara said the sixteen applicants satisfied the council's demands, which included enough capital, and residence in Soweto. He stressed: "The Tshabalalas did not qualify because of their father's position in the council".

Business people who have been allocated bottle stores include: Mr Kenneth Sephayi, Mr Eric Mabuza, Mr Solly Nkutha, Mr Robert Ndlovu, Mr Ephraim Madinane, Mr George Dhladhla, Mr Paul Riba, Mr C Miasi, Mr David Motsamayi, the Mzamo Moleko Liquor Enterprise, the Soweto Tavern Association, Afro Shopping Construction and the Mpumelolo Close Corporation.

Some of the tenders laid down between R100 000 and R200 000 for the private takeover of the bottle stores which were run by the development board.

The president of the National Tavern Association, Mr Peggy Bel-Air Senne, expressed dissatisfaction with the allocation of the business to people who have never traded in liquor.

Court

He said his association was going to take the matter up with the defunct WRADB and the council. "Our members applied, but have been turned down by the council," he said, and added: "If possible we will take the matter to court to challenge their decisions."

He noted that the Soweto Council could be seen in the same light as the one taken by the Lekoa Town Council which allocated several bottle stores to councillors in 1984.

DOMBOLO Tshabalala ... allocated bottle store.

ET Tshabalala ... family boosted.

Hard-hit hotels offer lower prices

HOTELS are offering consumers unbelievable bargains — they have dropped prices to 1979 levels, the newly elected Western Cape chairman of the Federated Hotel, Liquor & Catering Association of SA (Fedhasa), Brian Bowman, said at the annual meeting yesterday.

And "a really good negotiator can probably get an even better deal".

Bowman said that although profits had been hit, the lower prices enabled the hotels to stay in business and keep their work forces together in readiness for better times.

He congratulated hotels on having maintained their high standards in spite of the present adverse conditions.

The chairman of the tourism committee, K Lamb, said that throughout 1985 there had been an average fall-off in the number of overseas tourists of more than 11,6% each month compared with 1984.

So far in 1986 there had been a further fall of 20,3% each month.

"This means that incoming tourism now runs at some 68% of its 1984 levels."

He said the Southbound package of reduced air fares and hotel rates to attract visitors from up-country to Cape Town had faced increasing competition from packages offered by hotel groups.

"The overall picture is one of shrinking revenue and a general lowering of effective room rates."

Lamb said lengthy negotiations with the SA Transport Services were nearly finalized.

A rail package, in addition to the air fares package, would broaden the appeal of Southbound and be attractive to government servants and pensioners who enjoyed concessionary fares.

"Negotiations have been undertaken with Barclaycard. Particularly in the sphere of budget plan extended repayment schemes this would appear to be a worthwhile avenue.

In an interview after the meeting Bowman said the success of the Southbound package was "an example of how we can take action to help ourselves instead of just accepting the situation.

"At this moment hotels, restaurants and bottle stores are offering the best value ever."

FEDHASA

IN SPITE of difficulties which the President of the Federated Hotel, Liquor & Catering Association of SA, Mike Kovensky, spelt out at the annual meeting of Fedhasa Western Cape yesterday the atmosphere was not one of despair, Business Report's Assistant Editor, AUDREY D'ANGELO reports.

Struggling hotels can become taverns

AT least 400 one-star hotels are battling to maintain their standards in today's conditions and can be saved by transferring to the new category of "tavern", in which they do not need a star grading, members of Fedhasa Western Cape heard at their annual meeting yesterday.

Grading

The chairman of Fedhasa's Natal regional training committee, Johan van der Linde, said that hotels which avoided a rigorous grading inspection by opting to become taverns would not "drop out of the race".

If they wished to, they could improve standards later and apply for one, two or three-star grading.

Members puzzled by the definition "tavern" were told that it would not merely be a "pub".

In country areas it would have to have five rooms and in urban areas 10.

'Hotel industry needs help'

ALTHOUGH "the crisis facing the hotel industry has gone beyond that of being merely a temporary setback" there is still hope, the President of the Federated Hotel, Liquor and Catering Association of SA, (Fedhasa), Mike Kovensky, said yesterday.

Speaking at the annual meeting of Fedhasa Western Cape, he said the industry was in dire straits.

The hotel sector was facing soaring costs, a fall-off in the number of tourists from overseas and a local market adversely affected by the recession and other factors.

Bottle stores were also affected by the recession, inflation, competitors who evaded GST and "increased competition from new liquor store and grocers' wine licences, which have merely cannibalized sales from existing outlets."

Pointing out that the industry played a vital part in providing jobs and made an important contribution to tax revenues, Kovinsky appealed to the government for help.

He said millions of rands would be saved if the requirement that

Mike Kovensky

small hotels must be prepared to serve three meals a day were lifted, enabling them to close their kitchens.

Kovensky also asked for a moratorium on the issue of new licences to sell liquor, and for imposition of GST on liquor at source to prevent unfair competition from people who illegally failed to charge it.

Discussing future prospects, he said that black and coloured people were "an enormous potential market that to date has been untapped".

Hotel facilities were now open to all, subject only to the right of admission being reserved.

But it was vital that all tourist facilities should be freely available to people of all races.

"I refer, of course, to the cinemas, beaches, parks, toilet facilities and other public amenities.

"Recently the SA Tourism Board embarked on a R15m campaign to attract overseas tourists.

"In the current climate, I believe that an equal amount should be earmarked for the local market, aimed particularly at communicating a changed status of the industry."

Domestic tourism increases

AN increase in domestic tourism is helping to offset the loss of overseas tourists, the MD of Captour, John Robert, said yesterday.

Interviewed after the annual meeting of Fedhasa he said that bargain packages such as a night at a five-star hotel for as little as R19,50 were encouraging many South Africans to stay at them for the first time.

Untapped

He thought there was "a vast untapped domestic tourist market to be exploited." particularly if black and coloured people were encouraged to make more use of hotels and restaurants.

They were already beginning to do so and marketing efforts by at least one travel agency were meeting a very favourable response.

Cape Times (288) 18/7/86

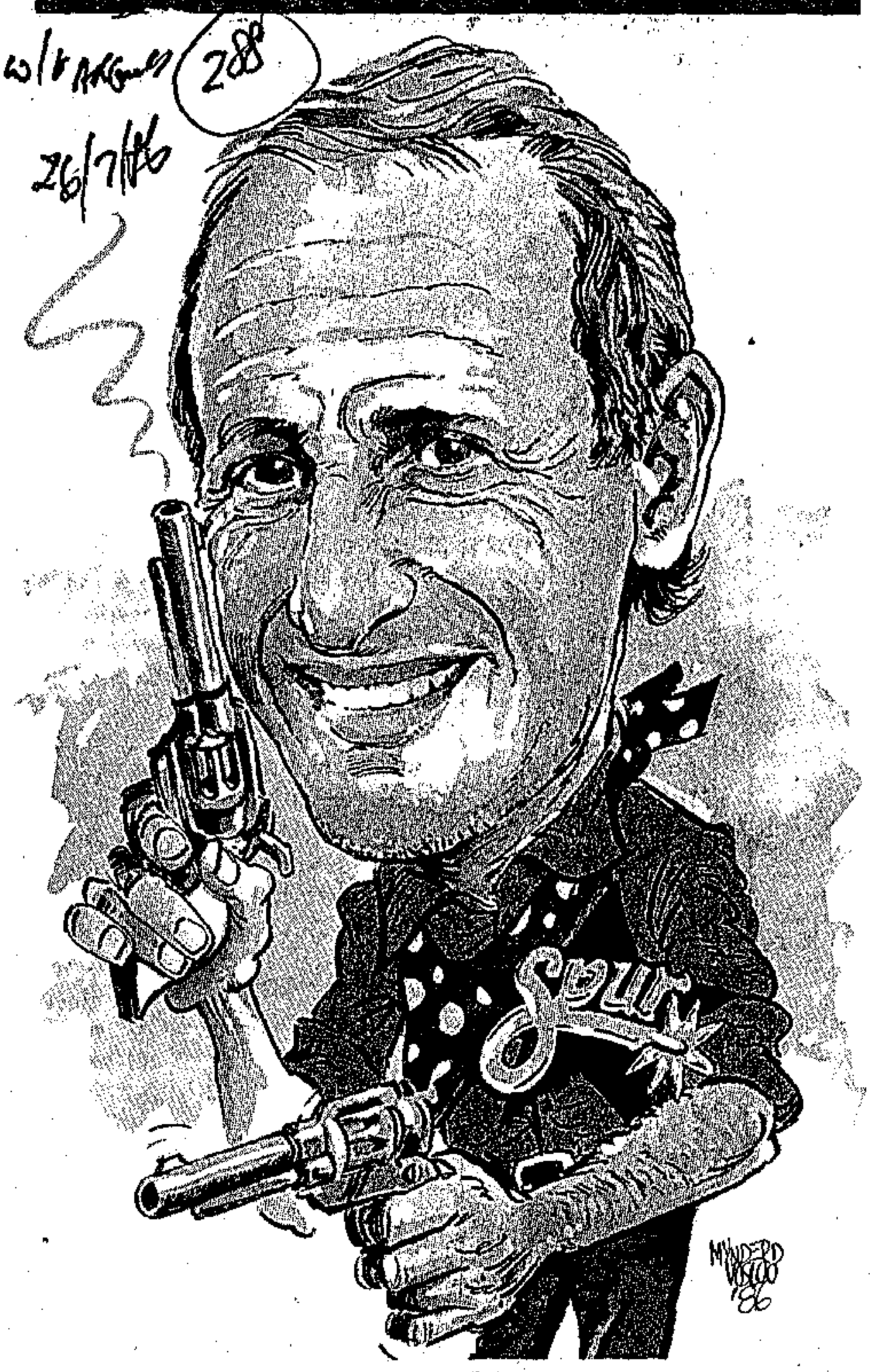
BUSINESSMAN OF THE WEEK

Selling the sizzle, and the steak

w/r Ambour (288)

26/7/86

By TOM HOOD



Alan Ambour . . .not just a meat and potatoes man.

RUNNING a restaurant is being part of the entertainment industry, says South African steakhouse king Alan Ambour.

"We are not just food people."

This is the philosophy that has taken him from waiter (in his student days) to managing director of the Spur group of 44 steakhouses, where he now watches the movement of his empire's shares on the boards of the Johannesburg Stock Exchange.

Like many students, he helped pay his way through Wits University by working in Johannesburg steakhouses, eventually taking a BA in English and economics.

He went to England to gain sales and marketing training with a Yorkshire carpet manufacturer.

But visiting Cape Town on holiday he decided this was where he wanted to live. He also wanted to become his own boss after a number of jobs which gave no real satisfaction.

So with R2 000 saved up, he searched for premises for a steakhouse.

He had no bank account, no cheque book, no credit references — only a loan from his father who promised to lend him double what he could save.

He struggled for two years, he says, to find premises and in 1967 opened the Golden Spur in Dean Streeet, Newlands. He designed the place himself and made the decor and light fittings.

After three successful years he went into partnership with an old school friend and opened the Seven Spur in Sea Point, only to find running two branches was four times as difficult as running one.

By now the idea of franchising caught on and he decided to pursue it.

This meant supplying everything from expertise, selecting a site, designing the place, training people for three months at time.

He now designs all the lighting, seating, electrical points and plumbing.

"You have to train the franchisee from scratch — how to cut meat, how to treat customers. You are dealing with cash and food and both can vanish very quickly if you are not careful.

"It is quite a responsibility. You are taking a man's savings and you have to make sure he succeeds."

Spur has been conservative about expansion — "probably too conservative at times" — and has not rushed unsuitable people into a business.

Two more stores are to open in the next few months, at Alberton and Pretoria (making three there).

"We have Johannesburg ringed with steakhouses but we have not gone in there yet. We aim to go in and get it to put its hands up."

An entry into Johannesburg was one of the factors behind Spur's listing on the JSE two months ago, for the cash raised from the sale of shares was intended to finance that expansion.

Mr Ambour, majority shareholder, says he has not sold a single share even though the premium is attractive.

Spur shares were originally 40c, came the market at 60c, rose to 80c and have settled around 65c.

Spur has also examined and rejected two groups because it believed they were not sound enough to take over.

The Spur empire, however, is far from a one-man operation today. Gerd Topat, who trained as a cordon blou chef, owns a large block of shares and is operations director. Philip Joffe, financial director, keeps an eye on budgets, while Alan concentrates on promotion and advertising liaison.

The trio are looking into developing a new fast food concept which they believe has a lot of potential.

Spur has also two factories manufacturing its own sauces (a range of 17) and eight fresh fruit juices for the rest of the group.

One result of the recession and retrenchments was more and more peole applied for franchises but they did not have the money. However, Spur's policy was not to supply the funds for someone to go into business.

But if an applicant was an excellent, suitable person to run a steakhouse and had 60 percent of the total needed and adequate security, Spur was prepared to finance him.

New hotel

New hotel categories are to be introduced

Pretoria Correspondent

Two new categories of hotel are to be formally introduced in South Africa in 1987, a senior South African Tourism Board (SATB) official has announced.

They are those of "Garni" and "Tavern," which should give the hotel industry, presently stricken by a crippling stayaway of well-heeled overseas visitors, a much-needed boost, according to SATB standards chief Mr Johan Fourie.

Garni hostelries will not not be granted liquor licences, but will be required to supply accommodation on a bed and breakfast basis.

LIQUOR

Taverns, on the other hand, will be able to supply liquor to their guests. The present ratings of one to five stars for licenced hotels remain unchanged, Mr Fourie said.

Inspections of hotels' liquor records will in future be performed by SATB inspectors in terms of the board's new "deregularisation" system.

Licences themselves will still be granted by the Hotel Liquor Board, though recommendations in this regard will be made by the SATB.

"This also means that from September 1, all accommodation institutions calling themselves 'hotels' wil have to be registered with the SATB," Mr Fourie said.

Reuter

Liquor chains locked in battle for sales

(288) Star 11/8/86

By Jackie Unwin

A fierce booze battle is raging throughout the country with liquor chains struggling for customers as the recession bites.

Mr Stan Hoffmann, president of the Federated Hotel, Liquor and Catering Association, said:

"Liquor stores have gone crazy on the type of prices advertised — I imagine because of a massive fall off in retail sales.

WIDESPREAD

"My information is that the liquor war is widespread and is symptomatic of the type of trading conditions that exist.

"There have always been specials and chains are free to advertise prices."

The war has been fiercest in Natal and the Cape, but is hotting up in the Transvaal.

In the past, few liquor chains advertised prices. But Rebel has broken with tradition and, for the past few weeks, has been advertising special liquor prices — much to the annoyance of the other liquor chains.

But the maverick Benny Goldberg's, which does not belong to any association and advertises prices regularly, claims the specials advertised by Rebel are only on offer at stores in the Northern Johannesburg area surrounding Benny Goldberg's one store.

Mr Robert Pollock, provincial director of Rebel, said there had been a tremendous amount of objection from the other chains to the advertising campaign but denied it was aimed at attracting custom from the Benny Goldberg store.

Liquor stores report that consumers are "buying down" and sales of higher priced articles, imported spirits and liqueurs are suffering.

12/8/86 Mercury

288

New hotel plan as tourism plunges

Finance Editor

TWO new styles of hotels are being considered by the Tourism Board, which has seen the number of foreign visitors plunge by almost one-third this year.

Mr Campbell Smith, chief director of the board, told the Assocom regional congress at Mtunzini at the weekend, that they were now marketing South Africa aggressively.

This was a change from the past, when their foreign offices had just been shop-windows for South Africa's attractions.

The board was investigating setting a new hotel grade called taverns which allowed an existing one or two-star hotel to change to a 'liquor-dominant' hotel with 10 rooms for tourists and the facility to serve light meals at least once a day.

Another idea were Garni hotels, mainly a bed and breakfast facility with no liquor being served.

Mr Smith said that about half of the hotels now registered with the board sold an average of 20 rooms a night.

'This is a clear indication of the fact that these two new concepts would be welcomed by the industry.'

He thought they would be introduced late next year. Dual inspections by the Liquor Board and local authorities were due to scrapped and from September 1 an hotel would have to register only with the board.

Dealing with the drop in tourists arriving in this country, he said the figures for January to May this year had all fallen: the U K was down 34% to 38 857; Europe down by 30% to 46 502; North America down 41% to 12 987; Australia and Far East down 30% to 11 656.

The overall drop was 32% to 123 537.

Mr Smith said he did not see this trend being reversed in the short term but believed the 1987 figures could reflect an upward movement.

Liquor outlets asked to cool price war

Daily Disp. 12/8/86

288

Dispatch Reporter

EAST LONDON — Liquor stores and off-sales outlets here which are members of the Federated Hotel, Liquor and Catering Association (Fedhasa) have been asked not to advertise liquor prices in the press in an attempt to cool a fierce price war.

But it was learnt yesterday that the decision, taken at a meeting of the local branch of Fedhasa last month, would not be binding on members.

Except for three hotels and a few small outlets, all liquor stores here are members of Fedhasa.

In a memorandum to members, the Fedhasa area representative, Mr James Viviers, said the decision not to advertise prices came into effect on August 4 — and advised members to stick to price guidelines.

The memorandum said a follow-up meeting would be held shortly. Further recommendations would be made.

"The price war and the boycott has continued for several months and we are trying to establish stability in the trade. This is a start and if members co-operate, we can hope for better days," it said.

Yesterday Mr Viviers said the memorandum was confidential and he would not like to comment on it.

He referred inquiries to the local chairman of Fedhasa, Mr Bob Thielscher, who said he was not at the meeting when the decision was taken — but it was probably done to bring stability to the trade.

"It is a healthy thing to bring back stability as liquor was virtually being given away during the price war over the past few months," Mr Thielscher said.

One major retailer in the city said yesterday it was not bound by the recommendation.

A company spokesman, Mr C. Robinson, said from Johannesburg that if the company wanted to advertise prices tomorrow, it could do so.

"We have had different campaigns. Some campaigns have been without prices, others with prices, but we are definitely not bound by the Fedhasa recommendation," he said.

Another liquor store spokesman, Mr Hilary Nagel, referred inquiries to Mr Viviers.

Informed that Mr Viviers had refused to comment, Mr Nagel said there was no cartel or price fixing.

"We all do our own thing," he said.

The owner of a smaller outlet not a member of Fedhasa, Mr N. Preston, said his advertising was strategically aimed and he would continue to do so in the future.

A spokesman for the office of the price controller here said there was no price control over liquor and retailers could "charge what they like".

Liquor retailers 'under threat'

15/8/86 BUSDAY 288

THE traditional liquor retailing sector was under serious threat and many small hotels could be forced to close because of falling liquor sales, government-protected monopolies and the free issue of liquor licences which had led to over-trading, Federated Hotel Liquor and Catering Association (Fedhasa) president Mike Kovensky said.

Kovensky said the liquor industry was supplied by a "statutory monopoly" in the form of the KWV, which controlled production of wine and grape spirits.

At retail level, the industry was supplied by a beer monopoly controlled by SA Breweries, while a "strong oligopoly", Cape Wine and Distillers, controlled 75% of the wine and spirit retail market.

Overall sales of liquor had declined in real terms by 5% to May 1986 and margins had shrunk. — Sapa.

15/8/86 BUS DAY 288

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BUS DAY 15/8/86 288

Campus meetings on national crises

CHRIS CAIRNCROSS

GOVERNMENT can expect a deluge of informed public condemnation from academic platforms around the country today for the way in which it has been perceived to have helped precipitate the national crises facing SA.

At least three open universities — the Universities of Cape Town, Natal and the Witwatersrand — are to simultaneously hold formal assemblies on their campuses at noon, to focus on the situation in which SA now finds itself.

The rallying cry spearheading this nationwide gathering has come from one of Government's most outspoken and respected critics, Stuart Saunders, vice-chancellor of UCT and current president of the Institute of Race Relations.

In an interview yesterday with *Business Day*, Saunders said the purpose for calling the assemblies was to respond to the current national crisis.

He stressed the event was planned as a dignified academic occasion to provide an opportunity to reaffirm the values for which these institutions stand, and to say what was felt about the state of the country, especially as it affected education.

Saunders said he hoped the assembly would generate an ongoing debate in all sections of the university community.

Speakers at today's assembly at UCT are to include Saunders, two student leaders and a representative of the blue-collar workers at the university.

The last time such an event was arranged at UCT was in 1983.

Liquor trade prospects looking flat

Perils and prospects for South African liquor were outlined by Mr Gordon Pasley, director of A C Nielsen and Co, at yesterday's Liquor 86 seminar.

Given the granting of more licences, he thought it "highly probable" the trade cake would remain the same size but be shared by more entrants.

However, he saw no change in the dominance of the trade's Big Three.

There had been a drastic slowdown in consumer expenditure across the liquor, groceries and appliances indices for two years.

Mr Pasley said after excluding port, vermouth, high-price aperitifs, cognacs and imported liquor, the corporate holdings of the South African Market were South Arican Breweries 52,9 percent, Stellenbosch Farmers Winery 20,3 percent and Discor 18,1 percent.

This 91 percent market share held by the three major companies had not varied significantly for three years.

Despite recent poor performances, the retail liquor side of the industry had grown steadily.

Sales of wine through grocery outlets continue to perform exceedingly well.

Single brands completely dominated six sectors — vodka, cane spirit, flavoured wine, beer, rum and gin.

Looking to the future, he could see little change in the dominance of the major producer merchants.

Following trends in other retail sectors, as price becomes more vital to consumers, retailers look to limited ranging. This would normally be a brand leader and cheaper products.

Consumer resistance to price increases, on products such as whisky and liqueurs was becoming evident.

There were indications of an increasing move toward "light" liquor — mainly beer and wine.

Mr Pasley recommended that retailers "go the European route on specialisation".

Business must cater for 30-m — not 5-m whites

19/8/86 (38) STAR (288)

By Jackie Unwin

Business in South Africa must cater for a market of 30 million people of all races — not 5 million whites, as it had done mentally for too long, said Mr James Espey, deputy managing director of the Guinness Beverage Group in Britain.

He was speaking at the Federated Hotel, Liquor and Catering Association (Fedhasa) national liquor seminar yesterday.

The seminar was held against the backdrop of an industry beleagured by falling sales, rising costs, alleged monopolies and the free issue of liquor licences, which has led to over-trading.

Mr Espey said business was getting tougher worldwide, and retailing was no longer "a licence to print money".

There would not be the automatic growth of the past when businessmen could be inefficient as they fought for a slice of a growing cake.

The efficient businessman of the future would make profit when demand was declining and the cake shrinking.

"South Africa will come through and have growth because of the enormous growth of black power. When the economic and political problems are sorted out, we will see growth."

He said the consumer and environment was changing dramatically, and retailers must recognise this and respond.

Retailers must cater for the growing sophistication of consumers. He pointed out that in England artisans were discovering wine.

There was a tremendous movement in the West towards light non-alcoholic drinks and wine.

"We have to change our attitude and perspective. We are in the beverage business, not the alcohol business."

Mr Espey urged delegates to consider diversification and spread their wings, define target markets and objectives, motivate their store managers, and foster entrepreneurship.

"There should be greater trust between retailers and manufacturers," said Mr Espey.

"The retailer can be the eyes and ears of the manufacturer. Most of us are blinkered."

He asked if delegates accepted legislation or challenged unnecessary controls.

He emphasised that internal tourism would be ever more essential in South Africa, and hoped enough was being done to encourage it.

'Retailers should specialise'

The small liquor retailer is under considerable pressure but could "knock the pants off" the large chains and survive by specialising and adopting a scientific management approach.

Mr Mike Kovensky, president of the Federated Hotel, Liquor and Catering Association (Fedhasa), said at a seminar yesterday that rising costs, falling profits, monopolies and oligopolies in the producer and retailer end of the market were putting tremendous strain on small liquor retailers.

There was also over trading due in part to additional licences being granted to grocers, the take-up of unused off-sale privileges and new liquor stores.

But he did not believe protectionism was the answer.

He said the liquor retailer had not kept pace with the wholesale sector, which was slick and well managed.

He felt the liquor retailer should hone management skills, fight aggressively, and segment the market.

"We should apply ourselves to meet the management requirements of the eighties and cater for the public. The public seeks quality. Price is only one of the inputs. We should upgrade our stores and techniques."

He believed the strong restricted wholesale side was a major problem bringing a conflict of interests which was unacceptable and unhealthy.

But he warned against the development of a destructive relationship between wholesalers and retailers in the pursuit of profit and suggested they work together.

Good planning should overcome tough times

STAR 19/8/86 (288)

Although South Africans should realise they were in for a tough time, tremendous new opportunities were being created, said Professor Chris van Veijeren, associate director of the School of Business Leadership at Unisa.

Mr van Veijeren was speaking at the Federated Hotel, Liquor and Catering Association seminar yesterday.

He said one of the main questions raised in times of great uncertainty was that of planning, and people asked if it was possible to action-map a direction which a company should take when things were changing by the day.

"Under conditions of great uncertainty," he said, "we should be making contingency plans and identifying when to switch from one to the other."

He said he and his colleagues had considered how South Africa would look in the year 2 000 and there were several major trends which should be addressed.

"I don't think we understand the psychological effect which sanctions are going to have in our society," he said.

He said South Africans would have to gird their loins and make major adjustments to their lifestyles as many luxury goods would no longer be around.

Mr Veijeren also anticipated education changes, which would be expensive, and said there would be more privatisation.

He said it must be accepted that labour would become much more politicised and he urged delegates to sharpen skills in industrial relations.

South Africa would have to develop new skills to barter with the world, and entrepreneurship and intrapreneurship should be stimulated.

Guinness lobbying against sanctions

A giant UK liquor group was lobbying vigorously to prevent possible sanctions on two-way wine and spirits trade between South Africa and the UK, said Mr James Espey, deputy managing director of the Guinness Beverage Group.

Speaking at the Federated Hotel, Liquor and Catering Association (Fedhasa) national liquor seminar, Mr Espey said: "We don't believe sanctions will work and the United Kingdom trades with all countries throughout the world although disagreeing with many countries' political regimes.

"As a company, Guinness totally disagrees with apartheid, but if it were to boycott South Africa it would be hypocritical not to apply similar treatment to other countries whose political systems were unacceptable."

He believes consumers in the UK will "continue to vote with their feet", and buy South African, provided quality is maintained.

20/8/86 STAR

Blacks are exploring new world of hotels

288

By Jackie Unwin

Hoteliers need to learn a great deal about the needs and wants of the black population and offer the hand of friendship to take full advantage of the scrapping of racial discrimination in hotels and restaurants.

This emerged during a panel discussion at the Liquor 86 seminar yesterday.

Mr Theo Behrens, chairman of Federated Hotel Liquor and Catering Association (Fedhasa) tourism committee, who chaired the panel, said the opening of the hotel and restaurant industry to all races recently offered a tremendous boost and challenge to the industry.

"We should seriously look to and advertise in this market because this is the market of the future," he said.

The industry is seriously threatened at the moment because of falling liquor sales, rising costs, Government-protected monopolies and the free issue of liquor licences, which has led to over-trading.

This is compounded by the fall-off of tourism.

OPPORTUNITIES

Mr Eddy Anderson, director of Bates Wells advertising group, said the black urban population was growing tremendously and should offer huge new opportunities for the beleaguered hotel industry.

Mrs Beatrice Kubheka, research manager, said many blacks were already using hotels. But they patronised the places where they knew they were welcome and remained loyal to the first businesses to open their doors.

"It is important to show friendship when you deal with some of our black people. When they go to hotels they are suspicious.

"The young people today, the trendsetters, are confident people, the kind of person to say 'I am black and proud of it'. These and the elite are your potential hotel users.

"They will usually look at the star rating of hotels. The best is what they want.

"Hoteliers should not worry that they will get the wrong sort of person coming into their hotel. It won't be a problem at all.

"But these people are highly political people. They don't take nonsense and want to be treated as well as anybody else.

ROOM SERVICE

"They also check the advertising and if they feel they are not welcome and the advert is not addressed to them, they feel they are not welcome there."

Mrs Kubheka said: "Sometimes even in my executive suite in a really posh hotel I feel very scared and frightened of the environment.

"A black person might end up ordering room service, feeling out of place, and end up looking out at the window at the pool, which is such a waste."

"You have to reach out the hand of friendship," she told delegates. "Say: 'We want and welcome you — please come in'."

Mr Anderson added it was important to do more than a token job of advertising. "People are extremely sensitive," he said.

"When hostility exists, it shows. It is important hoteliers bear this in mind. Prejudice transmitted by a plastic smile or glazed eyes from a receptionist is picked up by black people."

POTENTIAL

Tour manager Mr Douglas Mlambo said the domestic market offered great potential because most black people want to see their own country first before travelling abroad.

"Our earning power has increased and we can afford to spend money on these things.

"But black people have to be taught how to travel.

"Imagine having lived all your life in Johannesburg. Where do you start, how do you book your transport and your hotel? Most people give up."

Staying in a hotel could be a new experience for a black man and it needs to be explained to him what he may or may not do, the times of meals and that he does not need to make up his own bed.

He said few black people travelled individually, usually in church and social groups, as they feel more comfortable.

Mr Anderson said: "It is an extremely delicate situation. But the people who crack this and make blacks feel comfortable will lead the hotel industry into the future."

All training to be placed under council

25/8/86

ALL the training and education in the catering industry is to be placed under the control of the newly formed Hotel, Restaurant and Catering Industry Training Council.

The privatisation is aimed at raising standards and rationalising the training offered by a number of competing government and private enterprise training organisations, says Fedhasa labour and training chairman Johan van der Linde.

In the past, lack of co-ordination resulted in inefficient use of facilities and a lack of uniform training standards.

The council is taking over the SA Tourism Board's training functions during the phase-in year of 1986, and the board pays an annual grant of R505 000 to the council from bed levy money on behalf of the hotels sector.

In effect, this means all registered hotels are exempt from a direct training levy to the council.

The board pays two council employees' salaries. They will spend the year at the board to become familiar with its training structure and methods.

CITY PRESS 3/1/86 288

CP Correspondent

Running on empty tills . . .

BOTTLESTORES owned by Vaal councillors may be full of stock, but the tills are dry – because of a boycott by residents, who claim that preference was given to councillors in the allocation of the stores.

At least 12 have been allocated to councillors. Two each will go to Lekoa mayor Essau Mahlatsi, his half-brothers Paul and Rev Meshack and brother-in-law Sonny Mofokeng.

Other owners include Johannes Mgcina, Petrol Mokoena and former Vaal community council chairman and Sanfa boss George Thabe.

Some of the residents allege they had enough finance, but their applications were turned down and that no reasons were given.

Some bottlestores and beerhalls owned by councillors are being boycotted.

Some residents owning beerhalls are thinking of closing shop because they are dissatisfied with the conditions of an agreement between them and the Orange Vaal Development Board.

Cape Times 2/9/86

Jubilation at beach decision

288

By PETER DENNEHY
Municipal Reporter

FISH HOEK residents were jubilant yesterday at their town council's decision to scrap its plan to charge entrance fees to the beach when it opens to all races.

The Mayor, Mr Howard Wood, said after a special meeting yesterday morning that "in view of the public reaction", the council had resolved "to review and rescind its previous resolution".

It had agreed, "for an experimental period", not to introduce a pay system but to implement control measures suggested by the town clerk, Mr Eric Fry, including the appointment of a new beach officer.

Pylons removed

The first concrete pylons of the proposed barbed-wire fence had already been removed yesterday.

Mr Derek Coward, president of the Fish Hoek Chamber of Commerce, said this was "wonderful news".

He and other businessmen had been "very apprehensive" at the prospect of a pay-beach, which "would have been a disaster".

"We need visitors in our town. Making them pay would be a huge drawback."

Mr Robin Edwards, co-owner of the Fish Hoek Galley beach restaurant, said he was "very pleased and very thankful" that the "wise decision" to shelve the pay-beach had been taken.

The only councillor who voted against yesterday's resolution was the deputy mayor, Mr W M F Cronwright, who suggested the council "ride out the media attack" instead.

Connotations

He said the media had not presented the issue objectively, but had played on connotations which barbed wire evoked. "People have acted accordingly," he said.

A "partition" had to be erected anyway, closer to the railway, in terms of a sale of land the council was negotiating with the SATS, he added.

Mr Fry said he believed people would be well-behaved, and he did not expect problems which could necessitate further controls.

9/9/86 BusDay 288

Hotel industry pins hopes on businessmen

LINDA ENSOR

THE R1,6bn a year hotel industry is pinning its hopes of improved performance on the business traveller.

The signs of an economic upturn would impact initially on the ability of companies to finance the overnight accommodation of their travelling salesmen, said Fred Thermann, executive director, operations, of the Federated Hotel, Liquor and Catering Association (Fedhasa).

He said that had been an area of stringent cut-backs, as the decline in sales did not justify an overnight stay.

Trends in the industry had been erratic recently but Thermann hoped to see the signs of a consistent improvement in about three months time.

The industry continued to show a negative growth rate in room occupancy figures this June compared to June last year. Hardest hit was the Witwatersrand Triangle with a decline of 30,7%, the Transvaal (-15,5%), Johannesburg (-13,9%) and Natal (-13,2%).

The Witwatersrand Triangle also showed the highest decrease of -34,5% in inflation adjusted real income.

The Drakensberg hotels were star performers with the area increasing its room occupancy figures by 20,6% over June 1985. Hotels in the Eastern Cape (plus 17,6%) and Bloemfontein/Kimberley (plus 16,5%).

12/9/86 (288) The Star Friday Se

Things are looking up for hard-pressed hotel industry

After three of the toughest years yet, things are looking brighter for the ailing South African hotel industry.

The Federated Hotel Liquor and Catering Association (Fedhasa) yesterday said the industry was expecting an upturn in business within the next few months, following three of the most difficult years in its history.

This Christmas season could be a bumper one, it predicted.

Fedhasa made its assumptions on the strength of forward bookings for the second half of 1986 and the generally improved outlook for the economy.

This will bring relief to the industry, which suffered over the past three years as room occupancies slumped to around 38 percent, putting many hotels into a squeeze.

Fedhasa's executive director of operations, Mr Fred Thermann, said unsold bed nights for the first half of this year had topped the 10 million mark on a national basis.

"Nonetheless we believe the turnaround has come. Our members are more optimistic as business travel shows an upturn. Improved domestic tourism will follow as the economy improves and more disposable income becomes available. However, overseas tourism will probably not return to normal for two or three years."

Hotel prices during the upcoming Christmas season would still be at bargain levels, but the industry could not afford to hold prices down forever.

"The hotel and restaurant industry, like everybody else, has been hit by inflation. Imported foods have rocketed in price and wholesalers have not been shy to pass on price rises."

PE hoteliers differ on future trends

Eve Post 2/9/84

2.8.8

By DENISE BOUTALL

WHILE some Port Elizabeth hoteliers are cautiously predicting an improved summer season, others — fearing even lower occupancies than last year — are offering discounts over Christmas.

They were polled to establish whether they agreed with predictions made by the Federated Hotel, Liquor and Catering Association (Fedhasa) that business was expected to improve in the next two to three months.

"It's going to be worse this year," predicted Mr Andre Roos, operations manager of the PE Hotels group, which for the first time is offering discounts over Christmas.

"Normally by the end of September the Beach Hotel would be booked up for Christmas. We have received bookings for only 40% of the beds and I think we'll be lucky if it goes up to 60%."

He said people who were staying at the hotel at present for a week or longer were getting discounts of more than 50%.

The general manager of the Elizabeth Sun, Mr Gottfried Gratzel, agreed that, judging by current bookings, the Christmas season would be a worse this year than last.

"We had far more bookings by this time last year and about 80% of those we have are through package deals."

The only hope for improvement lay in package deals and picking up trade from the new coastal bus services.

He pointed out, though, that people no longer booked their summer holidays three months in advance and that things could still improve.

However, the manager of the Marine Hotel, Mr Carel de Witt, said over the past few months occupancy at the hotel had picked up and he hoped the trend would continue.

"In general people seem more confident about the future."

Other Port Elizabeth hoteliers said it was difficult to say at this stage what the trend would be.

"Bookings are picking up steadily, but not at a fantastic rate," said a spokesman for the Port Elizabeth Holiday Inn.

Another hotelier, Mr Andrew Christodoulou, said he had not noticed any change in bookings.

Speaking from Johannesburg, Fedhasa's executive director, Mr Fred Thermann, said there had been a slight improvement in the bookings for business travel, which could indicate an improvement in the economy.

DD 12/9/86 (288)

Fedhasa: industry set for upturn

PRETORIA — The hotel industry is expecting an upturn in business within two to three months, and the coming Christmas season could be a bumper one, said the Federated Hotel, Liquor and Catering Association (Fedhasa).

Fedhasa's hopes are based on the strength of forward bookings for the second half of 1986 and the generally improved outlook for the economy. The industry has been through three of the toughest years in its history, and room occupancies have slumped to around 38 per cent.

The executive director of operations for Fedhasa, Mr Fred Thermann, said unsold bed nights for the first half of 1986 have topped the 10 million mark on a national basis.

"Nevertheless, we believe the turnaround has come," he said yesterday.

The Tourism Board's drive to promote internal tourism was beginning to show results, while the weak value of the rand would ensure that many South Africans spent their tourist rands in South Africa.

Hotel prices during the upcoming Christmas season would still be at "bargain basement levels", he said. "However, the industry cannot afford to hold prices forever."

Changes to the Liquor Act, the opening of all hotels and restaurants to all races, changes to the hotel grading system and the lower petrol price would provide additional stimulus. — Sapa

Upswing in business for SA hotels expected soon

W/C ARGUS 13/9/86

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Weekend Argus Correspondent

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Fedhasa executive director of operations Mr Fred Thermann says unsold bed nights for the first half of 1986 have topped the 10 million mark on a national basis.

"Nonetheless, we believe the turnaround has come," he said. "Our members are more optimistic as business travel shows an upturn. Improved domestic tourism will follow as the economy improves and more disposable income becomes available.

Christmas could be a bumper season for South Africa's hotels

"However, overseas tourism will probably not return to normal for two or three years due to the time needed to market and arrange tour groups."

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"However, the industry cannot afford to hold prices forever.

"The hotel and restaurant industry, like everybody else, has been hit by inflation. Imported foods have rocketed in price and wholesalers have not been shy to pass on price rises."

Hotels, restaurants and catering establishments had, wherever possible, absorbed costs to keep prices down to maintain turnover in a soft market. But the situation could not continue indefinitely and South Africans would have to become gradually accustomed to "new levels of prices".

The coming year should see conference and commercial support for hotels picking up, said Mr Thermann. The man in the street's contribution would increase gradually.

In the interim, the changes to the Liquor Act, opening up of all hotels and restaurants to all races, the changes to the hotel grading system which would lead to new types of lower-priced accommodation, and the lower petrol price would provide additional stimulus. — Sapa

Apartheid still alive in Upington

22/9/86 Cape Times

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By ANDRE KOOPMAN

A CITY businessman was enraged last week when he found that apartheid lives on in an Upington hotel.

His employee was ordered to "eat in the kitchen" after they had booked in for the night.

Mr Sammy Abrahamson said he and Mr Edward Daniels, of Guguletu, who has been his driver for 10 years, had gone into the lounge of the Oranje Hotel for a beer on Wednesday afternoon after a "long and dusty drive".

A waiter approached them and said: "I won't serve him here because he's black."

Mr Abrahamson said he asked the waiter: "Where's he going to eat then if he can't drink here?" The waiter replied that Mr Daniels had to eat in the kitchen.

He said he was "enraged" by the incident. "I was so mad, I went to the receptionist who told me it was the manager's orders.

"She told me that Edward had to eat in the kitchen. I can't understand it. Apartheid is supposed to be dead, but this shows that it's alive and well."

Mr Abrahamson said Mr Daniels had always accompanied him on business trips. They had always taken their meals together.

He said: "If they allowed Edward to stay at the hotel why couldn't he eat there? I paid R72 when we registered and there was no problem."

Mr Daniels said he "felt very bad but what could I do".

A switchboard operator at the hotel last week confirmed the incident. However, hotel owner Mr Francois Mocke denied all knowledge of it.

"Non-white people can book into the hotel like anybody else. They can stay in the same rooms. I'm the only hotel in Upington where non-white cabinet ministers can stay. You can confirm that by phoning any cabinet minister," Mr Mocke said.

DD 26/9/86 (288)

BUSINESS

EL hotels' bed ratio increases

JOHANNESBURG — East London hotels had a 20 per cent increase in bed occupancy in July, the greatest increase in any of 20 regions surveyed by Pretoria University's Bureau for Financial analysis.

The survey of monthly hotel ratios, conducted for the South African Tourism Board, said that, although hotels of all gradings continued to show a decline in their trading results during July compared with the corresponding period last year, one-star hotels continued to fare relatively better than their more luxurious counterparts.

