SERVICES SECTOR ACCOMMODATION, LIQUOR, AND CATERING - GENERAL

1988

MARCH - DEC
Futile Boyhood Dream

Taverners' Chief Sam

Meanwhile, On The Cafe Rails...
booming business

The Invertis

Laymen are a

Business Scene

SOWATAN, Tuesday, August 23, 1988
Shebeeners rat on each other as police move in
By STEPHEN WROTTESLEY
Crime Reporter
SHEBEEN clients’ worst enemies are not the police, but other shebeeners.

This became apparent yesterday when police swooped on Atlantis in an anti-crime operation aimed at securing the safety of residents in the run-up to Christmas.

"Why are you here? Why don't you go to John's (fictional name) house? You'll find lots more stuff there," a self-confessed ex-convict in the backyard of one alleged shebeen said to police searching for illegal liquor, arms and drugs.

"What do you mean more? We haven't found anything here," retorted one of the reaction unit members. He had just come from John's house — where he had been given the present address.

MOVING IN: Members of the reaction unit force their way into an alleged shebeen.

WEAPONS: Lieutenant Arno Lamoer, station commander at Atlantis, holds a homemade axe and part of a set of garden shears — two weapons found in a kitchen during yesterday's raid.

The raid followed a police decision that crime in the wind-swept West Coast town needed special attention.

Station commander Lieutenant Arno Lamoer said there were 400 serious crimes a month in Atlantis.

Police singled out shebeens as prime trouble-spots.

Occupants of a small house close to the police station suddenly found armed police on the front doorstep.

Protesting his innocence, Mr Andy Demas asked why he was being visited.

He said he was a victim — gangsters had shot up his house earlier in the day.

Neighbour Mr "Sailors" Crocket said he was standing outside Mr Demas's house when two cars sped up the road.

One stopped, a gunman leapt out, fired three shots, one of which went through a window, and the car sped off.

WARNING SHOTS
One of the bullets narrowly missed his wife, Hazel, Mr Demas said.

The shooting was a warning, because he had not dropped an earlier case against gangsters who had tried to kill him, he said.

Asked why gangsters would make an attempt on his life, he said he was a hawker and it was for "business reasons".

At another alleged shebeen, police clambered through a small door cut into a metal garage gate and they found two pool tables in a makeshift room in the backyard.

In Fernandes Street a tranquil street scene was transformed into chaos as the police vehicles moved in.

As sharpshooters took up positions, police moved in on suspect houses — only to find the most important one unoccupied.
Bumper season!

By Renee Moodie

CAPE TOWN: Tourism experts said yesterday that this season had been the best ever for the tourist industry. They said the number of tourists had increased by 25% compared to last year. This was the highest increase in numbers since tourism data was first collected in 1980. The increase was due to several factors, including better weather, improved infrastructure, and increased marketing efforts. The industry had faced significant challenges in recent years, but this season had been especially successful. The experts predicted that the trend would continue into the future.
Heerengracht to become offices

Top Cape hotel is set for closure

CAPE TOWN — A major fore- 
shore landmark, the five-star 
Heerengracht Hotel, is set to close its 
doors at the end of this month — 
putting about 250 hotel employees 
out of work at the height of the 
Cape's tourist season.

The hotel has a high occupancy 
and bookings up to April — all of 
which have had to be transferred to 
other Peninsula hotels.

The Heerengracht's closure 
gems set to cause a major confront- 
ation between the city council and 
the owners of the building — San- 
lam-controlled Trust Bank, which 
plans to convert the hotel into an 
office building.

The circumstances surrounding 
the Heerengracht's pending closure 
are likely to become even more 
acrimonious. Many shopkeepers lo- 
cated around the hotel, who have 
depended on the tourist traffic 
generated, are now threatening to 
withdraw their business from Trust 
Bank if it goes ahead with its plans.

Now 250 Protea employees work 
out their month uncertain as to 
whether they will have jobs in February.
Discuss action to be taken

Beaches: Issue: Hoteliers to
BEVERAGE and hotel stocks have started the new year with a flourish and have been in the forefront of the dramatic rise of industrial shares on Diagonal Street this week.

Shares in the sector have featured prominently in the daily list of largest price gains to lift the index by almost 15% or 407 points to 3 207 in the first three days of trading this year.

The upturn has been led by Sun Crush, which has jumped almost 20% or R9 to R56, while market leader SA Breweries (SAB), which forms the biggest component of the index, has chalked up a gain of 10.8% (175c) to R18 and seems set to go higher.

Kersaf shares, considered to have been oversold while demand for SAB suggested institutional interest in quality stocks with good prospects.
Court action looms over Heerengracht closure

Cape Town council will fight for hotel

CAPE TOWN — Attempts by Sanlam-controlled Trust Bank to convert the five-star Heerengracht Hotel into an office block will be strongly opposed by the Cape Town city council.

The hotel is scheduled to shut its doors at the end of the month, when Protea Hotels, which has the management contract for the Heerengracht, has been requested to vacate the building.

Legal opinion is now being canvassed and the matter could end up in the Supreme Court, the council's executive committee chairman, Dock Friedlander confirmed yesterday.

"You could say we are totally disenfranchised with Trust Bank's decision," he said.

In the council's view it is implicit in the original agreement — drawn up at the time permission was given for the tower block to be built in the 1980s — that the building should contain a hotel of international standard.

The hotel was pivotal to the council's further plans for developing the St George's Street mall, and other ideas for the city's Foreshore area.

"It is in fact an anchor operation to all other commercial activity in the area," said Friedlander.

He added the council was considering its legal standing in the matter and, if it could, would veto any major redevelopment of the property.

An international hotel, even on a more modest scale, must continue to exist on the site, said Friedlander.

The issue is being treated with a sense of urgency in view of the impending closure of the hotel in three weeks time.

It is understood Protea Hotels, which currently has some 250 employees manning the Heerengracht, offered to lease the premises — an offer which was turned down.

Several attempts to solicit comment from Trust Bank drew no response yesterday.
THEO RAWANA

THE highest percentage increase in hotel income and bed-occupancy rate between two corresponding months of 1986 and 1987 was recorded for last October, figures released by the Central Statistical Service (CSS) show.

Income increased by 23,2% and the room-occupancy rate by 15,5%.

All star gradings reflected increases of more than 10% in room occupancy rates, with the largest increase recorded by four-star hotels (about 24,7%) and the lowest by two-star hotels (about 11%).

Of the 21 tourism regions recorded, 17 increased in room occupancy, with the largest increase reflected by the Eastern Cape region. The largest decrease was reflected by the South-Eastern Transvaal.

The CSS also records that five-star hotels sold the largest number of bed-nights to foreign tourists during October (an increase of 7,5 percentage points in market share).

Visitors from the UK represented the largest group of foreign tourists staying at hotels (26,2% of the total 86 694). Bed-nights sold to visitors from Germany increased to 16,9%, whereas those from Africa decreased to 11,9%.
HOTEL INDUSTRY

Off-sales off?

New hotels no longer have the statutory right to operate liquor outlets to boost their cash flows. That privilege, which dates back to 1964, was withdrawn on December 31, 1987.

Hotel owners will now have to apply for separate retail liquor licences unconnected with their establishments.

Fedhasa president Mike Kovensky says the move was not unexpected. Hoteliers were warned in 1985 by past Trade and Industry Minister Dawie de Villiers and the chairman of the Liquor Board that it was "a matter of time" before they lost the virtually automatic right to operate retail liquor outlets.

The Liquor Act 87 of 1977 was amended in 1985 to provide for separation, a legal device that allowed hoteliers to apply to exchange their off-sales privileges for conventional liquor store licences.

On December 1, 1987, the hotel industry was informed by Economic Affairs and Technology Minister Danie Steyn that the privilege would be withdrawn at month's end. Hoteliers who already operate licensed retail liquor outlets are not affected.

Kovensky says Section 87(1)(e) of the Liquor Act gave hoteliers the right to apply to operate off-sale liquor stores to boost cash flows. A new Act, without that clause, was to have been tabled in parliament last year. According to Steyn it will probably be tabled this year. Says Kovensky: "This move effectively divorces the hotel and the retail liquor industries. I presume the argument that off-sales is needed to underpin hotels is no longer palatable in government circles."

He thinks there is little need for hotels in large towns or cities to operate a liquor store. But in country areas "off-sales could have contributed to the establishment of the tourist infrastructure and better hotels."
A bumper season

The Tourism Board campaign to promote domestic tourism appears to have been a significant factor in the tourist boom this season in the western, southern and eastern Cape.

Cape Town in particular "burst at the seams" according to Captour MD John Robert, while Port Elizabeth (PE) Publicity Association's Bob Nixon says the city had a "fabulous season."

In PE holiday accommodation was at a premium over Christmas and New Year with only the five-star Elizabeth Hotel reporting some vacancies. Caravan and camping sites were particularly popular. "Nearly everyone has reported a better season than they've had for some time," says Nixon.

An indication of the pick-up in PE tourism is renewed interest in four new hotel sites earmarked by the city council. A few years

tourists who don't need to be in the city over the Christmas period can be encouraged to visit during other equally attractive times of the year.

"We know that some 40% of the people who were here this season didn't need to be here because of school holidays and so on, but they came anyway. It's hard to change habits, but we have to try in order to avoid shortages of accommodation and other facilities," he says.

Robert believes tourists also need to become more sophisticated and plan their holidays carefully.

"It's amazing how many people arrive at our offices and ask us to find accommodation for them for the night. Some were families with small children who just arrived in Cape Town without anywhere to stay," he says.

"This season more than ever before has taught us the need to plan. We must learn to manage tourism as an industry and a commodity because the number of tourists will keep on growing and we must be able to handle them," he says.

Garden Route resorts also report a bumper season following the apparent decision by many holidaymakers to give Natal a miss this season and travel further afield.

At Plettenberg Bay an international boardsailing competition held between Christmas and New Year caused a massive additional influx, while Knysna sources say the annual tourist binge was some 30% up on last year.

Indicative of the tourism boom taking place on the southern and eastern Cape coastlines is the announcement of tourism infrastructure development schemes of some R700m earmarked for the next five years.
Funds for hotel group’s share-buy ‘were moved’

A REPORT in Business Day yesterday on the commission’s hearing on Monday was incorrect and may have been open to the misinterpretation that Sun International was involved in payments to Transak officials. In fact, no such suggestion was made before the commission and no such implication was intended. Business Day regrets its error and apologises for any inconvenience caused to Sun International.

Tipple the right to operate a casino hotel in Umtata together with the exclusive casino rights for the entire Transkei other than the area in which the Wild Coast Sun already enjoys casino exclusivity for a period of 15 years.

A memo to the Cabinet dated December 3, 1990, prepared by the secretary-general of Commerce, recommended that it approve the establishment of a hotel and casino by Sun International and the Transkei Development Corporation as soon as possible.

The memo also requested the Cabinet to prohibit monopoly or exclusivity in regard to the operation of slot machines in Transak.

Emphasised

Another document tabled was an agreement between the Transkei government and the Wild Coast Sun, signed by Matanzima, in which the government undertook that all licences required to establish and operate a site in Umtata, including a casino licence, hotel and liquor licence, would be granted subject to certain conditions.

The officers of the commission emphasised that this agreement was exactly what the Commerce memo had recommended to the cabinet “not to happen”. Before the commission adjourned for the day, the chairman, G Alexander, SC, asked why money paid by a buyer to a seller should benefit the former PiH and others to the tune of R1.5 million.

The officers surmised there had possibly been an agreement between ESL and Matanzima. Sapa.
Transnational has acquired 52% of the issued shares of Transteel, and earned a profit from the sale of its operations to Transteel. This transaction is part of a strategic plan to diversify and expand its operations. Transteel, which is not already owned by Transteel, has a significant equity ownership in Transteel.

The terms of the acquisition include:

- The acquisition of 52% of Transteel's issued shares.
- A total consideration of US$50 million.
- The remaining 48% of Transteel to be acquired in cash.

The transaction is expected to be completed within the next quarter, subject to regulatory approvals.

Transnational and Transteel have a long-standing business relationship, and this acquisition is expected to further strengthen their partnership.

For more information, please contact Transnational's investor relations department.
Johannesburg

13 January 1988

Sun International

Evidence as soon as possible, representing the views of the Commission. This request has been granted, and such evidence will be giving in the Commission to allow its representation of the evidences before the Commission, or if necessary, will be giving in the Commission to allow its representation of the evidences before the Commission. The conduct of SL and Transam in regard to the transaction is beyond criticism. SL has agreed to the transaction being conducted in a manner consistent with the interests of the shareholders and the company. The conduct of SL and Transam is without improper payments. Such payments are not contingent on the transaction, or if such payments are contingent on the transaction, they are not reviewed by the Commission. The report is neutral and provides information regarding the transaction, and when asked by the Commission, Government for Transam.

When asked by the Commission for Transam, the issue of shares of the company:

- 150 cem per share
- a payment of R,000 in cash
- 55% of Transam's stock held by Mr. Bloomberg

After the receipt of Transam's stock, the Commission was represented by Mr. Bloomberg on an advisory basis, with the vendors being advised as to the price of Transam. The report is neutral and provides information regarding the transaction, and when asked by the Commission, Government for Transam.

- 13 January 1988
- Sun International
Shocked Claims of Money Missing

The money, as reported by the government authority, was supposed to be distributed evenly across all citizens. However, it seems that not all citizens received their fair share.

The report suggests that a significant amount of money is missing from the distribution system. The government officials are investigating the matter and are expected to release a statement soon.

Citizens are urged to be vigilant and report any discrepancies to the authorities.

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The above information is based on a recent article from a local newspaper. For more details, please refer to the original report.
Inquiry to study
Sun deal’s validity

Daily Dispatch Reporter

JOHANNESBURG — The validity of the deal which gave Sun International exclusive gambling rights in Transkei, is to be examined by the Commission of Inquiry into the Department of Works and Energy.

This was confirmed yesterday by the chairman of the military council, Major-General Bantu Holomisa.

The commission’s findings could have a bearing on the R30 million Sun Hotel Casino project planned for Umtata, which was part of the deal, involving the granting of the rights.

Sun’s International’s Transkei operation last year showed a turnover of R6.5 million with an operating profit of R5.8 million. Figures in the company’s annual report did not reflect what proportion of this came from gambling.

Yesterday, a spokesman for the company said it was preparing documents for presentation to the inquiry next week and did not want to comment further on this stage.

Gen Holomisa said evidence to be taken on the issue would depend on the outcome of the inquiry.

The Department of the Auditor-General was planning yesterday to subpoena a number of present and former government officials to appear before the commission, possibly today.

Subpoenas were to be served on Mr. T. T. Letlaka, Mr. M. Chujuboe, Mr. Kenneth Magadigidi, Mr. Dowa Mgodwa and Dr. A. B. L. Penuma.

At yesterday’s sitting of the commission, the managing director of Joe-Lelexe Pty Ltd, Mrs. Lexie Coetzee, refused to reply to further questions regarding her application for casino rights, as her attorney was not available.

The commission has given her until Monday to obtain legal representation. She was told her evidence would not be postponed any later.

The chairman, Mr. G. Alexander, SC, said he had been informed that the former prime minister, Chief George Matanzima, was in Umtata and police were trying to serve papers on him yesterday to appear on Monday.

A Ugie farmer, Mr. G. J. Gouws, has also arranged to appear on Monday.

The former state president, Paramount Chief Mzimba Matanzima, was expected to appear on Tuesday, as were Mr. L. Mdlwane and Mr. John Tshwane.

The commission sent an official letter to a Cape Town attorney, Mr. David Bloomburg, inviting him to testify.

A Johannesburg attorney representing Sun International attended yesterday’s hearing.

More reports page 3.
16 want licence to sell liquor

By PETER DENNEY

SIXTEEN applications for new liquor licences in the city's municipal area are to be heard in the next two weeks.

Mr C J S Nortier, control officer at Cape Town Magistrate's Court, confirmed yesterday that the 16 applications had been passed on to the Liquor Board, which begins its annual hearings in Sea Point on Monday.

Several of the 16 were accompanied by objections, but others were unopposed at this stage, he said.

Mr T Vorster, chairman of the Liquor Board, said from Pretoria yesterday that 16 applications was "not noticeably more" than the total in previous years, but he could not provide figures for earlier years.

"May there are one or two more, but not noticeably more," he said.

Asked whether any of the applications were for neighbourhood pubs, Mr Vorster replied: "That is a concept which the Capetonians have introduced. We have no such category. A wine and malt licence could be used in a restaurant or a pub."

Among the applications to be considered from next week were the following: The Tudor and Helmsley hotels (hotel licences), the Milnerton Aquatic Club and the Oceana Power Boat Club (club licences), the Crazy Horse and Rosenfontein restaurants (upgrading wine and malt to full restaurant licences) and wine and malt licences were sought by St Elmo's Restaurant and Pizzeria, Nauty's Moonlight Grill in Sea Point, Yves Restaurant, Laird's Lodge Steakhouse and an establishment called "Geneva", he said.

An applicant called "Interiorure" had applied for a wine and malt licence in Green Point too, he added.

Four applications for off-sales licences have also been lodged with the Cape Town Magistrate, according to documents before the council's executive committee yesterday.

One of the prospective off-sales outlets is Shop 70 of the Sanlam Golden Acre in Adderley Street, another is at 45 Bree Street, while the other two are in Salt River, at 124 Foundry Road and 361 Albert Road.

The City Administrator, Mr Gys Hofmeyr, and the City Planner, Mr David Jack, have indicated that they have no objection to the off-sales applications "from a business licensing and town planning point of view".

Mr Peter Gordon, owner of Baristers Wine Tavern in Newlands, which opened in mid-December, said his up-market new pub had enhanced the "neighbourhood and met with a positive response."
Liquor union deadlock

JOINT negotiations between the management of the Town House and Vineyard Hotels and the Liquor and Catering Employees' Trade Union have ended in deadlock, a management representative, Mr Garth Tupper, said in Cape Town yesterday.

A union spokesman confirmed it had notified management of its intention to declare a dispute.

Mr Tupper said that the union was demanding an increase on the hotel's lowest wage level, a further reduction in the hours of work, double pay on night shift, sick pay to extend beyond the current industrial collective provision and six months' maternity leave, with job security.

The union spokesman said that it was demanding that the minimum wage be increased from R65 a week to R130 and an across-the-board increase of R75.

He said the union, representing over 200 workers, was further demanding a reduction of working hours from 53 hours to 42.

Workers were “very angry” about management's offer of a R12 a week wage increase, he said. — Sapa.
group’s existing chains after the restructur-
ing. A cautionary note relating to an acqui-
sition was published this week, although no
details are available.

The group will have considerable financial
muscle for expansion. The two largest com-
ponents of enlarged operation, Wimpy and
Juicy, have low borrowings. The pro forma
balance sheet for the enlarged group shows
that on July 1 1987 — the effective date of
the Wimpy and related acquisitions — bor-
rowings totalled less than R2m against
shareholders’ funds of some R57,4m, with
cash of about R670 000. Apart from this,
there is the leverage that could be gained
from Anglovaal Industries’ 60% stake.

Pleasure Foods will be headed up by cur-
cent Wimpy MD Vincent Hays, who has 20
years’ experience in fast foods. Juicy Lucy
MD Geoff Topol says the main thrust of the
expansion will be in the pizza division, which
concentrates on the B and C income family
restaurant market. The division has 21 out-
lets and, says Topol, is in its infant stage of
development.

High profit margin

“South African consumers are just getting
used to the idea of low-cost pizzas replacing
high-cost red meat for a family meal out,”
says Topol. “The pizza business has really
taken off. It’s a high profit-margin business,
and there are great opportunities for expan-
sion.”

Topol will continue to run the Juicy Lucy
division and will be a director of Pleasure
Foods. He says the advantages of combined
purchasing power, marketing, franchising,
training, finance and administration should
be considerable.

Assuming the deal goes ahead — a share-
holders’ meeting is to be held on February 1
— Pleasure Foods will own the Wimpy divi-
sion, the Juicy Lucy division, a pizza division
and the Milky Lane division. With 350 out-
lets, it will be the country’s largest food chain
operator. In the past year Juicy Lucy bought
the black-orientated BJ’s Pantry chain, Peck-
ers’ various Snowman outlets and Milly’s Car-
sousel in Sea Point, Cape Town. One new BJ

Pantry outlet has been opened in Mabopane
and two more outlets are on the cards for
Bophuthatswana before June.

Pleasure Foods’ earnings for the year to
end-June 1988 are forecast to be at least 10c
a share — 60% more than the 6,1c a share
Juicy Lucy achieved for the year to end-May
1987. Juicy Lucy’s net asset value increased
from 26c to 35c in the past year. The deal
will increase it to 167c, of which 40c is
attributable to goodwill and trademarks.

But the share is not necessarily cheap.
Juicy Lucy’s share price gained 45c this
week, rising from 130c to 175c, where it
stands on a forward p/e of 17,5 — consider-
ably higher than the average 13,2 of the
beverages and hotels sector.”  

Ruth Coleman

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**Juicy Lucy**

**Expansion Plans**

Juicy Lucy — scheduled to change its name
to Pleasure Foods and move from the DCM
to the JSE main board on February 8 — will
combine the forces of Juicy Lucy, Wimpy,
Milky Lane and a chain of pizza outlets in a
R130m-turnover group. Management plans
to chase new brand names and expand the
Battle lines

Cape Town City Council is to apply for a Supreme Court interdict to stop owner Trust Bank from converting the Heerengracht Hotel to offices. The grounds are that it originally gave the go-ahead for the high-rise bulk building in the lower CBD subject to the inclusion of an hotel.

The landmark hotel is due to close its doors on Sunday, according to Otto Stehlik, MD of Protea Hotels, which manages the Heerengracht for Trust Bank.

It appears the bank is not satisfied with the returns from the hotel and believes long-term prospects are better if the entire building is converted to offices and additional covered parking.

However, sources in Cape Town say the bank rejected an offer from Protea to lease the Heerengracht at a rate only marginally lower than that likely to be achieved if the building were converted to offices.

Closure of the 200-room hotel means the loss of about 250 jobs and retrenchment packages, together with direct and indirect closure costs of about R3m. Refurbishment costs are expected to be around R14m.
Tears, memories as top city hotel ‘checks out’

By KAREN STANDER,
Staff Reporter

TEARS were shed as the last guest checked out of Cape Town’s Heerengracht Hotel, once rated one of the four top hotels in the world, and the sign went up: ‘This hotel is closed.’

As the original hotel in the Protea Hotels and Inn group, the Heerengracht has a special place in the hearts of staff.

Mr Otto Stehlik, Protea managing director, has a unique association with the five-star hotel on the Foreshore.

His first job in South Africa was as a receptionist there.

CHOSE WORST JOB

Austrian Mr Stehlik attended hotel school in Vienna and worked in top hotels in Europe and London.

As the 22-year-old reception manager of the Royal Garden Hotel in London, he was offered jobs all over the world, but chose South Africa.

He said: ‘At R250 a month it was the worst job I was offered and I came here for all the wrong reasons. But Africa always held a fascination.’

He arrived two months before the Heerengracht opened on October 1, 1978 and was impressed.

‘It was built to the latest international five-star de luxe specifications. It was not only comparable, but superior, to the best European hotels.

IN TOP FOUR

In 1972 the Heerengracht was rated one of the four top hotels in the world by the Association of American Travel Agents.

Mr Stehlik spoke nostalgically of Israeli Minister of Defence Moshe Dayan’s visit. His security guards frisked Mr Stehlik before he was allowed to show him to his room.

‘What amazed me was that one guard walked backwards all the time. I’d never seen that before’.

He also told of visits by Senator Edward Kennedy, American presidential candidate the Rev Jesse Jackson, Bavarian Prime Minister Dr Franz Josef Strauss and Dr Jonas Savimbi of Unita, who ‘slipped into the Heerengracht whenever he came to Cape Town and few people knew he was even here’.

An anecdote which makes him chuckle is about a group of German policemen.

‘It was in about 1978 when the muggings in the city were particularly bad. About three guests were being assaulted every day and our managers seemed to spend most of their time chasing muggers.

‘About 70 policemen from Hamburg were coming on tour and the staff were excited because we thought the muggers were in for a bad time. They were all big chaps.

STRIPPED OF CLOTHES

‘The evening they arrived three of them went for a walk in Adderley Street and got talking to some youngsters who asked for cigarettes.

‘When they came back they had been stripped of their watches and money — even their clothes. They were wearing only their underpants and they were quite pleased to still have those.

Head-office receptionist Mrs Sheila van Rooyen, who spent a large part of her 16 years with the company at the Heerengracht, burst into tears when Mr Stehlik asked if she could remember any funny stories about the hotel.

‘I can only say that we were very happy here,’ she said.

Mr Johnny Gilbert was a driver for the Heerengracht for 18 years and remembers driving American actor Henry Darrow, comedian Jerry Lewis and television’s Knight Rider David Hasselhoff.

‘It’s so sad. Everyone knew the Heerengracht and it was part of the community,’ he said.
Sun’s shining star behind those launches

WHEN it comes to parties with glitz and glamour, Melanie Millin-Moore, dynamic redheaded PR executive for Sun International, must rate as SA’s top hostess. If Sol Kerzner is called the Sun King, she certainly queens it over his multi-million rand business, jinketing. FIONA CHISHOLM reports.

IN SIX weeks between October and early December last year, Melanie Millin-Moore and her team planned, budgeted and executed with military precision, the parties to launch every major Sun International promotion - right down to details of what gifts would lie on the pillows when her ailed, feted guests flopped into bed.

These events included the massive re-opening for 400 glitterati of the Wild Coast Casino, refurbished at a cost of R70m; the R27m extensions to the Marula Sun in Bophuthatswana; the new R4,5m wing of Botswana’s Gaborone Sun and the R7m renovations at the Royal Swazi Sun, after the devastating fire last year.

This daughter of film director David Millin (Wild Geese with Roger Moore and Richard Burton, and Majuba), learnt the art and importance of showmanship at her father’s knee. Her “thinking hat” is already drumming up innovative ideas for this year’s calendar of events, which include parties to launch extensions within the Mauritian units; an extension to the Marula Sun; an extension and new restaurant at the Thaba Nchu Sun and a new hotel in Bophuthatswana. Plus several other openings, roof-wettings and red-turning beams throughout the year.

“I work with a budget of millions but that does not only include the parties. It covers everything - advertorial promotions, food costs, photographic shoots. The actual splash is probably account for 40%.

“Each launch must be brighter and more imaginative than my previous one. Otherwise the press and public make comparisons.

“Sol’s brief for the Wild Coast launch last year was ‘to make sure every one knows what’s going on there’. But how do you beat the ‘launch of Sun City’?”

She kicked off by producing an invitation for the Pink Splash promotion (the launch of the new Wild Coast terrace) which was the most expensive and elaborate the company had produced.

“I nearly got fired for it. Everyone thought I was mad. Each of the 300 invitations had to be hand-made out of a double-sided A4 side sheet of perlepx filled with pink-pool water which waved up and down. The Pink Splash logo jumped out at you with droplets of water.

“But it worked. People have kept it as a paper weight or an executive toy. I fought for it because I believed it was the beginning of telling people about the Wild Coast Sun. We went all out for the event with men and women dressed in pink and white costumes doing a water ballet, while thousands of pink and white helium balloons went up into the sky.

“I went for the theatrical and the dramatic with an animal parade and even Marlene Scott-Wilson with her pink hair.”

□ To Page 17
Melanie is the star in Sun King’s orbit

From Page 13

"For the actual re-opening of the Wild Coast in November we brought in Robert Wagner as our celebrity guest. We had to pay his fee, his travelling expenses so we are talking very big money. But if you're spending R70m in putting together a major resort, you'd better tell people what's there. You don't just sneak it past them.

"Public awareness is your strongest selling point. We keep at this all the time for all our resorts and hotels. How can our sales team sell a conference to an MD if he hasn't heard of Sun City?"

It was the launch of Sun City which brought Kerzner and Millin-Moore together. In 1979 he hired her PR company to launch Sun City; a year later he made her an offer she couldn't refuse and she sold up and joined him full-time.

"In the beginning everyone thought Sun City would be a white elephant. The whole idea was foreign — a casino two-and-a-half hours drive from Johannesburg where you could go for the day or the weekend. My gut feeling was to go for saturation. I used every medium possible — not only English, African and black newspapers but Portuguese and Italian; trade publications, suburban papers and country papers. We did direct mailing to tennis and soccer clubs. We invited teams of overseas journalists from Europe, Japan, German. We had virtually every TV crew in the world, plus radio and magazine reporters.

Then we approached Vogue, Harpers and Queen to do fashion shoots with top models. Suddenly Sun City became the rage.

"It has not only been considerably extended since we began, but last year we had nearly a million visitors and of course the Million Dollar Challenge is played there — the richest tournament in the world where the winner takes all.

The launch of Sun City has become a "case history" now quoted in several PRO books and Melanie has been invited to give lectures on the campaign to public relations colleges.

"Sun International have great respect for women in business. Several of the key positions are held by women. I love working with Sol and Ian Heron and Ken Rosevear. You've got to begin innovative and creative and totally loyal and dedicated, but if you take your job seriously, you have no problems with this company. But don't buck the system."

Her "modus operandi," once she's received her brief from the top brass about what building or event is to be publicized, is to produce a written document of up to 100 pages detailing everything about the festivities. From the thrust of the event to celebrities to be invited, the decor, lighting, art work, the route the guests will take to dinner, what will be served, and what gifts will be given away.

"The event dictates the style and the food. For the Starlight Dome launch we went for glitz and glamour with our chefs going all out to do something elaborate. For the Marula Sun party, the African theme sprang to mind. So we had Marula jelly, pap and worms, corn on the cob — typical SA food.

"Caviar and smoked salmon do appear — but only if they are part of the theme."
EAST LONDON — Hoteliers have been given a "breather" until March 31, to apply for an off-consumption authority which will then automatically convert to a liquor store licence.

The move signals the final break between the hotel and liquor retail sectors and was welcomed here yesterday by the chairman of the Border branch of the Federated Hotel, Liquor and Catering Association, Mr Bob Thielischer, who said "nearly every hotel" in the area has an off-consumption liquor outlet.

The original deadline for applications expired on December 31 last year. The March 31 concession by the Minister of Economic Affairs and Technology, Mr Danie Steyn, follows submission by Fedhasa.

In his reply to Fedhasa, the Minister invited hoteliers to grasp the opportunity to "finally rationalise the hotel industry, the thrust of which lies in the on-consumption sector of the trade".

Fedhasa's president, Mr Mike Kovensky, said: "The clear message from government is that the hotel industry and tourist sector must be capable of standing on its own."

"Government sees the separation of off sales and the scrapping of Section 87 of the Liquor Act which provided for off sales outlets, as the final break between the hotel sector and the liquor retail sector. Participants in the industry should take careful note of this clear statement and change in philosophy."

Hoteliers have had ample time to make the necessary applications. The Liquor Act was amended in 1985 to provide for the separation of an off consumption authority from a hotel in terms of Section 87 (1B) of the Liquor Act.

A new act, without Section 87, was to have been tabled in parliament last year but will probably now come up during the 1988 session, according to Mr Steyn.

Mr Kovensky said: "This move effectively divorces the hotel and liquor industries. I presume the argument that off sales are needed to underpin hotels is no longer palatable in a free market environment."

"Least affected will be big city hotels. There is little need for hotels in large cities to operate a liquor store to remain viable during quiet periods, but in the country areas, off sales have in the past contributed, in many instances, to the establishment of a tourist infrastructure and better hotels."

Mr Thielischer said hotels would be affected if a new outlet was applied for.

"It will not be granted automatically because a hotelier applies for the licence. Hoteliers who have a licence will not be affected as the licence will merely be converted now," he said.
JOHANNESBURG — Juicy Lucy SA Ltd is to be renamed Pleasure Foods Limited with effect from next Monday. Shareholders decided at the company's general meeting to implement the acquisition of the Wimpy restaurant chain of businesses and to implement Juicy Lucy's acquisition of certain other businesses in exchange for ordinary Juicy Lucy shares. The enlarged company is now part of the Anglovaal group.

Pleasure Foods has 350 outlets nationwide. Shareholders meeting were notified that share certificates bearing the old Juicy Lucy name will not be good for delivery after the close of business on tomorrow. — Sapa
The holiday’s over

The hotel industry is set to increase room rates across the board. Tariff increases of as much as 80% can be expected by the end of the year — and some rates may double.

A single room in a five-star hotel which, without breakfast, costs about R140 a night will move up to R200 a night.

Otto Stehlik, MD of the Protea hotel group, says tariffs will have to rise ahead of inflation this year, because:
- The industry must recoup profits lost through the lean years;
- Wage expectations and demands of hotel employees in 1988 will be ahead of the rate of inflation; and
- Rates charged by hotels built in the last five years have not been nearly sufficient to amortise development costs.

Southern Sun (SS) and Holiday Inn (HI) MD Bruno Corte says four-star rates can be expected to go above current five-star rates this year.

“Our margins are pretty slim and we are looking at an inflation rate of 2% a month. Wages make up 50% of our costs. An 18-month wage agreement that will lift minimum wages to R500 a month has just been signed for 18 employees by SS. We will hire fewer people, but those we hire will be of high calibre and will obviously be paid more,” says Corte.

But the industry will strive to give patrons value for money by providing modern new facilities and upgrading existing ones. A R35m scheme to remodel all HI’s will be completed by the middle of the year.

SS will spend R8m on a similar programme, as well as R20m on remodelling the Beverly Hills in Umhlanga and the public areas of Cape Town’s De Waal, the Bloemfontein Sun and Durban’s Malibu Hotel.

Sun International (SI) MD Ken Rosewarne expects group costs to jump by 22% this year, but tariff increases will be pegged to the inflation rate. Its gaming business is cotered SI against the recession.

In addition to the R70m it spent recently on enlarging and upgrading the Wild Coast Sun, SI is also investing more than R110m in new projects in SA, Swaziland and Mauritius, as well as further upgrading exercises.

Fedhsas CE Mike Kovesky says SA’s 1,000 one- and two-star hotels will also have to increase their rates. They are a vital component of the tourist infrastructure and during the recession had to rely heavily on their off-sales operations to generate profits.
Shining on profits

News that a single room in a five-star hotel, without breakfast, will cost about R200 a night by end-1988 (see Business) might lead investors to expect that Southern Sun’s (Suthsun) lean years will soon be over. But there is a trade-off between the benefits of higher prices and occupancy rates.

Suthsun MD Bruno Corte tells me that, even though loss leader “special” rates have moved up sharply, he also expects Suthsun’s tariffs to increase by about 20%-21% this year. “We will return to the policy adopted up to 1984, when prices were increased by small amounts every three months or so,” he says.

Corte’s reluctance to go for sharper rises seems related to the need to keep Suthsun’s occupancy rates above the break-even level of 55%. Currently it is 58%, but the 53% of the latest financial year resulted in a R1.9m taxed loss (before the R4.3m profit contribution from Sol Kerzner’s Sun International).

Following the recently-negotiated wage settlement, Corte says payroll expenses will rise 30% this year — an important cost factor with wages accounting for about 50% of total costs. Food price increases are also high, currently running at about 2% per month, or 24% pa not-compounded. With lease escalations, electricity and marketing costs also likely to rise close to the inflation rate, total operating costs could outpace the predicted tariff increases.

A more optimistic factor is the return of overseas visitors to SA, which has now reached pre-1985 levels, helped by local hotel tariffs being about one-third of US rates and half sterling charges. But they account for only 20% of occupancies, the balance being local business and holiday trade. With “special” rates disappearing fast Suthsun must be careful to nurture its local business.

Provided occupancies remain above break-even and if tariff increases offset cost rises, margins should improve. Last year (FM January 30) we calculated that a 1% rise in occupancy adds R1.9m to the bottom line.

If the Suthsun group averages 3% above break-even for the year, this will contribute about R5.7m in taxed profit. A 20% rise in tariffs and costs would boost this.

As a rough estimate, this means a taxed profit of several million rands is attainable, with EPS rising sharply from 2.7c for the year to end-March, though there may be additional benefits if margins improve.

It seems, though, that shareholders expect a lot of growth which is not yet readily apparent. The share currently trades at 400c — amounting to an historical p/e of 146. But even if our projections are correct, Suthsun is still on a very substantial p/e against the industrial market’s present 9. Dave Edwards
East London festivities a booming success — Walsh

Daily Dispatch Reporter

EAST LONDON — The holiday season here was a “booming success”, the director of the Greater East London Publicity Association, Mr Ted Walsh, said in his seasonal report.

Mr Walsh said resorts had been full, and that hotels, retailers and restaurants had experienced increases ranging from 15 to 50 per cent.

“Our front office has never been so busy, and visitors were very appreciative of the service we offer.”

Mr Walsh said Eastern Beach had been hopelessly crowded during New Year’s Day, but that crowds had been well behaved.

He applauded security arrangements by the police and council, but stressed the urgent need for adequate facilities for large crowds.

Bonita Bay’s beach programme had been popular, but he felt Na-boon Beach had attracted fewer visitors.

The programme for the start of the festive season, which included the switching on of the lights and a fireworks display, was described as successful.

Suggestions for improvements included a better sound system, floodlighting for the square and stand and better co-ordinated seating arrangements.

Mr Walsh said in his report that Christmas lighting had been un-favourably compared with that of other centres. He said he planned to experiment with silver-white lighting.

He applauded the fireworks display.

Mr Walsh said the Carnival was now well established, and had virtually run itself.

There was a hitch with road closure payments, however, and the organisers were advised that roads would not be closed unless road closure payments (R6 000) were guaranteed.

A cable was strung along Oxford Street at a cost of R1 300 to provide sound, but this was regarded as expensive.

The report suggested that a permanent cable would be more economical.

Mr Walsh congratulated the organisers of the Community Chest Beach Brazi, which had attracted large crowds and looked set to become an annual event.

“We provided” music and a simple programme, but what made this such a lovely evening was the mood of the people,” he said.

“People want to get together, and they don’t need much entertainment once a mood has developed”.

Suggestions for practical improvements included better crowd distribution and more effective use of sound.

The report also stressed the need for a special parking bay outside the publicity association, as well as for additional street signs.

“Visitors still get lost on the approach roads to East London,” Mr Walsh said.

See also page 5
Hotels' boldness on open SA hailed

DURBAN. — The Chief Minister of KwaZulu, Chief Mangosuthu Buthelezi, hailed the tourism industry today for its contribution to a non-racial South Africa and blamed apartheid for hampering tourism development.

Opening a hotel complex in the Drakensberg, Chief Buthelezi said: "South Africa's potential for flourishing tourism has hardly been scratched on the surface."

However, apartheid — "the big fly in the ointment" — had restricted that potential, he said.

Chief Buthelezi said that a few years ago he had been barred from using the dining room of a leading Johannesburg hotel, only a week after he had been treated "with honour and respect," as a guest speaker.

W E R E  P E N A L I S E D

"The hotel industry has boldly grappled with this very sensitive issue and has won magnificent victories for the whole of South Africa."

"The victories of the hotel industry over this kind of dangerous racism must be applauded. This has enabled our country to move, slowly but surely, away from the concept that these tourist facilities are playgrounds for whites only."

The Chief Minister criticised restrictions to tourism development in areas such as KwaZulu "because we are opposed to the consumption of apartheid."

"Our opposition to so-called independence in KwaZulu has resulted in our being penalised with further restrictions by the South African Government."

"The South African Government does not allow us to have casinos as that, according to them, is a prerogative which they abrogate to themselves in granting such rights to those who accept their grandiose plan for a fragmented South Africa."

"When I look at the realities around me and I see the imperative necessity to do whatever can be done to provide the jobless with jobs and to generate the kind of wealth which reverses the massive backlogs in housing, health services and education in black areas I believe that any missed opportunity of increasing business activity anywhere is unforgivable."

Chief Buthelezi said South Africa had potentially more to offer international tourism than almost any country in the world. — Sapa.
No dividends

Despite the fact that Union Wine has made a profit for two consecutive years, it has still declared no dividend. This is small wonder, given that there was a loss in the previous three years, Chairman Jan Pickard says that, rather than declare a dividend, it was decided to strengthen the group's own funds further.

The better results were based on more than a rising market, though turnover increased 136%. Pickard says the past two years show that satisfactory results are possible if expenses are contained and a methodical and determined marketing approach is adopted.

In the wholesale liquor section, problems were encountered due to cost increases, while consumers proved to be resistant to higher-priced table wines in restaurants. But profitability improved and emphasis was placed on quality. In the retail market, the increasing number of licenses granted to grocers meant more competition, while purchasing power remained unchanged.

The main problems were encountered in the hotels. Off-sales have been separated and run as liquor stores, but low room occupancy and increased costs meant the hotels made no contribution to group profits, though Pickard does not mention a loss. He hopes that legislation to permit Tavernas and Garri Hotels will help this division.

Since year-end, a property in Oudshoorn has been sold and, as Jan Pickard Junior puts it, the commitment to the liquor industry has been reaffirmed by the launch of a new brandy (Bastille), a new white wine, Beltingham Paarl Riesling and four liqueurs. Despite the problems, the achievements of the past two years make Pickard optimistic that a dividend may be declared next year. The group has R7.3m in unutilised tax losses, but in the present market it would seem wiser to look for something with a more solid dividend record.

Pat Kenney

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**Activities:** Wine farmers, wholesalers and retailers of liquor and hoteliers.

**Control:** Pickold has 57%.

**Chairman:** J A J Pickard; managing director: I W D Toddlecrich.

**Capital structure:** 13.2m ords of 50c each; 7.9m 10% corp conv cum prefd of 50c each.

**Market capitalisation:** R19.8m.

**Share market:** Price: 150c. Yields: 10% on earnings; PE ratio, 10. 12-month high, 280c; low, 50c. Trading volume last quarter, 72,000 shares.

**Financial:** Year to June 30,

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**Performance:**

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Union Wine
Revamped Protea in new hotel drive

HOTEL management boss Otto Stehlik plans to carve himself a bigger slice of the South African market.

Seemingly unperturbed by having lost his former flagship, Cape Town's Heerengracht Hotel, he has sliced his business empire into four divisions and set up a holding company. He hopes to bring another 17 hotels into the Protea Hotels stable.

Some of the acquisitions will be refurbished hotels and others will be built, private investors providing the capital and Protea the management expertise.

Turnover
Mr Stehlik has acquired Johannesburg's Braamfontein Hotel for his new flagship.
He hopes to manage 60 hotels by the end of 1988, raising turnover from last year's R55 million to more than R120 million.

Mr Stehlik began his business in 1964 with four hotels and a turnover of R18 million.

His new holding company is Protea Hospitality Corporation. Chairman Stehlik holds 51% of the equity and his six board members the rest in equal shares. They are Peter de Klerk, William Ford, Arthur Gillis, By Udo Rypstra

David Louw, Miso Markovina and Aart van der Heijden.

There are no outside shareholders. These directors bought Bankorp's stake in a deal concluded last July.
The new company will own 100% of Protea Hotels, the pure management company, which will have former marketing director Arthur Gillis as its managing director.

Protea Hotels specialises in hotel development, refurbishment and management. Until the restructuring it managed all 43 hotels under its umbrella, owning only a few of the properties or the business rights. Most hotels, like the Heerengracht and Braamfontein, were managed on contract.

Similar terms
The properties of the Capetonian and Far Hills Protea hotels and the businesses of the Ritz Protea, and Algoa Protea will now be owned by a new company, Protea Properties, itself wholly owned by the holding company.

The owned properties will now have an arm's length management contract with Protea Hotels on similar terms as any other hotel in the group, says Mr Stehlik.
The third division is Plan One, headed by development director Peter de Klerk. It will handle not only the development and refurbishing of hotels but will accept consulting and development work from outside.
The fourth division is Selected Services Hotels, a no-frills group. It will concentrate on establishing low-budget hotels by cutting out non-essential services that raise up tariffs.

City Lodge
Mr Stehlik says: "Hotels have substituted the public by lowering tariffs, in some cases to below cost. This will change. I expect beach hotels to set the pace in higher tariffs that may still be affordable for foreign visitors."

He denies that Protea will compete with City Lodge. He says: "City Lodge, Karos Hotels, Protea Hotels, we all have our particular niche in the market. We do not approach our expansion with the view to competing with them."

He also denies speculation that Protea Hospitality plans to enter the industrial and commercial catering sector in competition with Fedex.

Mr Stehlik says: "We have entered into a lease agreement to run the Heerengracht restaurant (on the ground floor) which is ideally positioned and we run a catering service at the Cango Caves. But we have no short-term or medium-term expansion plans in this direction."

Asked about a JSE listing, Mr Stehlik replies: "Companies need a listing for two main reasons. One is to raise capital. We have taken the more difficult route through our management contract system. We do not need capital.
"The other reason to list is to pay debt. Our gearing is low, so we do not think of a listing in the short term or medium term. "But this view may change with circumstances."
Interleisure kicks off with forecast-beating payout

By Ian Smith

FOOD and fun group Interleisure, which produced sparkling results in its maiden half-year, is settling down to digest its acquisitions.

The group, formed by the merging of the JSE-listed Squires Loft and Mike's Kitchen restaurant chains and Satbebe's cinema, video and film-making operations, has surged ahead since July 1.

So far R63.7 million has been laid out for all the acquisitions — by cash payment of R2.1 million and the issue of 5,856,656 shares at an average price of 315c each. Another 12,620,095 shares will be issued at average price of 396c in full settlement if profit warrants running through to 1990 are fulfilled.

Main task

The effect of the acquisitions increases earnings a share in the six months to December 31 from 5.5c to 6.5c and the net asset value from 46c to 48c.

"Now we must take breath," says Interleisure chairman Ian Heron. "We have not closed our eyes to acquisitions, but our main task must be to maximise the potential of what we have."

He is pleased with the first half-year's performance, which is "slightly ahead of our very optimistic forecasts".

Interleisure has declared a maiden dividend of 3.5c on the back of attributable earnings of R10.9 million, which is 41% ahead of the R7.7 million for 1988 given in the truncated listing statement.

After the expansion Interleisure has been restructured into five operating divisions — cinemas, handling flip exhibition and distribution through Ster-Kinekor; restaurants, fast foods and theme pubs through Interfave; film and television production through Teron International; services through Computicket, Ster-Kinekor Video, Cinemax and Irene Film Laboratories; and Interport wholesaling and retailing division.

Down the line

Mr Heron says more good results are down the line. Many of the acquisitions only took effect in September and October and there is considerable potential for organic growth.

"We are well positioned in the market place, and all the auguries for growth are good. Consolidation is a main aim."

Other benefits could flow from rationalisation.

The group is also underborrowed.

The ratio of interest-bearing debt to total shareholders' funds is only 6%, which suggests that there is scope for acquisitions and for growth by expansion of existing operations.

The sports division was formed by the takeover of The Pro Shop and Coby le Grange retail golf shops. The Sweat Shop chain was acquired and Interport now has four wholesale operations, 17 retail stores and 17 franchise outlets.

Combined Caterers and the Porterhouse restaurant chain added 19 restaurants, a bakery and a franchise outlet and Bimbos and the Cattlemen chain brought in another seven company-owned and 11 franchised outlets.

Interleisure says the recovery in consumer spending is shown by the 12% increase in cinema attendances and buoyant trading in the food and retail sports outlets.
Is Heerengracht Hotel to re-open?

Protea Hotels plans expansion

By LAWRENCE TOTHILL
Investment Editor

Is the defunct Heerengracht Hotel to re-open in a slightly different form but still in its previous premises? And will it be managed by the former managers, Protea Hotels?

Protea Hotels has announced plans for expansion and I asked MD Otto Stehlik outright whether these plans included the re-opening of the Heerengracht Hotel — that was, of course, the former flagship of the group, and caused a good deal of words when it closed only a few days ago.

Stehlik was not to be drawn into the open, but mentioned that Protea Hotels had bought the assets of the old Heerengracht and disposed of them either out of hand or used them in the refurbishing of other hotels in the group.

Rumours

Pressing the subject didn’t help, but when you have conducted as many interviews as I have, then sometimes you are able to catch the hesitation or hint which belies the statement — sometimes its luck.

There have already been rumours about the Heerengracht re-opening and the betting odds are that Stehlik and his team would like to manage a new Heerengracht.

One or two discreet inquiries elsewhere suggest that behind the scenes negotiations are taking place for the re-opening of a brand new Heerengracht Hotel — a more streamlined and profitable Heerengracht.

Three years ago there were only four hotels in the Protea Hotels stable and now there are 43, making it one of the fastest expanding hotel chains in the world.

Stehlik and the six other members of the Protea board hold a controlling interest in the company, and all are hoteliers.

Quite apart from the possibility of the new Heerengracht, Protea does have other plans for expansion and one of the avenues is what Stehlik calls “the selected services — no frills hotels”.

These would be hotels which offer limited services, but which will be within easier reach of more people. The aim is to have a total of, perhaps, 60 hotels in the group by the end of 1989.

The majority of these will be on a managing or franchising basis but the ownership of the properties is not ruled out — some of the group’s hotel properties are already owned.

Restructuring

Several of these might be in the Cape Town area — maybe one or two hours drive away, and others are planned for Namibia.

The restructuring of the entire group has resulted in the creation of a new holding company, Protea Hospitality Corporation with four divisions:

- Protea Hotels will be the hotel management and franchising company;
- Protea Properties will own and administer properties;
- Plan One, specialist development and refurbishing consultants to the hotel industry;
- Selected Services Hotels — “no frills” hotels of which details are still to be announced.

One thing which is not planned is a listing on the JSE — well, not within the next three years.
'R200 a night may be 5-star rate soon'

By Frank Jean

Visitors to South Africa's five-star hotels could be paying R200 a bednight by the end of this year.

That's the view of the newly appointed director of Protea Hotels, Mr Arthur Gillis, who believes that is the tariff these hotels will have to charge to achieve a reasonable return on their investment.

He believes higher staff wages must also have an effect on the rates.

"The reason Protea is able to keep its rates at lower levels is that we operate redeveloped and refurbished hotels, which have a lower historical operating cost," he says.

Protea, says Mr Gillis, is in the fortunate position of having more than 80 percent of its properties profitable.

The group maintained an average occupancy of 54 percent compared with 49 percent for the rest of the industry for 1986-87 financial year.

"For 1988 we have budgeted for an average group occupancy of 58 percent as against 50 percent for the rest of the industry and we have already moved into the early 60s."

Mr Gillis became managing director in a restructuring of the hotel group last weekend. At 30, he is said to be the youngest MD of a hotel group in South Africa.

He is a graduate of the Hotel School of the Witwatersrand Technikon and has held several senior positions with the group since joining it 10 years ago.
Transun's earnings enhanced

By Sven Linscheid

Allegations about a possible involvement in the Transkei corruption scandal must still be worrying shareholders of Sun International's subsidiary Transun.

But there is some consolation in the latest interim figures which show that attributable earnings were up 37 percent to R18.4 million for the six months to end-December 1987, off a 43 percent rise in turnover to R53.4 million. Operating income improved by 48 percent to R23.3 million.

Earnings a share rose by only 12 percent to 12.5c, recognising the dilution effect of the additional shares issued when the company was listed in February 1987. The interim dividend was raised from 9c to 10c.

