SERVICES SECTOR - ACCOMM, LIQUOR, & CATERING

GENERAL

1989

July - Dec.
Managing director of Sun International since the company's inception in 1983, Ken Rosevear has resigned and intends pursuing a private business career.

He said last night he was leaving the company on "very good terms" but has decided not to renew his contract, which expires at the end of September.

"I am leaving Sun International in great financial shape and with a very competent management team," he added.

Mr Ian Heron, currently chairman of Sun International Limited will assume the position of chief executive officer of the group.
Karos coming to the market full of future promise

BRUCE ANDERSON

KAROS Hotels, which will be listed in the JSE's beverages, hotels and leisure sector today, is expected to come on the market at between 250c and 300c a share, market sources said last week.

Karos comes to the market through a reverse listing into the New Bernica cash shell. The group has made a cash offer of 204.4c a share to Bernica minority shareholders, most of whom are expected to hold on to their shares.

Bernica acquired the entire issued share capital of Karos for R3.4m.

Most analysts see Karos as one of the more promising new listings.

Perhaps the group's strongest point is that it is relatively ungeared, owning all but one of its chain of 10 hotels.

Hotel industry sources are impressed with the market blend which the group has formulated.

Predominantly a chain of three-star hotels, the group has hit upon the right mix of tourist and corporate custom.

Karos' rates are usually lower than those of Holiday Inns, which competes in the same sector of the market and the group (like Holiday Inns) has a large appeal for the black market.

Another growth factor for the group is that it is said to attract a growing share of the corporate market for middle management training. This is apparently the training market which produces the highest volumes in hotel bookings.

In the period leading up to the listing respected former New Bernica MD Arnold Witkin has spoken highly of Karos as a group and said he is impressed with the group's joint managing directors, Stan Hoffman and Selwin Hurwitz.

Waiting

Karos has plans to expand into Namibia with options on three promising sites in the territory, sources said.

However, one analyst said last week: "Karos are unlikely to start developing in Namibia until they see how the political situation pans out this year."

The group is still waiting for a decision from the Mozambican government on whether it can secure a management contract for Maputo's lucrative Polana Hotel.

Sources said that Hoffman, whose family owned the Polana before it was nationalised in 1975, spent part of last week in Mozambique negotiating for the contract. He could not be contacted for comment on Friday.

However, if the group could secure the contract for the Polana, the hotel could prove to be highly profitable. Occupancy rates at the hotel are running at 80% and the hotel demands payment in dollars.
Karos negotiating on Polana Hotel contract

By Jabulani Sibhakhane

Polana Hotel, which was listed on the JSE yesterday, is holding high-level negotiations with Mocambique for the management contract of the Polana Hotel. "Polana would be a lucrative hotel," said Stan Hoffman, development director for Karos. As the joint MD of a company which owns the Maputo hotel, he has a vested interest in the project. Before it was nationalised in 1978, it was in Maputo last week main due to increased business for further negotiations with the Frelimo government. Its sales are set in US dollars which would make it a very profitable business. Karos Hotels, which was listed by way of a reverse takeover of cash shell New Berlin, has shown good financial results in the 13 months to end March 1989 with extra-ordinary items rising 120 percent to R4,59 million.
M-Net programme director Tim Ellis says the decoder is the cheapest second generation decoder available in the world — and the way the rand is going the price is likely to go up, not down. While the sets are locally assembled by Tek and National Panasonic with 65% local content, many sophisticated components are still imported.

**HOTEL INDUSTRY**

**More room at the inn**

Sun International and its near relative, the Southern Sun-Holiday Inn group, have brought new hotels worth nearly R130m to the market in the past year in a bid to capitalise on the tourism boom.

That doesn’t include the cost of refurbishment which will amount to R43m for the year in the case of the Southern Sun-Holiday Inn (SSHII) group alone, nor developments being planned.

Sun International (SI) completed the R18m Taung Sun at the end of 1988. On May 22 it opened its ninth hotel in Bophuthatswana, the R17m Naledi Sun near Thaba-Nchu. Two days later it opened the R46.5m Fish River Sun in the Ciskei.

SSHII’s recent developments are the R23m Malelane Lodge north of Sabie and the R25m, 140-room Landdorst in Bloemfontein. It also spent R5m upgrading Cape

Sun City’s Cascades ...

pulling in tourists

Town’s old Heerengracht Hotel, now trading as The St Georges.