Hotels of all gradings continued to show a decline in their indices of total real income during July. This decline has continued since November 1981.

One-star hotels fared better in all departments than the more luxurious gradings. In respect of room occupancy they even showed an increase of 6,1 per cent, while five and two-star hotels showed the greatest declines of 7,4 per cent and 1,8 per cent respectively.

In respect of bed occupancy also, one-star hotels showed signs of revival with an increase of 5,1 per cent, compared with declines of 9 per cent for five-star hotels and 5,7 per cent for four-star hotels.

In the index of total real income, the five-star hotels were heavily hit with a decline of 21,1 per cent. The decline in real income for other gradings ranged between 16,0 per cent for three-star hotels and 8,5 per cent for one-star hotels.

The bureau's regional analysis revealed that nine of the 20 regions showed increases in their indices of room occupancy, with the highest increase, of 12,2 per cent occurring in Durban and Umhlanga rocks. The greatest decline in room occupancy occurred in Pietermaritzburg, with a drop of 15,7 per cent, folowed by the Witwatersrand and Vaal Triangle with 15,1 per cent.

Ten of the 20 regions surveyed showed increases in their bed occupancy indices. The greatest increase, of 20 per cent, occurred in East London, and the greatest drop, of 14,5 per cent in Pietermaritzburg, followed by Johannesburg and the Garden Route with declines of 11,4 per cent and 11,3 per cent respectively.

Only one of the 20 regions, the Drakensberg, was able to show an increase — 4 per cent — in total real income during July compared with July last year. The Witwatersrand and Vaal Triangle were the hardest hit with a decline of 29,6 per cent, followed by Johannesburg with 24,3 per cent.

In respect of bar sales, 15 of the 20 regions showed drops in real income. The sharpest decline — 31,2 per cent — occurred in the Witwatersrand and Vaal Triangle regions, followed by Johannesburg with a drop of 21,8 per cent. The greatest increase — 17,3 per cent — occurred in Port Elizabeth. — DDC

Boumat shares

JOHANNESBURG — Boumat, the sanitaryware and plumbing materials company, is paying for the balance of its purchase of Van Leer's building products division by way of the issue of Boumat shares.

Boumat acquired certain assets of the division in February this year, making an initial payment of R4 million by issuing 1 143 000 Boumat shares valued at 350 cents each. The balance of R1,6 million of the purchase price is now being settled by way of the issue of 357 000 boumat shares at an issue price of 450 cents a share.

The executive chairman of Boumat, Mr Irvine Brittan, said that the transaction would have no significant effect on Boumat's net asset value or earnings in the current financial year.

Hotel industry still declining

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SM 30/9/86

Pretoria Bureau

The hotel industry picked up during winter but still showed a general decline against last year.

The Central Statistical Service in Pretoria said in its latest news release that although the hotel occupancy rate for June 1986 was 14 percent lower than for June 1985, a seasonal improvement of 11,3 percent was noted, compared with January this year.

The average occupancy rate for all hotels from April to June this year was 34 percent compared with last year's 38,9 percent.

Three of the nine tourist areas recorded increases in occupany for June 1986 compared with the same period last year. These areas were mainly inland resorts.

The Cape suffered one of the largest decreases — 21,1 percent.

Other major decreases were on the Witwatersrand (-33,7 percent) and the Free State (-19,5 percent).

Slump hits hotel rooms in capital

NM 11/10/86

(28)

Pietermaritzburg Bureau

PIETERMARITZBURG hotels experienced the greatest decline in room and bed occupancy in South Africa during July, according to a survey.

The survey, of monthly hotel ratios, was carried out by the University of Pretoria's Bureau of Financial Analysis for the South African Tourism Board.

It showed that room occupancy — which had been slipping since November, 1981 — dropped 15,7% on the July, 1985, figure in the Capital.

Pietermaritzburg was followed by the Witwatersrand and the Vaal Triangle with 15,1%.

Increase

The survey also illustrated that although hotels of all gradings continued to show a decline in their indices of total real income, one-star hotels fared better in all departments than the more luxurious gradings.

In room occupancy, one-star hotels showed an increase of 6,1% on the July, 1985, figure, compared with declines of 7,4% and 1,8% for five-star and two-star hotels respectively.

In bed occupancy, one-star hotels also showed an improvement of 5,1%, compared with a 9% drop for five-star hotels and a 5,7% drop for four-star hotels.

In the index of total real income, five-star hotels were heavily hit with a decline of 21,1%, three-star hotels a decline of 16,1% and one-star hotels 8,5%.

Drakensberg

The bureau's regional analysis showed an increase of 4% in total real income for the Drakensberg — the only region out of 20 analysed which showed an increase — with a decline of 29,6% for the Vaal Triangle and Witwatersrand and 24,3% for Johannesburg.

Ten of the 20 regions surveyed showed increases in bed occupancy. The largest, of 20%, occurred in East London.

The greatest drop in bed occupancy, 14,5%, happened in Pietermaritzburg, followed by Johannesburg.

The greatest decline in bar sales occurred in the Witwatersrand and Vaal Triangle, where sales dropped by 31,2% on the July 1985 figure. The greatest increase, of 17,3%, was in Port Elizabeth.

DURBAN MOTORCYCL

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AD 97/0166 (088)

SA hotel industry earnings plummet

PRETORIA — A plunge in the earnings of the hotel industry continued during the second quarter of the year, with a net loss of R9,9 million.

This compared with a R4 million loss in the corresponding quarter last year, the Central Statistical Services said.

The industry showed a net profit of R900 000 in the first quarter of this year.

However, the executive director of the Federated Hotel and Liquor Association of South Africa (Fedhasa), Mr Fred Thurmann, expects a turnaround in the industry during the next three months, culminating in what could be a bumper Christmas season.

The economy had begun to pick up pace, there was greater confidence generally among businessmen and the scenario looked good for bigger occupancy rates throughout the industry, he said.

Unsold bed-nights for the first half of 1985 topped the 10-million mark. Hotel prices during the Christmas season should still be at bargain-basement levels but the industry could not afford to hold prices forever, Mr Thurmann said.

Although occupancy rates are improving throughout the industry, acute competition and the consequent discounting of tariffs are reflected in shrinking income.

"When you get four and five-star hotels charging R29,50 for bed and breakfast in weekend packages you know there is something wrong and it must show up somewhere," Mr Thurmann said. — Sapa

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Concrete wall goes up around Soweto

JOHANNESBURG — A huge wall of sturdy concrete pillars is springing up around Soweto and once completed, will probably cut the sprawling township off from the rest of Johannesburg.

Already the townships of KwaZakhele, New Brighton, and Zwide, in Port Elizabeth, have been fenced off by barbed wire and entry to the black residential areas is only possible through certain points which are manned by the security forces.

And the seemingly permanent security checkpoints at entrances to Alexandra township north of Johannesburg, have also sparked fears that the settlement could be fenced off from the white residential and business areas surrounding it.

No official has answered questions on whether the erection of Soweto's "Berlin Wall", coupled with the fences in Port Elizabeth, means the rest of South Africa's black townships will also be fenced in.

There has been no official comment on the situation in Alexandra: telexes were dispatched to the Bureau for Information and the Department of Constitutional Development and Planning but there was no answer.

Soweto town clerk Mr Nico Malan was not available to comment on the structure, nor was the chairman of the council's management committee, Mr Letsatsi Radebe.

According to police headquarters in Soweto, the wall is being erected for "safety reasons", but has nothing to do with security or defence.

The police said the Soweto wall was being erected by the Department of Transport.

The structure begins near the Diepkloof men's hostel just opposite the Doornkop military base and extends along Randskou Road.

Workmen at the site say they were told the wall was to enclose the township, but they would not say why.

They did not know who was funding the erection.

The Progressive Federal Party MP for Houghton, Mrs Helen Suzman, said that if the intention was to enclose Soweto, the idea was "grotesque".

"It can't do any good towards restoring normality to the situation and I think will only add to the tension that already exists.

"I hope there is no truth in it. Anything that restricts the free movement of people and interferes with normal relationships is thoroughly bad."

On Saturday, senior officials of the Department of Transport: the Minister, Mr Hendrik Schoeman, his personal secretary, Mr S J van Blommestein and the Director-General, Mr A B Eksteen, could not be reached to comment on whether their department was responsible for the Soweto wall. — Sapa

3/12/86

SMR

Hotels have their ups and downs

288

The trading revenue and occupancy rates of hotels for the third quarter of this year have been released by Central Statistical Services.

The total trading revenue for July to September showed an increase of 6,8 percent compared with the previous three months.

The occupancy rate for the same was period was also up by 3,6 percent.

However, the average occupancy rate of July to September this year was 36,2 percent — down by 6,1 percent compared with the third quarter of 1985.

The trading revenue for July to September 1986 totalled R418 million, an increase of 8,5 percent compared with the same period of 1985.

And for the first nine months of this year, the occupancy rate of hotels was down to 34 percent compared with 39,4 percent in January to September last year.

However, some regions showed a marked increase in occupancy rates for September 1986. In the Eastern Transvaal, the occupancy rates of hotels was up 20,6 percent, Port Elizabeth 18,2 percent and Kimberley 14,3 percent.

CM Times 15/12/86

'Don't dine with blacks,' E Cape hotel tells farmer

~~226~~ 28

Own Correspondent

PORT ELIZABETH. — Management at a Gamtoos River hotel yesterday asked a St Albans farmer who lunched there with his black foreman last month not to invite blacks to eat with him at the hotel again.

They said his action had caused the hotel to lose trade.

The farmer, Mr Jurg Bangerter, claimed yesterday the assistant manager of the Gamtoos Ferry Hotel, Mr Arthur Eacher, told him not to bring "your k . . .s" to the hotel.

However, while conceding that he had made the no-blacks request, Mr Eacher denied he had been racially abusive.

A "very disappointed" Mr Bangerter said that three weeks ago he and his wife had taken his foreman, Mr Jackson Tutu, and his wife Joyce to lunch at the hotel in appreciation for their work at the farm.

Yesterday he and a couple of white friends were having lunch at the same hotel when Mr Eacher called him aside and allegedly made abusive racial references to the previous incident, adding that the hotel had received "a lot of complaints".

Mr Eacher, while denying he had been abusive, defended his no-blacks request, saying that a party of whites booked to dine at the hotel that day decided not to do so when they saw Mr Bangerter with his black friends.

Explaining what happened yesterday, Mr Eacher said: "I asked him please not to bring them again, because we'd had complaints."

FIN MAIL 19/12/86

HOTEL GRADING

288

Filling inns

The embattled hotel industry has been deregulated in a move to boost tourism by giving hoteliers more freedom to set their own standards. It's hoped that one- and two-star hotels, which predominate in SA, will be able to attract more custom by providing the type of service the market demands.

For example, they are now required to serve only one meal other than breakfast, and they can determine whether to cater for lunch or dinner trade.

The new standards were gaz.tted last week and the Hotels Act is to be changed next year to accommodate them. Tourism Minister John Wiley says: "They will contribute to the promotion of tourism and re-

One-star hotels ... a better future

duce control and management to give establishments greater freedom to set their own standards."

Provision has been made for the Hotel Board to consider exemptions of any nature so that, in effect, hoteliers can meet the standards while shaping their own businesses around market forces.

On the other hand, an attempt has been made to give greater credibility to the grading system, controlled by the Hotel Board. The board's Tony Dodson says: "Hotel customers must be able to expect minimum standards of cleanliness and state of repair, whether they stay in a one- or five-star hotel. The new regulations are a set of revised *minimum* standards."

The move follows months of consultation between hoteliers and the SA Tourism Board.

Dodson says every effort has been made to meet hoteliers' wishes, the most important being their demand to be allowed to determine the type of accommodation and facilities provided. ■

RSCs countdown to early-1987 start

Final word on health role still awaited

Business Day Reporter

THE role that Regional Services Councils (RSCs) will play in the provision of health services has still not been finalised — although they are scheduled to come into operation early next year in some areas.

National Health and Population Development Community Services Acting Director Dr Pieter Henning said: "RSCs are still in a development phase.

"The role they will play in health services will become clear as the whole investigation progresses and as soon as they become functional."

Henning said a report had been compiled on how health services would fit into the new constitutional dispensation, and this would be submitted to the Commission for Administration in the new year.

Dr Rassie du Plessis said on behalf of the commission — which is responsible for the devolution of powers under the new system — "We haven't given a thought to what services are to be handed to the RSCs."

National Health and Population Development Health Services chief director Dr Jacobus Roux said, in the latest edition of *Local Government in Southern Africa*, RSCs and established local authorities would be expected to deliver an all-embracing curative and preventative service.

He said: "The services must be self-sufficient using local financial sources while subsidies will soon be phased out."

There would be privatisation of curative health services delivered to wealthy patients.

Roux said: "Rationalisation will be absolutely necessary to prevent unnecessary duplication and to guarantee optimum health services for all population groups, to maintain minimum health standards and to deliver services at a reasonable cost.

"Together with the curtailing of public sector expenditure, a limitation of the extent of services will necessarily follow."

The State's role would be to take responsibility for ensuring necessary health services complied with minimum standards, for formulating a general health policy and to guarantee necessary preventative services such as immunisation were delivered.

At the local community level, the private sector would have to contribute to the erection of community health centres in partnership with the State.

Hotel figures disappoint

BUDAY 22\12\86 288

Business Day Reporter

OPTIMISM from the rise in hotel occupancies in September will be tempered by October figures.

Fedhasa operations director Fred Thermann says new figures are disappointing.

October's room occupancy figures are 3,8% lower and bed occupancy figures 2% down on last year.

Only Pietermaritzburg (8,7%), Port Elizabeth (6,4%), Boland (3,2%) and Cape Town (0,1%) show increases in room occupancies.

The Garden Route hotels show the biggest drop (14,8%), with the Natal South Coast (10,1%) and Johannesburg (8,2%) not far behind.

The 24,3% drop in inflation-adjusted real income for Johannesburg shows the extent of price slashing in the city, Thermann says.

Room occupancies for the year ending October 1986 reveal steady declines. Compared with the previous year, five-star hotels show decreases of 11,5%, four-star hotels of 10,5%, three-star hotels of 8,5%, two-star hotels of 6,2% and one-star hotels of 1,5%.

Hotels set for change

9/12/86 · BUSDAY

(288)

MICK COLLINS

● HOUGH

THE hotel industry will undergo major restructuring as a result of urgent measures introduced by government.

Tourism Board chairman Danie Hough announced yesterday that new minimum grading requirements had been approved.

A board spokesman said the new requirements would help deregulate the industry within the framework of the one-to-five star grading system.

"Further changes will be brought about with the amendment of the Hotels Act of 1965 next year."

The amendments will see the introduction of the guest house concept and will draw into the tourist fold bed-and-breakfast establishments, motels, taverns and garnis.

Tourists will be able to select accommodation which will not include charges for conference, banqueting, restaurant and bar facilities.

Hotels, on the other hand, will gain by not having to supply facilities which up to now have been mandatory and which have added to the cost of an overnight stay.

"Hoteliers will be more flexible in the services they wish to offer and will be able to streamline operations to cater more effectively for specific market sectors," a board spokesman said.

He said less stringent regulations would enable hoteliers to survive the difficult times the industry found itself in.

Industry sources said the board has shown a commonsense approach and tried to make the new regulations more flexible.

The board stressed the new regulations would not result in a lowering of standards.

"In fact the new system is aimed at achieving a greater degree of credibility for the industry in the eyes of the consumer.

"The Tourism Board previously identified the need for new grading regulations, as a result of which less stringent regulations were formulated in co-operation with representatives of the industry."

City bursting at the seams as more tourists stream in

Argus 31/12/86 (288

Staff Reporter

FOREIGN and up-country tourists are still flocking into Cape Town in what promises to be a record season for the city.

All hotels are full, says Mr Brian Bowman, chairman of the Federated Hotel, Liquor and Catering Association (Fedhasa) in the Western Cape.

"Once again we have shown Cape Town is one of the foremost tourist attractions in South Africa," he said.

"We have had a terrific number of tourists from other parts of South Africa and fortunately we have been able to provide accommodation for most of them.

SPECIAL DEALS

"Special deals have enabled hoteliers to compete successfully with caravan parks."

A spokesman for Captour, Mrs Elise Holloman, said 1986 has been a record year for the tourist trade in Cape Town.

"The decrease in the value of the rand has pulled in more overseas visitors than before," she said.

"For them South Africa is one of the cheapest countries to visit."

Captour had been inundated with overseas visitors' requests for information on popular attractions.

"Yesterday 1 800 people — mostly French and Germans — visited our kiosk and bureau. Our staff are run off their feet at the moment," said Mrs Holloman.

Most popular tourist attractions were the cableway, Cape Point Nature Reserve, Winelands tour, Castle, South African Museum, boat cruises — and, of course, Cape Town's beaches.

"We have had a bumper, morale-boosting year," she said.

Thousands of people have flocked to the cableway — some waiting for up to two hours for a place in a cable car.

The manager of the cableway, Mr George Colbank, said the number of visitors matched last year's figures.

"We are very satisfied with the season so far," he said.

Cape Town's restaurants have also benefited from the influx of tourists.

The manager of a restaurant chain, Mr Malcolm Lee, said turnover had increased by 20 percent this year.

"We have had very few overseas tourists in our restaurants but there has been a big increase in the number of Transvaalers.

"In fact, 70 percent of our customers at present are from the Transvaal."

Eve Post
3/11/86
288

PE hotel bookings are up to 80% full

Post Reporter

RESERVATIONS for the coming season so far showed an occupancy rate of between 40% to 80% full at Port Elizabeth's beachfront hotels, director of the PE Publicity Association, Miss Cynthia van der Mescht, said today.

"Self-catering establishments are between 80% and 90% full," she said.

These statistics were expected, the chairman of the area management board of the Federated Hotels' Association of South Africa, Mr Godfrey Beattie, said today.

Miss Van der Mescht believes hotels could expect good patronage soon after the holiday season.

"We will have the ski-boat national and international championships here, as well as the board-sailing bay-crossing, the Hobie invitation race and the SA high schools swimming championships," she said.

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MANAGEMENT/HOTELS

Edited by Tony Koen

Christmas cheer for SA's hotels

GERALD REILLY

THE Federated Hotel, Liquor and Catering Association (Fedhasa) is aggressively confident of a substantial upturn in the hotel industry in the months ahead and believes a bumper Christmas season is likely.

This, economists point out, would drag the recession-hit industry out of an accelerating loss situation.

Fedhasa executive director Fred Thurmann bases the new confidence on forward bookings for the second half of the year and a generally improved economic outlook.

The industry, Thurmann says, is emerging bruised from one of the toughest three years in its history, in which room occupancy slumped to around 38%.

He is confident the turnaround has come and the industry is moving off the bottom, but overseas travel will probably not return to normal for two or three years, mainly because of the time needed for marketing and organising tour groups.

He says although hotel tariffs will remain at bargain levels for the Christmas season, the industry cannot afford to maintain current tariffs.

Latest Central Statistical Services figures stress the upward trend in total trading revenue is continuing with a 6,4% increase in July. Although the occupancy rate for July showed a slight seasonally adjusted decrease of 0,8% compared with June, there was still a general upward trend, and occupancy was at the same level as at the end of 1985.

Five of the nine tourist areas showed increases in occupancy rates for July compared with July 1985: Eastern Transvaal up 12,3%, Natal 15,9%, Port Elizabeth and East London 1,6%, Garden Route 13,8% and Kimberley 11,5%.

Trading revenue in July at registered hotels amounted to R136bn compared with R125,5bn in June and R128bn in July last year. Total trading revenue for May-July was R400,2bn compared with R392,2bn in the same three months last year.

Meanwhile, efforts are being made to upgrade conference facilities in leading hotels in SA's major centres.

This is in line with the SA Tourist Board's stress on attracting international conferences in its drive to stimulate overseas tourism.

Launching the drive, Satour chairman Danie Hough said the more conference facilities were developed and used, the more the flow of tourists would quicken.

Pretoria is fast becoming, if it is not already, the country's busiest congress centre, but some tourist authorities believe it has too few hotels offering services to compare with hotels elsewhere.

Nevertheless the industry in Pretoria is benefiting significantly from an estimated 65 000 delegates who attend conferences annually.

Major venues are the CSIR's conference centre and the University of SA, where facilities are said to match the best in the world.

Last year the CSIR conference centre was used by 114 organisations for seminars and congresses, about 20% of which were international.

CSIR conference organiser H Newman estimates between 30 000 and 35 000 delegates attended conferences at the centre last year.

Hough said although the political situation in the country posed a problem, SA had much to offer the conference world. And having come all the way to SA to attend conferences, many overseas delegates spent additional time visiting tourist spots.

And despite the slide in the hotel industry from 1981 until July this year, there was a dramatic upturn in Pretoria in August.

This is put down to an awakening in the economy leading to
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3. MIGRANT WORKERS

3.40 DISTRIBUTION BY REGION OF SOUTH AFRICAN WORKERS EMPLOYED BY MINES AFFILIATED TO THE CHAMBER OF MINES, NUMBER AND PERCENT : 1977 - 1985.
(As at 31 December 1983. Includes labour employed by contractors on the mines. Figures in brackets give the number in province as a percentage of total for each year.)

YEAR	TOTAL	TRANSKEI	BOPHUTHA-TSWANA	VENDA	CISKEI	RESERVES[1]	SOUTH AFRICA EXCLUDING RESERVES
1977	214 231 (100.0%)	98 591 (46.0%)	.. ..	.. ..	.. ..	[illegible]	[illegible]
1978	250 311 (100.0%)	116 850 (46.7%)	16 937 (6.8%)	.. ..	.. ..	[illegible]	[illegible]
1979	274 217 (100.0%)	123 617 (45.1%)	20 853 (7.6%)	2 749 (1.0%)	.. ..	[illegible]	[illegible]
1980	279 096 (100.0%)	128 124 (45.9%)	23 017 (8.2%)	2 379 (0.9%)	.. ..	[illegible]	[illegible]
1981	285 201 (100.0%)	135 284 (47.4%)	23 574 (8.3%)	2 027 (0.7%)	.. ..	[illegible]	[illegible]
1982	276 697 (100.0%)	131 724 (47.6%)	21 762 (7.9%)	2 086 (0.8%)	15 039 (5.4%)	[illegible]	[illegible]
1983	289 524 (100.0%)	135 664 (46.9%)	28 140 (9.7%)	2 258 (0.8%)	15 343 (5.3%)	[illegible]	[illegible]
1984	304 408 (100.0%)	140 458 (46.1%)	36 096 (11.9%)	2 477 (0.8%)	14 324 (4.7%)	[illegible]	[illegible]
1985	315 429 (100.0%)	143 870 (45.6%)	39 436 (12.5%)	2 624 (0.8%)	14 612 (4.6%)	[illegible]	[illegible]

1 This column includes all reserves excluding Transkei in [illegible] excluding Transkei and Bophuthatswana in 1978; all [illegible] Transkei, Bophuthatswana and Venda from 1979 - 1981; a[illegible] TBVC from 1982 onwards.

SOURCE: The Employment Bureau of Africa Limited, Rep[illegible] Statements, 1976 - 1984.

...otels

Edited by Tony Koenderman

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...nd despite the slide in the hotel ...stry from 1981 until July this ..., there was a dramatic upturn in ...toria in August.

...his is put down to an awakening in the economy leading to greater numbers of businessmen visiting Pretoria for discussions with state departments, and to a slight but encouraging increase in all-round confidence.

The city has 44 registered hotels, one four-star but no five-star hotel and none appears to be planned, remarkable for a capital city.

The Bureau for Financial Analysis at Pretoria University says there are 3 638 rooms available and 5 349 beds.

Last year room occupancy averaged 47%, with the lowest recorded in December and January — an inverse compared with coastal hotels.

Room occupancy for the eight months to August this year was 55%, down on the same period last year. The bureau's Schalk Schoombee says this was hopefully the bottom of a slide which started way back in 1981.

Bed occupancy was also down by 3% to 45%. But in August there was a "spectacular" upturn with room occupancy at 65% — higher than any month last year.

New ventures a major drain on embattled Southern Sun

4/11/86 STAR (288)

By Peter Farley

It was a bleak six months for Southern Sun up to the end of September, with the group's flagship chain of upmarket hotels posting losses estimated at more than R12 million — or some R500 000 a week.

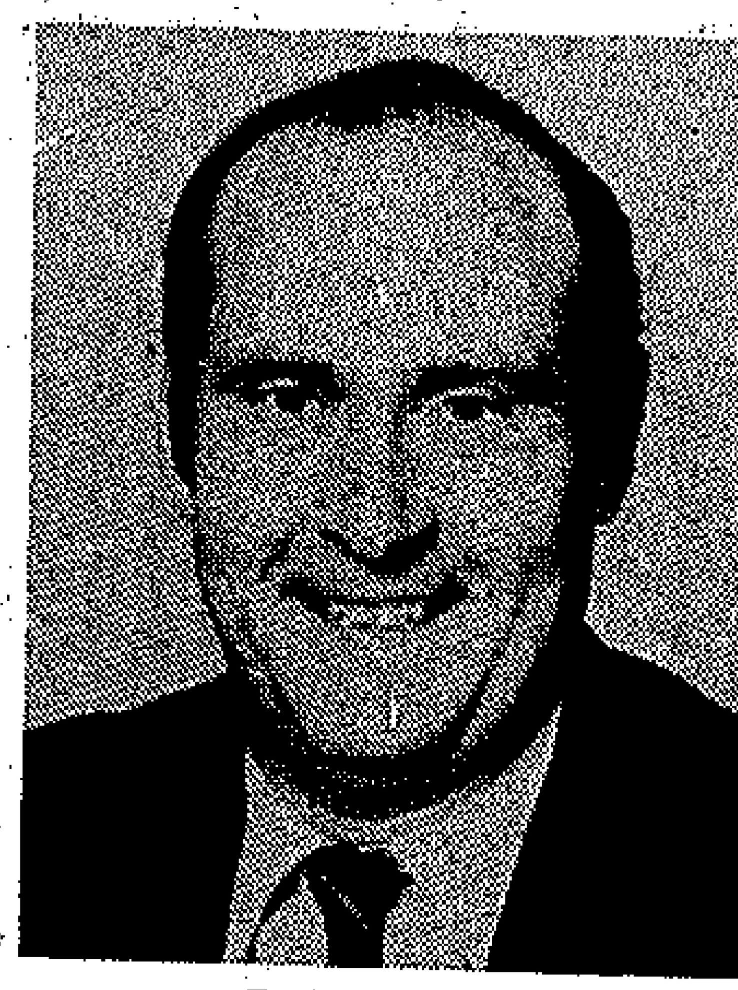
And, despite profit contributions from Sun International, Holiday Inn and timesharing, the group posted interim losses of a shade under R6 million — or 8,5c a share.

But MD Bruno Corte is confident that the worst is now behind the embattled hotel group, with indications of stronger bookings over the Christmas period and the benefits of an extensive rationalisation programme.

The group saw overall average occupancies drop another three points in the period under review, to 52 percent from 55 percent in the last full year.

But the biggest drain came from the group's new ventures, including Durban's Marine Parade, Pretoria's new Holiday Inn and Gold Reef City.

The biggest culprit was, however, the Johannesburg Sun. And though Corte declined to specify losses at this unit he said that occupancy of the 800-room giant was a mere 32 percent in the past six months.



Bruno Corte
... confident

But the group has made extensive cutbacks, including shedding 20 percent of the 10 000 workforce, which held costs unchanged in Southern Sun and reduced expenses in the Holiday Inn chain by 10 percent.

For the past year SAB's Ronnie Cohen has been on the board of Southern Sun and was yesterday named the group's new chairman — in order to free incumbent, and group MD, Meyer Kahn to spend more time on wider group policy.

This, along with other developments, signals a a recognition that SAB is giving Southern Sun the management attention it deserves.

Although total bednight sales were up 12 percent, though unchanged if one excludes the new units, the fall in average room rates was the major factor behind an operating loss of R1,3 million against an R8 million profit in the year-ago period.

Corte pointed out that the group had sustained occupancy levels by aggressive marketing of holiday packages, which took up the slack left by the fall in business demand. However, with the massive discounts attached to these packages, Southern Sun was only able to write some 23 percent of total sales at the full rate, against over 30 percent last year. In Holiday Inn, the figure fell from 45 percent to 35 percent.

Nevertheless, Corte notes that for every one point rise in average occupancies the bottom line will improve by R2 million. And with the average expected to rise to at least 54 percent by the end of the year it is possible that the listed company could scrape back into the black.

The positive side includes good Christmas bookings at rates substantially up on last year, stronger conference demand and continuing demand for the group's restaurant and bar facilities.

Hotels cut profit levels to the bone

2 88

MICK COLLINS

Bus Day 17/11/82

THE hotel industry is cutting profit levels to the bone in a bid to up occupancy figures over the Christmas season.

Hoteliers throughout the country are pitching their rates at what is said to be 1981 levels.

And Federated Hotel, Liquor and Catering Association (Fedhasa) members report normal or better bookings than last year.

Fedhasa operations executive director Fred Thermann says: "There is still enough accommodation available in all parts of SA, but it's filling up rapidly."

He says numerous specials are on the market over Christmas, and advises consumers to shop around.

Thermann says: "The industry is faced with dramatically deteriorating profits as levels of business at low rates have not kept pace with drastically increasing costs.

"This is due to inflation. Present price structures are back on a 1981 level."

Occupancy levels for the season have already reached 90% in some areas with the Natal South Coast and the Drakensberg resorts the most heavily booked at this stage.

However, average lengths of stay this year are far shorter (five to 10 days).

The low value of the rand will also encourage more people to spend their holidays at home. This should offset the fall-off in overseas tourism to some extent.

Coastal resorts fully booked for holidays

288 DD 8/11/86

Dispatch Reporter

EAST LONDON — Holiday resorts along East London's Romantic Coast are full for the main holiday period between December 15 and the beginning of January, the manager of the South African Tourism Board, Mr Ludrich Barnard, said here yesterday.

Mr Barnard said some resorts still had vacancies for the beginning of December.

"Caravan parks at most of the resorts still have stands available for the coming season," he said.

Hotel bookings appear to vary, according to managers interviewed.

One hotel manager, Mr Dave Hansen, said his bookings were much better than last year, possibly because the economy had prevented people from going overseas for holidays.

"I have some long bookings from the middle of December through until the beginning of January," he said.

Another beachfront hotel manager, Mr Eugene McNamara, said bookings had not been very good and he still had rooms available.

The economy and the fact that many companies were not giving employees big Christmas or leave bonuses this year were responsible for the hotel not being full, he said.

Mr Barnard said the economy had influenced people away from hotels and that families were opting for cheaper holidays at caravan parks and coastal resorts.

A Bonza Bay hotel manager, Mr John Church, said his hotel was about 60 per cent full for the coming season and he was expecting last minute bookings as had been the case last year.

A beachfront hotel manager, Mr Phillip Schalkwyk, said his bookings between mid-December and the beginning of January were up by 15 per cent on last year's figures. He put this down to the introduction of special rates for families.

The chairman of the East London branch of the Federated Hotel, Liquor and Catering Association (Fedhasa), Mr Bob Thielscher, could not be contacted for comment.

● Fedhasa has said that South African hoteliers have a potential market of some five million among blacks.

The national president of Fedhasa, Mr Mike Kovensky, said in a press statement that 87 per cent of all hotels had already indicated that they had opened their doors to black clientele.

He pointed out that Fedhasa could not prescribe to its members whether or not to open their doors to blacks.

Hotels had started to benefit from black tourism, he said, but denied that the fall-off in overseas tourism had encouraged Fedhasa to lobby for open hotels.

Fedhasa was educating its members to serve the black market but a continued stumbling block was that local authorities still declared many attractions, such as beaches and sports facilities, closed to blacks.

Mr Kovensky said the privatisation of resorts would lead to their operation on an economic basis.

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Still plenty of room for improvement

Hotel slump begins to slow

GERALD REILLY

THE decline in the hotel industry which started in 1981 has begun to slow down, according to the University of Pretoria's bureau for financial analysis.

Trading results of all grades continued to slide in September.

But the "slightly" improved picture shows 14 of the 20 regions increased bed occupancy rates, compared with September last year.

Only five of the regions showed improvement in their average real income in September.

Bar sales continued to slide, with 14 of the 20 regions showing drops in real income.

The Rest of the Cape region fared best in room occupancy rates, with an improvement of 17,5%.

Boland followed with 16% and Cape Town with 15,2%.

The biggest drop — 10,5% — was in the Witwatersrand and Vaal Triangle.

This was followed by Johannesburg with 7,2%.

Only five of the 20 regions showed increases in indices of total real income.

The greatest — 21% — was on the Natal South Coast.

Johannesburg showed the greatest drop — 21% — and was followed by Durban and Umhlanga Rocks with 17,7%.

Real income from bar sales along the Natal South Coast increased by a substantial 23,5%.

The sharpest drop was in Maritzburg — 19,2%.

Another area in which there was a big cut-down in bar drinking was the South-Eastern Transvaal. Takings dropped by 16,5%.

One-star hotels fared best in room occupancy, with an increase of 7,9%.

Four-star establishments had a 1,8% decrease.

In bed occupancy, one-star hotels fared best with an increase of 8,6%.

Four-star hotels registered a decrease of 4,2%.

In the index of real income, three-star hotels fell by 14,9%.

Falls for other grades ranged between 14,5% for four star hotels to 3,5% for one star.

SUN TIMES 2/11/86 (288)

Hotels pick up

THINGS are looking up for the hotel industry.

Figures from Central Statistical Services in Pretoria show the upward trend in the trading revenue of hoteis continues.

July revenue rose by 6,4% compared with the previous year.

Although occupancy figures were down by 0,8% for July, the monthly average is on a par with the end of last year after a sharp drop at the beginning of the year.

Five of the nine tourist areas increased occupancy rates for July compared with last year.

28/11/86 BUSDAY 288

INDUSTRY

'Hotel guests shouldn't pay for hire service'

MICK COLLINS

WITH the hotel industry struggling for survival, charging for guest services would not be in the public interest, says the Federated Hotel Liquor and Catering Association (Fedhasa).

Rejecting proposals by the travel industry that guest services such as air or car-hire bookings be made chargeable, Fedhasa executive director Fred Thermann says the Travel Agents Act was implemented to protect the traveller.

"There is no need to legislate on or control hotel guest services under this Act. There is no financial risk for the traveller as he is not requested to pay for those services."

Were this to happen, says Thermann, the cost of staying in hotels would increase — but without any benefit to hotels or the public.

The travel industry's argument is that guest services should fall under the Travel Agents Act (Section 13) and that in rendering such services, hotel personnel should act as guest service agents and should pay a registration fee to the Travel Agents Board.

"It is totally unacceptable and impractical," says Thermann.

In a written request for exemption submitted to the Travel Agents Board, Thermann says the hotel industry is obliged to render guest services under the Hotels Act.

"These services are part and parcel of the accommodation package This is the international practice.

"Implementation of the travel agents' request is not possible. Staff changes would necessitate constant changes in agent appointments in the hotels. This is costly and impractical.

"These services are provided by the hotel at the traveller's request." Moreover, large hotel groups operate packages involving travel services and are often connected to travel companies.

He says examples are Holiday Inns/Rennies Travel and Southern Suns/TFC Tours.

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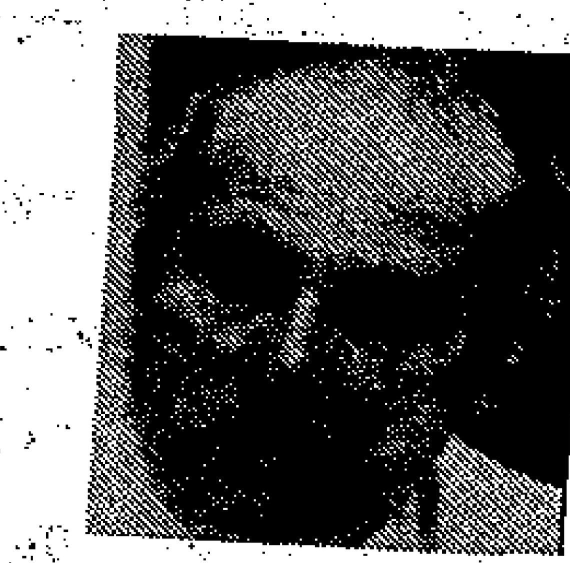
Corte says better times ahead for hotel group



● CORTE

MERVYN HARRIS

SOUTHERN Sun Hotel Holdings plunged to a loss of 8,5c a share (earnings of 1,4c) in the half-year to end-September, but the worst could be over as falling occupancy rates seem to have bottomed out.

MD Bruno Corte said definite indications of a slowdown in the drop became evident in August and the pattern continued in September and October.

He said: "The group traditionally performs better in the second half, and with signs of an increase in business travel and satisfactory holiday bookings, we expect to substantially recoup first-half losses by year-end".

The interim dividend was again passed and payment of a final dividend — 3c was paid last year — was in the balance.

Shareholders were warned the depressed levels of hotel occupancies and average room rates, coupled with the high start-up costs of the group's new ventures, would impact negatively on the interim results.

Matters were worsened in the first quarter by civil unrest and the state of emergency, and occupancies dropped 5,5% to 52% for the six months.

This was still significantly less than the 8,2% drop in national occupancies.

The impact of falling occupancies was reflected at the operating level, where the group ran up a loss of R1,3m (R7,9m profit), despite a 12,2% rise in turnover from R103,1m to R115,7m.

Declining interest rates and lower borrowings almost halved the interest bill from R9,5m to R5m, leaving the pre-tax loss at R6,3m against the previous loss of R1,6m.

Whereas Southern Sun received a tax credit of R1,8m last year, tax of R664 000 this time round lifted the loss to R6,95m against the R201 000 profit at the interim stage last year.

An increased contribution of R1,25m (R1m) from associated companies — Sun International and Southern Sun Timesharing — helped reduce the bottomline loss to R5,9m (R1m profit).

Despite the poor profit performance, the group's financial profile remained extremely strong. Gearing levels dropped from 44,4% to 28,4%, while R23,4m of capital commitments relating to the final costs of the Johannesburg Sun will be satisfied by the issue of preference shares.

Corte said the group was continuing its refurbishing programme. He added that Southern Sun would manage the new hotel in the Drakensberg.

While package tours of overseas groups were largely over, individual travelling by foreigners was still quite strong. But it was nothing like the good old days when groups poured into the country.

The group's new projects were hit by the poorer occupancies and the need to maintain market share.

Corte said: "However, the good news is that we are definitely detecting a firmer trend in bookings as the situation stabilises. People are more confident and are going out more.

"We regard the period just behind us as a useful learning experience. As the economy recovers and occupancies improve over the coming months, we will be in excellent shape to benefit."

Southern Sun shares closed unchanged yesterday at 340c. The shares have veered from a low of 260c in August to a high of 370c last month.

months ago. (Reuters)

DD 29/1/86

Whitaker hands over documents

Dispatch Reporter

EAST LONDON — Documents requesting an investigation into a petition circulated last month in support of a city councillor, Mr Phillip Rohtbart, were handed to the police yesterday by another city councillor, Mr Eric Whitaker.

"The matter is now in the hands of the police following my investigations together with a fellow councillor, Mr Donald Card," Mr Whitaker said.

Earlier this week the two councillors said they had investigated the petition, which contained 308 names and which called on Mr Rohtbart to ignore calls for him to resign following his conviction on 199 counts of fraud.

They allege that some of the signatures were forged, including those of people who had died.

Three attempts to unseat Mr Rohtbart have failed and Mr Rohtbart has said he had nothing to do with the petition.

Earlier, Mr Card and Mr Whitaker had alleged that:

- The petition contained the names of 29 people who had signed affidavits to the effect that the signature which appeared under their names were not their signatures.
- That several addresses on the petition did not tally with the names of the people attached to it.
- That the petition had been signed by three people who had died some time ago.

Mr Whitaker has also revealed that an East London woman had been identified as having been involved with the petition.

He said they would press for criminal charges to be laid as the petition played a role in preventing them from unseating Mr Rohtbart as it might have influenced councillors.

"But this is as far as we can go. It is now up to the authorities to act," he said.

DD 29/1/86

R7 million hotel plan for city

2.86

Dispatch Reporter

EAST LONDON — A national hotel group is seeking a beachfront site here for a R7 million project.

This was confirmed yesterday by the financial director of City Lodge Investment, Mr Bill Dickson, from the company's Johannesburg headquarters.

"We see potential in East London and are eager to build the hotel," he said.

The company is building a number of economy class 120-room hotels around the country.

Mr Dickson said the company had been negotiating with the city council for the past nine months and had been told by the council this week that the crescent-shaped site they wanted, situated south of Court Crescent on the Esplanade, was not available and was to be retained as public open space.