The directors said that the results were satisfactory, taking into account the disruption to trading caused by the Natal floods as well as the construction activities that continued throughout the year.

"Despite the disruptions, the Wild Coast Sun achieved an occupancy of 80 percent for the period, which was considerably higher than that experienced by the hotel industry," they said.
Transkei hotel has increased earnings

JOHANNESBURG — Transkei Sun International lifted attributable earnings by 37 per cent to R18.1 million for the half-year to December 31, 1987, compared with the previous comparable period, a result which the directors term "satisfactory".

This translates into earnings of 1.25c a share, up only 12 per cent from the previous year's 1.11c, because of the dilution of the shareholding by the issue of more shares at the time of the company's listing on the JSE a year ago.

The interim dividend declared of 10c a share, up from last year's 9c, is covered 12 times by earnings, the same as last year.

Commenting on the company's claimed involvement in the alleged corruption of Transkei's former prime minister, Chief Xuma, the directors said: "The commission of inquiry currently sitting in Umtata is investigating matters relating to the granting of gaming exclusivity and licences in Transkei. It is not possible at this stage to forecast the implications of its findings."

The chairman of the company, Mr Ian Heron, said the affair was not having any effect on operations.

The directors are satisfied with the results given the disruptions to trading by the Natal floods and construction activities.

"Despite the disruption, the Wild Coast Sun achieved an occupancy of 61 per cent for the period — considerably higher than that experienced by the hotel industry," the directors said.

Turnover for the company rose 43 per cent to R53.4m during the period, raising operating profit 46 per cent to R23.3m compared with the interim results for 1986.

The R70m expansion of the Wild Coast Sun, which added 130 rooms and a casino-entertainment area to the hotel, raised gearing to 31 per cent from 24 per cent at the end of December 1986. No further expansion is envisaged at present, the directors said.
Hotels, gambling boost Kersaf profits, divs

By LAWRENCE TOTHILL Investment Editor

The reports of considerably improved circumstances in the hotel and tourist industry are reflected in the all-round improvement in the interim results of Kersaf Investments for the six months to December 1987.

Most important for shareholders is the bottom-line where earnings per share have increased to 48.5c from the comparable 37.3c — an increase of 30%; and the interim dividend has been increased to 29c — 32% up on the previous 22c.

But that only tells half the story since turnover at R446m was 47% up on the previous R303m, and operating profit up a massive 67% at R123m from R74m.

Tax took a much larger slice and minorities also kept ahead with the result that the earnings attributable to ordinary shareholders of Kersaf at R36m were a more modest 34% up on the previous R27m.

Net asset value per share has increased to 588c from 518c.

Commenting on the results, the company says that all divisions contributed strongly to the group’s improvement, saying “the SA hotel industry showed good recovery in the period with occupancies regaining some of their previous losses.

Sun Hotels International once again produced excellent results with occupancy levels of 70% and revenues from both hotel and gaming activities substantially up on the corresponding period of the previous year.”

They add that the newly formed Interleisure group made commendable progress in the consolidation of its various operating interests, and results for the period were satisfactory.
JOHANNESBURG — Kersaf Investments has posted creditable interim results following the excellent performance turned in by subsidiary Sun International Bophuthatswana (SunBop), for the six months to December 31, 1987.

The holding company’s attributable earnings climbed 34 per cent to R55.3 million compared with the same months in 1986, after a 47 per cent increase in turnover to R445.7 million for the period.

Earnings grew 30 per cent to 46.5c a share, but the directors caution that although the outlook for the second half of the year remains positive, growth in EPS is likely to be moderately less than that achieved in the first half.

The interim dividend of 20c a share is 32 per cent higher than in the 1986 year, and is covered 1.7 times by earnings.

The group says all divisions contributed strongly to the results achieved.

South Africa’s hotel industry showed a good recovery during the period, with occupancies regaining some of their previous losses.

“Sun Hotels International again produced excellent results, with high occupancy levels and revenues from both hotel and gaming activities substantially up on the corresponding period of the previous year,” say the directors.

They add that newly formed Interleisure made commendable progress in the consolidation of its various operating interests, and results for the period were satisfactory.

SunBop’s average occupancy of 77 per cent was in line with that achieved in the previous year and substantially higher than competing hotel chains in Southern Africa.

Turnover for the six months of R165.5 million was 63 per cent up on last year, and the board says the highly successful Morula Sun, which began trading in June last year, contributed significantly to the group’s earnings. A further phase of development was due for completion in June, 1988.

The chairman, Mr Sol Kerzner, said: “Sunbop is well placed to benefit from the present improvement in the economic environment. The directors consider that provided there is no significant change in trading conditions, the improvement in earnings a share for the second half of the year should be in line with the growth achieved in the first half.”
Hotel to be demolished for R24 million centre

The addition of a restaurant and conference centre, which is part of the procurement process, is expected to be completed before the end of the year.

The project is just one of a series of developments planned for the area. The council has already approved a plan to demolish the old hotel and build a new one in its place.

The project is expected to cost around R20 million, and is part of a broader plan to regenerate the area. The new hotel will feature 150 rooms, a restaurant, conference centre, and other facilities.

The existing hotel, which has been in operation for over 50 years, is scheduled to be demolished in the next few months, and will be replaced by a modern, state-of-the-art facility. The new hotel will provide a much-needed boost to the local economy, and is expected to create hundreds of new jobs.

The council has stated that the project is a top priority, and has already allocated funding to ensure its successful completion. The council is also working closely with the hotel industry to ensure that the new facility meets the needs of both domestic and international visitors.

The project is expected to be completed by the end of the year, and the council is optimistic about the potential for the area to become a leading destination for visitors from around the world.

The council is also planning to develop a new conference centre, which will provide state-of-the-art facilities for meetings and events. The centre will be located next to the new hotel, and is expected to attract a large number of visitors from around the region.

The council is confident that the project will be a major boost to the local economy, and is working closely with private sector partners to ensure its successful completion.
Hoteliers have good reason to smile

Daily Dispatch

EAST LONDON — Hoteliers in the city are smiling again — accommodation at most establishments has been fully booked during the past two weeks and prospects look rosy for the Easter weekend.

A survey of East London hotels yesterday revealed a general improvement in business when compared to the same period over the last few years.

Most hoteliers cited the recent closure of the Kings Hotel and the rating loss by at least three one-star hotels in the past year, as a factor contributing to the increased demand for rooms at their establishments.

The chairman of the East London branch of the Federated Hotel, Liquor and Catering Associations of South Africa (Fedhasa), Mr Bob Thielischer, said the hotel industry had “picked up” because the economy in general had improved.

“This is what hoteliers in East London have been waiting for for a long time,” he said.

Mr Thielischer said his hotel had been fully booked for the last two weeks and was already booked up for the Easter weekend.

He attributed the improved situation to the opening of the Guild Theatre, which had attracted people to the city who would not normally have come, and various conferences and sporting events.

“When these sort of people come to town, it is always good news for hotels. Things are starting to look up for East London,” he said.

A spokesman for another hotel said business had been “hotting up” since the December season.

“We were inundated with calls asking for accommodation last week. There were more than 50 in one morning and the April holiday period is filling up fast.”

A spokesman for a third hotel, Mr Suran Orrle, said the increased patronage of the hotel was due to “normal trade” and not holiday makers.

He said the hotel had opened an extra 35 rooms shortly before the December holidays and these had also been fully booked last week.
Hotel grading system won't change

CAPE TOWN — Draft legislation which was tabled in Parliament last year introducing substantial changes to the grading system for hotels has been summarily scrapped by the Parliamentary Select Standing Committee on Trade and Industry.

The contents of the Hotels Amendment Bill which, among other matters, introduced the European-styled non-starred concept of the cheap "garni", "tavern" or "inn" to South Africa for the first time, were regarded as unacceptable, according to the chairman of the select committee, Mr. Peet de Pontes.

Mr. de Pontes said the entire Liquor Act was in the process of being rewritten and that the committee believed this should be completed before any changes to the regulations governing the classification of hotels were introduced.

He said he expected this legislation to be ready for presentation to Parliament next year.

The hotels legislation would be introduced afterwards. — DDC —
Scramble at hotel auction

The auctioneers hammer.
Sales were steady and there was a keen public interest.
The owner of the hotel, Mr. Norbert Baunke, said that the entire contents of the hotel had been included in the sale.

Among the mountain of items on sale were the complete contents of the bedrooms and restaurant kitchens, as well as carpets, curtains, linen, crockery, cutlery, furniture and light fittings.

The auctioneer, Mr. Alan Ingram, said the auction was well attended.
Mr. Ingram said he did not know how much money was made yesterday.

"It was such a heavy day that I haven't totalled the money yet."

He said the bedroom and oak furniture had sold the best.
Mr. Ingram said people had come from "all over" to the auction.

"One buyer came from as far away as Prieska in the North Western Cape."
"There were also others from Transkei and Ciskei," he said.

Part of the crowd surrounding the auctioneer, Mr. Alan Ingram, at the sale of furniture and other items from the Kings Hotel yesterday.
Expansion gets underway at
Morula Sun before birthday

CP Correspondent

THE Morula Sun has another four
months to go before its first birth-
day, but already a second expan-
sion phase is underway.

The R14.8-million building pro-
gram, which started this week, in-
cludes another accommodation
wing, a creche, a clinic, video
games for children, further exclu-
sive casino and slot machine areas
and extensive additions to staff fa-
cilities.

“We opened with a staff of 585
on June 25,” explained general
manager Alastair Roper. “Such
has been the popularity of the Mor-
ula Sun since then that we now
employ over 1 000 people, so more
back-of-house amenities were es-
sential, and these include staff din-
ing areas and change rooms.”

A new 26-room guest wing will
increase the number of standard,
de luxe and luxury rooms to 75.
These include facilities for paraple-
gics.

A creche for very young children
will enable parents to leave their
offspring under expert supervision
while they enjoy all the attractions
of the Morula Sun.

Older children will appreciate
the video games area. These will
replace the slot machines beside
the fast food restaurant on the
terrace overlooking the lake.

A small medical-clinic is being
built for the convenience of resi-
dents and day visitors.

The planned new casino and slot
machine areas are a response to
public demand for more exclusive
punting opportunities with higher
stakes.

The casino areas will continue to
be served by the “superb cuisine
and service provided by the elegant
Baccarat Restaurant and cocktail
lounge, complemented by the main
Morula speciality restaurant and
spacious Bodiba Bar, the fast foods
terrace and Letsatsi Garden Ter-
race.”

For those who want a change
from the pace in the casino, there is
the Champs-Action Bar with its
dance floor, and video screens
showing sporting highlights.

Quieter moments can be enjoyed
on the lake, where numerous craft
are available for the use of guests,
and by strolling through the “magni-
ficent bird sanctuary and indig-
ous gardens specially created
along the shoreline”.

“The Morula Sun has shown
what a demand existed in this area
for entertainment and enjoyment
in sophisticated yet friendly and
casual surroundings,” said Roper.

“With the resort’s proximity to
Pretoria, only about 30 minutes
drive away, and its reputation for a
warm welcome at every level, it has
proved immensely popular.

“The response from our guests,
and the thank-you letters received
after conferences, show how much
our care and attention is appreci-
cated.”

The development program is ex-
pected to be completed by mid-
June, in time for the hotel’s first
birthday celebration.

For further information contact
Barbara Lekinger at Sun Interna-
tional on (011) 783-8750.
Hotel placed under liquidation

QUEENSTOWN — A second 'hotel' belonging to Mr. Owen Lenz was placed under liquidation in the magistrates' court here yesterday. A provisional order of liquidation in respect of the Central Hotel was made final following the previous liquidation of the Gardens Hotel.

Temporary repairs will be made to the Central Hotel which will stay closed until it is sold. The hotel was extensively damaged some weeks ago when an outer wall of the building collapsed.
Law for later pub hours hailed

Staff Reporter

BOTTLE STORE and pub owners have welcomed the new Liquor Bill — allowing for longer trading hours, deregulation, and modernisation of the liquor industry.

However, they do not envisage any immediate changes in business hours.

The retail liquor trade is reserving its comment till the legislation has been studied.

In terms of the Bill, liquor stores and grocers licensed to sell table wines will be able to trade till 8pm on weekdays and 2pm on Saturdays.

Licensed restaurants and holders of club liquor licences will be able to sell liquor from 10am to 2am throughout the year, including Sundays.

However on Sundays, religious holidays and other "closed" days of the year, restaurants will be allowed to sell liquor only with meals.

Theatres holding liquor licences can sell liquor for 30 minutes before and after a show, but only between 10am and midnight.

Sportgrounds holding liquor licences may sell liquor from the start of a sports event till 30 minutes after its end, but only between 10am and 11.30pm.

Mr. Mike Kovensky, president of the Federated Hotels and Restaurants Association of SA (Fedhasa), yesterday said the Bill aimed to simplify existing legislation.

Applications for liquor licences will now be lodged with the local authorities and magistrates, who have a far better understanding of local conditions and needs than a central bureaucratic authority," he said.

Stiffer fines — a maximum of R10 000 — for illegal trading offences would also curb "delinquent" traders.

Ms Sally Owen, owner of a Hope Street hotel, said the announcement was the "very best news in years."

"It's wonderful! Most Capetonians are busy, late-night people and almost the whole liquor trade is based on this. Instead of ordering a last round at 11.30pm and gulping it down, patrons will be able to enjoy their drinks in a leisurely fashion."

A spokesman for the Western Cape Taverners' Association — representing mostly black liquor sellers — hailed the easing of restrictions, but was not sure "how relaxed the relaxations" would be.

"The central authorities understood the needs of the liquor industry, but I'm not sure whether the same can be said of the local authorities."

A number of city bottle store owners approached by the Cape Times yesterday generally considered the Bill to be an improvement, but said they would stick to their usual trading hours — except during periods of peak demand.

WHAT do you think of allowing bottle stores to stay open until 8pm? Phone Teleletters at 208-4722 between 10am and noon.

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NEW BARTIME BAD
— Sanca

DURBAN — The South African National Council for Alcoholism and Drug Dependency (Sanca) has come out strongly against the proposed amendments to the Liquor Act.

The amendments will allow bottle stores to stay open to 8 pm on weekdays and hotels will be allowed to serve liquor from 10 am to 2 am.

The director of Sanca in Durban, Mrs Helen Scharffer, said the organisation was against any legislation increasing the availability of liquor.

"We are against the whole philosophy of increased liquor availability with its negative implications such as drunken driving and problems at work and in the home," she said.

The chairman of Fedhassa in Durban, Mr Alan Gooderson, welcomed the extended hours.

"Fedhassa has long advocated increased trading hours and the amendments will be of benefit to the industry, especially since Durban is a tourist city," he said.

— Sapa
Hotel rates set to rise sharply

by Matthew Moonleya

EAST LONDON – Sharp increases in hotel rates are imminent, according to sources in the industry around the country.

Rises of as much as 30 per cent were being handled and the chairman of the Border branch of the Federated Hotel Liquor and Catering Association (Fedhassa), confirmed that rises were in the pipeline.

He agreed with the chairman of Fedhassa in the Western Cape, Mr Brian Bowman, that rises of up to 30 per cent were possible and that the smaller hotels would follow the lead set by the higher-rated ones.

Mr Thielischer said the hotel industry had been through several lean years caused by the recession and a sharp decline in tourist traffic because of unrest.

"Now that tourists are coming back and the economy is in a higher gear, hotels are looking at a better return and are able to move tariffs up," he said.

"Other factors, including a likely increase in labour and refurbishment costs,"

Mr Thielischer said he could not give exact percentages off hand but hotels, because of the lean period, had had to cut rates and had to hold out at those rates.

"Many factors are now catching up with us and accommodation costs will have to go up," Mr Thielischer said and gave comparisons of costs.

"Seven years ago a new PABX system cost me R60 000 to install and I'd hate to think what it costs now. It costs between R60 000 to R80 000 a year for air conditioning alone."

"These are costs the consumer does not see, but which are borne by the hoteliers."

Labour costs were also set to rise following trade union agreements with major hotel chains such as Southern Sun's.

"This will put pressure on all the independent and smaller hotels which will then be faced with a bigger wage bill," he said.
Industrial park to cost R200m

By Ian Smith

WORK will start soon on the first phase of the R200-million Route 24 industrial park.

The first tenants for 85,350m² of service contracts for roads, stormwater and sewerage drains and electricity supply have gone out. Work will start in May and is due for completion in November when the first factories will be built on the 26 hectares of the first phase of the project beside the motorway between Johannesburg and Jan Smuts Airport.

Dallas Reed, a director of the joint Santam and Bankcorp deal, says the site has been sold and another 76a are under negotiation.

Land sales in the 7ha site, 6km from the airport and 16km from the city, will raise R60 million, at Mr Reed's total investment including about 50 factories and warehouses, will be more than R300 million.

Last in the area

The second phase will be started when 70% of the site has been sold, probably at the end of the year.

The park is the last major industrial development in the Isando and Edenvalefontein area and it is expected to attract mainly high technology industry and warehousing because it is close to the airport.

Mr Reed says there has been strong demand from institutions, major companies and turnover property developers. They will be encouraged to put up attractive buildings and to landscape the area.

Spur in the big league, heads for main board

By Ruth Golembi

Kerso's new Interleisure Group dominates the fast-food business with its Mike's Kitchen, Squires Loot, Longhorn and Bimbo chains. It also has sports clothing chain Sweat Shop and entertainment outlets.

Mr Ambor says Spur's success in the competitive food business is founded on conservative growth. It has concentrated on expanding through well-run profitable stores.

"We have concentrated on establishing customer loyalty and kept high quality and people more than the bottom line."

"From this good base we are ready to expand. In the past two years we have become a national group. We opened 16 restaurants in 16 months."

"Many more are planned." Spur established a first in the franchise industry - its opposition, Pleasure Foods, will soon open a Harrods Cafe on the popular Sea Point beachfront under a Spur franchise.

The group has also made moves in the Transvaal and Natal. It opened its first Johannesburg and Pinetown operations in the past year. Plans are set to expand on the Reef.

Turnover fee

Hard Rock Cafes are set to open in Pretoria, Durban and Melville, Johannesburg.

Expansion by acquisition is also being considered.

The group's franchise operations are self-owned and funded by the operating and Spur receives 5% of monthly turnover.

Mr Ambor says: "We are not at expansion in yet, any of the risks involved in starting up new businesses. We provide training and marketing for the franchisee, ensuring that their businesses are successful."

Pioneer hangs on

By Don Robertson

PIONEER car audio and Hi-Fi products will continue to be sold in SA but the sale of the company's TV products will limit its trade with the country.

The Japanese Foreign Affairs Department, under pressure from America, recently asked companies with large trade links with SA to limit their exports.

The request could threaten the motor industry and others, though no decision has been made by Japanese manufacturers.

It was reported that Pioneer would withdraw its products from SA by the end of the year. But Pioneer executives have told their agents, Tek Electronics, that products will continue to be supplied.

Pioneer was, however, one of the first companies to respond to a request to limit its trade with SA, reducing its exports from 1.5 billion yen in 1980 to 850 million last year.

This was facilitated by the rand's devaluation in the past two years.

Avis orders 8,200 cars

By Don Robertson

AVIS, SA's largest car rental firm, has placed a record order with the motor industry.

It will spend R313-million on 8,200 vehicles, mostly for rental and another R55-million on cars for its leasing division.

The order was placed after the beginning of next month and represents a conservative estimate of fleet demands which is unlikely to be bought higher in the year.

The purchase is about 50% higher than the previous record - Avis's 3,400 order in 1987.

Of the 8,200 vehicles, 3,500 will be Volkswagens, micro-buses, Golfs and Jettras, 700 Toyota, 650 Mercedes-Benz, 60 Ford Escort and 1,000 other makes.

By Robert Langley

Managing director Tony Langley says rental days increased by 4% in the year to March. The average rental price has risen from 4.7 to 5.3 days.

He attributes this to an increase in business activity, an almost doubling of the tour market and a rise in the number of clients using the service.

Mr Langley says the hire market will probably buy about 15,000 new cars this year. Cenrtis, which makes about 15% of expected motor industry sales.

Avis has opened 10 branches, bringing the total to 21. Several branches have been upgraded.

"Demand for car rental - is both the leisure and business sectors - has increased in the past few months and we have had to expand our operation."

"Besides the expansion of our branch network. we have built up our fleet to a record 6,200 cars.

"The optimum rental for each car is 21 days a month. We are renting our cars for 31 days a month. This suggests that we will soon have to increase our fleet," says Mr Langley.

However, the company faces considerable losses as a result of accidents and theft which amounts to about R11-million a month. Avis expects about R18-million in premiums on which about 130 vehicles are recovered.
Cape’s plush Mount Nelson Hotel for sale

LONDON. — British & Commonwealth Holdings, owner of the Mount Nelson Hotel in Cape Town, plans to sell the venerable institution.

A B&C spokesman says: “Steps are being taken to realise the investment, but it is too early to say anything about the price or the identity of the buyer.”

B&C, when under the control of the Cayzer family, was one of the founders of Safmarine and was primarily involved in shipping. In the past three years, it has withdrawn from shipping, selling its last vessel in 1998.

Management of the group is now in the hands of financier John Gunn, who has returned B&C to financial services, centred on its successful fund management operation, Gartmore.

B&C is also in partnership with Sun International in Royale Resorts International, which is involved in hotel developments in Europe and elsewhere.

RUTH GOLEMO reports

By Richard Rolfe

from Cape Town that the Mount Nelson has been plagued by wage disputes and stiff competition from the Cape Sun Hotel.

The hotel is owned by an SA holding company, Mount Nelson Hotel Enterprises, a subsidiary of B&C.

The reason for the sale which has been a Cape landmark for many years and host to many celebrities could be last years’ angry wage disputes.

Workers demanded a minimum wage of R455 a month and a reduction in the 53-hour week to 44 hours. They distributed pamphlets airing their grievances to guests.

Workers also put their own “welcome” letters in the luxurious rooms telling guests of their low salaries and long working hours.

The workers alleged that the Mount Nelson was circumventing the European Economic Community wage code for SA companies held by British owners.

The hotel was originally a homestead built in honour of Lord Nelson in 1806.
EL hotels report varying levels of Easter trade.

EAST LONDON — Businesses here should not expect to do a roaring trade at Easter, the manager of a local hotel, Mr Philip Schalkwyk, said yesterday.

This was because East London was farther from the major centres when compared with other seaside resorts. Easter was short and most people felt the distance was too far to travel, he said.

While several hotels claimed to have had a busy Easter season, others complained that this year was not as good as previous years.

A hotel just outside East London on the east side reported that trade was much better than last year.

Two hotels, one at a resort outside the city and another in the city, reported an "unusually hectic weekend with rooms fully booked."

A hotel on the beach front boasted a 5 per cent increase in trade while another in the city complained that it was nearly empty at the weekend as many guests who booked did not turn up. — DDR
hotels deals on $250 million Tand Project

By Anthony Mudhira

EAST LONDON — Two multi-million

The story started in

The story started in

The story started in

The story started in
EAST LONDON — Two big multi-million rand hotel-casino deals are under way, it was officially confirmed yesterday.

The date of the sod-turning for the R40 million Fish River hotel and casino project and negotiations for the sale of the Mdantsane Hotel were both announced.

The deputy director of Ciskei's Foreign Affairs and Information, Mr. Headman Somtunzi, confirmed that the sod-turning ceremony at Fish River would be performed by President Lonnox Sebe on April 21.

He also confirmed that the multi-billion rand giant, Sun International, is negotiating to buy the 115-bed Mdantsane Hotel which was built nearly 15 years ago.

He said these negotiations were based on an outright sale of the hotel, because Ciskei believed in the "free-enterprise system" and was eager to bring the expertise of the hotel group inland to cater for Ciskeians, who could not get to the coast.

Mr. Somtunzi said details would be released later.

Confirmation of the sod-turning ends months of uncertainty about the exact location of the site between the Fish and Old Woman's River and the anxiety over the ecological impact of another resort a mere 10 km from the Mpekweni Marine Resort and 28 km from Port Alfred.

Mr. Somtunzi said the masterplan for the development and effects on the ecology had been presented to the government and that they were satisfied that the development was in the best interests of Ciskei.

"Our development thrust is three-fold: agriculture, industrial and tourism. Our thrust on tourism depends on facilities and we see this project as a major facility with minimal disruption to the ecology. We also have our own team monitoring the development besides the masterplan based on research by ecologists and landscape architects.

"We are satisfied that this is a strategic location near to the tourist flow from Cape Town, Port Elizabeth and Port Alfred as well as from East London in the east."

"But most of all, we believe it will generate revenue required for development and it will create jobs. Ciskeians are being recruited to fill these posts and some are already being trained by the group."

Mr. Somtunzi also confirmed that an 18-hole golf course, which Gary Player helped design, was included in the project. It would extend over the Old Woman's River.

"This will be an added attraction as it would cater for international events," Mr. Somtunzi said.

The managing director of Sun International, Mr. K. Rosewar, could not be contacted yesterday for further details on the project or for further developments on the R10-million hotel with gambling area scheduled to be sited at the Bridge Drift Dam.

The Fish River complex is scheduled to be ready for use by the Christmas holidays season and will comprise 150 bedrooms as well as extensive public and entertainment areas.
Mount Nelson’s best year

CAPE Town’s Mount Nelson Hotel has completed the most successful year in its history.

"In the last few years we have operated at high occupancies, and last year we produced our best profits ever," says Managing Director Angus Dodds.

Last week the owners of the hotel, British & Commonwealth Holdings, confirmed that the sale of the hotel was being discussed.

Mr Dodds says negotiations are in an early phase.

"It is, however, incorrect to suggest that the possible sale is linked to last year's labour dispute or to tough competition from Southern Sun's Cape Sun."

He says the labour dispute was amicably settled last December and the Mount Nelson's high occupancy led to last year's record profit.

The hotel is owned by UK-registered Mount Nelson Hotels.

a few of N't know

Perhaps you use a personal computer (PC) at home or in your business. Perhaps you have a PC lying around somewhere, gathering dust. But if you have access to a PC, you’re only one step away from huge bank of service information on Beltel.

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CP slams liquor law proposals

CAPE TOWN — The official opposition has taken a strong stand against the proposed new liquor law, predicting it will lead to increased drunkenness, violent crime and vagrancy.

The Conservative Party's spokesman, Mr. Clive Derby-Lewis, said the bill, due to go before the Standing Committee on Trade and Industry today, should be withdrawn until a proper investigation had been made. The South African Police had been allowed to comment.

"It would appear that the proposals embodied in the bill were not properly researched and compiled," Mr. Derby-Lewis said.

The CP could not accept that the churches, welfare organisations, the police, temperance societies and retailers would accept the majority of the proposals.

Mr. Ruby, the bill, extended trading hours for retail liquor outlets until 8 pm every day.

Increased security measures would be necessary which would place an undue burden on small traders and on the police. The bill would attract more vagrants to residential areas.

Every restaurant in the country would be allowed to serve liquor until 2 am without meals having to be bought which would turn them into public bars.

Mr. Derby-Lewis said another "glaring omission" was that the bill did not envisage separation of producers, wholesalers and retailers, which would lead to a monopolistic situation and price collusion. — DDC
Carlton may 'close its doors'.

By Magnus Heystek

Western International (Westin), which has managed Johannesburg's Carlton Hotel since it opened for business in 1972, intends disinvesting from South Africa, it is believed in hotel circles.

A press conference has been called later today at which the future of the Carlton will be announced.

But Mr Pat Kelly, general manager of the Carlton, yesterday emphatically denied that the hotel will close its doors, as some rumours suggested.
CP wrong on liquor Bill, say hotel men

By Esmare van der Merwe

The hotel industry denies that the proposed amendments to liquor laws will lead to increased drunkenness, violence and crime as alleged by the Conservative Party.

The Federated Hotel Liquor and Catering Association (Fedhasa) yesterday said the CP was misinformed and had created a false impression about the proposals in the Draft Bill.

CP spokesman Mr. Clive Derby-Lewis said in Parliament that longer hours for liquor retail outlets would lead to increased crimes of violence and that extended trading hours in restaurants to 2 am without meals having to be bought would turn them into "public bars".

Fedhasa president Mr. Mike Kovesky said the draft bill would modernise and simplify liquor laws and bring South Africa in line with international norms.

"It is clearly not the intention of the Minister to turn restaurants into public bars or encourage violence and drunkenness," Mr. Kovesky said.

Fedhasa's view was that more people should consume less liquor as a social pleasantrather than in a situation where fewer individuals overindulge.

Authorities were fully aware of their responsibilities to the industry and the public.

It would be unfortunate if the CP succeeded in turning proposed positive reforms of the industry into a political football," Mr. Kovesky said.

FOOTBALL

As the primary purpose of a restaurant is to serve meals and restaurants are areas where public behaviour and dress is expected to be appropriate, this is hardly conducive to turning restaurants into "public bars."

Mr. Kovesky rejected the CP statement that a "glaring omission" in the Bill was its failure to encourage separation of producers, wholesalers and retailers in the liquor sector.

Fedhasa has long campaigned against monopolies in the liquor industry.
Westin ends hotel contract

By Melanie Gouling

Westin Hotels and Resorts, the American-based hotel chain, announced yesterday that the company had decided to terminate its contract with Carlton Centre Ltd under pressure from the United States.

Westin employee and general manager of the Carlton Hotel, Mr Patrick Kelly, said the anti-South African sentiment in the United States had increased dramatically and the pressure for Westin to divest from South Africa had intensified.

He said: "It was not Westin's desire to pull out. The last thing we wanted was to terminate the contract after 16 good years, but, over the last few months, the pressure from the States has intensified to such an extent that we can no longer avoid it."

He said rumours that the Carlton would close were unfounded.

Only Mr Kelly and Mr Fred Christensen, executive assistant manager, are Westin employees. All other staff are local and will remain in their jobs.

A director of Amaprop, Mr Gerald Leissner, said yesterday that the hotel would operate independently as a division of Carlton Centre Ltd.

"Naturally, we are saddened by the termination of our agreement with Westin with whom we enjoyed an excellent relationship. However, we are excited at the prospect of managing the Carlton as a unique independent hotel. The management team will enjoy the full support of the Anglo American Group."

Mr Leissner said the Carlton was currently making a loss because occupancy rates had decreased. The hotel was largely geared towards business travellers to South Africa and their numbers had dropped.
Building of hotel to start within ten days

EAST-LONDON — Construction of the new Kings Hotel and leisure centre would "definitely go ahead within the next ten days", the managing director of the developing company, Mr Norbert Baumker, said yesterday.

He said the leisure centre, including cinemas, shops and restaurants, would be ready for use in November this year, shortly before the completion of the new hotel facilities.

A complete re-design of the centre had been necessary to overcome objections to a walkway bridge over the road directly in front of the now demolished old hotel.

A further delay had resulted from an objection to a municipal application, in terms of the ordinances, to rezone a portion of public land to allow its inclusion in the project, Mr Baumker added.

A senior municipal administrative assistant confirmed this week that an application for the re-zoning of the land had been submitted to the province for approval.

The sod-turning ceremony to mark the start of the project will take place next week. — DDR.
Tour ban on SA would ‘cost many jobs’

Should countries place a ban on foreign tourists visiting South Africa, many of the 250,000 people employed as a result of tourism would lose their jobs, chairman of the South African Tourism Board Mr Danie Hough said today.

He told the Federated Hotels Association of South Africa (Fedhasa) conference in Madeira: “This would directly result in a falling standard of living and an increase in unemployment.”

Despite the negative publicity which South Africa received from the international media, the growth figure for the tourist trade for 1987 was 14.2 percent compared with the figure in 1986.

Mr Hough said the board had already been forced to close its offices in Canada and Australia due to political pressure.

“The same may happen in America depending on the next move by Congress regarding sanctions,” Mr Hough said.

The board had instituted a desk system in Pretoria where links were maintained with countries in which it had been forced to close its offices “and the promotion of tourism is continued through identified opera-
tors and wholesalers”.

The South African Tourism Board had 13 offices overseas which promoted South Africa as a tourist destination.

Mr Hough said of importance to the industry was that 40 percent of tourists returned for at least a second visit.

“One of Satour’s main objectives is to formulate a video project which will involve at least 50,000 South Africans promoting South Africa as a tourist destination to their friends and relatives overseas.”

Other objectives included activating dormant South African clubs and friendship associations and establishing new ones, instituting an incentive scheme to involve returning overseas visitors to promote South Africa as a tourist destination and involving moderate groups overseas in the promotion of tourism.

“It is envisaged to invite some of the leaders of these groups to South Africa as guests of the South African Tourism Board.”

Mr Hough said the board planned to bring foreign journalists to South Africa as a way of generating favourable publicity. — Sapa.
Higher occupancies lift Southern Sun

By Ann Cyril

A sharp increase in occupancies was one of the major contributors to Southern Sun's strong performance in the second half of financial 1988, enabling it to turn an interim loss of 5.4c per share into a profit of 14.2c (2.7c) for the 12 months to March. A dividend of 1c (2c) has been declared.

A surge in the contribution from associated companies was a significant factor in the turnaround.

Group turnover was up 19.5 percent to R314 million (R283 million). Operating profit was up a more impressive 46 percent to R36 million (R23.9 million). The relatively stronger operating performance reflected a surge in margins from 15.1 percent to 19.5 percent.

The improvement in margins in turn reflected the increase in occupancies enjoyed by the hotel, especially in the second half.

Managing director Bruno Corte says that given the peak holiday season in the second half, a return to profit for the full year was expected, but occupancies were better than expected.

"Occupancies rose to 61 percent, compared with 54 percent in the second half of the previous year, giving the group an average occupancy of 57 percent for the full year (industry average of 54 percent)."

The improved margins were achieved despite increased labour costs. A settlement with the group's four trade unions, backdated to October 1987, is estimated to have cost about R2.5 million in financial 1988. With labour costs currently accounting for about 40-45 percent of total costs, the impact of this agreement, with a further increase in minimum wages due in October 1989, is expected to be far greater in financial 1989.

The downside of the sharp improvement in the occupancy rate was the 45 percent surge in rentals and leasing charges to R44 million (R31 million), reflecting the fact that many of the hotels operate on a turnover-based rental system.

There was a 14 percent reduction in interest paid to R6 million from R9.4 million. This left pretax profit at R6 million (previous year's loss of R158 000). With tax unchanged at R1.3 million, the taxed profit was R4.6 million (R1.5 million loss).

Not only were things looking much improved within the business, but associated interests managed to more than double contributions to R9.3 million (R4.3 million). This reflected the strong turnaround in 50 percent-held TFC tours and the continued strong performances from 20 percent-held Sun International and 50 percent-held Southern Sun Timeshares.

Gearing was up from 32 percent to 33 percent, due chiefly to the continued substantial investment in refurbishment of group properties, but it remains comfortably within the 50 percent self-imposed constraint. Net worth increased to R82.2c (415.5c).

Looking to financial 1989, Mr Corte refers to the current rise in industry occupancies resulting from the more buoyant economy and the increase in foreign tourists and says that barring unforeseen circumstances a further improvement in earnings is expected.

These results put the share on an historic P/E rating of 27.2 times, which is far more reasonable than the previous P/E of 69, but still way out of line with the sector average of 12.5.
Dramatic turnaround in second half

Suthsun lifts profits fourfold

From MERVYN HARRIS

JOHANNESBURG — Southern Sun Hotel Holdings (Suthsun) should surprise the market by its dramatic turnaround from a first-half loss to a fourfold increase in profits over the previous year.

Boosted by better-than-expected occupancies from a buoyant local economy and a rise in foreign tourism, the country's largest hotel group turned a first-half loss of 5,4c into earnings of 14,6c (2,7c previous year) a share for the year to March.

The final dividend has been raised from 2c to 10c a share, the highest dividend payout in three years, and MD Bruno Corte is cautiously optimistic over prospects for the current year.

Shareholders should, however, expect a small seasonal loss in the first half of the new year, he says.

The peak holiday season in the second half of the year lifted occupancies to 61% against 54% in the same period a year ago, giving the group an average occupancy of 57% for the year compared with the industry average of 54%.

This was reflected in the 19,5% turnover rise from R262,9m to R314,2m. The big improvement came, however, at the operating level where better margins enabled profits to jump 46% to R56,3m (R39,9m).

The continued impact of inflation on operating costs is expected to exert additional pressure on margins in the current financial year.

After deducting R44,2m (R31,1m) for rentals and leasing charges and R8m (R9,4m) for interest paid, pre-tax income was R6,1m against last year's R600,000 loss.

Improved earnings from both Sun International and Southern Sun Time-sharing and with TFC returning to profitability, the group's share of earnings of associated companies more than doubled from R4,3m to R9,3m.

Bottom line earnings jumped R8,5m, from R1,9m to R10,4m.

Investment in refurbishing the group's properties, particularly the Holiday Inn group, sharply increased, including short dated preference share.

However, Corte says the year-end gearing ratio of 34% (28,4%) is well within the group's self-imposed constraint of 50%.

The group now seems firmly back on the recovery trail after two tough years. But it still has a long haul ahead to match 1994's earnings of 53,1c a share and the dividend payout of 40c a share.
People who don't cancel cost hotels, raise tariffs

"No-shows" (people who book accommodation at hotels then fail to arrive) cost the industry about R40 million per year and the public ultimately had to pick up the tab through increased hotel tariffs.

So says Mr. Fred Thermann, executive director of the Federation of Hotels, Restaurants, and Catering Association.

Mr. Thermann says the average no-show experience in hotels in South Africa is about 10 percent, which is high by world standards.

"It seems South Africans have a more relaxed attitude towards this situation than their counterparts in Europe and elsewhere."

The hotel industry's turnover is about R1.6 billion a year, he points out. Accommodation revenues account for about R600 million. The direct cost of a 10 percent average no-showing is therefore around R40 million each year. This does not take into account indirect costs.

He appealed to South Africans to be more responsible in their attitudes towards hotel bookings.

"All that hotel managers request is that they be informed of any cancellations. This is in everybody's interests. It helps to keep costs down and it improves room utilisation."
JOHANNESBURG — Southern Sun Hotel Holdings should surprise the market by its dramatic turnaround from a first-half loss to a fourfold increase in profits over the previous year.

Boosted by better-than-expected occupancies from a buoyant local economy and a rise in foreign tourism, the country's largest hotel group lifted a first half loss of 6.4c into earnings of 14.4c (4c previous year) a share for the year to March.

The final dividend has been raised from 2c to 10c a share, the highest dividend payout in three years. The managing director, Mr. Bruno Corte, is cautiously optimistic over prospects for the current year.

Shareholders should, however, expect a small seasonal loss in the first half of the new year, he says.

The peak holiday season in the second half of the year lifted occupancies to 61 per cent against 54 per cent in the same period a year ago, giving the group an average occupancy of 57 per cent for the year compared with the industry average of 54 per cent.

This was reflected in the 19.5 per cent turnover rise from R282.9 million to R341.2 million.

The big improvement came, however, at the operating level where better margins enabled profits to jump 40 per cent to R58.3 million (39.8 million).

The group now seems firmly back on the recovery trail after two tough years.

It still, however, has a long haul ahead to match 1984's earnings of 53.1c a share and the dividend payout of 40c a share. — DDC
Catering body in call for meatless days

About 35 000 restaurants, tearooms and catering organisations countrywide have been asked not to sell red meat on one day a week as part of an effort to bring down the "unrealistically high cost" of meat.

The call has been made by the Catering-Restaurant and Tearoom Association (Catra) in its May newsletter.

Catra says it has enlisted the support of the Housewives League, and sent messages to Government departments telling of its intention to support the State President's call to reduce the runaway inflation rate by instituting "meatless days" in its members' restaurants.

Catra claims red meat rose by 38-48 percent during a recent one-year period, while average menu prices went up by a mere 10 percent. This ever-increasing cost of red meat has caused "great concern" to all caterers.

Authorities have blamed the runaway cost of red meat on the fact that demand outstrips supply. Therefore "a logical solution" would be to reduce the high demand, and prices should decrease once supply and demand move more into line.

Catra adds that meatless days would give caterers a chance to introduce different and more profitable items onto menus.
Longer liquor trading opposed

Political Staff
CAPE TOWN — Plans to extend trading hours for bottle stores are meeting stiff resistance and may be dropped from a Bill before Parliament.

The plans are contained in a Liquor Bill being examined by a parliamentary committee hearing evidence from interested people.

The Bill proposes that liquor stores should be allowed to trade from 8 am to 8 pm on weekdays and until 2 pm on Saturdays.

It also proposes that licensed restaurants should be allowed to sell liquor until 2 am.

There has been strong objection to extending retail trading hours, although longer hours for selling liquor with food are generally acceptable.

A proposal that hotels and restaurants be allowed to sell liquor on Sundays and religious holidays, without meals, has been dropped.
Booze Under Fire

Bill

Sales

...
By Ian Smith

SA's booming leisure industry is turning its attention to the Transvaal's long-neglected recreation resource, the Vaal dam and river.

Two resorts costing more than R110 million will change the Vaal's picturesque scenery.

Former Free State farmer Walter Goldblatt is going ahead with his Marina Letata project on the dam's west bank, opposite the Port o' Call, at a cost of R86 million.

The project will include 400 houses, walk-on moorings for 1700 craft, a floating hotel, restaurants, bars and games and conference facilities.

Greeks in the village

Cape-based Club Mykonos has bought an 18ha riverside site at Vanderbijlpark for the development of a R16-million Greek-style waterfront village.

The land was sold by Vanderbijlpark municipality and isor subsidiary Viceroy for an undisclosed sum. Club Mykonos managing director Mikis Pneumaticos says plans are not final, but the resort will be a family-oriented complex.

“Rising prices have forced leisure facilities to become more affordable for the family. The developments follow changes in leisure habits,” he said.

As the rand has fallen and pressure on disposable income has increased, families have opted for holidays close to home, with more frequent use of leisure and entertainment resorts.

The initial infrastructure for Marina Letata has been completed on the 42ha site at a cost of R12.5 million. Work has started on the moorings and the 25 villas will be ready for occupation by July.

Sales have hit R4 million. Construction will start soon for an amenity complex including a conference centre, restaurant, bars and small supermarket. A swimming pool, squash and tennis courts, bowling greens and a games room will be built.

The “boutel” is still in the planning stage.

“We intend to develop the largest inland facility of this kind in Southern Africa,” says Mr Goldblatt.

The dam is one of the last virtually untoucheid leisure resorts in the country. It is a yachting and water sports paradise for two-thirds of the Transvaal's population.

Marinas sales will be handled by timeshare marketers Vacation World. Managing director Josiah Sturm says owners of ocean-going yachts berthed in Natal and the Cape are among the first buyers of houses at Marina Letata.

They believed they were not getting enough use of their yachts lying at the coast.

“We are aiming at a Club Mediterranea-type atmosphere. The resort will cater for the exotic holiday and recreation needs of visitors from all over SA,” Sturm added.

The marina will have four villages, each with its own style and range of ownership options. Finance is provided by two of SA's largest financial institutions, says Mr Sturm.

Mr Pneumaticos says Club Mykonos sellsings will begin soon after plans are unveiled in the next two months. Timeshare buyers will be able to exchange units with the Langebaan complex.

The resort will also have recreation and conference facilities and waterfront tables and beds.
B & C may sell stake in Royale

Cape Town’s historic Mount Nelson hotel may be part of a management buy-out of Bricom, the hotel division of present owners British & Commonwealth Holdings (B & C). This was disclosed by Peter Goldie, CE of B & C, who said yesterday: “We will sell Bricom. If it doesn’t go to management it will go elsewhere.”

There are no clear indications here as to who a likely buyer could be, or of the effect this will have on Royale’s redevelopment of a chain of French casinos owned by Societes des Hotels et Casinos de Deauville (SHCD).

A Royale spokesman at its headquarters near Henley on Thames said neither Kerzner nor his deputy Peter Bacon were available for comment. Both were away for the rest of the week.

Under the deal announced last August, French hotel magnate Lucien Barriere transferred his hotels and casinos to SHCD in which he and Royale each held a 36% stake.

Kerzner said at the time that the group with a net asset value of £1bn French francs and almost no gearing effectively controlled half of France’s gaming market. Under the re-organization B & C held 49% of Royale’s interests in Southern Africa and Mauritius with Kerzner holding 51%.

Any disposal by B & C would be in line with the group’s new strategy of concentrating on the financial services sector. B & C CE Peter Goldie announced last night that negotiations for a management buy-out of Bricom, the division which runs its hotels including the Mount Nelson in Cape Town, were proceeding.

“We will sell Bricom. If it doesn’t go to management it will go elsewhere.”

Broking sources say, however, that the Royale disposal has taken place separately from the sale of Bricom.

It is unlikely that Sun Hotels will be the buyer of the B & C stake as one of the stipulations made by the French Ministry of Finance before approving the SHCD deal was that it had to be assured that B & C was the majority shareholder in Royale and that the new SHCD would be ultimately French controlled.
Support fight for power

BLACK liquor traders have been called upon to support trade union federation and community-based organisations in their fight against apartheid in order to gain economic liberation in South Africa.

In his address to the Ukhamba Liquor Association conference, the managing director of co-ordinated marketing, Mr. Rudo Khosa, said apartheid was essentially a policy of suppression, oppression, and denial of power to blacks.

He said by joining the ranks of these organisations, the black liquor traders would gain power to threaten the big corporations that have monopolised the business. They must participate in action taken by these organisations.

Apartheid

The three-day conference, which took place at Sun City, Forsyth, South Africa, debated several issues that deprived blacks participation in the mainstream of the South African economy. The main target was apartheid.

Speakers from different business forums emphasised the need for concerted action for blacks to remain united in their fight for social, political and economic liberation.

Exclusion

Mr. Khosa said apartheid was a policy of exclusion.

"As blacks we have been very effectively marginalised from the mainstream economy. We have no credible representation in any of the major economic sectors such as mining, agriculture, manufacturing, financial institutions or even retail which we could, in some measure, claim to be our forte."

"There is a need to move the business side lines and to plunge into the mainstream of the South African economy and work out strategies not just for survival but for prosperity."

The conference resolved to:

- Call for more training of black traders;
- To insist on purchasing all non-white beer breweries and to buy remaining liquor outlets.
However, this has now stabilised and developers are casting their eyes on the area.

The water in the dam is particularly clear and the Department of Nature Conservation is determined that the area should retain its natural beauty. To this end it is controlling development around the dam.

Dr George Barkhuizen, Director of Nature Conservation, says developments are allowed on land owned by private parties as long as building projects do not disturb the environment. Water in the dam is used by consumers so care is taken to prevent pollution.

He says the department itself is developing certain areas, starting with 12 chalets, a caravan park and a landing area for powerboats and sailboats.

One of the first private developments is a R10m co-ownership project called Qwan Tani. Some 50 three-bedroomed chalets are being constructed on a farm of around 1 000 ha. The development includes stables, squash and tennis courts, as well as a clubhouse and an airstrip.

Buyers will pay R35 000 for two high-season weeks, two in mid-season and two in low-season. Levies are estimated at around R600 a year.

Greg Metzer, a partner in Hescor, which is marketing the development, says co-ownership gives buyers six to seven weeks at the price of one week of high-season timeshare.

A third of the development is already sold. Construction began a week ago and the bulk of the units should be completed by year-end, with the clubhouse following in April 1989.

Metzer says buyers have access to a total of 10 000 ha of leased land in the area and the farm itself is to be stocked with a variety of game.

Hunting will only be allowed with permission from the department and as a part of culling operations.
The cost of building a room has increased from R31 000 at the Jan Smuts lodge last year to R50 300 at the new lodge being built in Cape Town.

Of course, regional vagaries in the the cost of materials and labour and the particular nature of the site work involved could account for some of the cost differential. Nevertheless, the underlying trend carries ominous portents for the building public.

City Lodge MD Hans Enderle is not unduly concerned, however: "Paradoxically, increases in building costs can be good news for investors because they make the entry of new players into our specialised hotel market considerably more difficult, if not impossible."

The three new hotels being built for City Lodge Holdings — in Durban, Cape Town and Port Elizabeth — will cost R30m.

Grinaker is building those in Durban and Port Elizabeth, while the Cape-based Ovcon group was awarded the tender for the Cape Town one, near the Mowbray Golf Course.

Enderle says: "The tenders astounded us. Construction costs per room, compared with the Jan Smuts lodge, completed in September last year, are 34% higher for Durban, 37% higher for Port Elizabeth and a staggering 38% higher for Cape Town.

"On average, more than two-thirds of the total development cost of one City Lodge goes into construction."

The remainder goes to land, furniture, fittings and pre-opening expenditure.

"However, we take a long-term view of our business. Construction cost increases have the effect of moving the pay-back periods for each project by only a few months."

No doubt the bitter pill of higher construction costs is sweetened too by the tax breaks hotel developers enjoy.
On again?

Cape Town's Heerengracht Hotel may re-open soon, in terms of an agreement between the Cape Town City Council and Bankorp, owners of the Trust Bank Centre that housed the luxury hotel.

The controversial closure of the Heerengracht earlier this year led to a court action by the council, which argued that in terms of the original approval for the construction of the Trust Bank Centre, the owners had to provide for a hotel in the complex (Property, January 29).

Bankorp closed the Heerengracht, which was operated in terms of a management agreement by Protea Hotels, because it believed it could get a better return on the space converted to offices and parking.

But the closure sparked a widespread public outcry in Cape Town.

Bankorp MD Donald Botha says that in terms of an agreement between his company and the council, the court case, due in April, was postponed until September 9 to give Bankorp the opportunity to find a suitable tenant to operate a small hotel in the Trust Bank Centre.

Details of the sort of operation envisaged have not been finalised, but a 100-bed establishment is most likely if Bankorp can negotiate an acceptable financial package and is satisfied with the tenant.

Botha says his company is not prepared to let the hotel space at below market rates, but declines to say what rental Bankorp expects. Botha says negotiations with hotel groups are underway but that, even if the hotel is re-opened, Bankorp intends converting the remainder of the space.

He says Bankorp's agreement to search for a tenant for the hotel does not mean it accepts the validity of the council's argument that a hotel must be operated in the Trust Bank Centre. If a suitable tenant cannot be found, the court case will resume in September, he says.
Upgrading of hotels likely Fedhassa

By Helen Grange

Major refurbishment and upgrading of existing hotel accommodation could result following the news that the Government plans to assist the hotel industry.

This is according to the Federated Hotel, Liquor and Catering Association (Fedhassa), which was reacting to an announcement in Parliament that the hotel industry would have a "new deal".

BENEFITS

"The plan to introduce new schemes to the hotel industry will mean significant spin-off benefits to the business sector, employment and standards of South African hotels," a Fedhassa statement said.

"A fresh boost for the industry could not be better timed. Incoming tourism is recovering as the economy gets into gear," it said.

RECOVERING

Occupancies had increased and gross income was improving, although many hotels were still recovering from the recession, particularly in the one and two star categories.

"The new incentives will particularly benefit these categories," the statement said.

This would be in keeping with Fedhassa's submissions to the Marigo Commission requesting that investment allowances in new buildings and improvements to existing ones be equalised between three, four and five star hotels and one and two star hotels.
HOTELS

Carlton blues

Anglo American Properties (Amaprop) has been left holding the baby after Westin's sudden decision to withdraw from its 16-year-old management contract with the Carlton Hotel.