SSHII’s R43m refurbishment programme includes a major facelift to the Beverly Hills in Umhlanga and a R5m refurbishment of the Jan Smuts Holiday Inn which was damaged when the kitchen caught fire some months ago.

SI’s development director Dean Murphy says the hotel group is planning to further develop Sun City, “but our plans are still on the drawing board and not yet finalised in terms of budget. We also have sketch plans for the Bebalegi Sun, a new resort in Bophuthatswana, but a lot more planning is needed before we make any announcements.”

SSHII MD Peter Smith says a R7m plan to add 60 rooms to the Sandton Holiday Inn “is still in the melting pot,” adding “we have expansion plans, but nothing concrete at present.”

Fedhass executive director Fred Ther- mann says these developments will increase the number of rooms which will have to be marketed in the off-season. But, at the rate tourism is increasing, he doubts whether they will be sufficient to cope with peak demand over the next two or three years — even taking into account new developments by City Lodge and Karos Hotels.

There is a dire need to upgrade many one-star hotels to two-star grading. “More people than ever before are getting into their cars and travelling on their own. All they want is what they have at home — a clean bed, a shower or a bath and a simple breakfast,” he notes.

“And don’t forget the black tourist market. It accounted for a large percentage of the occupancy in Durban’s beachfront hotels at Easter.

“At least 5m black tourists will enter the market in the next two or three years. We certainly won’t have enough rooms to cope, unless we do something now.”

FINANCIAL MAIL JULY 7 1989
Some buyers are looking for income. Many packages are available and some are complex, the buyer is advised to consult a lawyer or financial adviser before signing a contract. Timeshare buyers should remember that the purchase price includes marketing costs.

Brenda Schofield, marketing manager of SST, says: "They can vary tremendously, depending on the marketing techniques employed by the developer and market conditions. The increasing number of timeshare resorts available produces a more competitive industry which in turn leads to more intensive marketing activity."

"The current environment in the industry forces developers to incur high marketing costs. Percentages can vary from 25% to 50% of the cost of a unit."

Karos and Owen Wiggins say their marketing costs are kept at 27% of the purchase price. This is about average.

**Levies**

Levies, usually quoted annually and paid monthly, have become a bone of contention. Mr. Rutherford says he was happy with his timeshare deal until SST increased levies.

Karos charges R26 a year for a weekly unit and has built into contracts a clause guaranteeing an increase of no more than 15% a year for the first five years. It also says no hotel maintenance charges are imposed on timeshare buyers.

SST recently lifted its levies by up to 60% after a wage increase for resort staff. Its levy for the R6 000 Cabana Resort apartment is now R427 a year.

Levies cover the cost of maintenance, service, recreational facilities, insurance, rates, taxes and future major refurbishment. By law, no profit can be made from the levy by the developer or the resort management.

**RESALE**

Timeshare units costing more than R1 000 should be exchangeable through RCL, which offers 100 alternative locations in SA and 600 worldwide. Businessmen are especially aware of RCL’s offer to exchange one week of timeshare in SA for two in the US. At today’s rand-dollar exchange rates, it results in a saving in foreign holiday costs.

New exchange organisations have sprung up in SA. Many buyers are worried about resale values. They are likely to be less than the buying price in the short term. Some people who bought in reputable resorts have made a profit, but should consider themselves lucky. Some developers run resale divisions, but charge 20% commission.

Mrs Schofield says: "About 20% of sales concluded each month are sales. Southern Sun offers a resale service and a 20% commission is payable by the seller.

"The latest analysis of SST, audited by Price Waterhouse, confirmed that in the six months monitored the average capital growth was 11% with only 2% of owners not realising the purchase price."

Some timeshare brokers, and a publication which has almost doubled in size recently, Time and Time Again, specialise in resales.

For those who cannot afford timeshare, it still pays to look at renting a cottage. Putting the Owen Wiggins figures to the test, this writer and a colleague found an eight-bedroom beachfront cottage at Rumsgate two weeks ago. The two families of four each will share a serviced unit for one week. The total rent is R735 for a four-bedroom cottage with swimming pool, kitchen and braai facilities—about R13,12 a person a day.
Discussions held on possible sites

Two big hotels to be built in Durban

Own Correspondent
DURBAN — Durban’s thriving tourist industry is scheduled to receive a massive boost next year with the building of two major new hotels costing more than R250 million.

The hotel groups involved appear to be Karos and Southern Sun — but both deny they have an interest in any new developments.