The city council is to have urgent talks with the company and the mayor, Mrs Elsabé Kemp, said the council would "bend over backwards to get the company to invest in East London" and will offer them Marine Park, the vacant piece of land next to the Exchange Bowling Club.

The proposal to offer the company Marine Park was made by the councillor representing the Quigney, Mr Eric Whitaker.

However, the council has been told by the chief city engineer, Mr Graham Keppie, that Marine Park had not been offered to the company originally as it had been identified as open space in the recent beach development report commissioned by the council.

If council gets the go ahead to offer the land, application will have to be made to the Administrator to have the land rezoned.

The hotel group had also been interested in the vacant site next to the Hotel Osner, but had been informed that the land belonged to the owners of the hotel.

Mr Dickson said yesterday the group was also negotiating with the city councils of Cape Town and Port Elizabeth for sites.

Once the council here had given the go ahead, work would start immediately, Mr Dickson said.

Dispatch Reporter

SERVICES SECTOR - ACCOM, LIQUOR + CATERING

GENERAL

1987

JAN — DECEMBER. ~~SEPT~~

W/E Argus 7/11/87 288

NEWS

Feuding shebeen owners call truce

by MARK STANSFIELD
Weekend Argus Reporter

FEUDING Peninsula tavern owners, who split into two factions over control of the lucrative shebeen and bottlestore trade in Western Cape townships, have apparently decided to settle their differences and work together under one umbrella body.

The split happened months ago when several local black businessmen accused one of South Africa's most powerful shebeen kings, Mr Lucky Michaels of Soweto, of starting a "war" with an attempted "coup d'etat" while they had their backs turned.

At the time Mr Michaels denied the allegation and said that local tavern owners had asked him to intervene because they alleged large-scale corruption.

The result was that taverners were divided between the Western Cape Taverners' Association and the Cape Town Taverners' Association.

Approval

At a meeting last week it was decided to call a truce between the feuding factions. The executives of the WCTA and CTTA are to be dissolved in January and elections held to choose a new executive.

The new umbrella body would be called the Western Cape Taverners' Association.

The president of the WCTA, Mr Sam Tuntubele, said there were five licensed tavern owners in the Western Cape.

"We also have eight with Special Authority (awaiting approval of their premises by the Liquor Board) and another 26 with consent to operate while their applications are processed," he said.

About 1 200 illegal shebeens operate in the Western Cape.

"The delay in granting licences is because land surveys, neccessary so that the Small Business Development Corporation can hold tavern owners' freehold or leasehold property as collateral on loans, have not been completed," he said.

Mr Sam Montsi, general manager of SA Breweries, Western Cape, who brought the feuding factions together to settle their differences, said SAB would help tavern owners to qualify for liquor licences.

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Shebeen owner describes beatings by the comrades

19/6/87 5Day

SUSAN RUSSELL

AN Alexandra shebeen owner described yesterday how members of the comrades searched his customers for weapons and assaulted some of them.

The man, who may not be identified, was giving evidence for the state in the Rand Supreme Court at the treason trial of seven men and a 17-year-old youth.

All eight have pleaded not guilty to high treason and alternative charges of subversion and sedition.

The shebeen owner told the court that in February last year he and his wife went to a meeting at the township stadium called by the comrades.

"What I heard was that nobody should report any matter to the police," he said.

"It was also announced that if one had a complaint they should go and report it to the comrades' office."

The witness said the crowd was also told to stop paying rent.

He went on to describe how comrades came to his house in June last year and began searching and assaulting people.

"They told me those who were being assaulted were those under 25 years of age. They were not supposed to be in the shebeen but supposed to be joining them.

"They said to me if I had a complaint about the assaults I should then go to their office."

The witness told the court he went to the comrades' office the next day — Saturday.

The office was known as the people's court. Cases were being tried.

Someone told him to come back on Tuesday.

He returned to the people's court on the Tuesday. There he was told that because he had a complaint against the comrades he had to go to a church building where senior comrades were.

At the church, the witness discovered the comrades were arguing among themselves about why some houses had not been searched.

He said he left and hurried home to watch "Dallas".

The witness said his complaint was never heard by the people's court.

The trial is continuing before Mr Justice Grosskopf.

Shebeen bosses go legal

288

Sowetan 8/1/87

FORTY-THREE Diepmeadow shebeeners have been granted conditional liquor licences to sell liquor from their homes without police harassment, the chairman of the Diepmeadow Taverners Association, Mr Robert Nxumalo, said yesterday.

He said his association was negotiating with the liquor licensing board to grant full licences to all taverners in his area.

His organisation is calling a meeting of shebeeners on January 22 at the Diepkloof Hall at 1pm. They will discuss how many and how quickly trading licences can be processed for shebeeners.

Mr Nxumalo said people interested in getting licences should attend the meeting. They can telephone him at 933-1848 for further details.

ARGUS 20/1/87

Moves to end R100m liquor tax evasion

By DICK USHER
Staff Reporter

TAX evasion in the liquor industry may be costing South Africa up to R100-million and the Government is looking at new methods of levying GST to reduce the loss.

Draft regulations have been submitted to the industry for consideration and may be introduced by March.

Liquor industry sources said some sectors opposed the measures, claiming the amount lost was lower than R100-million, while other estimates placed it far higher.

The measures would involve wholesalers adding tax at sale to retailers. Retailers would then tax the public and pass on to the Receiver of Revenue the difference.

Those supporting the proposals say this would ensure that a hefty proportion of tax now being lost would reach the Government and reduce the temptation for liquor retailers to pocket GST revenue.

The Federated Hotels Association of South Africa, the Cape Wine and Spirits Institute and South African Breweries have been involved in discussions with the Department of Finance on the issue.

(Turn to Page 3, Col 8)

ARGUS

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R100m liquor tax evasion

(Cont from Page 1)

Mr Mike Kovensky, president of Fedhasa, said he backed the Government proposals.

He said: "The liquor industry has in many areas found that some retailers are competing on the basis of pocketing tax. But it is a small number of retailers who are pocketing large sums.

"BEER MONOPOLY"

"It is to everyone's advantage that this should be reduced as much as possible and one way of doing it is to tax liquor at source.

"In this country that is relatively easy.

"The wine industry is an oligopoly of a limited number of wholesalers and beer is a monopoly.

"Much has been made by opponents of the administrative difficulties involved but virtually every supplier is computerised and it would need only minor programme changes for them to add tax to their invoices.

"Retailers already have to administer GST and it is simple arithmetic to subtract what you have paid to the wholesaler from what you have collected from the public and pass the difference on to the Receiver."

THIEVES

He said many retailers were "fiddling taxes to reduce prices" and added: "If the tax net is cast as wide and effectively as possible we could possibly reduce GST."

"As it is, the man in the street is subsidising thieves."

● Mr Ernst Conradie, Cape Town Receiver of Revenue, said the department had uncovered "quite a number of irregularities" in liquor sales.

He could not give an estimate of how much was being lost. "If we knew we would be able to collect it," he said. But the position was serious enough to warrant the introduction of the new scheme.

No date has been set for the introduction of the scheme.

Relaxation of food laws is welcomed

288 N/M 29/1/87

Mercury Reporter

THE catering industry has welcomed the announcement that new, less stringent food regulations are to come into effect tomorrow.

Mr Fred Thermann, the executive director (operations) of the Federated Hotel, Liquor and Catering Association of South Africa (Fedhasa) said members had for many years been concerned about the extra financial burdens resulting from 'outdated' food regulations.

Mr Thermann was reacting to the news that the simplified regulations, drawn up in line with the State's deregulation efforts, had been approved by the Deputy Minister of National Health, Dr M H Veldman.

Mr Thermann said that while he had not seen the new regulations yet, deregulation was to be welcomed.

'One area that is of particular concern to our members is the extra capital investment needed to comply with regulations that govern the amount of space that has to be provided for the food service area compared to the kitchen area.

'If one looks back 20 to 40 years you find that that much more kitchen space was needed in relation to the serving area.

'Micro-wave ovens, pre-peeled potatoes and things like vacuum-packed meats mean that the working area is now almost halved, and there is therefore no need for the present space requirements.'

SA turning to fast-foods

4/2/87

WILLY STERN

B/Day

ADD together working women, a slowing economy and rising disposable incomes among blacks — the result is a boom in fast-foods.

Fedhasa figures show industry-wide turnover of R700m last year — up 20% over inflation on 1985.

Fedhasa operations director Fred Thermann says people are eating out just as often but are moving from up-market restaurants to fast-food outlets.

"We can't open enough," says Squires Food chairman Costa Tomazos, operator of Rakes, Squires and Captain Dorego.

The industry has gained from two new markets — blacks and the families of working women.

At Spur Steak Ranches, turnover jumped 40% last year over 1985. MD Allen Amber says family lifestyles have altered over many years: "The traditional family sitting at a table with the radio off eating a fine meal prepared by the wife is no longer relevant."

Wimpy Restaurants MD Vince Hays says youth, unemcumbered by mortgages and other responsibilites, has played a role in the boom.

Survey: hotels in EL among worst hit

288 DD 5/2/87

Dispatch Reporter

QUEENSTOWN — The hotel industry in East London is among the worst hit in the country, according to a survey released this week.

According to figures put out by the University of Pretoria's Bureau for Financial Analysis, room occupancy in the city has dropped by 14 per cent over the past year.

This was the worst room occupany drop in the country — and the bed occupancy figure, which showed a downturn of 12 per cent, was the most depressing in South Africa, too.

As far as real income, adjusted for inflation, was concerned, East London recorded a 21 per cent drop, according to the survey. Only Johannesburg, with 22,5 per cent, showed a worse decline.

The survey as a whole found that there were indications of an upswing in the hotel industry for the first time since November 1981. But most hotels were still suffering from a drop in real income.

"Five-star hotels fared the worst, with a decline of 15,7 per cent over the corresponding month a year ago, with declines in other grades ranging between 13,9 per cent for three-star hotels and 8,2 per cent for one star hotels.

"In respect of room occupancy, one-star hotels showed an increase of 0,6 per cent for November, while five-star hotels showed the greatest decline, 2,5 per cent. Other gradings showed only minimal declines.

"In the index for bed occupancy, two-star hotels fared the best with an increase of 0,7 per cent, while five-star hotels showed the greatest decline, of 3,2 per cent."

On a regional level, the report adds, the picture is somewhat brighter. Eleven of the 20 regions used in the survey showed increased room occupancy, with Cape Town up 13,1 per cent and Port Elizabeth up 10,5 per cent.

"Bar sales are still looking bad. Sixteen of the 20 regions showed declines in real income from this source, with the sharpest decline, of 23,2 per cent, in Johannesburg."

PEOPLE

FM 6/2/87

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PATRICK KELLY

Standing the heat

Nothing appears to daunt Patrick Kelly (33), the new GM of the Carlton Hotel — not the occupancy figures, which are at their lowest level in years; nor the fact that he represents Westin, a US-based hotel group, at a time when disinvestment pressure is strong and fearful tourists stay at home. And he barely bats an eyelid at the hotel's profits, which are looking decidedly unhealthy. Kelly sees himself as an optimist, and a man with a mission.

Kelly . . . hello and welcome

His first and most urgent job will be to keep the Carlton ship afloat. Rule of thumb estimates set the breakeven mark for hotels at around 65%-70% of total occupancy; the Carlton has been operating at occupancies closer to 40%. But, says Kelly, things aren't as bad as they seem.

"Even though the occupancy figure sounds low, the Carlton is still selling more beds per night than its competitors. We have 663 rooms and our major competitors who are runnning their hotels at similar occupancy levels are filling a fraction of that number."

But he has already set aggressive targets to sell more room-nights. Within hours of taking up his post earlier this month, he was pep-talking the staff and holding brainstorm sessions with management for new stategies to attract guests to the hotel's empty rooms. Now he's setting out to make the corporate traveller an offer of increased luxury and impeccable service. Kelly says he's also looking at new ways to cut overheads and lift profits, but realises it will take close to miracles to produce a trickle of profits this year.

Kelly's rise in the group's executive corridors has been swift. In the six years since joining Westin as a senior assistant manager in Calgary, Canada, his upward move has spanned three continents. His most recent post was at the group's hotel on the idyllic Chosun Beach in Pusan, Korea.

With deliberate modesty, he believes his rise — from checking the kitchens 10 years ago as food and beverage controller at a Rocky Mountain resort — to his present spot at the Carlton has been a matter of being in the right place at the right time. But his impeccable appearance speaks of the degree of perfection he demands from his staff. And his obvious past success in motivating people must have given his career a push.

Kelly was a teenage ice-hockey whizz in Canada. When he tells of his plans for running the Carlton, he almost gives the impression of a coach preparing his team for big game. His hotel management philosophy is simple.

"I put myself in the shoes of every visitor to the hotel, and see that they get the quality service I as a guest would be happy to get. The people part of working in a hotel is what attracted me to the industry in the first place and is still the most important factor. I want all the guests to feel like VIPs and you can only achieve that by personal attention.

"I expect all the staff to make a real effort to remember guests' names — especially if they are regular visitors — and to address them by name."

He says his management weakness (it could be regarded as a strength) is never being in his office, save for the few hours it takes to clear the administrative desk.

"I spend my day talking to the staff and trying to be on hand to personally welcome guests. I am not happy until I have inspected the physical aspect of the hotel, and I like to be in touch with what is happening every day."

There's been speculation recently that Westin intends to dump the Carlton by selling off its 11% holding to Anglo American — Kelly dismisses this.

"The group has been selling off minority holdings in all its hotels, not only in the South African one, and there's really nothing sinister about the sale of their shares here. It has become group policy either to hold a substantial share of a hotel or nothing at all. We have retained our management contract, and the Westin board of directors have given the assurance that there is no chance of them pulling out of SA.

"I know of no pressure on Westin to disinvest. The group runs hotels in 11 international destinations including El Salvador, Guatemala, Mexico, Phillipines, Singapore and the Far East. The Carlton has been part of Westin since it was built 15 years ago and we have a good longstanding relationship with Anglo and the South African public."

Unpacked

Westin is a subsidiary of the American UAL group which owns United Airlines and the Hertz car hire group, and has recently bought Hilton International with its string of 90 upmarket hotels worldwide.

Kelly, an outdoor man keen on tennis and golf, says he likes what he's seen of Johannesburg so far, but his first reaction to the transfer was one of concern.

"My only knowledge of SA was what I gleaned from the overseas press. But the minute I spoke to my predecessor, Ulrich Wall, and he went into details about how sad he was to leave the Carlton and Johannesburg, I started packing my bags." ■

Sun Bop breezes to 37% profit lift

SIT 3/2/87 288

By David Carte

SUN International Bophuthatswana hoisted taxed profit by 37% in the six months to December — but a larger number shares in issue mean earnings a share grew by only 15%.

Sun Bop chief executive Sol Kerzner says: "You have to remember that a large portion of the R40-million we raised in last November's rights issue is tied up in the R30-million Ga-Rankuwa development, earning nothing. The balance is in the bank earning less than the 12,5% yield on which we issued the shares, so the new money has caused considerable dilution."

Mr Kerzner says that the number of shares in issue in the second half of the year will be the same as in the previous second half and that profits by the end of the year should be ahead by more than the first-half 15%.

Interest bill

Thanks to 77% occupancies — compared with SA's average of 53% — Sun Bop lifted turnover by 23% to R101,5-million (1986: R82,6-million). Operating profit rose to R22,4-million (R19,8-million).

The interest bill fell by a half to R2-million (R4,9-million) and no tax was payable, so attributable profit was 37% ahead at R20,4-million. The number of shares in issue rose to 108-millon (91,1-million).

Mr Kerzner says Sun City, the Thaba 'Nchu Sun, the new Molopo Sun and the Mmabatho Sun all traded extremely profitably.

The new Ga-Rankuwa development will be the "big kicker" in 1988 — profitable from day one. Mr Kerzner is convinced it will be a really big money-spinner and that it will have to be expanded soon after opening. It will be different from Sun City.

Asked if Sun Bop would have exhausted investment opportunities in Bophuthatswana once the Ga-Rankuwa unit opened, he said: "No."

Mr Kerzner says: "When your occupancies are as high as 77%, you have to think about more units. We will soon consider whether to put up a new unit at Sun City."

An abridged balance sheet shows that Sun Bop is in good shape to build on because interest-bearing debt is only 15% of equity.

The top company in the Kerzner empire, Kersaf, is due to report tomorrow.

Mr Kerzner says policy is not to discuss off-shore investment, but he is not disappointed with progress.

All set for Transun splash on the JSE

ST 8/2/87 (103) (288)

By Ruth Golembo

TRANSKEI Sun shares are expected to make a splash as spectacular as that of this week's Wild Coast Sun's pool-deck wetting when they open on the Johannesburg Stock Exchange this month.

The pool and solarium are part of a R65-million expansion which will increase the number of Wild Coast Sun rooms by 60% and provide a 700-seat theatre, an enlarged casino and a conference centre.

Excitement is running high over the shares, which have been pitched at 150c. Rights to Transun shares issued to Kersaf holders traded about 90c this week. They traded between 25c and 100c in previous weeks.

Handsome stagging profits are a certainty for Transkei citizens who will receive 8,6-million of the 24,7-million shares offered.

The offer which closes on Friday is heavily oversubscribed, says Sun International managing director Ken Rosevear.

Some critics believe the complex is too far from the Reef to be as successful as Sun City — but Mr Rosevear says the hotel has been so popular it has had to close its gates to visitors in the past.

"We could not cope with the hundreds of day visitors who flocked there. We did not have the parking, restaurants or accommodation to keep up with the demand".

Occupancy rates for the Natal South Coast and the Wild Coast for the past year were on average 80% compared with 40% and less on the Reef — and during the peak Christmas season the Wild Coast Sun had to turn away many would-be guests.

Mr Rosevear says: "Unlike Sun City which draws few visitors from its immediate surrounds, we have a large, and affluent population right on our doorstep. More than half the visitors come from Natal."

Another one

He says the new facilities for day trippers and especially the theatre complex will give earnings a kick. The expansions are expected to be completed by September.

Plans are under way to add another hotel to the group — the Umtata hotel and casino resort which will cost about R30-million. The resort will have 135 luxury rooms and a casino.

Transun comes to the market like its sister Sun Bop with an impressive earnings record. Turnover increased from R25,7-million in 1982 to R65,8-million in 1986, taxed profit jumping from R4,8-million to R21,2-million, giving compound earnings growth of over 30% a year.

Expected earnings for the year to June 1987 are R5,18-million, or 21c a share. At the issue price of 150c, the prospective PE is 7,1 and dividend yield 9,8%.

Kersaf's offered Sun Bop shares at 200c in mid-1986. In a few weeks they rose to 400c. They are now about 370c, giving a PE of 12,8 and a dividend yield of 4,65%.

Canadian firm to sell SA arm

MOORE Corporation has announced it has entered into an agreement to sell its operations in SA.

"This action reflects the unsettled political and economic conditions and an uncertain future in that geographic area," the company said in Toronto.

Robert Spencer, CE of the Southern African region, said at the weekend negotiations were in progress that would result in the sale of business-form producer Moore Paragon, Caribonum (which manufactures carbon and paper roll products), Tilon Computer Media (which specialises in mail order computer supplies) and Transcarbon.

He said until negotiations were finalised, "we are not at liberty to make any further disclosure at this stage".

As part of the agreement, the new owners will assume all Moore's obligations with regard to employment, benefits and pensions. — Sapa.

CITY PRESS, Feb 1987

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Downing a roach is not satisfying

Story: DAN DHLAMINI
Pic: ANDRIES MCINECA

MAKING beer ... making friends – so goes the famous slogan.

But a group of guzzlers down Thokoza way have a different story to tell.

And some have threatened to stop drinking beer altogether.

It's all because of this coachroach found sealed in a 750ml beer bottle.

And, according to Andrias Mtsasa, Boikie Moloi and Oupa Sebolai, who discovered the "undesirable extra" in a bottle of their favourite blend, this was not the first time.

They remember when a piece of plastic was found. And they have also at times detected what seemed like tea leaves, sponge and rust, they say.

"But this cockroach was hard to take ... " Sebolai said – adding: "I am quitting drinking beer once and for all."

Moloi said they had bought four beers on the cool Sunday afternoon. They went through three of them – and were about to open the fourth when they noticed the cockroach.

Thokoza shebeen king George Masiteng confirmed that the bottle containing the huge cockroach had been bought from his shebeen.

"This will affect the patronage at my shebeen. We have a lot of superstitious people around here. They may think I am using muti to get them to come for more," Masiteng said.

City Press contacted the quality manager at SAB's Alrode plant, Keith Cosser, and put these dissatisfactions to him.

He said it was very rare to find such objects in beer bottles.

He took *City Press* through the plant, showing us machines where empty beer bottles were being cleansed and sterilised.

He said the company was to spend over R1,2 million to buy a modern automatic bottle inspector which would get rid of all bottles with objects inside before being filled with beer.

SAB Southern Transvaal regional director Tony Bates said the chances of finding foreign objects in beer bottles were "one in a million".

He said the Alrode brewery had the capacity to fill eight-million quarts per week, and every returned bottle the brewery got was washed and rinsed six times with a detergent and hot water.

Anybody with a genuine complaint should contact the SAB, Bates said.

George Masiteng inspects the cause of all the trouble.

CAPE TIMES 10/2/87 288

Upswing for Cape hotels

By ROGER WILLIAMS
Chief Reporter

CAPE restaurants and hotels are on the upswing after last year's dining-out depression.

There has been "a terrific movement to eating-out again", according to Mr Brian Bowman, regional chairman of the Federated Hotel, Liquor and Catering Association of SA (Fedhasa).

Mr Bowman said the trading upswing among SA hotels in the last quarter of 1986, as reflected in figures just released by Pretoria University's Bureau of Financial Analysis, was being maintained in the Western Cape.

"But it is ~~too~~ early yet to discern any long-term improvement in the industry."

The report said the current trend was the first indication of an upswing in the hotel industry since November 1981.

But most hotels were still suffering a drop in real income (adjusted for inflation).

CAPE HOTELS FM 13/2/87

Harvest time

(288)

Cape Town's historic Vineyard Hotel, restored four years ago at a cost of R1,2m, is to be extended — and parts of the property will then be sold under sectional title.

Local developer Divaris Real Estate, in conjunction with hotel owner Francois Petousis, will start construction next month on an additional 27 rooms, comprising nine suites which will be sold for R250 000-R275 000. Estimated cost is R1,5m.

A second, and larger, phase is planned thereafter; the plan is to provide a final total of 100 additional suites.

The Vineyard, in spite of the generally poor showing in the hotel sector, showed an average 75% occupancy throughout the year, says Divaris. Together with the Townhouse, also owned by Petousis, it is well patronised — even during Cape Town's winter season when guest-lists at most hotels are at their shortest.

The Vineyard is set behind Table Mountain on a Newlands site of 6 ha on which Petousis has already obtained rights for an additional 350 rooms.

Each of the suites, says Divaris, will have two bedrooms and a separate living room, and decor will be chosen with the upper-crust clientele very much in mind.

When unoccupied, the rooms will be put into a "pool" for renting to casual visitors. In this way, says Divaris, purchasers will have to pay levies proportionate to the period they are in occupation.

All the same, a quarter million or more seems an ambitious price for three rooms. But the market, as Divaris confirms, clearly lies in the corporate sector. Sales to companies have done well overseas, he says, and even in SA — San Lameer on the South Coast, for example — the concept has had its successes. ■

LOCAL TRAVEL 13/2/87 FM

Plenty of room

288

Local hoteliers are looking forward to a better year. They are pinning their hopes on increased business travel and more generous expense accounts as the economy picks up. Good times or bad, the market is substantial. Domestic air travel alone, for example, is expected to be worth around R200m this year.

Also, the conference market is booming. Godfrey King, publisher of the *SA Conference Guide*, says the cost of meetings and catering, excluding travel and accommodation, was worth R40m in 1985 and will be at least double that this year.

To help companies maximise benefits, Southern Sun Hotels, Holiday Inns, SAA, Avis and Thomas Cook Rennies Travel (TCRT) have produced a brochure which lists a choice of inclusive conference packages. On offer are discounts in 30 different leading hotels for any combination of groups from 15 to 100 people.

Explains a consortium spokesman: "Many companies don't have the time, expertise or negotiating skills to provide the right venue for the size of the group, or the know-how and, possibly, the clout to secure the best prices. We believe the new service will meet all their needs, especially cost savings."

Nevertheless, while hotel price increases are predicted to cover higher costs of food and beverage, maintenance and salaries the industry's profit margins will probably remain under pressure, despite volume business attracted by bargain packages. Johannesburg hotels, for example, showed an 8,2% increase in occupancy rates before Christmas, but a 24,3% decline in profitability after adjusting for inflation.

New legislation (*Business* December 19 1986) providing for far-reaching changes to the grading system may help hoteliers to contain costs, but they would also benefit from a study of survey results recently released by TCRT.

The survey shows that business travellers have decided views on the services required of a hotel. In order of importance these are: cleanliness, helpful staff, fast check-out, efficient message service, parking, suitable location, ready information and good restaurants. Size of room ranks last.

The survey was directed at all corporate clients who bought a domestic air ticket from Thomas Cook and Rennies last August and the findings are based on a sample of 1 200. A similar exercise was conducted among clients buying international tickets. The respondents were predominantly male, English-speaking, in the 41-50 age group, and occupy top management positions. Women business travellers were appreciably younger than the men (18-40) and occupy middle management positions.

Durban's five-star Royal Hotel was rated as the best business hotel in SA, taking 35% of the votes cast. Others which rated highly were The Edward, also in Durban, the Sandton Sun in Johannesburg and the Cape Sun.

The Southern Sun group has the best overall image (64%), with Holiday Inns second at 29%. However, TCRT points out, these ratings are somewhat skewed by the fact that Sun International runs resorts rather than business hotels.

The survey also evaluates services provided by airlines, car hire companies and travel agents. TCRT marketing director Marna Grobbelaar says: "Until now, very little has been known about the opinions and needs of the business traveller. Tourism and travel authorities have not mounted a comprehensive survey, but, as SA's largest travel company, we feel our survey at least gives a clear indication of the needs and views of regular, informed travellers."

SAA was the preferred airline of all the longhaul carriers departing from Johannesburg. It scored with 44% of travellers against the 26% of its nearest rival, British Airways. But locally, SAA is perceived to be very average. Although the airline's staff and its on-time performance are satisfactory, it is not meeting business travellers' needs in respect of the availability of flights and inflight catering.

Opinions of local airports were in many ways reflective of the opinions of SAA. All, including Jan Smuts, were considered mediocre. Cape Town's D F Malan was rated the closest to being a "good" airport, while Durban's Louis Botha was seen as the worst, notably in baggage handling.

There appeared to be little difference of opinion among patrons of local commercial airlines Comair, Magnum and Air Cape. All were felt to be slightly above average in respect of check-in facilities, punctuality, ground staff, baggage handling, flight availability and seating.

On the subject of car rental, price was not the main criterion. The most important factor was quick replacement of the vehicle in the event of a problem, followed by ease of pick-up and return. ■

Fedhasa says industry will be boosted by R2,5bn

B/Day 18/2/87 (282)

Call for open tourist spots

(288)

NORMAN SHEPHERD

PUBLIC beaches, resorts and facilities must be opened to all races if the tourist industry is to rake in an extra R2,5bn in the next five years, says Fedhasa executive director Fred Thermann.

Thermann's predictions follow an announcement on Monday that the Durban Publicity Association (DPA) has set aside 30% of its R1,6m budget for direct marketing to blacks this year.

Fedhasa estimates industry turnover of about R5bn a year could rise by 50% within five years if public facilities are opened to all races, as a natural progression from multiracial hotels.

"In the past, domestic tourism has drawn from perhaps five-million white people and to some extent the upper crust of black, coloured and Indian communities. This has been changing since hotels were opened to all races. Imagine the tourist potential of 20-million blacks.

"But it is no good if a black man comes to a hotel and cannot make use of the tourist attractions and public resorts in the area," says Thermann.

DPA director Andrzej Kiepiela says the rest of the R1,6m will be used for multiracial advertising and promotions.

"Extra facilities have been built or provided to accommodate the increased number of tourists expected."

SA Tourism Board tourism promotion chief director Campbell Smith and African Travel Services marketing operations manager David Msomi are more conservative in their estimates. They say black tourism will cause a 10% increase — worth R500m — in industry turnover over the next few years.

Msomi says black tourism is a victim of politics. Laws have to change now to lay the foundation for a multiracial SA and attitudes have to change so that blacks are welcomed to tourist spots.

Only when black people feel relaxed, happy, secure and do not fear assault or embarrassment at tourist sites will they go to hotels, instead of to homelands and family homes in rural areas, for rest and relaxation, he says.

"Blacks are by nature great travellers, but their mobility has been limited by laws which have had a lasting effect."

Producers untouched — retailers

Govt gets no cheers over 'liquor cartel'

18/2/88 B/Day

KAY TURVEY

GOVERNMENT has come under fire for its intention to deregulate liquor retailing while leaving the producer cartel untouched.

Angry liquor retailers say this will do nothing to solve the industry's problems.

A Deparment of Trade and Industry spokesman said draft legislation — scheduled to be tabled in Parliament this year — would rewrite the Liquor Act and was intended to promote effective competition.

He said deregulation could entail granting additional retail liquor licences, but the new Act would not tackle the existing producer cartel or the concentration of power in the liquor industry.

He said: "Liquor is a product that requires regulation and we are trying to reconcile liquor legislation with competition."

Competition Board chairman Stef Naude said: "There is a cartel in the liquor industry, but we are not busy with another investigation into the concentration of power."

However, Federated Hotel, Liquor and Catering Association of SA (Fedhasa) president Mike Kovensky said granting additional liquor licences would not increase competition, nor would it solve the sector's problems.

He said fierce competition already existed at the retail level and if it was increased it would become destructive and business failures would follow.

The flare-up followed criticism of Cape Wine Distillers (CWD), jointly

● To Page 2

No cheers for govt over liquor

● From Page 1

owned by SAB, KWV and Rembrandt, which survived a 1983 board recommendation that it be dismantled.

□ MICK COLLINS reports that Kovensky told a Fedhasa conference in Cape Town that Assocom was pandering to big business in the liquor industry.

B/Day 18/2/88

Growth rate at PE hotels recorded

Sun Post 23/2/87

By DENISE BOUTALL

PORT ELIZABETH hotels enjoyed a 23,5% increase in bed occupancy in December last year over the 1985 figures — the third biggest growth of 20 regions included in a survey by the University of Pretoria's Bureau for Financial Analysis.

The bureau's figures, released today, also show that room occupancy in the city grew by 24,1% in December, the fourth highest growth in the country.

Overall, the figures for December indicated a continuing trend of improved conditions in the hotel industry in the second half of 1986.

"The downward trend which started in November, 1981, showed signs of recovery in August, September, November and December," according to the South African Tourism Board.

Port Elizabeth, with an increase of 1,4%, was also among the nine regions which showed an increase in real income in December.

But figures for the industry for the whole of 1986 were still lower than 1985.

Overall real gross income was down by 17,3%, room occupancy by 5,1% and bed occupancy by 4,4%.

Port Elizabeth appears to be holding its own with its coastal competitors — East London, Cape Town and Durban-Umhlanga Rocks.

East London's room occupancy in December grew by 28,2%, bed occupancy by 44,3% and real income by 4,4%.

In Cape Town, room occupancy was up by 33,1%, bed occupancy by 35% and total real income 10,7%

In Durban and Umhlanga Rocks, room occupancy declined by 2,7%, while bed occupancy increased by 3,3%.

The total real income dropped by 13,9%.

The figures are based on a survey of 386 hotels representing 59,4% of all hotel beds in the country.

Mike's Kitchen beats income forecast by 19,5%

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Cape Times 25/2/87

By AUDREY D'ANGELO
Financial Editor

MIKE'S KITCHEN Franchising has ended its first year as a listed company with an attributable income of R599 000 — 19,6% above the R500 000 forecast in the listing prospectus.

Shares traded yesterday at 69c compared with the listing price of 45c.

Turnover in the year to December totalled R4m of which R3m was from the franchise company and R948 000 from restaurant subsidiaries.

Earnings were 6c a share compared with the 5c forecast in the prospectus and a maiden dividend of 3c has been declared.

The directors say they expect a further growth in profit for the current year provided the present economic conditions continue.

The chain has now grown to 46 outlets, from the 11 when chairman and MD David Lewis took over in 1983.

Six, including one in a national monument in Stellenbosch and one in Somerset West, were opened in the past year and seven more are planned for the current year.

Mike's is also experimenting with a new type of restaurant, the Grill 'n Tavern (GN'T), aimed at the rising young executive "yuppie" market rather than the family market which is the Mike's Kitchen target.

So far only one GN'T has been opened, in Johannesburg, but the chain's financial director and company secretary, Gabriel Meenehan, said it was intended to franchise them "when we are sure have got it right."

Meenehan said advertising had been a major development cost for the chain, which considered it "absolutely vital" for growth.

Mike's also places heavy emphasis on training and the importance of good service. It now has a training unit in Johannesburg for new franchise holders.

Fate of hotels will be known soon

By RAYMOND HILL

TWO Port Elizabeth city-centre hotels, the Campanile and the Victoria, are up for sale.

The fate of the dockside Campanile — the owners want R800 000 for it — will be known in abut two weeks, while the Victoria has just gone up for sale.

Mr Solly Gorfil, a director of the company which has owned the Campanile for the past six years, said this week that offers made so far had been unsatisfactory, although two were "very close".

Plans for the future use of the building will be known when Mr Gorfil comes to PE in about two weeks time.

The owners, Gorfil Brothers Investments, are trying to use it for other purposes and have been approached by a Government department interested in renting it as offices.

Plans include conversion into an old age home or — at a cost of thousands of rands — into an international hotel.

The doors of the hotel were shut in March, 1986, and residents and staff had no choice but to leave after the company experienced certain difficulties.

The Victoria is for sale at R325 000.

The estate agent handling the sale of the "Vic", Mr Phillip Bowman, said he was optimistic that he would find a buyer.

Local businessmen had shown an interest in the building since the sale was advertised for the first time this week.

Mr Bowman said a possibility was that, as there was a shortage of office premises in the area, the building could be used as offices.

But he added the building could still be used as a "charming, exclusive hotel" after being upgraded.

The 12-room hotel has been closed for about two years.

409-COAL : B
MINIMUM BASIC WEEKLY WAGE RATES

Hotels are facing an Easter rush

FINANCE STAFF

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The hotel industry looks set for a bumper Easter, with bookings already running well ahead of those last year.

"It looks like the improved trend which set in towards the end of last year has been confirmed," says Mr Fred Thermann, executive director operations of the Federated Hotel, Liquor and Catering Association (Fedhasa).

"There is still accommodation available from April 2 to 16, particularly in the eastern and northern Transvaal hotels but they are filling up rapidly and holidaymakers who haven't yet booked up should do so as soon as possible."

An interesting development, too, is the apparent pick-up in overseas tourism on an individual basis, particularly among Americans and Germans — an indication of the advantages for them because of the rand-dollar exchange rates which make South Africa a highly attractive destination.

"This trend promises good things for the future, for people return home with a more positive picture of South Africa and it could set the scene for a revival in group tourism," says Mr Thermann.

While hotel running costs remain under pressure, Fedhasa is well aware that hoteliers are "bending over backwards" to make it possible for the consumer to afford an hotel holiday.

GRC Times 14/3/87

Hotels look forward to 'bumper Easter'

288

Financial Staff

EASTER holiday hotel bookings are running well ahead of last year, with many hoteliers reporting a choc-a-bloc situation already, reports the Federated Hotel, Liquor and Catering Association (Fedhasa).

"It looks like the improved trend that set in for the hotel industry towards the end of last year has been confirmed and we are looking forward to a bumper Easter," Fedhasa executive director of operations Fred Thermann said in a statement yesterday.

"There is still accommodation available from the 2nd to the 16th April, particularly in the Eastern and Northern Transvaal Fedhasa hotels, but it is filling up rapidly and holiday makers who haven't yet made their bookings, should do so soon."

Behind the evident success of the upcoming Easter season is the improved economic and political outlook and more preparedness on behalf of the public to lash out on leisure spending.

Interestingly, there has also been a pick-up of overseas tourists on an individual basis, particularly among Americans and Germans.

"The relative rand and dollar exchange rates still make South Africa an extremely attractive destination.

"This promises good things for the future for people like these return to their homelands with a more positive picture of South Africa and it could set the scene for a return of the group tourism," Thermann said.

Also encouraging the good bookings are the numerous excellent package deals available from both the private hotels and the chains.

"Hotel running costs remain under extreme pressure, but hoteliers are bending over backwards to make it possible for the consumer to afford a holiday in a hotel."

production.

26/3/87 B/Day (88)

Hotel industry shows signs of revival

MICK COLLINS

AFTER being in decline since November 1981, the hotel industry is at last showing strong signs of revival.

The latest hotel ratio statistics released by Pretoria University's Bureau of Financial Analysis yesterday show all gradings had increases in room and bed occupancy.

One-star hotels fared the best in the room occupancy index, with an increase of 14,6%, while the other gradings showed increases ranging between 8,9% for three-star hotels and 1,3% for four-star hotels.

One-star hotels also showed the greatest increase in the bed occupancy index — 21% for January compared with the corresponding month last year. The other gradings showed increases ranging between 10,2% for three-star hotels and 2,1% for four-star hotels.

The figures relate to the trading results of hotels in 20 regions for January 1987.

Thirteen of the 20 regions showed increases in the bed-occupancy index. The greatest increase was in Port Elizabeth, with 34,3%, followed by Bloemfontein and Kimberley with 28,4% and seven other regions with increases of more than 10%.

Nine of the 20 regions showed an increase in real income for January compared with the corresponding month last year. The increases ranged between 13,4% in Bloemfontein and Kimberley and 1,4% in Maritzburg.

Johannesburg showed the greatest decline, 16,5%, followed by south-eastern Transvaal with 11%.

Although signs of the revival were detectable in previous months, most gradings of hotels were still showing declines in their real incomes.

The figures for January, however, show only one-star and three-star hotels had slight declines compared with the corresponding month last year.

The other gradings showed increases in real income, ranging between 7,7% for two-star hotels and 2,7% for four-star hotels.

An analysis showed the industry looked appreciably better in most regions in January than it had during the past few months.

CAPE TIMES 27/3/87

Satbel buys Mike's Kitchen for R4m cash

282 28

Own Correspondent

JOHANNESBURG. — Satbel has purchased Mike's Kitchen chain for R4m, in a cash deal announced last night.

In the deal effective from January 1, Satbel paid 62c a share for 65% of Mike's Kitchen Franchising Ltd. Former Mike's Kitchen chairman David Lewis retains a 5% shareholding. The 62c a share offer will also be made to minority shareholders.

Mike's Kitchen shares, which trade on the JSE Development Capital Board, were suspended at 75c a share earlier this week.

Kersaf Investments deputy MD Ian Heron said the deal would provide diversification for Satbel in a "good growth sector" and provide impetus for a thrust into the restaurant business.

Seven units opening

Heron described Mike's Kitchen as an "ideal vehicle" to put into the company to make for "one-stop entertainment centres". Satbel has investments in cinema chains and fast food outlets.

Mike's Kitchen, with 47 outlets, has expanded rapidly over the past four years — a growth Satbel intends to maintain, with seven new units opening this year.

Satbel is held jointly by Sol Kerzner's Kersaf and Federale Volksbeleggings.

The acquisition is not expected to make an impact on Kersaf's earnings per share for the year ending June 1987.

Hotel industry is back on its feet

288

SMT 27/3/87

Pretoria Correspondent

The South African hotel industry is showing definite signs of revival after a consistent state of decline since November 1981.

This is reflected by the latest hotel ratio statistics issued by Pretoria University's bureau of financial analysis, for the January trading results of hotels in 20 regions.

The bureau said although signs of the revival were detectable in previous months, most gradings of hotels were still showing declines in their real incomes.

The figures for January, however, show that only one-star and three-star hotels showed slight declines compared with last year. The other gradings showed increases in real income, ranging from 2,7 percent for four-star hotels to 7,7 percent for two-star hotels.

Nine of the 20 regions showed an increase in real income for January compared with last year.

The Sun rises on another removals area

WEEKLY MAIL REPORTER

ON March 20, Sun International announced their latest hotel in Bophuthatswana — the Marula Sun, at Nooitgedacht Dam near Mabopane.

The hotel site is in the heart of the Winterveld, a region with a population estimated at around two-million, most of whom live in poverty and squalor.

The bulk of the population are non-Tswanas, forced to live in the area by South African government removals.