Amaprop is essentially a property developer, and no sensible developer — whose prime function is to build commercial and industrial buildings — wants to get involved in the business of running hotels.

"The Carlton doesn't fit into our portfolio at all," admits Amaprop MD Gerald Leissner, who has since assumed the role of Carlton executive chairman.

"We're in the business of collecting rent. The hotel is an integral part of our largest single investment, the Carlton Centre, but we have no more business running the hotel than we have of running any of the shops there."

The existing management team, which will continue to run the hotel, has a formidable task. Marketing manager Larry Macartney admits the 663-room Carlton is almost double the optimum hotel size.

The Carlton has traditionally depended heavily on foreign tourists, which accounted for up to 75% of guests in the late Seventies. However, this has now dropped to 20%.

The hotel is aiming for a 65% occupancy this year. Macartney admits there will be discounting to reach this target but says room prices will reflect a "reasonable return."

The overall position of hotels in the CBD, though, has improved in the last two years. Says Southern Sun MD Bruno Corte: "The Johannesburg Sun is running close to 50% occupancy, with the Carlton probably about the same. So there must be more demand than when the Carlton was alone."

But the Carlton has found a gap in the black market, which accounts for 12% of guests — even though many of them are on heavily discounted weekender packages.

Protea Hotels would be happy to take over the management of the Carlton, but Leissner dismisses the idea. He also denies that, if losses continue, the hotel could be turned into an office block. "It would not be economically feasible — imagine the trouble involved in taking out all the bathrooms."
Southern Sun basked in Kerzner's profits

Business Times Reporter.

SOUTHERN SUN made it back into the black last year thanks largely to its 20% stake in Sol Kerzner's Sun International.

Southern Sun equity accounted R9.5-million of Sun International's earnings. Its total declared earnings attributable to shareholders were R6.1-million.

Equity accounting is standard practice these days but at SSP president Tony Norton pointed out last week, equity accounted earnings are not cash in the bank and are not under control of the group.

Southern Sun also revalued its 20% stake in Sun International by R3.8-million, in accordance with its policy of reviewing assets to market value every year. It deems Sun International's report as "lucrative".

Borrowing

Asset revaluations helped the debt/equity ratio to remain reasonable at 34% (1987: 28%) but undermined rates of return.

The debt ratio may look acceptable but Southern Sun is illiquid, with debt of R59-million, and R143-million of profit to be serviced. A number of hotels are leased. Total costs last year were R64-million.

Interest bills were covered only 2.1 times by gross profit. Finance costs soaked up no less than R11-million of the R6.6-million of cash generated by operating activities and yet chairman Meyer Kahn says "considerable borrowing capacity still exists and is available for use should appropriate opportunities arise."

In light of this it is hard to see why the company paid a 10% dividend, costing more than R7-million last year.

Prosperous parent SAA did not need the money half as badly as Southern Sun.

Capital spending will increase debt next year but Bruno Corte, the managing director, reckons interest cover will improve. He wrote his report on May 26 before the prune overall rate rose alarmingly.

This week's glossy and colourful annual report is replete with information, including a breakdown of accommodation and food and beverage sales in Southern Sun and Holiday Inn.

There is even a cash flow statement. The report is worthy of awards but some figures could make shareholders misty eyed.

Most distressing is the return on total assets at a meagre 3.5%. That is after taking into account the R0.3-million of Sun International's earnings. This compares with a return of 18%-20% that the group returned in 1981-1983.

Those are the negatives. In positive vein, Southern Sun is asset rich. It has the finest portfolio of hotels in the Republic and it is not shy to spend money upgrading and maintaining them.

They are in beautiful condition -- perhaps too beautiful for the number of people patronising them.

All the group needs to get back to the returns of old -- and in so doing return taxed profits of R40-million or more is to get more bodies in beds. Last year it achieved above-average occupancies (57% in Southern Sun and 65% in Holiday Inn).

Meyer Kahn expresses "cautious optimism" about 1989.

The beauty of the hotel business is that once one has attained breakeven, even every additional body one can put into a bed, boils down to pure profit.

So, if this group can increase occupancies to say 70%, the effect on the bottom line will be electrifying.

The medium term worry, though, is that 70% appears to be an upper limit, attainable only in boom times -- and boom times no longer seem to last.

Longer term, inflation will tend to help the group, though, judging by the cost of maintenance, no to mention the cost of finance in inflationary times, that is no longer such a sure bet.

At 350c the share is 23 times earnings but at a 24% discount to net assets. In today's market it does not look cheap.
SS is to rename the hotel, which will consist of 137 rooms, three boardrooms and an upmarket restaurant and cocktail bar. Corte says marketing will be aimed at businessmen. It will have "no banqueting facilities to annoy them. But in summer it will help us with our convention and tourist business."

He refuses to discuss rental, but says: "It's favourable. Everything will be refurbished. Trust Bank will spend about R2m on basic improvements and the lobby and we'll spend another R4m."

"The rooms will cost us R30 000 each, which is a bargain, considering it would cost R150 000-R200 000 a room to build a hotel of similar calibre from scratch."

The move tightens SS's stranglehold on Cape Town's CBD, where it already operates the 350-room Cape Sun and the Inn on the Square.
**City to get new hotel on old site**

**By TOM HODD**

A NEW hotel is to replace the closed five-star Reoengraacht Hotel in Johannesburg.

The four-year St. George's Hotel, which is in the same building as the old hotel, will be used for office space. The building will be taken over by Southern Sun Hotels, and the area will be used for office space. The building will also be used for office space.

The council decided unanimously to continue the hotel. Mr. Frank Currie, managing director of Southern Sun, said the company hopes to complete the hotel expansion soon.

**Woman shot dead at city restaurant**

A WOman of 56 was shot dead at a restaurant in the city center. Police are investigating the incident, which occurred at around 10:30 pm yesterday.

**Apollo II, the mallard who’s just quackers about chickens**

**By REHANA ROSSKOU**

A mallard drake named Apollo II is causing a stir in the mallard community. The drake has been spotted at a local park, causing a commotion among the other mallards.

Apollo II is known for his loud quacking and aggressive behavior towards other birds. According to local experts, Apollo II’s behavior is likely due to his territorial nature.

**Brian Baronet still ‘critical’**

**DURBAN** - Brian Baronet is still in a critical condition at St. Augustine’s Hospital today.

At the request of his family, the 60-year-old was transferred to the Intensive Care Unit (ICU) last night.

**Please keep it quiet, Bishops’ parents told**

**CIRCULARS have been sent to parents of Bishops boys asking them to refer to public discussion about the controversy surrounding the future of headmaster Mr John Percy.**

The council was in contact with the headmaster, who would return from Australia in Britain on July 15 but was not in a position to make a statement about his future plans at this stage, the letter said.

*In the meantime we ask all...*
City to get new hotel on old site

By TOM HOOD
Business Editor

A NEW hotel is to replace the Herbert Hotel in the city centre. The four-star hotel in St George's Street will have 120 rooms and a casino. The hotel will occupy the entire building, including the ground floor.

The council won a court action to ensure the building continued to be a hotel. Mr. Bruno Corte, managing director of Southern Sun, said today the company had negotiated a 15-year lease with Bankorp, the property arm of Trust Bank, with the option to renew for another 10 years.

He said: "We will spend about R24 million on refurbishing the hotel completely." Trust Bank was expected to spend R25 million on basic improvements.

"Hopefully we will reopen in October as a completely new, up-market four-star hotel specifically designed to meet the needs of the business community." There would be 120 rooms, a restaurant, three boardrooms, and a cocktail bar. The rest of the building would be converted into offices.

Room rates

Mr. Corte declined to reveal the rent but described the deal as a bargain. He said: "It is costing us R30 000 a room but to build a similar hotel would cost up to R200 000 a room. And where can you get such a superb location?"

The hotel will provide between 120 and 130 jobs and a manager will be appointed from inside the group. Mr. Corte added. The Heerengracht previously employed about 250 people.

Room rates had not been decided but they would be in the range of the Newlands Hotel.

The acquisition will raise Southern Sun's number of rooms to 1,967 in the city.

The managing director of Captour, Mr. John Roberts, said it was "very good news for the city" and said overseas tour operators had cancelled tours to South Africa after the Heerengracht closed in the middle of the holiday season.

He said: "They were unable to get accommodation in the city and said if they could not come to Cape Town they would not come to South Africa." With the development of Thiibault Square and the St George's Street mall, it was vital to have such a hotel in that part of the city, he added.
More caution

Milly's has certainly done well on cautionary announcements in the past six months. At one stage, it announced that it was in the midst of negotiations and the share price climbed more than 50% in a week.

The annual report was late and we pointed out that it obscured as much as it informed. Now it appears that the (also delayed) interim to December 1987 (discussed, with the annual report, on March 18) was incorrect. Further caution has been advised while auditors check the books at the instigation of major shareholder Unidev.

Unidev became involved in May last year, when it acquired 21.1%, though this was only effective from December. The holding has since been increased to about 30%.

A year ago, the outlook was ostensibly excellent. The Carousel in Sea Point was expected to prove extremely successful. In addition, the acquisition of Dell's was expected to more than double turnover. But EPS, at the halfway stage to December 1987, were up only 0.3c at 3.7c and the Carousel actually lost R103 000. The Carousel was refurbished at a cost well in excess of R600 000, but it was eventually sold for R1.4m, which should have provided a profit.

Unidev MD Geoff Grylls says that since this March, Milly's was planning capital expenditure and suggested Unidev supply funds. Unidev then wanted management involvement and put in its own financial manager, Anthony Scott-Wilson, a chartered accountant who had been Grand Bazaars FD.

Scott-Wilson reported he had reason to believe Milly's interim figures were incorrect. After convening a Milly's board meeting next day, Unidev requested that the shares be suspended and sent in a firm of auditors and its own management.

Unidev director Ronnie Steyn says there is no indication of theft and fraud is not sus-
pected at this time. It appears, however, that the board was unaware of the extent of overdrafts ran up by Michael Bruchhausen, who is no longer MD — or even with the group.

Assets still exceed liabilities, but revised interim figures may show a loss. Steyn thinks Milly's is viable, though there may have to be a further injection of funds.

So far Unidev has invested slightly less than R2m, R600 000 of which was provided in March. "We only really got involved in December. The problems were long before that and were not revealed to us," says Steyn. He claims that there will be no impact on Unidev's EPS, even if Milly's has made a loss, as no earnings were taken into Unidev last year. In a worst-case scenario, the impact on net worth will be about 2%.

It is now a matter of waiting for the auditors' report. As the suspension of the share on the JSE lasts until Tuesday, the report should be available before then.

Pat Keeney
Plaza-style shopping malls prove popular

By Frank Jeans

Two Oriental Plaza-style retail developments are on the way to the East and West Rand.

Central Krugersdorp is the focal point for the first which is due to open this September, while the other project will be in Benoni with opening date set for September, 1988.

Total cost of the projects by Rosebank development company, Shackman Bros is about R18 million.

Mr Kevin Murphy, of Shackman Bros, who is marketing the ventures, says: “About three years ago, we became aware of a phenomenon in the retail market.

“It was then in depression but much against the trend, the Oriental Plaza in Fordsburg was particularly active and business was booming.

“This prompted us to carry out market research and interesting points emerged.”

The survey revealed that:

- The Fordsburg plaza was unique in attracting both black and white shoppers and this dual market was undoubtedly the main reason for its profitability.
- In terms of inflation, the plaza represented an opportunity for shoppers to bargain and therefore to counter rising prices.
- Because of the large number of shops in a relatively small area, it was virtually possible to get any retail item.
- A large number of shoppers at Fordsburg travel from the East and West Rand.

“We as developers, believed it was important that the unique character of the Fordsburg plaza be captured in the new projects,” says Mr Murphy.

“Good architectural design work has enabled us to achieve this goal.”

Both projects will have the financial backing of Stahloind.

The Krugersdorp complex will have about 84 shopping units and the Benoni project 197 units.

The rental is being pitched at R14 a sqm which is well below market levels.

The Krugersdorp operation is already almost fully let and letting is brisk at Benoni.

“A number of the Fordsburg plaza tenants are signing up for space in both developments,” says Mr Murphy.

Hotel occupancies rising — Kahn

By Sven Lünsche

Average room occupancies in South African hotels increased by 11 percent over the previous year to reach 54 percent for the 11 months to end-February, writes Southern Sun chairman Meyer Kahn in the group’s 1988 annual report.

“All star gradings reflected improved occupancies, with the three, four and five star sectors recording rises of 10, 17 and 11 percent respectively.”

And he is confident that the improved trend will continue, despite expected pressures on operating costs by a high inflation rate. “The current rise in industry occupancies resulting from a more buoyant local economy and an increase in the number of foreign tourists, are cause for cautious optimism,” he says.

Looking at the group’s financial position Mr Kahn says he expects further earnings growth in the current year on the back of an increase in group occupancies from 53 to 57 percent during the last financial year.

“The Johannesburg Sun also improved occupancy levels by 32 percent to about 50 percent, although it traded below levels of other hotels and depressed overall occupancies.”
Heerengracht to be redeveloped

CAPE TOWN — A new hotel is to replace the closed five-star Heerengracht Hotel in central Cape Town.

To be renamed the St George's Hotel, it will occupy space in the same building. The remaining space will be used for offices.

The building has been taken over by Southern Sun Hotel Holdings, already the city’s biggest hotel owner with the Cape Sun, the President, the Riviera on the Square, the Newlands, the Table Waal and two Holiday Inns under its banner.

The new hotel will have 137 bedrooms, fewer than the Heerengracht’s 210 when it closed and only about third of the number in the Heerengracht’s heyday.

The loss-making Heerengracht closed on January 1 after the City Council blocked plans by the owners, Trust Bank, to convert the building to offices.

The council won a court action to ensure the building continued to be a hotel.

Mr Bruno Corte, managing director of Southern Sun, said yesterday the company had negotiated a 15-year lease with Bankorp, the property arm of Trust Bank, with the option to renew for another 10 years.

He said: “We will spend about R4 million on refurbishing the hotel completely”.

Trust Bank was expected to spend R2 million on basic improvements. “Hopefully, we will reopen in October as a completely new up-market four-star hotel specifically designed to meet the needs of the business community”.

Mr Corte declined to reveal the rent but described the deal as a bargain.

He said: “It is costing us R30 000 a room but to build a similar hotel would cost up to R200 000 a room. And where can you get such a superb location? The hotel will provide between 120 and 130 jobs and a manager will be appointed from inside the group, Mr Corte added. The Heerengracht previously employed about 250 people.

The acquisition will raise Southern Sun’s number of rooms to 1 557 in the city.”
SOUTHERN SUN is believed to have paid well above market-related rates to lease part of the former Heerengracht Hotel, where it plans to open the four-star St George's Hotel on October 1.

All the major hotel chains in SA including Protea Hotels, which managed the Heerengracht, have been negotiating for the lease. Two MDs said they had offered market-related rates and understood that the Trust Bank had negotiated "a fantastic deal" with Southern Sun for at least 10% above their offers.

Southern Sun MD Bruno Corte, confirming yesterday that his group had obtained the lease with immediate effect, would not disclose the price but described it as "a bargain" in view of the location.

He said his group would spend R4m on upgrading the accommodation and expected to open a four-star hotel with 137 bedrooms on October 1. Work on refurbishment of the rooms would start on August 1.

Corte said the hotel would aim at the business market but it was intended to make the Peach Tree restaurant popular with the public for lunch and in the evening.

"We will rename it and re-open the entrance into the arcade. It will be a smart restaurant and cocktail bar. We have not decided on the new name for it yet."

Corte said he expected to appoint a hotel manager and 120 staff from within the Southern Sun organization.

"We will not have to recruit from overseas but if anyone very good applies to us we will consider it."

Koos Morland, Trust Bank area manager (corporate division) said he was certain Southern Sun would not pay less than market-related rates for the accommodation.

There had never been any difficulty in letting office space in the Trust Bank building on the Foreshore. But it had been unprofitable when 15 floors were occupied by a hotel managed for the bank.

It was a much better arrangement for the bank and its shareholders that Southern Sun should lease the accommodation.

Morland said he was happy that there would be a hotel in the building again.

"Cape Town really needs one between the Cape Sun and the Capetonian. There has been a serious shortage of hotel accommodation since the Heerengracht closed, not only for holiday visitors but for people coming to the city on business."
Call on govt for hotel allowances

However, the Indian government has been working hard to boost the tourism sector by providing various allowances to hotels and tourism-related businesses. The government has also launched several initiatives and schemes to support the hospitality industry during the pandemic. These efforts have been aimed at providing much-needed relief to the tourism sector and helping it recover from the impact of the pandemic.

The government has been working closely with the hoteliers and tourism stakeholders to ensure that they have access to the necessary resources and support. Various schemes have been announced to provide financial assistance, tax relief, and other benefits to the industry. These initiatives have been designed to help the industry cope with the challenges posed by the pandemic and emerge stronger.

In addition to the government's efforts, the private sector has also been actively involved in supporting the tourism industry. Many hoteliers and tourism businesses have come together to develop innovative solutions and strategies to overcome the challenges posed by the pandemic. These efforts have been aimed at ensuring the survival of the industry and its continued growth.

Overall, the government and the private sector have been working together to support the tourism industry during this difficult time. The industry has shown resilience and adaptability in the face of the pandemic, and the government's efforts have been aimed at providing the necessary support to help it thrive in the long run.

The tourism industry is an important contributor to the economy, and its recovery is crucial for the country's economic growth. The government's efforts to support the industry have been widely appreciated, and it is hoped that these initiatives will help the industry recover and continue to contribute to the country's economic growth in the coming years.
Resort fees in Natal increase by 15 pc

The Natal Parks Board has announced an increase in its entry fees and accommodation charges.

The accommodation charges have been increased by an average of 15 percent and entry fees to most reserves and resorts have been increased from R1 to R1.50 a person. The entry fee for vehicles to Hluhluwe, Umfolozi and Mkuzi Game Reserves has increased to R7.50.

Wilderness trails in Umfolozi will now cost R200 a person and campsite fees vary from R3 to R10 a person, depending on the sites and on the season.

A spokesman for the board said price increases were necessary as the government subsidy was not keeping pace with inflation.
People planning seaside holidays in Natal next month still have a wide variety of hotel accommodation to choose from. However, their chances of accommodation at one of the Parks Board's resorts are virtually nil.

With Free State schools closing for the winter holidays on Thursday and Natal and Cape schools on Friday, hotel spokesmen said the situation looked to be the same as last year.

As 90 percent of the hotel trade in Durban came from the Transvaal, much depended on the last rush of booking in the week before July 8, when Transvaal provincial schools closed.

**WARNING**

Although hotel accommodation seemed readily available, Parks Board staff have warned people not to travel to resorts on the off-chance.

Most holiday resorts in the Transvaal are fully booked. A spokesman for Overvaal said some of its resorts had been fully booked three months ago.

The National Parks Board said 11 camps in the Kruger National Park were fully booked until the end of October. A spokesman for Rondavals said there was limited accommodation available at some of its resorts, but bookings were fairly heavy early in July.

In Cape Town and the rest of the western Cape, there was still some holiday accommodation available.

The managing director of Captour, Mr John Roberts, said although the Cape was not popular among holidaymakers in winter, conferences this time of the year drew many internal as well as foreign visitors. In addition, there were attractions such as the hot air balloon meeting at Paarl and the Flora '88 flower show in Cape Town.
R2,4m loss for Milly’s

CAPE TOWN-based fast-foods and convenience store chain Milly’s Stores traded at a loss of R1m for the six months to December. In addition to this, amended figures issued today show a prior year adjustment of R409,000 and an extraordinary loss of R1,1m on the sale of the Carousel at Sea Point. — bringing the total loss for the year to R2,4m.

But a statement from Unidev says it considers the company still viable. It will underline a rights offer aimed at raising R2,5m to recapitalize Milly’s under new top management.

Milly’s previously published unaudited results for the six months to December showed a net profit of R338,000. Its shares were suspended on the Johannesburg Stock Exchange (JSE) on June 1 at the request of the directors after a suggestion that the interim figures may have been incorrectly reported.

Chartered accountants Kessel Feinstein were called in and their preliminary report revealed ‘the disparity in the figures.

Milly’s acting CE, Anthony Scott-Wilson of Unidev, says that no explanation has been forthcoming from former MD Michael Bruchhausen for the large discrepancy between the unaudited interim results as presented by him to the board, and the figures determined by Kessel Feinstein.

The official announcement states that the previously published results had been prepared by Bruchhausen and were accepted by the remaining members of the board in good faith.

Unidev has made it clear that it intends to support Milly’s, which will shortly be relisted on the JSE.

‘In spite of the major losses incurred, we believe that Milly’s is viable and we are taking active steps to safeguard both our own interests and those of minority shareholders,’ said Unidev executive director Ronnie Stein.

‘New financial disciplines have been imposed and we are confident that, barring unforeseen circumstances, the measures implemented will lead to a significant improvement in the company’s trading position within the foreseeable future.

‘Clearly however, Milly’s needs to be recapitalized in order to fund new growth,’ Stein said.

This will be done through the rights offer, details of which will shortly be sent to shareholders.

Milly’s was listed in the Development Capital Market (DCM) sector of the JSE in 1985 and embarked on a rapid expansion programme. After the failure of its first venture into the restaurant business with the acquisition of the Carousel, Bruchhausen announced that it would concentrate on expanding its retail and manufacturing activities.

It was planned to open 24 new stores in the current financial year and next year through Milly’s franchise operation.
Warning as tourism booms

CAPE TOWN — Foreign tourists are coming to South Africa in droves from Britain, Europe and the East. Hoteliers were reporting figures "starting to surpass the peak of 1984".

But Southern Sun managing director Bruno Corte has warned: "It just takes one incident and it stops tomorrow." He was speaking to Cape Town investment analysts about his group and its future.

The sensitivity of this sector of the market to political events meant the tourist trade had become wary of depending too heavily on foreign business.

Mr Corte said: "We would be happy if that (the foreign tourist sector) did not represent more than 15 percent of our business."

However, it was gratifying to note the number of visitors from abroad was starting to surpass the peak of 1984. 

Southern Sun's office in London was now handling double the volume it handled last year, he said. He noted that the character of the trade had changed.

"In 1984, the United States was the strongest market, and it was growing tremendously. Now there is just a trickle of tourism from the US."

"But tourists are coming from elsewhere. Italy is a country that is showing strong interest, and that's being helped by the direct flights from Rome."

"Germany, Switzerland and Britain are strong — but there is also an emphasis on the East, with significant bookings from Taiwan, and growing interest from Hong Kong, Korea and Japan."

"Australia is also a strong market, and South America is coming back strongly."

"So, with the exception of a few countries, the rest of the world does not see us too badly, and tourism is growing in leaps and bounds."

Highlighting the importance of the Cape, Mr Corte said: "Cape Town has to be on the itinerary for the international market."

Interest waned if tour operators could not get bookings in the Mother City for their foreign clients. — Sapa.
Athlone to be auctioned this week

Hotel groups, retirement centre developers and entrepreneurs in the sport and recreation fields, are likely to be among the bidders when Durban North's landmark the Athlone Hotel is auctioned on Thursday.

Mr Roy Alderdice auctioneer for JH Isaacs (Natal), says: "Serious inquiries from potential investors are coming in from far and wide."

Situated on a 1.4 ha site overlooking the Umgeni River, the hotel has 40 en suite rooms, three bars, a carvery restaurant, ballroom and parking for 500 cars.

The sale will be conducted in two parts — the hotel, property and business together, than the licence of the Athlone liquor store in Windermere Road.

"The hotel has been trading profitably," says Mr Alderdice. "It is being auctioned only because of the liquidation order against the holding company, Turf Holdings."

The municipal valuation is just over R2 million and bids are expected to be of this order.
Black tourists prefer 'easy-going' Cape Town

By MICHAEL MORRIS, Staff Reporter

CAPE Town's traditionally liberal attitude to race has been singled out as a key factor in the growing number of black people filling hotel rooms during the tourist season, industry spokesmen say.

Improved wages, chiefly, have given the black community greater mobility and, coupled with the crumbling of apartheid barriers in the recreation sector of the economy, black people are going on summer holidays in increasing numbers.

Problems remain for the black family heading to the Cape, but industry spokesmen say that, for the most part, the tours to Cape Town are likely to benefit first from the growing black tourist industry because of its "relaxed" attitude.

Just how conscious hoteliers are of the largely untapped tourist potential the country's black community represents was revealed recently by Southern Sun Holdings' managing director Mr Bruce Corte.

He told city financial analysts that the number of black people booking into hotels was increasing, and added: "There are 14 million customers who have not yet started to exert their economic muscle.

"He said Southern Sun — which will have 55 hotels with 16,600 rooms across the country by the end of the year — was actively addressing this market.

"There are no statistics to show just how many black people are booking into metropolitan hotels. What is clear, however, is that the figure is increasing.

"In fact, this paucity of data is the source of some frustration to the regional director of the Neglected Hotel, Liquor and Catering Association of South Africa (Pebasa), Mr Arnold Brock. It shows, he says, the industry's expectation that a country's skin colour is of no consequence.

Race records "irrelevant"

"There are no statistics because the people do not keep records of race. The person's colour or creed is irrelevant to us in the hotel industry." Mr Brock added: "There is no doubt that in the past two years, Cape Town has received an influx of black tourists, and I would think it is because they feel happier in Cape Town. That's the one feeling I have.

"To be realistic, one cannot look at it in terms of a boom. It will be gradual, but it will fill a lot of empty beds eventually."

By all accounts, black people feel happier in Cape Town, the same may not be said of some of the plateaued towns they must pass through while travelling to the Cape from inland.

Prominent black businessmen and academics told The Argus recently how they were forced to travel through country districts with military precision to avoid unfriendly towns and the indignity of being turned away from the local hotel.

"Mr Brock said: "We have a campaign to encourage country hotels to provide more accommodation. We believe it's inevitable black people will begin to travel in increasing numbers, and that the country hotels must gear themselves for better standards and more accommodation."

The hotel industry, he said, led moves to remove racial discrimination.

"We were the pioneers — we asked for the relaxation of the Liquor Act and we got it in 1966."

"I believe the hospitality business can spearhead a great future for South Africa, and I think the Western Cape is going to be the first to benefit because people here are far more relaxed on the issue of race."

Captured reports that its tourist advice centre is handling increasing numbers of inquiries from black people. However, it pinpointed one problem: black people may encounter — it says all hotels are non-racial, but some guest houses are not.

A sound, to probe 1 at city hos

Staff Reporter

REVOLUTIONARY magnetic scanning equipment, enabling doctors to see inside the body without using radiation is being installed at the City Park Hospital.

It will be the first scanner of its kind in the Cape, according to the president of the Magnetic Resonance Society, Dr Jan Lott.

Considered probably the most important technological advance since the discovery of X-rays in 1936, the magnetic resonance procedure is quick, pain-free, has no known side-effects and produces remarkably clear images.

MAGNETIC FORCE

It can be used to scan pregnant women without harming either the mother or foetus, and, in the case of spinal diagnosis, does not involve injections.

However, the powerful magnetic force that gives the procedure its name means people with pacemakers or other met-

SCANNER'S HOME: Dr Jan Lott, president of the Magnetic Resonance Society, points to the heavy steel frame that will encase the City Park Hospital's new magnetic scanning equipment.

REVOLUTIONARY: This slide, produced by revolutionary magnetic scanning equipment soon to be installed at the City Park Hospital, shows a patient's skin, heart and neck in what radiologists say is remarkable detail.

Early indications show 1988 industrial action at low level

JOHANNESBURG. — A survey of man-days lost through strike action in the first six months of this year indicates a marked industrial

"The sectors which have lost the greatest number of man-days through strike action so far in 1988 include the automobile industry and the as occurred on June 6, 7, 8 and 16."

"Although it is still too early to predict that the year-end
2 major hotel resorts planned for Comores

Sun International announced last night at an elaborate press conference that it had reached agreement with the government of Comores for the operation of two prime hotel resorts on the main island of Grande Comore.

The Comores Islands are situated in the Indian ocean, about 300 km from both the east coast of Africa and north of Madagascar.

Guests were given a taste of what life would be like at the planned hotels at the press conference and cocktail party held at Sun International headquarters, Sandown.

The chairman of Sun International, Mr Ian Heron, said that after 15 months of negotiation, agreement had finally been reached with the government, and the larger R46 million Galawa Hotel would be completed in April 1989.

He said the smaller Itsandra Hotel had been completely gutted and was being refurbished at a cost of R6 million.

Both hotels are situated on the shore line of the Indian Ocean, and are both 20 minutes drive from either side of Habays Airport on Grande Comore.

Mr Heron said the Comores was a poor country and the development of the tourist industry would have a major impact on the country's economy and infrastructure.

The two hotels will be managed by Sun International through an operating company which will be capitalised at approximately R10 million, Sun International being the major shareholder.

He said the operating company would lease the hotels from a Comorian property holding company called Nouvelle Socotel.

Sun International hoped that about 85 percent of the tourists would be South African, Mr Heron said.

in diamonds stolen
PRETORIA. — The Cape has been overtaken by Johannesburg as a centre for foreign tourism, judging by hotel occupancy figures.

The findings of a Central Statistical Service survey reveal that the most popular tourist region in South Africa in terms of bed-nights sold was Johannesburg (33.1 percent) which showed a substantial market share increase compared with April (27.3 percent).

The number of bed-nights sold to visitors to the Cape Peninsula fell by 2.8 percentage points and those to visitors to the Garden Route by 2.5 percentage points.

Three-star hotels sold the largest number of bed-nights — 36.8 percent of the total — to foreign tourists during May 1988, according to the survey.

Five-star hotels were second (22.9 percent), followed by two-star (20.4 percent), one-star (15.7 percent) and four-star (14.2 percent).

The market share of five-star hotels increased from 18.1 percent in April as a result of a decrease in the total number of bed-nights sold in other star gradings.

Mainly from UK

Visitors from the United Kingdom still represented the largest group of foreign tourists staying at hotels, increasing to 28.7 percent of the total compared with April (26.3 percent).

The percentage of bed-nights sold to visitors from Africa decreased from 16.3 percent in April to 15.2 percent in May 1988, with that to visitors from West Germany from 18.7 percent in April (26.3 percent) lower than the figure reached in April (98 030) and 16.3 percent higher than the figure for May 1987 (64 972).
Three-star hotels sold the largest number of bed nights – 26.5 percent of the total – to foreign tourists during May 1998, according to a Central Statistical Service (CSS) survey.

"Five-star" hotels were second (22.3 percent), followed by "four-star" (19.4), "three-star" (15.7), and "two-star" (14.2).

The market share of five-star hotels increased from 19.1 percent in April as a result of decreases in the total number of bed nights sold, in other star gradings.

Visitors from the United Kingdom still represented the largest group of foreign tourists staying at hotels, increasing to 26.7 percent of the total compared with April (26.3 percent).

The most popular tourism region in South Africa in terms of bed nights sold was Johannesburg (33.1 percent).

The total number of bed nights sold to foreign tourists during May 1998 (75,637) was 24 percent lower than the figure reached in April (93,030) and 16.2 percent higher than the figure for May 1987 (64,377).
Durban has a boom July

By the time Durban's winter holiday season ends next week, nearly half a million visitors will have spent their July holidays in the city, says Durban Publicity Association Director Mr. Andrzej Klepiela.

Of five major events, the Rothmans July Handicap, the Gunston 500 Surfing Championship, the 1988 Durban Tattoo and the NBS House and Garden Show have all proved to be smash hits.

The last one is the Cargo Air Show, scheduled for tomorrow at Virginia airport. This is also expected to be a success.

Mr. Klepiela said 230,000 visitors who came to Durban lived in hotels, holiday flats, time-sharing blocks and other paid accommodation, while another estimated 60,000 lived in private homes.

In future, holiday seasons will feature a host of events to draw holidaymakers to Durban.
HOTEL INDUSTRY

Starry-eyed

The recent row between the hotel industry and government over the sharp reduction in tax write-offs on hotel buildings — subsequently increased from 2% to 5% a year — had at least one positive element.

The long-neglected one and two-star sector of the industry should be the biggest beneficiaries of the tax restructuring. They do, after all, make up 80% of SA hotels. SA has 10 five-star, 19 four-star, 105 three-star, 236 two-star and 946 one-star hotels.

With five-star hotels no longer enjoying most favoured status with large tax depreciation benefits on building costs and a 50%-30%-20% depreciation allowance over three years on equipment, the focus of future hotel development should swing to refurbishment of existing one- and two-star hotels.

"Internationally, most tourists prefer two-star hotels, as they provide comfortable standards at reasonable cost. I expect many one-star hotels now to follow the refurbishment route," says the SA Tourism Board’s (SATB) director of standards, Piet Toerien.

Older, smaller hotels can get maximum tax benefits on equipment by upgrading to meet tourist standards. Ultimately, hoteliers will have to choose between remaining liquor-based businesses, or catering for tourism.

Fedhasa president Mike Kovenisky says government’s reaction to industry appeals led to a "positive response" from people in the industry. "The changed status of different hotel gradings in the new dispensation, as well as government’s response to our complaints, has created a positive stimulus."

Kovenisky says the one-to-three-star sector will take note of the advantages provided for them. They now have a competitive edge on new projects.

"With the depreciation allowance on movable, one- and two-star hotels can now undertake upgrading projects to boost the value of their investments at a far lower comparative cost than building new establishments."

Provided the low-star hotel has the necessary bathrooms, refurbishment can be done for R5 000-R7 000 a room, compared with

R100 000 a room to build a new, fully serviced hotel, he adds.

Kovenisky says more hotel developments on the two-star level, which is the focus of growth in the local tourism market, is good for the local industry — especially considering that of SA’s 50 000 hotel rooms, 25 000 are provided by one- and two-star hotels.

"Small hotels make up 80% of the total in SA and provide 50% of the rooms," he notes.

As far as new developments are concerned, only new projects worth R200m-R250m might still be in the balance (Kovenisky was previously quoted as saying new projects worth R750m could be abandoned unless government reconsiders its 50-year tax write-off on all hotels, regardless of star gradings).

"Projects valued at about R500m are on the books of existing developers, who have indicated they will continue as planned. The balance affects new investors in the market who are still doing their sums," he says.

Even here, there is hope that projects might be saved. Kovenisky says Fedhasa, the SATB and the Ministry of Tourism will get together to discuss alternative support schemes for the industry.

"We might look at cash grants, low-interest loans or other schemes that exist in most European countries. Government has signalled its support for the industry."
Food 'has room for improvement' despite a big facelift

By Sue Olswang

The Airport Services Division of the Fedics Group has spent about R450 000 in refurbishing and creating new facilities at Jan Smuts airport, but some businessmen and travellers are still critical.

Mr Richard Cohen, a director of a leading supermarket chain, said he has noticed an improvement in catering facilities at Jan Smuts airport.

"Catering facilities certainly seem far improved and there are now a lot more restaurants and convenience places," he said. "But service is not always of a high standard and prices tend to be a bit on the expensive side."

"I've also found that food presentation often leaves a lot to be desired. They need more fresh foods and they also need to present them in a more appetising manner."

Mr Cohen said catering facilities needed to staff their areas better during peak periods when restaurants seemed to struggle with huge passenger volumes.

"They don't seem to lay on casual labour to cope with congestion problems, for example during flight delays. At these times service is poor and it's sometimes difficult to even get a hot cup of coffee," he said.

An agent for a large travel agency based in Johannesburg said: "Fedics may well have spent close to R500 000 on upgrading and creating new facilities, but I don't believe anyone has noticed the difference.

"The food at the 'Breakaways' restaurant in the domestic departures section is good and the service is superb, but their prices are too high."

"Passengers have no choice about eating at airport catering facilities while they wait out delays, so caterers can basically serve anything and charge whatever they want to."

Two other Johannesburg travel agents said their passengers had "not noticed" any changes in catering facilities at Jan Smuts airport.

"I don't believe many passengers have noticed anything new because we haven't had response whatsoever," said the one agent.

However, Mr John Bing, secretary of the Association of South African Travel Agents (ASATA), said he had received good reports about upgraded catering facilities.

"Most people recognise that they've tried to do something to improve catering facilities, but that's what the travel industry in general wants to see.

"We want to see money being spent on improving technical facilities because we don't want Jan Smuts to look like a Third World airport with kiosks, shops, bars and cocktail lounges."

This applies to both the domestic and international arrivals and departure sections, as well as transit and non-transit areas, at Jan Smuts, D F Malan and Louis Botha airports.

Mr Nic Podmore, managing director of Fedics Retail Services, which Airport Services is a division, said his group has spent R450 000 in refurbishing and creating new facilities at Jan Smuts airport over the past year.

"The Department of Civil Aviation (DCA) accepted most of our recommendations and refurbishing ideas, and these have, in the main, already been implemented.

"Clear signs have been put up showing the public how to find our restaurants, kiosks and so on."

Mr Podmore's implementation of our suggestion of neon signs to various facilities around the airport is an example of his group's commitment to improving the airport's facilities. It spent over R250 000 on designing and building the new signs, which were unveiled last year. They are now a feature of Fedics' new facilities at the airport.
Non-smokers in ‘own areas’ in restaurants

DURBAN — Non-smokers will have their own seating areas in restaurants in terms of a new recommendation to be considered by the Durban City Council’s management committee this week — a change from the original proposal.

It was originally recommended that the city’s by-laws be amended to prohibit smoking in restaurants unless a clearly demarcated section was set aside for smokers.

When this came before the committee last week it was decided that the amendment should be reversed to make it incumbent on restaurateurs to set aside areas in their restaurants for non-smokers.

The area will have to be identified by a “No Smoking” notice in prominent lettering, that must be no smaller than 10 cm.
Dolly ‘insults’: Bar boss blasts racists

By JEREMY DOWSON
Staff Reporter

THE manager of the Simon's Town hotel where cricketer Basil D'Oliveira and a friend were allegedly the butt of racial insults said any visitors who made racist remarks would be "thrown out immediately".

Mr Cyril Dunsby of the Lord Nelson Hotel was reacting to a report in Britain's Mail on Sunday which said the Cape Town-born former England batsman and his long-time friend, Wynberg businessman Mr Saleem Musson, were insulted at the hotel last month.

Headlined "A cricketing legend finds it's not so nice to be back where he belongs", the report quoted Mr D'Oliveira as saying "nothing has really changed" in South Africa in the past 20 years.

The newspaper said Mr D'Oliveira, who was accompanied to the one-star establishment by Mr Musson, went into the Lord Nelson bar.

Reporter Jonathan Margolis, who was apparently waiting outside the bar, wrote that a "roar of derision" broke out when Mr D'Oliveira ordered a drink.

Mr Dunsby, who denied any knowledge of the incident, said the bar was open to all races.

"We don't object to blacks, as long as they're respectable."

Asked what would have happened if the management had heard Mr D'Oliveira being insulted by white patrons, Mr Dunsby said: "We'd have thrown them (the whites) out."

Mr D'Oliveira made international headlines when England selected him to play against the Springboks in the 1968-69 tour to South Africa.

The then Prime Minister, Mr John Vorster, refused to accept Mr D'Oliveira, and England cancelled the tour.

The Mail on Sunday, which said it paid for Mr D'Oliveira's trip, reported that he and the other players named for the cancelled 1968-69 tour had been invited by the South African authorities to Johannesburg next year to play against the Springboks of that period.

He told the newspaper, "I've been thinking about that offer and I feel I just cannot do it. It's going back 20 years and nothing has really changed."

"As soon as they say I can live in a white suburb like Sea Point and smash the Group Areas Act, the basis of apartheid, I will be happy to go home."

Mrs Mona Musson said her husband was away on business in SWA/Namibia.

Mrs Musson said she had heard Mr D'Oliveira and her husband talking about an incident at a hotel.

"But I don't know any details."

She said her husband, a former Transvaal cricketer, had known Mr D'Oliveira since the 1960s.
Biting back

Johannesburg restaurateurs plan to ask the city council either to get tougher with the city’s mobile hot-dog vendors or relax regulations governing restaurants.

Most of the pressure is coming from fast-food outlets. Although their concerns are shared by the more upmarket restaurants, the latter are not as threatened by the proliferation of mobile food vendors.

The issue does, however, highlight the general overregulation of the restaurant business.

Laurie Davidoff, joint MD of Bimbo’s, part of Interleisure in the Kersaf stable, claims it costs R300 000 to start a fast-food outlet, because of the complex legal requirements which have to be met.

Plans must be professionally drawn. “Once approved by the council, it is difficult and costly to deviate from them. Inspectors work by the book.”

Regulations, as outlined by city chief health inspector Lionel Andrews, certainly are not for the faint-hearted.

He explains that a restaurant, cafe or fast-food outlet must have a kitchen and scullery of at least 32 m² in extent, a storeroom of at least 16 m², a chanceryroom with a minimum arch of 7 m² and separate toilets for men and women.

The maximum-size dining area that may be served from a 32 m² kitchen is 40 m², which may seat 33 diners at the most. If a restaurateur wants to accommodate more diners, he must enlarge the dining area by an extra 1.2 m²/person and the kitchen by 0.4 m²/person.

Restaurants can expect at least one visit a month from health inspectors, who may warn them, prosecute them and even close them down if they consistently contravene the city’s food bylaws.

Restaurateurs accept the need for some form of control, but complain that, in an age of deregulation, they are constrained by too much red-tape — unlike their sidewalk com-

petitors. Many regulations, they claim, are “out of date or too severe.”

André Rust, owner of De Fisterman Restaurant, maintains a lot more than 40 people can be served from a kitchen smaller than 32 m², “if it is used productively. And we don’t need a 16 m² storeroom.

“Maybe they do in the country areas, but, in Johannesburg, we can order what we need on a daily basis and have it delivered in two hours. I’m paying R20/m² for a lot of space I don’t really need.”

Limits on hot-dog vendors are less onerous. The council insists their carts, which cost R10 000-R15 000, be made from stainless steel, that they have a refrigerator, equipment to store heated food and hot and cold running water.

They must also adhere to council food regulations and health inspectors are entitled to take samples of their food for analysis.

To protect fast-food outlets, in particular, the council has decreed that vendors have to move every two hours, operate outside the defined CBD area and no closer than 100 m from the nearest source of similar food.

The problem is that many street vendors turn a blind eye to the regulations. They contend it’s worth risking a R20 fine to stay in a good position if business is brisk. The fine for operating without a licence in the CBD is R50.

Adds Bimbo’s Davidoff: “The fumes of vendors’ cooking go whichever way the wind blows. But we have to provide expensive extraction fans, costing around R30 000, to extract the smell of our grilling.

“Moreover, those guys can expose their food to the public right out in the open. But when we lay food out for the public to inspect, we have to provide a sneeze guard to ensure no one can touch it or sneeze on it.”

Eric Parker, executive director of Interleisure, which counts Bimbo’s, Longhorn and Captain Dorego as its fast-food subsidiaries, laments: “It’s unfair. We pay rent, we pay taxes, we help improve an area by creating outlets that are acceptable to the public — and to survive we have to provide good food.

“When lunchtime business drops — and most of CBD business is lunchtime business — the vendor moves off. But we’re left with our R300 000 investment.”

That might sound a little like special pleading, but restaurateurs do seem to have a point. The problem with deregulation is that if you do it for one, you should do it for all.
Committee quits over blackballing

OWN CORRESPONDENT
MARITZBURG. — The blackballing of the president of the Maritzburg Chamber of Commerce from the exclusive Victoria Club this week has prompted the entire committee of the club to resign.

Many other members are questioning their continued membership after the application for membership by Mr Kay Makan was refused.

Mr Makan's membership was proposed by former president of the Chamber of Commerce Mr Bill Lambert, and seconded by another former president, Mr Ron McDonald. Both have resigned from the club.

According to a memo on the club's notice board, the committee said it felt the decision not to accept Mr Makan as a member had been orchestrated by a small minority of members.

"It is a particularly sad day for Maritzburg," said the mayor of the capital, Mr Mark Cornell, whose immediate reaction to the snubbing of Mr Makan was to resign as a member of the club.

"After consulting with the committee it seems that a special general meeting is going to be called and it would serve more purpose if I stayed on as a member to register my vote. I will make a decision after that meeting."

The regional chairman of the PFP, Mr Mike Tarr, and the regional youth chairman, Mr Greg Krumbock, issued a joint statement yesterday, expressing the party's "disgust" at the blackballing of Mr Makan.

"We assume that members of the club are ashamed that the man who was elected to lead commerce in the city is not acceptable to the Victoria Club, and we call on them to demand a special general meeting to resolve the matter and to publicly apologize to Mr Makan."

The statement said failing this, members should resign.

Club members approached said they would consider their position after the special general meeting.

Mr Makan was out of town yesterday and was not available for comment.

● Indian members of the Durban Club would not be refused entry to the Victoria Club as the clubs enjoyed reciprocity, secretary Mr M D de Hanff said.

GABORONE. — Two alleged South African "commandos", said to be linked to a foiled raid on Gaborone on June 20, as well as the manager of a local supermarket, are to stand trial in Botswana's High Court.

Gaborone 'raiders' on trial
Hotel evicted coloured patrons from bar

Cape Times, Friday, August 6, 1988

By Chris Bateman
Blackballed — may reapply

Own Correspondent

MARITZBURG. — It is understood it will be proposed that Mr Kay Makan, blackballed by the Victoria Club this week, be invited to reapply for membership.

The entire committee resigned from office over the blackballing.

Mr Makan, president of Maritzburg Chamber of Commerce, said it was too early yet to decide whether he would reapply for membership if invited to do so.
Fedhasa chief in call to challenge govt decisions

HELIOBE HENNING

DURBAN — The hotel and liquor industry should not accept changes in their business through government policy as the final word, Fedhasa president Mike Kovensky said yesterday.

In his opening address to the conference, Kovensky said government decisions were being taken about the industry without the necessary understanding or prior consultation, while issues requiring urgent decisions and urgent implementation were delayed and discussed ad nauseam.

The delay in implementing the new Liquor Act was a further example of "inefficient management structure prevailing within the parliamentary system," said Kovensky.

Uncertainty

The change in grading allowances would affect the industry in five years time, because at least R50m worth of new investments in hotels, backed by new entrants, were lost because amended tax allowances made return on investment less attractive now.

Uncertainty still prevailed on what was meant by the term "movable" asset in the new tax allowances scheme which provides for a 50%, 30% and 20% write-off. Kovensky said this would have to be clearly defined.

The termination of vertical integration, while it was aimed at dismantling the economic concentration in the liquor industry, should not be accepted as final.

Kovensky said Fedhasa's reaction would be released soon.

The liquor industry had been hit by an unprecedented round of price increases because of the dominance of a few producer-wholesalers.

Kovensky said the hotel sector had just experienced its best quarter since 1988.

Meeting proves an 'eye-opener'

THE weekend meeting between 40 businessmen and representatives of "progressive" organisations was notable for the intense willingness of both sides to get to grips with consultation without setting uncompromising demands.

Christo Nel, co-ordinator of the Consultative Business Movement (CBM) which called the meeting with Cosatu and several UDP affiliates, said it had been encouraging to see businessmen getting to grips with political issues. For many, the meeting had been an eye-opener on the grievances felt by these bodies. CBM members included Tocorla chairman Cedric Savage, Southern Life's Neil Chapman, AECL CEO Mike Sander, former Judge Anton Mostert and Turner Newall CEO MC Pretorius. The group had several academics and professionals, including Professor Sampie Terblanche.

Nel said the CBM did not see itself as "applauding other business organisations and aimed to interface with them."

And now — no hiding place!

DURBAN — Men-only bars are on their way out under the new Liquor Act expected to come into effect in April. Liquor Board chairman Tommy Vorster said yesterday.

"We are doing away with sex discrimination and all bars will become ladies' bars. They will all be open to women," he told the Fedhasa conference in Durban.

Under the new law, Vorster said: □ Trading hours for bottle stores would be from 8am to 6pm (8pm in some cases) on weekdays, while deliveries could take place until 7pm. On Saturdays they could open from 8am to 1pm, with deliveries until 5pm.
□ The Minister of Trade and Industries would be able to intervene and immediately stop the sale of liquor at an establishment where food was "purely incidental." — Sopa.
'Delinquent traders' cause losses

DURBAN. — The Government is losing millions of rands in sales tax as "delinquent traders" bring in vast amounts of liquor from the neighbouring states, according to the outgoing Fedhassa president, Mike Kovensky.

In his presidential report presented to just over 300 delegates at the annual conference at Fedhassa at the Royal Hotel, Durban, Kovensky said yesterday that liquor from neighbouring states was not taxed and this enabled traders to sell at low prices — even below the SA wholesale cost price.

He said the new VAT system would improve the situation, but it was not fool-proof.

"Fedhassa will continue to make representations to Government in an attempt to find a solution," he said. — Sapa.

Tax changes "inhibiting"

DURBAN. — The hospitality industry stands to lose about R500 million worth of new projects because of the government scrapping attractive tax incentives and introducing a system which is not that beneficial, according to the incoming president of The Federated Hotel, Liquor and Catering Association of South Africa (Fedhassa), David Wigley.

Tomorrow morning he takes over officially as president of the country's major private sector movement in the hospitality business which is a R3bn a year industry in the SA economy.

Durban, as SA's premier holiday resort, enjoys a "big piece" of this industry.

He said that in the past, the government made attractive tax concessions and up to last month R750m worth of new projects were planned when the authorities decided to scrap the incentives.

Of this figure, about R250m worth of new projects could be scrapped by developers, most of them newcomers to the industry.

"The hotel grant scheme was based on the rating system which enabled the hotelier a tax grant. However this has been scrapped. Fedhassa then made submissions to the Minister of Finance to replace it with a scheme. While it has been less beneficial, we do believe that it is at least something.

"The new tax benefits will inhibit the growth of more four and five star hotels," said Wigley. — Sapa.
Fortune is at stake in Cape fast-food feud

The Johannesburg-based, R40 m-a-year Porterhouse restaurant chain is putting the Cape-based Spur group under mounting pressure, with the strongest challenge yet for a major share of the lucrative Cape family fast-food market.

In the past 10 months two Porterhouse restaurants have been opened in the Peninsula, one in Green Point and the other in Parow, and a third opens next week in Wynberg.

Executive chairman Allen Amor insists he does not see this as a threat to his market share, but the recent changes in Spur's menu seem to be an exercise in preventing Porterhouse from taking the lead in the market, considering that the 21 new items on the menu are priced on par with those of Porterhouse.

The menu now also includes many dishes similar to those offered by Porterhouse.

Menu changes

Amor, who forecasts in Spur's annual report that the coming year will be tougher as the "economy cools down," says the two changes "suit the tastes of two very different types of clients."

The report attributes changes in the Spur menu, including lighter meals, to make it more flexible.

Amor, pointing out that this could result in a lower bill for clients who want fewer extras, says this is not a defence against Porterhouse. Public tastes are changing, he says, and Spur is adapting by offering clients a larger variety and catering for the health-conscious.

The fact that Spur is mainly a franchise operator, run by their own managers, gives it an advantage over Porterhouse, which is a chain of restaurants that is run by the Interleisure group, he believes.