However, it is understood on good authority that both groups, and others, have had detailed discussions regarding several potential hotel sites in Durban and that the new hotels are "very much on the cards".

The only reservation is the possibility of a "negative" election result in September which could affect tourism, particularly from overseas.

Hotels in Durban have recovered strongly from the depression years of 1985 to 1987 when nine hotels had to mothball 30 floors of accommodation because of the strong fall-off in trade. This was in line with the rest of the country where many city hotels closed portions of their accommodation.

Mr Andrzei Klepiebla, marketing manager of the Durban Publicity Association, yesterday confirmed that local hotels had recovered strongly from recent dark years.

"Occupancies are running at an annual 60 percent — a figure that indicates full occupancies during the peak periods," he said.

Growth area

As a result of the demand for hotel accommodation in Durban, two new hotels would be viable and would secure locations in the on-going battle for sites by the major groups.

Mr Peter Smith, Southern Sun-Holiday Inn managing director, would not confirm his group would be building a new hotel but did say Durban represented a "growth area".

Mr Stanley Hoffmann, joint managing director of Karos, would not comment but it is believed Durban would be high on the group’s priority list for new sites. Its recent transmitted listing statement issued prior to being quoted on the Johannesburg Stock Exchange this month makes specific reference to the group "closely investigating an acquisition in Durban".

The number of sites in Durban for major hotel developments is limited to six: two in the Point area, the old Pavilion site, the Durban Drive-In site, one north of Natal Command and one on the Bay as part of the recently announced Victoria Embankment plan.

It is understood one of the new hotels will consist of 100 rooms and the other of 300 rooms. The largest hotel in Durban at present is Southern Sun’s Elangeni, with 450 rooms.

During the last five years only six hotels have been built in major South African cities, two of them in Durban: the City Lodge and the Marine Parade Holiday Inn.
**Slings and arrows**

The timeshare industry, never one with the best of reputations, is currently taking a battering.

Having survived — with further damage to its image — recent allegations of high pressure selling techniques and strong-arm tactics on would-be purchasers, the industry is facing a new challenge.

The owner of three weeks of timeshare at Umhlanga Sands, wants to mobilise support from the resort's estimated 6 000 unit holders to stage a palace revolution. He believes an action group of unit holders could force a showdown with the resort's management association over exclusive contracts held by Southern Sun Hotels (SSH).

The disgruntled unit holder, who, at this stage, wants to remain anonymous, believes these contractual arrangements have created an imbalance in the distribution of costs with the result that timeshare unit holders are bearing an inequitable share of the levy burden.

The management association, he believes, is dominated by SSH and Southern Sun Timeshare (SST) nominees.

His argument is based on the fact that the association awarded the contract for the business portion of the complex and its management, including several restaurants, for a more R10 000 a year (without escalation) for the total tenure of 20 years (including two, five-year renewal options).

"The R10 000 a year rental is the equivalent of R800 a month, or equal to the levies of two units over a week out of 11 870 timeshare weeks. That puts it into perspective," he says.

The result, he believes, is that the hotel group is riding high on the hog at the expense of timeshare unit holders, who between them pay R5,2n a year in levies for 11 870 timeshare weeks. He contends if the hotel operator was forced to pay more realistic rentals, levies could be slashed.

As it stands, he believes the legality of the management association's contract with SS could be challenged in court on the grounds that it is not an "arm's length" agreement.

The best test of market rates would be to put the contract out to tender so organisations like Karos and Protea hotels, which would love to be represented at Umhlanga, could also participate.

However, he doubts SS would agree to this — particularly as he claims SS has "it all tied up." "It's not only Umhlanga, it's Beacon Isle and Cabana Beach and all the other SS timeshare resorts. The group sets its own fees and these must just be mopped up as part of the levy — there's no real competition, that's my gripes."

He stresses he is not trying to dislodge SS. He believes it does an excellent job. "My feeling is that if SSH tendered for the management of the hotel and we, as unit holders, could pay SSH a fee, the profits from the food and beverage account would accrue to the timeshare holders, thus reducing the levies drastically."

"That would be in the best interests of the timeshare owners because they would get the finest management contract on a tender basis with the hotel group in question. I ask myself whether SST's MD Brian Stocks would have negotiated the same lease agreement if he had the best interests of the timeshare unit holders at heart. My immediate answer is: No!"

He adds he would like to see a deeper investigation into SST's figures on Umhlanga Sands and suggests an independent audit.