Since independence the Bophuthatswana government has waged a campaign to oust these people. In 1979, other "homeland" leaders — embarrassed by the brutality of the campaign and the publicity it was receiving — petitioned the SA government to urge President Lucas Mangope to exercise more restraint.

To give the appearance of legality to the campaign to remove non-Tswanas from Bophuthatswana, Mangope amended the Land Control Act (the so-called "Squatter Act") in 1983, making it illegal for people without residency permits to live in the "homeland".

Under this legislation thousands of Wintervelders, now declared "squatters", were detained, harassed and assaulted by the Bophuthatswana police.

In 1985 more than 5 000 residents at Nooitgedacht, the site of Sol Kerzner's new hotel, were given a deadline to leave the area or face forced removal. They refused to move, and were charged under the Land Control Act.

The Bophuthatswana government, however, has been forced to drop charges against all those who defended themselves on the charges, as defence lawyers successfully argued that the law was *male fide* — in bad faith.

At the press conference at the Marula Sun, Kerzner denied that there was any connection between the siting of the hotel at Nooitgedacht and the Bophuthatswana government's attempts to move the people living there.

This was not the first time the issue had been raised, however. The same question was asked about the siting of several other Sun International hotels in Bophuthatswana — Sun City, Cascades, and the Thaba'Nchu Sun.

At Pilanesberg game reserve, adjoining Sun City, the Bakgatla tribe said Mangope personally threatened to expropriate the trust farms allocated to them by the South African government unless they agreed to give their land to the game park. They claim to have written records to prove this.

This land, owned freehold by the tribe and its members, was subsequently seized and occupied — unlawfully, say the Bakgatla people.

A damages claim for R13,2-million has been lodged with the Bophuthatswana government, and legal action is pending.

In 1985, Sun International opened the Thaba'Nchu Sun, set "within its own game park", according to its advertising material.

The creation of the game park, like at Pilanesberg, has created much hardship and suffering among the local population. Two villages were destroyed in 1982 to make way for it, and people in the area claim 90 families never received compensation.

Sun International emphasises that the Thaba'Nchu game park is on government land and is managed by the Bophuthatswana Parks Board, which was responsible for the removals.

However, Sun International managing director Ken Rosevere confirmed at the Nooitgedacht press conference that his company helped finance both the Pilanesberg and Thaba'Nchu game parks, and is currently financing the proposed bird park at Nooitgedacht on land leased from the Bophuthatswana government.

The question of who owns the game parks and who is responsible for the removals involved in their creation is, however, in a sense irrelevant. Firstly, the Bophuthatswana government is a shareholder in Sunbop, the "homeland" subsidiary of Sun International, which owns most of the Bophuthatswana hotels.

Secondly, the relationship between Sun International and the Bophuthatswana government is extremely close, as the Sun International public relations manager (head office) said at the Nooitgedacht press conference: "It is a hand in hand situation — one helps the other. We are both providing the same thing."

A clear pattern seems to be emerging. There is an alarming geographical association between forced removals and the siting of Sun International hotels in Bophuthatswana.

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W Mail 27/3-2/4/87

R2-million revamp to restore appeal of Katberg Hotel

6005 30/1/87

Post Reporter

THE Katberg Hotel in Ciskei is to undergo a R2-million redevelopment scheme.

Mr David Law, financial manager in charge of the hotel division of the Ciskei People's Development Bank, said tenders had already been invited for construction of the revamped hotel.

It was hoped contracts would be finalised within four weeks and that construction would be completed by the end of the year.

Mr Law said the hotel — situated in the Katberg mountains about 40 kilometres from Fort Beaufort — had been handed over to the Ciskei Government in February last year.

Built as a sanatorium at the beginning of the century, it had been converted into a hotel in 1912 and had been very popular — mainly with Eastern Cape clientele.

"Over the last few years, however, its popularity has declined and we have decided we want to put the hotel back on the map."

Mr Law said renovations would be done to the conference centre and the main building and 30 new rooms would be built, bringing the number of rooms up to 88.

While construction was under way, the hotel would remain open except for the months of June and July.

(288) STAR 3/4/87

More visitors coming from overseas

Hotel trade looks to a brighter future

South African Hotels had a good Christmas season with trading revenue up 15,4 percent on December last year at around R150 million.

There was a welcome return of overseas visitors in December.

Inflation-adjusted trading revenue was three percent down on last year, but the hotel industry is basically content with the improvement detected in the second half of last year.

Commenting on the figures, the executive director operations, Mr Fred Thermann, says there has been a steady if unspectacular recovery in the hotel industry's fortunes.

"Some of the improvement is due to a return of individual tourists to South Africa and we are hopeful that the next holiday season will see a resumption of group tour business from our traditional markets in the United States and Europe."

The December '86 figures showed an increase of 3 296 in the number of foreign visitors compared with the same period last year, due mainly to tourists from Germany (1 200) with the balance coming from Italy, Austria, Switzerland, Belgium, France and Australia.

The improvement is due to the efforts of the tourism board the hotel groups and the tourism industry generally, says Mr Thermann.

Every happy tourist increases the flow of foreign visitors.

EXCELLENT

Occupancy rates for January have continued to improve, showing a 6,7 percent rise over the previous January, but inflation-adjusted incomes were about three percent down.

"This is a clear indication that hotels are still offering excellent package deals and their profit margins are suffering as a result."

Bed occupancies throughout the sector have risen on average to around 40 percent.

In December itself many of the coastal hotels had occupancies of about 90 percent.

The Easter school holidays are also well booked although there is still some accommodation available in the Eastern Transvaal and Northern Transvaal Fedhasa hotels.

CAPE Times 25/4/87 288

Hotels emptied of more than guests

Own Correspondent

DURBAN. — Durban's more luxurious hotels have emptied quickly after the end of the Easter holidays, but managements are still counting the losses through guests taking "souvenir" towels, ashtrays, glasses, salt and pepper pots and cutlery home with them.

Hotels estimate that they lose between R5 000 and R8 000 a year and some have started charging refundable deposits on beachtowels in an attempt to stop the petty pilfering.

Mr Ralph Wilken, deputy general manager of the Maharani, said the hotel lost 20% of its towels every season.

Mr Wilken said room service cutlery also went quickly but ashtrays were not popular any more. "Basically it's anything that's monogrammed.

"But recently we had a guest who tried to steal the curtains.

"But South Africans seem to have more respect and discipline than people overseas — there they steal TV sets and anything not nailed down."

Mr Clive Bolton, manager of the Marine Parade Holiday Inn, agreed that the most popular items were those which were monogrammed.

"People take glasses, facecloths and towels although we've had the pictures stolen from the bedrooms too."

A spokesman for the Beverly Hills Hotel in Umhlanga Rocks said the old towels were never stolen but as soon as a new batch was bought they disappeared.

"We can lose about 400 towels and 200 facecloths in one season. The ashtrays in the rooms never go but in the public areas, where they are quite expensive and attractive, we lose lots," she said.

Cpress 26/4/87 288

The Sun – curse or saviour?

By SOL MORATHI

The erection of the R27-million Marula Sun Hotel, south of Mabopane, has aroused a miscellany of feelings.

Residents of Mmakau, GaRankuwa, Hebron and Mabopane, who are within reach of the hotel, are concerned about the alarming Bop prostitution rate and fear this might be a breeding ground for prostitution.

They think the hotel will force the local people to change their lifestyles in order to cope with the kind of life the hotel will provide.

When this happens, they reckon there will be chaos and confusion, especially among the youth.

Though not against the erection of the hotel, people feel that, if it was situated some kilometres away from their residential areas, it would be different.

Nevertheless, there are other people in an around Mabopane who feel the hotel will be a saving grace for many people.

They argue that it will create employment and put the area on the map. The hotel is expected to employ over 1 000 people when it opens its doors in June.

Some people are totally against the erection of this mecca near the Nooitgedacht Dam. They reckon the place will not last long and will bring misery and pains for the nearby people.

And an argument – mainly prevalent among the elderly – is that there is a big snake called Mmamogaswa in the nearby dam which, when angry, will destroy everything in the vicinity.

When work began on the hotel last year many homes and properties were destroyed in the area. It was soon whispered that the snake had been provoked.

There is at present an alarming prostitution rate in Bop, especially in Mmabatho, Mafikeng and the surrounding areas.

The authorities have promised to take firm disciplinary actions against prositutes.

Bop is turning into Africa's own Las Vegas

By SOL MORATHI

BOPHUTHATSWANA is fast becoming SA's Las Vegas – the biggest and greatest gambling country in Southern Africa.

It started with the Mmabatho Sun nine years ago.

Later, the immensely popular Sun City in Rustenburg was erected, and a year ago the Molopo Sun followed.

Now another gambling mecca is taking shape on the banks of the Nooitgedacht Dam, south of Mabopane.

The complex, which is expected to steal the show from its predecessors because of its visibility, is to cost R27-million.

This is expected to cater for the needs of GaRankuwa, Mmakau, Klipgat, Mabopane and Winterveld residents, and attract large numbers of people from all over the country, especially the PWV area.

The hotel will be known as Marula Sun.

It has not been named Marula Sun for nothing – an attractive and imposing Marula tree stands in front of this great mecca.

It will have 49 rooms, 44 en-suite standard rooms and will also provide facilities for paraplegics.

A conference room to accommodate 140 people and a 120-seat cinema have been planned in this massive site which took off in October last year.

There will also be an area for 150 slot machines, which will be served by a lobby bar.

A casino, furnished with six roulette tables and an equal number of other tables, is what the architects and designers of the hotel have ordered for its customers and regular patrons.

This will have 50 video slot machines and its own cocktail bar.

For those who need a cool breeze and like nature, a bird park at the back of the hotel and on the banks of the dam is being built.

The hotel, owned by Sol Kerzner, is expected to open its doors at the end of June.

Sowetan

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Black travel firm opens

30/4/87

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A NEW black travel agency, the first of its kind in the Johannesburg Central Business District, was officially opened at a lavish ceremony at a Johannesburg hotel this week.

Zamangomusa Travel Agency, which was started about four months ago, is the brainchild of former SABC-TV2 commentator, Mr Zama "ZZ" Masondo, and his younger brother, Musa.

Mr Masondo, who is managing director of the agency, said although the agency was established about four months ago, it had promoted a number of tours throughout the country.

He said he did not receive any financial backing when he ventured into the business.

"I just exhausted my own purse. But I have now applied for financial assistance from the Small Business Development Corporation as we plan to expand the business and buy our own luxury coaches," Mr Masondo said.

Already a branch has been opened at Emadadeni in Natal. Mr Masondo plans to open three more offices in Cape Town, two in Maritzburg and one in Bophuthatswana.

He said the promotion of overseas tours was also in the pipeline.

"I ventured into this business not only to improve the quality of black tourism, but to create job opportunities for our people. Already we have a staff of about 15. This could be increased to about 60 in the near future," Mr Masondo said.

MR ZAMA "ZZ" Masondo with his wife Zodwa, celebrating the opening of Zamangomusa Travel Agency at a Johannesburg hotel.

Cape Times 4/5/87

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Suthsun back in profits after loss

From LIZ ROUSE

JOHANNESBURG. — Southern Sun Holdings (Suthsun) has achieved a bottom-line profit, thanks to earning an attributable income of almost R8m in the second half of the year ended March.

At the halfway stage Southern Sun showed an attributable loss of almost R6m, which was transformed into an attributable profit of R1,9m by the year-end.

This rapid turnaround in profitability reflected better occupancies in the second half and the hotel group's concerted campaign to market its 52 hotels.

However, the group's chances of achieving its full potential depends on a marked pick-up in foreign tourism.

Seasonal loss

It is expected to show a modest increase in earnings for the year to March 1988, but directors caution that a seasonal loss is again expected in the first half of the new financial year.

Results for the 12 months ended March show a 17,4% improvement in turnover at R262,9m (1986: R223,9m), reflecting a full 12 months' trading from the Johannesburg Sun, whereas last year's figures included only a month's trading. The turnover figure also includes a year's trading from the New Gold Reef City Hotel.

Southern Sun's operating profit of R8,8m reflects a sharp decline on the R15m figure achieved in the 1986 financial year, but a marked improvement on the interim operating loss of R1,3m.

The group's interest bill declined from R14,8m to R9,4m as a result of lower interest rates and the group's pre-tax loss amounted to R586 000 compared with the R223 000 profit recorded at the same stage a year ago.

In the 1986 financial year Southern Sun had a tax credit of R1,8m which did not recur this year. Higher retained attributable earnings of associated companies of R4,3m (1986: R1,6m) arose from improved performances from Sun International and Southern Sun timesharing, coupled with a lower attributable loss arising from the group's TFC investment.

Attributable earnings for the year amounted to R1,9m compared with the R3,1m in the previous year. Earnings were 2,7c (1986: 4,4c) and, on the basis of its policy of distributing 70% of its earnings, Southern Sun has declared a 2c (3c) dividend.

Expectations

Southern Sun's MD Bruno Corte said he was satisfied with the results. "Having recorded a loss for the first half, these results surpassed our most optimistic expectations.

"The chief reason for the rapid turnaround is the fact that since December, occupancies fell by 6,9% compared with the previous year with four and five star hotels showing declines of 8,6% and 5,6% respectively."

Corte added that the level of business travel increased in the period.

He also said Southern Sun's holiday package marketing campaign and a marked improvement in tourism to the Cape saw second-half occupancies rise to 54% compared with 52% in the six months to September.

The averages for the full 12 months were occupancies of 53% for this past financial period compared with 54% for the previous year.

A look at Southern Sun's abridged balance sheet which accompanies the preliminary results shows that the group's gearing remains a very satisfactory 28,4% (1986: 23%). The net worth of a Southern Sun share has climbed from 377,6c to 415,5c a share in the past 12 months.

The Sun still shines

4/5/87 B/Day (28)

LIZ ROUSE

SOUTHERN Sun Holdings has achieved a bottom-line profit, thanks to earning an attributable income of almost R8m in the second half of the year ended March.

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This rapid turnaround in profitability reflected better occupancies in the second half and the hotel group's concerted campaign to market its 52 hotels.

However, the group's chances of achieving its full potential depends on a marked pick-up in foreign tourism. It is expected to show a modest increase in earnings for the year to March 1988, but directors caution that a seasonal loss is again expected in the first half of the new financial year.

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● To Page 2

(28) B/Day 4/5/87

Profit keeps the Sun shining

● From Page 1

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Southern Sun's MD Bruno Corte said he was satisfied with the results. He said: "Having recorded a loss for the first half, these results surpassed our most optimistic expectations.

"The chief reason for the rapid turnaround is the fact that since December, occupancies fell by 6,9% compared with the previous year with four and five star hotels showing declines of 8,6% and 5,6% respectively."

Corte said the level of business travel increased in the period and Southern Sun's holiday package marketing campaign and a marked improvement in tourism to the Cape, saw second-half occupancies rise to 54% compared with 52% in the six months to September. The averages for the full 12 months were occupancies of 53% for this past financial period compared with 54% for the previous year.

He said: "Group average room rates improved in the second half enabling rates for the full year to increase marginally above those earned in the previous year. Operating profits of comparable units were 15% ahead of those of the previous year, but were negated by the impact of losses at the Johannesburg Sun."

A look at Southern Sun's abridged balance sheet, which accompanies the preliminary results, shows that the group's gearing remains a satisfactory 28,4% (1986: 23%), and the net worth of a Southern Sun share has climbed from 377,6c to 415,5c a share in the past 12 months.

Corte said that while there were positive indications of an improvement in hotel occupancies and average room rates for the coming year, the Johannesburg Sun would continue to be a drain on profitability until such time as its occupancy and room rate improved substantially.

"Accordingly, whilst the group is forecasting a modest increase in earnings for the full year, shareholders are cautioned that a seasonal loss is again anticipated for the half year."

Students in hotel: CP complains

Argus 5/8/87 288

Tygerberg Bureau

MR JOHANN LEIBOLD, the Conservative Party candidate in Bellville, has attacked the MP, Mr Andre van der Walt, for allowing "black radical students" to live in a hotel in a white residential area.

However, Mr van der Walt said he couldn't see what the fuss was about, as "there were more black people living in Boston's (in Bellville) backyards than at the hotel, which moreover has international status".

Mr Leibold has sent pamphlets to white voters, warning of a situation he said would "lead to racial friction".

"This hotel ... should not be allowed to be turned into a hostel for radical blacks who are running through the corridors, shouting political slogans."

Mr Leibold said two other Bellville hotels housed University of the Western Cape students, but they were in the central business district and did not pose the same problem.

● A spokesman for the hotel said: "We have received no complaints whatsoever about this from anyone."

(Report by A Stuijt, Belray Arcade, Durban Road, Bellville.)

Move soon for cheaper hotels in South Africa

Post Correspondent

JOHANNESBURG — Proposed changes to the hotel industry, which would be tabled in Parliament this year, would open the way to new, less expensive classes of hotels, Mr Danie Hough, chairman of the South African Tourism Board, said here yesterday.

This which would revolutionise the industry and keep it within financial reach of more South Africans, Mr Hough said at the opening of the 1987 Congress of the Federated Hotel, Liquor and Catering Association of South Africa (Fedhasa).

Mr Hough said the intention of the Hotel's Act Amendment Bill was to deregulate the industry and streamline the grading system.

Fedhasa was hoping the Bill would make provision for the "garni" bed and breakfast type hotel and the tavern or "pub" found in Europe.

He said facilities related to the hotel industry could become accredited with a grading if the Bill was accepted. This would include caravan parks, resorts and game reserves, for example. Applications for grading would be entirely voluntary.

This would hopefully have the effect of raising standards, for, while South African hotels were among the best in the world, the same could not be said of other tourist facilities.

He also said the coming year would be an excellent one for the industry, both in terms of domestic and international tourism.

"The hysteria that was generated over South Africa appears to have abated in frequency and intensity. There is a definite recovery in overseas tourism to this country."

B 608 12/5/87

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Cheaper hotels plan — Tour Board chief

ARGUS 12/5/87

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The Argus Correspondent

JOHANNESBURG. — Proposed far-reaching changes to the hotel industry, opening the way to less expensive hotels, will be tabled in Parliament this year, the chairman of the South African Tourism Board, Mr Danie Hough, has announced.

These proposals could revolutionise the hotel industry, keeping hotels within the financial reach of more South Africans.

The Federated Hotel, Liquor and Catering Association (Fedhasa) is hoping the Bill will make provision for the bed-and-breakfast hotel and the tavern found in Europe.

Mr Hough told delegates to the 1987 Fedhasa Congress the intention of the Amendment Bill would be to deregulate the industry and streamline the grading system.

Changing the grading system would enable hotels to provide market-related facilities and price themselves accordingly.

This new grading system would apply to other tourist facilities such as caravan parks, resorts and game reserves.

And, Mr Hough added, while South African hotels were among the best in the world, the same could not be said of other tourist facilities.

"This new grading system would hopefully raise standards," he said.

Mr Hough said the coming year would be excellent for the tourism industry as the "hysteria" which had been generated over South Africa appeared to have abated.

Marketing

The South African Tourist Board's marketing efforts both locally and abroad had paid off, Mr Hough pointed out.

Mr Brian Bowman, Western Cape chairman of Fedhasa, said it was a pleasure to see that the South African Tourism Board had recognised that the hotel industry had grown up with regard to standards and was able to look after itself.

These less onerus regulations were related to the needs of the touring public and businessmen and would enable all grades of hotels to survive.

The industry recognised the need for high standards of food and accommodation and did not need the grading system.

Hotel frills trimmed to boost lower grades

Cape Times 13/5/87

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Own Correspondent

JOHANNESBURG. — Hotel frills have been trimmed to rescue the country's 1 100 one- and two-star hotels.

The SA Tourism Board yesterday revised the grading system with immediate effect, it was announced at the 1987 Fedhasa Congress.

Fedhasa president Mr Mike Kovensky said the deregulation would save the industry R1m a month, cut by 66% possible repetition of its R18m loss of last year and save many of the ailing one- and two-star establishments.

One-star and two-star hotels will now be able to serve only two meals a day, instead of having to serve three as in the past, and will no longer have to provide room service.

One- to three-star hotels will no longer have to provide television service. Four- and five-star hotels can omit conference facilities and still obtain a full grading.

Five-star hotels have to keep only one a la carte restaurant open 24 hours a day, instead of two.

Mr Kovensky said: "The net effect is that the hotel industry can now identify its markets and provide the same high standards at a lower cost by reducing infrastructural costs."

He said those who would benefit most were the one- and two-star hotels, 95% of which were independently owned, and this sector comprised by far the majority of the 1 360 hotels.

Mr Kovensky stressed that Fedhasa would push Parliament to legislate this year on the liquorless "Garni" bed-and-breakfast hotels and liquor-serving, accommodation-based "Taverns".

Other important proposals requiring the effect of law included extending hotel and restaurant liquor hours to between 10am and 2am the following morning including Sundays and allowing the sale of drinks without meals in places where meals are normally served — except for restaurants.

Mr Kovensky said the latest changes and proposals would go a long way to improving hotel cash-flow and profitability and preventing a R3 billion loss of lower-grade hotels which could cost R12 billion to replace at the turn of the century.

Hotel frills cut to save industry

DD 13/5/87

Dispatch Correspondent

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Mr Kovensky stressed that Fedhasa would push Parliament to legislate this year on the liquorless Garni bed and breakfast hotels and liquor serving, accommodation based taverns.

Other important proposals requiring the effect of law included extending hotel and restaurant liquor hours from between 10 am and 2 am the following morning, including Sundays, and allowing the sale of drinks without meals in places where meals are normally served — except for restaurants.

Mr Kovensky said the latest changes and proposals would go a long way to improving hotel cash flow and profitability and preventing a R3 billion loss of lower grade hotels which could cost R12 billion to replace at the turn of the century.

Fedhasa said this would insure that South Africa's various grades of hotels would no longer have to offer unneccessary frills.

It was also confirmed that proposals for bed and breakfast only would definitely be put before Parliament, hopefully during the current session.

The changes, in terms of the South African Tourism Board (SATB) regulations, had been worked on jointly by the SATB and Fedhasa, underlining excellent co-operation between the two bodies.

See also page 7

New and cheaper hotels on the way

JOHANNESBURG — Proposed far-reaching changes to the Southern African hotel industry will be tabled in parliament this year, opening the way to new, less expensive classes of hotels.

This was announced by the chairman of the South African Tourism Board, Mr Danie Hough, when he opened the 1987 congress of the Federated Hotel, Liquor and Catering Association (Fedhasa).

The intention of the Hotels Act amendment bill was to deregulate the industry and streamline the grading system, he said.

Fedhasa is hoping the bill will make provision for the "garni" bed and breakfast type hotel and the tavern or "pub" found in Europe.

Changing the grading system would enable hotels to provide market related facilities and price themselves accordingly.

Mr Hough said facilities related to the hotel industry could become accredited with a grading if the bill was accepted.

These would include caravan parks, resorts and game reserves for example. Applications for grading would be entirely voluntary.

This would hopefully have the effect of raising standards, for while South African hotels were among the best in the world, the same could not be said of other tourist facilities.

Mr Hough said the coming year would be an excellent one for the tourist industry, both in terms of domestic and international tourism.

The "hysteria" that had been generated about South Africa appeared to have abated in frequency and intensity and there was a definite recovery in overseas tourism to this country.

● Fedhasa's president, Mr Mike Kovensky, said standards were falling in the South African tourist industry and this negative trend could be remedied only by imaginative action.

Calling for a government and private sector "think tank" to address the problems of the industry, he said there was uncertainty in virtually every aspect of the business.

Staff retrenchment and the cut back or slow down of refurbishment programmes were lowering standards. Price cutting continued in an attempt to retain market shares, unlawful and criminal practices were rife and the authorities often seemed unable to control these situations he said.

Domestic tourism was linked directly to the tempo of the local economy, but the real opportunity lay in reaching the entire population. This would not bring meaningful results until public amenities were open to all. "How can we expect guests to accept open hotels when the beach directly opposite the hotel is for whites only," he said.

The hotel industry was eagerly awaiting the Margo Commission report which hopefully would contain news of tax concessions to one and two star hotels — about 10 per cent of hotels in this category had been forced to close.

Fedhasa had made proposals on amendments to the Hotels Act and Liquor Act. The contemplated changes were vital to the well being of the industry and clear cut direction was needed in eliminating unfair competition from parastatals and state owned accommodation and tourist establishments.

In the liquor sector there was the question of so called freer distribution of liquor, the acceptability of selling liquor below cost and the supply of liquor free of import tax via independent states, among other issues.

There were some serious defects in the retail liquor sector and attention had to be focussed on providing a permanent niche for liquor stores, encouraging fair and legal trading practices and allowing the efficient retailer to participate in any movement in consumer spending.

Deregulation was required over a period of time but in an orderly and pre-determined fashion.

A major bone of contention remained the powerful liquor distribution cartels. — Sapa

Hotel frills cut to save industry

Dispatch Correspondent

DD 12/5/88

JOHANNESBURG — Hotel frills have been trimmed to rescue the country's 1 100 one and two-star hotels.

The SA Tourism Board yesterday revised the grading system with immediate effect, it was announced at the 1987 congress of the Federated Hotel, Liquor and Catering Association (Fedhasa).

Fedhasa's president, Mr Mike Kovensky, said the deregulation would save the industry R1 million a month, cut last year's losses of R18 million and save many of the ailing one and two-star establishments.

One and two-star hotels will now be able to serve only two meals a day, instead of having to serve three as in the past, and will no longer have to provide room service.

One to three-star hotels will no longer have to provide a television service. Four and five-star hotels can omit conference facilities and still obtain a full grading.

Five-star hotels have to keep only one à la carte restaurant open 24 hours a day, instead of two.

"The net effect is that the hotel industry can now identify its markets and provide the same high standards at a lower cost by reducing infrastructural costs," said Mr Kovensky.

Those who would benefit most were the one and two-star hotels, 95 per cent of which were independently owned. This sector comprised by far the majority of the 1 360 hotels.

Mr Kovensky stressed that Fedhasa would push Parliament to legislate this year on the liquorless Garni bed and breakfast hotels and liquor serving, accommodation based taverns.

Other important proposals requiring the effect of law included extending hotel and restaurant liquor hours from between 10 am and 2 am the following morning, including Sundays, and allowing the sale of drinks without meals in places where meals are normally served — except for restaurants.

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See also page 7

ly, May 15 1987

8 Day 15/5/87

Four-star accommodation fares best

Upward trend in hotel industry continues

288

MICK COLLINS

THE upward trend in the hotel industry, which began in August 1986, is continuing.

The results of the monthly hotel ratios survey for the year ending March have indicated that four-star hotels fared best in the indices of room occupancies, with an increase of 16,9%.

The results, released at the Federated Hotel Liquor and Catering Association (Fedhasa) congress in Johannesburg yesterday, indicate that only one to three-star hotels suffered decreases varying from 9,9% to 0,1% in the indices of total real income (inflation adjusted).

In the indices of bed occupancies, four-star hotels also fared the best with an increase of 12,3%, while one and two-star hotels experienced slight declines of 2,6% and 0,8% respectively.

In the indices of total real income, four and five-star hotels showed slight increases of 2,9% and 2,3% respectively.

On a regional analysis, 16 of the 20 regions experienced increases in the indices of room occupancy.

The highest increase was in Pretoria (28,8%), followed by East London (21,0%) and the Garden Route (16,9%). Only four of the regions experienced declines in the indices of room occupancy. The largest decline was in the Drakensberg region (12,7%), followed by the Natal South Coast (10,2%).

Call for govt to cut red tape

B/Day 288 18/5/87

Potential R5bn shot-in-arm for hotel industry

MICK COLLINS

A POTENTIAL R5bn shot-in-the-arm is waiting in the wings to boost the domestic hotel industry and put it on a par with international markets.

The industry has called on government to cut the tangled web of red tape strangling the sector and open the way for the massive capital inflow.

Fedhasa president Mike Kovensky made an urgent call on government at the weekend to redress problems which "are choking growth potential".

He said: "Deregulation of the sector is the answer. For too long we have been hamstrung by technocratic inadequacies. Give us a say in our own affairs. What we need is seats on the State President's Economic Advisory Council, and the Liquor and the Tourism boards."

Speaking after the close of the Fedhasa congress in Johannesburg, Kovensky said a resolution had been taken to call for a commission of inquiry taking in all private and government facets that had a bearing on the industry.

He said: "We have an opportunity to put ourselves in the big league of international tourism but there are serious basic structural defects. We need a government inquiry and a master plan that will be led by the hotel and related sectors and is not merely discussed by technocrats."

He said the time was ideal for investors to enter the market which had reached the lower end of the downturn.

Kovensky said: "The industry is positioned for a strong recovery which will grow commensurately with the upswing in the economy. To create 50 000 jobs will require an investment of R5bn, taking into account present surplus capacity. The industry needs this amount. Ten years ago 50 000 jobs would have required an investment of R1bn."

The industry had the potential to create 500 000 jobs in the next 10 years and generate R12bn in foreign exchange.

Kovensky said: "We would overtake the gold mining sector in importance. Potentially by 2000, the industry could contribute 20% to 25% of the GDP, generating vast wealth for numerous industries in the private sector."

A board of inquiry would set the scene for investment and stimulate confidence. Fedhasa intended pressing government for the board immediately.

Kovensky said the industry welcomed the proposed amendments to the Hotel and Liquor Acts, which would greatly improve trading hours.

The extra hours, including Sundays, would add an extra 57 trading days a year.

Kovensky said: "We will push so that the proposed amendments will be part of this year's legislative programme. At the moment, a lack of confidence and uncertainty is retarding the industry."

Asked about the abuse of alcohol that could be engendered by increased trading hours, Kovensky said capital requirement in the sector was such that the responsible consumption of liquor was assured.

Kovensky said the Fedhasa congress had agreed to the appointment of two senior positions — liquor affairs director and manpower executive-director.

City man accuses spa of racism

Cape Times 21.6.87

288

By CLARE HARPER

AN Athlone schoolteacher has accused an "international" hotel in Montagu of discriminating against coloured visitors to its mineral spa by asking them to leave the premises earlier than whites.

Mr Raymond Elixer visited the spa with 14 other teachers and their families on Sunday. He said yesterday that they were told at the entrance they would have to leave the pool area by 6pm.

According to a notice board visitors had to leave by 11pm but a coloured assistant told him "ons mense" (our people) had to leave by 6pm.

He said he made inquiries at the Avalon Springs Hotel and was told by an assistant manager that only the "coloured-coloured people of Montagu" were not allowed into the public spa after 6pm.

Mr Elixer said he presumed the reference was to the "poor coloured people of Montagu".

However, he was later told by the manager that they had introduced a new rule three months ago that all non-residents of the hotel and casual visitors would have to leave the pool area by 6pm.

Mr Elixer said his party left the spa "in disgust".

Ms Debbie Ellis, the hotel's duty manageress, said yesterday that the public pools were open to everybody, but the hotel tried to keep the pools quiet after 11pm.

She said she had no knowledge of Mr Elixer and his party and that what happened was "not policy".

18/6/87

A R40m casino for the 'Kei

288

Own Correspondent

EAST LONDON — A R40m casino project at the Great Fish River mouth and a R10m hotel with a gambling area at the Bridle Drift Dam near the city, will be built this year.

The building of the projects will begin immediately and is scheduled for completion next December.

The two multi-million rand developments follow a series of negotiations which were finalised in Bisho yesterday between Sun International, Lenton Investments and the Ciskei government.

The casino development will boast 150 bedrooms and extensive public and entertainment areas. The Great Fish River mouth lies between the established R6m Mpekweni Marine Resort to the east and Port Alfred to the west.

The hotel will provide for a limited number of guest rooms, a restaurant and a gambling area containing slot machines.

KYALAMI Ranch, a comfortable hotel set in a beautiful valley near Johannesburg and a place where the workers say they toil hard for a pittance.

Kyalami - home of strife

FOCUS

By THEMBA MOLEFE

KHAYALAMI in Zulu means *my home*, but the 135 workers employed at the Kyalami Ranch Hotel believe 20 years of toil has meant nothing but exploitation.

For the past 20 years Kyalami Ranch has been deducting R135 a month from the workers' pay for accommodation — R55 more than the legal limit prescribed by the Industrial Council for the Liquor and Catering Trade.

Twice last year, after the workers joined the Hotel and Restaurant Workers' Union (Harwu), the Industrial Council ruled that the deductions were illegal and recommended that the hotel stop them, but the ruling was ignored, by the management, members of the Forssman family.

In May this year, after negotiations between Harwu and management failed, the workers stopped work and demanded their money. On June 1 they were dismissed.

Beautiful

Harwu again appealed to the Industrial Council, which ruled against excessive deductions and said the workers were unfairly dismissed. Again management ignored the ruling and refused to reinstate the workers.

The union has now set its eyes on the Industrial Court, which is the only body that can make the findings legally binding and a date for the hearing is still awaited.

Meanwhile, the dismissed Kyalami Ranch workers tell a story of hard toil and very little money, which for some is 24 years old — as old as the hotel itself.

Kyalami Ranch is situated north of Johannesburg and is set in a beautiful valley and has accommodation contracts with two world airlines, Alitalia and Lufthansa, for their crews.

The workers, who come from rural areas, live on the ranch in a compound that resembles township hostels for single people.

Kyalami Ranch's interior is beautiful — cosy, as a guest described it this week. But the compound for its workers is basic — every two workers of the same sex share a small room.

One large room serves as a recreation hall and has two television sets for entertainment. The floors are bare.

Victimisation

The workers interviewed were reluctant to be identified for fear of victimisation.

Mr A said: "When I arrived here in 1965 I had 10 years' experience as a waiter. I now supervise 27 people but my salary is R380 a month."

He says that minus the R135 for accommodation he remains with R245, from which unemployment insurance money is taken.

Mr A has a wife, who is unemployed, and two teenage children in the homeland.

He says: "These deductions have been made for over 20 years without my realising that they were illegal.

"When I came here I was a young man, now I do not think I can last another 20 years."

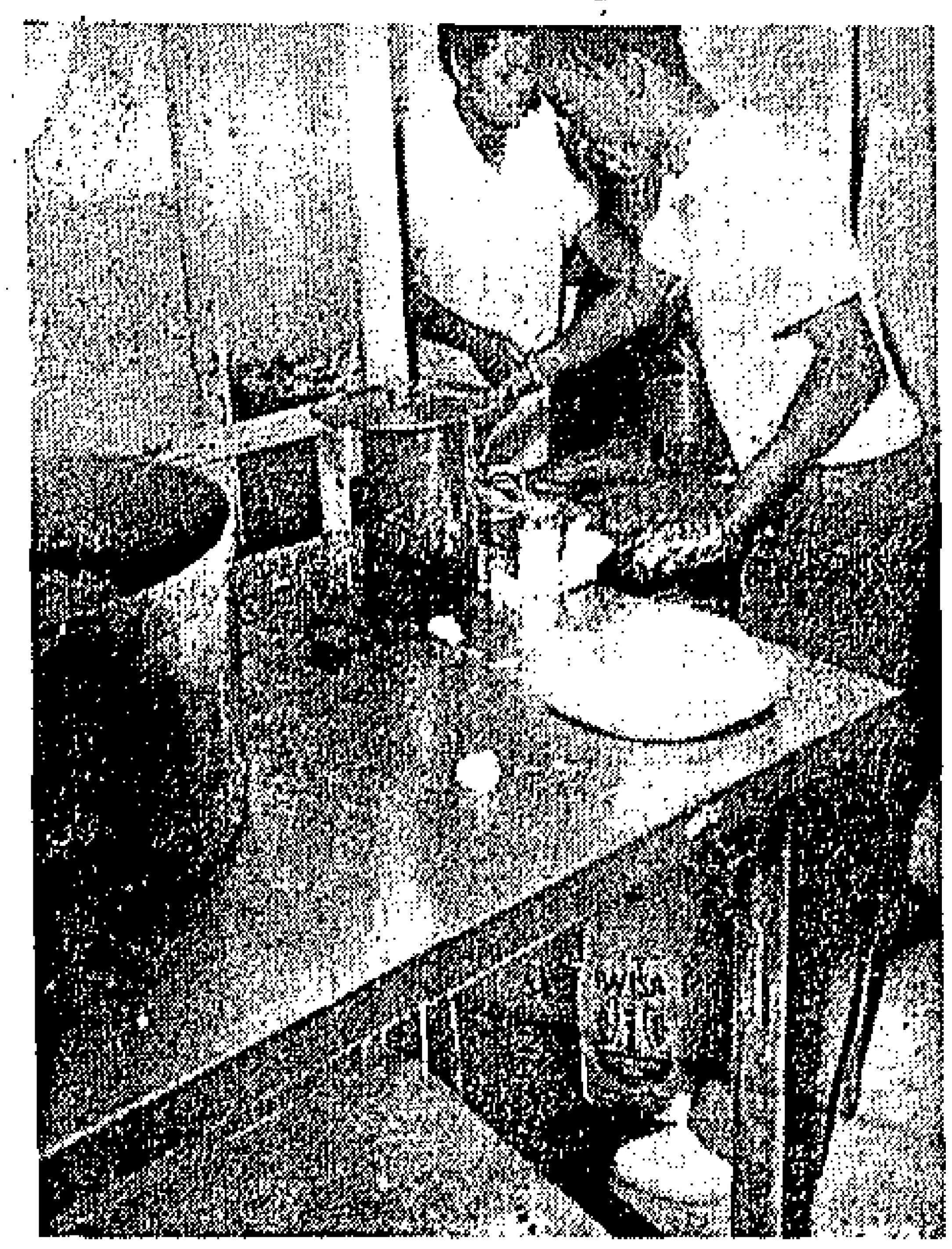
The average earnings of the Kyalami Ranch workers is R270 a month and after paying for the accommodation they take very little home.

The women interviewed said they left their children in the homelands and brought them to the ranch during school holidays.

One said: "I have three children and each time they are here I have to pay for them."

Another woman said there were no maternity benefits at the ranch and if she fell pregnant it meant spending a long time without earnings.

The management has repeatedly refused to comment and referred inquiries to their attorneys in Pretoria.



WORKERS prepare food in the kitchen of the compound where they pay R135 a month. The workers live two to a small room.

A spokesman for the legal firm this week said the matter was *sub judice* and declined to comment further.

- Harwu yesterday said that the International Transport Federation in Europe had notified it that a letter had been sent to Alitalia urging the airline to stop using Kyalami Ranch until the dispute was resolved.

Lest we forget...

THE *Sowetan* today remembers journalists around the country who are in detention:

- **Zwelakhe Sisulu, Editor of the *New Nation*, who has been in detention under the emergency regulations for 190 days;**
- **Mxolisi Jackson Fuzile, *Veritas News Agency*, who has been detained under the**

Cape Times 25/6/87

Revamped Liquor Act cuts red tape

288

Political Staff

THE Liquor Act has been totally revamped to remove much of the red tape that previously strangled the hotel and liquor trade, and the new draft legislation has already been approved in principle by the cabinet.

The new Bill was to have been tabled in Parliament this year, but in view of the sizeable legal problems associeted with it, it is now being held over to 1988.

The complete revision of the Act was undertaken to bring it in line with the needs of the day, and bring to an end the series of ad hoc amendments that have been introduced in the interim, according to the annual report of the Department of Trade and Industry, tabled in Parliament this week.

The changes that have been introduced address such issues as deregulation, simplification, rationalization and promotion of competition.

The draft Bill is in no way a carbon copy of existing legislation, the report says.

Stop the music!

Ban on four Peninsula pubs after noise complaints

288

Argus 26/6/82

MUSIC has been banned at four of the Peninsula's most popular pubs — and drinking hours have been restricted at two of them — after complaints about noise.

The Liquor Board has banned music at the Pig'n Whistle in Rondebosch, the Brass Bell restaurant in Kalk Bay, the Prince of Wales restaurant in Wale Street and the Boston Hotel in Bellville.

But the establishments — all offering live entertainment or disco music — are not taking the ban lying down.

The Brass Bell took the matter to the Supreme Court yesterday and all have appealed to the Minister of Trade and Industry, Mr Danie Steyn.

They argue that there is confusion over whether the board's "no music" decision prohibits live bands, discos, background music — or all three.

A spokesman for the department in Pretoria said the Liquor Board had recommended that:

- No music is played on the licensed premises of all four establishments;
- The Boston Hotel and the Pig'n Whistle may not serve drinks after 11.30pm; and
- The Pig'n Whistle licence should be in the name of the owner.

He said failure to comply with the conditions could mean withdrawal of their liquor licences.

"The establishments were notified of the conditions earlier this month after a Liquor Board hearing on May 18.

"All four have appealed to the Minister against the music condition. We do not know when a final decision will be made as the Minister is overseas."