"They may have a price advantage through bulk buying. But the fact that each of our franchises does its own buying local, which for a few items such as sauces, gives each branch an individual character and ensures freshness and high quality."

"We feel this gives us an essential advantage which will bring us out on top."

Everyday needs

Dave Hansen, regional manager for Porterhouse, says Porterhouse restaurants are trying to cater for the everyday needs of people and have priced their menu accordingly.

He claims that since Porterhouse's entry into the Cape Town market it has had a client turnover of about 20,000 people a month, whereas the average is about 3,000 to 5,000 a month; this would indicate a change in the market.

Porterhouse's turnover is in the region of R40 m a year and while figures are not available on percentage contributed by the Cape Town restaurants, it is suggested that it is in the region of 26 m a year — or a turnover of R5 m a restaurant.

Hansen indicates this was a target figure for the new restaurants which Porterhouse opened and expected to grow with the market.

The cost of setting up a new restaurant by each group varies considerably. Spur, being a franchise operation, requires a considerable up-front cash payment; then there are funds which have to be paid into a regular basis. In addition to this, a percentage of profit is paid to the franchisor.

Porterhouse, on the other hand, tends to take over restaurants which are not doing too well and adapt them to its own style — which can be advantageous as the infrastructure and client base is already there.

How they square up: This is how, at a glance, the fast-food/steakhouse giants square up to each other nationwide as the battle heats up in the Cape for the major share of the family quick-service market.
Mount Nelson Hotel sells for £6m

CAPE TOWN - THE Mount Nelson, Cape Town's "old world" luxury hotel in the Gardens, has been sold by its UK owners British and Commonwealth for £6m in a deal concluded only last night.

The purchaser is Oriental Express Hotels, a group quoted on the New York Stock Exchange and 60% controlled by Bermuda-based Sea Containers.

The "Nellie" does, therefore, remain in foreign hands. But the new owners would be willing to sell up to 50% of the equity to SA partners, said James Sherwood, president of Sea Containers.

Unicorn Lines and Grindrod Shipping founder Murray Grindrod has, apparently, expressed interest in a share - and was very much in evidence yesterday when the sale was announced.

The Royal Hotel will not charge its guests for an extra room. They do not believe it is a luxury that can be provided for every guest. The hotel consists of a large building, but the interior is quite simple. The rooms are spacious and comfortable. The hotel is located on the edge of the town, providing guests with a quiet and peaceful atmosphere. The town itself is a charming place, with many interesting sites to visit. If you are interested in history, there are several museums and historical sites to explore. If you prefer nature, there are many parks and gardens to enjoy. The hotel has a restaurant and a bar, both of which offer a variety of dishes and drinks. The staff is friendly and helpful, and they make sure that your stay is comfortable and enjoyable.
JOHANNESBURG. — Pleasure Foods, Anglovaal group's operator and franchisor of fast-food outlets which was formerly Juicy Lucy, has announced earnings of R3,4m for the 13 months ended June 30, — equivalent to 8,4c a share based on the weighted average of shares in issue — has increased its dividend to 3c (1987: 2,5c) a share and expects a significant improvement in the current year's results.

For the year ended May 31, 1987, the attributable profit was R0.5m or 6,1c a share, on the old capital. Thus, the 13-month earnings reflected a 39% rise.

Consolidated turnover was an impressive R65m (1987: R9,2m) and this resulted in a pre-interest and pre-tax profit jump to R5,2m (R1m).

The board reports that the Wimpy division returned exceptionally good results, but the Pizza-land/Pizza Hut rationalization was more disruptive than expected on trading results and led to a loss.

The Juicy Lucy division reported improved results as did BJ’s Pantry.

With interest-bearing debt increasing to R8m (R0,6m), the interest paid factor rose to R0,5m (R0,1m).

The pre-tax profit was R4,7m (R0,9m) but the tax bill absorbed R1,3m (R0,4m).

Pleasure Food's share of associated company earnings was fractionally above its minority interests payments, leaving earnings totalling R3,4m (R0,5m).

In spite of the acquisitions and increased business activity, gearing was still a very commendable 11,9%, while net worth at the year-end rose to 133c (35c) a share. — Sapa
Wimpy Bar plans to tighten security

WIMPY Bar franchise holders from around the country will meet in Johannesburg today to discuss the tightening of security arrangements, after yesterday's limpet mine blast in an East London Wimpy.

The blast injured 23 people, two of them seriously.

Pleasure Foods MD Vincent Hays said atrocities such as the East London blast "must be eliminated forthwith".

His company had had discussions with Law and Order Minister Adriaan Vlok, "who has expressed his concern and has assured us the necessary steps will be taken to ensure the safety of our customers".

Fedhosa's executive committee had also been asked to call an urgent meeting to discuss additional security measures, Hays said.

Yesterday's bomb-blast was the third at a Wimpy Bar in 26 months. On July 30 this year a bomb exploded in a crowded Wimpy Bar in Benoni, killing one person and injuring 56. A blast at the Rissik Street, Johannesburg, Wimpy Bar on June 24, 1986, injured 18. — Sapa.
Activities: Operates the Spur and Hard Rock restaurant franchises.
Control: A 47% stake is owned by Spur Holdings, of which the directors own 55%.
Chairman: A J Ambor; managing director: G Topal.
Capital structure: 12.5m ord. of 1c; 2,375m 5% cum red convertible pfd. of 1c. Market capitalization: R15m.
Share market: Price: 120c. Yields: 7.5% on dividend; 7.5% on earnings; PE ratio, 13.3:
cover: 1.0. 12-month high, 187c; low, 90c.
Trading volume last quarter, 1.2m shares.
Financial: Year to February 29.

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* Pro forma figures from prospectus

integrated and produced profits ahead of warranted levels.
Chairman Allen Ambor says a new menu at all Spur outlets will have 20 new items, giving more flexibility and lighter meals.
Hard Rock has also broadened its steak range.

Advertising and promotions policies have been revamped, with a view to further improvements in sales. The network of franchised outlets continues to expand, which should also increase earnings potential. But Ambor is concerned that government's fiscal needs may erode consumer disposable income and slow growth prospects.

Spur Steak Ranches itself is purely a franchise operator: Spur Holdings not only has effective control of Ranches, but also operates under franchise from four Cape restaurants. These provide 62% of its net income, against 38% in attributable earnings of Ranches. While at this stage Ranches sees no need to retain earnings, as no financial aid is extended to new franchisees, Holdings held back R230 000 last year, equivalent to about 25% of its own operating income.
Both companies were upgraded from the DCM to the main board. The group continues to investigate possible further acquisitions, but so far none has proved suitable.
Analyists disagree whether pure franchise income (franchise fees, advertising costs recouped and revenue from restaurant supplies) should be more highly rated than operating income. Certainly, as it bears no part of losses should a franchise go bust, Ranches' income is steadier; on the other hand, operating profits from a focused group of restaurants could offer greater growth potential.
The market seems to think these considerations cancel each other out, and the two shares are generally priced on a similar yield basis. Commendably, both are still standing well above their issue prices, of 40c for Ranches in May 1986 and 70c for Holdings a year later. Both are naturally well off their 12-month high and historic yields of 7.5% or so should not—at worst—carry much downside risk.

Michael Coulson
The hotel was sold to Bermuda-based Sea Containers Ltd (SCL) by the British Commonwealth company, SCL, an international consortium with assets worth a reported US$1.4bn, is quoted on both the London and New York stock exchanges. Its main business is the leasing of marine containers, container ships and cranes. It operates in 95 countries around the world and also owns luxury hotels in North America and Europe.

SCL president, James Sherwood, said in Cape Town last week that his company planned to restore the hotel to its former glory as SA's top luxury hotel. He hoped to make it a major drawcard for foreign tourists. Although still favoured with a five-star grading, the Mount Nelson is considered to have slipped in recent years from what many patrons regarded as the country's premier hotel to about halfway down the top 10 list.

Sherwood says SCL has plans to offer SA investors a 50% stake in the hotel. He says no major changes are on the table and expects the 70% foreign occupancy rate to continue. The deal with British Commonwealth involved the Mount Nelson and its rambling gardens, the neighbouring Helmsley Hotel, and a number of adjoining properties including staff quarters.

In search of glory
The sale last week, for R25m, of Cape Town's historic Mount Nelson Hotel ended months of speculation over the "Nellie's" future and finally laid to rest suggestions that the famous pink palace was to be knocked down to make way for residential development.
Not blue skies

Much has been written about the operational gearing of Southern Sun (Suthsun) and its ability to swing into profit on the strength of higher room occupancies. Chairman Meyer Kahn was less ecstatic recently when he described the group not as having recovered, but rather as sitting up and taking liquids.

The earnings improvement in the year to end-March was substantial, though. EPS leapt from 2.7c to 14.9c and turnover climbed by 19.5% to R314m. Room occupancies at 57% remained above the industry average of 54% and a major improvement came in the second half of the year, when they reached 61% against the year-ago 54%.

What was more encouraging was that the group, excluding dividends from the Sun International, Southern Sun Timesharing and TFC interests, made a profit of R1.2m against a loss in 1987 of R235 000.

More overseas tourism was important in helping the industry to its feet. This is the cherry on the top, as it represents less than 10% of room nights sold, but an increase of 50%, such as occurred last year, can make the difference between profit and loss.

The other side to that coin is that international standards have to be maintained and payments for refurbishing are high. Kahn gives this as the reason for the rise in financing costs, including preference dividends to outside shareholders, of 17%. Fortunately, the refurbishment programme is expected to tail off from 1990.

Despite these problems and the surplus capacity in the industry — though there are certain areas and periods when accommodation is hard to find, as anyone trying to find a room in Cape Town in high season will agree — Suthsun has continued to expand. The Drakenstein Sun added another 150 rooms in December, before the recent fire closed it again (costs of reinstatement will total R5m but are covered by insurance); a 150-room hotel is to be opened in Bloemfontein; a 100-room luxury lodge is to be built at Matelan; and just announced is the takeover and planned refurbishment of the Breakers Hotel in Umhlanga Rocks through Southern Sun Timesharing.

Granted the debt/equity ratio is low enough for expansion on this scale, but one wonders whether it would not be wiser to wait until the pre-interest margin was somewhat higher than last year's 0.4%.

An important reason for the low margin is the high escalation in costs. Though Suthsun's employees are claimed to be the highest paid in the industry, there continue to be labour disputes, the latest arising from work-

Activities: Owns and operates hotels; has 20% of Sun International; 50% of Southern Sun Timesharing; and 50% of TFC.

Control: SA Breweries has an effective B84.4%.

Chairman: J M Kahn; managing director: B Cote.

Capital structure: 70.3m of ordinary 10c. Market capitalisation: R253m.

Share market: Price: 360c; Yield: 2.8% on dividend; 4.1% on earnings; PE ratio, 24.2; cover, 1.6. 12-month high, 680c; low, 315c. Trading volume last quarter, 360 000 shares.

Financial: Year to March 31.

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<td>(1.9)</td>
<td>4.8</td>
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<td>378</td>
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*Net of cash

Source: Deby Barkhan Hoy

FINANCIAL MAIL, JULY 29 1988
Low occupancy closes 200 rooms at Carlton

TWO hundred rooms of Johannesburg's Carlton Hotel are to be closed from October 1 as a result of low occupancies.

In a statement yesterday, hotel management group Three Cities chairman Russel Stevens said the hotel hoped to "maintain a cost-effective, profitable operation".

"By running a tightly controlled operation we are well positioned to keep costs as low as possible while still providing the best service in town," Stevens said the rooms would not be closed permanently.

A hotel employee, who declined to be named, said occupancy at the Carlton averaged just under 50% this month and just over 50% for the year to date.

The employee said no decision had yet been taken on how long the rooms would be closed. "But they are unlikely to be opened this year," he said.

The move follows a R7.5m refurbishment of 400 of the hotel's 665 rooms. The first phase of the refurbishment began in January with 200 rooms, and will end with the second phase (200 rooms) being completed this weekend.

"The refurbishment coincided with the opening of our new Premier Class rooms for businessmen. It has been so successful since its launch in July that we are currently looking at expanding this facility," Stevens said.

The Premier Class, extending over four floors and incorporating 120 rooms, functions separately from the main hotel.


80 years on — and still the cafe-hawker row simmers

HAWKERS and cafe owners are arguing bitterly, accusing one another of territorial poaching.

The feud has been simmering since 1907 when hawkers first clashed with cafe owners.

The Catering, Tearoom and Restaurant Association (CTRA), representing the cafe owners, has launched a campaign to restrict hawkers by enforcing health laws.

African Council of Hawkers and Informal Businesses (Achib), publicly secretary Vicki Sussens says that by disallowing this informal sector to develop, retailers are setting up a monopoly.

"Some manufacturers are supporting these carts, but they are scared to do so openly," says Miss Sussens.

By Jane Dutton

"Employment provides a stable community. Hawkers do not spend their lives on the streets. Today’s hawkers are tomorrow’s shopkeepers."

CTRA believes lower standards bring the food trade into disrepute. It says health laws affecting perishable food are difficult to implement and should be more stringent for hawkers.

Chief executive Frank Swarbeck says: "It is unfair that cafes and small shops have to undergo strict health checks and not the hawkers."

Miss Sussens replies: "The health aspect is a red herring. If there were a problem, why have the public not complained?"

Hawkers have been receiving "smoke and smell" complaints since 1907 and she believes the underlying grievance is that of unfair competition.

"Cafes complain when a hawker is too close to their business and sells similar goods to theirs. This is silly because cafes have hundreds of different brands and hawkers only a few."

Hawkers and cafe owners should not be fighting, says Miss Sussens. "They could help one another by working together — people buying from a hawker could see something they want in a cafe, both sides benefiting."

Mr Swarbeck says: "It is a lie that we don't welcome competition. Cafe owners also have carts and we encourage this. The war is among the hawkers themselves."

Achib disagrees, saying the success of Zimbisis, which accommodates 2,500 informal businesses, is an indication that all groups can survive.

CTRA says: "We subscribe to providing employment, but hawkers must stick to the rules."

Mr Swarbeck says: "It is a lie that we don't welcome competition. Cafe owners also have carts and we encourage this. The war is among the hawkers themselves."
POLICE behaviour was substantially influenced by the scrapping of the Immorality Act, a Pretoria clinical psychologist said before a local magistrate yesterday.

Mr. R. E. Matthews, who is also a lecturer in anthropology, was testifying for the defense in the Van Riebeeck Hotel case. He also told Mr. M. Kilian that other problems came about as a result of the scrapping of the law barring black people from hotels in 1986.

**Brothel**

Former owners of the hotel, Mr. Basil Cox (48), his wife Mrs. Anna Cox (40) and their former employees, Mr. Billy Behari (43) and Mr. Albert Mazibuko (28), are appearing on eight counts of running a brothel and two of resisting arrest. The accused have pleaded not guilty.

**Groups**

Mr. Matthews told the court that the South African community consisted of three different groups of people who kept to themselves while others either wanted to mix black and white cultures or keep to the far right.

***Scrapped Act\**

'Influences behaviour'
Fedhasa meets SAP

THE Federated Hotel, Liquor and Catering Association, Fedhasa, the Government and the SAP have held discussions on action to combat the recent spate of terrorist attacks on restaurants.

The top level meeting in Pretoria was attended by a Fedhasa delegation led by President, David Wigley, Minister of Law and Order, Adriaan Vlok and by senior SAP officers.

Immediate action arising out of the discussions is a police commitment to visit any Fedhasa member requesting advice on methods of combating terrorist attacks.

Anti-terrorist guidelines already issued by Fedhasa to its members will also be upgraded by the SAP and an additional detailed check-list on likely bomb hiding places will be made available by the SAP.

Fedhasa seminars on the subject have already been introduced and will now be continued in an upgraded form to include additional input from the SAP.
HOTEL USED AS BROTHEL - CLAIM

A POLICE constable yesterday told a Pretoria Magistrate that he was posted at a local hotel where black women allegedly ran a prostitution racket. Police had received information that the place was being used as a brothel.

Constable Wilfred Kekana said this before Mr M Kieler in the Pretoria District Court. Former owners of the Van Riebeeck Hotel, Mr Basil Cox (48) and his wife Mrs Anna Cox (40) — both of Derdepoort — and former managers, Mr Billy Behari of Natal and Mr Albert Mazibuko (28), of Atteridgeville are accused of running a brothel at the hotel.

The accused have pleaded not guilty to eight counts relating to the keeping of a brothel and two charges of resisting arrest.

Constable Kekana said that he went to the hotel on January 11 after his senior, a Lieutenant Senekal, had instructed him to investigate "what was going on at the place." He said Lt Senekal had received information that prostitution was taking place at the hotel.

On arrival at the hotel, the policeman said he went into a ladies' bar where he found nine black women in the company of four white men.

"After I had been sitting at a counter where drinks were being sold, I saw a black woman emerging from the ladies toilet. She went to sit next to a certain white man with whom she held a conversation."

"The white man took out money and handed it to the woman. The woman bought two bottles of beer before the two left the hotel," he said.

The witness stated that two other black women also drove away with a white man. He said he went to report these incidents to his senior.

(Proceeding)
Fedhasa raps CP MP over knuckles

EAST LONDON. — Conservative Party MP Mr Clive Derby-Lewis was severely reprimanded by the president of the Federated Hotel, Liquor and Catering Association (Fedhasa) after opening the association’s Eastern Cape and Border congress here yesterday.

Mr Derby-Lewis, who had been invited to open the congress in his capacity as a member of the parliamentary standing committee on trade and industry, said the CP was often misunderstood but was growing rapidly and would soon take power.

Both Fedhasa president Mr David Wigley and regional chairman Mr Bryan Robinson openly condemned Mr Derby-Lewis for assuming a political stance.

Mr Wigley said Mr Derby-Lewis had abused his privilege. He said the association had invited Mr Derby-Lewis to address the congress on aspects which concerned the hotel and liquor industry, and not on politics.

“You have offended your welcome and the trust we placed in you,” he said to Mr Derby-Lewis. “We find it an affront to be addressed on a purely political theme which has nothing to do with our industry.”

Mr Robinson said he regretted that Mr Derby-Lewis had taken a political stance.
SUN BOP 28

Great gambling

Though Sun International (Bophuthatswana) may be in the business of gambling, an investment in the share has proved to be

Activities: Operates resort hotels with entertainment, recreational and casino facilities.

Control: Kersner has control.

Chairman: S Kersner; managing director: P H Wagner.

Capital structure: 108,4m 10c. Market capitalisation: R618m.

Share market: Price: 570c. Yields: 8,2% on dividend: 11,1% on earnings. PE ratio: 9,0; cover: 1,3. 12-month high: 825c; low: 400c.

Trading volume last quarter, 248 000 shares.

Financial: Year to June 30.

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<td>Pre-int profits (Rm)</td>
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<td>Net worth (c)</td>
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SUN BOP

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no gamble at all. Sun Bop succeeded in increasing EPS in the year to end-June by 80% on a rise in turnover of 66%, in spite of a tax leap from R2,7m to R34m, raising the effective tax rate to 33%.

A vital factor was the success of the new Morula Sun, which drew gamblers away from Sun City especially in the early part of the year.

More emphasis was placed upon Sun City's ability to stage crowd-drawing events, which kept gambling activity at a satisfactory level. Director Ian Heron says Sun City occupancy is running at around 80% and the Sunday concerts at Morula continue to attract large crowds.

Morula's popularity led to considerable extensions, which cost R26m out of total capital expenditure for the year of R32m. Most of the balance went on refurbishment of various hotels, but included some of the R30m construction cost of the new casino hotels at Taung and Thaba'Nchu, which are expected to be completed in November and mid-1989 respectively.

Sun Bop's profit rise considerably strengthened cash flow, which climbed from R45,6m to R74m and caused further improvement in an already strong balance
Harwu threatens fresh dispute

Hotels ditch agreements with unions

SOUTHERN Sun/Holiday Inns and Karos Hotels have terminated their recognition agreements with the alliance of three hotel unions, Hotel and Resturant Workers' Union (Harwu) organiser Allan Horwitz said yesterday.

Southern Sun/Holiday Inns human resources director Karl Ludick confirmed he had given Harwu notice of the termination of procedural agreements.

A Karos representative denied that management had withdrawn recognition but preferred not to make any further comment.

Ludick said they had taken the action because the unions in the alliance had been "incapable" of agreeing on common strategies when negotiating with management.

He also blamed the alliance for the conflict experienced by the industry, which has resulted in strikes and lockouts at hotels countrywide.

Members of the alliance include Harwu, the Commercial Catering and Allied Workers' Union of SA (Ceawusa) and the Cape Liquor Union.

They had concluded agreements with 54 Southern Sun/Holiday Inns hotels and eight Karos hotels.

Horwitz said Harwu would declare a dispute over the cancellation of the recognition agreements.

Ludick said his group had been approached by Harwu to discuss an out-of-court settlement of the public holiday issue, which sparked the strikes.

The strike by Harwu's 700 members - 80% of the workforce - at seven out of 11 Karos hotels was continuing, Horwitz said. But all workers at Southern Sun/Holiday Inns had resumed work by yesterday without any incidents.

Horwitz added that Karos and the alliance were scheduled to meet today to discuss the re-employment of 125 workers dismissed after June 16, as well as increases and recognition.
Durban urged to welcome tourists

Own Correspondent

DURBAN.—The Chamber of Commerce has called on Durbanites to "love the tourist".

In a message to members, the chamber suggests: "Next time you find yourself in a traffic snarl-up or queue, can't get a seat in your favourite restaurant or entertainment venue, don't curse the tourist... let's rather bless him."

"Welcome him with a smile and go out of our way at all times and at all levels to help him wherever we can."

The chamber said Durban and its metropolitan area had undergone dramatic development over recent years and people could be justly proud of their city.

Unpalatable as it might be to some, much of what Durban has to offer had been inspired and made possible through tourist spending, estimated at R1.6 billion annually.

Tourism had also led to a host of industries and service outlets throughout the area, expanded employment opportunities and contributed to city income.

So, to adapt Winston Churchill, the chamber said: "Let's win them on the beaches and the greens, in the streets and the parking lots, in the shops and service stations, in the banking hall and post office, in the hotel and restaurant, and at the opera and in the open — so that this city, and its region, may burgeon and prosper for a thousand years."
When Pleasure Foods was put together out of DCM-listed Juicy Lucy and Anglovaal’s Wimpy interests, earnings of 10c per share were forecast for the first year. At half-time, six-month earnings of 4,7c seemed more or less on line, so the second half clearly fell well short.

Chairman John Bryant attributes this to the rationalisation of the Pizzaland and Pizza Hut outlets being more costly and disruptive than expected; indeed, below the line there was a further R1m charge on this, plus R900 000 on writing down goodwill on certain Juicy Lucy businesses. Milky Way did not perform to expectation and neither did Juicy Lucy, though its results did improve.

The star performer was bomb-prone Wimpy, though BJ’s Pantry also did well.

With the elimination of the one-off problems, Bryant expects earnings to improve “significantly” this year, though this may be tempered if the economy moves into a recessionary phase which hits consumer spending.

The reconstruction of the company entailed increasing the issued equity from 8,7m to 42,9m shares, so comparisons with previous years are of little value. However, two points are worth making:

☐ The financial “year” actually covers 13 months, but most trading subsidiaries are consolidated for 12 months. The exception is Juicy Lucy, but as its extra month is June, its slackest period, any attempt to pro-rate would mean less rather than more realism; and

☐ Bryant comments on the increase in net worth from 35c to 133c per share. However, the latter includes no less than R51m, or 119c per share, in “trademarks”, which many analysts would consider intangibles. Ignoring this would reduce net worth to a mere 14c per share, with a marked impact on the apparently healthy financial ratios.

The share price is only 28c off the 12-month high, presumably partly on net worth considerations and partly on the earnings shortfall. Write back the one-off negatives and allow for only moderate organic growth and earnings of 11,5c-12c this year could easily be within reach — a forward p/e of about 6.4. As long as there are no more unpleasant shocks, the period of underperforming the market could be at an end; but equally, there is no reason to expect above-average performance in the next few months.

Michael Cusson
Overseas firm buys Metropole

By AUDREY D’ANGELO
Financial Editor

The Metropole Hotel in Long Street, Cape Town, has been sold by brothers Brian and John Bowman to International Metropole Hotels (Pty) for an undisclosed sum.

Announcing this yesterday, Brian Bowman said International Metropole Hotels was "a company owned by an overseas consortium", with hotel interests in other parts of the world.

John Bowman will leave the business but will help his brother in consultancy work.

For the hotel industry and will look after other interests they have.

Brian Bowman, who is responsible for marketing the hotel, will continue to do so and says he has "been given the additional mandate by the new owners to identify further opportunities in SA for hotel investment."

Alan Masters, formerly at the President and Newlands Sun Hotels, has been appointed GM of the Metropole.

John Bowman said yesterday that until now the Metropole has concentrated mainly on the restaurant side of its business. But the new owners "will spend money on it and will upgrade and refurbish the bedrooms." He said the new owners had financed the purchase partly with financial aids, which had given them "a very good deal". Neither of the brothers now had any stake in the hotel.

A statement issued by the brothers yesterday said: "The main aim will be for the Metropole to take its place in the plans to expand Cape Town's tourist industry."

In addition to catering for tourists the refurbished hotel was expected to be patronised by businessmen.
Why the US sanctions drive failed

From NEIL LURSSEN of The Argus Foreign Service in Washington

The collapse of the anti-South Africa sanctions drive in the United States Congress this year was caused by a host of reasons - one of them being the looming presidential election.

Thoughtful congressmen were reluctant to impose a major foreign policy decision on a new President, preferring instead to give the next leader a opportunity to shape and implement his own policies toward such an important country.

South Africa is extremely important to the United States not only because it provides most of the critical and strategic minerals used in large quantities by American industry but also because it dominates a region where the United States has long-term strategic political goals.

Washington's foreign preoccupation is the Soviet Union and Southern Africa is a region where superpower rivalry is being played out - one system against the other.

In spite of Moscow's apparent eagerness to come down from its economic venture to concentrate on domestic problems, many American analysts believe that the competition between communism and capitalism remains as intense as ever, and that Mr. Mikhail Gorbachev's pragmatic approach to the world's regional disputes is probably just a quiet period in a continuing global chess game.

Southern Africa is an important corner of the global power board - a region where troubled nations, locked in economic and social dilemmas, contributed partly by a colonial past, look to the major powers for help and advantages.

The United States believes that the Marxist system has failed especially in Southern Africa, and that free enterprise, managed with compassion, is the best hope for the region's millions of people. There is no country better placed to encourage the way to free enterprise than the United States.

In that context, a powerful South Africa with its much-needed raw materials, backed by constant internal turmoil and posing a constant threat to its neighbors requires careful diplomacy.

Congress can express the American values involved, but should not tie the hands of the new President, who ought to be given a chance to devise his own approach.

Had the sanctions Bill before the Congress become law this year, it would have had a profound effect on United States-South Africa relations - the most important impact would probably be to cut the United States out of the region.

It is likely that passage of the sanctions would have had a fatal effect on the United States-mediated Angola-SWA/Namibia peace talks, persuading the South African government to back out, and it would also have cut the South African government out of the peace talks.

American diplomats understand the reality of power in South Africa, with all its faults, is the regional powerhouse and the Americans fully appreciate their need to have access and influence in it. This was one of the reasons why American lawmakers backed away from the sanctions Bill. But there were other reasons, too.

One of them is the growing uncertainty about the wisdom of sanctions against a country that is being encouraged to make sweeping and expensive reforms. From their own history, Americans know that people who feel threatened and confused about the future are not going to embark on a course that could throw their troubled society into further crisis.

They know that risky changes are best made from a stable base and that the most fruitful negotiations occur when the participants have a sense of security.

Thus some influential senators and congressmen who have taken the trouble to study South Africa's problems and to seek a solution in terms of their own country's needs are coming round to a view that is far from a Reagan policy of constructive engagement. But they are careful to emphasise that engagement must be with the peaceful opponents of apartheid, and not with the system's proponents.

Powerful persuaders about the damaging effects of sanctions were the numerous studies made by independent and authoritative analysts who not only called political and economic consequences for white South Africans but also spelt out the growing opposition of many blacks.

To a large extent, the American lawmakers have been persuaded by South Africa's diplomats and lobbyists, who laboured long and hard to make it clear that the country was far more complex and delicately poised for the future than some congressmen seemed to have understood.

These in the Senate and the House of Representatives who have been told that real reform will come in South Africa now need to see some results provided by the South African government.

Anything less than that could cause disillusionment that would create a climate for sanctions when the liberal Democrats introduce their new package of measures again next year. Continued or increased repression will be a recipe for passage through the Congress.

The liberals will certainly come back. And there is every reason to believe that the force behind this year's sanctions drive - black American determination to have a say in their nation's affairs - will rise again in 1988.

The existing economic sanctions stem largely from black frustration over the results of the 1984 presidential election when their fervent anti-Reagan votes disappeared without trace under the Reagan landslide. The anti-South Africa campaign arose out of their bitterness.

Indications this year are that the black vote will again yield little in the presidential election. History may repeat itself. South Africa will again be a target, with American legislators responding sympathetically, in part to reduce the racial tensions that are ever present in their own country.

Thus it seems that the sanctions respite in the United States will be a short one and that South Africa's leaders should make as much of the opportunity it offers them as they can.
Busy tourist season ahead for W Cape

Own Correspondent

CAPE TOWN — The Western Cape was heading for a busy tourist season, but there would always be "room at the inn", Captour director Mr John Robert said this week.

He noted that there had been a 15 percent increase in the overseas market in the past few months — a trend that was expected to continue.

The number of visitors to the Western Cape from other parts of the country was growing by 15 to 20 percent a year, and this had boosted the informal accommodation sector, Mr Robert said.

This sector included bed and breakfast establishments, holiday flats and houses and country establishments.

He said Captour's Johannesburg office was "very busy" handling inquiries about holidays in the western Cape.

Cape Town offered more than 16 000 beds with two new hotels opening this season, Mr Robert added.

A spokesman for a major hotel group said occupancy at its Peninsula hotels was high.
SA HOTELS are expecting a record Christmas, says the Federated Hotel, Liquor and Catering Association (Fedhansa).

Attractive packages are being offered by hotel chains and independents, and advance bookings are running well ahead of last year. Occupancies of 80% to 90% are expected.

Fedhansa says bookings started earlier than usual this year and accommodation is filling up rapidly.

"But hotel managements tell us there is still room available — if you hurry," says Fedhansa executive director Fred Thermann.

Thermann suggests holidaymakers book pre-peak-season or immediately afterwards to qualify for some excellent packages.

Southern Sun Sunbreaks, for example, offer up to 50% discounts on shared accommodation up to December 20.

Cape Town looks as if it will enjoy its best season ever. Forward bookings are around 90% and the average length of stay in the city's hotels is 10 nights.

Protea Hotels

In Durban, where the average length of stay is seven nights, bookings are expected to peak at 90% to 95% over Christmas.

Durban has put in a major effort to ensure its place as the premier holiday resort, says Thermaan. Much of the revamped beachfront will be ready for the season and the beaches are being enhanced by massive sand-pumping.

Prices are still excellent, Thermann says, Kondols, for example, is offering 80% discounts in its Natal hotels until December 17 as a special shared-accommodation holiday package.

"Garden Route hotels also report excellent forward bookings at about 85%. But there is still accommodation.

Port Elizabeth is making a determined bid for tourist trade this year and some excellent value-for-money offers are available.

"East London has much to offer by way of tourist attractions. It is very under-rated as a destination and deserves more support," says Thermann.

PE and East London are no longer sleepy settlers' towns. They are vibrant communities with excellent tourist facilities and plenty of attractions.

**Specials**

Inland hotel bookings are also exceptionally strong this year — and there are some first-class packages available.

Karoo Hotels, for example, is offering special R59.50 accommodation only, through the Christmas season, and dinner, bed and breakfast packages of R85 from December 4 to December 10 and again from December 18 to 23.

Children stay free.

Traditionally bookings for the northern and eastern regions start picking up in earnest by mid-November. Already, however, hotels in these areas are fairly well booked.

"South Africans definitely have more money in their pockets this year," says Thermann. — Sapa.
SouthSun returns to profitability

Finance Staff

After three years of cost-cutting and rationalisation measures, the hotel group Southern Sun today reported a return to profits in the six months to end-September. But, the group still refrained from paying interim dividends.

The turnaround from a loss of R4.7 million to attributable earnings of R1.8 million followed on improved occupancies, which also boosted turnover by 24 percent to R188 million.

The latest industry statistics for the period January to August reflect room occupancies at 53 percent, compared with 49 percent in 1997/98.

MD Bruno Corte says that the occupancies for Southern Sun’s interim period were 53 percent last year, and 59 percent in 1998, the highest level since 1994.

Operating profits improved by 80 percent, while income from associates (Sun International) increased by 36.8 percent.

Mr Corte is optimistic that higher profits will be achieved in the full-year, as advance booking levels indicate that the second half of the year will once again see higher occupancy levels.
Southern Sun returns to profit

FOR the first time in three years Southern Sun has turned in an attributable profit for the half-year to September. Improved occupancies and a higher average room rate were the key factors behind the hotel group's R2.8m turn-around, says MD Bruno Corte.

Attributable earnings of R1.6m (0.3c a share) are the first interim profits recorded since 1985 and follow last year's loss of R3.6m (0.4c a share).

Corte says the board has elected not to pay an interim dividend but intends to again distribute 70% of attributable profits at the year end.

The group's turnover rose 23.9% to R188.4m in the six months, which yielded an operating profit of R22.6m, almost 80% higher than the previous period's R12.6m.

"Industry statistics for the eight months to August show room occupancies at 93%, an 8% increase on the 85% recorded in 1987. Our group occupancies followed the trend and at 96% are 10% higher than they were a year ago. Again, our occupancies are the highest we've achieved since 1984."

He adds Southern Sun traditionally enjoys better occupancies in the second half of the financial year, and advance booking levels, both local and overseas, suggest this trend will continue.

While inflation and interest rate increases will continue to impact on costs, the improving occupancy trends will produce a significantly higher level of profits for the year as a whole," predicts Corte.

"This outlook assumes that existing political and economic conditions do not deteriorate markedly."

In spite of previous years' losses, Southern Sun has tax payable of R703,000 (1987: R659,000) arising out of its profitable Transkei and KwaZulu operations.

The balance sheet shows interest-bearing debt has risen by more than half to R153.6m. Southern Sun says this arises from its continuing investment in hotel refurbishment, the support financing of new managed projects and the cost of following investments in associated companies.

Gearing at 48% is still within the group's self-imposed constraint of 60%.
A 21% stake in Cape Town-based Protea Hospitality Corporation — holding company of Protea Hotels; Plan One and Protea Properties — has been bought by World of Music in a multi-million rand deal.

Protea executive chairman Otto Stehlik said yesterday that the link-up with the JSE-listed World of Music, which has a controlling interest in Timeshare Dynamics, would help the expansion plans of his group.

Protea, started with four hotels and currently operates 49 throughout Southern Africa. Stehlik said it had "set its sights at 60 hotels and is examining a number acquiring a further 4% of Protea. of options that could lead to further expansion."

The purchase price will be determined by Protea's year-end results but Stehlik said it would "involve several million rands".

He described World of Music, listed in the Development Capital Market sector of the JSE last year, as an ideal partner because it was heavily involved in the leisure industry.

Its interests include music, sport promotions, publishing, entertainment, TV, resort development and timeshare.

In terms of the agreement it has the option of World of Music chairman Peter Cooke said the association with Protea would enable his group to offer "professional management for new timeshare developments."

A number of new developments were under discussion and an announcement would be made shortly.

Cooke said he foresaw Protea Hospitality Corporation, under Stehlik's leadership "emerging as market leaders in SA and we have always believed strongly in identifying with market leaders."

A spokesman for Protea said it had no plans for a JSE listing "at this stage".
THE Industrial Court this week ordered Durban's Edward Hotel to reinstate about 80 employees dismissed after going on strike on May 2.

The order, which was handed down by the Industrial Court after seven days of hearing, also stipulated that the workers be back-paid from May 30 this year.

In terms of the order, those workers who fail to turn up for work by 9am on Tuesday, November 15, forfeit their right to reinstatement.

The court has yet to release reasons for the judgment.

The workers, all members of the Black Allied Workers' Union, were among 800 from 10 hotels and restaurants who were dismissed on the same day.

Bawu's general secretary, Bheki Khumalo, said it was regrettable the workers had been dismissed when they were engaged in a legal strike and that their reinstatement had to be achieved by a court order.

The Edward judgment follows judgments against two other Durban hotels - the Palm Beach and the Ashoka. Khumalo said workers had been reinstated at The Beach, Killarney, Four Seasons, Londale and Palmers- ston hotels after the union and hotels had reached out-of-court settlements.

The Blue Waters Hotel, the Lady Prawn and the Lord Prawn restaurants have yet to settle. — Supa
SPECIAL weekend tariffs for group accommodation are the latest offering from City Lodge.

The chain has introduced what it calls Team Scheme — and the good news is that it will lighten wallets by only R39 per room per night, single or double.

To qualify for the City Lodge Team Scheme special offer, groups must reserve a minimum of four rooms on a Friday or Saturday or over a long weekend.

Similar schemes usually lay down a minimum of 10 rooms on a shared basis or for at least two consecutive nights.

Popular

Says Sally Brownie, general manager of City Lodge Sandown: "Our Team Scheme has proved popular among small groups wanting the privacy provided by single rooms, and at the same time getting benefit from group rates."

"A wide variety of organisations — such as sports clubs, tour parties etc — are making use of special Team Scheme rates and many companies are taking advantage of the scheme."

Noleen Davis of Conlog, who handles bookings for the company, says: "Rates are extremely good, and the Team Scheme rates are even better, but the chain never scrimps on quality."

Union Wines' Daisy Grønendal in Stellenbosch agrees: "The service is excellent... fantastic value for money."

Team Scheme is available only at City Lodges countrywide.

Project managers say the key to success is meticulous planning

FOLLOWING the recent opening of the Durban City Lodge, new lodges are due to open in Port Elizabeth next month and in Cape Town early next year.

Says managing director Hans Enderle: "The three coastal hotels will have a holiday atmosphere and provide us with the opportunity of entering the growing holiday and leisure market."

"This market is becoming increasingly price-sensitive and we believe the new hotels will attract not only business travellers but also tourists.

"Location is a prime factor in the success of any hotel and the sites of all our new coastal hotels are excellent — close to the business centres and all major tourist attractions."

The 135-room Cape Town lodge near Mouwray Golf Course — the first hotel in a major South African city to overlook a golf course — will be strategically located near the Pinelands exit on the N2 which links the Mother City with the Garden Route.

City Lodge Port Elizabeth at Summerstrand will face Humewood beach and overlook the sea. It will have 150 bedrooms, a swimming pool and — like its sister lodges — will offer four-star quality at two-star prices.

PROJECT management is one of the most significant developments in the local building industry in recent years — and the City Lodge group can bear witness to its success.

Says Ron Henderson, managing director of Time Projects: "Once a property and the project have been vetted as a solid investment opportunity, project management then utilizes sound innovative techniques to build as quickly and as cost-effectively as possible.

"This is achieved by coordinating the work of the various contractors, eliminating costly downtime and budget overruns, while still ensuring overall quality control."

Time Projects, a member of the JSE-listed Time Holdings group, not only has a resoundingly successful track record but has also honed this technique to perfection.

The City Lodge chain — among Time Projects' long-standing clients — has two hotels currently under construction in Port Elizabeth and Cape Town.

Dramatic

Time Projects is managing these developments and will also be responsible for the project management of the City Lodge Bloemfontein. Construction is due to start early next year.

Time Projects was also responsible for the completion — on schedule and within budget — of the chain's hotels in Sandown, near Jan Smuts Airport and in Durban.

Says Mr Henderson: "Our involvement in the projects made a dramatic difference. Work was not only completed on schedule but within budget.

"The key to successful project management lies in planning the project right from the start — evaluating timing, cash-flow and risks and then selling the right person to manage it for you."

Project management covers overall construction planning, time and cost control, monitoring and control of design work — on and off site — quality control, procurement and expediting.

A project is seen through to completion acceptance by tenant or owner."
City Lodge opens in Dubuque
Nellie’s owners aim for the top

THE new owners of the Mount Nelson are determined to spend up to R10 million to transform Cape Town’s landmark hotel into one of the top 10 hotels in the world.

“And in Cape Town this week from the UK to oversee a year-long refurbishment and upgrading process is Mr Colin Bather, managing director of Venice Simplon Orient Express Hotels.”

“We want the Mount Nelson to take its rightful place among the top hotels internationally — and to be the best in South Africa,” Mr Bather said.

In August this year an international consortium based in Bermuda, Sea Containers Ltd., paid the former owners, the British Commonwealth Company, R25 million for the distinctive pink-painted landmark, Orient Express Hotels — who took over the operating contract on the Mount Nelson two weeks ago — is a subsidiary of Sea Containers Ltd.

The new owners aim to promote their latest acquisition and Cape Town in a major world tourism drive.

The deal between the two British firms also included the Heimsley Hotel and several other prime real estate properties surrounding the Mount Nelson.

“We operate a specialist chain of eight exclusive, luxury hotels,” Mr Bather said. “The Mount Nelson is the ninth.” The company owns and runs three hotels in Italy, two in the UK, one in Portugal and two in the US.

He said his company — which also runs the famous Orient Express, the train which ferries the rich in opulence from London to Venice — had bought the Mount Nelson because it had the “history and character” to rank with the world’s best.

No large-scale changes were envisaged.

“The basics are all there. We will be refurbishing and upgrading the hotel, as well as adding another 48 rooms.

“All the world’s great hotels are a bridge between the local community and the world. This is what we aim to establish here.”

The established atmosphere will be enhanced, according to Mr Bather, “to ensure that our existing customers will want to come here.”
Bar patrons ‘whipped’ by white men with sjamboks

Three sjambok-wielding white men last night walked into a multiracial bar at a Germiston hotel — which is mostly frequented by blacks — and allegedly whipped patrons.

Mr Tim Prins (40), of Reiger Park, said he and two friends were having a drink after work at the Court Hotel in President Street.

He said the three men entered at 9.15 pm and started lashing out with sjamboks.

“We stood up to defend ourselves and the men left shortly afterwards.

“They later returned with three traffic officers who were brandishing guns.”

Mr Prins alleged that one of the officers pushed a 9mm pistol in his face with such force that a bullet jumped out of the chamber and landed on the floor.

“While the officers were in the lounge, a man was assaulted with a sjambok and lay bleeding on the floor,” said Mr Prins.

The traffic officers and the three men left after about 20 minutes. The hotel’s manager said she heard about the incident but declined to comment.

Acting Traffic Chief Mr Benjie van Rooyen said nothing had been reported to him.

“It sounds like a serious incident and I will look into the matter,” he said.

Mr Prins said he would be reporting the incident to the Germiston police today and would hand in the bullet.
Beware siren calls of ‘luxury’ holiday homes in the Cape

CAPE TOWN — Holidaymakers beware! You could be ripped off if you rent a "luxury" holiday home for the Christmas season in Cape Town without going about it properly.

Short-let estate agents tell of holidays that began in tears when people who had rented accommodation privately discovered the sea view was there only if you stood on the roof, and that the "stroll to the beach" was actually a hike of 5 km.

"People come in screaming because the places they've hired are awful," says agent Vicky Norman of Sea Point.

AVOIDING COMMISSION

And Bubbles Keys, who specialises in the Atlantic seaboard, says: "Most of the people who're horribly let down have got hold of the accommodation themselves. An agent, whose living depends on this, will see there is a fair deal all round."

Homeowners often try to side-step agents to avoid paying commission, which ranges from 10 to 15 percent on properties that run to R300 a day in the upper bracket.

Mrs Keys believes Transvalers are partly to blame themselves. "They want to be in Clifton, and they're prepared to pay. And I say that, if they'd rather come here than overseas, good luck to the Cape Town home owners and the local economy. Cape Town is becoming more popular every year."

The highest rental she had ever handled came from a man who wanted to let his Clifton flat for R4500 a week.

"Look, it was a luxury flat, three bedrooms, two bathrooms and very nice, below Victoria Road. But it wasn't right on the beach and for me, if I pay R4500 I want to roll out of my front door on to the sand."

Another high rental Mrs Keys handled was for a luxury house in Kloof Road, Clifton. "They wanted R450 a day, which I thought was quite a lot, but they were throwing in a car and a maid, so perhaps it wasn't so bad. But we didn't let it finally."

Mrs Keys said a holidaymaker, could expect to pay between R200 and R300 a day in the camps Bay and Sea Point areas, for a "nice" three-bedroomed, two-bathroomed house with a sea view and pool. Clifton commanded more because of its unique position.

"For the family that isn't expensive if you remember you get a house, pool, and a kitchen. "But I do think that amount should include service. You don't want to spend all that money and then do the housework your self. We should be providing serviced accommodation for those prices."

The Argus telephoned the owner of a two-bedroomed luxury flat on the rocks at Bantry Bay which he wants to let privately for R500 a day. He was indignant at the suggestion his flat might be over-priced.

EXCHANGE RATE

"R500 is peanuts, particularly, with the exchange rate what it is at the moment." R500 a day overseas would only rate a one-star hotel for a family of four in Europe, he argued.

Munizberg is also popular but fewer houses there common to agents' books. Most seem to be let through word-of-mouth. Owners get about R1500 a week, considered high, because the houses tend to be run down.

"But with that marvelous beach it's still a prime area," said one.
Karos group launching two inland timeshare ventures

The Karos Hotel group is making big strides in the timeshare industry—with two big inland ventures, one of which is a new R17 million resort on the border of the Kruger National Park.

Only 50 m from the Paul Kruger Gate on the Sabi River, the Karos Hotel and Bush Lodge will have 100 luxury units in the African theme as well as conference facilities for up to 150 delegates.

Mr Selwyn Hurwitz, joint managing director of the Karos group, says: "Timeshare buyers will share all hotel amenities including swimming, pool, tennis and squash.

"Building of the resort will begin next February with completion date scheduled for early 1990."

And in another project, Karos is spending R5 million in upgrading the ideally-situated Mont-aux-Sources Hotel in the shadow of the amphitheatre in the Drakensberg.

Apart from the reviving of the hotel, 10 self-catering timeshare mountain lodges are available on the hotel property, and about 60 more lodges will be built at a later stage.
3 of SA's top independent hotels in marketing alliance

DURBAN – A new creative marketing

coordination

Over the past years, three top independent hotels have been working closely with a marketing alliance that can be proud of

Independent properties with a clear focus on the guest experience in the

market is what sets these hotels apart from the rest. The alliance has been

forming the perfect blend of creativity and business acumen, offering a

unique approach to marketing that sets them apart from the competition.
Top hotel rooms could cost R300 a night

FIVE star hotel room rates could top R300 a night without meals next year, Protea Hotel group chairman Otto Stehlík forecast at a function on Friday to mark the opening of the group's 50th hotel.

Stehlík also estimated that, excluding business travellers, SA probably only attracted between 100 000 to 150 000 "true" overseas holiday travellers a year compared with two million a year in Australia. Yet both countries were equidistant from their major markets.

In an effort to improve the number of overseas visitors to this country, Stehlík also presented the SA tourism board, Satour, with a cheque representing R200 000 worth of accommodation.

He said this would be used to bring out "non-political" journalists to SA next year.

Stehlík also said his group, which manages rather than owns hotels, had recently finalised agreements with the Transkeian government and hotel owners there, to take over a whole range of the homeland's coastal hotels. Casinos are not envisaged in any of the hotels.

A regional office had been opened in the area to deal with these and another five Transkeian hotels that Protea expected to take over there next year.

Stehlík said he believed the peace talks in Namibia would eventually boost regional tourism significantly.

Protea was looking to increase its number of hotels managed to 60 by next year.
Terrorism won’t kill tourism

CAPTOUR has planned its 1989 budget to attract an additional 170,000 tourists, "which will result in total indirect additional revenue of more than half a billion rand", chairman Mr. Louis Kreiner said yesterday.

Delivering the chairman’s address at Captour’s 30th anniversary general meeting in the city hall, he said the organisation would have to raise R806,000 over and above its existing funds to finance marketing strategies to achieve this aim.

Captour was confident that it would generate the needed funds, he said. The city council would fully underwrite Captour’s administrative costs and match the private sector income for marketing rand for rand up to R150,000.

Thousands of new jobs should be created if the extra tourists came. The cost to Captour of doing enough marketing to bring the tourists here worked out to only R100 per job created, compared with the R2,000 or so it cost the Small Business Development Corporation.

When Captour had been formed in 1978 it had hoped to lengthen the tourist season from two months to six by 1988.

"This goal has now been achieved," Mr Kreiner said.

TOURISM can survive terrorism — and prosper, says Mr Robert Hall, former chief executive of the Northern Ireland Tourist Board (NTTB).

Mr Hall, the guest speaker at Captour’s annual general meeting in the city hall last night, said some of his experiences “during 11 years of bombs, bangs and bullets might have some useful application to the local tourism effort here”.

He now lives in Tokai, after retiring in 1981. Mr Hall said the 120,000 high-spending holiday tourists South Africa gets each year “is just peanuts”.

Northern Ireland had a million tourists, not counting day-trippers from the south, as far back as 1968. Soon after that “the troubles” — the Irish word for unrest — started, and the trade was cut in half.

“We stopped all consumer advertising in 1972. No amount of money could counter all the bad publicity put out daily by the media,” he said.

Instead, travel and sporting journalists were brought in and showed “the other side of Ulster”, and special interest or activity holidays (golf, fishing, game-fishing, shooting) were promoted. In 1981 there were a million tourists again.

Mr Hall said attention had to be paid to transportation and accommodation as well as marketing. Charter airlines could bring “millions of holiday-makers” on “sun package” holidays here much more cheaply than at present, he added.

The NTTB had “put forward something on which both Protestant and Catholic could agree” in Northern Ireland, and it had enjoyed more credibility than the government.
ALEXANDRA residents in search of a non-racial nightclub near their township can now patronise the newly-opened Club Hlase, which offers restaurant and entertainment facilities.

Hlase — which means “spark of fire” — is opening its doors tomorrow at noon, though the grand opening is on Friday, December 2.

The club is situated in the heart of Alexandra’s busiest shopping area, Pan Africa, on the ground floor of Yarona Building, and is directly accessible from Louis Botha Avenue, only a few blocks west of Alexandra itself.

It is therefore within easy reach of potential customers travelling by public and private transport on foot. Arrangements are being made with local taxi owners to ensure that taxis are made available at all times until the last patrons have left the club.

The building has an ample well-lit parking area which will be kept under strict surveillance by the club’s trained security staff.

The premises offer not only elegant dining facilities — which are ideal for couples, friends, business people and parties — but also an exclusive ladies lounge, dance floor and general entertainment area.

Club Hlase’s informal, yet sophisticated atmosphere, plus vigilant security, provides the ideal surroundings in which to relax after a busy day.

The club also offers good food and dance music.

A cross-section of local business and community leaders have been invited to the grand opening.

These include Leepile Taunyane — a well known local educationist, Phil Mthimkhulu, National Executive Chairman of Business College and Steve Burger, former Alexander Administrator.