He further believes there should be legislation introduced to protect unit owners against exploitation by timeshare operators, through their exclusion from the management association. He feels once unit holders own more than half a development, the time share operator should be excluded from the management association. But the Department of Trade and Industry has poured cold water on this suggestion.

Another option would be the appointment of an ombudsman to look into problems that arise between unit holders and operators. A spokesman for SST says it can substantiate its agreement in any shape or form. While it understands the reason for the query over the contractual arrangements and is prepared to elaborate for the FM or any disgruntled timeshare unit owner, MD Stocks is out of town and only returns to his office later this week.

According to research carried out for Resort Condominiums International (RCI) by market research organisation, Markinor, 91% of timeshare owners are more than satisfied with their purchases. Apparently more than half (64%) said they bought their units to save costs on future holidays and 54% to ensure future holidays.

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And he claims there is no shortage of potential investors, particularly Namibian businessmen looking for an alternative haven for their money.

A decision on who will manage the venture will be taken only once the project finance is secured. Protea chairman Otto Stelhik confirms he hopes to sign a management contract "if our requirements are met."

Sentinel has had an unhappy gestation. It took six years to get off the ground and Myles acknowledges it had "difficulties from the beginning." He claims it was always his intention to reduce his stake, but won't say whether he sold at a discount.

Difficulties in obtaining independent marketers saw Myles set up his own marketing team. They pursued a hard-sell strategy which Vokes believes has landed the development with a negative perception in the marketplace.

However, this, he feels, can be overcome. "The site is excellent and I think if the right operator takes charge, people won't look at its past, but at its potential."

But the cost of the problems is mounting. Construction costs are escalating — which Myles says is the result of design changes emanating from foundation problems in unstable ground.

As it stands, the scheme consists of 51 units, 18 of which will be hotel rooms and the balance for "vacation ownership." Voges hopes to persuade the local RSC to allow him to build a few extra rooms by better utilisation of existing space (fewer presidential suites). However, providing additional on-site parking could be a problem.
CEDERBERG SPA ... Raymond Harris, resort manager of The Baths at Citrusdal, has a commanding view of the spa from the verandah of the resort's Victorian house. In the background is historic Dwarsgehouw, recently restored at a cost of more than R300 000.

More than just hot water in Cape's 'secret'

By RICHARD BELL

HEY call The Baths at Citrusdal "The Western Cape's best-kept secret" — in spite of the fact that it has been there for generations.

So Top of the Times went to this secluded spot in the Cederberg this week, to delve this long-standing "secret".

What we found was a delightful resort in a kloof near the Dullstroom River — an ideal if not "secret" spot for an away-from-it-all weekend, or for the passing tourist with a bent for getting off the beaten track.

The is a thermal-spring spa. But there's a lot more to it than just hot water. It is a resort that embraces a bit of Western Cape history, with a private nature reserve, hiking trails and a thriving citrus farm.

Owner Izak van Niekerk also intends it to become a convenient launch pad for family forays into Namibia to view the spring wildflowers. To this end he has:
- Spent over R300 000 renovating the magnificent Cape Dutch "Dwarsgehouw" residence, converting it to display flats, each sleeping six. The restoration was done using local artisans.
- Upgraded the camping area, which caters for caravanners and day-trippers.
- Completed construction of five self-contained chalets.
- Laid out a series of hiking trials and spots for birdwatchers.

Several owners

The thermally heated springs that feed the spa and swimming pool were discovered in 1739 by a Jan Cruywagen, who persuaded the Dutch East India Company to establish an outpost there. It then passed through several owners, until the legendary James McGregor bought the property at an auction on the Grand Parade, Cape Town, in 1900. It is still in the hands of McGregor's descendants.

The next phase in the upgrading of The Baths will include renovation of the Victorian building now housing partially furnished rooms, with communal kitchens and braai areas.

The Bath's resort is 191 km (2½ hours and less than a tank of petrol, round-trip) from Cape Town. It is well signposted, just as one leaves the N7 and heads toward Cederdale.

There are 120 beds ranging from R11,50 a person per night in the Victorian building rooms, to R98 a night for a duplex flat (sleeps six) in the Dwarsgehouw.

The restored and refurbished Dwarsgehouw was opened recently by Captour MJ John Roberts, who commended the owners for their enterprise and said more of this type of accommodation was badly needed in the Western Cape, to give a boost to tourism in the region.

Inquiries (02662) 3312.
Karos growth prospects 'good'.

RECENTLY listed Karos Hotels is expected to show earnings growth well above the rate of inflation for the next three years. Karos’s sponsoring brokers Frankel, Kruger, Vinderine say its a research report.