Court challenge

The proprietors of the Brass Bell were granted a temporary reprieve yesterday when they challenged the "no music" condition in the Supreme Court.

Mr Justice Nel granted an interim interdict ordering that the Liquor Board show cause on August 4 why an order should not be made restraining the board, or anyone acting under its authority, from enforcing the condition.

Brass Bell manager Mr Ebby Gottmann said after the hearing that, pending the outcome of the appeal to the Minister, the restaurant could now reintroduce its guitar accompaniment and regular disco evenings.

But we will not reintroduce our Saturday afternoon band sessions at this stage — it's a bit too risky".

He said the interdict had saved the restaurant from having to lay off eight employees.

The owner of the Pig'n Whistle, Mr Bertie Chait, said the music condition was very vaguely worded.

"What if someone walks in with a radio? Do we tell him to turn it off because we can't have music?"

He was waiting for clarification from the department. Meanwhile the pub would continue to offer live music.

He dismissed the other two conditions as "technicalities".

"We were already allowed to serve drinks only until 11.30."

Mr Chait said a licence had to be taken out in his name because he had taken over the existing licence when he acquired the hotel from his brother and a partner 18 months ago.

The owner of the Boston Hotel, Miss Francine Dowling, said although the hotel had appealed against the ban, she was "not too worried" as extensive renovations were about to be done.

The manager of the Prince of Wales, Mr Len Wood, confirmed the restaurant had appealed against the decision.

The Pig'n Whistle, Rondebosch.

The Boston Hotel, Bellville.

The Brass Bell, Kalk Bay.

The Prince of Wales, Wale Street.

Wish comes true as new hotel opens

NEXT week Mr Stephen Dondolo, 31, of Kwanobuhle, Uitenhage, will be celebrating the realisation of his "second best" childhood dream — opening a hotel of his own.

The Spectrum Hotel, the first in an Eastern Cape African township, cost Mr Dondolo R800 000 to build and furnish and has 64 employees.

Its official opening is being celebrated next week.

The idea of providing Kwanobuhle with a hotel of its own has been Mr Dondolo's dream since he matriculated in 1978.

He had first aimed to be an advocate, but his parents could not afford a university education for him.

He started a taxi business in 1983 and built his hotel in 1985.

"The unstable conditions in the black townships caused the long delay of the official opening," he said.

Since opening its doors in 1985, the hotel in Bucwa Road has become a social centre.

The hotel has airconditioning, convention facilities, a public address system and parking facilities for more than 25 cars. It has eight bedrooms with television, radio, telephones and bathrooms. A disco is being planned.

Mr Dondolo is keen to maintain a high standard of service, and all his chefs have been trained at Emthonjeni in Port Elizabeth.

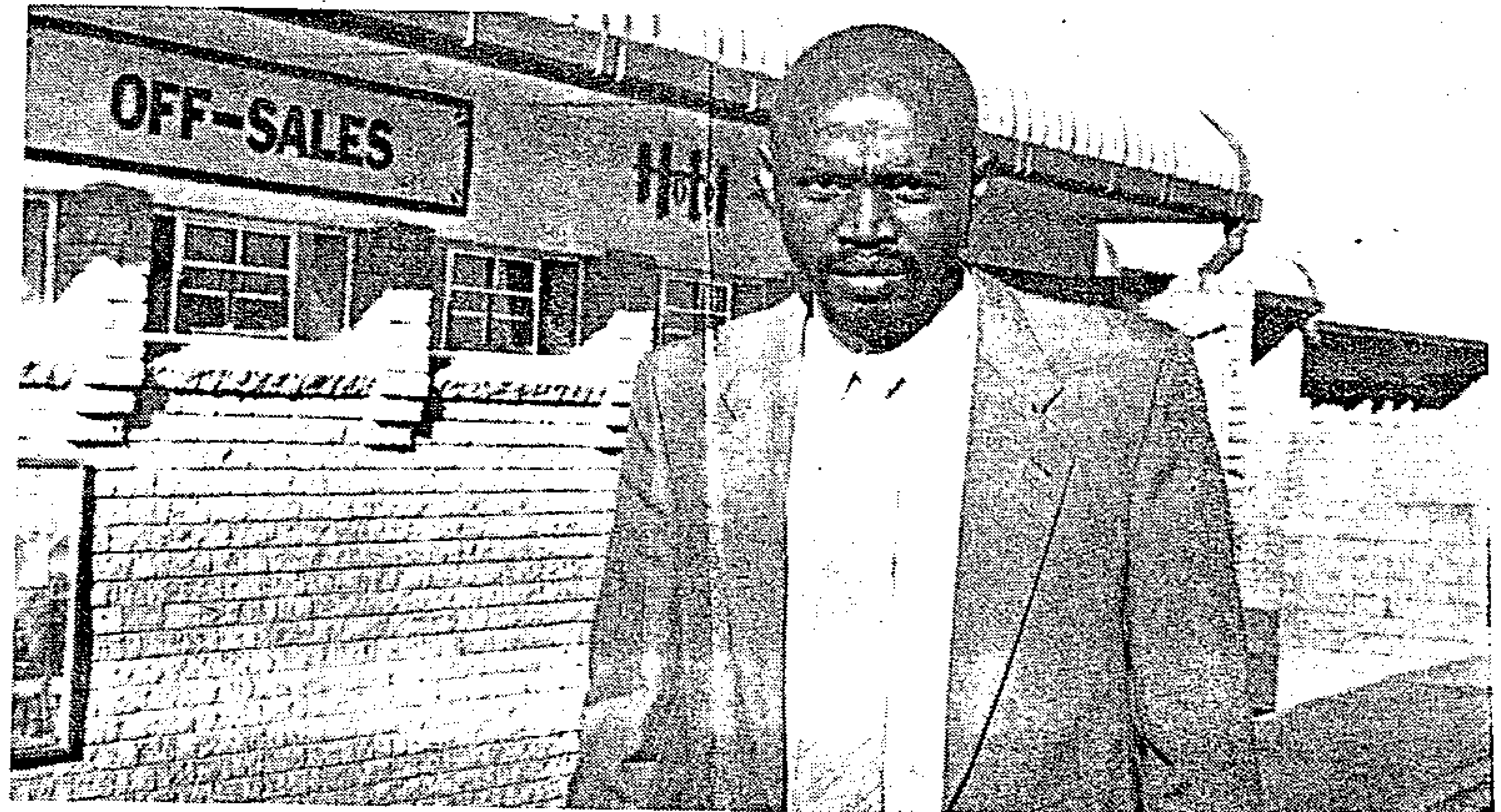
Mr Dondolo helped found the Uitenhage Taxi Association and still runs four taxis.

The director of the East Cape African Chamber of Commerce (Ecacoc), Mr Sydney Mshweshwe, said: "Mr Dondolo identified a critical need in his community and strived relentlessly to accomplish his goal of building this facility which, by any measure, is no mean achievement."

Black businesspeople, he said, were branching out from shopkeeping into new fields of activity.

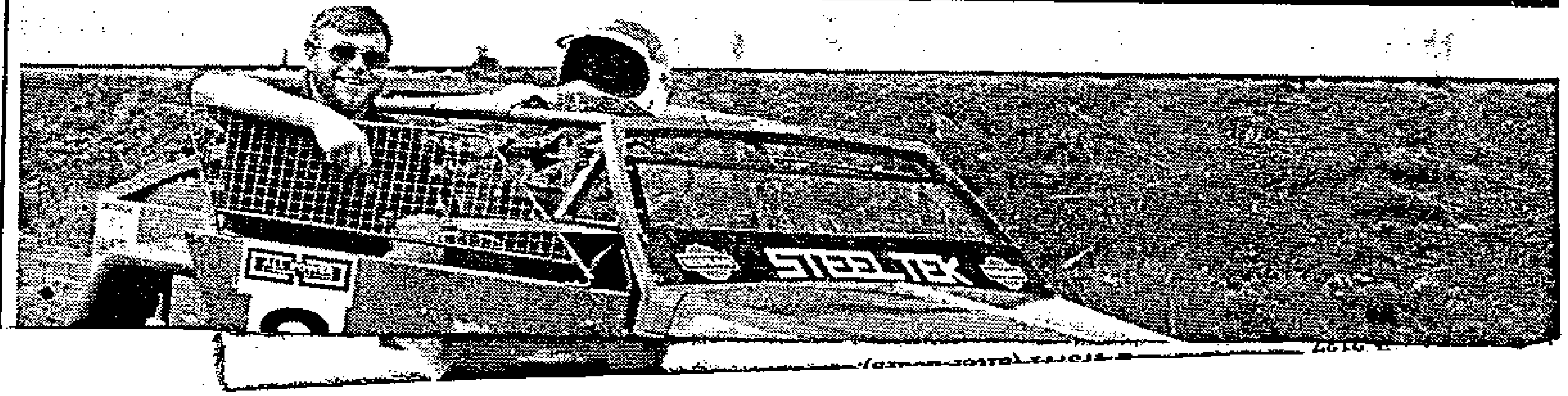
"We want to see our businessmen owning factories, hotels, car dealerships and wholesale outlets."

Mr Mshweshwe said the Government could help by providing business and industrial sites at sensible prices and in appropriate areas.



Mr STEPHEN DONDOLO in front of his R800 000 hotel in Kwanobuhle, Uitenhage, which h[illegible] will be opening officially on Sunday next week. The entrance to the hotel is on the right.

Deon plans to win desert race



(288) B/Day 30/6/87

Satour acts to boost tourism by blacks

NORMAN SHEPHERD

ONLY 29% of blacks in SA last year took a holiday away from home of three days or longer.

And only 10% of that proportion stayed at hotels, although 55% of hotels are now open to all races. The average holiday for a black family lasted 11 days.

This was said recently at a Johannesburg conference, "In Search of New Horizons", organised by the SA Tourism Board (Satour) to look at ways to develop the potential of black tourism.

Satour executive director Spencer Thomas said brochures, films and workshops were being prepared to educate blacks on services and facilities available to them, and a multiracial tourism guide should be published by the end of September.

Efforts were also under way to train the industry's workers to be sensitive to special needs while treating all tourists with the same respect, he added.

But the general consensus among delegates was that little would be achieved until all facilities became multiracial and blacks did not have to fear rejection.

Research manager of Bates Wells' black marketing research division Beatrice Khubeka said blacks appreciated:

- Friendly advice from receptionists on facilities they could use at hotels and nearby places they could visit;
- The opportunity to learn to enjoy activities such as skiing and swimming; and
- Subtle guidance in selecting meals and wines.

She said discount offers and flexible packages during school holidays would help motivate blacks to travel.

Durban's Sastri Technical College acting principal Chris Soobiah said he had found in a survey of 400 people that 55% could not afford holidays and 58% felt disadvantaged, because of their race, at hotels and facilities.

African Travel Services national sales manager Mandla David Msomi said steps had to be taken to overcome the general perception among blacks that the tourism industry was reserved for whites.

288 DD 4/7/87

DAILY

SA hotel industry is recovering — survey

JOHANNESBURG — The South African hotel industry is slowly but surely coming out of the doldrums.

Figures released by the Bureau of Financial Analysis of the University of Pretoria indicate the general upswing is being maintained after the industry had suffered years of sustained poor performance.

The monthly hotel ratios survey for April shows that only four-star and three-star hotels suffered slight decreases in the indices of total real income.

Other gradings all showed increases in real income. For one-star hotels the increase was 9,6 per cent for April, for five-star hotels it was 5,8 per cent and for two-star hotels 2,1 per cent.

The top gradings performed best in the room occupancy indices. Both four-and five-star hotels showed increases of 17,6 per cent while three-star hotels showed an increase of 2,1 per cent.

In the indices for bed occupancy four-star hotels led with an increase of 33,1 per cent while two-star and three-star hotels showed increases of 10,8 per cent and 12,8 per cent.

The regional performance analyses also show marked improvements. Thirteen of the 20 regions covered by the survey showed increased room occupancy. The best achievement was that of the Boland region with an increase of 26,5 per cent, followed by Cape Town with 24,3 per cent.

East London suffered the biggest decline —17,1 per cent — followed by the South Eastern Transvaal with a drop of 13,9 per cent.

In respect of the indices of bed occupancy, 15 of the 20 regions experienced increases. The Boland region again led with an increase of 38,5 per cent, followed by the Garden Route with 35,7 per cent and Cape Town with 34,8 per cent.

The South Eastern Transvaal was the worst off with a decline of 25,3 per cent, followed by East London with 13,9 per cent.

Twelve of the 20 regions enjoyed increases in total real income. The Garden Route area showed an increase of 30 per cent, followed by the Eastern Transvaal's 18,2 per cent.

The South Eastern Transvaal and East London, however, suffered decreases of 24,6 per cent and 23,7 per cent respectively.

Fish Hoek wants to fence beach

Cape Times 17/7/87 288

By PETER DENNEHY
Municipal Reporter

FISH HOEK municipality is asking the Administrator for the power to fence off part of its beach and charge an entrance fee, in spite of its decision last year not to take these controversial steps.

And it is too late to object, as the closing date for objections was July 10.

The town clerk, Mr Eric Fry, said yesterday that the application for a change to the Sea Shore Act regulations had been launched before the beach-fencing controversy erupted last year.

When Fish Hoek beach was about to open to people of all races, some residents wanted a fence and an entrance fee. The first few poles were already in place when public opinion drove the council to change its decision.

Mr Fry said the application dating back to that time had never been dropped. The regulation sought gave the council power to fence off the section of beach between low and high water marks.

The Sea Shore Act process merely took far longer than did similar regulations, already in force, allowing the council to restrict entry to public parks.

"The beach might become crowded and very popular," Mr Fry said. "The purpose of this is to enable the council, should it so wish, to close a portion of the beach and charge an entrance fee."

Mr Fry confirmed that the closing date for objections against the new regulation was July 10. He said the municipality had done even more advertising than had been required, but had received no objections in response.

Not sinister

He did not think this was because people had not seen it.

"There is no immediate intent to use the powers sought. There is nothing sinister about it, its just in case the beaches become very crowded."

Fish Hoek beach had capacity, even at high tide, of at least 8 000, but the maximum crowd yet had been about 6 000.

Another possible use of the regulation could be to charge entrance fees for access to a small part of the beach where chairs and umbrellas would be provided.

Cape Times 17/7/87

Cape Times 25/7/87 288

Tourists to Peninsula spend more

Staff Reporter

TOURISM spending in the Peninsula and its hinterland this year has already been R2 million higher than over the whole of last year as an estimated 20% more South Africans flocked to the Mother City.

And in contrast to past years, South Africans are arriving with detailed itineraries of where they want to go and what they want to see, says Captour's managing director, Mr John Robert.

The upsurge in local tourism was due to a combination of aggressive marketing by the South African Tourism Board, an increased variation of flights offered by South African Airways and hotels discounting their prices, Mr Robert said.

The figure for foreign tourists visiting the Peninsula and its hinterland was in line with the national increase of 15%, a statistic which Mr Danie Hough, the chairman of Satour, said would earn the country up to R1 000 million this year.

Mr Robert said the local increase was a clear indication to everybody in the travel business that "South Africans are becoming less scared of the Cape winters".

Other factors in the upsurge of local tourists to the Peninsula was the poor exchange rate, (which discouraged overseas travel) and the promotion of inter-city luxury buses.

He said R400 million was spent by South Africans in the Peninsula area last year.

"Three or four years ago South Africans were arriving at our offices with no real plans and plenty of questions. This has changed completely — now they arrive with full itineraries. They're spending real money," Mr Robert said.

Cape Times 3/7/87 (288)

Cabinet moves to relax liquor laws

Own Correspondent

JOHANNESBURG. — The Cabinet has approved a wide-ranging revision of SA's liquor laws affecting hoteliers, liquor retailers, grocers and restaurateurs.

Basically all that remains is a rubber stamp procedure. The new Liquor Bill and the Hotel Bill are set to become Acts of Parliament this year — without a hitch.

The most important changes embodied in the Bills are:

☐ Bars in hotel areas where food is served will be able to open on public holidays and weekdays from 10am to 2am the next day and serve liquor without meals. These hours can be extended on application;

☐ Higher-graded hotels will be granted longer hours on a permanent basis;

☐ Liquor retailers and grocers with wine licences will be able to sell liquor on Mondays to Fridays between 8am and 8pm and on Saturdays between 8am and 2pm. Licences to operate under these extended hours will be obtainable on application from the Liquor Board after receiving permission from local authorities;

☐ Liquor store licences will be obtainable in rural areas and wholesale licences authorizing sales direct to the public will remain;

☐ Authorization to restaurants to sell liquor will be available on application to the Liquor Board;

☐ Liquor licence-holders will, through simple application to the Liquor Board, secure permission to sell liquor other than types originally allowed;

☐ A wine and malt licence-holder who wants to serve Irish Coffee or imported wines will be able to write to the Liquor Board, with motivation, for permission to sell these items;

☐ Application for a hotel liquor licence will be granted on condition the hotel is registered as such with the SA Tourism Board (Satour);

☐ Only Satour inspectors, not police, will inspect the hotels for maintenance of standards;

☐ Although the hotels must be bona fide accommodation establishments, they will not have to serve meals;

☐ Applications for licences will only have to be published in local newspapers and lodged with the local magistrates. On receipt of such an application, the magistrate or Liquor Board chairman will decide whether it has to be heard at a formal board hearing or circulated among at least three board members. The board will consider applications any time of the year;

☐ Licence fees will be payable to the Receiver of Revenue, and

☐ Liquor stores will be allowed to set up tasting rooms with free liquor.

Drinkers loosen grip on bottle

CT Times 1/8/97

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By RENEE MOODIE

THE unthinkable has happened — Cape Town's tipplers are ordering fewer drinks at their favourite watering holes and, say local hoteliers, it's because "people just don't have money anymore".

According to a University of Pretoria financial analysis of South African hotels during May this year, income from bar sales in Cape Town has dropped by 18,4%.

But the Mother City is not the only victim of this remarkable drop; Johannesburg registered a whopping 18,7% drop and Pretoria 17,4%.

"Fourteen of the 20 regions (in the study) showed drops, with the three big centres faring the worst," says the study, carried out on behalf of the S A Tourism Board.

A Cape Times survey last night of city hotels found that very few hoteliers were prepared to admit their bar sales had dropped.

'Quiet month'

"People just haven't the money to spend. They buy a bottle and drink it at home," said Ms Ruth Ancely, part-owner of a popular city watering hole. "We can't complain, things have been pretty steady here. But we have found that people who used to order four or five drinks now only order one or two. They have a certain amount of money in their pockets and when its finished they go home."

The food and beverage manager of a Woodstock hotel said May was a traditionally quiet month. "But there has been an increase in the cost of living which has not been matched by increases in salaries. It definitely hits the customer," he said.

The assistant general manager of a city hotel said May figures at the hotel were lower compared to last year — "but not by much".

"People don't have the buying power they used to — they can't afford to stay in the pub for hours and hours. And things will not get better with all the recent liquor price increases," he said.

Cape Times 4/8/87

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Beer garden demise: Staff at 'Forries' cut

Municipal Reporter

EIGHT staff members of the Forester's Arms Hotel in Newlands — a third of the establishment — were made redundant over the weekend because of a huge drop in turnover which the manager blames on the closure of the beer garden.

Mr John Scott, the manager of "Forries", yesterday said the staff members — cleaners, bar-hands and waiters — had been kept on for as long as possible since the beer garden closed on March 9 this year.

"Our turnover has dropped by a third," Mr Scott said. "If the beer garden was opened, I would be able to reinstate the staff.

"I am so bitter about it. They were good, honest workers. One of them, Mrs Ethel Booi, was supporting eight people on her wages alone.

"Another one is the only breadwinner in his family. He has no father, and has three school-going brothers and sisters. Putting out these staff will affect the lives of 40 to 50 people."

Mr Robin Bosomworth, chairman of the Forester's Arms Action Committee, said the Liquor Board had no objection to the beer garden — which had existed for decades — though the city council objected.

He said it seemed only ratepayers had standing with the council, while the broader community did not.

"They (council members) only brought this up because a couple of residents threatened to take the city council to court. It was a knee-jerk reaction which has done nothing to solve the problems."

Mrs Eulalie Stott, a councillor for the Newlands ward, replied that "Forries" had had no right to increase the size of its operation in the first place and it was not the council's fault that it had done so.

"There is no special favouritism given to the residents there, and no antipathy to the general body of patrons," she said. "Ratepayers have rights and if these are infringed they can expect the council to ask people to comply with regulations."

Any request for a waiver of regulations would be considered on its merits, she said.

"The fact that four people want something and 4 000 do not, does not mean that will be the overriding consideration. The rights and wrongs of the matter do count."

Cape Times 6/8/87

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Muffle order on Brass Bell postponed

Staff Reporter

THE Brass Bell's Supreme Court battle against a Liquor Board ban on music in the Kalk Bay restaurant was this week extended until September 15 after a resident complained to the court of "atrocities" committed by drunken young people there.

The allegation was made by Mrs E Karas of Colyn Road in Kalk Bay in a letter before the court — but in an affadavit the restaurant's manager, Mr Eberhardt Gottmann, said Mrs Karas was "vindictive".

Earlier this year the Liquor Board banned music in four Peninsula pubs — the Brass Bell, the Boston Hotel, the Pig n' Whistle and the Prince of Wales — following complaints about noise.

All four appealed to the Minister of Trade and Industry, Mr Danie Steyn, and the Brass Bell took the matter to the Supreme Court, which in June granted an interim interdict ordering the Liquor Board to show cause on Tuesday this week why an order should not be made restraining the board, or anyone acting under its authority, from enforcing the ban.

This had the effect of suspending the ban.

On Tuesday the interim interdict was extended until September 15 by Mr Justice R Marais, pending the result of the appeal to the minister.

Mrs Karas said in her letter that for more than four years residents had suffered the noise of discos, rockbands and jazz, loudly amplified in an open area.

She said it was shocking and difficult to put into words what went on at the restaurant, but this included beer and wine bottles being thrown into the tidal pool and "atrocities committed by drunk young people".

In an affidavit, Mr Gottman said the absence of background music resulted in the restaurant's atmosphere being "clinical, sterile and not conducive to congeniality", and kitchen noises became clearly audible in the restaurant.

He said affidavits from nearby flat residents showed that "the individuals most likely to be affected by the sound emanating from the premises have no complaints".

Mrs Karas was "clearly vindictive and her complaints are ill-founded", he said.

Mr Paul Meyerowitz, instructed by Sonnenberg, Hoffman and Galombik, appeared for the Brass Bell.

electronics era leaves casualties along the way. "Most of the newer information technology systems are modular, so little mechanical work is needed to instal and maintain them," he says. "While this leads to much quicker diagnosis in fault finding, some people can't make the adjustment because they are either wedded to electro-mechanical methods or simply don't want to change their ways."

HOLIDAY INNS

Improving the image

Holiday Inn (HI), now part of the Southern Sun (SS) empire, is spending nearly R21m in tarting up the image of some of its ageing dowagers.

The renovations started last year and will continue through to May 1988. Group operations director Peter Hearfield says costs would have been lower had previous managements not adopted a fragmented approach to refurbishment.

It is no secret that profits that should have been spent on refurbishment were used to partly fund the building of the Sandton HI and the new Inn on Durban's beachfront.

Hearfield admits the standard of accommodation offered in several Holiday Inns has suffered because of the lack of a proper improvement programme. He has set his sights on bringing his group into line with the type of accommodation offered by the SS chain. In fact, the market demands it.

The South African hotel accommodation market is becoming more business orientated, while family hotel holidays are becoming more infrequent.

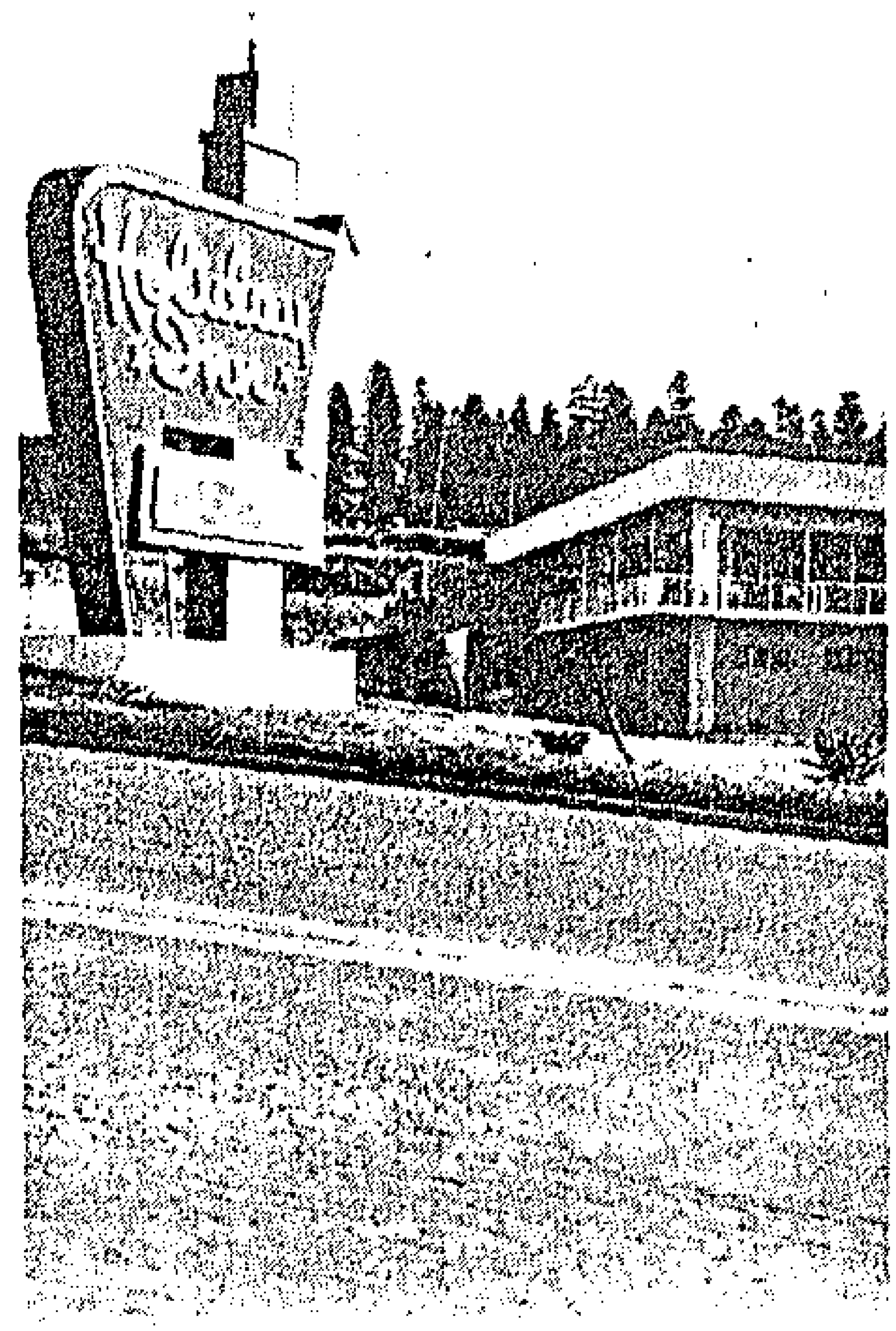
Overseas tourism is picking up though. The 73 328 who came to SA in April was 29,5% up on the same month last year (*Business* July 17), while SA Tourism Board chairman Danie Hough is expecting a 15% increase in foreign tourism this year.

Statistics compiled by the Central Statistical Service (CSS) confirm that the hotel industry is in better shape. May room occupancy (compared with May 1986) improved by 11,7%, bed occupancy by 12,5% and income by 15,9%.

As part of its upgrading effort HI recently spent R4m on completely refurbishing its large Bellville inn. This included redesigning and renovating public areas and creating a conference facility which is claimed to be the largest in Cape Town.

A further R5m is being spent on refurbishing bedrooms and corridors in the Harrismith and Umtata inns as well as the Riverside inn on the banks of the Vaal River, aimed at the Johannesburg business and conference market.

Approximately R9,5m is being spent on new furniture and improving bedrooms and corridors in HI hotels in Pietersburg, Newcastle, East London and Port Elizabeth. Another R2,4m has been allocated for refurbishing the public areas of inns at Ermelo,



Holiday Inn ... time for spring cleaning

Wilderness, Bloemfontein and Newcastle.

Hearfield says 1 077 of the group's 4 425 rooms have already been refurbished and by the time the programme ends 1 480 will have been redecorated. At that stage, no room in the group will have been in use for more than three and a half years without refurbishment. The lifespan of the average hotel room is estimated at five to six years.

Because of its policy of ongoing refurbishment, SS was able to get away with an expenditure of R5,8m in the 1987 financial year. This included R3,5m spent on upgrading the Pine Lake Inn.

SS's refurbishment budget for the current year is R4,1m, which includes R2,6m for improving the Rand International in Johannesburg. The remainder is earmarked for the Bloemfontein Sun, the Sunnyside Park in Parktown, Johannesburg, and a number of smaller projects.

CAR FINANCE

Rental will rule

In the wake of rocketing car prices over the last few years, a proliferation of finance packages is being offered as manufacturers and dealers try to move stock.

There was a time when cash, HP or leasing were the only choices available. Today there are as many as seven options — cash, conventional hire purchase, stepped payments hire purchase, lease, suspensive sale, full service lease and now, full service rental.

In fact traditional car ownership seems to be on the way out. Toyota marketing director Brand Pretorius says off-balance sheet funding has become essential in the fleet market. "As a result, ownership of a vehicle is now less critical. The emphasis has changed from ownership to transport."

(28 FM 7/8/87)

Brass Bell noise not offensive — man of 70

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Court Reporter Argus 7/8/87

ANYONE who said music played at the Brass Bell in Kalk Bay was offensive had a grudge against the restaurant, a witness told Simon's Town Magistrate's Court.

Mr John Lionel Arnold, 70, was giving evidence yesterday at the trial of Mr Anthony White, owner of the Brass Bell, who pleaded not guilty to a charge of contravening a municipal by-law by playing music that interfered with the comfort, convenience, peace or quiet of residents on October 26, 1985.

VILLAGE "REJUVENATED"

Mr Arnold said he had lived in Belmont Flats opposite the Brass Bell for six years and noise had never worried him.

He had lived in Kalk Bay for 38 years and the village had been "rejuvenated" by the restaurant and its pub. "Everyone goes there," he said.

Mr A Berrangé, for Mr White, asked Mr Arnold if he had ever heard offensive noise from the Brass Bell.

Mr Arnold: "No. And anyone who says they have has a grudge against the Brass Bell."

Earlier Mrs Leonie Karras, who lives opposite Kalk Bay station, described "excessive" noise from the restaurant as "penetrating, offensive and blasting".

Mrs Karras denied she was waging a vendetta against Mr White because she could not get buyers for three flats she owned near the Brass Bell.

Mr Joseph Holdstock, a noise expert with Cape Town City Council, testified that the Brass Bell's noise-level was excessive — but so was that of the sea.

He added that the Brass Bell was an asset to the community.

The hearing continues.

Mr M van Wyngaardt is on the Bench and Mr D Louw appears for the State.

8/8/87 Cape Times (288)

Brass Bell not too noisy — court

Court Reporter

THE owner of the Brass Bell restaurant in Kalk Bay was acquitted yesterday in the Simon's Town Magistrate's Court of creating a nuisance by allowing music to be played too loudly.

Mr Anthony White had pleaded not guilty to contravening a municipal by-law relating to nuisance by playing music or allowing it to be played in such a way that it materially interfered with the comfort, convenience, peace or quiet of residents on October 26, 1985.

At a previous hearing, Mrs Leonie Karras, who lives opposite Kalk Bay station, said: "It is supposed to be music, but what we hear is a very loud bang, bang, bang."

She described the "excessive" noise from the beachfront restaurant as "penetrating, offensive and blasting".

She denied that she was waging a vendetta against Mr White because she could not get buyers for three flats she owned near the Brass Bell.

Constable Louis Nel said he had gone to her flat to take a statement from her.

He had not heard any noise from the restaurant while in her flat.

He said he passed the Brass Bell regularly and had only once heard loud music emanating from the establishment.

He had asked Mr White to turn the volume down, and he had complied.

Mr John Lionel Arnold, 70, who has been living in Kalk Bay for 38 years, said he had been living opposite the establishment for six years and he had "no problem with the noise".

He said he had no trouble with his hearing.

When asked whether he had heard any excessive, penetrating or offensive noise emanating from the Brass Bell, he said "no", adding that anyone who had complained must have had a grudge against the restaurant.

Mr Joseph Holdstock, a senior ventilation inspector for the Cape Town City Council, told the court he had measured sound levels near the Brass Bell.

He said: "I took readings at two points — one of 96 and one of 84 decibels. Both of these were average readings over half-hour periods.

"The South African Bureau of Standards' recommended level for that type of area is a maximum of 45 decibels. When the music at the Brass Bell stopped, the sound of the rough sea measured 59 decibels."

Passing judgment, the magistrate, Mr M van Wyngaardt, asked: "Are the people in the area disturbed? The noise may not bother them at all."

He said the area was quite noisy as there was a raliway station, fishing harbour and a main road nearby.

He rejected Mrs Karras's evidence and said: "By the way in which she testified, it seemed as if she had an axe to grind with the Brass Bell."

Mr D Louw prosecuted. Mr A Berrangé appeared for Mr White.

Rape claim dropped

Supreme Court Reporter

A WALVIS BAY woman yesterday withdrew her R16 500 damages suit against the Minister of Law and Order.

The suit had been founded on a claim that a plainclothes policeman raped her — while his uniformed colleague adopted a "passive attitude".

She claimed to have been "arrested" and taken to a saltpan near Walvis Bay.

Boshoff rapped

PRETORIA. — Afrikaner-volkswag leader Prof Carel Boshoff has been told by the University of Pretoria to "toe the line" or face the consequences.

Prof Boshoff, a theology lecturer, was warned by the executive of his faculty's curatorium to follow "specified guidelines" regarding his chairmanship of the NG Bond, which was formed to fight verligte initiatives from within the NG Kerk. — Sapa

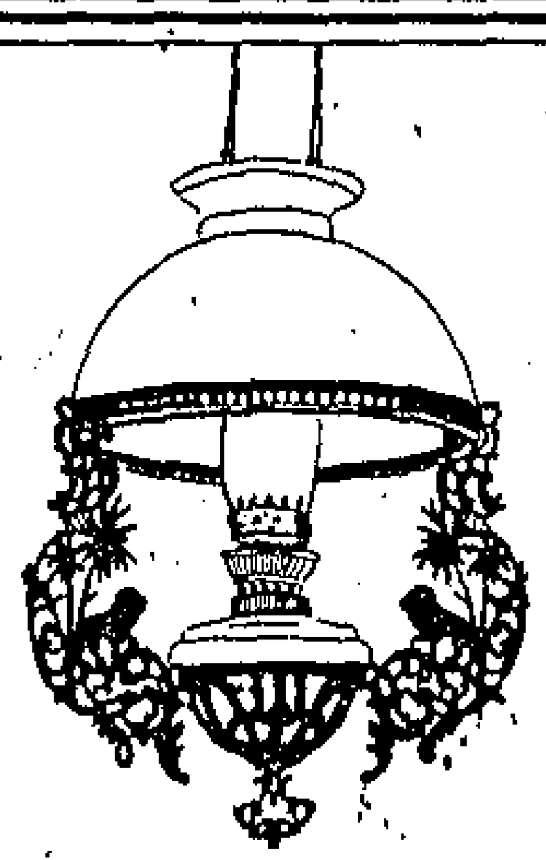
Killer jellyfish invade

BEIJING. — Swarms of jellyfish have killed one person and injured more than 1 500 others at the popular seaside resort of Beidaihe where top Communist Party leaders are taking their vacation, official media reports said yesterday.

On July 29 alone, 166 swimmers were treated at the Beidaihe People's Hospital for allergic reaction to jellyfish stings, China Daily reported.

Between July 29 and August 4, 1 539 people were stung, China Daily said.

Jellyfish sting victims suffer from serious bleeding under the skin, congestion, nausea and vomiting, China News Service said. The poison can affect the heart, causing death. — UPI



Parliament and Politics

11/8/87 B/Day 288

Hotels run up loss of R44m

NORMAN SHEPHERD

THE hotel industry ran up a loss of R44m last year, Fedhasa said.

It said hotels covered their losses by dipping into reserves or increasing borrowings.

The unexpectedly large loss followed an R18m loss the year before, with the result that most hotels have been pushed further into the red.

Fedhasa president Mike Kovensky said the effects of recent deregulation had still to filter through to benefit the market place and he had warned for the past two years that costs were outpacing profits.

He said the industry still offered packages at 1980 prices while wages, inflation, food and equipment costs had soared. Post office, electricity and railway tariffs had also jumped over the years.

Kovensky said: "It is not difficult to see why the situation deteriorated last year. Even this year, the upturn in turnover has not been matched by an upturn in profits."

Three- to five-star hotels this year saw improved occupancies as a result of a 15% increase in foreign tourists, but that came after an 80% fall.

News 11/8/87 (288)

TOURISM

Scant relief for embattled hotel industry

Finance Staff

THE South African Hotel Industry last year had aggregate losses of R44-million, according to figures issued by the Federated Hotel Liquor and Catering Association, Fedhasa.

The losses were covered by delving into reserves or borrowing which further aggravated costs for the sector.

There are no breakdowns for the various star categories of hotels but Fedhasa executive director of operations, Mr Fred Thermann, says four and five star hotels were hard hit due to the fall off of international tourism.

One and two star hotels fared slightly better due to the success of the Tourism Board's campaign to promote internal tourism.

Subsequently there has been an improvement in international tourism (now running at about 26 000 more visitors than last year) and the more expensive three, four and five star hotels have benefited with increased occupancies.

After adjusting for inflation, however, the sector is still barely breaking even in gross profits and according to Mr Thermann profitability is still not in sight.

The outcome of the squeeze on hotel profits has been a tightening of management and a slight reduction of employee numbers. In normal conditions, the industry employs about 60 000 people, rising to 80 000 in peak periods.

Fedhasa constituent members are busy with a series of wage negotiations with various unions at the moment, says Mr Thermann.

Wage input costs have risen in the past 18 months, together with numerous other inputs such as electricity, maintenance, food costs, etc.

Nonetheless, hotel chains are still offering packages for as little as R25 a day, bed and breakfast.

Under the pressures of increased cost inputs, hotel prices must move gradually upwards. However too sharp an increase in prices would affect the already sensitive market, points out Mr Thermann.

Cape Times 12/8/87 (288)

Kersaf in billion-rand league

From LIZ ROUSE

JOHANNESBURG. — Kersaf Investments has moved into the billion-rand league in three years, with total assets standing at R1,04 billion at the end of June.

The leisure group achieved a 27% annual average compound growth rate in three years of recession and stands on the eve of an exciting expansion into Europe, with ample funds to tackle major projects, both here and abroad.

As foreshadowed by Transun's and Sunbop's results, Kersaf reports brilliant June year-end results.

Earnings rose 30% to 81,6c a share on a larger issued share capital from 1986's 62,6c a share. The final dividend has been raised to 30c (22c), making total distribution 52c compared with last year's 40c.

Revenue increased by 21% to R625m (R517,3m), producing an operating income of over R151m, a 30% improvement on last year's R116,5m. Attributable earnings were up 35% at over R60m (R44,5m, with outside shareholders earnings at R61,3m (R41,7m).

The tax rate was barely changed at R21,3m (R21,1m), thanks to investment allowances. The low tax rate wil remain a favourable factor for the group in the medium term, allowing a high level of dividend distribution.

In three years Kersaf's turnover has risen from R396m to R625m, operating profit from R89m to R151m, while earnings a share have more than doubled, from the pro-forma 40c a share in 1984, to the current 81,6c a share.

Other milestones were the successful listings of Sunbop and Transun — which gave Bohuthatswana and Transkei citizens and casino workers a share in their leasure industry — and the imminent listing of Satbel, to be renamed Interleisure (incorporating the cinemas, film and TV production and restaurants and fast foods interests).

Sunbop, Transun and Interleisure will each be capitalized at more than R500m.

Both chairman Dick Goss and Sol Kerzner — who becomes deputy chairman and will devote his time and considerable energies to development of the French gaming and resort project, Royale Resorts International — are confident that prospects of expansion into Europe beyond France are favourable.

Expansion in SA will continue at a fast pace, with capital commitments of R27,7m already contracted and R175,6m authorized for the coming year. Capex in the past year was R138,6m compared with R49,3m last year.

Kerzner says more cinema/restaurant centres are planned.

Kersaf's sound base gives it freedom to exploit a burgeoning leisure market, both in Southern African and in Europe. Interest-bearing debt to total shareholders' funds of R772,1m is 11% and interest cover 17,9 times.