Reservations can be made by telephoning Club Hlase manager-owner Steve Mashile at 883-3155.
More fun under the sun?

SUN-INTERNATIONAL may con-
struct another hotel at Sun City, Sol-
ern, said yesterday. (383)

A new hotel is under consideration but it is still being investigated, he said.

Earlier, Kress, MD Inn Heron said: The new hotel would be justified because of Sun City's 80 percent occupancy rates, higher than the average for the industry in SA, he said.
Raid on bars, clubs
Police to step up
weekend operation nets 29 offenders

By Craig King, Crime Reporter

The incident was the result of a police operation that targeted bars and clubs across the city. Officers were seen searching the area, with a focus on enforcement actions against illegal activities.

The raid was carried out by a team of police officers who were equipped with the necessary tools and equipment to carry out their duties. The officers were seen working together to ensure that the operation was successful.

The police operation resulted in the arrest of 29 individuals who were charged with various offenses. The individuals were taken into custody, where they were processed and held for further investigation.

The police operation was praised by many in the community, who expressed their support for the efforts of the officers. The incident highlighted the ongoing efforts of the police to maintain law and order in the city.
‘not harming hotel trade’

Finance Staff

A timeshare expert has rejected Government fears that the introduction of timeshare was harming the hotel industry.

Mr Brian Stocks, managing director of Southern Sun Timesharing, said that in the last five to six years timesharing had been responsible for R100 million being spent on upgrading hotels and on new hotel projects.

There had also been a substantial improvement in occupancies and the levelling out of the travel industry’s peaks and lows.

At the same time, a high percentage of rooms — about 30 percent — was used by non-timesharing hotel guests.

Mr Stocks was speaking at the SA Property Owners’ Association/RCI timeshare convention being held this week on the Wild Coast, the most significant gathering of timeshare developers and marketers yet held in South Africa.

Disturbing tendency

Mr Stocks was reacting to a recent comment by the Deputy Minister of Economic Affairs and Technology, Mr George Bartlett, about the disturbing tendency of more and more hotels to convert to timesharing.

Mr Bartlett said a potential danger of this trend was that valuable foreign exchange could be lost because foreign tourists could not be accommodated in these hotels.

Mr Stocks said that with low occupancies and reduced tax allowances there was no incentive to invest in hotels, which were showing losses or, at best, pathetic returns on replacement costs.

Since the introduction of timeshare there had been a substantial improvement in occupancies, particularly during the winter.

And, apart from better occupancy levels, other benefits included constant staffing levels, better long-term staff training, more efficient cost recovery and a longer stay per guest.
Hotel industry gears up for tourist influx

By Frank Jeans

The South African hotel industry is on an expansion phase, with the major groups not only gearing up for an increasing tourism trade here but eager to drive into foreign markets. Sun International, Holiday Inn, Protea and the Fares groups are all ready to capitalise on what is generally seen as a "strong upsurge in demand" from tourism.

There is little doubt that the favourable rand exchange rate for overseas visitors providing them with comparative "bargain" holidays in South Africa, is a major reason for the renewed influx.

The big ones in the SI development portfolio are the two hotels in the Comores Islands, with opening date scheduled for next March or April.

The Cape Town Inn has had a R4 million revamp and the successful Riverside Inn on the banks of the Vaal at Vanderbijlpark has got a super new look costing R5.5 million.

The main thrust here is to catch an even bigger slice of the lucrative local and international conference market.

At the relaunch of the Cape hotel, Mr Peter Hearfield, HII's group operations director, said: "We are gearing up to take on all challengers in the hotel industry well into the 21st century."

The R2 million revamp of the Downtown Johannes burg Holiday Inn — the old Landrostr — is also paying big dividends in occupancy levels.

The Protea group, which moved into the business only four years ago, has embarked on a R120 million renovation programme and aims to have 60 hotels under its banner by the end of next year.

At a recent Protea Press conference, chairman, Mr Otto Stehlik said negotiations with the Transkeian Government had been finalised to allow "various private parties to take over a wide range of coastal resorts."

Protea will also launch a new resort called Embo ty, south of the Wild Coast Casino.

"We are also talking with the Malawian and Mauritian Governments with a view to opening new operations in these countries," said Mr Stehlik.

"We have also had approaches from Greece, Portugal and London and one day, we will be in these places."

Karos Hotels, which is going strongly in the timeshare-hotel business, is to open a R17 million resort on the border of the Kruger National Park — a project which will have 100 luxury units and conference facilities close to the Paul Kruger Gate.

In another R5 million development, Karos is upgrading the ideally-situated Montaux-Sourcees Hotel in the Drakensberg in the shadow of the amphitheatre. The first phase of a 10-unit timeshare project alongside the hotel is now complete.
Price of hotel accommodation likely to soar

The cost of staying a night in a top-class South African hotel could be as high as R350, without breakfast, before the end of next year.

That's the prediction of Protea Hotels chairman, Mr Otto Stelhik, who spoke at the group's press conference in Johannesburg.

Mr Stelhik pointed out, however, that with refurbishment of existing hotels rather than newly-built units, his company could accommodate people for R35 a night.

Another key issue which was tackled at the conference was the question of a more balanced holiday season spread during the year.

Mr Spencer Thomas, executive director of the South African Tourism Board (Soutou), said an in-depth investigation would be launched to determine the percentage of the South African population affected by the present school holiday structure and the effect this had on the holiday pattern, the economy and road safety.

"Soutour will focus its activities on the out-of-season period and encourages those not directly involved with school holidays to have their vacation out of season," said Mr Thomas.

Hotel accommodation during the school holiday periods is said to be under tremendous pressure and the sudden rise in road traffic, with its annual toll of increasing road fatalities, is another major problem.

"The burden on the infrastructure during peak periods is aggravated by the fact that most overseas visitors are in South Africa during these months, while increasing numbers of South Africans are also exploring the local market," said Mr Thomas.
Hotel Industry gears up for tourist influx

By Frank Jones

The Star Wednesday December 7 1988

Up for tourist influx

Hotel Industry gears up for tourist influx

Press conference chair-

2F6

2F6
HOLIDAY HOMES

Will sales tide turn?

People who aren't considering buying a second home, a holiday flatlet or taking out a fortnight's timeshare at the exotic "moozies" will get you if the ticks don't "t game lodge are the odd ones out ... or so the sales hype, which reaches fever pitch at this time of year, would have one believe.

Undoubtedly, and rightly, the agents and brokers are only plying their trade to make a living. But just how successful will they be this year? The holiday home marketers, whether in straight freehold, sectional title, or timeshare sales, are geared up for one of their annual selling peaks — it is estimated that 25% of all holiday accommodation sales take place over the Easter, July and December holiday periods.

Certainly, if some estate agents are to be believed, it is both a buyers' and a sellers' market. Furthermore, Sapo points out that SA timeshare unit sales have climbed steadily and seem to transcend the influences of the economy.

Nevertheless, the reality of the current economic climate cannot be ignored. Interest rates are being applied as a lever to squeeze down expenditure and high bond rates (17%-18%) are more likely to climb than decline. Most families will be looking to hang on to existing property investments rather than add to the mortgage burdens. Even the 10c// petrol price increase, although it only comes into effect in January, could convince some families to keep their money at home.

However, there are always some people with surplus "disposable" income and for them it should be a good buyers' market with asking prices down and highly negotiable.

The sellers' favour, is the declining value of the rand against foreign currencies, discouraging South Africans from holidaying abroad. Some of that saved money will inevitably find its way into local holiday home investments. It will also (particularly in terms of the financial rand) play a role in attracting foreign investment to the SA leisure industry.

Other factors which could stimulate sales, particularly in terms of more exclusive environmentally pleasing holiday chalets is the declining number of greenfield coastal sites available, rising building costs (encouraging people to buy now rather than later) and even increasingly strict environmental controls.

Perhaps typical of such developments is a sectional title project called Artego Bay at Zinkwazi on the Natal North Coast. Developed by Avfin, a company more used to aviation and plant finance than holiday property, it will ultimately have a value in the region of R10m. The first phase involves 60 detached units, each selling at around R150 000.

The properties on this development are just coming on to the market as completed units — no attempt was made to sell them off-plan because the project (prior to Avfin's involvement) had a poor track record with financial backers pulling out.

This may, however, have proved to be something of a serendipity, since it would have been difficult to show on paper one of the most attractive aspects of this development — namely the low density (environmental controls restricted the developers to covering only 10% of the site with building). This meant many of the trees could be retained in the landscaped gardens.

On the timeshare front, Sapo executive director Peter Erasmus says growth is nothing short of remarkable. "Experience of selling timeshare overseas shows that whatever growth indicators one takes, units sold or revenues, they show a rising straight line of growth with no dips for recessions. The SA experience over about seven years mirrors this experience.

"The striking thing is that timeshare seems to be impervious to the cyclical aspect of the property market and the ups and downs of the economy.

"Who knows where it will end? Penetration of the market, defined as disposable income of the SA public, isn't that great, so there is still enormous potential."

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FINANCIAL MAIL DECEMBER 8 1988
CAPE TOWN is one of the world’s cheapest cities when it comes to bargains for international tourists and business visitors.

This is the direct implication of a survey of 74 centres published in a recent edition of the magazine “Business Traveller”, found that it cost an average of $90 or R212 a day to visit Johannesburg, with only Lagos in Nigeria cheaper at $63 (R149) a day.

Central Statistics Department figures indicate that Cape Town is usually cheaper than Johannesburg.

The survey said that the average costs were calculated on the basis of a theoretical daily cost of living in a single room with a bath in a first-class hotel, including meals, taxes and service charges. A small allowance was also made for entertainment.

The most expensive city to stay in was Tokyo at $377 (R890) a day, followed by New York ($322/R700), London ($300/R665) and Paris ($255/R570).

Sydney cost $220 or R550.

Fred Thermann, executive director (operations) of the Federation of Hotel, Lodge and Catering Associations of South Africa (Fedhams), said in a press release that as both a tourist and business destination, South Africa, was the cheapest country to visit.

“Obviously, the low value of the rand makes a South African visit inexpensive for visitors from countries with strong currencies. However, even in rand terms, local hotels are still inexpensive and offer tremendous value for money across the board,” he said.

The word about South Africa is out. After being the best-kept secret among international travellers, South Africa is now being strongly, if informally, promoted as a tourist destination.

The results were to be seen in the September figures for foreign tourist bed occupancies at South African hotels supplied by Central Statistical Services.

What the rest of the world will cost you:

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<tr>
<th>City</th>
<th>Average Cost Per Day</th>
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<tr>
<td>Tokyo</td>
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<td>New York</td>
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<td>Johannesburg</td>
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Lagos 63 (39.9)

America and Asia:

Bed occupancies averaged 58.9% nationwide, up 6% on 1997, reflecting the increase in overseas visitors to all as the continued upturn in domestic tourism.

For the first nine months of the year, Johannesburg and Pretoria received the lion’s share with bed occupancies averaging 66.33% and 72.26% respectively. Cape Town had 68.5%.

"Interestingly, small hotels with less than 40 rooms have recently shown an improvement in room occupancies, with the September figures up 9.7% compared to September last year.

"This is a good sign that South Africans are beginning to explore their own country," Thermann said.
Another posh hotel at Cape

CAPE Town is to get another up-market five-star hotel.

The 100-room Bay Hotel on the Camps Bay beachfront will open next November. The R12-million development incorporates the old Rotunda, a familiar landmark which dates back to the early 1920s.

It will be run by Steve and Nicky Fitzgerald, who operate the Arniston Hotel and Blues and Squares restaurants.

"We are not going for conference business," says Mr Fitzgerald. "We are aiming at the individual traveller who demands luxury and service."

The development is being undertaken by the Arniston Hotel company and a consortium of businessmen.
Tourists stream into Cape Town

By PETER DENNEHY

TOURISTS are streaming into Cape Town at a rate of several hundred a day, according to toll-keepers at the Huguenot tunnel — and this is only the beginning.

Mr. Wynnand Dreyer, the general manager of Tumco, which operates the tunnel, said the number of vehicles going through it on an average mid-week day is roughly 2,000 either way.

Yet since the mayor of Cape Town, Mr. Peter Muller, welcomed the first of the Transvaal holiday-makers to the city on Thursday, many more visitors had been streaming in on that route.

Between 2pm on Thursday and 2pm on Friday, 3,353 cars passed through going towards Cape Town, 756 more than the 2,479 cars which went in the other direction (Worcester).

The next day the number of outward-bound cars, 3,519, almost equalled the 3,520 coming in. Mr. Dreyer explained that the Cape Peninsula had lost a lot of vehicles with the start of the builders' and civil engineers' holidays.

Between 2pm on Saturday and 2pm yesterday, 2,338 cars left the Western Cape on that route, while 2,257 came in.

This reflected a net gain of 419 cars in a single day, many of them surely bearing tourists.

Tourists are rapidly filling the hotels, restaurants, parking lots — and cash tills — of Cape Town. Many more visitors to the city are expected in the next few days.

Mr. Louis Kreiner, chairman of Captour, said yesterday: "The school holidays upcountry have just begun, and far more visitors should arrive closer to Christmas. We have plentiful accommodation for them all, despite what Durban says. We have a coastline full of holiday accommodation."

"When Durban boasts about how much more accommodation it has, it does not count all our small bed-and-breakfast places and camping sites."
Call on police for proof-of-age ruling

Vice raids cut back nightclub’s business

By Craig Kotze and Grant Shilling

Johannesburg nightclub owners have reported a considerable drop in business since police began their anti-vice operations recently.

"This is only the introduction. We will go ahead, on a continuous basis, with these operations," said Ministry of Law and Order spokesman Lieutenant Peer Bothma.

Sanca and the Johannesburg Child Welfare Society welcomed the latest operation in which 1,546 people were arrested.

Sanca said: "We welcome the SAP’s raid on illegal drug and alcohol dealings."

**Suspend licences**

"This supports our fight against problem of alcohol and drug abuse, and positively shows that society chooses to accept that alcohol and drugs are potentially dangerous substances.

"The responsibility to deal with the problem must be accepted by the community as a whole, and cannot only be executed by an organisation such as Sanca.

"It is about time the real perpetrators - the suppliers of alcohol to people under 18 - be brought to book."

"Serious consideration should be given to suspending or withdrawing the licences of such people." Police also said yesterday that a noticeable improvement in the vice situation in Hillbrow, Johannesburg, had already been seen in an earlier raid. Narcotics detectives had kept up the pressure in the area.

But nightclub owners have also said how difficult it was to screen all patrons.

One said it was difficult to stop people under 18 from entering because many looked older than their real ages.

Only those who "looked under 18" were stopped and asked to produce identification.

He said customers found it insulting to be asked to prove their age.

Another owner said he has started asking all customers for identification. But this was detrimental to business because those turned away simply went to other clubs.

He appealed to police to make the task of nightclub owners easier by releasing a statement saying any person who went out drinking had to carry proof of age.

It would take only a few weeks before the regular younger frequenter of nightspots realised that they would not be admitted without the necessary proof.
Jingling tills bring Christmas cheer as Cape Town spends

by JEREMY DOWSON and KAREN STANDER
Weekend Argus Reporters

THE weather may be cloudy this Christmas, but business couldn't be sunnier for Cape Town's tourist industry.

According to Captour spokesman Ms Marian Kelder there are about 25,000 visitors in the Greater Cape Town area at present.

"We're keeping a daily check," Ms Kelder said today. "Indications are that the number of visitors has increased by about 20 percent over last year."

One of the key trends noted this season was the "high number" of first-time visitors to Cape Town.

"Captour opened an office in Johannesburg a few years ago, and this seems to have a lot to do with the steady increase in upcountry visitors," Ms Kelder said.

City hotels reported occupancy rates of between 90 and 100 percent.

A spokesman for the five-star President Hotel in Sea Point said it was about 96 percent full.

"We're expecting the hotel to be completely full within the next day or two."

While the occupancy rate was "much the same as last year's", there had been a marked increase in turnover at "outside" facilities such as bars and restaurants.

The Newlands Sun Hotel was 95 percent full, while the general manager of the Vineyard Hotel in Newlands, Mr Richard Johnston, said his hotel was full.

Overseas visitors were "definitely back", he said.
Plans to tame the Sun City ‘hell run’

BY IVON CREWS

SUN CITY and the South African Transport Services are involved in delicate negotiations to run a train service next year from Johannesburg and Pretoria to the gambling resort.

If the scheme gets the green light, motorists won’t have to cope with heavy traffic, delays, strong gourmet, poor signage, and disregard for the law. They can even drive to Sun City to enjoy the facilities.

Signposts are being installed to make the journey safer for motorists and ensure a smooth flow of traffic.

Luxury coaches will transport passengers directly to Sun City by bypassing the main roads and using a special route.

The coaches are expected to cost between R500 and R1000, depending on the number of passengers and the distance.

A spokesperson for Sun International said plans for the train were still being finalised with the South African Transport Services (SATS) and it was hoped the operation would come into effect next year.

Alex, the manager of the Sun City complex, said they are very happy about the arrangements. Both the SAP and the Rand police are cooperating in the crackdown on violence.

Col. Steve van Rooyen, head of the SAP’s Public Relations Divisions, in Pretoria, warned that the SAP would not tolerate violence from gang members.

“People guilty of these acts will be arrested. Depending on the circumstances, offenders could be charged with attempted murder, defaming carrying, and assault,” he added.

The week before, a group of people were arrested in the Rustenburg magistrate court on charges of public violence in which one person died and 32 were injured. About 4,000 rock fans went on the rampage last weekend, causing damage estimated at R500,000.

In November, two buses leaving from Sun City to Johannesburg were stopped near Rustenburg. Nobody was hurt, although the buses were damaged.

Regular

Col. D’Vass, Impala Hotel’s general manager, said that knife carrying was a regular occurrence and that people were very frightened.

Three people were stabbed in the incident, which led to a police investigation.

On October 14, a young man was found shot to death in Rustenburg after they were attacked and their car stolen. It is believed to be a case of gang-related violence.

Although the Sun City complex is a popular destination, the area remains a hotspot for crime.
South African whisky drinkers will pay more for secondary brands next year and connoisseurs will have to fork out more for their favourite premium brands, according to spokesmen for major liquor stores.

The spokesman says a possible increase of more than 20 percent in import prices could lead to large increases in retail prices.

One spokesman says there are a number of factors involved. The United Distillers Group (UDG) in Scotland, which controls a number of distilleries, is increasing the price of some premium brands.

In order to prevent whisky drinkers from switching from premium to secondary brands, the UDG is also increasing the prices of secondary brands.

The spokesman says that in the case of increased import prices, retailers who are also direct importers will have an advantage.

He says the solution for consumers would be for people to group together and buy their whisky in bulk, as it is cheaper by the case than by the bottle.

At present, the prices of secondary brands range from about R10.50 to R13 a bottle, with case prices from about R118. Premium brand prices start from about R18 a bottle, with the most expensive brands retailing at about R186 a case.

The spokesman says it is difficult to tell what the percentage increase will be as the rand:sterling exchange rate also plays a part.
SERVICES SECTOR -
Acomnn. Liquor & Catering - General
1989

January - June
Holidaymakers' double-up shock

By SHAUN HARRIS

TWO busloads of Cape Town holidaymakers arrived in Durban to find their pre-paid accommodation at a private lodge on the plush Berea had been double, triple, and in some cases, quadruple booked.

They had no alternative but to share their holiday rooms with strangers on Friday night, resulting in the 42-room Florida Private Lodge, which can legally accommodate 105 people, being packed with 171 disgruntled guests.

Alarmed Berea residents contacted the authorities and, when Durban fire department officer Jack Litterick arrived at the lodge, he found 15 people sharing one room.

"We moved people's belongings out of a room to put us in," said Mrs. Frances Roman, of Athlone.

"The people returned that night and wanted to know what we were doing in their room."

"Luckily, they were nice people, and eight of us ended up sharing a room with four beds," she said.

Mr. Litterick gave the owners of the lodge until midday yesterday to find alternative accommodation for the overbooked guests, which he said they seemed to have found.

Mr. T D Maharaj, who said he was a director of the company which owned the lodge, refused to comment.

Disgusted

But Durban Publicity Association head Andrzej Kleplea said he would be contacting Mr. Maharaj and taking action against him if necessary.

"We are disgusted that this sort of thing takes place, and appeal to visitors to report any problems they have with any services in Durban to us.

Equally upset was Cape Town bus driver Farooq Singh, who bore the brunt of some of the holidaymakers' anger.

"We are now the subject of local residents' complaints. We are not these kind of people, we are just trying to have a holiday. This landlord will have to be sorted out," he said.
Kersaf offers both security and potential for investors

Casino resort entertainment giant Kersaf has a reliable reputation among investors.

Even though its Transkei resort development is currently on hold pending clarification of the issue arising from the commission of inquiry, this will not hold back a group of Kersaf shareholders, held 76 percent by Safreni/Reunies.

The offshore operations conducted through Royal Resorts hold exciting possibilities with the stated intention of expanding overseas operations so that their earnings equal those earned from Southern Africa in the medium term.

Its two new resort hotels on the Indian Ocean (Comores Island) opened in April 1987.

The formation in July 1987 of the Interleisure group, held 39 percent by Kersaf, will develop well-known food outlets and has already diversified into the sports goods sector.

Sun International operates in eight independent countries in Southern Africa and already enjoys a dominant position in its selective target markets - gaming and casino resorts.

In the latest annual report, SA tax is a mere R5,51 million (1987: R5,46 million) compared to foreign taxes of R48,76 million (1987: R10,5 million) emphasizing the spread of investments in the independent homelands which further provide job opportunities there.


The total tax-effective rate has increased from 13,7 percent to 27,3 percent.

What really made the income statement look impressive was the extraordinary item of gain of R37,17 million (1987: R13,53 million) less outside shareholders' portion R10,5 million (1987: R3,65 million) from the sale of subdiaries, other investments and properties, flotation of underlying subsidiaries, and the write-off of investigation and project costs.

Capital profits

The annual report says "this is mainly capital profits realised on the changes in the Royale Resort's shareholding, as well as on the sale of freehold properties."

During the year, British and Commonwealth Holding PLC sold its stake in the company and another European shareholder acquired an interest.

More details, reasons for the sale and just who is the European shareholder certainly merited disclosure. Earnings per share totalled 110c (1987: 81,6c) with the dividend increased to 70c (1987: 52c).

The casino hotels continue to outperform competitors and the 70 percent average occupancy was up three points on 1987 and well above industry average.

The new Morula Sun and additional rooms available at the Wild Coast Sun and Gaborone Sun all helped operating profits increase. Interleisure's operating profit of R38 million for the year was well above expectations. Unfortunately no income contribution was disclosed from the various hotels and casino resorts.


This was after deducting massive goodwill, trademarks and franchise agreements of R367,3 million (1987: R311,8 million). Outside shareholders' interests totalled a high R409,54 million (1987: R356,97 million).

Total debt has risen substantially to R327,51 million (1987: R35,22 million) but so too have cash resources to R266,91 million (1987: R142,74 million).

The working capital deficit has worsened to R79,60 million (1987: R79,55 million). However, the group can afford this deficit as it produces substantial daily cash receipts from its activities, much along the lines of the supermarkets.

Net worth per share increased minimally to R3,58 (1987: R3,67) compared to the current JSE price of R13,87 a premium justified by the group's status and backing.

Future trading conditions will be adversely affected by the restrictive economic measures and by the political uncertainties prevailing in the Southern African region, says chairman Mr Dick Goos and MD Mr Ian Heron.

Reasonable growth in earnings for 1989 are forecast but why is management not disclosing Royale Resort's strategy and projections for the next five years?

With Safren behind them and Sol Kerzner overseas looking for opportunities, investors have both security and potential to look forward to.
Koevoet will become ordinary policemen

WINDHOEK — The 3,000 members of Koevoet, a specialist police unit formed in 1979 to combat counter-insurgency in northern Namibia, would be absorbed into the regular SWA Police Force, police liaison officer Kerie du Rand said yesterday.

The disbanding of Koevoet had already started and would be completed by April 1, he said. A Swapo spokesman said Swopo totally rejected the integration of Koevoet into the regular police force, saying “they are known as killers”. He said Swapo would make their presence known to UN forces, if necessary.

Du Rand said Koevoet had had a success rate of 75% to 90% a year in eliminating insurgents.

Commenting on numerous allegations about the brutality of Koevoet against residents of northern Namibia, he said: “It has been a thorn in Swafo’s side and so they became a target for Swapo propaganda.

“More than 100 civil cases of assault were lodged against Koevoet, many of which either never made it to court or were chucked out of court,” he said. Only two charges of murder were brought against Koevoet, both of which resulted in a guilty verdict, he said.

The disbanding of Koevoet would mean “an extra few million rand in the Namibian police budget”. With less ammunition used and fewer vehicles damaged, there would certainly be big savings on the budget.

Meanwhile the 7,000-strong police force would carry on as usual until independence, he said.

“Only the less than 400 seconded policemen will return to SA. Most policemen are optimistic about resolution 435 and there is no talk about leaving,” he said.

AWB members ‘pressed’ to oust leader

AWB rebels and their supporters had brought “undue influence” to bear on some of the movement’s Hoofraad members to get them to back their call for the removal of leader Eugene Terre’Blanche, a spokesman for Terre’Blanche said yesterday.

Terre’Blanche’s legal adviser CP Beyers did not elaborate but said some members might be called on to give details at a January 21 Hoofraad meeting.

The 300 elected members will settle the dispute between Terre’Blanche and four of his top leaders who were suspended after insisting Terre’Blanche quit.

Mandy Jean Woods

One of the four, deputy AWB leader Jan Groenewald, declined to comment yesterday, but said the dissidents would probably decide at the weekend whether to attend the meeting.

Beyers said the suspended members received assurances on Tuesday they would be allowed to put their cases to the Hoofraad.
A R7m expansion project has been lined up for the Sandton Holiday Inn as visiting executives in growing numbers choose to overnight in Sandton rather than in Johannesburg's CBD. (JAN 15, 1989)

This trend follows the steady northwards shift of a large number of corporate headquarters, and is reinforced by the declining state of security in the CBD. It is reflected by occupancy rates averaging more than 75% last year. Sandton Holiday Inn is the second hotel in the area to announce plans for upgrading this week, and follows the news of a R6m facelift for the Halalakia hotel and adjoining shopping centre.

It involves increasing the number of bedrooms by 60 to a total of 310.
Tourism is chirpy but retail's glum about '89

By KIM CLOETE

SOUTH Africa's travel industry is relying on more affluent black consumers and foreign tourists for its growth this year. And the executive director of the Federated Hotel, Liquor and Catering Association of South Africa (Fedhaco), Fred Theron, says 1988 has set holiday trends in the black community which could be developed this year.

The number of black people travelling on buses, trains, taxis and in their own vehicles to tourist spots and hotels has increased significantly over the past year. "The spending power of the ever-increasing number of black travellers is enormous," says Theron, adding that the healthy growth in the sawmills market over the past year is another reason for optimism.

More foreign tourists have helped too, with South Africa becoming cheaper as a tourist destination in the wake of the rand's fall. "Travellers can live in luxury at reasonable prices," says Theron. He adds that foreign tourists are beginning to venture into South Africa's small towns and country areas, injecting money into their economies.

But Theron's optimism is not shared by retail traders in other sectors, most of whom expect a slow year.

Checkers' Sergio Martinek believes consumers will be lulled to spend large amounts of money on luxury items. Sales of imported foods such as salamis and cheeses will be affected by the last year's increase in import surcharges.

Martinek predicts a slight increase in grocery sales over the first quarter of this year, with the boom over the Christmas period coming to an end. The year would be difficult, he said, and spending on durables and semi-durables, furniture and property would suffer as economic growth declined.

For the furniture industry, this year will be one of consolidation, with no major growth, according to the executive director of the Federation of Furniture Manufacturers of South Africa, Dr Winston Smith.

Increased import surcharges would cause sales of appliances to level off, he said, as many consumers had bought appliances last year in anticipation of increased prices.

Furniture and appliance sales surged last year, although the sales boom began to level off in September. Sales had outpaced population growth and had partly made up for the lag of previous years. "Last year was a year to catch up," he said. "This will be a year to make up."

The director of the National Automobile Manufacturers of SA, Nico Vermeulen, says the slower growth expected in the economy will obviously affect demand for and sales of motor vehicles.

But he expects only a modest decline in sales of passenger cars and light commercial vehicles.

Because of the demand for cars over the past few months—which is still in excess of current supply—Vermeulen envisages that the new vehicle market will be reasonably buoyant until April or May.

He also does not see much of a change in sales of heavy vehicles. "The buying of trucks and buses is seen as investment spending and tends to continue after consumer spending slumps," he says.
Cape Town is far more interesting than Durban.
Group ‘put gambling rights in Transkei at stake’

an additional 55% shareholding in Transgames, the company which was held to have exclusive gambling rights in Transkei.

Referring to SI’s statement the payment to Chief Matanzima was not illegal under SA law, Chief Holomisa challenged the SA government to look at amending a law he said could allow South Africans to encourage corruption in neighbouring states.

He added that SA was responsible for taking action on the matter as documents before the Alexander Commission showed the transaction, through an Eastern Cape hotelier, took place in SA and not Transkei.

While he did not want to pre-empt the Harms Commission’s recommendations, he said: “If the South African law is silent, their authorities must look into amending it so we can live harmoniously as neighbours,” he said.

If the SA government did not take action, it would be seen to be assisting in corruption, he said. South Africans had “purposefully and deliberately corrupted some of our leaders in the past,” he added.

Own Correspondent
JOHANNESBURG — Sun International had further prejudiced its gambling rights in Transkei by withholding for so long the information that R2m had been paid to former Transkei prime minister Chief George Matanzima, Transkei’s ruling military council head, Chief Bantu Holomisa, said yesterday.

The fact that SI chairman Sol Kerzner authorised a R2m payment to Chief Matanzima to secure SI’s gambling rights in Transkei was raised at the Alexander commission early last year but it was only admitted in documents before the Harms Commission in Pretoria yesterday.

Chief Holomisa said a special committee, set up to look into Alexander Commission recommendations, was still looking into the question of exclusive gambling rights in Transkei and Mr Kerzner’s admission would make its work easier.

However, had the admission been made much sooner, it could have saved the Transkei government large amounts in legal fees and would have hastened the process of dealing with the gambling rights issue.

The question of exclusive gambling rights was not provided for in Transkei law and the present government upheld that law, he said.

He said the military council members would also be pleased to hear the “truth has finally been told” as the question of 13 alleged “bribes” concerning gambling was one reasons the council had staged the coup.

Last year Bloomberg told the Alexander Commission the R2m was paid to Mr G J Gouws on Mr Kerzner’s instructions.

Mr Kerzner had earlier testified the R2m was part of the payment for the acquisition by SI subsidiary Transun of
Sun International ads

Any error in this copy is due to the despatch

of the sheet to the printer. We regret any inconvenience to our valued
readers caused by any discrepancy between the two parties.
Sol enjoys backing of big boards

Staff Reporter

Sun International, Kersad Investments, Saltmarine and Ren
gies Holdings, have expressed unanimous support for Sun
International boss Mr Sol Kerzner following his admission of pay-
ing R2 million to secure gambling rights in Transkei.

In a statement issued yesterday by Sun International, the
boards of Saltmarine and Kersad Investments and Sun International
Inc said: "Having been informed of all the relevant matters in-
quired into by the commissions under the chairmanship of Mr
G A Alexander, SC, and the Honourable Mr Justice Harmsfre-
pctively, and the circum-
stances relating thereto, the
boards have unanimously re-
solved that Mr Sol Kerzner will
continue to enjoy their con-
dence and support."
SI denied improper payments

By Dawn Barkhuizen

A year ago Sun International (SI) placed a full-page advertise-
ment in national newspapers re-
jecting as "without foundation" sugges-
tions it had been party to
improper payments.

It said its conduct and that of
Transkei Sun International Ltd
(Transun) in the gambling rights
deal was beyond criticism.

The advertisement stated that
a report claiming SI transferred
R2 million to lawyer Mr. David
Bloomberg, that he transferred
this to Mr. G. Gouws, and that
Mr. Gouws distributed the
money on Chief George Matan-
zima's orders was misleading.

The advertisement further
stated that if Mr. Bloomberg
dealt with R3 million reputed
for business transactions in
Transkei — transactions public-
ly disclosed in Transun's pro-
spectus — SI and Transun were
unaware of this.

Mr G A MacMillan, chairman
and chief executive of Safren,
the holding company of Kersaf,
which is the holding company of
SI, last night declined to com-
ment:

"I am aware of the advertise-
ment. We made our statement
today. We have no further com-
ment," he said.
from a high of 55 percent dropped to around 45 percent last year. 

A few key points about the current employment situation include:

- The number of employed people in the labor force has increased, reaching 65 million.
- The unemployment rate has decreased to 5 percent from 8 percent in the previous year.
- The average weekly earnings have increased by 3 percent.
- The labor participation rate has remained stable at 65 percent.

In conclusion, the current employment situation is positive, with a growing workforce and stable earnings. However, there is still room for improvement, particularly in the areas of youth employment and skills training.
Sol Kerzner insists that he’s motivated not by money but by the excitement of creating something new.

By MALCOLM TOTHILL

The multifaceted leisure-industry empire that Sol Kerzner has built spans large areas of the South African economy in an outlay of $146 million.

Through his Johannesburg-based iBlock Exchange-listed company Kersaf of which he is deputy chairman — Mr Kerzner has a stake in southern Africa’s casino resorts, hotels, cinemas, film and video production, distribution and distribution companies, supermarkets, fast-food outlets, liquor wholesalers and retailers.

His overseas interests centre on Resorts, a Bermuda-based outfit set up in June 1986 in a R16.4 million deal between Kersaf subsidiary Sun International and British Commonwealth Shipping.

As a result of that deal, which pushed the net asset value of Kersaf shares from 33c to 50c at the stroke of a pen, Mr Kerzner gained a stake in hotels in Spain and the Caribbean Islands, two banks and a British domestic airline, as well as the Mount Nelson Hotel in Cape Town.

Exactly how big a stake Mr Kerzner holds in each of the companies whose destinies he controls or at least strongly influences, would be difficult or even impossible for an outsider to establish.

Humble beginnings

It would also be a pointless exercise, Mr Kerzner himself insists that what motivates him is not money but the excitement of creating something new.

“I am motivated in the first instance by what I am doing,” he has said.

“The money side of it never enters into it. It was not something I would have left a big piece of the action, but it was never an objective, never a goal and, as far as I am concerned, it is never really about it.”

Sol Kerzner’s beginnings were humble. As a boy growing up in Beresdenhom Valley, Johannesburg, his idea of a good time was to ride his bicycle to Youtube and his ambition was to be a movie mechanic or a silent-film actor.

His father, who ran a café and a grocery-store in Beresdenhom Valley and who later moved to Natal to run a hotel, talked him into studying accounting — to Mr Kerzner’s lasting gratitude.

Sol Kerzner’s rise is from the obscurity of helping out in hotel and kitchens to running his own hotel in Durban and then launching a chain of hotels in Europe.

From the earliest days of his career, Mr Kerzner showed the ability to take an unlikely sounding idea and turn it into a go-to-market spin-off.

Thus, in 1974 he built the Beverly Hills Hotel at Umhlanga north of Durban, an area most hoteliers would have considered far too remote from town to produce any worthwhile returns.

Similarly, in 1979 he transformed a remote bush area of Bophuthatswana into Sun City, which immediately became the major entertainment centre of the sub-continent.

Both the Beverly Hills and Sun City were built when Mr Kerzner was associated with South Africa’s Breweries (SAB).

This link was forged in 1962 when he needed money to build the Elangeni Hotel in Durban and pursue the dream that turned into the Southern Sun hotel chain.

At first, the question of who controlled what did not bother him. But in 1983, after corporate ructions at SAB, he broke away, severing his ties with Johannesburg and setting up Southern Sun and taking with him SAB’s southern African resort and casino interests.

Thereafter he took over the Holiday Inn operations in South Africa’s neighbouring states.

All of these interests he put into a new company, formed with help from Bassam/Reynies and called Sun International.

Sun International in turn became part of Kersaf, which was established in July 1984 and was listed on the JSE the following month.

Kersaf’s growth since then has been explosive, not only in the casino-resort field generally associated with Mr Kerzner’s name but also in films, food and other leisure-related areas.

Highlights have included the private listings on the JSE of Sun International’s Bophuthatswana and Transkei operations; the opening of the Riviera Hotel, Sun International’s first and for the time being only hotel in South Africa itself; and the formation of Royale Resorts.

Mr Kerzner now takes up most of Mr Kerzner’s time, which has made it necessary for him to step down as managing director of Kersaf.

However, he remains closely involved with the South African company — to the delight of shareholders, whom he has yet to disappoint.

Although not all of Mr Kerzner’s plans have worked out — one that bit the dust was to develop a 20ha piece of ground at Sea Point, the Cape Peninsula beach — the companies he has consistently made money for his backers.

For example, while the rest of the South African economy was rattling recession in 1986, Kersaf almost trebled its earnings.

The latest Kersaf annual report shows turnover up 52 per cent, to R58 million, and operating profit up 72 per cent to 326,000 million.

To investors, that kind of record counts for far more than Sol Kerzner’s reputation as a playboy or as sometimes abrasive politician — or even the way he has done business with some politicians.
Need for upgrading to attract tourists

CHARLOTTE MATHEWS

MORE foreign tourists would visit SA if transport and accommodation were upgraded, Johannesburg travel agents said this week.

They were responding to a suggestion by a financial executive in a Business Day article that government investment of R1bn in tourism instead of the present R1.5bn, and the introduction of charter flights, were needed to fully exploit the market.

Most travel agents said Sataur was doing a good job promoting SA overseas, but all had suggestions for improvements.

TFC Tours CE Little-John Foggitt stressed the need for charter flights to SA.

"If you look at other countries with a flourishing tourist industry like Spain, Portugal and Kenya, the introduction of charter flights has not diminished travel on scheduled flights but only encouraged a lot more people to travel who could not otherwise afford it," he said.
Tourist influx now straining facilities

PRETORIA — Tourism Board chairman Danie Roughe warned yesterday that a surge in overseas visitors was putting the sector under stress. He added that the number of visitors was up by 14% last year compared with 1987. Contributing to the bumper year was a lively flow of domestic holidaymakers. Roughe said conference facilities had been almost fully booked all year and hunting operators had excelled in the international market with most trips sold out for the season.
Coast towns happy with boom year

TOURISM authorities have long been working to extend the Cape holiday season. Their aggressive marketing strategies seem to be working, particularly along the Garden Route, where CATHY HOOPER reports from Outshoorn on a business boom in the region — and a longer-than-usual summer holiday season.

Statistics show the Garden Route and southern Cape have, because of aggressive marketing, become very popular with holiday-makers and figures kept by Brenda Olivier, Outshoorn’s publicity officer, show 14% more visitors in town from mid-November to mid-January compared with the previous year.

‘Very busy’
The Cango caves had 52 368 visitors in December, 1 232 more than the same month in 1987. Innovative marketing by Outshoorn meant a bumper season and of particular note was the harmony between tourists of all races and the lack of discrimination in amenities.

Delene de Lange, PR officer for the Plettenberg Bay Publicity Association, said the town had a short but “very busy” season and was expecting a busy Easter, with accommodation already fully booked at most hotels and tourist resorts.

De Lange said Pleti’s normal population of 3 500 rose to between 40 000 and 45 000. Although some businesses mainly tourist-oriented, concerns, had done well and others had not experienced the anticipated seasonal increase.

‘Organised’
Joan Whitehead, secretary of the Knysna Publicity Association, told the number of visitors (80 000 to 90 000, tourist population 30 000) was about 30% up on the 1987/8 season.

UK executives in big demand

LONDON. — Demand in Britain for executives and managers is running at record levels despite worries about a slowdown in the economy, according to a report from MSL, the recruitment wing of Saatchi and Saatchi, an advertising group.

MSL said: “Executive recruitment in most functions is proceeding at a hectic pace and the signs are that records will again be broken during the first quarter of 1989.”

But there are indications of a fall-off in one key area with demand for sales and marketing executives down by 50% in the last three months last year compared with the same period in 1987. — Own Correspondent
Tourism earns SA R3bn

Municipal Reporter

DOMESTIC tourism in South Africa generated an annual income of R2 000 million and overseas tourism another R1 000 million, Mr Spencer Thomas, executive director of Satour, said yesterday.

Speaking at a forum in the Civic Centre on the need for greater local government involvement in tourism, Mr Thomas said it had been estimated that tourism provided "direct and indirect employment to 250 000 people" in S.A.

And yet, he added, "we have only scratched the surface of the potential of domestic tourism".

One of the least expensive and most effective ways of providing employment, particularly to semi-skilled and unskilled people, was tourism, he said.

Where meaningful investments were made in the tourist market, meaningful results were achieved.

A debate followed on whether local authorities should place a surcharge on rates to pay for the promotion of tourism.

One of the 150 delegates, Mr Bill Husband, proposed that there should be such a surcharge. Mr Thomas said he believed Durban had already added a certain percentage to its rates, and made its publicity association the best-financed in the country.

Mr Richard Friedlander said that instead of a surcharge on rates, a room tax should be imposed as a portion of hotel bills.

Mr Arnold Broek of the Federated Hotel Association of SA responded that it was unwise to impose a tax on "the very people you are trying to get to your town". He suggested that the surcharge idea should be raised at the United Municipal Executive, so that all cities could adopt it at once.

Mr R.V. Sylvester, a Fish Hoek town councillor, said tourism should be promoted by some body other than the local authority as it was not a popular task. "Our roads are impossible in peak hours, and if we market our town it will be even worse," he observed.

Ms Nikki Holderness of Simon's Town took a more positive attitude to the promotion of tourism, and suggested that all local authorities should provide decent toilets and similar facilities.
Cape Town will have another five-star hotel this November.

The R12 million The Bay hotel project, which incorporates the old Ro-Nioko at Camps Bay—a landmark from the early 19th century—is being undertaken by the Arniston Hotel group.

The hotel will be leased from a consortium comprising Arniston Hotel and five leading Cape Town businessmen and financed by Allied Bank.

Designed by Klein & Louw, the hotel is being built by LTA Construction. It will be a low-rise structure in the style of the adjoining Promenade Shopping Centre.
Satour stresses tourist potential

Own Correspondent

CAPE TOWN — Satour executive director Spencer Thomas said yesterday that domestic tourism generated R2bn and overseas visitors R1bn annually.

He told a forum it was estimated tourism provided direct and indirect employment for 250,000 people.

Thomas added: "We have only scratched the surface of the potential of domestic tourism."

One of the least expensive and most effective ways of providing employment, particularly to semi-skilled and unskilled people, was tourism.

Deputy Bill Husband proposed a surcharge on rates by local authorities to pay for promoting tourism.

Richard Friedlander proposed instead a room tax on hotel bills.

Fedasa's Arnold Brock said it would be unwise to impose a tax on "the people you are trying to get to your town."

Fish Hoek councillor R V Sylvester said tourism should be promoted by some body other than local authorities.

Simon's Town delegate Nikki Holderness suggested local authorities should provide good toilets and facilities for mothers with babies.
Smoking by-law is on the cards

Municipal Report

THE City Council has proposed legislation requiring restaurants to set aside 50% of their tables for non-smokers.

Some of this information emerged at yesterday's monthly City Council meeting, when Mr. Arthur Wienburg asked what had happened to resolutions taken on the subject by the council months ago.

Mr. Louis Kreiner, chairman of the amenities and health committee, replied that the city's legal adviser, last month completed a draft of the required legislation.

The content of this draft by-law has not yet been disclosed, but is expected to take effect next month.

The draft legislation will come up for discussion at the amenities and health committee meeting on Monday next week, and if approved it will come before the full City Council at the end of next month, possibly in amended form.

Reaction from restaurants last night was cautiously supportive. The manager of Bluffs in Camps Bay, Mr. Stephen Birt, said his establishment would be happy to do whatever the public wanted.

Mr. Michelle Fawthrop of Truffles restaurant in Heathfield, one of the top 10 in the Peninsula, said she thought the 50-50 demarcation was "great"
Bumper season for hotels

JOHANNESBURG.—Early indications are that the hotel industry had a bumper holiday season although the official figures are not yet available, the Federated Hotel, Liquor and Catering Association (Fedhass) said in a statement yesterday.

“Our members have, for the most part, reported excellent results,” Fred Themann, Fedhass’s executive director, said.

The highest increases were in the two star category (14.1% up on the previous year), while five star hotels showed a 5.1% increase.

The average room occupancy for the country as a whole was 65.5%, with one star hotels running at 46.9%, two stars at 60.4%, three stars at 62.5%, four stars at 61.4% and five star hotels at a creditable 60.67% — Sapa
SA's fast food industry burgeoning

JOHANNESBURG. — The SA fast food industry is expected to grow by 12% this year to provide an estimated 830 million meals, according to a Business and Marketing Intelligence survey.

The industry served an estimated 740 million meals in 1988, a 14% increase on the 650 million meals provided in 1987, while total food expenditure last year amounted to R540m, the survey showed.

Interfare Holdings executive director Eric Parker said the market was broadening as the economically active market graduated to fast foods and the black market acquired a more disposable income.

Devco Franchise's specialist marketing director Howard Allenberg said 1988 was a particularly good year for Kentucky Fried Chicken, recording a turnover of well over R200m.

He said the 1989 fast food market would need ongoing innovation as the consumer was becoming far more oriented, increasing the demand for "drive through outlets" where food is prepared in about 90 seconds.

Transvaal regional director of Spur Franchise Chris Dunn said Spur experienced a boom in 1988 showing a R90m turnover, a 48% increase on turnover in 1987.

He predicted a marginal real growth of 5 to 6% in the fast food industry in 1989 because increased surcharges on imported equipment and price hikes from local manufacturers would retard significant growth in the industry this year.

Chicken Licken marketing director George Michael also expected only a slight increase in 1989.
Bus lines in bid for more facilities

By MEG BRITS

As Cape Town increases its slice of the tourism cake, private inter-city bus operators are pushing for proper loading and parking facilities. These will become available should the town planning committee's scheme for a "tourism centre" in the city get off the ground but the operators are keen to have an immediate interim solution.

The mayor's ad-hoc committee for tourism is concerned that the present facilities are not only inadequate but among the worst in the country. Inter-city coaches pick up and put down passengers in front of the city's main station but bus operators complain that there is no space to park extra buses legally and no shelter for passengers. Another problem arises because several bus lines operate from the same point and passengers are easily confused. The operators are not allowed by SATS to erect information booths or to have people carrying destination placards in the area.

Bad impression

A subsidiary problem is that there are few holding bays outside the city's major hotels and that operators are often fined for parking illegally. At an informal meeting on Friday, mayor Mr Peter Muller told representatives of the coach line operators that his committee was seeking an immediate solution to the problem. He said the tourist's first impression of Cape Town was hardly likely to be favourable in the present circumstances.

Mr Johan Ferreira, owner of the Interkaap bus-line, explained that his company alone was handling around 680 passengers a day including those travelling to and from the airport. It was suggested that the mayor's committee approach SATS to come to some arrangement about allowing the private operators to use the SATS bus terminus at the station and perhaps the soon-to-be-vacated SAA offices.

However, the operators have agreed to meet again to draw up a comprehensive schedule of their arrivals and departures so that an approach to SATS can be made by the committee.
Mr. Kerzner’s departure as the chairman of Sun International has left a significant void in the company’s leadership. The move comes after a series of unsuccessful projects and financial losses, leading to a loss of confidence among investors and employees.

Investors, who had placed their faith in Mr. Kerzner’s leadership, may now be questioning their decision. The company’s recent financial troubles have been attributed to mismanagement and strategic missteps.

The impact of Mr. Kerzner’s departure on the company’s future remains to be seen. However, it is clear that the void left by his departure will be difficult to fill. The company will need to find a new leader who can steer the organization towards success.

By Dan Side

286

R2-m bridge leads to resignation of Kerzner

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Residents don't want another restaurant

Municipal Reporter

Randburg Town Council’s plans to allow a restaurant and conference centre on vacant ground off Jan Smuts Avenue near Old Parktonians Sports Club are expected to receive a thumbs down from residents of Bordeaux and Blairgowrie at a ratepayers’ meeting tonight.

Ward 7 ratepayers’ association chairman Mrs Claire Reid said this was the second attempt to start a restaurant in the area which was already served by nine similar outlets within a kilometre of the site.

A previous application in 1982 for a railway carriage restaurant was called off after vigorous opposition from residents.

NO PARKING

She said although the council was keen to accept the developer’s offer of R100,000 for the 2,219 sq m land, all the previous objections still stood.

A major problem which had been identified by the ratepayers’ association was lack of parking space for the twin projects, particularly since there was already insufficient parking for the businesses operating in the area.

Management committee member Mr Andre Jacobs, who was the head of the planning committee, had been invited to attend the meeting to discuss this and other complaints identified by the ratepayers’ association, she said.

The meeting takes place at 7:15 tonight at the Old Park sports club in Garden Road, Bordeaux.
No room in CT hotels

By Monica Braden

Finding a bed in Cape Town has become a hard task for tourists, with many forced to make do with whatever they can find in Paarl, Stellenbosch, Somerset West or the Strand.

Several leading hoteliers said that tourists were flooding into the city from up-country as well as overseas.

They attributed the boom to this week's opening of Parliament, the good exchange rate for foreign tourists and good overseas marketing, as well as to the recent lack of good weather up-country.

"All the hotels are full," said Captour manager Mrs Elize Holleman yesterday from her office where numerous luckless visitors had been lining up with accommodation queries throughout the day.

"South Africans used to under-rate Cape Town," said the manager of Bantry Bay's Ambassador Hotel, Mr Selwyn Veley, whose sea-facing rooms have been booked out since October last year. "Now they are realising our good weather is almost guaranteed."

Mount Nelson front-of-house manager Mr Rodney Swart said there were more foreign tourists because there was "less unrest in the Cape this season."

The manager of the Town House, Mr Nigel Pearson, thought the "accommodation crisis" was probably worse last February when the Heerengracht Hotel closed and the St George's had not yet opened.

He thought the situation would improve when the City Lodge opened on the Mowbray Golf Course at the end of the month.

A Durban couple, Mr Jeff Murley and his wife Heather, were among those who had to take whatever they could get on Tuesday night. The only accommodation they could find was the Mount Nelson - "for the night of our lives at R290 for the sheets!" said Mrs Murley.
Kerzner quits

SOL Kerzner has announced that he has resigned as a director of Safren, Kersaf, and Sun International.

A statement from Safren said last night that the boards have accepted his resignation, realising that he has come to this decision in what he regards as the best interests of the companies concerned.

Safren said: "For their part the board's decision of support was based on the significant contribution that Mr Kerzner has made, not only to the companies concerned but to the economy of Southern Africa as a whole and was in no way a condonation of the unfortunate events which emerged at the Harris Commission of which they were previously unaware. — Sapa.

TRANSELE has not yet decided whether they will extradite or prosecute hotel magnate Mr Solly Kerzner and Cape Town attorney Mr. David Bloomberg in the light of the findings of the Harris Commission.
Offshore partner considers Sol's resignation

The board of Royale Resorts International (RRI), Kersaf's offshore partnership, was still considering hotel magnate Sol Kerzner's offer of resignation, Kersaf MD Ian Heron said yesterday.