A number of analysts believe that Karos, which was listed on July 3, is cheap at its present level of R86c. especially given the group’s good long-term prospects. The group’s break-even is presently achieved at a 32% occupancy rate with every extra 1% adding R50 000 to earnings. Karos’s occupancy rate is running at about 60% at the moment.

Due to furniture and fitting allowances for expansions, the group’s tax rate should remain below 30% for the next five years.

The report, by Frankel, Kruger, Vinderine analyst Alona Jacker, notes earnings growth is expected to exceed inflation due to "the markets addressed by the group, the sound capital base, the location of the group’s hotels and the competitive rate structure, which should allow Karos to retain good occupancy rates even through the adverse economic conditions expected ahead.

The group considers timeshare projects only when they can be built on the same ground as existing hotels.
**HOTELS — 1**

**More room at the inn**

Randburg is in line for a new R90m hotel. Although official permission to build has not yet been sought, it is understood a consortium of businessmen is putting together a financial package which would make the deal possible.

The most likely location for the development is a vacant, 25 600 m² site, now being used for parking, behind Trust Bank shopping centre.

Randburg Town Council says it has not yet had any formal approach on the proposed development, but it understands a leading estate agent is putting together a package, estimated at R90m, with a consortium of businessmen.

If approval to build a hotel is sought, it will be the second for the site. The first, made over a year ago by Randpark Ridge Properties, came to nothing because the developer was unable to raise the finance. The company subsequently went into liquidation.

The consortium's timing seems impeccable. If their proposed hotel gets off the ground it should come on stream just as demand for hotel accommodation is peaking in the area. Sandton City Lodge, the no-frills hotel and only other significant business-class accommodation near Randburg, reports that occupancy levels are now averaging around 80%. Given that it will take at least 18 months to two years to complete the new hotel, its doors should open just as demand for hotel space becomes acute.

The demand for business and holiday rooms to the north of Johannesburg is growing apace. According to hoteliers, the declining value of the rand is making SA an attractive holiday destination, and Johannesburg tends to be the starting point for foreign tourists.

Peter Smith, MD of Southern Sun, says 60% of the five-star Sandton Sun hotel's clientele is made up of tourists and businessmen from abroad. Occupancy at the Sandton Sun is also said to average above 80%.

A further indication that the developers are probably on to a good thing comes from Protea hotels, franchise and management group. MD Arthur Gillis says his organisation would definitely be interested in being part of a three to four-star, 100-bedroom hotel development in Randburg.

He points out that there is a shortage of business and tourist accommodation, conference facilities and good upmarket restaurants in Randburg.

Hotel development was plunged into the doldrums in June last year (Economy July 1 1988) when Finance Minister Barend du Plessis "swelt the industry's tax concessions out the door."

Under retroactive tax law, he decreed that hotels could only write off 2% of building costs each year over 50 years, compared with 10% recommended by the Margo Commission.

Although he backtracked a month later to allow a 5% write off over 20 years, the move has had a significant impact on the viability of new hotel schemes. Several developments have been shelved as a result.

**CARLTON CENTRE**

17 years young

Like top-class athletes, buildings can only expect to spend a few years at the top of the heap before age and the competition overtakes them — unless they are something exceptional.

But, happily, there are always exceptions, buildings that seemingly go on year after year shrugging off the wrinkles of time.

A case in point is Johannesburg's Carlton Centre completed in 1971-1972 and still providing all-round, five-star, office, hotel and shopping accommodation.

But while externally the Carlton appears the same as it always was — apart from some cosmetic changes like a glass dome over what was once an ice rink — the whole complex has in fact been undergoing a rejuvenation.

The recent announcement that a Ster Kinekor cinema complex is to be added to the centre is only part of the picture.

Leasing director for owners Ampros, Graham Lindop, explains: "We are, over time, replacing the interior of the complex. There is nothing wrong with the outsides. I'm sure they will be there in another 15 years, as an architectural monument, when many more recently completed buildings have disappeared."

Further upgrading, on the retail side, includes extending the shopping centre and providing a higher level of entertainment. This, says Lindop, is in line with the US and Canadian trends which strive to create an environment which draws people in so they will use the parking and shopping facilities.

"Entertainment is one way of creating that environment. We believe the concept is also relevant in SA."