Kersaf share declined 25c to R23,75 yesterday, in typical fashion when the market is assured of excellent results. The stock is one of the highest rated in the beverages and hotels sector. Dividend yield is 2,2% and PE ratio over 29.

Mr George Mellet

Team allowed temporary use of field

Cape Times 12/8/87 288

By PETER DENNEHY
Municipal Reporter

THE MILNERTON Town Council yesterday agreed that the Table View Football Club could temporarily install floodlights and hold practices at their Study Road pitch.

But when new fields beside the West Coast road are ready for use, probably at the beginning of the next soccer season, the club would have to move the floodlights and practise there.

This follows a controversy in which allegations were made that those who objected to installation of the lights and permanent use of the field for soccer, objected on racial grounds.

It was also decided at the meeting that the club could not practise later than 8.30pm and that "no further improvements pertaining to soccer" would be allowed on the Study Road fields.

The Mayor of Milnerton, Mr George Mellet, said the Study Road fields would become a park.

Council also resolved unanimously that should any funds be left over from the R45 000 allocated to the development of the new fields, the council would contribute up to R5 000 towards moving the lights.

Young boys who play for the Table View Football Club attended the special council meeting in their soccer togs.

Mr Mellet and several councillors made it clear that they were upset with press reports about the dispute. The town clerk, Mr Jan Veldsman, said no mention of any race group was made in any of the petitions objecting to the permanent use of the field as a soccer pitch.

After the meeting, one of the objectors, Mr Greg Branquinho, said someone had mentioned the possibility of busloads of people coming in, but neither colour or suburb was mentioned.

"Busloads from Guguletu" had first been mentioned in a letter written by a non-objector in response to a petition signed by 96 objectors, he said.

Councillor H B Reich said a threat of a court interdict against the council had been made.

Mr Mellet said this "mild threat" was the reason why one of his councillors, Mr W H van Staden, had urged him to try to resolve the matter with the objectors.

Local hotels show profits

Cape Times 12/8/87 (288)

Staff Reporter

MOST city hoteliers, especially in the three to five-star bracket, managed to show a profit last year in spite of heavy losses suffered by the SA hotel industry due to a drop in international tourists.

The industry last year suffered aggregate losses of R44m, the Federated Hotel Liquor and Catering Association (Fedhasa) said yesterday, but the losses had been covered by delving into reserves or borrowing, which further aggravated costs for the sector.

The Fedhasa executive director of *operations*, Fred Thermann, said four and five-star hotels were hard hit due to the decrease of international tourism.

There has been an improvement in international tourism (which was now running at about 26 000 more visitors than last year) and the more expensive three, four and five-star hotels benefited, with increased occu*pancy rates*.

In a Cape Times survey it was found that most city hoteliers in the five to three-star bracket had been affected by the great decline in overseas tourism, but still managed to show a profit.

Chris De Kock, GM of the Cape and Orange Free State division of Southern Sun Hotels, which owns the President, the Newlands, the De Waal and the Inn on the Square, said there had been "many, overseas cancellations last year".

He said hotels had benifitted from the success of the Tourism Board's campaign to promote internal tourism, with a "highly attractive package to attract local tourists".

De Kock said his group started a scheme which involved slashing the bed-and-breakfast tariff from R80 to R29.50.

He confirmed that there had been an improvement in international tourism since November last year, but said this had been "an improvement on nothing".

The coming season from September onwards "looks healthy", and international bookings were "strong", particularly from Germany and the UK, De Kock said.

The Fedhasa statement said adjusting for inflation, however, the sector was still barely breaking even in terms of gross profits, and profitability was still not in sight.

The manager of the two-star Garden Village Hotel, Vernon Williams, said the hotel had had a "great decline" in overseas guests, but this was merely "bothersome", since it could ride out the decrease by drawing on the domestic market.

Liquor men look ahead

BY ZB MOLEFE

SCORES of black businessmen in the liquor industry are expected to pack a top Johannesburg hotel when the nationwide Ukhamba Liquor Association holds its sixth annual conference.

The three-day conference, which opens on Sunday, will focus on the future direction of the ULA.

The ULA, formed in 1981 in Natal after the government granted blacks liquor trading licences, is the official national organisation representing the country's registered black hoteliers, retail liquor outlets and restaurant licencees.

National African Federated Chamber of Commerce president Sam Motsuenyane will officially open the conference on Monday.

ULA president V Tshabalala will deliver the presidential address. Other speakers at the conference include African Bank chief executive Gaby Magomola; National Tavern Association president Lucky Michaels; businessman Eric Mafuna; assistant Liquor Board director MB Avery and Inland Revenue commissioner B Kingon.

When asked of the need for such an organisation, a ULA spokesman told *City Press* this week: "There was a need for a co-ordinated approach to liquor issues in black areas.

"The black traders, having been suppressed for so long, were becoming a force to be reckoned with and it was essential that an authoritative mouthpiece be formed."

Asked what the ULA had achieved since 1983 when it became a national body, the spokesman cited a number of achievements.

These include: Obtaining extended trading hours for bottle stores over peak weekend periods, making significant proposals regarding the Liquor Act, and assisting with moves to free the country's liquor distribution system by providing a structure within which blacks can apply for, and obtain, liquor licences.

"In addition to the creation of an awareness of blacks obtaining liquor trading licences, we are striving to improve the image of the liquor trade in the townships," added the spokesman.

Lucky Michaels

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C Press 23/8/87

FEATURE

Township shebeens thriving

A night out at Liks Joint, Syd's Place or the Club House . . .

By VUYO BAVUMA and SIPHO VANGA

SHEBEENS are thriving in Cape Town's African townships.

In a survey of nightlife in the townships, it was found that shebeens are the only social outlets with nightclubs, restaurants or cinemas completely absent.

The most popular shebeens are the "illegal" ones. There are only about five licenced shebeens in the Western Cape.

Most shebeens use different "market strategies" to attract clientele. Some reserve the right of admission by serving only certain types of patrons.

Some shebeens only admit "decent" patrons such as teachers and well-dressed people.

Others prefer to serve "known" people and loathe serving strangers.

In Langa, there are two licenced taverns, Liks Joint and Teddy's Place.

Liks, owned by prominent local sports administrator Mr L Mavata, seems to be the most popular "watering hole" in the area.

The tavern became "legal" early this year and is patronised by a "cross-section" of people. Women are usually accompanied by their "minders".

Most enjoy their drinks in a sparsely-furnished hall while others prefer to stand outside.

Mavata serves his patrons from a counter protected by burglar bars.

Jazz or pop music blares from a hi-fi set but normally few people dance.

On some days when the weather is good outside, patrons would play kerim, a game played with cues and flat pastic discs on a board.

Two legal shebeens operate in Guguletu but the illegal ones are by far the most popular.

There are four shebeens at Malunga Park, a middle-class area. The most popular is the Club House.

An unwritten rule at the Club House is that it is exclusively for "decent" people.

A regular patron describes Club House as a "place of sharing ideas."

Unlike some shebeens, the Club does not operate like a "traditional" shebeen. Patrons enjoy their drinks in two sparsely-furnished rooms with no music.

It opens for limited hours only and closes not later than midnight.

Another licensed shebeen in Guguletu is Syd's Place, owned by Sydney Chiloane.

The hall where patrons are served is furnished with tables and chairs.

Regular patrons expressed praise for "Syd's".

"There is no violence here. It's unlike shebeens where the rules ignored. Here it's quiet and we listen to music and relax," said a patron.

"Every one is allowed to drink if he behaves. I have never seen fights in this place."

Some of the shebeens, however, are the meeting places of "toughies".

It is alleged that regular fights occur at NY102 in Section Four at "Magams's Place".

At NY1 the Emakhwenkweni shebeen, meaning a place of boys, is popular among the youth.

The patrons are served in a renovated dining room/bedroom. Loud music blares out and usually people dance.

A pupil named Xolile, who attends a local high school, said there was a fight every time he had visited this shebeen.

In Nyanga, Smokey's Place, owned by Richard Bornside, is the only legal shebeen.

It is neatly furnished with tables and chairs. Patrons under 18 are not allowed and only neatly dressed people are served, according to Bornside.

He said his tavern was free of incidents.

"People come to relax, enjoy their money and cool off."

Ted from Nyanga East, a patron of a tavern, said: "There's a difference between the tavern and a shebeen. At the tavern there's hospitality, security and no violence, a shebeen is more like a bar."

He also said there was a difference in prices: "At shebeens liquor is cheaper and one can get credit. But in the taverns a person cannot get credit."

Tom, also from Nyanga East, said: "This place is good, we come here to relax and we don't experience problems from the youth since they are not allowed to enter."

At other places, like Bizzah's at NY15 in Guguletu, it is said strangers drink there at their own risk.

Emthini, which simply means trees, at Section Four in Guguletu, is a favourate watering hole of some local teachers.

Cape Times 26/8/87

Hot springs open to all — hotel manager

288

Staff Reporter

"RACIAL problems" at the Montagu hot springs have been in the news lately, and the manager of the Avalon Springs Hotel has written to the Cape Times to clear up any confusion.

Mr W D Sowade, general manager of Avalon Hotels, said the non-racial three-star Avalon Springs Hotel owned and maintained the hot springs area which was open to people of all races.

In addition to the outdoor spring pools, he said, the hotel operated two indoor pools which were open only to hotel guests, regardless of colour.

The capacity of the pools and braai areas was not limitless, so when signs of overcrowding occurred, guests were "limited", just as would happen at the Sea Point baths.

By contrast, the 60 to 70 mobile home cottages nearby were privately owned and not all the owners lived there permanently, Mr Sowade said.

Unoccupied cottages were rented out on behalf of the owners "through the Schus site office", but the Group Areas Act prohibited "persons other than those classified as white" from staying in the cottages.

"At the last annual general meeting the owners also voted against colour mixing in the Schus Holiday Cottage Area," he said. This has been confirmed by Mr B Barber, a director of Schus Leisure Homes.

Off-sales in black hands

5/Day 28/8/87 (288)

THEO RAWANA

THE off-sales sector of the liquor trade in black areas had been placed in the hands of the black entrepreneur, Liquor Board assistant director M B Avery said this week.

He told the fifth annual congress of the Ukhamba Liquor Association that, in an attempt to overcome blacks' financial problems in taking over liquor outlets relinquished by Administration Boards, government had promoted the 51%-49% partnership concept between blacks and whites.

Avery said: "This concept was abused and blacks were used as fronts for white investment in township outlets. Blacks were ostensibly in control as a camouflage for undisclosed white interests.

"This practice was publicly condemned by the chairman of the Liquor Board and the Minister of Commerce and Industry."

Avery said: "The off-consumption of the liquor trade in black areas has been placed in the hands of the black entrepreneur. The clock can never be turned back."

The Liquor Affairs Department had taken steps to promote the interests of black business, including its attempts for the establishment and development of a legal on-consumption trade in the black areas.

CMC Times 25/8/87 288

Restaurant apartheid may go soon, hints government

By BARRY STREEK
Political Staff

HOUSE OF ASSEMBLY. — A Group Areas Board investigation could result in the scrapping of all statutory controls over the admission of people to public entertainment venues and restaurants, the Department of Development and Constitutional Development Services said yesterday.

This would open all restaurants and entertainment venues to all races, unless managers decide to restrict admission to a particular race group.

The department said in its 1986 report, which was tabled in Parliament yesterday, that the Group Areas proclamation controlling the admission of people was already not applicable in free trade areas.

In the free trade areas "the onus rests on the various managers to decide an admittance".

The proclamation controlling the occupation of public entertainment venues and restaurants outside the free trade areas was gazetted in February last year.

The Deputy Minister of Development Planning, Mr Piet Badenhorst, had "since requested the Group Areas Board to investigate the possibility of a further amendment to the proclamation, or even for it to be repealed.

"Good progress has been made with this investigation", the department said.

It also said that "special mention" should be made of the fact that by September 30 last year, 172 cinemas and 36 drive-in theatres had been opened to all races.

Holidays in PE homes becoming popular

288

CN05 4/9/87

By DEBBIE MARCH

HOLIDAY accommodation in private homes in Port Elizabeth is growing.

As the price of hotel tariffs continued to rise, more and more people are turning to private homes as an alternative, according to a local agent for such holidays who has had 14 years in the business.

"In the beginning it was a very small business. Now we see at least 50 homes filled by visitors to PE during the summer holidays," Mrs Sybil van Wyk said.

The introduction of bed and breakfast value-for-money accommodation to the city last year also highlighted this growing preference for private accommodation.

Mrs Van Wyk said apart from an increase in the number of people opting to spend their holidays in a private house, more people in the city were willing to let their homes.

"House owners would often rather have people stay in their house than fear its being burgarled while they're away," she said.

Others let their houses solely because they did not want to put their pets into kennels. Holiday tenants were then required to feed animals as part of the deal, Mrs Van Wyk said.

She said prices varied from R35 a day for a bachelor flat to R70 for other flats and from R45 to R80 a day for a house.

The agent was awarded a small fee for her services. She also took charge of a deposit in case of damages.

All payment was made in advance and the accommodation was checked to ensure that standards were kept high.

Mrs Van Wyk said she already had bookings from both holidaymakers and tenants for the forthcoming season.

Similar agencies operated in Cape Town, East London and Durban.

Bookings for bed 'n breakfast accommodation in the PE area for December had been made, but vacancies still existed, local franchise holder Mrs Liz Young said.

F/14 (288) 11/9/81

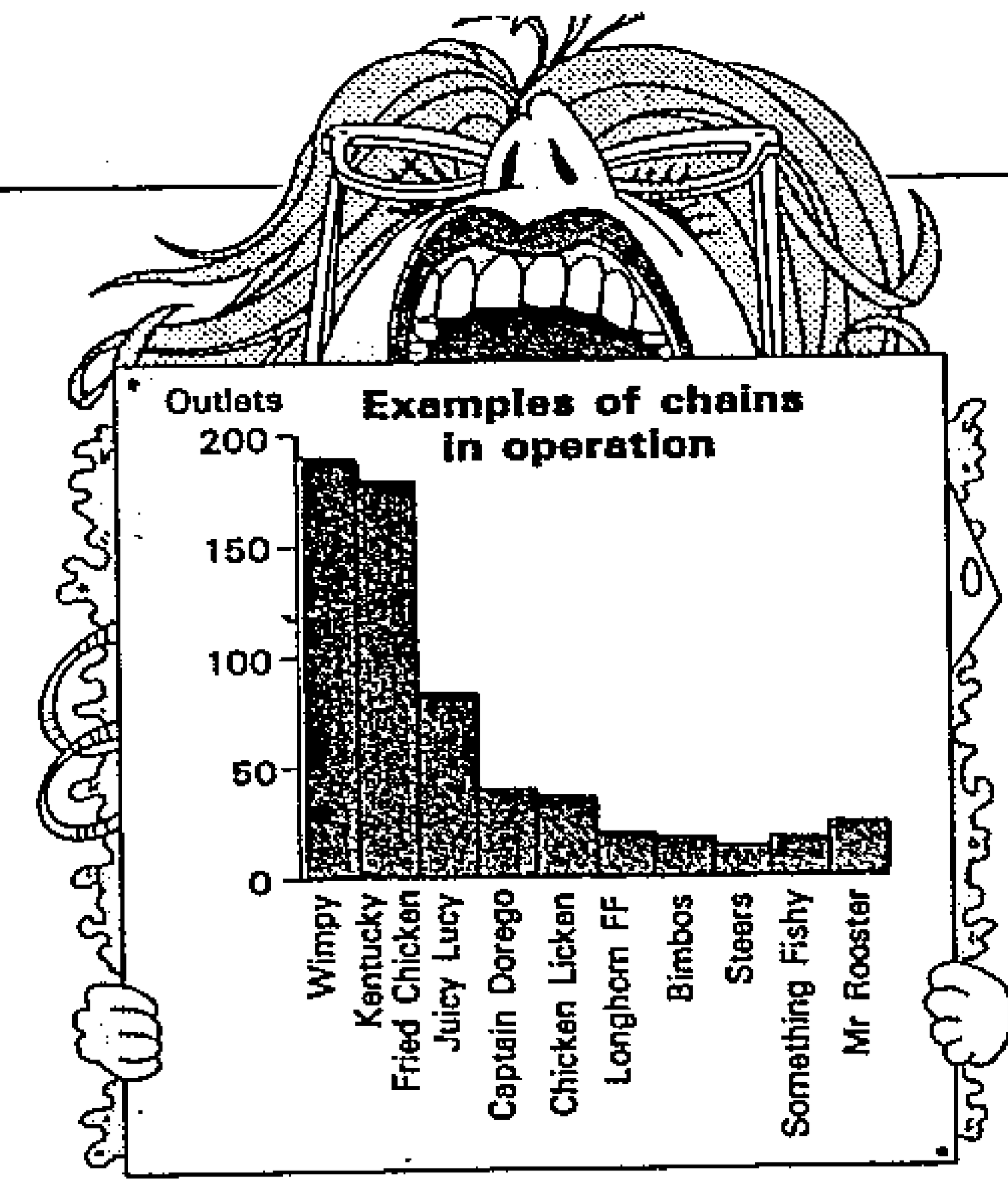
In other words, they have been using fast foods for years.

What all this adds up to is a market in which black/white expenditure on food is closing slowly but steadily: a giant market which has only begun to be tapped.

Being productive

Another factor in favour of the fast food industry is the increasing number of South African women going out to work. They therefore have less time to cook in the home, and are more prone to purchasing convenience foods, ready-cooked or otherwise, to help them out.

The fast food industry in SA is booming, and will continue to do so for the foreseeable future. With a population exceeding 30m (more than 20m black), those 8 000 outlets that at first sight seemed to represent such a vast number fall into perspective.



Groups such as Sol Kerzner's Interleisure are looking seriously at the black market, and there will soon be big-name fast food franchises in the black centres in major cities, where everything from videos and movies to takeaways and restaurants will be under one huge roof.

Three-way war

On the other side of the table, Anglovaal Industries (owner of Wimpy) is also trying to load its plate with as many fast food chains as it can swallow. Few independents have escaped the attentions of these two giants in recent months, and the word in the industry now is that the remaining small chains might just get together to form a third force.

Fast food is a phenomenon that has swept the Western world, and here in SA we have so far seen only the tip of what is destined to be one of the biggest industries in tomorrow's economy.

And why not? After all, all the world loves a burger.

Hotel industry sees shake-out

BDay 17/9/87

NORMAN SHEPHERD

ABOUT 200 hotels — mostly one-star and two-star — have gone bankrupt or into liquidation in the past four years, says Horwath & Horwath consultancy MD Howard Williams.

The number of hotels registered with the SA Tourism Board is a fair indicator of this, he says. Registrations fell by 132 from 1 365 in 1983 to 1 233 in 1985, leaving an additional loss of 68 for last year.

During the 1983-85 period, three more four-star hotels were registered while 15 two-star hotels and 116 one-star hotels fell away. The classification of the other hotels that closed is not known.

Williams says the Tourism Board restructured its registering system last year to include black hotels, and this distorted the 1986 total of 1 312.

Information Trust Corporation says liquidations in the wholesale, retail, catering and accommodation industries totalled 611 for the year to July 1987 and peaked at 90 for July.

Williams says: "I believe we may have seen the worst. The hotel industry is turning around. It needed a bit of a shake-out to rid it of people who developed hotels purely to get liquor licences."

R10m luxury complex for EL beachfront

Daily Dispatch Reporter

EAST LONDON — Plans to build a R10-million complex consisting of luxury apartments and office accommodation on the Esplanade were announced yesterday.

The development, to be known as 1 Court Crescent, will contain five floors of professional office suites and nine floors of apartments and penthouses in one building.

One of the developers, Mr Bruce Philips, said the top floor of the building will be unique to the Eastern Cape.

It will feature an enclosed roof garden and heated swimming pool — offering residents the use of exercise and leisure facilities all year round, irrespective of the outside weather conditions.

"The building will also feature an enclosed walkway linking it with the Osner Hotel, offering residents full use of all the hotel's facilities."

Mr Philips explained that the project was to be financed by "an institution to be arranged", and that the project would go-ahead once 60 per cent of the units have been sold.

He said 20 per cent have already been sold.

Once the necessary approval was obtained from the municipality, "the plan is to proceed with construction in January 1988 leading to occupation on May 1, 1989".

He added that the construction of the building would offer employment for between 300 and 500 people over a period of 16 months.

"The same development and professional team that was responsible for the Berea Gardens Valley retirement complex are developing this building," he said.

"The two other members of the team are the architect, Mr Michael J. Freeman and Mr George Chotterell.

"Together we have formed a company known as Investment Perspective, who will market and develop the scheme."

Mr Philips said that 1 Court Crescent would be the only new apartments and offices in East London, available for purchase under sectional title.

"The scheme offers the opportunity of purchasing prime real estate that will appreciate year after year.

"We believe that market building costs are also set to rise dramatically in the near future, but people will be buying at present market prices."

288 DD 19/9/87

The three-man-team leading the development of the luxury complex on East London's beachfront look at one of their plans. They are the architects, Mr Michael Freeman, left, Mr George Cotterell and Mr Bruce Philips.

Hamburgers, fruit juice take on the steakhouses

ST 20/9/87

(288)

By Ian Smith

THE two heavyweights in South Africa's rapidly growing fast foods industry have squared up.

Two of the biggest names in the business, Wimpy and the listed Juicy Lucy, have formed a new company in the Anglovaal Industries stable to give the food division of Kersaf's new Interleisure group a run for its money.

The new Juicy Lucy, to be renamed and 60% owned by Anglovaal Industries' Avbak subsidiary, will have 350 outlets throughout SA.

"Although we have set up a dominant force in the industry, I do not see that we are in direct competition with Interleisure," says Anglovaal Industries executive director John Bryant, who is responsible for the group's dry foods and beverage division and who will be chairman of the company.

Dramatic

"Interleisure's food interests are mainly in the steakhouse sector and we are a major force in hamburgers and fresh fruit juice."

Juicy Lucy is expected to issue to Avback about 26-million new shares to ensure its 60% holding. Another 8,7-million new shares will be used to acquire about 55 additional fast-food outlets, mainly in the Cape, in which Juicy Lucy shareholders had interests.

The effect on the company will be dramatic. Juicy Lucy's net asset value a share at June 30 was 37c and is expected to jump to 115c. Estimated profits of the enlarged group in the year to next June will jump to 10c from the previously forecast 6,1c.

Big names

The deal, which is to be backdated to July 1, is subject to the approval of shareholders and the Johannesburg Stock Exchange. The company will ask to be moved from the Development Capital Market to the main board.

Mr Bryant says: "We are particularly pleased that the deal brings such strong brand names as Wimpy, Juicy Lucy and Milky Lane into a broadly based food service chain.

"We expect the association of two dynamic management teams of industry experts and other synergistic benefits to lead to strong development and growth."

Wimpy managing director Vincent Hays will be MD of the new company. Juicy Lucy managing director Geoffrey Topol will be the director with main responsibility for the Juicy Lucy division.

Mr Bryant says Anglovaal identified the fast-food sector as an attractive high-growth area within its food investments. Wimpy has shown strong growth since the launch of a marketing campaign, rationalisation of some outlets and modernising of others — "but we still felt the sector was ripe for growth by acquisition as well as by the organic route".

The merger with Juicy Lucy, a bright performer since its JSE listing in 1985, looked attractive immediately Mr Topol suggested the two companies should talk.

Both brands had strong positions in the market and there was virtually no overlapping. But a marriage promised benefits from rationalisation, particularly in training.

The merged company will have much greater muscle in negotiations with large landlords.

Mr Topol says he also recognised the need, and the opportunity, to grow. He looked at the two big groups already in the food-service

☐ To Page 3

Business Times looks at business travel on pages 30, 32 and 34.

☐ From Page 1

Hamburgers

industry — and "I felt we could move faster in association with Anglovaal".

"Avbak is strong in marketing and it has the other resources which will enable us to develop. We have strong entrepreneurial skills in our particular sector."

The Wimpy group has about 200 outlets, including its Golden Egg and Golden Grill shops. Juicy Lucy will bring in about 150 outlets.

Jucy Lucy's plans to sell some of its own brands of specialist foods through major retailers will be given impetus by the closer association with Avbak, says Mr Topol.

Manager fired after hotel 'spying'

(288) STAR 23/9/87

The catering manager at Pretoria's Boulevard Hotel, Mr Joe Jagger, was dismissed yesterday following an investigation into a "spying" incident at the hotel earlier this month, the hotel confirmed today.

Hotel manager, Mr Stephen Dagg, said that after a 10-day investigation into the incident Mr Jagger was asked to appear before a disciplinary hearing yesterday morning but refused to do so.

"He said the hotel could take whatever action it saw fit and added that he would take the matter further," said Mr Dagg.

"The directors took the decision to dismiss Mr Jagger, who has been at the hotel for 15 years."

The Boulevard Hotel was South Africa's first international hotel and had 35 years' goodwill with people of all races — a reputation marred by the spying incident, said Mr Dagg.'

He added that the issue had become an emotive one because of the involvement of Cosatu but stressed that the hotel would have acted in exactly the same way had any other party been involved. He considered infringement of people's basic rights as "unbelievably bad".

In a statement yesterday, the Congress of South African Trade Unions said it was pleased the hotel's management had treated the matter with all the seriousness it deserved.

It said the spying incident took place on September 12 during a Cosatu union education meeting held at the hotel. "It was discovered that the security police had been given access to a room adjoining the conference hall where they had set up bugging devices.

"We believe the incident was a serious infringement of our democratic right to free assembly and speech."

Cosatu was a legitimate organisation with lawful objectives supported by millions of people.

CASINO TRADE

Spending millions

Sun International (SI), SA's big-league casino operator, is spending more than R210m on new hotels and refurbishments in southern Africa and Mauritius.

Topping the list is a new 150-room, R45m hotel to be built at the mouth of the Fish River in Ciskei. Final designs are being delayed as detailed environmental planning is still in progress. However, SI's plan is to have it operational in time for the December 1988 season.

The casino will have 13 tables and about 100 slot machines, while sporting facilities will include an 18-hole golf course. Parking will be provided initially for 500 cars.

A new R30m hotel and casino is being built on the grounds of the country club at Umtata. It is due for completion in the middle of next year and will be a subsidiary of Transun. The club's sporting facilities will be available to guests, and new facilities will be added.

Included in the R210m capex is the R20m that SI spends annually on maintenance, the virtually complete R70m expansion and refurbishment of its Transkeian jewel, the Wild Coast Sun (*Business* September 11) and R10m being spent on the Morula Sun, near Pretoria.

The decision to expand the Morula was taken on opening day in June when it became clear that it had been under-designed. The additions will be completed next month, doubling the casino, allowing the carpark to take 1 300 cars instead of 300, and sporting a new á la carte restaurant and larger service and administrative areas.

But even that may not be enough, says SI MD Ken Rosevear. "We are currently assessing whether more expansion will be needed," he says.

Meanwhile the Royal Swazi Spa, which burnt down soon after it was refurbished, is being rebuilt at a cost of R15m.

"Being able to restart at grassroots, we took the opportunity to incorporate some new facilities," says Rosevear. "The Planter's Bar will be turned into an informal prawn and curry restaurant, while the old Gigi, a classic French restaurant, will be given a new feel. We have also upgraded the rooms and provided many new views."

Another 30 rooms are being added to Touessrok Hotel in Mauritius at a cost of R5m to cope with increased demand for accommodation. These will be completed in the first quarter of 1988, bringing the hotel's complement to 160 rooms.

In Lesotho the Maseru Sun Cabana's total refurbishment is almost complete, at a modest cost of R2m. A similar sum will be spent on adding 20 rooms to the Thabanchu Sun to cope with growing demand. These will be ready by June 1988.

Demand for accommodation at the Gaborone Sun has escalated dramatically since British Caledonian Airways started flying in twice a week. To cope, 44 new bedrooms and suites were built, while the old bedrooms and public areas were refurbished at a cost of R10m.

The SI board has also approved plans to build its fifth hotel in Swaziland. Rosevear's not saying exactly where, only that he hopes construction will start next year. "It won't be a big one, only about 60 rooms," he says. ■

25/9/87

All-races hotels have few problems

JOHANNEBURG — The opening up of hotels to all races has taken place smoothly in most cases, but in isolated instances hoteliers have experienced local problems for throwing open their doors to all South Africans.

So says Mr Fred Thermann, executive director of the Federated Hotel Liquor and Catering Association.

A survey by Fedhasa has revealed that by far the majority (some 90%) of its member hoteliers have adopted an all-races policy.

Legislation making this possible was introduced last year in what was then termed a major social breakthrough for South Africa.

Until then, most of its hotels, except those classified as "international", were closed to blacks.

Fedhasa's efforts and submissions to the authorities resulted in the Liquor Act Amendment Bill which basically left the right of admission to individual hoteliers, who in turn could be expected to meet the needs of his own localised market, said Mr Thermann.

The legislation opened the way to an untapped market for hoteliers and the majority of establishments had made the change without any problems.

"Fedhasa had campaigned for an open-door policy in hotels for years. This change was therefore no overnight decision brought about by the downturn in the economy as has been alleged in some circles.

"Some 90% of the entire hotel industry have adjusted to internationally accepted norms — with the full acceptance of the local population.

"However, in a few cases, the public themselves have made it difficult for hoteliers to maintain an open-door policy."

Fedhasa believed that, in the spirit of the Springbok Foundation's and the Tourism Board's friendship month in September, hotel patrons countrywide should accept people of all races

Cit 288 27/9/82

Cape Times 29/9/87

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Ships, hols, congresses: City booms

By CHRIS ERASMUS

CAPE TOWN is in the midst of a mini tourist boom, spurred by the visit of the Australian First Fleet, coinciding school holidays in three of the four provinces and a rash of conferences and congresses.

A spokeswoman for Captour said a quick survey of city hotels had revealed increased room and bed occupancy, indicating a greater number of visitors in the city than usual.

"The tall ships have also played an important role in bringing visitors to Cape Town — we have a lot of calls about them, especially from people upcountry," she said.

The other factors in the mini-boom were coinciding school holidays in the Cape, Free State and Natal, with a spate of conferences and congresses "which seem to come to Cape Town at this time of year".

The Central Statistical Service's latest national survey reports "a noticeable improvement in the economic condition of the hotel industry" with average room and bed occupancies up by 6,8% and 12,2% respectively in July this year, compared with July 1986.

Hotel income increased by an average of 19,7% during this period, with all star-gradings.

The Boland's room and bed occupancy rate increased by 62,6% and 60,1% respectively — the highest increase in the country. This area's hotel income was up by 23,4%.

In the Peninsula, the figures for room and bed occupancy were up by 8,5% and 9,1% respectively. Hotel income increased by 21,1%.

Other areas in the country which recorded significantly improved room and bed occupancy, as well as a markedly higher hotel income, were Port Elizabeth and Uitenhage (26,4%, 44,1% and 34,4% respectively), East London (19,3%, 47,9% and 31,6%), Maritzburg (30,1%, 27,6% and 22,8%) and the Witwatersrand/Vaal Triangle region (11,2%, 10,8% and 42,5%).

October 9 1987

Argus 9/10/87 288

ECONOMY

GST shock looms for restaurants, hotels

By TOM HOOD
Business Editor

HOTELS and restaurants could be hard hit by amendments to the General Sales Tax Act which empower inspectors to charge back tax over three years on meals supplied to staff.

This is the belief of Mr David Clegg, tax director of Arthur Young, who said the amendments contained a section which elaborated on hoteliers and caterers who supply free food to staff and proposed a deemed taxable value equal to 10 percent of the menu price of the goods.

The vast number of caterers ignored the taxation of staff meals because the cost was negligible and most of the food consisted of scraps or off-cuts.

It would now be more difficult for organisations to ignore the sales tax.

"Inspectors will look at the free food and estimate tax on what is the cheapest meal on the menu. Over a period the amount of tax starts to add up.

"The big problem is not so much the day-to-day payment of taxes. Problems will arise when someone ignores GST and three yeas later inspectors come along and employers have to pay thousands of rands including a penalty."

Mr Clegg, speaking at a seminar held by the Cape Chamber of Industries to discuss the Margo Commission's tax proposals, said if they were implemented the salary earner would be better off while people with an ownership stake in their own business would be worse off because there would be a massive bite out of business before tax is paid.

The biggest concern was that the proposed Consolidated Business Tax seemed to be unfortunate for any business which was already in a loss-making situation, particularly any business which was labour intensive.

Many people were against the idea of replacing regional council levies with CBT.

Aubrey Gouws, chairman of the commercial and marketing division of the SA Agricultural Machinery Association (SAAMA) and director of Ford Tractor Operations at SA Motor Corporation (Samcor) agrees.

"The rains will certainly bring a bit of life into farmers' buying mood, but they won't be able to buy much. They're still in a massive debt situation. It will take at least two really good agricultural years before we can even think of selling 8 000-9 000 tractors a year again. Five years ago we regarded 14 000 units a year as average," he says.

Fedmech marketing manager Chris Heunis says the trend in tractor sales shows that the industry has been going downhill since 1984 when farmers bought 7 343 units. They bought 7 061 in 1985 and 4 736 the following year. In the first eight months of this year the industry sold 2 981 tractors which, says Heunis, "is less than the 2 940 we sold in the same period last year. We'll be lucky to sell more than 4 400 this year," he predicts.

He tells a similar sorry tale about the sale of self-propelled combine harvesters which cost between R140 000 and R300 000. Sales dropped from a peak of 1 180 in 1981 to 530 in 1984, to 411 in 1985 and 293 in 1986. Only 98 were sold between January and August this year.

John Malck, MD of Malcomess, predicts: "We won't sell 200 combine harvesters this year. That's a far cry from the 1 180 sold in 1981."

However, he is more optimistic than most and believes the tractor sales graph is at its nadir. "We could sell 4 600 units this year. Under normal circumstances, when we sell about 14 000 tractors a year, 6 000-8 000 units are replacement tractors."

His assessment of the market correlates with that of Leighton Lee, MD of John Deere, who predicts this year's tractor sales will stay above 4 500 units.

Lee is bemused by the fact that sales in the western Transvaal, "where they have had six years of drought, are picking up, but in the eastern Transvaal highveld, where they had a reasonably good crop last year, farmers are reluctant to invest in new equipment."

The only reason he can advance for the holdback in the eastern Transvaal is that "there is still a lot of gloom and doom about high input costs. Good average crops no longer mean that farmers can show profits."

This ties in with the National Maize Producers' Organisation's (Nampo) claims that because of high input costs and the disastrously low export prices, farmers lose R45 on every ton of maize they produce. Nampo estimates that it costs R260 to grow a ton of maize and that the farmers' net return is R215/t.

However, Gouws points out, the rate at which tractor prices have been increasing has slowed significantly. A survey by Agfacts shows that, on average, they increased by only 12,2% last year — below the rate of inflation. By comparison, combine harvester prices increased by 18,5%. ■

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PROTEA HOTELS

Success recipe

Protea Hotels, one of SA's fastest-growing hotel chains, is currently running 15% ahead of budgeted income of R100m for the financial year ending June, 1988. If bookings stay on course, the group should therefore gross around R115m.

This excellent performance is being achieved a mere three years since the group was formed by CE Otto Stehlik. Bankorp initially held 60% of the equity and four hotels — the Heerengracht, the Capetonian, Sanlameer and Protea Gardens, Hillbrow.

Sanlameer, and Stehlik ... see how we grow

In July this year, Stehlik and his six co-directors bought Bankorp's share for an undisclosed sum, as well as the Capetonian hotel. They now hold 100% of the group's share capital, without outside shareholding. Stehlik has 51% of equity and effective control and his co-directors the balance.

Protea is negotiating with Bankorp with the view of acquiring effective control of the banking group's remaining three hotels. If successful, this would create a powerful platform for further growth.

The group, which now boasts 43 hotels in its management-contract chain, aims to have 60 hotels in its stable by the end of 1988. But a listing is not being considered at present.

"We are now in our third year of group profitability and only at the end of this year will a listing be possible. Meanwhile we want to position ourselves in such a way that we will have maximum flexibility. Our aim is to create the 'perfect' company and to do what is in the best interest of our stakeholders. Only if this has been accomplished will we even consider listing," says Stehlik.

Stehlik adds that the group at this stage has no need for shareholders' capital.

Protea's highly successful management contract system — it offers people and expertise, as well as management, administrative and marketing services to participants for an annual management fee — is mutually beneficial.

"This internationally-proven system is highly successful and profitable — not only for us, but also for individual hotel owners in the group. When we started, 88% of the participating hotels were *not* profitable. Currently, 82% of our members are profitable," says Stehlik.

Smaller hotels, which could never dream of launching individual, high-powered marketing campaigns locally and overseas, can now plug into Protea's high marketing profile.

This leaves the hotel manager — also provided or trained by Protea — the freedom of managing the hotel and raking in profits for the owner.

The group already indirectly employs some 5 000 people — through returning to the black establishments that might otherwise have been forced to close down.

Average occupation levels in the group are currently in the region of 61%, which is well above the national average of 50%, says Stehlik. And with Protea's popular discount marketing package, the group can only benefit from the current upturn in the local hotel industry.

Protea has marketing offices in the UK and Germany, as well as representation in the US, Canada, Australia and the Far East. Its package tours already include Swaziland as part of the itinerary, with stop-overs at its flagship, the Piggs Peak Protea Hotel.

"We are looking at the possibility of moving even further afield — Malawi, Mauritius, Seychelles, the Comores and London are among the options we are now investigating.

"Based on the success of our existing operations, there is no reason why this cannot be repeated elsewhere," says Stehlik. ■

Hotel Braamfontein new flagship

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Protea Hotels group takes over Kalahari Sands

Cape Times 9/10/87

By AUDREY D'ANGELO
Financial Editor

THE Cape Town-based Protea Hotels group has expanded to Namibia by taking over the management of the Kalahari Sands Hotel in Windhoek.

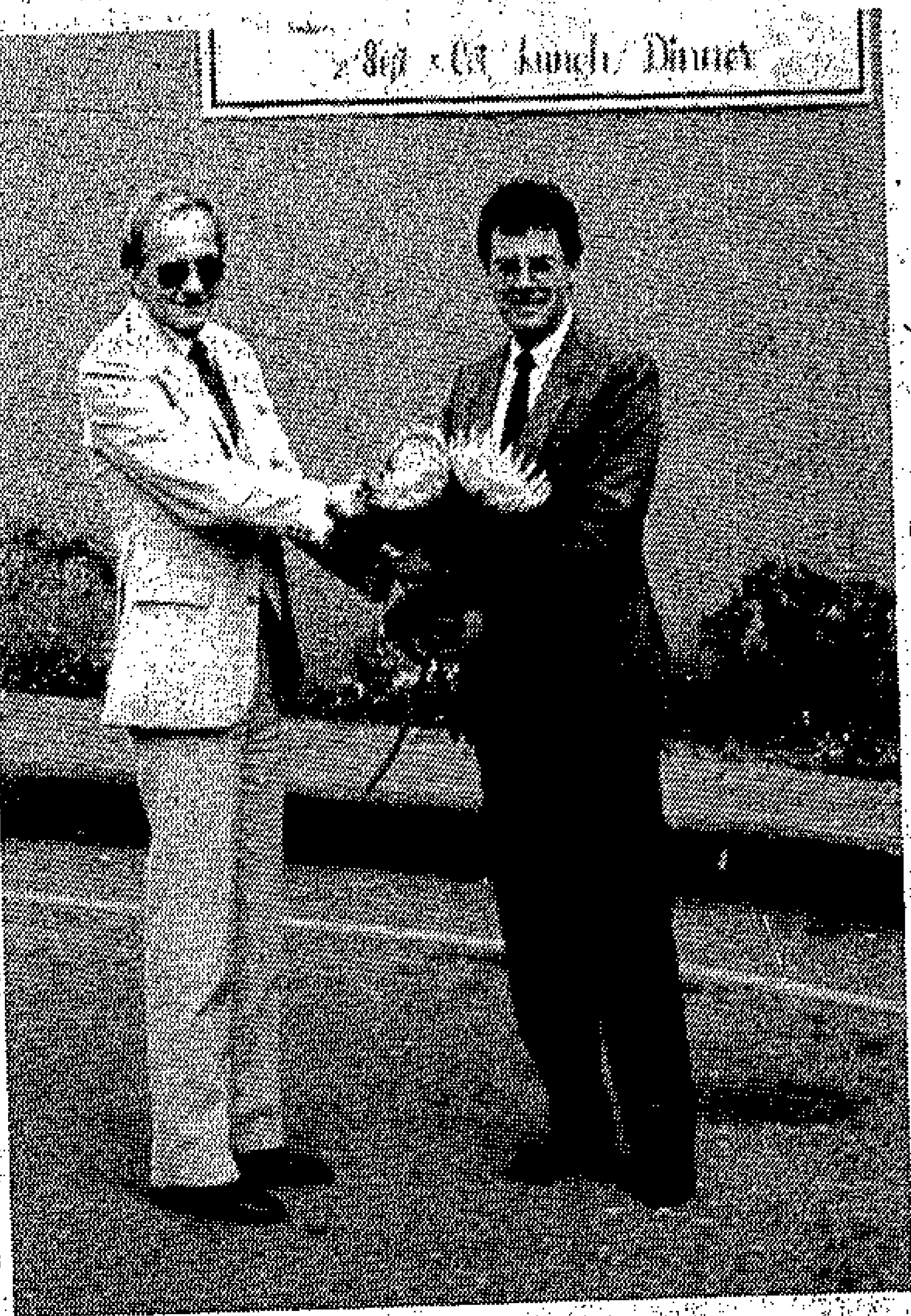
It will also manage the Kalahari Sands' sister hotel in the Sands group, the four-star Hotel Braamfontein, which will become Protea's flagship hotel in the Transvaal.