Heron said Kerzner would be available for comment in London today on the outcome of his resignation offer to RRI.

He said yesterday Kerzner's resignation from the boards of Safren, Kersaf and SunBop would not create immediate problems.

Bruce Anderson and Peter Delmar

Heron said: "As far as the southern Africa and Mauritius businesses are concerned, Mr Kerzner has not really been involved for two years and we have built up our own management team which will now carry on."

Kerzner's resignations came after the tabling in Parliament of the second Harris Commission report on cross-border irregularities. Kerzner and attorney David Bloomberg earlier admitted paying a R2m bribe to former Transkei prime minister George Matanzima to secure gambling rights in the state.

Transkei Attorney-General Christo Nel said yesterday he had called for, but not yet received, the report. Asked about Kerzner's and Bloomberg's position, Nel said he was "not yet thinking in terms of specific personalities".

Transkei's leader Gen Bantu Holomisa said yesterday his government would ensure the pair were extradited to face criminal charges in Transkei.
Sol Kerzner has resigned from the boards of Safren, Kersaf, Sunbop and Interleisure with the cloud of a R2-million bribe to Chief George Matanzio hanging over his head. Mr Kerzner has been lauded as the classic "rags to riches" model capitalist, the poor boy made good. CLARE HARPER reports.

Not-so-humble boyhood behind Sol's meteoric rise

ACCORDING to early Press reports on the hotel tycoon, Mr Kerzner's boyhood in Bez Valley, where his parents worked seven days a week in a café, was full of love but short on cash.

The young Sol did attend Athlone High School, but the vast public relations machinery around the casino king, and the man himself, has perhaps over-stressed his humble beginnings.

"I've been excited by everything I've done - from the time I started the old Astra Hotel. Worked from seven in the morning until two in the morning. It was fantastic."

Mr Kerzner, now 53, likes to point out that he started at the bottom of the trade, serving food out of kitchens and drinks in pubs.

Less emphasised is that Mr Kerzner graduated as a chartered accountant from the University of the Witwatersrand and represented Wits in boxing and wrestling after winning the university championship in 1954 and 1955.

And the humble café owner, Mr Morris Kerzner, later became a Durban hotelier. It was with his father that Mr Kerzner built the Beverly Hills hotel in Umhlanga.

Nevertheless, it is not every son with a father in the hotel business who goes on to build a hotel and entertainment empire and gets to marry Miss World.

Transformed the bush

In 1979 Sol Kerzner transformed a piece of remote bush in Bophuthatswana into one of the country's most successful entertainment centres.

Both the Beverly Hills and Sun City were built when Mr Kerzner was associated with South African Breweries.

The SAB link was forged in 1968 when Mr Kerzner needed money to build the Southern Sun hotel chain.

Describing his breakaway from South African Breweries in 1983 "as a heluva emotional time", he says the decision was not taken to improve himself financially.

"I don't see business as a game of monopoly," he said of the break, in which he took over SAB's Southern African resorts and casinos.

From there, he took over the Holiday Inn operations in South Africa's "homeland" states and formed a new company called Sun International.

Other people's money

Mr Kerzner pointed out that at the conclusion of the Safren deal with Kersaf, he was again put in a minority position.

In fact, as financial commentators pointed out, Mr Kerzner built his empire largely using other people's money, while he personally held small, but important stakes in the various hotel groups.

"All this talk about 'going forth and building a casino in the bush' is public relations hype - it wasn't his money being spent," one commentator said.

Mr Kerzner's stake in Kersaf is estimated to be about 10 percent and he is estimated to be worth about R200-million.

Sol Kerzner

Nevertheless, Mr Kerzner played a central role in building up the Southern African hotel industry into one of the most competitive in the world, and, according to financial analysts, has a good team to succeed him.

For this reason, share values are not expected to drop and the companies are still expected to perform well.

Owns 80 percent

Kersaf owns 80 percent of Sun International, which, apart from its 50 percent of Royale Resorts, controls all the Southern African casino operations, including Sun Bophuthatswana and Transkei Sun.

Subsidiaries and companies associated with Kersaf (in June 1987) are:


In an interview prior to his extravagant birthday bash at Sun City in 1985, Mr Kerzner made it clear that he had not, by any means, finished expanding his empire, both nationally and internationally.

Royale Resorts International presently takes up much of Mr Kerzner's time.

It has not been confirmed whether Mr Kerzner has also resigned from this board.
Jo'burg luxury hotels cash boxesingle at

FRANK JAMES
CASINO magnate Sol Kerzner is hurt, angry — and ready to fight for his reputation.

"Some people have cast me as a common crook when all I did was act in the interests of my companies," he said.

In the first full interview since his resignation this week from the boards of the giant concerns he built in southern Africa, an unabashed Mr Kerzner vowed to vindicate himself.

Stung by criticism of his involvement in the payment of a $2-million bribe to the now-disgraced former Prime Minister of Transkei, George Matanzima, Mr Kerzner said: "I'm content I acted in the interests of shareholders and of the Transkei, not for personal gain or for some sort of ego trip.

"It was a totally insignificant little option. Had I not proceeded, there could have been chaos in Transkei.

"I have no apologies. If I did not have the benefit of hindsight and I were placed in the same position again, I am not sure I would not do the same thing.

"I am not pleased. I contributed to those companies and to those countries. I have seen myself as a responsible contributor to SA generally. I am not happy walking away from close relationships with so many people. But I can't ignore all the abuse."

He said he remained loyal to South Africa and emphasised he had no plans to leave.

His immediate plans were to reflect on recent events — and then to make a full statement.

Mr Kerzner said: "I haven't had time to think where to move next. I'll just take time out to think. One of the frustrations has been my inability to react to all the unfair stuff that is being said and published about me.

Integrity

"I'll take time out to consider my individual response as a person.

"I'll probably say more in a few weeks. In the meantime, I feel quite comfortable about my integrity. I am gratified that the board with the calibre of people who are on it, people with much fuller knowledge of the circumstances, supports me."

Mr Kerzner spoke to the Sunday Times by telephone from his Rolls Royce somewhere in the British Cotswolds.

He was travelling from his UK base at Henley-on-Thames to a meeting to discuss his future at Royale Resorts, the international firm with unidentified foreign partners.

This week, Mr Kerzner resigned from Kersaf, Safren, Sun Bophuthatswana, Transkei Sun and Royale Resorts. His resignations from SA companies were accepted, while Royale Resorts is still considering its position.

 Asked why he had resigned all his directorships, he replied: "I could not tolerate the abuse and unfair comment levelled at my colleagues and me.

"The calibre of President Lucas Mangope of Bophuthatswana and Old Mutual chairman Jan van der Horst were harassed.

"As a party to formal board statements, I could say nothing. I was gagged. But I felt I had to defend my own dignity. The time had come when I could not longer remain silent."

Mr Kerzner's resignation followed critical media comment and fierce debate among his board colleagues after he admitted that a $2-million payment was made to secure exclusive gambling rights for Sun International in Transkei.

Some of SA's most powerful and respected businessmen — such as Mr Allsiao Macmillan of Safren, Mr Dick Goss of Kersaf, Mr Les Abrahamsen of Nedbank and Syfrets, and Old Mutual's Dr van der Horst — sat on boards with him.

The ultimate controller of Kersaf and Safren is Old Mutual, a model of probity in SA business.
R5 382 saving in timeshare holiday costs

By Udo Rypstra

SOUTH Africans are saving a lot of holiday money at home and abroad by using timeshare and exchange facilities.

A Johannesburg man who bought a timeshare unit for R4 600 in 1983 says he has saved almost R1 000 net in holiday accommodation and his unit has almost doubled in market value.

Businessmen are now also using their SA timeshare facilities to obtain exchange accommodation abroad - saving a large amount in hotel costs.

Record

Resorts Condominium International (SA) expects to handle more than 20 000 timeshare exchanges this year, almost double last year's figure.

Michael McCarthy, of Johannesburg, has kept a record (see table) that shows it would have cost him almost R500, or an average of about R1 400 a year, for his family of four to have a week a year in a hotel on the Umhlanga beachfront. This would have included all meals and would have worked out at an average of R200 a person a day.

He bought a one-week timeshare unit for R4 600 in Umhlanga Sands, paid his levies every year and bought his own meals. The total cost was R3 063, or R510 a year, an average of R18.23 a person a day.

Mr McCarthy says he has saved R5 382 in only six years and has more than recouped his original investment. The unit has appreciated in value to R8 500 and can be expected to continue rising.

Because ownership is forever, many more cut-price holidays are ahead for him and his family.

Stopovers

Mr McCarthy could exchange his Umhlanga week for one elsewhere in South Africa, or abroad.

RCI managing director Bruce Ravenhill says the number of timeshare exchanges in 1988 rose by 64% to 10,500. The request-fulfilment rate was 95%.

Internationally, RCI's outgoing exchanges were 1,006 weeks. The request-fulfilment rate was 89%.

Mr Ravenhill says: "We organise the whole travel and stay arrangement through RCI Travel Club, which is run by Endless Vacation Travel, our in-house agency. Hotel and stopover packages are arranged to give people time in such places as London. A timeshare swap is arranged. "As the cost of overseas holidays becomes more expensive, we expect more people to use timeshare swaps. They save accommodation costs and timeshare owners have more money to spend on holidays or even business."

Last year RCI established an on-line computer link through London to the worldwide RCI system. This means that foreign exchanges can be controlled from RCI's Sandton office. Availability can be assessed immediately. Options can be offered and confirmation can be made quickly."
Expansion trims Interleisure profit

By Ana Crotty

Entertainment conglomerate, Interleisure, which is 39 percent-owned by Kersaf, has turned in strong results for the six months to December.

But the relatively pedestrian improvement at the earnings-per-share level highlights the impact of funding the group's rapid expansion.

Reflecting the high level of consumer spending, including the buoyant Christmas period, group turnover was up 54 percent to R185.7 million (R120.5 million).

Operating profit rose 47 percent to R26.9 million (R15.3 million). This meant that margins were down slightly from 13.1 percent to 11.5 percent.

The group goes for high volume and reasonable quality at relatively low prices, but this has not prevented the attainment of attractive margins.

There was a massive hike in the interest bill, from R661,000 to R2.9 million. This reflects the group's aggressive acquisition strategy.

The balance sheet shows short-term borrowings have surged from R2.5 million to R41.7 million, which has pushed up gearing from nine percent to 58 percent.

Pre-tax profit showed a 36 percent increase to R24 million (R17.6 million).

After tax and minorities, attributable earnings showed an increase of 27 percent to R15.8 million (R12.9 million).

But the increase in shares that followed some of the acquisitions meant that the improvement at the share level was restricted to 17 percent, taking earnings to 7.8c (6.5c).

A dividend of 3.75c (3.25c) has been declared.

Reflecting the massive increase in borrowings, interest cover is down from 28 times to 9 times.

The directors say: "Barring any major acquisitions in the year ahead, it is considered likely that the gearing ratio will be reduced."

Looking to trading prospects for the remainder of the year they say: "Although a slowdown in economic activity is expected in the second half, earnings growth for the next six months should at least equal that already achieved."
Delegation punts Cape

SPONSORED by SAA, hotel groups and the wineries, a Cape Delegation last week visited all the other major centres of South Africa to promote the Cape as a conference and exhibition centre, all the year round.

"Meanwhile, Captour has produced an attractive ‘Cape Conference and Exhibition Guide’, with all conference venues in the Western Cape listed. Marion Kelder, assistant to the MD of Captour and a member of the touring party, told Top of the Times: ‘We had an enthusiastic and most encouraging response at all the centres we visited.’

New hotel for CBD

BY ROGER WILLIAMS

WINCHESTER HOUSE, on the corner of Long and Shortmarket streets, is to be converted into a small, exclusive hotel with 26 bedrooms. Top of the Times understands the building will retain its old-world facade but will be modernised internally, providing up-market accommodation in the CBD for businessmen and tourists.

The new hotel will incorporate a coffee shop. The 1910 building, formerly owned by Cape Town City Council, is one of Long Street’s few ‘historically most significant’ buildings mentioned in the Cape Town Heritage Trust report.

Captor claims it has extended the Cape season from six weeks to six months; now it is going all out, in a campaign just launched, to make the Cape a 12-month destination – including the winter, ‘green season’ months. ROGER WILLIAMS reports.

A CONCERTED R1.5 m campaign has been launched by Captour to promote the Cape’s winter months, ‘the green season’, and to turn the region into a 12-month tourist destination.

A Cape conference and exhibition guide has been produced by Captour. Marion Kelder, assistant to the MD of Captour and a member of the touring party, told Top of the Times: ‘We had an enthusiastic and most encouraging response at all the centres we visited.’

Captour chairman Louis Kreiner, a member of the City Council, estimated yesterday Captour was putting R700 000 into the campaign, on an increased grant from the Council, and the private sector was being called on for an additional R500 000.

The new hotel for CBD

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NEw HOTEL FOR CITY... Historic Winchester House, on the corner of Long and Shortmarket streets, which is to be converted into a small, exclusive hotel for businessmen and tourists. Picture: RICHARD BELL

Captour chairman Louis Kreiner: ‘We’re going all out to make the Cape a 12-month destination’...

BY ROGER WILLIAMS

1989 high season.

There is therefore no reason why we should not succeed in firmly establishing the Cape as a desirable place to be, all the year round – and we are going out into the market place to put our case.

We are arranging for wide distribution of a programme of events at the Cape throughout the year; we are citing specific benefits of coming to the Cape in the ‘green season’; we are encouraging travel agents and tour operators to offer special packages in that season and we are drawing attention to the benefits of the Cape as an all-the-year-round conference centre.

‘Our hotels must also, of course, play their part, and as we shall need more of them if our campaign succeeds — which we are confident it will — we on the City Council are already identifying sites on which we feel would be suitable for new hotel developments.’

Cable station

Kreiner said while Captour was promoting the Cape elsewhere in the country as well as overseas, it was also campaigning for improved tourist amenities within the Cape itself.

‘For instance, we are trying, in collaboration with the cableway company, to overcome a common cause of complaint by tourists — their having to wait for long periods, in queues, at the lower cable station.’

‘The idea will be to use a computerised booking system, which will ensure the tourist a ride to the top of the mountain at a specified time on a specified date; a device at Kloof Nek for those who have not booked, indicating space availability on the cable cars — and also possibly the provision of a restaurant on the mountain slopes near the lower cable station.’

The ‘Green Season’ campaign is aimed at, among others, people in the upper income groups with a certain amount of leisure time, appetites for good food and enjoyment of ‘the finer things’.

Cooler months

However, says Captour, there is something for everyone in the Cape during the cooler months. In autumn, the wineries are at what could be described as their most beautiful, and in August/September, the West Coast and Peninsula highways and byways burst into bloom, with a carpet of flowers as far as the eye can see.

The ‘Green Season’ brochure being produced by Captour will highlight activities and events that take place from April to November, ranging from horse races to arts and crafts fairs, including the wine route, fruit route and the cheese and wine routes.

The Green Season culminates in the Cape Festival which will take place from September 23 to October 10, during the Cape spring. The wild flowers of the Cape will be an intrinsic part of the festival, as will major sporting, entertainment and other events.

Cultures

Art, culture, theatre, music, ballet, our hotels and restaurants, museums, galleries, historical homes and buildings, places of interest and the unique blend of cultures that make up the Cape are among some of the major tourist attractions of the Cape, and are the ‘nautical flavour’ of the city and the beauty of our scenic ‘routes’, including the wine route, fruit route and the cheese and wine routes. The Green Season culminates in the Cape Festival which will take place from September 23 to October 10, during the Cape spring. The wild flowers of the Cape will be an intrinsic part of the festival, as will major sporting, entertainment and other events.
Owen blows whistle on 'pig'
Sunbop earnings hit the jackpot

SUNBOP turned in strong results for the six months to December with a 55% increase in earnings a share and dividends as more people flocked to Botswana's casinos and hotel occupancies for the group rose.

Earnings a share climbed to 49.9c (from 31.8c) while the dividend of 32.9c (21c) was declared.

Pre-tax profit rose 64% from R16.3m to R21.9m on a 65% increase in turnover from R195.5m in 1997 to R266.4m last year.

Directors said growth in earnings per share for the second half of the year should be in line with that achieved in the first half.

Sunbop hits jackpot: 55% earnings rise

Sunbop's share price put on 35c on Friday ahead of results. The share reached a 12-month high of 310 in mid-January. The group's hotels average occupancy - which rose 3% last year to 80% - is higher than competing hotel chains in southern Africa, said directors.

The initial dampening effect of Monola Sun on the casino operations at Sun City was reversed and Sun City took advantage of its "unique facilities" to boost earnings to a satisfactory level. In addition, trading results of the Taung Sun hotel and casino, 120km north of Kimberley, which opened in December last year, exceeded expectations.

Executive director Ken Rosewarne said: "More people travelled to Sun City for large jackpots and popular shows. The group also continued to market its hotels and casinos aggressively. All units contributed strongly to the improved results, said directors."
Sunbop earnings hit the jackpot

SUNBOP turned in strong results for the first six months to December with a 55% increase in earnings a share and dividends as more people flocked to Bophuthatswana’s casinos and hotel occupancies for the group.

Earnings a share climbed to 48.5c (from 31.5c) while the dividend of 22.5c (21c) was declared.

Pre-tax profit rose 64% from R49.9m to R81.9m on a 43% increase in turnover from R165.5m in 1986 to R236.4m last year.

Directors said growth in earnings per share for the second half of the year should be in line with that achieved in the first half.

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Executive director Ken Rosevear said more people travelled to Sun City for large jackpots and popular shows. The group had also continued to market its hotels and casinos aggressively. All units contributed strongly to the improved results, said directors.
KIMBERLEY — SA tourism showed a growth of 14.4% last year, said Satour deputy executive director Campbell Smith.

Speaking at a tourism conference in Kimberley, he said 388,000 overseas tourists and 400,000 tourists from Africa had visited the country last year.

Tourism was an economic force with more South Africans discovering inland SA and members of all population groups starting to travel more extensively in the country.

He said in the process of promoting tourism certain standards and principles had to be upheld.

Captour director John Robert said at the conference that development of tourism depended on a partnership between the state, local authorities and local communities.

Residents should become more involved in the marketing of their own towns and education in this regard should start at school.

He emphasised the importance of the development, marketing and management of a tourism infrastructure.

He added that through successful application of this process tourism could increase by at least 10% a year.
SA tourism is on the increase

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"Residents should become more involved in the marketing of their own towns and education in this regard should start at school," he emphasised.

He added that through successful application of this process tourism could increase by at least 10% a year.

Sapa
Transun will contest legal disputes

Transun ‘has strong case’

Lesley Lambert 2.8%

Transkei Sun International (Transun) would contest any legal dispute over exclusivity of its gambling rights in Transkei because it believed it had a strong case, Transun chairman Ian Heron said yesterday.

He was discussing Transun’s interim results, in which earnings grew 18% to 14.7c a share, and the effect that recent disclosures and recommendations by the Alexander and Harms commissions of inquiry could have on future earnings.

In a statement issued with the results, Heron referred to the disclosure that Transun’s acquisition of a 55% stake in Transgames was “associated with an improper payment” by former Sun Intern

The company would take the necessary steps to protect its interests.

It was important to distinguish between the company’s exclusive gaming rights and its gambling licence when trying to determine possible effects of developments on business operations.

There was never a question of Transun losing its gambling licence, which was a major profit generator.

If Transun lost exclusive rights others could develop in those areas. “We are not too concerned about that. We have the best site available on the Umnumva River, separating Transkei from SA,” Heron said.

Transun produced satisfactory results during the six months to December 31 with turnover increasing 33% to R71m and operating profit by 30% to R50.8m, owing to high occupancy levels at the Wild Coast Sun and gambling profits.

An interim dividend of 11.5c was declared, representing a 15% increase.

Growth in earnings a share was affected by a substantial R3.7m increase in the tax bill to R8.6m. Tax was lower in the previous year as a result of investment allowances available on extensions to the Wild Coast Sun.

Provided no material consequences arose from issues dealt with by the commissions, growth in earnings for the second half should at least equal those achieved during the interim period.
Transun

Increases

Earnings

Transun, Sun International (Transun) increased turnover for the six months to December by 33 percent to R11 million (R8.4 million).

Operating profit improved by 30 percent to R20.8 million (R15.7 million), resulting in attributable earnings rising by 19 percent to R21.3 million (R18.1 million). Earnings per share rose by 12 percent to 14.5c (12.5c), while the interim dividend was raised by 15 percent to 11.5c (10c).

Commenting on the results, chairman Ian Heron said that the Wild Coast Sun achieved an average room occupancy of 76 percent for the period, slightly down on the 1987 interim period.

"Transgames generated taxed earnings of R2.4 million, 100 percent up on 1987," he said.

On prospects he says that provided there are no material consequences to the company arising from the inquiry into the question of exclusivity of gambling rights awarded by previous Transkei governments to the Wild Coast Sun, growth in earnings for the second half of the year should at least equal that achieved in the first half.

The exclusivity of Transun's gambling rights and validity of exclusive rights of Transgames, Tattersalls and the Umtata projects are set to be referred to the Transkei Supreme Court.

"The company is taking the necessary steps to protect itself," Mr. Heron said.
Now the Sun also rises in Bloemfontein

SOUTHERN SUN'S newest development, the 147-room Landdrost Hotel in Bloemfontein, was opened yesterday.

The Landdrost, which has been open to the public since November, cost Southern Sun R30m to build.

The hotel is built on a Cape Dutch theme, with the two storey building encircled a pool and garden area.

The hotel boasts two presidential suites, 14 executive rooms, a restaurant, a bar and conference and banqueting facilities.
Term problems

When school terms are changed the repercussion go far beyond pencilling in new dates on a calendar. They can send timeshare managers and time owners into a flat spin.

For example, week 15 last year may have been a prime week because it fell in the last week of the three-week Easter break.

This year, the owner may find himself high and dry in the Transvaal instead of surfing at the coast — because his children are due back at school that week.

Will he be compensated for the devaluation of his prime week brought about by the school term changes? Or does he simply have to grin and bear it.

It's a problem being addressed by the

timeshare industry which is looking at ways of restoring imbalances brought about by the change from a three-term to a four-term school year in the Transvaal.

Options vary from flexi-time — which allows timesharing to buy school holidays rather than fixed periods — to a points system. In fact, the problem is so serious that leading timesharing developer Southern Sun Timesharing (SST), has formed a sub-committee to investigate the problem.

According to SST operations director, Gavin Michelmore, another school term change is possible next year.

Though the larger timeshare groups say the present changes are minimal, they have resulted in out-of-season timesharing suddenly becoming prime-time owners and vice versa.

One of the methods used to solve the issue is to swap weeks to ensure that no one loses out. Resort Condominium International estimates the industry's unsold stock to be in the region of 33% to 48% of week units, which could be used for swap purposes. But few members of the industry will disclose details of how many time-owners are affected.

One organisation which says it has had few problems sorting out the issue is the Syfrets-associated Trafalgar Timeshare Resorts. Trafalgar — the second-largest timeshare developer in the country — has decided to upgrade the weeks of owners hit by the changes. Marketing director, Rienne Cominelli, says almost all the affected timesharing who have requested upgrading have been satisfied. "Besides absorbing any stamp duties and extending the payment period by a further 72 months from the date of signing the new contract, where upgrading was not available in the same resort, we offered weeks in our other resorts."

Kondotel, said to be the country's fourth largest timeshare developer, says it will not be affected by the changes. This is because it sells time on a flexi-module system rather than the more widely used fixed-time concept.

According to Kondotel MD Jan Kruger this is the only system which fulfils the consumer needs in relation to a changing school calendar. "Out of the 11-12 Transvaal school holiday weeks, we guarantee 10."

Kruger says five other school holiday weeks, which fall under other provinces, are also offered — but not guaranteed.

He explains that in order to make the system work owners are sent reservation forms each year. The client fills in the form stating the week — out of the 37 weeks — he wishes to holiday in. "The flexibility of this system allows the client to choose a suitable time to holiday."

According to Kruger, in Australia 85% of all timeshare schemes are based on the flexi concept, compared with 20% in SA.
Kersaf puts up a solid interim

By Ann Costly

Kersaf has reported a strong first-half performance and, with earnings up 36 percent to 65.8c a share and the dividend 34 percent higher at 38c for the first six months, full-year earnings 100c and a dividend of 80c should be on the cards.

The only threat to this sort of performance is the possible impact of the Harms Commission of Inquiry.

A statement released with the results says: "The board will in due course determine the appropriate carrying values of the investments in Trainsgames and Tatterstalls. In the event that these investments require to be written down in value, this will be done through the income statement as an extraordinary item with no taxation effect.

"In the event of the Umtata project not proceeding or not proceeding in accordance with the original concept, all or certain of the costs incurred to date, as well as additional costs that may of necessity be incurred, will be written off as extraordinary items."

"Kersaf MD Ian Heron says the directors will take a view on this issue at year-end, adding that he does not expect any decision to affect the dividend payment."

In the six months to end-December group turnover was up 42 percent to R639.4 million (R461 million). Operating profit surged 51 percent to R186 million (R123.6 million), reflecting the fact that margins benefited from the increase in average occupancy from 79 percent to 72 percent.

Interest payment doubled to R10.5 million (R5.1 million) because of the sharp rise in borrowings, which resulted in gearing rising from 15 percent to 25 percent.

The higher level of borrowing was attributable to expenditure on Taung Sun, the Fish River hotel, and acquisitions made by Interleisure. Mr Heron expects gearing to be 25 percent at year-end.

"After an increase in the tax rate to 31.7 percent from 27.9 percent, attributable earnings showed a 36 percent advance to R40.3 million."

A divisional breakdown at this level shows SunBop contributing R17 million, Transsun R9 million and Interleisure R6 million.

The balance - just over R17 million comes from offshore interests, including other Southern African interests, management fees from these operations, Royale Resorts, Kersaf Liquor and income from Kersaf’s 21 percent stake in Southern Sun.

Mr Heron expects a similar percentage breakdown for the full year.
Kersaf heads for a billion

Kersaf Investments Ltd, a powerhouse in the hotel and gaming industry, saw a turnaround in its operations in the first half of the year. The company reported a headline profit of R106 million, an increase of 43% from the first half of the previous year. The tax profit was R173 million, marking a 40% increase.

Earnings before interest and tax (EBIT) rose by 65%, contributing to a net profit of R106 million, an increase of 30% from the previous period. The attributable profit was R49 million, showing a 36% increase.

The board of directors, led by chairman N. B. On, set a target of R1 billion in earnings before interest and tax for the year. They noted that the group's growth in earnings would be driven by the growth in attributable profit from sources such as hotel, gambling, and liquor.

Mr. On highlighted that the earnings growth in the hotel sector was driven by an increase in overnight stays, with a 36% rise from the previous year. The board also noted the significant growth in earnings from the gaming sector, with a 40% increase.

On展望, earnings for the year will be R1 billion. The share at R40 per share, which is 3 times forward earnings and yields a prospective 6.7%.

Business Times Reporter
A remarkable 43% increase in turnover of a billion rand in the first half of the year saw Kersaf Investments Ltd emerge as a leading player in the gaming and hospitality sector. The headline profit of R106 million was an increase of 43% from the first half of the previous year. The tax profit was R173 million, marking a 40% increase.

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HEAVY CONSUMER SPENDING BOOSTS KERSAF EARNINGS

BRUCE ANDERSON

A HIGH level of consumer spending has boosted Kersaf's earnings by 36% to 65,8c for the six months to December, a growth rate the group expects to sustain in the second half of the year in spite of an anticipated slowdown in economic activity.

Operating profit rose by 31% to R108.1m (R123.6m) and an interim dividend of 38c was declared — up 34% from 29c last year.

Turnover rose by 42% to R639.3m (R451m) with all operations in the group benefiting from a high level of consumer spending in the period under review.

However, gearing has risen sharply. Interest-bearing debt of R222.7m (R122.5m) now represents 25% (15%) of shareholders' funds.

Kersaf's activities are focused on the leisure industry and the group enjoys an especially strong position in the casino resort market in southern Africa through its subsidiary Sun International.

Directors said Sun International, in particular, enjoyed favourable trading conditions and the group's resorts achieved an average occupancy of 72% — an increase on last year's 71%.

Revenues from both gaming and hotel activities were substantially up on the corresponding period last year. In addition, Kersaf's entertainment and leisure subsidiary, Interleisure, also posted satisfactory results for the period with a 27% increase in earnings.
Kersaf increase revenues by 42%

JOHANNESBURG. — The Kersaf group's revenues for the six months to December increased by 42% to R659.3m while the operating profit of R188.1m reflected an increase of 51% with an improvement in the operating margin percentage.

Earnings attributable to ordinary shareholders was 50% up at R49.3m resulting in earnings per share of 65.6c (45.5c).

An interim dividend of 39c (29c) has been declared.

The directors point out that all operations benefited from the high level of consumer spending in the period. Sun International in particular enjoyed favourable trading conditions and the group's resorts achieved an average occupancy of 72% compared with 70% for the previous year.

Revenue from both gaming and hotel activities were substantially up on the corresponding period of the previous year.

The Interleisure group achieved satisfactory results for the period, with earnings of R13.9m reflecting an increase of 27% on the previous year.

In a statement issued by the company it says that it will protect its interests in the present investigations surrounding the granting of certain rights in the Transkei.

The company adds that should there be any reason to reduce the value of the investments these will be deemed to be an extraordinary item through the income statement with no taxation effect.

This will also apply to the present Umtata project should it not proceed or proceed in accordance with the original concept.

The company is confident that growth in the second half of the year will equal the first half notwithstanding the anticipated further slowdown in the economy.
Tourism figures show rise in visitors from black Africa.

The trend emerging from South African tourism figures is the increasing number of visitors from the rest of Africa.

Indications are that of the 750,000 visitors to South Africa annually, about 50 percent are from African states, compared with 30 percent from Europe and seven percent from North and South America.

Referring to the renewed buoyancy in the tourism business, Mr. Louis Botha, Administrator of the Free State, said recently this was a "clear indication of the increasing potential of black tourism — a factor which has to be taken seriously."

OPERATON

Mr. Botha was opening the latest hotel operation of the Southern Sun group — the R30 million Landdrost in Bloemfontein.

In Cape Dutch theme and designed by architect JD Maresch, the 147 rooms and two presidential suites look onto an oasis-style courtyard.

An additional feature is the ease of movement in the interior of the hotel, the better to accommodate paraplegic guests.
SMOKERS TO DINE OUT SEPARATELY

CAPE TOWN — A new by-law forcing restaurants in Cape Town to demarcate at least 50% of their seating space as a non-smoking area was approved by a large majority at yesterday’s city council meeting.

The bylaw was adopted by 25 to five. Those who voted against it included Mayor Peter Muller, Councillor Anna Mia Coen-Heever who confessed she was an addict; and three councillors who smoke.

Amenities and health committee chairman Louis Kreiner, who is a reformed smoker, said he did not believe businesses would be harmed by the measure.

Councillor Arthur Wenburg said only 32,74% of Capetonians smoked, yet they were getting 50% of the space in restaurants, which he thought was very reasonable.

“We non-smokers have a right to breathe clean air and to seek the protection of the law against any commodity that is injurious to our health,” Wenburg said.

Councillor John Sonnenberg said 29 000 people would die in SA this year as a result of smoking. This was equivalent to “a fully laden jumbo jet crashing with no survivors every five days”.

“If this were the case, would you fly?” he asked.
Wine row bubbles between hoteliers and KWV

By SHARON SOROUKH

Staff Reporter

THE KWV and wine farmers have blamed the high mark-up on wines in hotels and restaurants on falling sales and virtual stagnation in the wine industry.

But Fedhosa has dismissed the allegation and blamed the overflow of wine in South Africa on over-production owing to guaranteed minimum prices.

Reacting to comments by KWV executive director Mr Kobus van Niekerk that wine farmers’ share of income from wine production was falling steadily, Fedhosa executive director Mr Fred Theron, said: “Our business is regulated by the public, which dictates pricing.

“KWV’s criticism of efforts by its customers to sell wine has harmed the image of wine more than attempts by the hotel, restaurant and retail liquor industry to create a market niche for wine as an alternative beverage.

PROMOTE

"KWV has a duty to promote and market generic wine and not create an image of a prestigious product."

However, owner of Simonsig wine estate and KWV director Mr Frans Malan said: “The stagnant wine industry has shown little or no growth in the past three to four years in spite of the population growth and an effort is being made by the Wine Foundation to market generic wine.

“However, restaurant and hotel mark-ups on beer are much lower than they are on wine and this leads to weaker wine consumption.

“A wine farmer gets 45 cents a bottle for standard wines and 57 cents for quality wines, and 30 percent of the crop is sold as standard wine. Wine that retails at R3 a bottle increases to R9 or more in restaurants,” he said.

Peninsula restaurant owners said the mark-up on wine in the Cape was reasonable. It ranged from 30 percent to 250 percent, but averaged nearer 100 percent.

Restaurant owners felt wine prices should be kept low as it was to accompany good food and not restrict the sale to a privileged group.
TOURISM

Five-day wonders
Blacks have become a force to be reckoned with, in up-market hotels.

An SA Tourism Board (SATB) spokesman says hundreds of thousands of middle- and lower-middle income blacks have joined savings societies whose express aim is to send each member on an annual five-day holiday to a five-star hotel.

Says Alan Gooderson, chairman of the Durban branch of Fedhasa: "Without our black clients, we would probably have to go into another trade." Sources at Fedhasa and SATB put the potential market at a minimum 1,25m blacks.

SATB senior tourism co-ordinator Arnold Motisiri says he has surveyed 200 black society chairmen in the PWV area. "They all say their aim is to enable each member to spend five days and four nights a year at a five-star hotel."

Motisiri says by holding stokvels and gazis (a type of pay-and-share party) costing R10 or more, together with monthly contributions, enough cash is collected to guarantee a minimum holiday allowance of R500 a member.

"But these people have been saving for months and members usually have up to R1000 to spend on their holidays."

The philosophy is that for five days in the year, blacks want to experience what Motisiri calls "the good life." Travelling soccer fans also fill hotels accommodating their teams, spilling over into adjacent hotels. Motisiri says the black shift to hotels has been helped by cheap transport provided by regular intercity black taxis.

Fedhasa's Gooderson says average black occupancy of Durban hotels in the 1988-1989 season is up by as much as 30% on the previous year.

Black tourists now fill 3 500-4 000 beds that were once used by white holidaymakers who have opted for timeshare. Timeshare is also responsible for hotels' shrinking peak season over Christmas, adds Gooderson.
Hotellier with stars in his eyes

By TREVOR WALKER
Business Staff

PROTEA Hotels’ regional director for the Cape, Mr Miso Markovina, has stars in his eyes; in fact the business of stars is his business.

Protea Hotels has had a remarkably successful business record since the present management team took over in 1981.

All the hotels in the group have been substantially redecorated and the quality of service greatly improved.

This attention to detail has led to practically all the hotels being granted a higher star rating.

No less than 18 stars have been awarded by the Tourism Board to the hotels that Mr Markovina controls.

He learnt only recently that the Ritz Protea in Sea Point, bankrupt three years ago when Protea took over, has been awarded four stars.

The Cedarberg Protea at Citrusdal, newly revamped at a cost of R700 000, has been awarded a second star and the Waterville Protea at Kakamas three stars.

“It was tremendously satisfying for me as I firmly believe these hotels truly earned them,” Mr Markovina says he anticipates a further nine stars could be added to Cape region hotels, of which there are 18, by the end of the year.

In addition to the new Cedarberg Protea, the group has another new interest on the Cape west coast, the Marine Protea at Lamberts Bay, which is also being extensive upgraded.

“These hotels have enabled us to open a whole new route, one that has the potential to rival the Garden Route.”

He points to the excellent climate, importance of the N1 route to Namibia, abundance of crayfish and other fish, veld flowers, the beauty of the Cedarberg and the Olifants River Valley as factors which are likely to lure visitors in the future.

He also expects Namibia to become a big drawcard once the political situation has eased and says that the three star Kalahari Sands Protea in Windhoek, another property under his control, is already experiencing an upsurge in occupancy.

Protea is leader in the field of hotel upgrading and refurbishing and all 187 bedrooms at the Kalahari Sands were recently renovated at a cost of around R1-million, by Plan One, a subsidiary company in the Protea group.

After four difficult years the hotel industry is experiencing one of its best summer seasons for many years.

Mr Markovina has just returned from a marketing trip to Italy and France and forecasts an “invasion” of Italians during the coming year.

Mr Markovina, apart from (See Page 3)
of the Times Today’.

The lead article on page 1 is titled “The Times Today” and starts with a quote from a man named James Smith. The article discusses the current state of the newspaper industry and the challenges faced by newspapers in today’s digital age. It highlights the declining readership and the need for newspapers to innovate and adapt to stay relevant.

The article continues with a quote from the same man, stating, “We need to change our approach to how we present our content to our readers. We need to focus on delivering content that is relevant and engaging, and we need to use new technologies to reach our audience.”

The article also mentions the importance of maintaining a strong online presence and utilizing social media to engage with readers. It highlights the success of certain newspapers in adapting to the digital age and the lessons that can be learned from their strategies.

The article concludes with a call to action for newspapers to embrace change and innovation in order to remain relevant and successful in the modern media landscape.

The article is well-written and provides valuable insights into the current state of the newspaper industry. It is a must-read for anyone interested in the media and the future of journalism.

Diane Cassese

Next issue: Jumped over, James

Mr. James Smithwood

NEW OWNER

SENIOR EDITOR

CAR. TIMES 1/3/85

285
Diplomats are no different

Court saves Iandlord

Violence followed the Mphopheni district head and Nzama stabbed him in the chest.
Safren steaming ahead

Finance Staff

All three of the major trading divisions did extremely well for Safmarine-Renmes (Safren) boost the group's earnings per share for the six months to end-September by 32 percent to R17.26. The interim dividend was lifted by 25 percent to 45c.

The shipping and transporting interests in Safmarine and Renmes were buoyant, largely as a result of the higher import and export volumes and the weakening rand. Management estimates that their half-yearly contribution to the bottom-line was around R82 million. Safmarine and Renmes is now valued at about R400 million.

The remaining income was derived from Safren's 76 percent interest in Kesa, through which the group has access to Sun International's, hotel and casino interests. Kesa contributed R17.5 million, or about 34 percent to Safren's profits.

Safren's turnover was 37 percent higher at R1.66 billion, while operating income was 56 percent higher at R288.2 million. But increased tax cut the increase at the attributable level to 26 percent.

The directors said that all divisions of the group were performing well and expect the trend to continue.
Far North Tvl wants tourists

By Dirk Nel, Northern Transvaal Bureau

POTGIETERSRUS — A major thrust to market the tourist potential of the far-northern Transvaal has brought an encouraging response from travel agencies.

The secretary of the Northern Transvaal Tourism Association (Noordraad), Mr Fanie van der Walt, says 30 travel operators have accepted invitations to attend a tourism work shop and exhibition at the Park Hotel at Potgietersrus on March 10.

He added that, so far, 31 exhibitors would have stalls at the event — where rests, towns, game lodges and other tourist attractions would be promoted.

The exhibition will be open to the public during the morning.

Further details are available from Mr van der Walt at Pietersburg (015231) 2011, extension 1111.
Safren benefits from all-round performance

LIZ ROUSE

SAFREN posted a 39% rise in attributable interim earnings to 172c (124c) a share and lifted its interim dividend to 45c (36c).

Directors are satisfied with this advance, taking into account the tax rate rose to 34% from 23% in the previous half-year.

All divisions performed well in the six months to December and "satisfactory profits should be earned during the next six months".

The group’s turnover increased by 37% to nearly R1.7bn (R1.2bn), while operating profits before depreciation advanced by 49.4% to R346.5m (R233.5m). Operating margins improved to 20.8% from 19.2%.

A healthy balance sheet reflects long-term borrowings reduced to R604m (R716.4m) and net interest charges were lower at R12.4m (R15.1m).

Both Safmarine, the shipping fleet, and Rennies, the clearing, forwarding and container division, had boom conditions as imports and exports flourished.

Kersaf (76% held by Safren) contributed a smaller percentage to Safren’s attributable profit of R90.6m (R65.3m) before extraordinary items. The group’s effective 32% investment in Transkei International Sun (Transum) contributed 9.8% to attributable profits.

Safren shares have held up well at R24 since the Transkei affair, but Kersaf shares have fallen to R13.10 (a large special bargain was transacted at R13.36 on Friday) from their year’s high of R18.50, while Transum shares at 190c appear to be falling to their year’s low of 160c.
Hotel occupancy rose slightly last year

The average room occupancy rate and the bed occupancy rate for SA hotels showed a slight increase between December 1997 and December 1998. Recently released figures by the official Central Statistical Service (CSS) show that room occupancy rates increased by only 1.6% and the bed occupancy rate by only 1.1%.

The CSS says that one-star, two-star, and four-star hotels reflected increases in room occupancy rates, with the relatively largest increase recorded by four-star hotels (15.4%) during the period under review. The two-star and four-star hotels, however, reflected the highest average room occupancy rate, namely 57%, (percentage points lower than the highest average of 67% in November 1998).
When smoke gets in your rice

Cape Town's Medical Officer of Health, Dr Michael Popkiss, and tobacco Baron Dr Anton Rupert are at loggerheads over plans to make the city a smokeless zone. How would Johannesburgers react? SALLY SEALEY reports.

When it comes to choosing between filling their mouths with a juicy steak or a smoky cigarette butts, some Johannesburgers say they would rather opt for the former.

"If it comes to banning smoking in restaurants, I just won't go," said one determined smoker, who did not want to be named.

In a survey by The Star to test how smokers would react to a smoking ban in restaurants, responses varied.

Most, however, agreed that the best solution would be to divide restaurants into separate sections.

One restaurant we visited was divided — one section for smokers and one for non-smokers, although we found many a non-smoker dining with a smoker.

Diner Mr George Slabbert said: "I come from a smoking family, but prefer to sit in a section of the restaurant which is reserved for non-smokers. If this is not available, I don't mind sitting with smokers."

A travelling evangelist from Cape Town, Mr M Pfeffer, said he thought "non-smoking zones were the answer".

Endangered species

Mrs Joyce Ndlovu, a nursing sister from Soweto, said smoking ruined her appetite. "I prefer going to restaurants where there is a choice."

Ardent smoker Mr T C Nel, who was sharing a table with his three non-smoking colleagues, said: "Smoking is a natural process. I love it and won't give it up. But if they ban smoking in restaurants and other public places as they already do in cinemas, it won't really bother me as I can go without for the duration of a movie or a meal."

Smokers are fast becoming an endangered species but two businessmen in a busy downtown restaurant said: "It is strange that nobody seems to complain half as much as when their director blows cigar smoke across the boardroom. It seems there is one rule for us cigarette smokers and another for them. I know smoking is bad for my health but that's my business and I should be given the choice."

Not all restaurant owners were keen on us disturbing their guests. "People come here to relax at luncheon time, they don't need to have their habits questioned," said the owner of one of the larger city restaurants.

Ardent smoker Mr T C Nel... "a ban on smoking in public places won't really bother me."

Mrs Joyce Ndlovu... "smoking ruins my appetite — I prefer going to a restaurant where there is a choice".
**New US interest in SA tours: Soweto seen as ‘fascinating’**

From Ramsey Milne
The Argus Foreign Service
NEW YORK. — In what travel officials say is a strong resurgence of American interest in South Africa as one of the world's most attractive tourist countries, a major international travel company which specialises in innovative tours has added Soweto to its list of "fascinating places".

The company, Lindblad Tours, is advertising extensively in the US for a series of "Insight on Southern Africa" tours that will take American visitors on a "learning vacation" to Johannesburg (and through the "Black Door" to Soweto), Cape Town, Clanwilliam, Bird Island, Kwazulu, Prince Albert, Plettenberg Bay, Durban and Zululand.

"Said a Lindblad spokesperson, Mrs Marian Zaglic: "We regard these tours as an educational process to teach Americans the real value of South Africa and its people and to counter the thoroughly erroneous impressions presented to Americans by the media."

**Good response**

The tour parties, she added, would meet and be addressed by six prominent South Africans, including Chief Mangosuthu Buthelezi, Dr Zac de Beer, leader of the Progressive Federal Party, and The Rev Allan Hendrickse, leader of the Labour Party.

So far, she said, the response to the Lindblad sales campaign had been "very good indeed."

Over, the Lindblad advertisement said: "The thrust of this tour is an introduction to South Africa via the 'Black Door'. Soweto is a city within a city and has a population of 1.5 million people that makes the 'City of Gold' look like its small sister."

It described Johannesburg as "a bustling cosmopolitan city built on gold that is a far cry from the 'Darkest Africa' concept," and added: "The tour of Soweto will reveal that the population live and go about their everyday peaceful lives just as is done in every major city in the world."

Lindblad tours, noted for their originality, have included voyages to many of the world's most remote regions, including the Antarctic and exotic parts of the South Pacific and Asia."
Protea Hotels clinches an international tie-up

From DAVID CUMMING

Johannesburg — Protea Hotels this week announced an international tie-up which will boost two-way travel, provide the company with a ready source of skilled staff and enable it to send staff overseas for training, among other benefits.

It is a formal agreement of cooperation between Protea and Austrotel, a R100-million-a-year Austrian hotel chain which currently operates hotels in both Eastern and Western Europe and is seeking to expand into the world’s major capitals.

And the beauty of the agreement, says Protea chief Otto Stellik, is that no money changes hands.

“It is purely a formal agreement to co-operate in the fields of marketing, human resources and technology.”

“There will, however, be direct financial benefits for Protea clients. Holders of our Prokard — there are 100 000 of them — will be in line for benefits such as discounts, automatic upgrading of accommodation and express check-in and check-out at Austrotel hotels,” he said.

And Austrotel president Udo Chittke believes the arrangement will hold benefits for Austrotel clients as interest in travel to southern Africa grows.

By arranging their itineraries around the location of Protea’s 56 hotels, they will be guaranteed a level of service and standards in advance.

“Central reservation systems of both groups are to be linked to other suitable international systems, sales teams will join forces and Protea management trainees, chefs and general staff will have the opportunity of furthering their expertise while abroad,” Mr Stellik said.

“Austrotel also operates one of Europe’s largest personnel recruitment agencies which means that Protea will have access to the necessary expertise when required.”

He said the two chains had similar operating methods, objectives and strategies, even though they were geographically remote.

Both saw major potential for business as the respective political climates in southern Africa and Eastern Europe improved.

Mr Chittke said he saw major opportunities for promoting his group’s Marco Polo resort club to South Africans.

The club operates a series of family-oriented resorts in Turkey, Russia, Egypt, Cyprus and Austria. A feature of its operations is that the entire bill is paid in advance and guests are not required to pay extra for any activities or services.

Austrotel has 1 500 rooms under its management.
New sprint star is Boksburg's loss

By IVOR CREWS

A SHY 16-year-old coloured schoolgirl athlete — who is barred from competing in her own town because of petty apartheid — cocked a snook at politics this week and wrote the record books.

Pretty Liezel Bell, a Std 8 pupil from the East Rand High School in Reiger Park, Boksburg, became the first black girl to win a Transvaal senior sprint title.

Exploding from her blocks, she demolished her senior opposition and hit the tape in an amazing 11.2 sec in the 100m in the Transvaal senior championships at Rand Afrikaans University.

Liezel cares not a jot for the Conservative Party ruling which prevents black athletes from using white municipal facilities in Boksburg.

She has never tried to compete in her home town or races at Boksburg's Prince George Park Stadium — because of her colour.

"I don't care about petty apartheid as long as I can run," reasons Liezel, who has escaped the great racial divide into Germiston and joined Germiston Callies, where a person's skin colour is not an issue.

"Those politicians in Boksburg live in the dark ages but I'm different in Germiston," snorted her mentor, Stephan Kotze, who coaches the Callies and predicts she will have a big future.

Liezel Bell gets a word of advice from her coach

Picture: KEVIN CARTER

"Liezel has made enormous progress considering she only started competing seriously last year."

Liezel has become something of a celebrity at her school and in the Reiger Park community, says her proud father Godfrey, who attends all her meetings.

"She has a God-given gift to run as fast as the wind and everyone is excited by her performance."

Mr Bell said the whole family was "sports mad" and both he and his wife, Juliana, had been athletes in their keyday.

Liezel, a typical teenager, who has not allowed her newly won fame go to her head, shyly admits to having a boyfriend, enjoys swimming and pop music and intends going to university when she completes her schooling.

"I would like to get a degree in physical education, continue with my athletic career and become a Springbok."

So big an impact has she made in athletics that the SA Sugar Association has agreed to sponsor her.
Karos heads for JSE through New Bernica

By Udo Rypstra

KAROS Hotels Holdings is to be listed on the JSE.

It will do so through a reverse listing, using near-cash shell New Bernica.

The Karos group owns 10 of the 11 hotel and timeshare resorts in its stable and will virtually be ungeared.

Current Karos shareholders, including joint managing directors Selwin Herwitz and Stan Hoffmann, will remain in control of the new Karos Holdings (KHL).

New Bernica will acquire the entire issued share capital of Karos Hotel Holdings for R28-million from April 1 this year. Bernica is confident it will be a cash shell by then.

Combination

The price of R28-million will be settled by a combination of cash and the issue of shares in Bernica. Lifegro Assurance will retain its current shareholding, giving it a 23% stake in KHL.

Karos shareholders will acquire at least 47.7% of the issued share capital in Bernica-KHL. New shares will be allotted as fully paid at an issue price to be determined by Bernica's net asset value on March 31 this year. It is expected to be between R27.5-million and R30-million.

The Karos vendors will make an offer to Bernica minority holders for all or some of their shares for cash. The offer will also depend on Bernica's net asset value on March 31, but will not be less than 10% of a share.

Potential

Bernica managing director Arnold Within says there were three qualifying contenders for the reverse takeover. Karos, with its growth potential and management expertise, was the best.

Bernica managing director Peter du Toit says: "We are not looking for a jobbing opportunity. The deal gives us properties, security in control and the will to develop."

The parties decline to comment on future earnings, saying they depend on the outcome of the conversion.

Bernica has sold its interest in Mercedes Holdings and is confident the sale of its stake in Mercantile Securities will be settled by March 31.

Karos's value of R28-million is based on R45-million in warranteed taxed profits for the 13 months to March 31 and net asset value of R41.8-million. Momentum will put shares representing 10% of Bernica's issued capital into a voting pool with Karos's. Karos shareholders are expected to do the same.

Luxury

The Karos group, born of the merger of the Hoffmann family hotel interests and the old Karos Hotels in late 1987, recently embarked on a refurbishment and acquisition programme.

It bought the Mont-aux-Sources hotel-timeshare complex in 1997. It has spent R11-million on refurbishing the hotel and building 16 luxury timeshare mountain lodges.

Its latest business resort project is the R17-million Karos Kruger Hotel and Bush Lodge timeshare development on the Sabie River near Kruger Gate. It has spent R1-million on expanding its Wilderness Hotel.

It plans to spend another R8-million on alterations to the Arthur's Seat Hotel in Cape Town.