The hotel is also in the process of ongoing upgrading which includes all the accommodation and public rooms. "One can't build a five-star hotel and hope that after 15 years it still offers the same five-star environment. We have spent millions on the hotel in the past few years, and we will spend several more million on behalf of its new management over the next three years."

The 50-storey office tower hasn't escaped attention either. According to Lindop, R1m

**CITY WATCH**

Development is taking place in almost all its phases in this view of Johannesburg's CBD:

- In the foreground is the massive pit that represents the physical start to First National Bank's huge Bank City project.
- According to the developers, excavation is nearing completion, the pile caps are being tied off and structural work should begin soon.
- To the left, in the background, is Old Mutual's all but complete, and substantially let "Ten, sixty-six" development, and, on the right, SA Mutual Life Association's 20-storey, steel-framed office block, the structure of which was recently completed.
High expectations for Kersaf and Sunbop

The market awaits exceptional results for the year to June from Kersaf and its casino offshoot Sunbop, judging by the way the shares moved to new highs on the JSE this week.

A Kersaf spokesman said yesterday the company would release its results on August 15. Its highly profitable Bophuthatswana subsidiary Sunbop would report on August 11.

After the shares reached new highs on Wednesday — Kersaf rose 12c to R18.25 and Sunbop jumped 15c to R18.75 — both came off slightly yesterday. Kersaf fell back 2c to R19 while Sunbop also shed 2c to close at R13.50.

The rise of Kersaf has helped push up the price of its parent Safren. Yesterday Safren rose 10c to a new peak of R18. This is almost double the share’s low of R9.80 last October.

A statement that Kersaf has helped in the popularity of Kersaf and Sunbop is a prediction by analysts that Sunbop is likely to almost double its earnings a share from last year’s figure of 65c to somewhere in excess of 100c.

The planned R140m expansion of facilities at Sun City is likely to boost profits even further.

The recent introduction of a railway line and the completion of a new highway linking Johannesburg and Sun City in two years’ time, reducing travelling time by 30 minutes, will increase traffic through the resort.

Max Pollack & Freemantle analyst Christopher Gilmour said in a recent report on Kersaf that while the share’s rand-hedge potential had diminished somewhat, the local and other southern African interests should permit the group to increase earnings at a very impressive rate.
You name it, Johan's hotels will fit the bill

IDEAS in the hotel business don't come much bigger than those of Johan Sturm of Vacation World.

From its literature one would think the company was another Sun International. Its aim is to become "one of the largest independent hotel groups in Southern Africa".

A profile and profiled use of hotel shares in the unlisted public company carries pictures of shakers bottlenecking in the snow, ostensibly at the proposed Ben Mac Ski resort in the North-Eastern Cape.

Exclusive

A glossy brochure introducing its 50%-owned subsidiary Orchid Hotels contains artists' impressions of two huge Sun-City-like hotels.

The one is the R49-million Royal Orchid at Margate, the other the R285-million Sentinel Orchid on Chapman's Peak Drive, Hout Bay.

Another Orchid brochure introduces Rock Lodge, an executive share block game lodge near Lobop Dam, Eastern Transvaal, complete with whitewater-adventure and leopard.

The disappointment is in discovering that Ben Mac, the Sonora, the Royal Orchid, the Sentinel Orchid and Rock Lodge don't yet exist.

Another letdown is in discovering that Vacation World needs its hotels not or will not owe these developments. It hopes to manage them - if they get off the ground.

Valuation

"How many members of the public know that Protea Hotels does not own most of its hotels, that it is only a manager?"

But the hotels that Protea shows in its periodic do exist. Vacation World is owed 26% by Mr Sturm and financial director Mark Palethorne and staff and the public own the rest. There are 79 shareholder, 76,000 whom hold fewer than 500 shares.

In November 1987, 1.4-million shares were issued at R5 each and in September 1988, another 2.9-million shares were offered at R7. After that offer there were to be 3.1-million shares in issue, so the offer valued the company at R85-million.

Tax loss in 1986 was recorded in 198,000 times higher earnings.

Aircraft

Mr Sturm told me the offer was closed early and only about a million shares were taken up. The public put 26% of shares in issue by 4.5-million last year and the share price per share accounted increased by R1.4-million to R1.5-million. Mr Sturm says no Vacation World company is selling below R500.

The prospectus forecasts a basic profit of R365-million for 1988. Vacation World achieved only R194,000 - because it's a set of allocations and write-offs of R296,000. The report makes no mention of the shortfall.

In the notes to the accounts Vacation World discloses that it has agreed to buy an aircraft for R100,000 in a joint venture in 1990.