The group — now the largest hotel chain in SA — has been looking at the tourist potential of SWA/Namibia for some time. The country has been attracting overseas tourists, particularly from West Germany, for the past two seasons while they were staying away from SA.

Protea already has one hotel outside SA, the Protea Piggs Peak in Swaziland.

MD Otto Stehlik said yesterday that he planned to make a showpiece of the Kalahari Sands, with an international reputation.

He said SWA/Namibia had a vast tourist potential and was becoming more popular every year.



The Protea Hotels group has a new Transvaal flagship — the four-star Hotel Braamfontein. Group MD Otto Stehlik, left, hands a symbolic bunch of proteas to the Braamfontein's MD, Horst Reiche, at the entrance to the hotel. There are now 43 hotels in the fast-growing Protea group — two outside SA.

Stehlik is about to visit Europe where he plans to "introduce the Kalahari Sands to those who matter in the tourist trade."

"We are going to transform it into the No 1 hotel in Windhoek, the obvious choice for the SA business fraternity, international tourists and visitors from other African countries," he said.

Horst Frehse, GM of the Protea group's flagship hotel, the five-star Heerengracht in Cape Town, will be head of the Windhoek operation.

Jürgen Hannemann, who is now GM of the Kalahari Sands, has been promoted and transferred to the Hotel Braamfontein.

The Braamfontein, which will aim at top echelon business travellers, international tourists, up-market conferences, banquets and "selective sporting groups", is SA's only all-suite hotel.

It has conference facilities for up to 400 people, two restaurants, a recreation centre and covered parking for 440 vehicles.

"We now operate not only the Hotel Braamfontein and the Protea Gardens Hotel in Berea, Johannesburg, but the Hillbow Protea Inn and the Balalaika Protea in Sandton," said Stehlik. "That gives us pretty good control of the market coming into Johannesburg."

Forecasting that by the end of next year it will cost R200 a night to stay in five-star hotels in SA, Stehlik said: "Operating redeveloped hotels with a substantially lower capital base means that we don't have to deal with the same cost factor and we can therefore pass on the benefit to our customers."

The Protea Hotels group, recently taken over in a management buy-out, started with four properties in mid-1984. It expects to have 50 hotels in the chain by the end of this year and to have boosted turnover to R100m a year.

Cape Times 9/10/87

It's boom time for PE hotels

(288)
14/10/87
EVE POST

By DEBBIE MARCH

PORT ELIZABETH seems to be well on its way to getting the 10 000 extra visitors it is looking for this season, with hotel bookings well up on last year and caravan parks already full.

Hoteliers today were delighted about the coming season, expecting to be full or almost full by the time the season starts.

"We're going to be fully booked over the season. In fact, it looks as if we're going to be fuller for longer this year," the manager of the Humewood Hotel, Mr Peter Wannenburg, said today.

For the past three months the 64-roomed beachfront hotel has been full — something which has apparently not happened in previous years, according to Mr Wannenburg, a hotelier for 40 years.

The one-star Summerstrand Hotel also expected a full house during the season.

There has been a definite increase in inquiries and bookings there during the past two weeks, but whether this has anything to do with the Natal floods staff cannot say.

A similar upsurge in bookings was also reflected at the nearby five-star hotel, the Elizabeth Sun.

In December last year they had been 86% full, but were expecting this figure to improve — "hopefully into the 90%s this year," said the manager, Mr Philip Morse.

The 62-roomed Beach Hotel was already 70% booked for the season and would "definitely be full soon," said the operations manager for the Beach, Edward and Walmer Gardens hotels, Mr Robert

To Page 2

PE all set for influx of holidaymakers

(288)
EVE POST
14/10/87

From Page 1

Schinard.

He expected that the Walmer Gardens, now 60% full for the season, would also be full. And though bookings at the Edward Hotel were down on last year, Mr Schinard was confident this would soon be reversed.

Mr Carl de Wit, manager of the three-star Marine Hotel, also reported bookings to be up on last year and expected them to improve "a great deal" by the season.

The Brookes Hill Caravan Park was full for the season as was the Willows caravan and chalet resort on the Marine Drive on the outskirts of the city. Both had been fully booked for some time.

The large Sea Acres Caravan Park was also full. All 500 caravan sites, nine rondavels, 20 chalets and 30 beach huts had been secured "by at least a month ago", said a spokesman for the park.

3 000 loav… flown to s…

By KIN BENTL…

CAPE TOWN is begging … Port Elizabeth.

Three thousand loave… weighing 2,5 tons, were ai… Mother City from Port El… major retail store today — sold below cost price.

A wage strike has hit th… bakeries, and with producti… fraction of its normal level … sula, Pick 'n Pay decided … plies from PE.

Mr Gary Kruger, senior

SA hotel industry shows continued growth in August

388

Cit 10.51
15/10/87

PRETORIA — There was still a "noticeable improvement" in the economic condition of the hotel industry during August, although it was slightly less than that in the previous two months, according to figures released yesterday by Central Statistical Services.

"Average room and bed occupancy rates for August, 1987, reflect increases of 8,5% and 6,6% respectively, compared with August, 1986, whereas total hotel income increased by 16,9% during this period."

The CSS said all star-grading categories of hotels reflected increases in room occupancy rates.

The largest increase, 21,2%, was recorded by four-star hotels and the lowest, 2,8%, by one-star hotels. — Sapa.

Spur pre-tax income income up by 76%

288

Cape Times 15/10/87

By AUDREY D'ANGELO
Financial Editor

CAPE TOWN-based Spur Steak Ranches (Spur) has lifted pre-tax income for the six months to August 31 by 76% to R1m (R574 000) and attributable income by 74% to R502 000 (R288 000).

Its newly listed holding company, Spur Holdings (Spurhold), which owns four restaurants in the greater Cape Town area, has performed ahead of expectations and the directors say profits for the whole year should be higher than those forecast in the listing prospectus.

Spur Steak Ranches lifted turnover by 56% to R2,4m (R1,5m). The tax bill was up by 75% to R482 000 (R276 000) but net after-tax income was 73% higher at R526 000 (R304 000).

Earnings were 64% higher at 3,77c (2,3c) and the interim dividend 150% higher at 3,75c (1,5c).

Spurhold, listed in the Development Capital Market sector of the JSE in June, made a pre-tax profit of R616 000 on a turnover of R2,9m. Net income after tax was R463 000.

Earnings were 5,6c a share and the maiden interim dividend is 4c.

Company secretary Phillip Joffe said: "Spurhold is way ahead of our listing forecast and the best is yet to come because the second half of the year is normally our busiest.

"In the listing prospectus we forecast earnings of 7,4c a share for the full year and a total dividend of 5,2c. Now, based on the first six months' performance, we are forecasting earnings of 12c for the full year and a dividend of 8,5c."

Joffe said the franchise operation, Spur, had done good business throughout the six months.

Joffe said the recently introduced "hot rocks" speciality for people to cook their own food at the table was going well.

"It is doing exceptionally well in the Transvaal but it is a bit slower in the Cape".

He said the directors were excited by the success of Spurhold which, in addition to its 40% stake in Spur, owns four outlets — the Seven Spurs in Sea Point, the Golden Spur in Newlands, the Red Hawk Spur in Plumstead and the Hard Rock Cafe.

TRANSKEI SUN 288 FM

Highly profitable

Transkei Sun (Transun), listed in February, has more than fulfilled investor expectations. Not only has it brought in results ahead of prospectus forecasts, but it has also shown that it is one of Kersaf's most profitable companies.

The pre-interest margin is a phenomenal 46% and return on equity, despite falling from 54% to 44%, is well above that of Sun Bop (See below). Transun's returns have fallen for two reasons, according to Kersaf MD Ian Heron. Firstly, extensions to the Wild Coast Sun complex were being built, but not yet earning an income (they were completed in September); secondly there are additional infrastructural expenses now that the complex is larger. "Increased costs affect margins in the first year after extensions are made," he says. "It will be a challenge to fine-tune this."

16/10/87

105

Activities: *Owns and operates hotels, casinos, electronic gaming machine outlets and off-course betting operations in Transkei.*

Control: *Holding company is Sun Hotels International.*

Chairman: *S Kerzner; managing director: A Chiaranda.*

Capital structure: *144,9m ords of 10c each. Market capitalisation: R586,8m.*

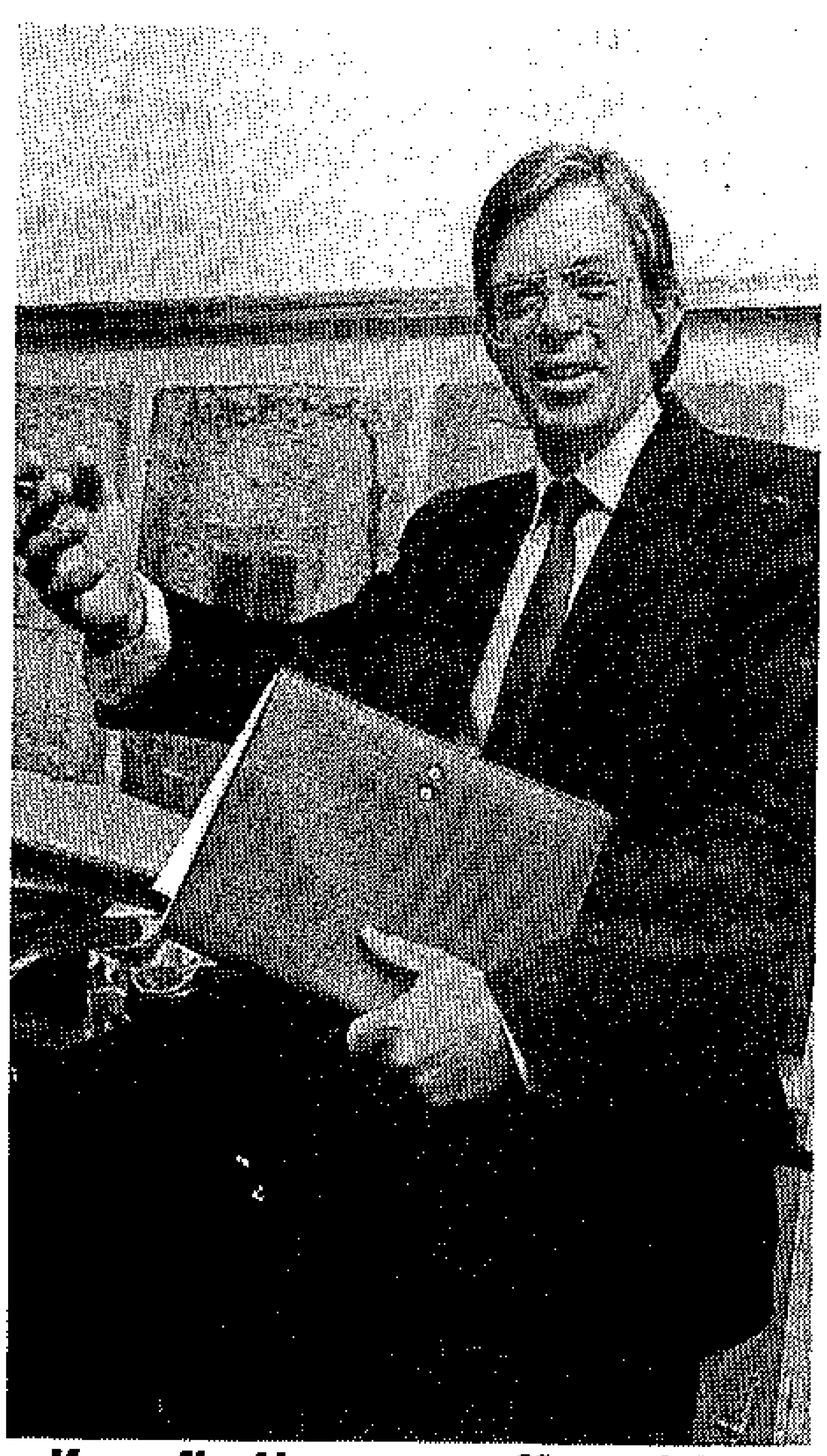
Share market: *Price: 405c. Yields: 4,7% on dividend; 5,6% on earnings; PE ratio, 17,1; cover, 1,2. 12-month high, 415c; low, 245c. Trading volume last quarter, 1,8m shares.*

Financial: *Year to June 30.*

	'84	'85	'86	'87
Debt:				
Short-term (Rm)	4,8	5,2	5,4	3,4
Long-term (Rm)	19,9	20,2	15,4	8,2
Debt:equity ratio	—	—	0,10	0,13
Shareholders' interest	—	—	0,45	0,62
Int & leasing cover	—	—	10,3	20,4
Debt cover	—	—	1,13	2,78

Performance:

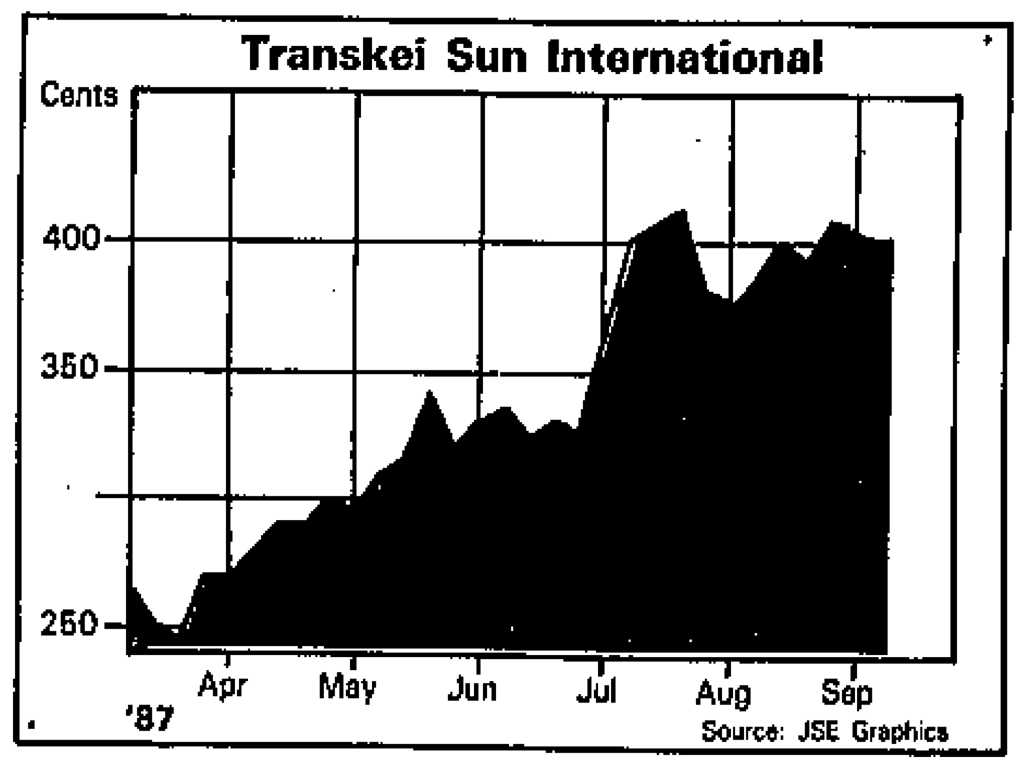
	'84	'85	'86	'87
Return on cap (%)	—	—	37,7	31,4
Turnover (Rm)	40,1	54,5	63,9	81,5
Pre-int profit (Rm)	15,9	22,6	28,7	35,8
Pre-int margin (%)	40	41	49	46
Taxed profit (Rm)	11,5	14,9	20,4	29,0
Earnings (c)	9,7	12,6	17,2	22,8
Dividends (c)	7,0	7,8	13,7	19,0
Net worth (c)	15.1	27,8	31,3	51,8



Kersaf's Heron . . . affected by floods

The R70m extensions have added 130 rooms to the previous 270 and vastly increased the casino. Other additional facilities include a 700-seat theatre; restaurants; video bar and a bowling alley; and enlarged conference facilities to accommodate 700 delegates. Heron says occupancy has been high since the project was completed. Demand for conference facilities is good, and about 80% of rooms are booked for the next few months, compared with last year's 78% on a smaller number. The industry average last year was 54%.

Transun bought the 55% of Transgames which it did not already own, with effect from January 1. This company has exclusive rights to slot machine operations in the Transkei and, in the year to end-June, a new Transgames outlet was opened and two others were refurbished for R700 000.



Financing the extensions has affected the balance sheet. Creditors rose from R10,3m to R14,2m, being mainly amounts owed on capital expenditure. Cash dropped from R17m to R2m and the debt:equity ratio, net of cash, improved only from 0,10 to 0,13. The listing raised shareholders funds from R37m to R75m, though, and debt was repaid. The outstanding amount dropped from R20,7m to R11,6m, while interest cover leapt from 10,3 to 20,4m, showing the balance sheet's strength.

Despite lower margins, taxed profits climbed by 42% and earnings by 33%, but investment allowances on the extensions lowered the tax charge from R3,2m to R1,5m, the effective rate declining from 28% to 19%.

Heron says the tax rate will probably be higher next year, with planned investment lower at R32m. About R30m is to be spent on a 120-room hotel at Umtata, which will include a country club and casino, and R2m will be used for a further two Transgames outlets. The target date for the completion of the Umtata hotel is June and expenditure will be financed by borrowings. The debt:equity ratio will still not exceed 0,55.

The additional capacity and reduction in capital expenditure must improve turnover and margins, making it seem likely that EPS will accelerate this year. But the Wild Coast Sun's profits will be affected by the floods, though it is not yet possible to assess how much impact this will have on Transun's earnings. Perhaps investors should be cautious, though, until more is known.

Pat Kenney

288

KERSAF

Buying into leisure

(288)

Activities: *Invests in and manages businesses in the leisure industry in southern Africa and overseas, including resorts and casinos.*
Control: *Holding company is Safren.*
Chairman: *R J Goss; chief executive: S Kerzner; managing director: I C Heron.*
Capital structure: *75,0m ords of 8c each. Market capitalisation: R1 706m.*
Share market: *Price: 2 275c. Yields: 2,3% on dividend; 3,6% on earnings; PE ratio, 27,9; cover, 1,57. 12-month high, 2 500c; low, 950c. Trading volume last quarter, 448 000 shares.*
Financial: *Year to June 30.*

	'85	'86	'87
Debt:			
Short-term (Rm)	25,8	26,9	22,3
Long-term (Rm)	62,8	53,6	63,9
Debt:equity ratio	0,20	—*	—*
Shareholders' interest	0,66	0,74	0,75
Int & leasing cover	4,9	5,0	6,8
Debt cover	0,86	1,29	1,64

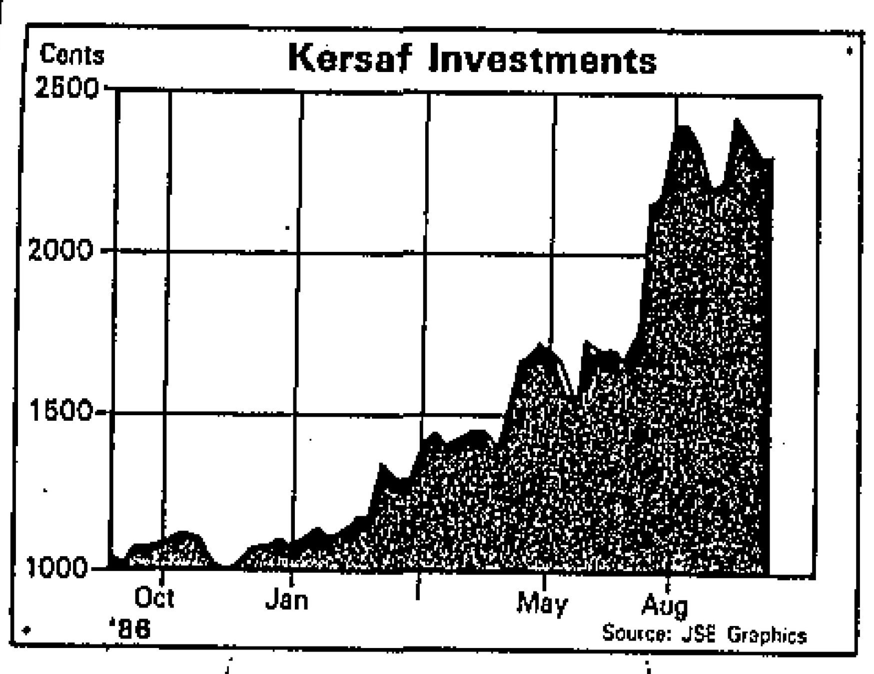
Performance:

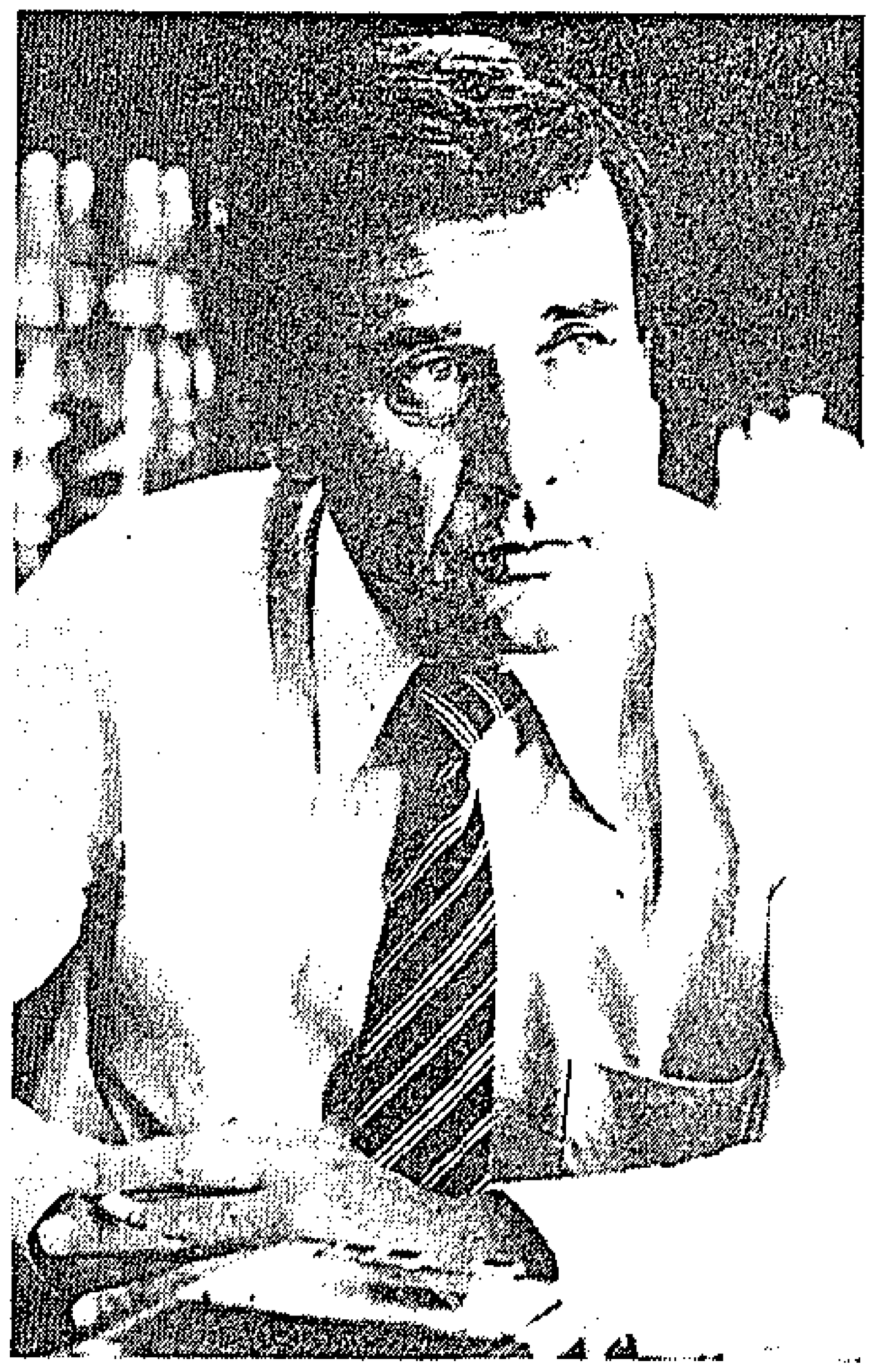
	'85	'86	'87
Return on cap (%)	14,9	13,9	13,9
Turnover (Rm)	398	517	625
Pre-int profit (Rm)	90,2	116,5	151,0
Pre-int margin (%)	24,9	22,5	24,2
Taxed profit (Rm)	61,6	86,2	121,3
Earnings (c)	53,5	62,6	81,6
Dividends (c)	34	40	52
Net worth (c)	394	498	624

*net of cash

In recent months Kersaf has been given a re-rating, despite the announcement that CE Sol Kerzner would concentrate on overseas interests. Performances of subsidiaries Transun and Sun Bop (see below) have been excellent and their shares have also reached new highs. But the big excitement in recent months has been the new Interleisure, and the announcement that, through Royale Resorts International (RRI), a stake has been taken in some French casinos (*FM* August 28.

The Interleisure concept is new. "We want some balance between the hotels and other interests," says Kersaf MD Ian Heron. "We are staying in the leisure industry and looking for growth points in it. We want to make all areas of our business available to as many





Kersaf's Kerzner . . . less disclosure

people as possible."

Some of the pressure to move into new areas must have come from the rather lacklustre results of some of the hotels. While occupancies at Transun were 78% and at Sun Bop 75%, the average for the Kersaf group was only 67%. Hotels which depressed the average were Venda Sun and Lesotho Sun, where occupancies were 55% and 42% respectively.

Interleisure, in which Kersaf has a 40,5% interest, has been moving fast. Since its formation in July, hardly a week has passed without announcements of a further acquisition. Heron says the group is looking at opportunities, but there is nothing of interest at present.

The new group has four arms: cinema and related activities, film and television production, restaurants and fast foods, and retailing and wholesaling of sports equipment. Growth so far has been mainly in the food section, with a number of acquisitions. Johannesburg's Kine Centre is being altered at an expected cost of R10m, and a new Rosebank complex is being built in the Mall.

Total capital expenditure for the year is forecast at R135m. Apart from Kine Centre and projects planned by Transun and Sun Bop, there is a new seaside casino resort in Ciskei at the Fish River. This should cost R45m, but Heron believes there will be plenty of demand for its facilities. It is near Port Elizabeth and has a magnificent location. It is due for completion at end-1988.

Financing capex should be no problem. Funds needed for Morula will be borrowed, but Kersaf is sitting on cash of R115m (up from R85m last year). Some of this could be used for acquisitions.

Cash was increased through receipts from the sale of Sparletta Suncrush, the Aloe Ridge Health Centre and British-based Kunick Leisure. All resort hotel and gaming activities in southern Africa and Mauritius are managed by a Sun International subsidiary. Similar activities outside this area will be operated by RRI, which is 49% owned by Sun.

Kerzner is obviously finding the international business environment stimulating. "It is very different from SA," he says. He plans to adapt the casino concept used in SA, but, as here, he wants to attract both the average visitor and the big gamblers, who will use the salons privees. "Casinos have not been doing well in France," he says, suggesting that that might be a reason why the recent acquisition of the Divonne casino was approved.

He thinks the European interests could go further, with a move into resorts and hotels without casinos, such as the spas which have fallen into disfavour. But probably less will be revealed about RRI's activities in future.

"If necessary, we may have less disclosure on our international activities," says Kerzner. "Gaming is a very regulated business." Recent complaints from French croupiers must have reinforced this trend.

With little known about the international side, and Heron still reluctant to comment on Interleisure's earnings for the present year, a forecast of earnings is difficult. The high rating investors give Kerzner's ability in the international arena and their expectations of Interleisure can be seen in Kersaf's 2,3% dividend yield. Though the share has more than doubled from its 12-month low, it took some time to catch up with the market and still seems a much better buy than many other counters on the same yield.

Pat Kenney

TRANSKEI SUN (288) F/M

Highly profitable

Transkei Sun (Transun), listed in February, has more than fulfilled investor expectations. Not only has it brought in results ahead of prospectus forecasts, but it has also shown that it is one of Kersaf's most profitable companies.

The pre-interest margin is a phenomenal 46% and return on equity, despite falling from 54% to 44%, is well above that of Sun

(103) 16/10/87

16/10/87

FM

288

SUN BOP

High roller

Activities: *Operates resort hotels, casinos and recreational facilities in Bophuthatswana.*
Control: *Ultimate holding company is Safren.*
Chairman: *S Kerzner; managing director: P H Wagner.*
Capital structure: *108,4m ords of 15c each. Market capitalisation: R824m.*
Share market: *Price: 760c. Yields: 4,6% on dividend; 3,6% on earnings; PE ratio, 21,7; cover, 1,3. 12-month high, 650c; low, 310c. Trading volume last quarter, 714 000 shares.*
Financial: *Year to June 30.*

	'84	'85	'86	'87
Debt:				
Short-term (Rm) ..	2,8	2,8	5,8	7,8
Long-term (Rm) ...	9,9	43,5	38,7	40,0
Debt:equity ratio	n/a	n/a	0,23	0,19
Shareholders' interest	n/a	n/a	0,68	0,70
Int & leasing cover .	n/a	n/a	2,73	4,18
Debt cover	n/a	n/a	0,76	0,95

Performance:

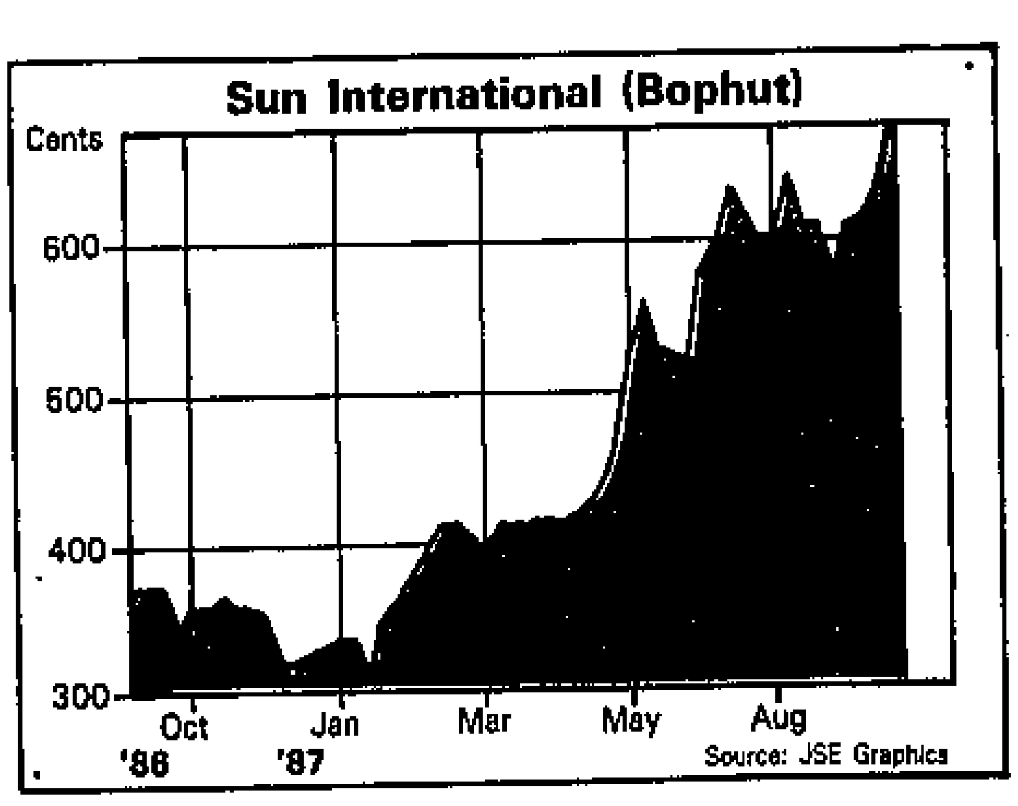
	'84	'85	'86	'87
Return on cap (%) ..	n/a	n/a	12,7	12,1
Turnover (Rm)	118,4	144 2	168,3	209,5
Pre-int profit (Rm) ...	28,1	29,8	36,4	44,6
Pre-int margin (%) ..	24	21	21,6	21,3
Taxed profit (Rm)	19,3	23,4	28,8	38,1
Earnings (c)	22,0	26,7	28,9	35,1
Dividends (c)	14,6	16,5	20,0	27,0
Net worth (c)	124	165	179	213

There seems to be no stopping Sun International Bophuthatswana (Sun Bop). Stories that the casino and resort market in southern Africa is saturated are belied by the consistent growth shown in the seven-year review.

Even the far-sighted chairman, Sol Kerzner, failed to anticipate the latest demonstration of South African gambling fever. Morula Sun, which started trading in June, "opened up a market bigger than we expected," says Kersaf MD, Ian Heron. "On the first two days after opening, we saw the potential. We doubled the size of the casino and increased the number of slot machines in the next six weeks. We also opened another restaurant last week."

It seems the funds from the rights issue of November 1985, which were mainly used for Morula, were well spent even though profits will only benefit in the current year. Morula cost R26m and another R10m capital expenditure was for refurbishments of existing resorts.

These investments brought the benefit of a low tax charge of R2,7m, or an effective tax rate of 6,7%. In the previous year, when capex was higher, no tax was payable. The 1987 rate remained below the average of the past seven years.



Sun City continues to draw crowds. Occupancies exceeded 78%, while the average for all Sun Bop hotels was 75%, the same as the previous year, and much higher than the industry average for comparable hotels of 54%.

Yet return on capital employed (ROCE) remains below the 25% targeted by Kerzner. Last year there was a decline from 12,7% to 12,1%. Heron attributes this to the high cost of a resort such as Sun City, which in other countries would be expected to support many more rooms. He says that assets have been revalued each year — a total of R100m since the resort opened — which increases capital employed, and, given the large investment, ROCE must be judged over a longer period. "We have put a lot into fixed assets which will produce over time, but earnings per share must show good growth."

This requires constant growth and broadening of the market. Problems of some years ago, when a number of foreign staff members left Sun City as the rand fell, have been solved. "Two managers left at that time," says Heron. "One has returned and the other wants to come back. The resort is fully staffed and there is an extensive training scheme."

Expansion will continue this year. There are plans to provide "a lot more" for day visitors to Sun City, in the hope of attracting additional visitors. Morula and Sun City together are recording much higher attendances and Morula is breaking new ground in offering company-owned video games.

At Sun City, bookings for at least one of the local artists, Bles Bridges, have shown that the Superbowl can be filled without overseas superstars; there are plans to expand on this.

Refurbishing the hotels will bring total capital expenditure this year to R64m. Though figures are not available for Morula, this hotel should raise group margins, despite the high capex. Given the insatiable appetite for gambling shown by South Africans and the lack of competition, Sun Bop still looks good at a 3,1% historic dividend yield.

Pat Kenney

essing Section): Clanwilliam, Hermanus, Mossel Bay, Namaqualand, Piketberg, & Vredendal.

ocessing Section): Bellville, Goodwood, Wynberg;

ry):

W/A Argus 17/10/87

288

City tourism all set for a holiday bonanza

by ROBERT HOUWING
Weekend Argus Reporter

CAPE Town, benefiting from a marked resurgence in domestic and overseas tourism, is bracing itself for a summer holiday bonanza.

Captour managing director Mr John Robert says there has been a "noticeable comeback" by overseas tourists — the figure for this month is already up 20 percent on last year — and a concerted focus on domestic tourism by travel organisations is paying handsome dividends.

City hotels have reported unprecedented bookings so far for the bumper Christmas and New Year period and several are booked up for spells of up to four weeks between December and January.

"Tour operators say they are inundated with inquiries from people all over the world, and finding it hard to manage," Mr Robert said.

"The situation is unprecedented for this time of year; we are particularly surprised to be doing so well in terms of overseas visitors.

Fully booked

"And the upward domestic trend which started about two years ago is definitely continuing.

"South Africans are adopting a more daring approach — travelling around the country instead of spending some time at one place. Regional tourism is becoming more important."

A spokesman for the Holiday Inn and Southern Sun groups said a number of hotels in the Western and Southern Cape had been fully booked for two to three months for the approaching "crush" period.

She said the five-star President Hotel was fully booked between December 18 and January 7. The Cape Sun will be full between December 25 and January 2.

There are no vacancies at the Wilderness Holiday Inn between December 12 and January 5, although the Oudtshoorn Holiday Inn has a few rooms left.

The marketing director of the Protea Hotels group, Mr Arthur Gillis, said: "We are experiencing unprecedented demand throughout the country — it is going to be an absolute bumper season.

Caravan parks

"We are almost fully booked everywhere for the duration of the Transvaal school holidays."

Caravan park managers in the Western Cape also report a heavier demand than last year. Most expect their parks to be fully booked by the middle of next month.

● Pat Candido of the Argus Bureau reports that Port Elizabeth is also looking forward to a bumper holiday season.

Hotel bookings are well up on last year and caravan parks booked to the hilt.

The Publicity Association has launched a campaign to attract an additional 10 000 visitors this summer and it looks as if it will succeed.

Cape heads for tourist bonanza

Cape Times 23/10/87

288

By CHRIS ERASMUS

CAPE TOWN and the South Cape coast are set for a "phenomenal" tourist season with most hotels and resorts already fully booked over the Christmas and New Year period, and more inquiries pouring in.

According to the managing director of Captour, Mr John Robert, Cape Town will get a R120-million bonanza in December and January as increasing numbers of domestic and overseas tourists head for the city.

Captour statistics show that hotel bookings are higher than usual, with almost all hotel and holiday accommodation booked out from mid-December till after the first week of January.

"Most of the two, three, four and five-star hotels are already running at 80%-plus bed occupancy, which is excellent for this time of the year," a Captour spokeswoman said.

Indications were that Cape Town and the South Cape coast would attract hundreds of thousands of tourists, many of whom would have gone to Natal.

Money in pockets

Mr Neil Swanson, letting manager of a city estate agency, said demand for holiday accommodation was much improved on last year and perhaps at the same level of three or four years ago.

"We are anticipating a bumper season — largely because of the improved economy which has put travel and holiday money in people's pockets," he said.

"The going rates for holiday accommodation are up by about 20% on last year. The fact that the rates are up several points on the annual inflation rate reflects the increased demand we have been experiencing."

City agencies said average weekly rates for family accommodation in the Peninsula's most sought-after seaside suburbs — Sea Point, Camps Bay and Muizenberg — were between R1 500 and R2 000 in the upper range for seafront houses and between R800 and R1 500 in the lower range for flats or apartments.

Reports from publicity associations and estate agents in the popular Cape coastal resort towns indicated even heavier holiday bookings than reported in Cape Town.

A spokeswoman for the Knysna Publicity Association, Mrs Lynne van der Byl, said bookings from December 10 till about mid-January were "very heavy".

Plettenberg Bay's publicity association was inundated with requests for accommodation well beyond the usual demand for the holiday season, a spokesman said.

"We are hosting an international windsurfing championship between December 25 and January 9, which is expected to bring several thousand tourists in addition to the 30 000-odd we usually have over Christmas and New Year.

"In all we could have up to 40 000 people in Plet this year. Accommodation is already all booked out and still we are receiving more than 10 calls a day from people desperate for somewhere to stay."

Between 18 000 and 20 000 tourists are expected to invade Still Bay where estate agent Mr Jannie Uys described the demand for accommodation as "phenomenal".

obvious security screen

Cape Times 24/10/87 (288)

R20m hotel for Somerset West

By CHRIS BATEMAN

SOMERSET WEST will have a luxury R20-million five-star hotel by October next year, giving an unprecedented boost to tourism in the Helderberg area.