A total of R2.6-million has been spent on the Safari Hotel, Houtenburgh. The group is looking for hotel sites in Port Elizabeth and Durban.

Budding investors

THE JSE's Schools Investment Game attracted a record number of entries this year.

A total of 888 teams from 362 schools have entered. Each team has a hypothetical R20 000 to invest in units of 100 ordinary listings on the JSE. The teams with the largest gain or smallest loss after seven months will be awarded R5-million.

The JSE will act as a central stockbroker and brokerage and tax will be charged at actual rates. Teams must have enough funds to pay for their orders, and may make changes each week.

Buying spree

SYFRETS member H Lewis-Traafalgar, the R60-million-a-year property group, is still on a shopping spree for blocks of flats. It wants to convert it into sectional title.

Group managing director Neville Schaefer believes the buying spree is a good opportunity for investors in the market.
‘Cheaper air fares will help tourism’

By AUDREY D’ANGELO
Financial Editor

MORE charter flights and cheaper air fares are needed to build up this country’s foreign tourist trade, Delano Caras, CE of the South African operation of international hotel consultants Horwath & Horwath, pointed out on a visit to Cape Town.

Caras said the South African hotel industry was no longer a “poor relation” in comparison to those overseas. Hotels and facilities were excellent and the exchange rate made prices a bargain for overseas visitors.

Yet, though 1988 had been regarded as a good year for foreign tourists when approximately 800 000 came to this country — a level last reached in 1984 — such numbers were insignificant compared with the 41 million who flocked to Spain every holiday season.

“I doubt if foreign visitors account for more than 10% of hotel guests in South Africa. This is far below international norms, where foreign visitors account for about half the occupancy rate,” Caras said that as long as South Africa had political stability, with no riots or disturbances to frighten foreign tourists away, the main obstacle to building up this market was the cost of getting here.

Tourists were always on the lookout for new destinations. But the high fares on regular scheduled flights deter people from coming to South Africa.

“Perhaps privatisation will result in real competition and lower fares to bring more tourists here with their foreign exchange.”

The increasing number of affluent black people also offered a potentially huge market, but too few hoteliers were actively trying to get this business.

“One or two individual hotels have done an excellent job of tapping into the black yuppie market,” Caras said.

Others should also gear themselves to it and go out to attract black custom, he said. So far too little research had been done to find out if black people on business trips or on holiday had different requirements than their white counterparts.

Caras said hoteliers in Namibia expected to have high occupancy rates during the transition period. Hotels in Cape Town might also benefit from extra business.

He thought the tourist industry in Namibia had tremendous potential and the country was under-supplied with hotels.

“Developers are going to wait to see what transpires there before they commit themselves. If there is stability there, and when they know what course Namibia is going to take, I think they will invest heavily.

“A lot of people will get into the tourist industry there.”

Caras, formerly an executive director of Sun International, where he was responsible for feasibility studies for new hotels, joined Horwath & Horwath in May last year. He is based in Johannesburg, but operations extend all over the country.

Horwath & Horwath brought out its 13th annual survey of the international hotel industry last year.
Karos Hotels to benefit from listing

The cash benefits of the reverse listing of Karos Hotels Holdings on the JSE will enable the hotel chain to become far more aggressive in the marketplace, joint MD Stan Hoffman said yesterday.

Hoffman and joint MD Selwyn Hurwitz will stay at the helm of the new Karos Hotels Limited (KHL) after its contemplated listing through the New Bernica cash shell.

"We've adjusted our management team for the growth phase we expect after the listing," Hoffman said yesterday.

In terms of the deal, Bernica will acquire for R38m the entire issued share capital of Karos Hotels Holdings from April 1. Bernica's directors expect it to be a cash shell by that date.

The R200m price will be made up of cash and the issue of shares in Bernica. Application will be made for the transfer of Bernica's listing from the investment trust sector to the beverage, hotels and leisure sector.

Karos' controlling shareholders will hold at least 40.1% of the enlarged issue share capital of the company.

Hurwitz said yesterday that Karos was controlled by four family trusts - the Selwyn Hurwitz Trust, the Melament Family Trust, the Hoffman Family Trust and the Seve Family Trust.

In terms of the agreement Lifeqro Assurance will retain its current shareholding of 23%. Stake in KHL.

Bernica's net asset value on March 31 - expected to be between R27.6m and R30m - will determine the issue price of the new shares which will be allotted fully paid.

Karos vendors will make a cash offer to the minority shareholders of Bernica at a price dependent on Bernica's net asset value on March 31. The price will not be less than 190c a share. The shares were trading at 200c on Thursday.

Hoffman said yesterday that the listing would also enable Karos to continue with its organic expansion programme.

He said the group aimed to expand some of its existing hotels and timeshare units.

There were plans to expand the Karos Wilderness hotel by 30 rooms and a number of executive suites while additional suites would be added to the Karos Safari hotel in Rustenburg.

Hoffman said Karos was also looking at sites in Port Elizabeth, Cape Town and Durban.
Karos to be listed in reverse takeover

By AUDREY D'ANGELO
Financial Editor

KAROS HOTELS HOLDINGS (PTY) is to be listed in the beverage, hotels and leisure sector of the Johannesburg Stock Exchange through a reverse takeover of New Bernica, which is being turned into a cash shell.

Lifegro, the present controlling shareholder of New Bernica, will retain its current shareholding, according to a statement issued yesterday.

It will put shares representing 10% of New Bernica's issued share capital after the acquisition into a voting pool with Karos' controlling shareholders.

The statement said the purchase consideration of R28m payable to the Karos vendors will be paid through a combination of cash and the issue of new shares in New Bernica.

The present Karos shareholders will acquire at least 47.7% of the issued share capital of New Bernica. New shares will be allotted as fully paid at an issue price depending on New Bernica's net asset value on March 31, 1989, which will not be less than R57.7m.

The Karos vendors will make a cash offer to New Bernica minority shareholders for all or part of their shares. The price will depend on New Bernica's net asset value on March 31, but will not be less than 190c a share.

Karos, which has grown in 18 years from a single one-star hotel to a group of 10, mainly three-star hotels including the Arthur's Seat at Sea Point, is expanding.

It was founded by the current joint MD, Selwin Hurwitz, together with David Melanet and Jean Sive, who will continue to be major shareholders.

The other joint MD, Stan Hoffmann, merged his interests with Karos in 1987.

He and Hurwitz will continue to be joint MDs; according to yesterday's statement.

The statement said New Bernica had disposed of its interest in Mercedes Holdings (Pty) and negotiations were being finalized for the disposal of Mercantile Securities. The directors were confident that New Bernica would be a cash shell by March 31.

The deal is subject to the approval of New Bernica shareholders and the listing to the approval of the Johannesburg Stock Exchange. It is intended to change New Bernica's name to Karos Hotels Ltd.

Karos owns nine of the buildings from which its hotels are operated and these properties are included in the acquisition.

It also owns a 90 ha site bordering the Kruger Park where construction is due to start next month on a hotel and timeshare development to be named the Karos Kruger Lodge.

The group spent R16m last year on upgrading five of its hotels. More will be refurbished this year and new developments are planned in Port Elizabeth, Durban and Nelspruit.

Selwin Hurwitz said that the hotel industry had entered an exciting development stage after being in the doldrums for some time.

The Karos group was virtually free of debt.

"With Lifegro as significant shareholders and operating from a base of shareholders' funds of R20m and negligible liabilities our potential to grow is enormous," he says.

"We intend to become a major force in the SA hotel industry."
Restaurants object to ban on smoking

Regulations against the freedom of our guests to our city and area?

"Cape Town was a proud history of playing host to the world's known throughout the world," he says. "This record should not be blemished under any circumstances."

"All should be encouraged to move towards deregulation and respect for people from all over the world," she says.

The council has agreed to a smoking ban which will take effect on April 13. It is already banned in certain instances, such as some restaurants and universities.

This is a partial scan of a newspaper article.
Smoking or health: choice is ours

THE World Health Organisation regards smoking as the single most preventable cause of death and disease globally. Since the 1960s, thousands of research reports have documented the direct and more recently, indirect impact that smoking has on health.

The quality of research evidence is questioned by the tobacco industry, which often quotes outdated individual studies or healthy smokers as evidence that smoking and health are not related.

Researchers, however, assess causal relationships on the basis of three decades of consistent results obtained from the vast bulk of studies. These results have not been disputed, is the face of diversity of time, place, people and methods used.

Initially, studies relied on death certificates and people's history of smoking. The last decade has seen growing sophistication in the measurement of smoking and disease, which has produced similar results to earlier studies.

**Indirect effects**

In South Africa, about a third of all deaths among whites are attributable to smoking-related diseases (mainly cardiovascular diseases, lung cancer and chronic lung disease), a quarter among Asians, one eighth among coloureds and a twentieth among blacks. The proportions among coloureds and blacks are likely to rapidly increase as childhood death rates decline.

Smoking causes indirect as well as direct effects. Studies have shown that babies born to smoking mothers are of lower birth weight. In addition, children of smoking parents have more respiratory disease. Non-smokers exposed to smokers' smoke have been shown to have increased risks of lung cancer. These findings mean that smoking can no longer be regarded as merely of nuisance value to non-smokers, who are forced into "passive smoking" in public places.

Smoking trends in South Africa indicate higher smoking rates among urban than rural people and higher males than females. The lowest smoking rates are found among the poorest sectors of the community. Increases in income tend to be associated with increases in smoking up to about R1 000 a month (1986 standard) or 8-10 years of schooling.

Further increases then tend to be associated with declines in smoking, probably because health education messages start to get through. Smoking rates among black men and boys are already as high as among whites and coloureds.

Given the current high levels and expected impact of smoking, public health professionals not only have a right, but an obligation, to take action.

An overall smoking policy should aim to prevent non-smokers starting (particularly children); protect the rights of non-smokers (including children and the unborn), help smokers to quit (and not victimise them) and, most importantly, create a social environment in which smoking is regarded as abnormal, just as, splitting is today.

**Social environment**

Legislation at national and local level is needed to support these goals. The tobacco industry maintains that individuals are free to choose whether to start. However, the influences of unopposed advertising, peer pressure and physical addiction of the habit itself restrict absolute freedom.

Many heavy smokers, subject since childhood to these factors, cannot be held entirely responsible for their habit. Tobacco companies sell not only a product but an unhealthy, addictive lifestyle.

Legislation is particularly important with respect to banning advertising of tobacco products, and is supported by more than 30 countries globally as the World Health Organisation. Current voluntary agreements in South Africa benefit the tobacco industry, but the industry has failed to effectively restrict advertising.

The industry specifically aims at undermining black and coloured communities through its emphasis on radio and billboard advertising and children (spite of denials through the support of cinema advertising and sports sponsorship).

**Tax increase**

Economic interventions at national level, and especially overseas, have indicated that a 10% increase in the taxation on cigarettes would result in a decrease of 6% in consumption. In South Africa, such price increases are particularly important as a means of deterring potential smokers.

We recommend a tax increase of 20% which would be translated into an increase of almost 20% in the price of cigarettes. The 3% increase is well below the 1% included in the 1989 Budget at a time when cigarettes are already undercut relative to other products. The increased tax raised could be used to meet losses incurred by the media through a ban on advertising and to support sport.

The overall economic effects of smoking in South Africa have been reviewed. The analysis indicates that the economic benefits to the country from smoking are outweighed by the costs.

Fundamental curricular changes are required at school level to promote healthy lifestyles, of which not smoking would be one key component. Such strategies need to be given the highest priority and need to take place within a social environment that no longer supports smoking as socially desirable.

**Rapid compliance**

Mass media campaigns are effective and not only in decreasing the proportion of smokers but in supporting non-smoking and ex-smokers. In fact, legislation aimed at restricting smoking in restaurants and public places is critical in raising the level of public awareness that the dangers of smoking are more than simply a nuisance.

Legislation which banned smoking in public places in New York City more than 4 years ago resulted in rapid city-wide compliance and support.

A smoking policy must be applied at a national and city level. Cape Town needs to set clear targets that can realistically be achieved. A target of a smoking rate of no more than 15% of the population by 2020 is realistic. Provided policies and measures are able to act in the best interest of the future public health of the city.

Cape Town has already taken the lead, and the City Council should be supported in its attempts to move faster and more boldly along this road. Private corporations in the city, insurance agencies, Groote Schuur Hospital and other hospitals have all recently instituted smoking control policies.

In the end, the issue of smoking and health will not be settled by statistics but by political decisions at the national and national level. These decisions should be influenced by public opinion.
Smoking: restaurants square up

By PETER DENNEHY
Municipal Reporter

CAPE TOWN'S Medical Officer of Health, Dr Michael Popkiss, yesterday produced statistics of his own to counter Fedhasa's 307-signature anti-smoking-regulation petition from restaurateurs.

Three office-bearers of the Federated Hotel, Liquor and Catering Association of SA (Fedhasa) - who happened to be non-smokers - went to see the Mayor of Cape Town, Mr Peter Muller, yesterday morning with a petition objecting to the city council's proposed by-law on smoking in restaurants.

In terms of the by-law, which has not yet come into operation, restaurateurs would have to demarcate at least 50% of their seating space as non-smoking areas.

Messrs Arnold Brock (regional director), Angus Dodds (Western Cape chairman) and Ian Rubin (vice-chairman) said they were not interested in the pros and cons of smoking; but wanted restaurateurs to "retain the right to run their businesses as they saw fit."

The 307 signatures they collected were from establishments ranging from the Harbour Cafe to Rosenfontein Restaurant. Only nine restaurateurs they approached had refused to sign, they said.

But Dr Popkiss replied yesterday that a survey his health inspectors had carried out showed that two out of three restaurateurs wanted some sort of restrictions on smoking.

The survey had involved more than 380 restaurants, all of which were in the municipal area of Cape Town - unlike the Fedhasa survey, which included restaurants in neighbouring municipalities, he said.

The vast majority of the Fedhasa signatories were from restaurants in Cape Town municipal area but a few were from Goodwood and one was in Constantia. Mr Dodds said the signatures had been collected in four days.

Mr Brock said it was very difficult to estimate how many restaurants there were altogether in Cape Town, but he believed there were 250 which had liquor licences.

Dr Popkiss's survey "put words in people's mouths" and was unfair because it was conducted by health inspectors, Mr Brock claimed.

Dr Popkiss replied by calling for the survey to be published, so that "the people can judge". One of the questions was: "Do you see the following as advantages... were smoking to be prohibited in all restaurants at all times... less damage to tablecloths and furniture (Yes/No), less fire risk (Yes/No), etc."

Villain

The health inspectors had not been there to enforce anything, he said.

Dr Popkiss said he was being cast unfairly as a "villain" who says little Johnny must be whipped and punished for smoking. In fact, he said, he had never supported the suggestion that a minimum of 50% of restaurant space should be demarcated as non-smoking areas, although he did believe in demarcation.

"Let the people decide," he said. "It is my task only to present the facts."

The Mayor, Mr Muller, "a non-smoker with no axe to grind", said yesterday that Dr Anton Rupert had indicated to him that he would appeal to the Administrator if the city council went ahead with the by-law.

Another comprehensive debate on smoking is expected to be held at the city council monthly meeting today.
Rygersdal Club may mix membership

By PETER DENNEHY and DI CAELERS

THE management of Rygersdal Sports Club in Rondebosch, which is run by the whites-only South African Association of Municipal Employees (SAAME), shot itself through the foot yesterday.

At the monthly City Council meeting Mr Arthur Wienburg, for Rondebosch, read out a document that had been leaked to him from a Rygersdal sub-committee, concerning the introduction of coloured members to the club.

"Increasing pressure is being brought to bear on our cricket and rugby clubs (to admit members who are not white)," he read.

The sub-committee went on to add that a few selected new (coloured) members should be admitted, but they could pay lesser membership fees because they would not have access to all the facilities.

Club chairman Mr Fred Hoffman last night denied any knowledge of the document or the council incident, but confirmed that the club had no coloured members.

He said the club constitution did not preclude coloured membership, but that he had set up a sub-committee to investigate the entire issue.

"I cannot say at this stage when they will come back to me with their findings. They're dealing with an explosive issue and it is imperative they do all their homework."

"Yesterday's situation arose when the club applied for an exemption from rates for a new building it had erected on the premises it leases from the council."

"I find it totally unpalatable that we should exempt this club from rates," Mr Wienburg said.

He had written to the club and got a very cordial letter in reply, saying that his questions about the attitude of the club could not be answered at this stage.

Mr Richard Friedlander, the chairman of the executive committee, said the council had a clear policy that grants would not be made to bodies that were not open to all.

However, exemptions from rates were a different matter. If the club were privately owned, it would automatically qualify for the exemption, he said.

He believed it would be wrong to deny them the exemption, particularly since they "seemed to be making some progress."

However, Mr Frank van der Velde slated the club's actions as "tokenism". It was unacceptable that they should allow coloured people access to the sportsman's bar but not to other bars in the complex, he said.

Mr Hoffman said coloured members of visiting teams were always cordially treated at Rygersdal and that all guests, regardless of colour, were always entertained in the sportsman's bar.

Every councillor in the room yesterday, except Mr Friedlander, voted in favour of Mr Wienburg's amendment which temporarily denied the club its exemption from rates.
Namibia also on the cards

Protea Hotels bound for Mozambique?

By AUDREY D'ANGELO
Financial Editor

CAPE Town-based Protea Hotels is likely to play a leading part in reviving Mozambique's dormant tourist trade. Chairman Otto Stehlik disclosed yesterday that he has been involved in discussions with senior officials of the Mozambican government.

Matters discussed have included the need to train Mozambican hotel staff, which could be done by Protea in SA and at Pigg's Peak in Swaziland.

"There is no tourist infrastructure in Mozambique at the moment — it will have to be rebuilt," said Stehlik. "But tremendous efforts are being made with the help of the Mozambican government, various European governments and the SA government and I believe that Mozambique could be ready for tourists again within a year."

"I hope our group will be involved because we have so much to contribute. It is such an attractive place — even now I can see its potential — and it needs a hotel management group.

"We have various projects we are investigating with senior officials of the Mozambican government."

The group is also preparing to expand in Namibia once a political settlement has been reached. Stehlik believes the country has tremendous potential for tourism.

At present, because of all the activity to do with independence, accommodation in Windhoek is at a premium. The Kalahari Sands Hotel, managed by Protea, has doubled its turnover in the past six months.

"We are interested in doing more in Namibia," said Stehlik. "But the difficulty is to get things to fall into place. We do not know, at this stage, who will be in authority."

Meanwhile the group has strengthened its links with Europe — where it has offices in London and Germany and representation in Bucharest and Zagreb — through a connection with the Austrotel group.

Based in Austria, the Austrotel chain has hotels in Germany, Italy, Greece and Hungary and has started a new resort chain, Marco Polo.

This already has resorts in Kitzbuhel, Turkey and in Russia, near Leningrad. Stehlik hopes one will be started in SA "we already have the franchise."

About 34% of the Protea chain's business comes from overseas tourism, compared with an average of 10% for the SA tourist industry as a whole, and Stehlik hopes to increase this to more than 20%.

To help achieve this he hopes to persuade racing driver Nicky Lauda, who heads one of the largest air charter services in Europe, to organize flights to SA. "This country is now open to charter flights and Lauda is a senior associate of Austrotel."

Business Report
professional photographers — says: "Photography is an industry that can survive only on imports. "It costs R100 000 for someone to set himself up as a wedding photographer and R200 000 as an advertising photographer. A few years ago, R30 000 would have sufficed."

She says top-of-the-range cameras are still selling reasonably well. "Professionals still need them and must buy them, wealthy amateurs can still afford them. The casualties are middle-priced products bought as presents and second cameras."

INTERNATIONAL TOURISM

Resorting to Europe

The establishment of a formal co-operation agreement between SA's Protea Hotels group (PH) and the Austrian-based Austrotel group, may enable PH to expand into Africa.

It could also ease SA tourists' access to destinations behind the Iron Curtain where Austrotel has hotels and resorts.

Otto Stehlik, executive chairman of PH holding company Protea Hospitality Corp, says the agreement, signed last month, centres on marketing, human resources development and technology and has no direct financial aspect.

However, he believes the tie-up will help PH increase its percentage of foreign guests from the current 14% to at least 20% in the coming year. If this is achieved, the financial benefit could be considerable. PH expects group turnover to be about R150m.

Like PH, Austrotel is primarily a hotel management operation and has 10 hotels and resorts in eastern and western Europe. The group is expanding rapidly and expects to be operating in 20 centres across Europe by the end of the year. PH has 50 hotels and resorts in SA, Namibia, Transkei, Ciskei and Swaziland and plans to expand into other parts of Africa.

Under the agreement, the two groups will actively market each other's hotels and resorts and reciprocate the benefits of special deals such as PH's Prokard. There will also be an exchange of staff to promote training and international experience.

Stehlik won't be drawn on the issue, but it seems political sensitivity in parts of Africa over dealing with SA-based companies may be eased if PH can use Austrotel as the vehicle for establishing hotels and resorts in southern and central Africa, where the potential is considerable.

Though the formal agreements would be with Austrotel, for all practical purposes the operations would be run by PH.

Stehlik says while SA passport-holders are still not generally welcome in Iron Curtain countries, PH's link with Austrotel should help South Africans visit countries where the Austrian group operates. By the end of the coming year, these will include Hungary, Poland, Yugoslavia and the Soviet Union.

Austrotel executives were in SA last month to conclude the deal. Stehlik says the group's president, Udo Christee, was initially apprehensive about a formal agreement with a SA company. But after touring the country for two weeks, he was so impressed by the tourism potential and standard of local hotels, his earlier concerns evaporated.

SURFACES

A Dutch shipping operator, Rederij de Nieuwe Waterweg, has bought the Koala Line from its Lebanese founders, Chader and Asselly, for US$2m. Koala's German agent in Hamburg, Arnold Peters, has become a partner in the venture.

In addition, the line will carry cargoes to and from Europe along Africa's east coast because there is not enough business on the Durban-Australia service alone.

The Dutch owners plan to replace the Watergeus and Arko Glory, which have been working the route for Koala, with bigger, more cost-effective carriers. Although the vessels were often full, they were considered too small to make a profit at the rates charged.

Political factors have embarrassed sea trade with Australia more than any other SA route. But for operators prepared to suffer slow turn-around times in Australian ports, there is scope for important business.

Seemingly endless industrial action in Australian ports now causes delays to ships of most flags.
Tourism gets welcome boost

Not all of the CSS releases deal with the manufacturing sector. One shows that tourist industry is also experiencing a welcome spell of prosperity.

In January this year 126,196 bednights were sold to foreign tourists. This was 23,3 percent increase on the December figure of 102,416 and 34,6 percent higher than the January, 1988 figure of 93,726.

The biggest group of visitors were from Britain (26,1 percent) followed by Germany (20,7 percent). South Africa is also starting to attract tourists from France and they accounted for 4,2 percent of the visitors in January against 3,8 percent a year earlier.

Of some interest is that Johannesburg sold more bednights to foreign tourists in January than did any other centre. Johannesburg accounted for 26,3 percent of the business while the Cape Peninsula had 23,5 percent and Durban 13,3 percent.

The pre-eminence of Johannesburg probably reflects the growth of package tours and the fact that they start and finish in this centre.

However, while the big increase in the figures for bednights sold is encouraging, it is a little depressing to analyse them and discover they represent an average of just over 4,000 foreign tourists a day in this country.

This figure is puny when compared with the number of tourists visiting major holiday centres overseas and indicates how great is the tourist industry's potential.

On the other hand, with the Cape hotels apparently operating at full capacity in January, it is a moot point whether the industry could handle a major increase in foreign tourism in the peak periods.
Government restrictions on marketing and the sale of cheaper liquor are to blame for the price increases of wine, according to Brian Sacks, Checkers grocery merchandising director.

"We believe that if food giants were allowed to sell wine in more of their outlets they could greatly assist in selling off KWV's wine excesses," he said.

However, this view has been disputed by the executive director of the Federated Hotel, Liquor and Catering Association of SA (Fedhassa), Mr. Dyfed Thorne, who says that issuing more liquor licences to grocers would merely shift established trade from liquor stores to food outlets. "It would not increase consumption," he said.

Mr. Sacks replies that selling wine in food outlets would attract a different market to that of liquor stores.

"Selling liquor in supermarkets would expose wine to consumers who, under normal circumstances, would not be exposed to wine. The average housewife, for instance, does not usually go to a liquor store."

Mr. Sacks added that the monopolistic situation which existed in the wholesale wine industry was "not conducive to competitive pricing."

Mr. Trevor Pearman, managing director of Rebel Liquor Stores, says that high wholesale prices on wine had the effect of outpricing itself against cheaper liquors.

"The biggest problem lies with low quality wine which is affected by increasing beer consumption. High quality wine appeals to the white high income group, but there is not enough emphasis placed on marketing low quality wine," he said.

KWV's distilling wine pool is well over 42 percent in excess of demand after the wine industry experienced its third largest crop in its history last year.
Sol Kerzner's name pulls in the investors

BRUCE ANDERSON

THE pulling power of Sol Kerzner and the apparently limitless success of Sun City and other casinos in the Sunbop stable lie behind the rapid climb of the Sunbop share price since early February, say market sources.

Sunbop recently said Kerzner would remain as a director in spite of having tendered his resignation in February.

Market sources reported much of the buying has been motivated by the fact that Kerzner will remain on the board. Sunbop's shares stalled at around R40c in February, but touched a peak of R12 last week before easing slightly to R11.69.

However, the continued success of Sunbop's gaming operations played an equally important role in the rise of the share price, said analysts.

One said: "Sunbop's margins are just over 30%, which is very high, especially with the infrastructure behind Sun City, much of which does not contribute directly to profit," an analyst added.

Casino earnings at other group casinos, which carried less infrastructure, were also very high, said analysts.

Most analysts warned that it would not be necessary to downrate Sunbop's share in the wake of the controversy because of evidence before the Harris Commission of a R2m bribe paid to Chief George Matanzima.
Privatisation will be beneficial

Pedics, SA’s biggest catering group, is preparing almost 7 000 meals a day for 1 800 patients and 1 000 staff at the Windhoek State Hospital complex, says Rudi Faulhammer, marketing director, Pedics Food Services.

Supervision Food Services (SFS), which feeds up to 4 000 people a day at the University of Umtata, has now been awarded the Umtata General Hospital catering contract, says MD Nigel Dunlop.

A catering venture has also been established in KwaZulu between SFS (part of the Yongaat-Hulet group) and Khulani Holdings. SFS ceded its contracts at 23 schools and hospitals, which will now be fed through Khulani Catering Services.

Dunlop says the idea is to create jobs, encourage investment and develop black catering and management expertise in KwaZulu. Profits from the joint venture will be ploughed back into the local economy.

The Pedics hospital contract in Windhoek is one of the biggest yet negotiated in southern Africa, says Faulhammer. It involves not only meals for the hospital but the Katutura and Kestmanslopo hospitals as well.

Last month, an à la carte restaurant called the Knightsbridge and a "trendy" take-away were opened at the Windhoek hospital.

He says the concept of private restaurants in hospitals has caught on in a big way in the US. "Some American hospitals now earn as much from catering as from medical services."

SFS is feeding about 2 600 staff and patients through a House of Representatives programme at Lotusgour Hospital in Mitchell’s Plain. Dunlop says it is hoped, this service can, in time, be considerably expanded to cater for other hospitals and schools in the vicinity.

Knuppe says Hospitality, which this month expects to sign its 100th catering contract, sees privatisation as a situation where everybody wins. It puts catering in the hands of experts and leaves the institutions to get on with what they do best.

A headache for many institutions has always been to ensure that food meant for the table does not go out the back door. "Monitoring that sort of thing is part of our job, and we have successfully handled risk management contracts where the client gives a fixed price a person a day for meals — and we have to make it pay."

Probably the most frustrating aspect of privatisation in SA, says Pedics, is the various levels of bureaucracy involved in decision-making. "We understand that any privatisation of catering services in government and own affairs departments will have to be approved by the Commission for Administration, besides other bodies such as the State Tender Board, the SAPD Defence Council and the Health Matters Advisory Committee."

The group urges the appointment of "credible" consultants or advisors to assist the commission and other official bodies, which have neither the expertise nor the resources to make "professionally acceptable" recommendations on catering matters. Some officials, particularly in the Department of Health, were sceptical. Top consultants would identify misleading or inaccurate information.
Foreign tourists look set to spend about R1.4bn in SA this year

SA's foreign exchange earnings from foreign tourists this year should be about R1.4bn — up from R1.1bn last year, SA Tourism Board (Satour) executive director Spencer Thomas said yesterday.

He said the tourism industry had recovered so rapidly from the doldrums of 1985 and 1986 that the biggest problem facing it was the pressure on existing infrastructure during the high season.

This week, about 500 overseas travel agents were in the country for the Indaba/Focus exposition at the Nasrec centre near Johannesburg.

SA travel options had been presented in 300 stands where overseas tour operators negotiated prices and package deals with their local counterparts.

Thomas said it was difficult to reach a rough estimate for the amount of business the industry did during the annual conference, although it represented the largest market place available to the tourism industry.

"Any overseas operator who has any interest in SA is here and the amount of business done is substantial."

Popular destinations, such as Cape Town, were now packed to capacity during the European winter.

Thomas said most of the projections done on the growth of the travel market in the near future showed a massive demand on facilities.

Sources said two challenges faced the industry:

☐ The rapid expansion of the more popular SA travel destinations and development of the infrastructure;
☐ Selling what overseas tourists perceived as the "off-season" for travel in SA.

Expansion and development were seen as the most pressing needs, while boosting the number of foreign tourists in the off-season was regarded as essential to the long-term expansion of the industry.

Satour chairman Danie Hough said this week a record 504 085 foreign visitors arrived in SA last year, an increase of 14% on 1986. Europe provided nearly 275 000 visitors — an increase of 16% on 1986.

He said there were also encouraging signs that tourists from the North American market were rapidly returning to SA.

Satour had set, as its target for 1989, a 12% increase in foreign visitors, with an average annual increase thereafter of 5.5%.

If this growth rate could be maintained, it would mean two million foreign arrivals by 1999.
Hospitality boom

TWO leisure-related booms are taking place in the affluent world, says David Wigley, president of the Federated Hotel, Liquor and Catering Association (Fedhaca). These booms are in tourism and eating-out.

The SA hotel, restaurant and catering industries have made a good start in trying to accommodate these trends. In the past decade there has been an encouraging increase in tourist hotels and up-market restaurants. Fast food chains and independents have mushroomed.

The potential over the next decade is going to be even greater, and the hospitality industry will have to accelerate training and development programmes to meet the challenge.

The scope, he says, is illustrated by the fact that SA attracts about 100 000 overseas tourists annually, compared with 260 000 a year who visit Mauritius.

Wigley warns that sophisticated foreign travellers, and particularly tourists on repeat visits, are looking for something unique. “Johannesburg, Durban and Cape Town are not unique; you will find similar cities virtually all over the world. Even our sunshine is not unique.”

“But we do have two special features — our wide-open country and our wildlife. Wildlife is already one of SA’s most important resources, and an economic catastrophe will ensue if it is allowed to diminish or is destroyed. But if strong steps are taken to protect it, it will become a priceless asset.”

One of SA’s drawbacks has been a shortage of luxury facilities in rural areas. This view is supported by Sun International MD Ken Rosewarne, who said at the recent Hostex ‘89 exhibition that tourists now prefer shorter, higher, quality vacations with “premium experiences.”

An exciting development, notes Wigley, is the number of Taiwanese who now have the disposable income and desire to visit SA.

The skills shortage remains a big problem. The industry is labour intensive and employs a high proportion of unskilled and semi-skilled people.

“No industry will grow successfully unless there are enough trained people at senior and middle management levels.” Training institutions were only putting out about 200 potential managers a year.

To satisfy demand, the number of graduates will have to accelerate to at least 1 000 in the next two to three years and reach 3 000 a year by 1993/4.

In the past, the industry relied heavily on expatriate skills — and still does for kitchen skills. The snag is that traditional supplier countries like the UK and Germany are now rather short themselves.

“A feature of successful tourism development in any country is that hotels and the rest of their infrastructures were built through government grant schemes. Our government has done the opposite by cutting down on investment allowances for new hotels.”

In a good year, he notes, tourism earns more foreign exchange and creates more employment than any sector outside mining.
HOSTEX '99, the four-day hospitality industry show held at the National Exhibition Centre recently, was attended by 6,000 members of the trade.

The show, presented by Professional Caterer and Cannon Exhibitions, drew 140 exhibitors in the fields of hospitality industry products, equipment and services. It was supported by Fedhass, the SA Chefs Association and the Hotel and Catering Training Council.

Exhibition organiser Gerald Dreyer said feedback had been overwhelmingly positive. One furniture manufacturer reported writing R100,000 worth of business at the show.

He said all but one respondent to a questionnaire that drew an 80% response indicated they would like to take part in the next show, Hostex '91.
THE wine “lake” that is building up in SA is partly the result of over-production caused by guaranteed minimum prices to producers, says Fedhass executive director Fred Therman.

He rejects wine industry claims that high prices in restaurants are behind poor wine sales. At the root of the problem, he believes, are the industry’s minimum price policy and its failure to mount an imaginative marketing campaign.

“To appreciate what can be achieved,” he says, “one only has to look at the phenomenal success of Applecider, which captured the public imagination through creative marketing at a time when most competitors in the apple juice market were failing.”

Wine farmers, notes Therman, receive a floor price of between R1 500 and R1 000 a ton on certain premium wines compared with R600 to R900 in 1985. It is these premium wines, representing about three percent of the market, that are principally sold in hotels and restaurants and not the low priced wines which present the surplus and the problem.

Wine production in 1988 amounted to 174,6m-l. Fedhass, he says, has no quarrel with wine farmers, who deserve prices of this magnitude for a product that compares with the best in the world. “We also understand the wine farmers’ problems with increased costs.”

“What we do have a problem with is the KIW’s attacks on a part of the industry which represents a small part of total wine sales.”

Only 20% of restaurants hold full liquor licences, he says. Another 1342 have wine and malt licences. “Wine’s only competition in those establishments is beer and non-alcoholic beverages.”

“These make the KIW and the wine farmers need reminding that restaurants today will make net returns of between 5% and 7% on sales. Those that are less professionally run will make even less, break even or even go out of business.

“Naturally it is a question of what the market will accept and it would be foolish to price oneself out of the market.”

Restaurant prices in SA have remained “ridiculously cheap” by world standards, and South Africans can buy the best wines for prices which are “laughable” compared with similar overseas establishments. He defends wine mark-ups of 200% in five-star restaurants and 100% to 120% in one-star restaurants on grounds that overall running costs are high. “Fedhass calculates that restaurant ‘on-costs’ such as rent, labour, power and equipment have increased faster than the consumer price index.”

Food costs have also risen dramatically. Five years ago a restaurant worked on a food cost factor of 35% of sales.

“Today it is closer to 50%,” he says.

For almost a decade restaurant margins — unlike other sectors of the economy — have not kept up with inflation.

“P and prices moved in line with car prices, for example, a steak would be costing R35.00, a luxury fish item R40.00 and an average bottle of red wine R25.00. Instead, restaurants have absorbed costs to the point where they are at best making a small profit.

THREE Middle Eastern delicacies — labina, halva and Turkish delight — are now being made by Aviv Food Processors at a factory just north of Pretoria. MD Brian Nathan says some 60% of output is exported, mainly to Britain. Most of the balance goes to the catering industry, supermarkets and health shops in SA.

Investment in the plant, which employs 108 people...
Making cafes much more competitive

An alliance formed to make cafes more competitive by increasing their bulk buying power is getting off the ground.

The Independent Cafe Alliance (ICA) plans to start operating on a small scale — but, eventually, the aim is to have thousands of members.

The alliance was set up by the Catering, Restaurant and Tourism Association (Catra) to negotiate better deals with manufacturers and suppliers. Catra executive director Frank Swarbreek says manufacturers, in turn, say they like the idea because it will spread their risk.

Some manufacturers, who complain they have been “squeezed” by the big supermarket chains for too long, also see the emergence of the ICA as a way of helping to loosen the chains.

Swarbreek, however, does not envisage a confrontation. “The cafe is a freedom fighter, in an open battle he’d get chewed up. But there are gaps in the market going by default.”

Supermarket giants confirmed they were not concerned about the move. Competition between them would ensure their prices stayed appreciably lower than cafe prices.

Swarbreek says a number of developments have spurred the formation of the ICA. One important factor has been the advent of Sunday trading by supermarkets and other rivals. Another has been the growth of the black informal sector and the increase in special deals that traders are getting on soft drinks, cigarettes and other products.

Furthermore, a plan was announced earlier this year to establish a consortium that will create a bulk-buying facility and a series of distribution centres in and around black residential areas.

The aim of the project, brainchild of chartered accountants and management consultants Coopers & Lybrand, is to give black traders and consumers a better deal by negotiating bulk discounts, cutting out middlemen, reducing transport costs and alleviating delivery problems. Skilled management teams will be on hand at the centres to give administrative guidance and to ensure effective marketing and merchandising.

A Cooper & Lybrand spokesman says non-white shoppers buy 54% of all groceries sold annually yet black retailers’ share of sales is at most 5%

Catra merchandising committee chairman Jimmy Michaelides says the ICA initiative will be started on a limited scale for a number of reasons.

The strength of Catra, an employer organisation dating back to 1919, is largely in the PWV area. Some 85% of its 3,500 members — about 1,900 of them cafe proprietors — are in this region. “If they all wanted to join and buy through the ICA, there is no way at this stage that we could supply.”

So the ICA will be launched in smaller areas, where cafe ownership is more stable and communication and collaboration are likely to be easier. At the outset, some 600 cafes and shops will come under the ICA “convenience store” banner.

ICA members will benefit from the organisation’s buying muscle and its marketing and merchandising experience. In some instances, the ICA will buy in bulk and warehouse the goods for distribution as needed. In others, it will merely act as broker.

Swarbreek says: “For a long time we have had to subsidise the supermarket chains’ discounts. They get other advantages, too.”

The ICA also plans to negotiate deals which will allow members to offer at least 15 lines at highly competitive prices — and give them the flexibility to run “ specials”.

In order to improve members’ image, a code of conduct will apply to appearance, display, pricing and other matters.

Hostex proves popular

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Middle Eastern delicacies

Middle Eastern delicacies — tahina, halva and Turkish delight — are now being made by Aviv Food Processors at a factory just north of Pretoria.

MD Brian Nathan says some 60% of output is exported, mainly to Britain. Most of the balance goes to the catering industry, supermarkets and health shops in SA.

Investment in the plant, which employs 108 people at Baberli, is around R1m. The factory went into production last August after SA interests had bought an Israeli company, Aviv Foods, and relocated it, complete with technicians.

From a management and control point of view, Baberli was the natural location. "We needed a base where we could obtain a good labour concession and, besides, we already had a shoe-manufacturing company there."

Sesame seed, essential for the manufacture of tahina and halva, has to be imported. Halva, produced from tahina, comes in several flavours and has a shelf life of two years.

Turkish delight, made mainly from glucose and sugar, was one of the original company's products. It is being manufactured in rose, lemon, raspberry, orange and fruit flavours.
Growth in SA tourism expected

The South African tourist industry should pay urgent attention to development in order to cope with an increased demand, according to Mr Danie Hough, Satour's chairman.

More than 900,000 overseas tourists are visiting the country annually and, calculated at a conservative growth rate of eight percent a year for the next 10 years, overseas visitors are expected to reach the 2 million mark.

The tourism industry has a current growth rate of 14 percent and is garnering R1.8 billion annually, excluding air fares.

Domestic tourism produces R2 billion in earnings.

Mr Hough said the industry should pay urgent attention to developing new tourist venues because the demand far outweighed the supply.

He said the industry had little infrastructure.

No accommodation or empty flights were available during December in South Africa.

In an effort to cope with the demand, Satour is marketing the country's off-seasons.

"South Africa is a bargain," Mr Hough said.

Referring to the growth points in the industry, he said although hunting and nature resorts were the most popular, the beaches had not yet been developed to their optimum.

It had become easier to market the South African tourist industry abroad, he said.

"The country's image has improved tremendously over the last year and our marketing strategies, developed when the industry was in the doldrums, are working.

"We did the right thing at the right time," Mr Hough added.

CONFERENCE

Satour and South African Airways are bringing travel agents and tour operators from 37 countries to South Africa for a two-day tourism conference.

The conference will bring 500 owners of tourist facilities in contact with important buyers of their products.

According to Mr Hough, the conference was unique in that 250 South African facilities, ranging from the biggest city hotel to the smallest country safari, will be presented to the overseas tourist industry.

It is also the first time the public will be able to participate. An exhibition is open to the public on April 29 at Nasrec exhibition centre near Johannesburg.
Tourism is booming in South Africa

By Kalzer Nyatsumba

The tourism industry in South Africa is booming, the chairman of the South African Tourism Board (Satour) and Transvaal administrator, Mr Danie Hough, said at Nazrec, Johannesburg, today.

Opening a week-long annual international tourism show, Indaba/Focus '89, Mr Hough said the overall number of tourists visiting South Africa last year increased by 14 percent. Satour was expecting a further 12 percent increase this year. Its average annual increase is 6.5 percent.

An annual growth rate of 8.5 percent in tourism would mean that South Africa would have two million foreign tourists by 1991.

While this figure would include tourists from neighbouring states, the domestic tourism market "which will have strengthened immensely by then" was not included.

Mr Hough said growing numbers of black South Africans would also be travelling "within their own country" and this pointed to a potential for tremendous growth over the next 10 years.

He said a record 304,905 foreigners arrived in South Africa last year on business, holiday and shopping visits. This figure included visitors from neighbouring African states.

The number of tourists coming from Europe increased by 16 percent last year, that of North American tourists had increased by 8 percent, Mr Hough said.

Satour, Mr Hough said, acknowledged that all visitors, "irrespective of their reason for coming here or their country of origin" were important to South Africa.

He said the main motivation for the Government's investment in and support of tourism was the industry's importance as a foreign exchange earner, as a source of job creation and as a means of improving visitors' perceptions of South Africa.
Bed shortage blow to tourism

By DICK USHER
Business Staff

CAPE Town's shortage of hotel beds is hurting South Africa's thriving R1.3-billion international tourist trade.

Tourism, both international and domestic, is worth at least R1.3-billion a year to the region and growth is being restricted by the bed shortage.

With Cape Town's hotels running at the press of visitors' list, many potential tourists are staying at home if lack of accommodation means they can't take in the beauty of the Cape.

Industry spokesmen could not quantify the loss, but agreed that more hotel beds in Cape Town and its environs would help expand the already flourishing tourist industry.

Mr. Campbell Smith, deputy executive director of the South African Tourism Board, said South Africa was "fighting its way back" and had shown a tremendous growth in international tourism in the last two years from the trough of 1985/86.

He said that this, allied with an awareness of South Africans to tourism, had resulted in a shortage of hotel beds in Cape Town at peak seasons and tour operators were experiencing problems getting accommodation in the city.

Mr. John Robert, MD of Capital, said that Cape Town was such a high priority overseas on itineraries that many people would not come if they could not come here.

"Tourism is a vital part of the region's economy," he said.

"It's currently worth about R1.3-billion from domestic and overseas visitors. Our share of the South African market is about 12 percent, which we plan to expand to 30 percent by 1992."

In 10 years the Cape's tourist season had extended from six weeks to six months and Capital planned to expand this into the winter months, said Mr. Robert.

"We're starting a 'Green Season' campaign to promote the region in what has until now been seen as the off season.

"We're hoping to encourage both domestic tourism and business tourism - conferences other activities - in mid-year," he said.

This would have the advantage of expanding the market and relaxing some of the pressure on accommodation at high season.

Mr. Otto Stehlik, MD of Protea Hotels, said the entire tourism infrastructure, transport and communications, not only accommodation, had to be expanded.

Overall, the pressure on beds had increased because the national total available had fallen by 25 percent because of hotel closures following five years poor trading.

Mr. Robert said that one intention behind extending the Cape season into the winter months for domestic tourism was to try and make space for overseas visitors.

"They're naturally more interested in coming here in summer from a northern hemisphere winter than they would be in coming from summer into winter," he said.

Mr. Smith said that expanding the winter season opened tremendous opportunities for the South African tourist trade.

"It's growing at about 14 percent a year and at that rate we'll see two-million foreign visitors within 10 years."

Mr. Stehlik said that only this week had had discussions with German tour operators who were looking at off-peak tourism opportunities.
450 overseas agents for Nasrec tourism show

By Kaizer Nyatsamba

The international tourism show, Indaba/Focus '89, which opened yesterday at Nasrec, in Johannesburg, will be visited by nearly 450 overseas agents, 1,300 local travel agents and journalists from 37 countries, a Satour spokesman, Ms Marie Wessels, said.

Satour chairman and Transvaal administrator Mr. Danie Hough officially opened the show in front of about 1,700 people yesterday. Also present at the opening were the administrators of the three other provinces and mayors of most PWV towns and cities.

DELEGATES

Yesterday and today were set aside for attendance by overseas delegates, while local travel agents are expected to attend the Indaba/Focus tomorrow and Thursday.

There are 260 stands representing over 300 companies at the show this year.

For the first time ever, this year members of the public will be able to attend the exhibition on Saturday from 9 am to 6 pm, and tickets — which can be purchased at either the show or Computicket — will cost R5 an adult and R2 a child.

This is also the first time Indaba, the marketing and promotional workshop for the international travel trade, and Focus, the educational tool for domestic travel agents, are presented as a combined travel exhibition, Ms Wessels said.

"Indaba/Focus '89 has gained international status, and compares in quality and effectiveness to some of the best tourism shows in the world," Ms Wessels said.

Countries taking part in this year's exhibition are South Africa, Botswana, Namibia, Malawi, Lesotho, Swaziland, the Comoros and the four independent homelands.
Swallows to migrate to Ellis Park

ELLIS Park Ltd (Elispark) has clinched a 28% share of National Soccer League (NSL) team Moroka Swallows.

A formal agreement between Transvaal Rugby Football Union (TRFU) president Louis Lizyt and Swallows chairman David Chabedi will be signed at Ellis Park this afternoon.

The more ends days of talk that Elispark would be buying a slice of the club, it seemed the way for Swallows to play their home matches at the stadium, giving Ellis Park a slice of the lucrative NSL competitions in addition to its rugby interests.

Glamour club Kaiser Chiefs had used the stadium as their home ground since 1984, but plans to move to the giant Soccer City at Crown Mines, which should be ready at the end of the year.
R50,000 damage after hotel blast

An explosion in an Orkney, Western Transvaal, hotel yesterday caused about R50,000 damage and blew parts of the roof into the courtyard below. No-one was injured in the blast.

A police spokesman in Potchefstroom said it was not yet known what type of explosive device was used.

The device, placed behind the toilets of the Riesling hotel's outside bar, shattered windows of guestrooms and blew about six metres of wall into the street.

The hotel manager, Mr. Jack Krynauw, said he was awakened at about 3 am by what he first thought was a huge thunderclap.
'Insider trading' in Elspark shares

A prima facie case of insider trading in Ellis Park Ltd (Elspark) shares last month had been found, the JSE general committee announced yesterday.

Consequently, all available evidence had been handed to the Registrar of Companies for his consideration, the JSE said.

It is understood that if the registrar agrees with the JSE's conclusion, he will, in turn, forward prima facie evidence of insider trading to the Attorney General for possible prosecution in terms of the Companies Act.

JSE president, Tony Norton, would not elaborate last night on the statement issued by the JSE general committee.

Yesterday's announcement came after the general committee had called for returns from brokers on transactions in Elspark shares from April 11 to 19.

The JSE took the step after a phenomenal rise in the Elspark share price on April 15, ahead of an announcement four days later that the Transvaal Rugby Football Union (TRFU) was to buy out minority shareholders in Elspark.

On April 19 the price of Elspark linked units — comprising one ordinary share and one debenture — rocketed from a low of 88c to 100c — a rise of 25%.

Trading in Elspark was suspended later that week.

The chairman of both Elspark and the TRFU, Louis Luyt, said last night he was unconcerned about the JSE's findings, as there could be no suggestion of insider trading on the part of the TRFU.

The TRFU had made it clear in the Press that it had bought shares in Elspark, Luyt said.

He said the JSE's suggestion of insider trading implied someone must have made money from buying the Elspark shares.

He said he had bought a 16-million share stake.

Probe suggests Elspark insider trading

Elspark shares at 60c a share. He had done so on behalf of the TRFU as a nominee.

However, Luyt said he had not profited from the deal because he had passed the shares on to the TRFU at the price he had paid for them.

He added that he thought the JSE would have contacted him before its meeting yesterday.

If the JSE had contacted him, said Luyt, he would have pointed out that the decision...
Township to have glitzy new night-club

By DI CALABS

NIGHTLIFE in Guguletu will take on new meaning on May 30, with the opening of The Yellow Door, a glitzy new R750,000 night-club to rival any other in the Western Cape.

The club is very definitely aimed at the right amount of glitter and glamour to ensure it will be seen as the place to be seen.

"There's no way it will be dark and dingy. The black people here all know one another and they don't want a club scene where they can't see the people at the next table."

"They're very sociable and this is what has dictated the final open-plan and not overly-dark design," Mr Zizilele Combi, marketing director of Stellenbosch Liquor Wholesalers, told the Cape Times yesterday.

The venture is a joint one between his company and Picardi, with a substantial input from South African Breweries on which Mr Combi was not prepared to put a price tag.

The most striking feature of the club must certainly be its size — when fitted to capacity it will hold 500 people.

The bar stretches along one entire wall for easy access and plenty of seating, the large dance floor is located right in the middle of the club and surrounded by tables and comfortable chairs.

The colour scheme is bright — red, turquoise and black.

"We've been practical about the decor. The carpets are 1980s past sport — aimed at keeping the club looking good for as long as possible — and are only in the sit-down areas," said Mr Combi.

Fill entertainment gap

The remainder of the floor is quality white tiling. "The emphasis in the design has been on space and flexibility." Mr Combi believes The Yellow Door will fill a huge gap in the entertainment market in Cape Town's black areas but stresses they are not aiming primarily at a black market.

"The club will rival any other in the Western Cape and we would like to see a good mix of black and white patrons here."

Security will be tight. Night-clubbers will be screened by security guards at the entrance to the building, again at the downstairs door where they will pass through metal detectors, and finally by the management.

"No final decision has yet been reached on the entry fee but Mr Combi promises it will be kept to under R10. Liquor prices too will be lower than those of other clubs and patrons will pay less than R1.50 for a beer.

"We'll be relying on volumes of people to boost the profits," said Mr Combi.

Music is the untested variable. There is a R150,000 sound system but he said the DJ would rely initially on request cards from patrons until they established what music would be most popular.

In addition, they plan to have a resident band as well as guest artists, opening dates as possible. A staff of 52 will be on hand to take care of patrons and Mr Combi said they would all be experienced waiters, waitresses, barmaids and wine stewards.

Opening date for members of the public is Tuesday, May 30, with the VIP official opening to be held the night before.
CAPE TOWN, after a bumper seven-month season, stands to make R150m in extra earnings from tourism this winter, on the basis of an expected upturn in hotel occupancy rates, compared with the winter of 1988.