The commitment, which has risen from R3.2-million to R3.5-million because of the rand's fall, exceeds the company's assets. The exposure is not covered forward. Mr Sturm says the plane could be a tax aid or it could be sold at a profit. Vacation World can't out of the agreement if it wants to.

I have a photocopy of an undated certificate on a Jules Management Service letterhead signed by Mr Sturm to the effect that Vacation World Limited has purchased the rights to develop and manage the alpine village at Ben Mac Ski Resort for a consideration of R2.5-million.

Goodwill

The seller of the rights is not given and the amount is not reflected in Vacation World's assets. Indeed, it exceeds assets. Mr Sturm knows nothing about it.

Assets of Vacation World Ltd (the parent) are shareholders' funds of R1.5-million, long-term liabilities of R9.5-million and deferred tax of R1.5-million.

Among the assets are goodwill of R3.5-million and investments of R1.6-million. The most important investments are 26% of Gethro hotel share worth R12 million and 6% of Gethro Hotel at R76-million.

Vacation World values its 15% stake in Ben Mac at R2.6-million on the books and as a sworn appraisal of the remote mountain property it would fetch near Rhoes of R2.5-million. The current market capitalisation of the hotel includes debentures of R2.5-million and cash of R2.5 million. In current liabilities of R2.5-million, there are credits of R1.16-million and an over-draft of R2.5-million, so although the company is much lighter in assets than its literature might suggest, it is not financially stretched.

Balance

The 26% minority stake in Orchid is held by unfriendly interests in the Netherlands and is being sold. The company has been assured in the recent auction of the property's interests in Bicycle World and the land is worth R12.5-million.

The current market capitalisation of the hotel includes debentures of R2.5-million and cash of R2.5 million. In current liabilities of R2.5-million, there are credits of R1.16-million and an over-draft of R2.5-million, so although the company is much lighter in assets than its literature might suggest, it is not financially stretched.

The only asset in Orchid at present of the share purchase is the stake in the lodge, valued at R11.5-million.

The balance came from a loan from Vacation World's parent, R7.5-million. There is a loan in 1988, but a balance of R18-million was forecast for 1989.

In the event, according to a profit breakdown in the Vacation World report, "breakeven increased significantly but un quantified losses in the period to 1990."

Orchid manages the Sun down Lodge near and the 79-room Glenheath Lodge near Bergersen in the Eastern Transvaal. From September it will manage the "PARK" 18-bag golf Sandbank golf lodge when the Kruger gate of the Kromer National Park. It will manage Sun down Lodge when it is completed. Orchid is considering holding or bidding for several other hotel management contracts.

Booking

In Vacation World, there is also a marketing department which sells sectional title and share-block developments, such as Martin's, and the Vaal Dam and Mena Lodge. Vacation World, through its wholly owned subsidiary, the West Wind Hotel, provides a computerised reservation system for it. A minority stake in Orange is held in a dealer, 12% in a competitor's computerised booking system.

Mr Sturm says the hotel holdings collapsed well before the sale of San's sun-downer in November 1984. He says most creditors were paid. But they were saved by the use of Austrian buying power and a competitor's computerised hotel booking system.

Glamorous

A road is being built to the site. It will probably be completed before the eg racing world ski lodge depicted in Vacation World's literature is built.

Mr Pare says the project will go ahead, but at a slower rate than originally proposed. He was appointed by the use of Austrian buying power and a competitor's computerised hotel booking system.

The hotels on the basis of Vacation World and Venner Trailers, featured elsewhere in these pages, is starting. Although Vacation World has all the trappings of a big successful business - luxurious head office, executive cars, wine cellar - it now needs meaningful on-ground business. The company has a thriving road business and employing hundreds but barely any of the trappings.
Hotel industry ‘faces influx of foreigners’

The hotel industry is poised on the brink of a potentially huge influx of overseas tourists over the next decade in the wake of SA gaining a greater measure of international acceptance, Fedhassa said in a statement yesterday.

Outlining the federation’s annual congress in Cape Town next month, Fedhassa said the curiosity factor and excellent value for money offered by SA could bring an unprecedented inflow of tourists. It cautioned, however, that the inflow coupled with the burgeoning domestic tourism market would place tremendous strain on the tourism infrastructure.

Due to government indifference and the lack of an overall development blueprint, the tourism and hotel industry, far from preparing for the influx, faced declining infrastructure standards and a likely drop in the net number of hotel rooms, Fedhassa said.