The hotel, to be called the Lord Charles, will be sited on nine hectares of land overlooking False Bay and will include extensive conference facilities squash and tennis courts and a swimming pool.

The luxury hotel, planned by entrepreneur Mr Ronald Pilbeam, will plug a major gap in the Helderberg tourism infra-structure because there is only one other hotel in the coastal area — the three-star Van Riebeeck at Gordon's Bay, also owned by Mr Pilbeam.

The entrepreneur, who began planning the Lord Charles six years ago after extensive research in the area, said last night that clearing of the land was well under way.

He said he bought the land from the Somerset West municipality for R300 000 six years ago but was initially hamstrung by "the 1985 riots and then the high interest rates".

"Tremendous enthusiasm has been shown by people both overseas and locally and I aim to focus on the conference centre theme. There's a major market for earning foreign currency here and I intend to attack it," Mr Pilbeam said.

He said his research had shown a "total absence" of prestige hotels between Cape Town and the Wilderness, while virtually all the Helderberg hotels had closed down over the years.

"There's not even anywhere people can have a big wedding," he added.

The 200-bedroom hotel will be two kilometres outside Somerset West, just off the national road at the intersection of the Stellenbosch and Firgrove roads.

Mr Gert Human, Town Clerk of Somerset West, expressed delight at the development.

"It will really promote us because people from all areas of the country and overseas will come for conferences and this will obviously promote tourism when they see what we have to offer here," he said.

The land was originally purchased from the Cape Provincial Administration by the local municipality for R300 000 for the express purpose of boosting tourism with the new hotel, Mr Human added.

The Facts correction service ☎ 208-4911 (Monday to Friday) Cape Times, Box 11, Cape Town (Registered at the GPO as a newspaper)

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At Your Service — PAGE 4

BLACK UNIONIST IS REFUSED SERVICE

ROGER SMITH

A SENIOR black trade unionist was refused service in a racial incident at a Mike's Kitchen restaurant at Klipfontein, outside Witbank, recently.

National Union of Mineworkers' health and safety co-ordinator Hazzy Sibanyoni said he had been served in the restaurant two years ago.

But when he stopped there again on his way back to Johannesburg from attending the current Kinross mine disaster trial, he was told they did not serve blacks.

Manager Billa Malan confirmed this, saying Sibanyoni was "probably not allowed in the door".

He said he would not serve black people except in special circumstances where prior arrangements had been made.

"If white people see a black person in here they will all walk out," he said. "I personally have no gripe about serving black people, but I can't let one black man go and make me bankrupt."

Mike's Kitchen GM Gabriel Meenaham stressed the restaurant chain's policy was one of non-racialism and said he would look into the incident.

He said, however tragic, it was true that restaurants faced problems in some areas.

Sowetan 26/10/87

Violence 'an obstacle' to liberation

Bday 26/10/87

Business Day Reporter

BLACK-ON-BLACK violence was the greatest obstacle to the struggle for liberation in SA, Kwazulu Chief Minister Mangosuthu Buthelezi said on Friday.

At a Press conference on his return from a 10-day visit to West Germany, during which he held talks with Chancellor Helmut Kohl, Buthelezi said blacks should get their house in order.

He said even if President Botha were to begin negotiations to dismantle apartheid tomorrow, "we blacks would still be butchering each other".

On the ongoing violence in the Maritzburg region between supporters of Inkatha and the UDF in which at least 25 people have died recently, he said Inkhata was committed to peaceful change.

'Local hotel prices unrealistic'

288

SA holidaymakers were "looking good" this year.

Many of the guests were black and this was clearly the growth market of the future, although overseas tourists were beginning to come back.

"But although business is looking up the profits are not there yet. Room rates have not yet been raised to realistic levels to cover higher costs.

"The cost of a room in a five-star hotel has gone up about R30 since 1980 and if you think how much inflation has raised prices since then you realize these prices are a bargain."

London stocks afterhours: Blyvoors 625, Bracken 194, Driefontein $22\frac{1}{8}$, E Rand Pro $12\frac{3}{4}$, Freegold $13\frac{1}{2}$, Grootvlei $3\frac{1}{4}$, Harmony $12\frac{3}{4}$, Leslie GD 190, Randfontein $102\frac{1}{2}$, Southvaal $2\frac{1}{2}$, Stilfontein $6\frac{3}{8}$, Venters 15,

Bid to integrate hotels

THEO RAWANA

IN A nationwide bid to "deracialise" hotels, Fedhasa would talk to local authorities, hold seminars and educate hotel staff, executive director Fred Thermann said yesterday.

Thermann said a recent survey showed 90% of Fedhasa's member hotels were happy to open to all races.

"We discovered that some blacks mistook the 'right of admission reserved' signs at hotels to mean that they were not accepted. We need to address this problem.

"We are also educating hotel staff on their attitude towards black guests."

Thermann said a major problem involved black guests who often experienced a problem of restrictions from local authorities at facilities near to hotels.

He noted that 90% of Durban beaches were now open to all.

B/day 28/10/87

388

Southern Sun cuts losses

Cape Times 4/11/87

Own Correspondent

JOHANNESBURG. — Southern Sun has reduced its bottom-line losses by a significant 37% in the six months to September on the back of improved hotel occupancies and better margins. But it continued to be decimated by high rentals and leasing charges and in this regard the Johannesburg Sun continued to be a noose around its neck.

Turnover rose 17,4% to R135,8m (R115,7m). With a rise in margins from 12% to 13,7%, operating profit rose 32,8% to R18,6m (R14m). But rentals and leasing charges rose 31,9% to R20,1m (R15,3m), primarily for the Johannesburg Sun.

The interest bill dropped 12,7% to R4,4m as a result of a 26,6% decline in interest-bearing debt to R72,1m (R98,2m) through the issue of R50m in short-dated preference shares.

A substantial 208% increase to R3,9m (R1,3m) in the earnings derived from associated companies played a large part in reducing attributable losses from R5,9m to R3,8m. The group benefitted from the elimination of the loss previously incurred by TFC and improved earnings from both Sun International and Southern Sun Timesharing.

Loss per share dropped from 8,5c to 5,4c while net asset value rose to 408,5c (370,8c).

Commenting on the results, MD Bruno Corte said they were better than expected. "We forecast in the annual report that we would incur a loss for the first six months but it is significantly lower than the R6m loss shown a year ago.

"The improving trend in both occupancies and room rates noted at the end of the last financial year was maintained during the six months and should continue. The group traditionally has higher occupancy levels in the second half of the financial year and bookings in hand are ahead of those taken a year ago.

"These factors, together with a continuation of better margins, should result in a substantial improvement in earnings for the year," Corte said.

Southern Suns' occupancies averaged 53% for the period under review compared with 49% for the industry as a whole.

Gearing increased from 28,4% to 31,9%, because of the inclusion of R50m short-dated preference shares in interest-bearing debt.

Southern Sun cuts losses

LINDA ENSOR

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Source: JSE Graphic: JOHN McCANN

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● To Page 2

Southern Sun manages to cut losses by 37%

● From Page 1

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Argus 5/11/87 288

'We have enough pubs'

Thumbs-down for city's booze plan

Staff Reporters

HOTELIERS have rejected the city planner's contention that their are not enough pubs in Cape Town ... and some residents say there are too many.

The regional director of the Federated Hotel, Liquor and Catering Association, Mr Arnold Brock, said: "We have lots of pubs. They just need to be marketed better."

The city council's town planning committee has acknowledged the value of neighbourhood pubs and is recommending that the council commit itself to "the establishment of new pubs where appropriate".

The committee has asked city planner Mr David Jack to prepare a report recommending sites and designs for new neighbourhood pubs.

Mr Jack cited problems including overcrowding and "rowdiness, indecency and even violence" as a result of excessive drinking.

This was because the demand for pubs exceeded supply, he said. Several had closed without being replaced.

"Wine bar"

But Mr Brock said ladies' bars connected with restaurants had more than compensated for pubs which had disappeared.

New pubs no longer had to have accommodation to be granted liquor licences. And customers used to have to buy food with their drinks at restaurant pubs but this was changed in 1985, he said.

Mr Brock said the industry was heading towards the "wine bar" concept popular overseas. "The restaurant with a bar is the pub of the future," he said.

Overcrowding at pubs was often because of popularity, he said.

"If you put another pub next to The Forester's Arms in Newlands it would probably stand empty because Forries is so popular."

A similarly strong rebuttal, for different reasons, came from residents on the Atlantic seaboard, according to councillor Mr Chris Joubert.

He said he had had "quite a few" telephone calls today and people were "terribly upset" at the suggestion there should be more pubs.

Mr Joubert said: "People say there are enough hotels and pubs and as far as we're concerned any more will create more anti-social behaviour."

There was a strong reaction, particularly after a recent shooting incident outside "one of these institutions", he said.

"We will be standing in front objecting if there are any more pubs in the area."

Natal hotels get back to normal

288 B/day 6/11/87

Business Day Reporter

NATAL hotel occupancies were hard hit during the floods. Cancellations between 30% and 40% were recorded, says the Federated Hotel, Liquor and Catering Association (Fedhasa).

But, it added, now that things were getting back to normal there were heavy re-bookings and every indication that the province — and Durban in particular — would experience a good Christmas season.

Christmas bookings in the rest of the country were also looking "extremely good", said Fedhasa operations executive director Fred Thermann.

"South Africans definitely have a little more money this year and the mood is more optimistic. We are seeing an improvement in occupancy levels and nationwide the Christmas season looks like being an excellent one," Thermann said.

The Drakensberg and Eastern Transvaal, for example, had record forward bookings, although accommodation was still available.

The Wilderness was full and Cape Town was also heavily booked with the promise of a bumper season — although some accommodation was still obtainable.

In the northern Transvaal and Rustenburg area, there was still accommodation. In Johannesburg there was ample accommodation.

Thermann said all stops were being pulled out to have Natal hotels fully operational.

Quoting Durban sources, Thermann said beaches had been cleared, the shark nets were back in place and functional, and all access routes and bridges would be operational for the Christmas season.

that NPI be put into liquidation. "The small creditor who put the company under in fact never even proved a claim in the end," says Hill.

Meanwhile NE remains ensnared in legal wrangles over patent and licence rights with the US company Du Pont. NE's Explogel product is based on a Du Pont patent which was modified for local mining conditions which are "very different to those in the US." Du Pont has tried to revoke NE's licences but its attempts have twice been thrown out by the Supreme Court.

However, according to Hill, the saga is not over and the matter may yet go to court again in a year or so. ■

TOURISM

Back to nature

SA's harassed Yuppies and Yumpies — and their more conservative colleagues in the fast lane of the business world — are looking for a restful change from the standard bucket and spade holiday.

Leading the current revival towards tranquil retreats is the 38-room Mount Grace Hotel, 64 km from Johannesburg, which claims to offer the "perfect" escape for the world-weary business executive.

The nearest it comes to holiday frenzy is the all-weather bowling green which has been installed for the more active guests. And for those whose adrenalin takes a while to stop flowing, there are a number of stiff walks in the mountains.

The investment in peace is apparently paying off: average occupancy is 80% — even at the relatively high rates of R80/person/night — at a time when Durban beachfront hotels are offering rooms for R250 a week.

Following on its success, the Mount Grace plans to open a further nine two-bedroom luxury chalets in May next year.

But Southern Suns (SS), SA's dominant hotel operator, is meeting the challenge. Its new R20m Drakensberg Sun will open in December in the Cathkin Park area. Though it differs in many respects from the regular country hotels, it is an attempt to cover this end of the market.

Referring to the new 148-bedroom, four-star hotel — likely to be patronised by the conservation-minded — SS MD Bruno Corte says: "Throughout the project we have liaised closely with leading environmentalists to ensure that the development does not have a long-term adverse impact on the ecology and beauty of the area.

"Apart from designing the hotel in such a way as to blend in with the environment, we have also set aside R500 000 to restore land disturbed by building activities and to preserve indigenous flora."

As part of the project a 9,5 ha dam with a central island for picnicking is being built at a cost of nearly R3m. The dam will be stocked with trout, barbel, carp and bream.

Two hours from Durban and four hours from Johannesburg, the hotel is expected to create 160 jobs. Southern Sun has approval for an additional 50 hotel rooms and a timeshare facility — but it has no immediate plans to develop either. ■

Boom ahead — tourists likely to spend R144-m

News 19/11/87

288

By TYRONE SEALE
Staff Reporter

CAPTOUR predicts a bumper holiday season for Cape Town, with visitors spending about R24-million more than usual.

Mr John Robert, director of Captour, estimates that the Western Cape earns between R400-million and R500-million a year in tourism, about half of which is made during summer.

Of this, Cape Town gets about R120-million.

This year the figure should rise to R144-million, 20 percent up on previous years.

Mr Robert said there had been a steady flow of foreign tourists to the Western Cape since August.

"In previous years, overseas tourists started coming here from the end of November to March, but this year there has been a strong return of visitors who have been here before," Mr Robert said.

British tourists

"Our British market is traditional as many people have businesses, relatives and families here. We expect tourism from Britain to go up 40 percent this year. This will be the trend until April.

"With regard to the South African market, the rand has not been strong enough to allow overseas holidays. Many South Africans discovered domestic holidays for the first time last year and we expect many more of them to come to Cape Town.

"There's always something new in Cape Town. Hotels have new additions, there are new restaurants in town, there are more holiday farms in the country areas and generally there is new infrastructure which should attract tourists.

"Even if we did not have this, people would still come here, because no one can see everything in one holiday."

Future prospects

On future prospects Mr Robert said the answer was an extensive television publicity drive.

"I believe that business, the municipalities and others should pool funds to reach people where they are — in front of their TV sets.

"We are scientifically working the travel agency market but it's the consumers we must reach directly.

"Once we get more people and more hotels the other attractions will be established because there would be a demand."

Christmas criminals could net R174-m

Staff Reporter

RICH pickings by criminals at Christmas are forecast by the Security Association of South Africa.

It estimates "shrinkage" of at least R174-million in the retail industry over the holiday period, without added criminal gains from burglaries.

The association will hold a Crime and Christmas seminar next week to study the problem.

Speakers include Mr G van der Westhuizen, senior manager in Cape Town of Santam Insurance, Mr Martin Pearson, a car protection specialist, and Mr Lindsay Ray, co-ordinator of a neighbourhood watch organisation.

The seminar will be at the Newlands Sun Hotel on November 24. Inquiries: Mr John Fletcher ☎47 2365.

Minister George Bartlett and a South African Defence Force senior officer also attended yesterday's meeting, as

credits and R55m from the Industrial Development Corporation.

B/day 20/11/87 (288)

Hotel business still improving

GERALD REILLY

PRETORIA — The improvement of econmic conditions in the hotel industry is continuing, according to Central Statistical Services.

Average room-occupancy rates during September increased by 10,7%, compared with September last year, and bed occupancy by 12,9%.

During the 12 months, hotel income increased by 14,9%.

Four-star hotels registered the biggest increase in room occupancy — 18,6% — and the lowest increase was by five-star hotels, 1,6%.

Of the 21 tourism regions, 16 recorded increases in room occupancy.

The largest increase was in "the rest of the Transvaal", and the largest decrease in the "rest of the Cape region".

FOREIGN INTEREST IN PE HOTEL SITE

288

By KIN BENTLEY

INQUIRIES from companies in Canada and Lebanon have been received by the Port Elizabeth Municipality concerning the prime beachfront hotel site currently occupied by Pleasureland.

The 1,18-hectare site, which has an upset price of R206 000, was advertised nationally at the weekend.

It is to be auctioned on February 10 next year at the PE City Hall.

Mr Alan Zeiss, the municipality's chief estates officer, said today that another inquiry had come from a company in Cape Town.

Explaining how foreign companies got to know about the site, Mr Zeiss said recently a representative of the Canadian company had contacted the city's development officer, Mr Andre Crouse, about PE's potential for investment.

The representative had shown an interest in the 2,3-hectare site, zoned for either hotel or office use on the corner of First Avenue, Newton Park, and Cape Road as well as the beachfront site.

Inquiries

The Cape Road site would be advertised next week.

The Lebanese consortium had similarly shown an interest in the Pleasureland site prior to its being advertised.

Both had asked that the relevant documents be forwarded to them once the sites had been advertised.

He expected the number of inquiries to increase later in the week, with many expected to come through the mail.

Advertisements for the site appeared in the Weekend Post, Oosterlig, Financial Mail, Finans en Tegnies, Sunday Times and Rapport.

Another three hotels lose star rating

DD 25/11/87

288

Daily Dispatch Reporter

EAST LONDON — Three more hotels here have lost the right to be called hotels after their one-star ratings were cancelled by the standards committee of the South African Tourism Board.

The hotels are the Carlton in the Quigney — which once had a two-star rating — the Oceanic on the West Bank, and the Glengarriff on the East Coast.

Earlier this month the Grand Hotel in the city centre also lost its one-star rating.

Eighteen other hotels throughout the country were listed by the board as having lost their one-star ratings as a result of a decision by the committee on November 10.

The assistant chief inspector of the board, Mr Pim Zouteriks, said the cancellation of a one-star rating did not necessarily mean that a hotel had not complied with the minimum requirements for the rating.

He said some hotels had applied for their registrations to be cancelled so that they could change status to that of an old age home or boarding establishment.

The owner of the Carlton and Oceanic hotels, Mr Jan van Tonder, said the Hotels Act stated that the owner of a hotel whose registration was cancelled by the standards committee had the right to appeal against the decision within 30 days.

"I am certainly going to object to the decision and I will ensure that the rating is retained after the next inspection," he said.

Mr Van Tonder attributed the loss of the rating to a recent change of management in one of his hotels and a lack of time to upgrade the premises.

A spokesman for the Glengarriff Hotel said she was not aware of the loss of the star rating and would approach the board to find out the procedure to be followed.

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Eve Post

26/11/87

MARKHAM HOTEL SHUTS ITS DOORS

THE Markham Hotel in Port Elizabeth closed down "lock, stock and barrel" today following a decision of the Hotel Board earlier this month to "deregister" the hotel.

By JACK DEWES

This development follows many months of go-stop-go efforts to upgrade the hotel.

On November 10 the Hotel Board decided to deregister the hotel because it was no longer up to standard, a spokesman for the board said today.

The owners had 30 days to appeal against the decision.

In its heyday the Markham and its restaurant, The Mark, was one of the most popular spots in town for dining, drinking and cabaret.

For many years it was the favourite watering-hole of the horse-racing community.

In 1963 the PE Press, Radio and TV Club (the first fully constituted Press club in South Africa) made its headquarters there, subsequently entertaining famous people — among them the Second World War legless fighter ace Douglas Bader, Vera Lynn, Max Bygraves and Eartha Kitt.

Later, many top local and overseas entertainers appeared in nightly cabaret in The Mark.

Members of the Press Club included judges, police and defence force chiefs, senior civil servants, the city's Mayor and professional people. They helped to boost the standing of the hotel.

The restaurant was usually packed at lunchtime and the food and the service were excellent.

The hotel, under the guidance of manager-owner Mr George Staffen, was unquestionably then the place in the city for respectable fun, laughter and refreshment.

About 15 years ago the Press Club moved and the hotel has changed hands several times since then.

Today the hotel staff were being paid off by a man who said he was a hotelier by trade appointed "by several companies".

"By tomorrow," he said, "all the movable assets should be gone. As from now no more liquor will be served here."

● Tradition has it that the site of the Markham Hotel is where the first hotel went up in the city. It has always been known as The Markham.

Milly's bounces back

Sowetan 26/11/87

288

By AUDREY D'ANGELO
Financial Editor

IN SPITE OF its disastrous venture into the restaurant business with the Carousel at Sea Point — disposed of at a loss of R103 000 — Cape-based Milly's nearly doubled earnings for the year to June 30, to 5,63c (3c) a share.

A final dividend of 1c will be paid to ordinary shareholders, making a total of 2,50c for the year, and the maiden preference dividend will be 4c.

Turnover has risen to R5,9m (R3m) and attributable earnings to R303 000 (R164 000).

The tax bill is down from R142 000 to R98 000, due to assessed tax losses and incentive allowances.

The directors point out that the comparative figures are those of the retail trading operation.

Earnings are based on 5 380 000 shares in issue throughout both the reporting and the comparative period.

The directors say that the retail division is performing well above budget.

Although the newest outlet has been opened recently on the Foreshore in Cape Town, they say future development will not be confined to the Western Cape but will ultimately be concentrated in the PWV area and in Natal.

MD Michael Bruchhausen said the manufacturing division was growing at a faster rate than the retail side. "We are not slowing down on retail expansion but we are speeding up on manufacture.

"We have already outgrown our premises in Maitland and are moving to Retreat where our production capacity can be increased. At present we cannot meet demand."

Bruchhausen said there would soon be another factory in the Transvaal to meet the growing demand there for pies and frozen confectionery.

He said that, after the Carousel, there would be no further venture into the restaurant business: "It is not our game."

Difficulties with the Carousel had included the fact that trade was very seasonal.

Cape Times 17/11/87

Go-ahead for pubs in the suburbs

288

Municipal Reporter

BY a narrow margin — initially 14-13 — City Planner Mr David Jack was given the go-ahead yesterday to prepare a paper on the location and operation of more "neighbourhood pubs" for Cape Town.

The city council has also adopted his suggestions that it take "a constructive approach" to neighbourhood pubs, acknowledge their value, and commit itself to the establishment of new pubs where appropriate.

Mr David Jack

Vice-Admiral James Johnson said he could not understand why the councillors who opposed the recommendation got into such a froth over it.

"What is horrifying about a pub? Restaurants are so infernally expensive, and you can get a jolly good meal in a pub for a good deal less."

Mrs Eulalie Stott said the major cause of complaints, apart from the shortage of housing, was "shebeens, shebeens, pubs, bottle stores, shebeens, bottle stores, pubs".

She was "totally opposed" to neighbourhood pubs in residential areas. Small pubs were closing down because of market forces anyway, she said.

Mrs Bronnie Harding told of her 3 000km trip through Britain two months ago, with lunch at a pub every day, without seeing a single "hardcore drinker". She wondered whether "we could educate our people to go to pubs and be civilized".

Mr Eric Merrington also spoke with nostalgia of British pubs, where intake was low and publicans maintained decorum. But he added that "we in South Africa are on a guzzle gallop".

As many beers as possible were consumed in a short time to the accompaniment of loud music, he said. To graft the British tradition on here would be "more difficult than an organ transplant".

Mr Arthur Wienburg asked why people could not meet in "halls that churches or synagogues run, or Lions and Jaycees". He said more pubs would mean people would spend their lunch hours in them and then be "let loose on the roads in neighbourhoods where there are children".

Mr Clive Keegan described Mr Wienburg's contribution as "a temperence lecture". He said the number of complaints about pubs indicated that there was a problem, and the council had to control the location of pubs, as it did with totes and service stations.

B&B rule to aid the smaller hotels

AHC45 15/12/87 288

JOHANNESBURG. — One and two-star hotels are no longer to be compelled to provide three meals a day.

A statement from the Federated Hotel, Liquor and Catering Association said only breakfast would be necessary.

Fedhasa spokesman Mr Fred Thermann said: "It will enable smaller hotels to reduce costs and meet the needs of the market for reasonably priced accommodation."

However, hotels which advertised Christmas rates inclusive of all meals would be expected to meet their obligations, he said. — Sapa.

Southern Suns wary of holiday stoppage

B/Day 17/12/87

DIANNA GAMES
and ALAN FINE

IN continuing efforts to avert a strike by thousands of its employees during the holiday season, the giant Southern Sun hotel group is to hold talks today and tomorrow in Durban and Cape Town with the union bodies involved in the dispute.

Southern Sun negotiators have already met with union representatives on the Reef and are confident a settlement will be reached soon, according to group personnel director, Peter Cumberlege.

The workers are demanding a R500 minimum monthly wage by October 1988. Cumberlege said management were presently offering R475 and were considering the workers' R500 demand.

Workers have also asked for uniform increases of R50, R75 and R75 in three phases. The company has offered R30, 15% and R30.

Cumberlege said any wage offer that was settled on at this stage would be backdated to October 1.

About 8 500 workers at 53 Southern Sun and Holiday Inn establishments are involved in the dispute which was declared on November 30.

The workers have tabled 21 demands, including abolition of the split shift system, a 45-hour working week and equal pay for equal work. According to Southern Sun, the 21 demands would cost the group an additional R53,4m.

The workers are seeking guarantees there will be no dismissals of workers engaged in a legal strike.

Workers have claimed the company has already hired hundreds of white staff, especially in Durban, in readiness for industrial action. But, said Cumberlege, the group traditionally employed a large number of casual staff to deal with the festive season.

TIMESHARE

FM 18/12/87

Making a splash

One of the problems buyers of timeshare have experienced is lack of flexibility: having to holiday in the same place every year, unless they have made complicated exchange arrangements well in advance.

Now, under a scheme called Flexi-Club, launched by Summer Leisure International (SLI), buyers can take a share of a property pool and choose each holiday from a number of resorts.

For R1 000, the buyer is issued 10 SLI debentures each valued at R100; and 100 ordinary shares and 10 Flexi-Club points.

These Flexi-Points are used to "buy" time at one of the company's resorts. For example, 10 points for a week at the coast, or 140 for a high-season week at a game lodge. Through a link with Leisure Exchange International, SLI says, its members can also use their points for holidays overseas.

There is thus no restriction on the number of points which may be bought. Buyers will also be able to accumulate points for three years, and borrow up to 25% of the next year's allocation.

SLI is offering a full refund, after 10 years, of the initial and subsequent investments, with the buyer retaining the SLI shares and Flexi-Points.

Another advantage which SLI claims to offer buyers is low levies: 1% each year of the sum invested. The major reason, says director Bill Nosworthy, is the company's intention to allocate points only for 80%-85% of the space available and to let the remainder. The income from this source will be used to offset the levies.

Nosworthy claims SLI has space, or full development ownership, in country hotels, seaside holiday apartments, game lodges and inland resorts. However, with the exception of the company's 23 m motorised ocean-going yacht, he declines to state exactly which resorts are included in the company's portfolio.

He says SLI wishes to prevent possible competitors from taking advantage of such knowledge. However, he says, the properties are being held by a private company and will be transferred to SLI as required. ■

Holidaymakers hit Cape

Hotel bookings 'as good as can be'

Argus 18/12/87

288

Staff Reporter

THE Cape's tourist industry says every indication points to a near-record season.

The managing director of Captour, Mr John Robért, said feedback from hoteliers was that bookings for the Christmas season were "as good as can be" and could equal the record 1984 season.

The number of holidaymakers in Cape Town was 15 to 20 percent higher than last year, with "a particularly large number" of people visiting the city for the first time.

Asked if a record season was on the cards, Mr Robért said he doubted whether the 1984 season would be bettered.

Come close

"We had an enormous number of American and European tourists here that year, but considering that things dropped right down in 1985 and 1986, I think that at the very least we will come close to what we had before."

Mr Robért said holidaymakers who arrived without accommodation arrangements could contact Captour's emergency booking service (☎ 419 1961).

"Accommodation is very difficult to come by at the moment, but we've never had to turn anyone away."

Beaches packed

Beach officials said there was a large turn-out on beaches on Wednesday, the Day of the Vow, with considerable traffic congestion reported in the Sea Point, Clifton and Camps Bay beachfronts.

The town clerk of Simon's Town, Mr Charles Chevalier, said more than 1 000 people packed on to the town's new pay beaches.

"At one stage yesterday full signs had to be put up."

Mr Chevalier said the admission prices, introduced at the beginning of December, did not appear to have put beachgoers off.

A spokesman for the Table Mountain Aerial Cableway Company said about 3 300 people had used the cableway on Wednesday. Long queues were reported.

Hotels filling up in Durban

288

22/12/82 B/day

DURBAN — Hotels are enjoying the best season here in years, but there is still room at the inns, unlike the jam-packed seasons of the 1970s.

Durban Publicity Association marketing director Andrzej Kiepiela said although hotels were between 80% and 83% booked between December 1 and January 15 — about 13% up on last year's figure — that was "nothing to shout about".

He said: "In the late 70s it was impossible to find accommodation in Durban at the height of the season.

"The advent of timesharing has also contributed to the downswing in Durban's hotel industry.

"For every one and two-star hotel we have lost, we have gained two timesharing blocks." — Sapa.

HOTELS

Lots of spillover

After six years of varied fortunes, mostly bad, there is enough evidence available now to indicate that the hotel industry is experiencing a boom — or near-boom.

It peaked last in 1981 when overall bed occupancies were 55%. Preliminary work done by the Durban Publicity Association shows that bed occupancies this year could be between 57% and 58%, a dramatic increase on last year's 39% occupancies. Despite this, hotels are not yet making substantial profits.

Holiday Inns up

In November (*Leaders* November 13) it was established that the Southern Sun group's occupancies were 57%, the Protea group was looking at 57% for the current financial year, and the City Lodge group at between 70% and 80%.

As last year, when the economy wasn't as buoyant as now, resort hotels are booked solid between Christmas and New Year. However, unlike last year, they are doing significantly better this year in the so-called shoulders of the season, from the beginning of December to Christmas and between New Year and the end of January.

Holiday Inn's Chanel Platt says that all

coastal resort Holiday Inns — and its Riverside Inn on the banks of the Vaal River — are 100% booked between Christmas and New Year and bookings at all its resort hotels for the shoulders of the season are 40% up on last year.

In the Transvaal, where occupancies normally drop to about 40% over the Christmas period because of the fall-off of corporate business, Holiday Inn is expecting occupancies of about 46% this year. The Riverside Holiday Inn is well up on that, and is fully booked every weekend until the end of the school holidays.

Protea Hotels marketing manager Keith Lamb says: "Our hotels on the Natal south and north coast — we don't have any in central Durban — are up 16% on last year to the end of December, despite the cancellation of bookings caused by the Natal floods. Last year we averaged 76% for the whole season. This year we will average 85%."

After the Natal floods, rather than cancel their holidays, many holidaymakers switched their bookings to the eastern Cape and the Garden Route which, says Lamb, has helped Protea's Garden Route hotels show a 16% improvement on last year.

Lamb attributes the improved business to the package deals being marketed by most hotels. "It gives travel agents something easy to sell," he says.

Cape Town's hotels are "having their best Christmas season since I can't remember when," says John Robert, MD of Captour. "We're already about 90% full and we're still filling up. Captour is having to run an emergency service to help people already in Cape Town find accommodation.

Andrzej Kiepiela, director of marketing of the Durban Publicity Association, expects an 86% occupancy of the city's 28 600 beds this Christmas season, compared with 76% last Christmas — despite the addition of 2 000 beds in timeshare units this year.

"Our occupancy for the whole of 1986 was 55%. We're expecting 58%-60% this year," says Kiepiela. "That's better than the national average of 57%-58% we anticipate.

These buoyant conditions are not yet reflected in the latest Satour statistics, but do indicate that the hotel industry's fortunes are improving and that investors are regaining their confidence in the industry and opening new hotels.

An additional 16 hotels have been registered since December 1986, bringing the total to 1 330. Although the gain is modest, and the total well down on the 1 432 hotels SA had in December 1981, it indicates that the downward slide has stopped.

The statistics take into account the 18 hotels stripped of their registration in November by Satour's standards committee; the 10 (presumably new or refurbished units) awarded one-star gradings; and the four regraded from one to two-star hotels.

Profitability is not keeping pace with increased occupancies, says Fred Thermann, director of operations of the Federated Hotel, Liquor and Catering Association of SA. He says increased costs, particularly of meat, are killing profits and predicts that many hotels will lose money on their Christmas lunches. They sold them in October at prices based on the cost of food then — which has since risen by 25%, according to him.

JUICY LUCY

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Broader group

Activities: *Operates franchise businesses under the names of "Juicy Lucy" and "Milky Lane"*

Control: *Directors have majority control; but Avbak Food Holdings will get 60% control when the enlarged group transfers to the main board.*

Chairman: *B N Aitken; managing director: G I Topol.*

Capital structure: *8,7m ords of 1c each. Market capitalisation: R12m.*

Share market: *Price: 140c. Yields: 1,8% on dividend; 4,3% on earnings; PE ratio, 23,0; cover, 2,4. 12-month high, 270c; low, 80c. Trading volume last quarter, 2,6m shares.*

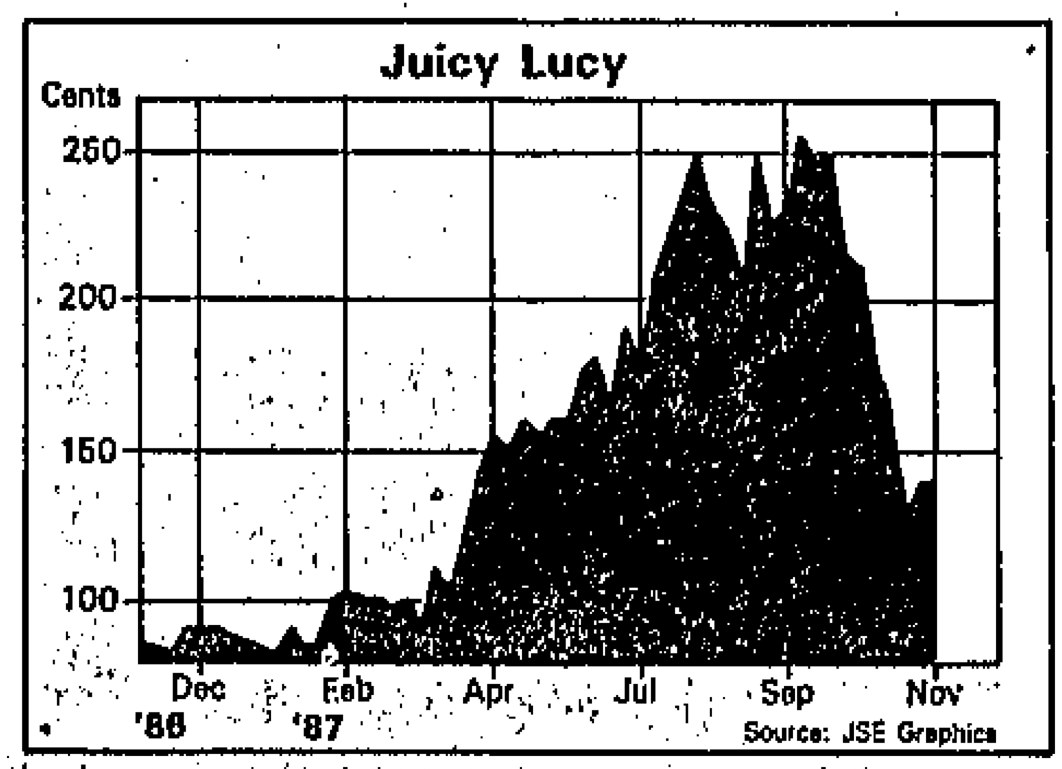
Financial: *Year to May 31.*

	'86	'87
Debt:		
Short-term (Rm)	—	0,4
Long-term (Rm)	0,2	0,6
Debt:equity ratio	0,06	0,16
Shareholders' interest	0,64	0,55
Int & leasing cover	1,2	2,7
Debt cover	2,0	0,7

Performance:

	'86	'87
Return on cap (%)	20,2	18,4
Turnover (Rm)	5,5	9,2
Pre-int profit (Rm)	0,7	1,0
Pre-int margin (%)	11,9	11,4
Taxed profit (Rm)	0,3	0,5
Earnings (c)	4,7	6,1
Dividends (c)	1,6	2,5
Net worth (c)	28,2	35,3

For the second consecutive year, strong earnings growth was a dominant feature in Juicy Lucy's franchise business. Taxed profit to end-May advanced 49% to R507 000 (R340 000). This was considerably better than the R400 000 the *FM* (November 21, 1986) suggested Juicy Lucy would make in its 1987 financial year. MD Geoff Topol said then that after the first full year of contribution from Milky Lane (acquired the previous year), earnings would be not less than R120 000 and would contribute about 30% to group earnings.



Topol says that Milky Lane performed excellently. "New stores were opened in Durban and Cape Town bringing the total number of outlets to 20 (13)." Meanwhile new products are being introduced into the Juicy Lucy stores. "After successful testing, we have introduced a range of baked potatoes with various nutritional fillings," he says. "This is seen as a major strategic launch. A range of lower priced breadrolls, sandwiches, and American cookies have already been introduced. Healthy products with child appeal are being test-marketed to widen our appeal and create fun in the stores."

Four months into the current year, Topol says trading growth has been very strong and forecasts (EPS) of at least 10c — more than 60% up on last year's 6,1c. This looks encouraging, but the structure of both the company's capital and business interests will change following the Avbak Food Holdings deal, effective July 1, announced in September.

A total of 34,7m new shares will be issued, 26m to Avbak and 8,7m new shares to businesses or companies which operate Juicy Lucy, Burger Fair, BJ's Pantry, Peckers, various Snoman outlets and Milly's Carousel in Sea Point, Cape Town. Avbak, a 100%-owned subsidiary of Anglovaal Industries, will gain a 60% majority controlling interest. Juicy Lucy, which will change its name and move from the DCM to the main board, will get Avbak's Wimpy Restaurant business (where profits increased considerably last year) as well as other non-Avbak interests.

Details of the earnings pattern and potential for these combined interests must await the release of a circular to shareholders, which Topol says should be out by end-December. In theory, the potential for synergies between Juicy Lucy and Wimpy seems good. Both, according to Topol, will continue as separate entities and continue to develop their independent product lines. So it will probably be in purchasing, marketing, finance and administration that most improvement could be expected to occur. A move into the black market (which Topol announced last year) has been slow in coming. But now 3 BJ's Pantry outlets have been opened in Mopopane. Says Topol, "This is a huge untapped market."

The share price's dive from 250c to 140c has reduced the p:e to 23 times — which still seems high despite the expected EPS growth. The circular to shareholders should help determine if such confidence is misplaced.

Dave Edwards

Juicy Lucy's Topol . . . trading growth strong

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by JULIE WALKER

Sun Bop a better bet than fruit machines

SUN International Bophuthatswana shares look oversold when one considers the company's prospects.

At 420c they are 30% higher than their low of a year ago, but barely half their October 1987 high of 825c.

At this price the shares rate a historic PE ratio of 12 and the dividend yield is an attractive 6,4%. Strong growth in earnings seems assured.

Sun Bop contains the crown jewels of Sun International's empire. Best known for Sun City, the group also comprises the Thaba 'Nchu Sun, the Molopa Sun, the fabulously profitable Morula Sun and the Mmabatho Sun.

JAMMED

Sun City is jammed this weekend because of the Million Dollar Golf Challenge and it will remain so for some time.

Occupancies for the group last year were 75%. Sun City sold 78% of available beds for the year. For practical purposes, this is almost as close as one can get to 100%. There is already talk of another hotel at the complex. There is plenty of money and space for it.

Growth in hotel, food and beverage sales is assured. Gambling weathered the recession well and should benefit from economic recovery. Ways and means have been devised to make fruit machines nearly irresistible and much creativity is being applied to pushing gaming revenue along.

Sun International executives have been scouring the world for gambling innovations. I learned this week that they were intrigued with sports betting as practised in Las Vegas.

It would not be surprising if within a couple of years punters at Sun City and other Sun Bop resorts will be able to bet on almost any sporting event taking place anywhere in the world — while watching it happen on large TV screens in the casinos.

Sun International management was particularly impressed by Circus Circus — the hottest casino in Las Vegas these days, featuring circus acts while you gamble. One mentions it partly in jest, but Sun International has acquired a stake in the Boswell Wilkie circus through Satbel (and this week a board meeting approved the purchase of six zebras and a python).

LOW TAX

The Morula Sun, which cost R26-million, was opened in June 1987 and will contribute to Sun Bop's earnings for the first time. It has been enormously successful and expansion of its facilities is being undertaken.

The 220-room Molopo Sun was open for only eight months of the previous financial year and will contribute fully for the first time in the current year. Expansion is also under way at the Thaba 'Nchu Sun, which is deluged by high-living Free Staters.

The group pays a low rate of taxation because an assessed loss had been brought forward from the previous year as well as investment and grading allowances on new buildings and equipment. The group will continue to benefit from low tax in the medium term.

The shares were listed in November 1985 after a rights issue, the proceeds from which were invested largely in the Morula Sun. In the year to June 1987, turnover increased by 24% to R209-million and the operating profit by 23% to R44,6-million.

Earnings a share rose by 22% to 35,1c, from which a dividend of 27c was paid. The contribution from the two new centres could see earnings approach 50c. This would put the PE on less than 9 times.

The share is as compelling and a good deal less risky than one of those fruit machines.

Good buy

LONDON-based Warburg Securities recommends investment in Driefontein, Harties, Kloof and Vaal Reefs. Its newsletter, dated mid-November, predicted gold would approach \$500 and said the yield-conscious could not ignore SA shares — "unmatched by any other gold share market".