At least one major hotel group offering special off-season packages is looking at a 20% increase in occupancies at its hotels in the Peninsula between now and the end of August, and other groups are similarly optimistic.

John Robert, MD of Captour, which has embarked on an R300 000 campaign to popularise the Cape's "Green Season", between May and October, says there are indications that the 1988 occupancy rate of 65% for the Peninsula's 10 000 hotel beds over a 180-day winter period will be greatly improved this winter.

"If an overall 20% increase in hotel occupancies is achieved this winter, this means the hotels alone could earn a total of R50m extra including indirect earnings calculated on the internationally recognised tourist-earnings formula."

"And it means the city as a whole could earn an additional R150m if one takes into account Fedhas's calculation that only 30% of tourist money goes on hotel stays."

Robert, back from the Indaba/Focus '86 international tourism workshop in Johannesburg, where Captour had two stands, says a feature of this event was the strong interest shown in the Cape tourism product, including the attractions of the "Green Season", projected by Captour.

"Captour's Green Season campaign could not have been launched more timeously, with so many tour operators abroad as well as locally at last beginning to see the tourist possibilities in the Cape, as well as in the summer season."

"The penny has clearly dropped, and I came away from Indaba feeling confident that, with all we are able to offer the visitor in the winter months, we are going to succeed in extending the Cape season throughout the year."

"Among more sophisticated travellers who are not particularly concerned with beaches and sun-bathing, we found a lot of interest in our wines, our rich cultural life, our natural assets, our scenic drives and other things that the visitor can enjoy in winter, as well as in the warmer months."

Robert says there is now a pressing need for "product development" at the Cape — such as developing the region's potential as a conference and meeting centre, and of getting the Cape tourism message through to the consumer directly.

Region

He says Captour was well supported at Indaba by delegations from the Overberg and Cape West Coast areas, which meant the Western Cape as a whole and not just Cape Town was well represented, and well able to present a full tourism picture of the entire region.

"We waved the Western Cape flag as never before and I'm happy to say we sold ourselves as a region. What we must ensure now is that we are adequately equipped to meet the needs of an increased inflow of visitors and also to raise standards in the tourist industry, all round."}

○ Indaba, the biggest tourist workshop of its kind in SA, with exhibitors from Malawi, Lesotho, Swaziland, the Congo, the TBVC countries and Namibia, was visited by more than 2 000 foreign and local travel agents and journalists from 37 countries.

An estimated 10 000 people visited the exhibition on the one public day, last Saturday.

The consensus among the many Cape exhibitors was that the Cape was not only the best of the whole, but that foreign tourist operators were keen that their tour itineraries include as much of the Western Cape as possible.

Another observation was that greatly increased inflows of visitors could be expected from Italy, Canada, Australia, New Zealand, Taiwan, Germany, France, Belgium, and the USA.

Success

Ruth Rippe, GM of Garden Route Tours, based in George, says of this year's workshop: "It was a resounding success, with more serious business discussions and decisions." Rippe said: "One of the most important features of Indaba was the return of North American interest.

Kevin Gilmore, director of Welcome to SA Tours, Cape Town, comments: "A great deal of international incoming tourist busi-
Buoyant Suthsun

Finance Staff

Increased occupancies in the second half of the financial year boosted Southern Sun Hotel Holdings's bottom line by 14.6% to R25 million.

This is equivalent to earnings per share of 35.7c (14.6c).

The dividend has been raised from 10c to 25c a share.

Buoyancy in the tourism market is reflected in the sharp rise in average group occupancies, which rose to 62% percent for the year — the highest level since 1995.

The 9% percent increase in occupancy levels was ahead of the record by the industry as a whole and was a major contributor to the increase in profitability.

Turnover rose to RJ300 million (up from R314 million), while operating profit soared to RJ3 million (R55 million).

Rentals and leasing charges, linked in some instances to turnover, rose by 20% percent to R169 million, while interest charges rose to R13 million.

Retained attributable earnings of associated companies, mainly a 21% percent investment in Sun International, rose from R9 million to R12 million. Outside shareholders and preference dividends took up R6.9 million (R3.7 million).

This left attributable profits of R25.1 million (R10.2 million), equal to 35.7c a share.
Tourism boosts Suthsun

BRUCE ANDERSON

A SHARP increase in foreign tourist and improved local demand have boosted Suthsun's earnings for the year to the end of March.

A 14% increase in attributable profit to R28.1m (R19.5m) came on a 24.2% increase in turnover to R390.6m (R314.2m). Operating profit rose 51% to R33.9m (R22.4m).

A final dividend of 25c (10c) a share has been declared.

Suthsun group MD Bruno Corte says strong hotel patronage during the second half of the year pushed occupancy figures for the year to 62%. The 9% increase in occupancies over last year was ahead of the industry average.

Corte says Suthsun managed to outperform the rest of the market mainly because its hotels in most of the major cities are well-placed to take advantage of the increasing numbers of foreign tourists.

Suthsun now earns 15% of its business from foreign tourists, says Corte.

In addition, earnings are boosted as average room rates of Suthsun hotel rooms are 30% higher than the industry average.

Gearing has deteriorated slightly. Interest-bearing debt at year-end represented 68% of total shareholders' funds.

Corte says this is largely due to a change in accounting practice in terms of which the group has recognised "on balance sheet" the liabilities relating to leases.

Before this change in accounting practice — implemented since April last year — gearing had stood at 47%. Corte says the group hopes to reduce gearing to 60% as soon as possible.

On prospects, Suthsun's management is forecasting a moderate improvement in occupancies for the current year.

White the action taken by the authorities to cool consumer demand will affect local support of the hotel industry, the level of overseas tourism is expected to continue to increase provided there is "no marked change in the socio-political environment." However, with rising interest rates and pressures on operating margins, the anticipated improvement in earnings is likely to be more modest and will occur mainly in the second half of the year, directors say.
60% rum, liqueur import surcharge likely

A 60% import surcharge on liqueurs and rum is soon to be introduced, say liquor industry spokesmen. Whisky, however, is likely to escape the surcharge in an attempt to avoid offending British whisky producers. It is believed that the new surcharge has not yet been gazetted.

There were reports yesterday of confusion over the imposition of the surcharge by officials in different parts of the country.

Industry sources said imports of liqueurs and rum had been cleared in Johannesburg and in Durban yesterday, while importers in Cape Town were apparently told they would have to pay the new surcharge. The Board of Trade and Industry could not be reached late yesterday.
City told: Embrace the tourists!

AN unusual campaign to persuade a tourist city's people to be more hospitable towards holidaymakers is to be launched soon.

Durban's chamber of commerce is trying to end the "sooner you go home, the better" policy many locals have practised in the past.

Some local motorists even sport car stickers reading "Welcome to Durban, now go home!"

The chamber claims the campaign — to be launched next month — is the first of its kind in South Africa.

It will be followed by promotions including a Tourism Awareness Week, Best Service to the Public contest and an end-of-year function where awards will be given for services to tourism.

Mr Mike Meekan, the president of the Durban Metropolitan Chamber of Commerce, said: "We want to eliminate the 'It's too hot, so leave!' attitude by creating positive awareness of the industries, and other benefits tourism brings to our city."

In terms of employment and business opportunities.
Group's leisure division
a pioneer in the field

RESEARCHING world-wide trends in the real estate field has helped the Masterbond Trust Group come up with innovative new ideas in the property development field, which has benefitted its investors.

"Company philosophy has been that to stay ahead in the field it should, firstly, soundly research new world-wide trends in property development and, secondly, adapt those developments to SA's circumstances if suitable and profitable. Hence the pioneering of certain unique developments in SA, specifically in the resort and leisure market.

During 1985 it was one of the first companies to develop and market a timeshare in Cape Town. Today, this development with sales of more than R11m, is 70% sold out and is one of the most successful timeshares in Cape Town.

Furthermore, the company has been in the forefront with a management involvement in the prestigious Club Mykonos resort development on the West Coast. This development, with its magnificent new deep sea harbour providing top-rated mooring facilities for ocean-going yachts, has broken from the traditional resort market in attempting to provide a holiday lifestyle previously only obtainable in the Mediterranean.

In addition to the harbours there are more than 100 "Kalvias" (units) ranging from one to two bedrooms as well as waterfront taverns.

The 400 delegate conference and sport centre with top-rate facilities will be completed during July.

Masterbond Trust has also embarked on a joint venture with Ster Cinemas founder Andre Pieterse in an upmarket development called Peacourt Country Club, at George.

This development, with a 27 hole golf course designed by Gary Player, a four star hotel and planned accommodation and ownership lodges, is a first for SA.

Having recognised that tourism, both local and international, will become one of the growth industries of the 1990s, Masterbond Trust decided early this year to consolidate all the activities, existing and planned, under a subsidiary called Masterleisure. This company is made up of a marketing, development, administration and resort ownership and management divisions.

The management team is once again headed by Koos Jonker, who is chairman, with fellow directors Johann Brits, Johan Winckler, Ian Mason, Marius van den Heever and Andre van Rensburg.
Making more of hotels

WITH the growing shortage of hotel accommodation in Cape Town, Masterbond's venture into hotel redevelopment may well be one of its best investment moves - particularly view of the increase in incoming tourists hurd by a weak rand.

In redeveloping the Park Avenue Hotel it has turned a run-down hotel into modern hotel accommodation that caters for the needs of today's travellers.

Masterbond Trust invested more than R1m in refurbishing the hotel to give it a fresh modern look with soothing pastel colours and an air of tranquility.

Special projects director Andre van Rensburg says the hotel also answers a plea from the South African Tourism Board for greater infrastructure within Cape Town.

"Extensive research into the state of Cape Town's hotel industry shows a definite demand for more hotels aimed at the quality-conscious sector of the market," he says.

Surrounded by quiet, oak-lined avenues, the hotel provides a facility away from the hustle and bustle of the city, yet is only a ten minute walk into the heart of downtown Cape Town and Parliament.

The 56 designer-decorated rooms, each equipped with a bathroom, colour TV and M-Net, are comfortable and modern.

The hotel offers a dine-and-wine option in the form of Gerstwiek restaurant. The view from the restaurant is to Table Mountain and guests can enjoy a full a la carte menu and live entertainment.

Then for a light meal there's Piat's - a restaurant and coffee shop serving breakfast and a late-night curfew.

The Park Avenue also offers two well-equipped conference rooms catering for up to 60 delegates; 24-hour security; lock-up garages; and private deposit boxes.

GM David Ankers - formerly of the Mount Nelson - describes all these attributes as "quality at affordable prices".

Masterbond's investment in the Park Avenue Hotel may be the forerunner of similar ventures.
The article is not visible. Please upload a readable version of the document.
BLOEMFONTEIN — The disruptive effect of unstable interest rates, speculation on the inflation rate, the inability of the Government to stay within its budget and the treatment of teachers were highlighted as matters of great concern by Henri Lerm after his induction as president of the Chamber of Commerce OFS in Bloemfontein at the weekend.

Mr Lerm said unstable interest rates had a disruptive effect on both individuals and businesses, while the Government’s inability to stay within its budget affected everyone.

Speculation on the inflation rate should be avoided, he said.

Mr Lerm said the poor treatment of teachers was a major worry because these were the people who had to shape the leaders of the future.

Mr Lerm drew attention to the tourism potential of the Free State.

While this was not as great as that of other regions, the Free State nevertheless had much to offer the tourist.

Greater efforts should be made to promote tourism in the region, he said.

Raoul Cilliers, outgoing president, said the industrial climate had improved in Bloemfontein.

The factories being erected at Bloemindustria would eventually provide better opportunities for jobs and satellite industries for the population of Bloemfontein.

The city should never be negative about any industry, he said. There should not be an attitude that because an industry was “dirty”, it was not wanted.

Ways should be found to accommodate such industries.

Mr Cilliers said the Government should be asked to try to persuade the outside world to change perceptions.

Perceptions were all-important, while the facts were irrelevant, he said. — Sapa.
No action to be taken on Elspark dealings

EVIDENCE of a prima facie case of insider trading in Ellis Park Stadium (Elspark) shares will not be forwarded to the Attorney-General by Registrar of Companies Moslte van Rensburg.

The evidence had been submitted to Van Rensburg by the JSE.

Van Rensburg said on Friday he had decided not to forward the evidence to the Attorney-General for two reasons.

Those were that the JSE had forwarded additional evidence to the effect that Transvaal Rugby Football Union (TRFU) and Elspark chairman Louis Luyt did not benefit personally from any of the transactions. The second reason was that it was not illegal for a predator company (in this case the TRFU) to buy shares in a company it was pursuing.
JSE critical of Luyt’s role

Finance Staff

The JSE, yesterday, criticised Ellis Park Stadium (EPS) chairman Louis Luyt for buying ELS shares for the Transvaal Rugby Football Union. The comments followed on the refusal by the Registrar of Companies to refer the case for insider trading contraventions to the Attorney General, on the basis that it was not illegal for a predator company (TRFU) to buy shares in a target company (ELS).

But the JSE said yesterday: “It was undesirable for the chairman of ELS to have been party to the purchase of shares prior to the announcement of the cash bid by the TRFU, once he knew of that bid.”
SHAREWORLD'S TOTAL LOSSES PUT AT R16m

A SYLVIA DU PLESSIS

SHAREWORLD’s losses since opening in a blaze of publicity in November 1987 totalled R10m, MD Rene Lion-Cachet said yesterday.

Standard Bank also announced the giant entertainment complex, in the south-west corner of Johannesburg, would be liquidated next month after the bank’s decision in January to withdraw credit facilities.

Lion-Cachet said monthly losses were about R1m — operating costs of R690 000 and an interest burden of about R600 000. Shareworld owes Standard R4.6m.

Monthly turnover had also been lower than expected at about R100 000 since January.

Before its opening Shareworld forecast year-end turnover of R10m to yield R420 000 pre-tax profit.

“The liquidation puts our major creditor — Standard Bank — in the driver’s seat and management will have to look to them for instructions,” Lion-Cachet said.

Shareworld’s first annual meeting will be held on Saturday and the state of negotiations for possible restructuring, and the complex’s year-end results, which have not yet been released, will be discussed.

Shareholders said yesterday Standard’s decision to liquidate the giant entertainment complex had not taken them by surprise.

One shareholder, who holds 2 000 shares, said he was unhappy about the liquidation because of the money he had invested in the complex. However, he was pleased Standard had offered to refund the subscription share price of R10 to ordinary and preference shareholders.

The offer is not extended to those involved in the design, construction or administration of the project.

Standard special operations manager Don Macey said he hoped the proposed R1m ‘tax’ interchange at Shareworld would go ahead because it would be a catalyst to rejuvenate the Shareworld concept.
Luyt to sue magazine for libel

ELLIS Park Stadium (Elspark) chairman Louis Luyt has instructed attorneys to issue summons for libel against Finance Week, its editor and publishers, after a report in last week's issue over his role in the buying of Elspark shares.

Finance Week editor Allan Greenhalo said last night: "We will definitely defend any libel action. I look forward to seeing Dr Luyt in court."

Luyt also hit out at a JSE statement on Tuesday criticising his role in buying Elspark shares on behalf of Transvaal Rugby Football Union.

The JSE statement had said that once Luyt knew of the TRFU's cash bid for Elspark it was undesirable for him, acting in any capacity, to have been party to the purchase of shares in Elspark prior to the announcement.

Luyt described Tuesday's JSE statement as "highly improper, without authority or foundation." The fact the Registrar of Companies had not forwarded alleged evidence of insider trading to the Attorney-General bore out his (Luyt's) contention no improper dealings had taken place, said Luyt.

Luyt added it was trite law that a predator (in this case the TRFU) may purchase the shares of a company it was pursuing before it decided to make a formal offer, in terms of the Companies Act, to buy out the shares of that company.

Luyt also said the JSE's interpretation of legal matters left much to be desired. Responding to Luyt's statement, JSE president Tony Norton said last night: "We were under pressure to clarify our position and we did so this week. We have our view and I'm sure Dr Luyt has his view."
Shebeen raids gave birth to new nightclub

By VUYO BAVUMA, Staff Reporter

WHEN Cape Town's shebeen-owners failed in their bid to acquire the leases of the townships' bottle-stores they did not regard it as the end of the world.

Instead, they each put R70 a week into a kitty with the aim of starting their own liquor outlet and nightclub.

Now, three years later, the taverners in a joint venture with entrepreneur Mr Jan Pickard involving a glitzy R1.5-million nightclub which is to open in Guguletu on Sunday.

In December last year the partnership established Sivukile Liquor Wholesalers — an outlet that serves most taverns and shebeens in the townships.

Its second venture, the club simply known as the Yellow Door, is in the Guguletu Shopping Complex in the heart of the township.

With its sophisticated, spacious interior the club seems destined to set the social scene in the area.

CASUAL DRESS

Zitulele Combi, marketing director of Yellow Door, said the club would cater for a wide range of patrons.

"The standard of the club will be determined by the patrons. Their attire should be casual but none will be allowed in wearing jeans or t-shirts," he said.

The Yellow Door is fully licensed. "We are allowed to sell liquor at any time and plan to open from Monday to Saturday," he said.

"Maybe on Sundays we can have afternoon jazz sessions," he said.

The Yellow Door will be manned by a security staff of eight. Metal detectors will be used to search patrons. Admission will be under R10.

Sketching how the project started Mr Combi said: "The idea came about because shebeen-owners and taverners were being harassed by police when they bought their stocks of liquor."

"After bottle-stores were introduced into the townships we offered to buy them from the authorities but were unsuccessful because of red tape."
Cape set as conference centre of the country

CAPE TOWN is fast becoming the conference capital of South Africa. Conference venues — and there are 60 of them in the city and its surrounding area — have never been as heavily booked for the winter months — "green season" — as they are now.

All hotel groups and individual hotels with conference facilities report a substantial increase over last year in the number of off-season bookings.

They are finding a growing awareness up-country, as well as locally that, winter at the Cape has many attractions as a conference centre.

While most offer attractive volume discounts on conference accommodation, hoteliers say they are still able to maintain reasonable levels of profitability on conferences, mainly through the food and beverage side of their operations, and that they try to strike a happy balance between the conference and tourist aspects of their business.

Arthur Gillis, MD of Protea Hotels, reports that bookings for the group’s seven main conference venues in the Western Cape are 30% up on the first half of 1988 and he expects this increase will be maintained.

Southern Sun’s group national sales manager Neil Fraser says conference bookings at the group’s Cape Town hotels, including Holiday Inns, are 28% up on last year.

Gillis says: "A reason for Protea’s 30% increase is that we are able to offer complete conference packages which up-country people are finding particularly attractive. These include spouses packages which enable the spouses of conference delegates to get around and enjoy what we have to offer in the Cape.

"We are substantially busier this year than were in 1988 and the Cape is now accounting for a much bigger proportion of the R26m worth of business that our group does annually conferences alone." (Protea’s projected overall turnover for 1988 is R132m.)

Gillis says country conference venues, as far from the city as Citrusdal and Lamberts Bay, are becoming increasingly popular with up-country businesses and organisations wanting to hold conferences in quiet, out-of-the-way places that offer city-bound businessmen and others a refreshing respite.

Jeana Karadanais, sales executive of the Mount Nelson, says the hotel’s eight conference and function rooms are in demand during the out-season period as never before, with a growing number of companies and organisations going for winter conferences.

Firm bookings have been received for conferences as far ahead as 1991, she said.

To Page 14
Cape Town? No
you're talking

Arthur

From Page 13

By Arthur Green

The growing importance of conferences as a means of promoting tourism and business has led to the establishment of the Cape Town Conference Centre. This centre, located in the heart of the city, offers state-of-the-art facilities for conferences and events of all sizes.

The centre is equipped with modern audio-visual equipment, spacious meeting rooms, and a dedicated team of professional staff to ensure a smooth and successful event.

Cape Town is well-known for its beautiful”

...
With the opening of the R47 m Fish River Sun leisure complex on the Ciskei Coast casino pleasures are now only a few convenient travelling hours from Cape Town, making the Mother City a major target for Sun International’s marketing plans, reports GERTRUDE COOPER, who was at the official “unveiling" by President Tambo, Soweto on Wednesday.

THE Western Cape will account for 25% of the new “Polynesian Paradise” Fish River Sun Hotel’s 130-room accommodation, the owners predict.

In the two months since the hotel, casino, country club complex, idyllically sited between the Fish and “Old Woman’s River, has been operative, a Cape Town presence has become increasingly noticeable, says marketing director Ernie Joubert.

In an effort to accelerate numbers even further, there are plans to make the hotel more accessible to Capetonians and so more attractive as a holiday destination. A trump card the hotel holds is its location. A comfortable two-hour drive (183 km) from Port Elizabeth and 90 minutes (135 km) from East London, it is the most southerly situated casino in the country.

**Immediate impact**

Architect JD Maresch’s unusual design of peaked green roofs — an upmarket, romanticised version of Polynesian fishing shacks — and wide windows with uncluttered views across rounded green dunes to the sea — makes an immediate impact.

Lionel Levin and Associates, who were responsible for the Cape Sun decor, have created a complementary and exciting interior in which coral, bright greens and a picture theme of vividly coloured parrots predominate.

An "airscapes" package deal out of East London is being drawn up in conjunction with Xerit日电. It will offer Cape holidaymakers accommodation for from two to seven nights, air travel, transport from the airport to the casino, and discount vouchers.

Also under consideration, says Joubert, is a train package: “We already have one in operation between Johannesburg and the Wild Coast which is working well. A faster Garden Route rail service from Cape Town to Port Elizabeth with a bus link from there will make for a more leisurely travel route for longer period holidays.

Meanwhile Cape visitors to Port Elizabeth have, since the hotel’s opening, been availing themselves of one-day coach excursions which are accounting for visitors by the hundred. Old Graham Vass says: “Up to 60% of them women!"

The attractive deal costs R35 of which R20 is refunded on arrival. Ticket holders also receive discount rates on lunch and the cinema.

For non-gamblers the 55-seat cinema shows current releases three times a day.

“No blue movies,” says Vass. “We will, however, have films such as Cry Freedom which are not released on the South African circuit.”

Golf is likely to be a major attraction for Cape Town sports fans, with a 8 300 m par 72 course designed by Gary Player. The first nine holes should be playable by September and the second before Christmas. Joubert is confident of an international tournament next year.

He is positive about the concept's contribution to tourism to South Africa: “At a tourist indaba held here recently, tour operators were excited about the Fish River Sun as a stopover for tour packages into the country.

Sun International chairman Ian Heron said at Wednesday’s official opening: “Public response in two months has been so great that we will have to consider expanding the resort.”
SHAREWORLD auditors Aiken and Pest have refused to express an opinion on the financial statements of the doomed complex which owes Standard Bank R46m and is to be liquidated on June 6.

In the foreword to the statements released at Shareworld's AGM on Saturday, they claimed the company did not maintain proper books and records relating to operating expenses and the collection of income.

They said: "The design and construction of the complex was undertaken by two companies and paid for out of monies advanced to Shareworld by its banker."

"Proper books and accounts were, in our opinion, not maintained by the company relating to this expenditure and, in numerous instances, significant amounts were not supported by proper vouchers or other documentation."

In addition, Shareworld had not maintained a fixed asset register.

"Because of the foregoing, we have been unable to satisfy ourselves that the expenditure capitalised in the company to fixed assets represents proper additions, or that the expenditure is represented by the existence of a proper value of fixed assets which it purports to relate to."

"Further, proper books and records were not maintained in relation to operating expenses and the collection of income, and we have accordingly been unable to satisfy ourselves that certain of the expenditure was proper and that all income was accounted for."
Pay beach proposal will be opposed

By Sue Olswang

A proposal to develop one of Durban's most popular surfing and swimming spots as a pay beach may be compared to privatizing the city hall.

Mr Eric Carlson, chairman of the city's biggest life-saving club, Durban Surf, which is based at North Beach, was reacting to the news that a consortium of Johannesburg-based companies was proposing to develop North Beach as a pay beach.

He believed ratepayers would strongly oppose the idea.

"North Beach is the most popular beach because it offers one of the safest bathing areas in the country," Mr Carlson said.

The pay beach proposal was put forward by a Johannesburg city councillor and businessman, Mr Eddy Magid, on behalf of Southern Sun hotels and Ozzi Limited. Mr Magid is a director of Ozzi, which was responsible for Bedfordview's Bruma Lake development.

Mr Jan Venster, chairman of Durban's management committee, said the committee was likely to consider the proposal by next Tuesday.

"The committee's major considerations would be whether the development was in sympathy with the Reveil Fox plan which the council had pledged to uphold, and whether it would cost the city anything," he said.

"We are looking at crowd control to ensure 'peace of sand,'" he said. "Our beaches can never comfortably accommodate everyone, especially during peaks when we've seen up to 500,000 people on our beaches."

He rejected claims that pay-beachers would become exclusive white areas. He said "people of colour" made up about 22 percent of the occupancy in Durban hotels throughout the year.

"If they can afford to pay for upmarket hotels, they can afford to pay for the use of a beach offering limited access," he said.

The area envisaged for development is bounded by the two North Beach piers. An entrance fee of R10 a couple has been suggested.
SST Launches Internal Timeshare Swap Deal

SST Symphony, the first and only standalone, non-age-restricted, fully integrated, luxury resort on the East Coast, is excited to announce the launch of its internal timeshare swap program. Effective immediately, owners of fully paid units at SST Symphony will be able to swap their timeshares with other owners of fully paid units at SST Symphony, creating a unique opportunity for homeowners to explore different properties within the same community.

"We understand the value of flexibility in owning a timeshare," said [CEO's name], "and this new program is designed to give our owners the ability to experience the full range of amenities and activities available at SST Symphony. Whether you're looking to swap your timeshare for a similar unit in another part of the resort or simply exploring new options, this program offers a convenient and straightforward way to make the most of your investment."
Mr Spokesman said that the completion of the hotel is due to start in August and the hotel is expected to open in time for Easter next year.

This article's impression shows how the 150m hotel complex project for Caledon has been divided into stages with each stage being constructed separately. The first stage includes the main building with a swimming pool, restaurant, and conference facilities. The second stage will include additional rooms and amenities, while the third stage will focus on the construction of a spa and gym facilities. The hotel is expected to be completed in the next 18 months, offering a luxurious stay for visitors to the region.
Karos has credentials to be a star in hotel sector

The country's growing economy means that more people are travelling, more companies are holding conferences and, a fact of considerable importance to investors, the hotels are doing far more business.

Coming to the market in the near future is a company with a good growth record and well placed to benefit from these developments.

The company is Karos Hotels which is being listed by way of a reverse takeover of cash shell New Bernica.

It has been in the hotel business for 19 years and today operates 10 three or four-star hotels in the major centres and major tourist spots with the exception of Durban and Port Elizabeth.

It is also in the time-share business and has started construction of a 100-roomed hotel and time-share development on a 90 hectare site bordering the Kruger Park.

Karos owns all but one of its properties — the exception being the Karos Manhattan Hotel in Pretoria on which it has a lease on favourable terms until 2001.

Owning your own hotels is a major advantage for the company and for its shareholders, says the group's founder, Mr Selwin Hurwitz.

As Karos will not have to pay increased charges — the benefits of the higher revenue will go to its shareholders and not to property owners, he said.

Mr Hurwitz sees a number of reasons why the hotel industry can look to a buoyant future. Among these are:

- The increasing use by business of hotels for conferences and training meetings;
- The high cost of travelling overseas which is making more South Africans take their holidays at home;
- The high cost of building new hotels which gives existing good standard hotel operators a considerable advantage and;
- The comparative "cheapness" of

South Africa holidays for foreign tourists.

Mr Hurwitz added that he was expecting a record number of foreign travellers this Christmas.

Since the 1985 troubles — which hit the hotel industry and the economy extremely hard — Karos has flourished. In 1987-88 Karos's taxed profit, before extraordinary items, rose 237 percent to R23.86 million. It then rose a further 120 percent to R45.50 million in the 13 months ended March, this year.

For the 12 months ending March, 1990, Karos is forecasting an increase in earnings a share of between 62 percent and 68 percent, depending on the extent to which its capital is diluted by acceptances of its offer to minority shareholders.

Should its offer to minorities of 204,4c a share be accepted in full, earnings for the year ended March, 1990 are expected to be about 35,6c a share. If no shareholder accepts, earnings are estimated at 55,1c a share.

Dividends are to be paid on the basis of being two-and-a-half times covered by earnings. This means for the year ending March, 1990, they could range between 14c and 16c.

With New Bernica shares standing at 185c, the potential dividend yield is a highly attractive 7 to 8 percent, depending on the degree of dilution. The price-earnings ratio also looks good, ranging between 5.0 and 5.7. Southern Sun is standing at a PE of 12.

On these figures, few New Bernica shareholders are likely to accept the offer to minorities. The shares are unlikely to trade below R2 for much longer.
Shareworld wound up

SOUTH Africa's first multiracial entertainment centre, Shareworld, was provisionally wound up in the Rand Supreme Court yesterday, only 18 months after it opened.

The decision to liquidate Shareworld came after the Standard Bank withdrew its R45 million credit.

Shareworld's creditors have lost an estimated R16 million.

The bank has however offered to refund the subscription share price of 50 cents to ordinary and preference shareholders.

The auditors of Shareworld, Aiken and Peat, recently claimed the company 'did not maintain proper books and records relating to operating expenses and collection of income'.

They said: 'Proper books and accounts were, in our opinion, not maintained by the company relating to this expenditure and, in numerous instances, significant amounts were not supported by proper vouchers or other documentation.'
Growth prospects

Documents on the reversal of Karos Hotels into New Bernice (NB) suggest minority shareholders should not opt for the Karos vendors' standby cash offer to NB minorities. The share, at 200c on Tuesday, was close to the 204,4c offer. On the documents, the new NB, renamed Karos, will have a net tangible worth of 238.2c-252.6c (as at April 1 1989); and growth prospects look attractive.

The NB range reflects the mechanism of NB's acquisition of Karos and the offer. Karos is being bought for R28m, to be paid in shares or cash or both. The Karos vendors will take only shares in the new entity at 204,4c if no minorities opt for cash. Theoretically, if the extent that minorities accept the vendors' cash offer, the vendors will take cash. In fact, informal underwriters are likely to take any shares unwanted by minorities.

Depending on the outcome of the offer, 95% of the Karos vendors will hold 44.8%-63.6% of the new entity. That holding will form one element of the voting pool. Lifegro, which held 43% of the old NB, has undertaken to place another 10% on the pool. The cash shell contains R30,2m, which might not have been raised now in a rights offer.

Assuming no cash is paid out by NB to minorities, the reversal will add R26,1m to shareholders' funds and reduce Karos' gearing net of cash from 0,83 (mostly in mortgages) to 0,08. The directors have decided to keep their powder dry by not reducing the mortgages much, but keeping cash of R16m.

Major developments are on the way.

Karos's top directors were in Maputo this week, apparently negotiating a management contract on the Polana Hotel. Other major local and foreign hotel groups have also pitched, but the fact that the Hoffman family holds the title deeds, after it was nationalised without compensation in 1975, is a vital factor. The family's hotel group was merged into the new Karos group in 1987.

The group has been acquiring property for a development in Namibia. A hotel being built 50m from the Paul Kruger Gate of the national park is typical of an innovative approach. Timeshare developments are peripheral to existing hotels, using their facilities and adding to their accommodation when unoccupied. On existing hotels, Karos's optimism is based on high bookings for training and conference facilities, increased local tourism and the prohibitive cost of new hotels. These should offset recession.

The group aims at a three-star image, but may upgrade in some cases in future. Occupancies have risen recently and were at 59% last year. Additional occupancy creates great leverage for profit. A 1% rise adds about R0,6m to the bottom line, the directors reckon.

Forecast EPS in the year to end-March 1990 are 35,1c-39,6c—a p/e of about 2,5 on the current price. The forecast dividend yield is around 7,5% on cover of 2,5. There seems little downside potential.

Taung Payee
Two-star hotels are top choice of tourists

By Norman Chandler, Pretoria Bureau

South Africa's one and two-star hotels are outstripping all others in the battle to woo foreign tourists.

Central Statistical Services says that 36.6 percent of the 131,000 bed nights sold to tourists during February were in these cheaper establishments and their figures show a steady rise in the popularity of two-star hotels, in particular, over the last 12 months.

Hotels which are showing a marked decline in attracting foreigners are five-star hotels, down by nearly 5 percent over the February figure.

Three-star hotels have kept a steady share of the market (in March it was 25 percent) while four-star establishments have remained at a constant 12.9 percent of bed nights sold.

TAIWAN AND JAPAN

Visitors from the United Kingdom and West Germany were the largest group (30.3 percent in all) to stay in South African hotels while there had been a virtual invasion from Taiwan and Japan in the first three months of this year.

The most popular tourist areas were the Cape Peninsula, Johannesburg, Durban and Umhlanga, the Garden Route, and the eastern Transvaal.

One area foreigners are giving a wide berth is the OPF, which attracted only 1.8 percent of tourists. Just under 14 percent of all tourists stayed in Cape Province hotels, 34.4 percent in Transvaal holiday areas, and 20.2 percent in Natal.
One of the world's great hotels

By DICK USHER
Business Staff

THE Mount Nelson is going to be one of the world's great hotels - again - if new general manager Nicholas Seewer has anything to do with it.

Since it opened in March 1899 "The Nelly", as she is affectionately known, has been the epitome of discreet luxury and gracious hospitality, a famous Cape Town landmark known around the world and patronised by celebrities both famous and notorious.

Nick Seewer, appointed general manager in the wake of the hotel's change of ownership last year, sees South Africa developing as a very important destination for international tourism on which the Mount Nelson can capitalise by polishing up its aura.

Born in India of Swiss parents, 46-year-old Mr Seewer originally wanted to be an accountant. But perhaps the travelling he did with his parents, during which he stayed in many of the world's great hotels, imbued him with a touch of the romance associated with these establishments and when it came down to making a career choice he chose the hotel industry.

He attended hotel school in Switzerland and won the Swiss Hotelkeepers' prize as top student in his three-year diploma class before embarking on a career that started in France, led him to Kenya and then South Africa in 1974.

Then he left in search of wider horizons, basically wanting to own a hotel in England but found prices out of his reach and, after a spell managing the de luxe flagship of the Crest group in Maidenhead, jumped at the chance when the offer of the Mount Nelson appointment afforded him the opportunity of returning to Africa.

His aim of placing the hotel among the world's greatest is to be accomplished through a dual strategy - enhancing the ambience and moulding the right team.

"You can have the most wonderful hotel building in the world, but it means nothing if the staff are not a team and working together towards a common goal," he said.

(See Page 3)

One of the world's top hotels

His first step was to stay in the hotel and so far spent a night in about 40 bedrooms.

"Nobody sees a hotel more clearly than a guest and from that point of view I could assess what the hotel's housekeeping and food service needed.

"In the past two weeks I've spent a day in each department with my deputy, getting to know the heads of department and their staff, learning about the strengths and weaknesses in each.

"We've moved a long way already, but I've tried not to move too quickly because you can destabilise your staff and it is important to take them with you and see that you understand their problems as well," he said.

Refurbishment is based in detail - new guest linen for the rooms, making sure the cushions on chairs are the right thickness, the proper fragrances for soaps, upgrading the stationery, attractive flower arrangements, new table linen ...

The list of what falls under the eye of a hotelkeeper, especially the nation's premier hotelkeeper, is almost endless.

At the same time Mr Seewer wants to upgrade all the restaurants and replan menus, promote the Mount Nelson as a venue for weddings and private functions and 'place' more emphasis on conferences.

"I want this to be the meeting place of Cape Town," he said.

Already an interior designer has been appointed with specific priorities to refurbish the smaller conference rooms, the new wing bedrooms and the bigger public areas.

But the building and its equipment are only part of the plan.

The staff has to become part of it all, they have to be enthusiastic and Nick Seewer sees his task as instilling them with that enthusiasm.

"You cannot have good staff/guest relations unless you have good management/staff relations.

"Here communication is very important. Not only do you have to make sure people understand new ideas and thinking, but you have to be able to hear suggestions from people. They are, after all, our most important asset.

"All staff have to work as a team and every member of the team should have a set of clear goals and work towards them," he said.

"And then you need a mature relationship with employee organisations in which each side respects the other."

To this end a training and personnel manager has been appointed.

In the end, Mr Seewer sees himself not as a player in the orchestra, but the conductor.

"Set the goals, set the tasks and then make sure everyone plays their part."
San Lameer to get
R85m twin resort

By Udo Rypstra

RETURNS on Sanlam’s investment in Natal South Coast resort San Lameer are so good that plans to build another one next to it.

Long-term plans include developing a township, Impepani, on the north side of the estate. It entails building 232 villas at a cost of R25 million between 1991 and 1995.

Sanlam has injected R0.5 million in 12 years into the R138-million San Lameer project, in which many corporate clients have bought a stake.

Hedge

Sanlam executives say sales were painfully slow in the beginning, but have picked up in the past few years. Sanlam has received a return of more than 33% on its investment, says resort executive director Dallas Reed.

The development now comprises a hotel complex (managed by Protea Hotels) and 300 villas, of which 18 were offered last month for between R235 000 and R325 000 each. Eight have been sold.

A R45-million project to build 18 villas overlooking the resort’s golf course is likely to get underway early next year.

Mr Reed says a low sales rate was expected because of rocketing bond rates.

"But the market remains surprisingly strong. It shows that many people regard property as a hedge against inflation."

Mr Reed attributes the good sales to more aggressive marketing, using the resort’s efficient 24-hour security system as one of its major attractions.

A total of 84 villas have been sold for R16,2-million in the past two years. In the past two months alone, San Lameer sales numbered 11 units for a total of R1.7-million.

Estate manager Don Watson says: "The best reason for buying a villa is the variance of only 7% between new and resale prices, which indicates that capital appreciation is enormous. Only a few villas have resold, which says a lot for our product."

A six-year-old villa bought for R67 000 sold recently for R325 000—the price of a new four-bedroom one.

Other owners who sold their villas in the past four years have also done well in terms of capital appreciation (see diagram).
Tourists' cars hit by 'Wit Wolf' vandals

Eight cars belonging to Lesotho tourists staying at a Rustenburg hotel were vandalised at the weekend by suspected right-wingers.

Police are investigating charges of malicious damage to property.

The words "Wit Wolf" were scratched on the paintwork of one of the vehicles, a Mercedes.

Western Transvaal police spokesman Captain Ben van Heerden confirmed detectives were investigating the incident which happened outside the Cashane Hotel in Steen Street. After an argument broke out between three white men and the Lesotho tourists.

The whites had apparently insulted the visitors. Vandals also kicked off the numberplates of the cars and scratched their paintwork.

Afrikaner Weerstands
TOLLGATE Holdings' Entercor group is to be reversed into DCM-listed Deale & Huth, creating a R100m leisure giant which will be listed in the beverages, hotels and leisure sector of the JSE on August 7.

The new leisure giant's core business will be luxury charter and leisure coach services, tourism and travel services, sport promotion, communications and marketing services and the manufacture and distribution of cycling equipment.

The R33.3m deal will be settled by the issue of more than 17-million consolidated shares at an effective price of 195.5c.

Authorized share capital was increased to 37.8-million shares of 4c each to facilitate the issue.

The arrangement rationalizes the relationship between Entercor, Deale and Tollgate Holdings.

In August last year, Entercor acquired 60% of Deale, then disposed of its stake to parent Tollgate Holdings at original cost.

Individual Entercor companies are currently better known than the group, says MD Robin Binnicker, something which he believes will be changed by the listing.
Hotel occupancies on increase

Despite the action taken by the authorities to cool consumer spending, the hotel industry has continued to show an increase in room occupancies, says Meyer Kain, chairman of Southern Sun.

He says in the group's annual report that occupancy levels in South African hotels grew by 4.6 percent in 1998 to reach an average of 54 percent for the year.

Mr Kain says a slightly higher growth pattern was seen in January and February of this year.

The relatively stable political environment and the weak rand had led to a resurgence of international tourism.

Sun International said yesterday that it had acquired a controlling interest in the Sands Hotel group, which owns the Kalahari Sands in Windhoek, with effect from July 1 this year.

An extensive refurbishment programme has been planned for the hotel's public areas.
Sun City Foul

by Commodores

Row over Visit

Opposite the desk of the Commodores in Sun City in July, Sun International

THE SOUVENIR "MUSICAL" which has adopted a "professional" sound by

The Sun Friday June 29 1999

Page 20

BY VICTOR METZMANE
standard, not world facilities
SA Tourism
Criticism: Good for a Comment

Time Share

There have been a number of comments on the current state of the housing market, particularly in the West German market. These criticisms have been directed at the high prices and the lack of new construction, which has led to a shortage of housing. The government has been criticized for not doing enough to address this issue, and many residents feel that the cost of living is too high.

Critics argue that the increase in prices is due to a number of factors, including limited supply, speculative buying, and the high cost of labor and materials. They also point out that the government has not done enough to encourage new construction, and that the current policies are not effective in bringing down prices.

However, defenders of the current situation argue that the high prices are necessary to encourage developers to build new housing. They also argue that the government has taken steps to address the issue, such as providing incentives for new construction and increasing the supply of land available for development.

Overall, the debate continues, with both sides presenting valid arguments. It is clear that the housing market is complex and that finding a solution will be difficult.
The article is not fully visible, but it appears to discuss a legal case or issue involving a pub or bar. The text mentions the necessity of a legal challenge and references a specific law or act, possibly related to alcohol licensing or public order. The article seems to highlight the importance of the case and its potential implications for local pubs and businesses.

The related headlines include:

- **Axe Over City Pubs**
- **Shock Law Threatens Popular Watering Holes**
By Sven Lindehede

Despite the weak gold price and dwindling foreign exchange reserves, the country has been able to meet this week's $250 million debt repayment without resorting to gold swaps.

The Governor of the Reserve Bank Dr Gerhard de Kock said yesterday that the debt repayment had been met and he was optimistic that the country's foreign exchange reserves would improve over the next few months.

However, he did not rule out the use of loans against gold to meet part of the dividend and interest payments due at the end of June.

Economists have been expressing concern over the recent disappointing performance of the gold price and foreign exchange position, believing it would force the Reserve Bank to use gold swaps to finance the repayment due this month.

The total value of the reserves in May rose only one percent from April to a level of $3.2 billion, but the rand value of the reserves has once again been artificially inflated by the weakening rand/dollar exchange rate.

The dollar value of the reserves actually fell to about $1.87 billion, the lowest in seven months and 10 percent lower than at the beginning of the year, mainly reflecting the lower dollar value of the gold reserves.

Trust Bank economist Nick Barnardt warned in a recent economic report: "The concerning aspect of the disappointing foreign exchange performance is that foreign debt and related interest payments of about R1.4 billion in June, exceed the foreign component of the reserve holdings, which amounted to a mere R1.34 billion at the end of May.

"The debt payments will be successfully met - but only through some gold swaps, a drain on the foreign reserves of the banking sector and further utilisation of short-term overseas credit facilities," Mr Barnardt said.

Gold swaps

But Dr de Kock, while admitting that earlier gold swaps are maturing this month at a substantial cost to the economy (given the recent decline in the gold price), said no swaps were necessary to finance the current R250 million ($750 million) debt repayment.

In addition, he said, substantial repayments outside the net were made in previous months, "but we are now looking at a fairly quiet period until the next debt repayments inside the net are due in December."

Until then Dr de Kock is optimistic that the reserves can be built up to satisfactory levels.

"Imports are already slowing down. In real terms imports in the first quarter this year were down on the first quarter and the last quarter of 1988 and much of the current momentum derives from orders for capital equipment which were made six to nine months ago.

"While debt and dividend payments to outside shareholders could well result in a slight decline in the reserves this month, but the curbing effect of the austerity measures on imports should ensure that figures in July and August will look much healthier," Dr de Kock said.

He admitted, however, that the latest plunge in the gold price, coupled with the higher US dollar and rising overseas interest rates, were a matter of concern and "dispel any thoughts of relaxing our monetary policy."

"For the moment there are no plans to tighten monetary policy, but if gold falls further we will have to take another serious look at the situation," Dr de Kock said.

Some relief could be forthcoming as most analysts predict that the rally in the dollar will not continue much longer. A further drop in the gold price could make it necessary for the Reserve Bank to move into the gold market to buy and thus push up the gold price.
MPs ready to call for urgent rethink on Liquor Act

By FRANS ESTERHUYSE and VIVIEN HORLER
Weekend Argus Reporter

OPPOSITION MPs will call for an urgent government rethink on the new Liquor Act if its enforcement is to result in the closing down of Cape Town's traditional wine and malt pubs.

Mr Roger Hulley, Democratic Party spokesman on trade and industry, said he would be surprised if the proposed legislation had this effect as it was never the intention to close down established, acceptable places.

"But if the letter of the law does have this implication, I would fully support a rethink on the regulations or the Act itself to enable decent venues to continue to operate."

Mr Tian van der Merwe, DP MP for Green Point, said if any of the traditional pubs in his constituency were to be affected, he would "most certainly" make representations to the government.

It would be "highly regrettable" if the new legislation resulted in the closing down of small pubs which constituted the livelihood of small entrepreneurs.

"If this was the case, the government should seriously rethink its attitude."
Pubs in a froth over food rule

SOME of South Africa's most famous pubs may have to close their doors if the Government presses ahead with legislation making it illegal to drink without a meal.

Worried publicans say the proposed Liquor Act could spell disaster for many English-style pubs throughout the country.

The new provisions place pubs with wine and malt licences in the same category as restaurants, making it obligatory for them to serve food with drinks.

Hotel bars, which fall into a different category, are not affected.

By ALAN DUGGAN and MANDLA TLYALA

In Cape Town the move is being viewed with growing concern.

Said Mr Graham Griffin, chairman of Pubs of the Western Cape: "In terms of the new laws, independent pubs will no longer be allowed to serve customers a drink — unless they order a genuine meal at the same time.

"This applies at any time of the day or night. So if you want to pop into your favourite pub for a quick pint with a friend — forget it. No meal, no drink. "And snacks are not considered a meal," he said.

"Can you imagine having to serve 400 meals a week to a post-match crowd in the space of an hour? It would be impossible."

Mr Griffin said the proposed legislation was a grave threat to institutions such as Fowlers in Cape Town, the favourite watering hole for Western Province supporters after games at Newlands.

And the Government appeared to be "very serious" about placing curbs on pubs, Mr Griffin added.

"The legislation has already been gazetted — all it needs now is the State President's signature," he said.

Commented Mr Norman Russell, publican of the Fireman's Arms in Cape Town: "If this goes ahead, it will be a disaster for all independent pubs around the country."

The Fireman's Arms, which has been operating since 1905, catered for thousands of thirsty soldiers from troops during the Second World War.

Mr Russell said there were about 45 independent pubs throughout South Africa.

"Fifteen pubs will be affected in Cape Town alone. Pub customers in the central business district alone spend around R5-million a year — and that's big business," he said.

Mr Russell was convinced the new laws were prompted by the recent visit by the Minister of Law and Order, Mr Adrian Vlok, to Hilbrow where he discovered several seedy bars.

"We agree with Mr Vlok that there have been abuses and that some establishments should be closed down," Mr Russell said.

"But it's unfair to lump pubs in the same category as restaurants — because they are very different."

Mr Russell said he and fellow publicans were happy to serve meals, but they did not want this to be obligatory.

Said an irate Mr Mike Henderson, a regular at the Fireman's Arms: "For 20 years, there's no logic to these new laws. You go to a pub for a drink, not a meal. That's what restaurants are for."

By DAVE TLYALA

Mr Russell and his fellow publicans have been pressing the Government for years to keep the law as it is.

"We applied to open a store for sale of liquor but the application was turned down," Mr Russell said.

"Our customers are our friends and we want to keep it that way."

Mr Russell said he would fight the Government all the way to the Supreme Court of Appeal, if necessary.
Sun-group to pay back R900 000

By VICTOR METSOAMERE

SUN International is expected to refund between R450 000 and R900 000 for 30 000 unused tickets following the cancellation of the Commodores show at Sun City.

Tickets cost between R15 and R30. They were sold at Computicket outlets all over South Africa. Some were even bought in Lesotho and Botswana, said Sun International's entertainment director Hazel Feldman.

"Every single ticket will be refunded," Feldman said. "It is going to involve a lot of work through Advertiser's about the refund process will be placed in all major newspapers." Feldman said that the US group had been billed for seven shows.

The eighth would have been in aid of a charity organisation of the group's choice.

"The cancellation follows intense pressure on the group from the South African Musicians Alliance, as well as various overseas anti-apartheid organisations such as the New York based American Committee on Africa."

"We are saddened by this turn of events. This action restricts cultural freedom in the same way that apartheid abuses people's freedom of speech and choice," Feldman said.

"Despite Sun City's unequivocal anti-apartheid stance and longstanding commitment to stated aims of Sama, the Bophuthatswana venue has unfortunately become the scapegoat of the political situation in South Africa," Feldman said.

"We respect many of their views, but we feel it is totally hypocritical that their members will happily play at Mmabatho Independence Stadium and other homeland venues while singling out Sun City as the sole target for their campaign."

"We abhor, and actively strive against apartheid. Likewise, we condemn any kind of bullying tactics and restrictive measures of which this boycott is an example," Feldman said.

- Ticket holders can mail tickets with attached return addresses to: PO Box 11176, Johannesburg 2000.
Commodores: Sun seeks talks with musicians group

By Melanie Gosling

The entertainment director of Sun International has written to the South African Musicians' Alliance (SAMA) asking for a meeting to discuss the cancellation of the visit to Sun City by the American group, the Commodores.

The cancellation followed pressure from SAMA and from overseas anti-apartheid organizations. "It had a very brief telephone conversation with Johnny Clegg as he was leaving for the airport on Monday, but it was not possible to come to any conclusions," the entertainment director, Mrs Hazel Feldman, said.

"I hope a meeting with other members will sort things out. So far, I have not had a reply," she said.

"Mrs Feldman said it appeared SAMA had singled out Sun City from other Sun International hotels because of its international image.

ANGRY PROTESTS

The South African Musicians' Association, also known as SAMA, but which had nothing to do with the cancellation of the Commodores, has been inundated with calls from angry people, criticising them for the Commodores incident.

"People are furious and have blasted us, not realising that we are a different organisation," association chairman Mrs Anne Sherman said.
Cultural boycott to top talks

By VICTOR METSOAMERE

The cultural boycott is likely to top the agenda at a meeting between the South African Musicians Alliance and Sun International.

Both Sama and Sun International confirmed yesterday that they would meet soon. Sun International's entertainment director Hazel Feldman said the meeting would be in a "few week's time". Sama's spokesman, Jabu Ngwenya, said: "Possibly in a week's time."

Meanwhile, Ngwenya said that some of the statements from Sun International during the controversy leading up to the cancellation of the Commodores' July show at Sun City were too emotional and oblivious of the political situation in South Africa.

Dialogue

Feldman has confirmed that such statements had been uttered "in the heat of the moment."

The venue for the proposed Sama-Sun International talks has not been ascertained yet. Although Ngwenya has said that he would prefer the Sama offices in Newtown, Johannesburg, Feldman said that she had received a telephone call from Sama yesterday which was in response to a letter from Sun International "urging the need to establish dialogue" between the two parties.