Fedhassa executive director Fred Thermann said: "If we are to become a top tourist destination over the next decade, we have to build new hotels, refurbish existing ones, and tackle the problem of insufficient air transport."

There were other issues to address, said Thermann, "such as staggering school holidays to achieve a better spread of occupancies."

Only 600 new hotel rooms were planned for the next two years — a minute addition relative to the present 45,000 rooms.

Moreover, with the demise of a number of smaller hotels, the net number of hotel rooms is almost certainly declining.

Hoteliers are also faced with under-utilisation of available bednights in off-season periods, with the result that average room occupancies are about 50% for graded hotels on a national basis.

One of the main speakers at the Fedhassa congress will be tourism consultant Richard Yoko, who played a large part in resurrecting the French hotel industry.

Several government officials will be present, Fedhassa said, and lobbying on a number of issues could be expected.

A major issue before the congress was likely to be the question of dismantling vertical integration in the liquor industry — a fact that major producers of liquor are also major retailers.
Smokers' last hope

ONLY the Administrator, Mr Kobus Meiring, can now save Cape Town restaurateurs from the imposition of yesterday’s new City Council by-law obliging them to ban smoking from at least half of every restaurant with more than 20 seats.

Mr Meiring could not be contacted yesterday while Mr Pieter Schoeman, Provincial MEC in charge of local government, was not prepared to speculate on what decision the Province might make on smoking in restaurants.

He was not entirely sure whether the final decision rested with the Province at all, as “we have devolved quite a number of functions to local authorities”.

But Mr Ted Doman, public relations officer for Cape Town City Council, said yesterday that the Administrator had the final decision.

Tobacco magnate Dr Anton Rupert has told the Mayor of Cape Town, Mr Peter Muller, that he would appeal to the Administrator if the City Council went ahead with the by-law, as it has now done.

Yesterday City Councillors voted 20-3 in favour of the by-law after an hour of debate.

Ms Annamia van den Heever, one of those who voted against the by-law, said it was “high-handed and arrogant” of the council to try to decide on a matter which “should be left to the restaurants or the customers themselves”.

She also thought the by-law would be “unimplementable and unenforceable”.

On the other hand, ex-smoker Mr Frank van der Velde said questioning the council’s right to tell restaurateurs how to run their business in this respect was like questioning its right to prohibit rats and cockroaches in their kitchens.

Mr Abe Katz of Mulzenberg said nobody had told him of any relevant difference between cinemas, theatres and restaurants.

Mr Louis Kriener, who piloted the new by-law through council, said it should not be left to businessmen to decide on public health matters. If they had decided on smoking in cinemas, smoking would probably still not be banned there.

He gave the assurance that it was not the intention to police restaurants with the intention of prosecuting people. The by-law was intended to be part of an “educational programme, and it should work by itself”, just as the current smoking ban in theatres and cinemas worked.
GOVERNMENT NOTICE

DEPARTMENT OF TRADE AND INDUSTRY

No. R. 1509

28 July 1989

HOTELS ACT, 1965 (ACT 70 OF 1965)

REGULATIONS

The Minister of Economic Affairs and Technology has in terms of section 34 of the Hotels Act, 1965 (Act 70 of 1965), promulgated the regulations as set out in the Annexure.

ANNEXURE

Definitions

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

“bed” means a piece of furniture which ordinarily is intended to be used for sleeping purposes by a guest;

“bedroom” means a room, with or without a bathroom, which is used for sleeping purposes, including any portion of such room separated by means of a low wall, curtain or in any other way;

“bedroom with bathroom” means a unit comprising a bedroom with bathroom, toilet and washbasin;

“bedroom with en-suite facilities” means a unit comprising a bedroom with bathroom/shower, toilet and washbasin;

“bedroom with shower” means a unit comprising a bedroom with shower, toilet and washbasin;

“competent authority” means the Standards Committee of the Board or person(s) with delegated authority;

“eating facility” means a public room that may also be used for the serving of meals;

“executive director” means the chief executive officer of the Board;

“grade” when used as a noun means a grade determin-
City’s traditional pubs in losing battle

By VIVIEN HORLER
Weekend Argus
Reporter

THE fight to save Cape Town’s traditional pubs looks like a losing battle. The new Liquor Act, likely to come into effect next year, does away with wine and malt licences, which means that you’ll have to order a meal when you want a drink.

An opposition MP who served on the Act’s standing committee said it was never the intention of the Act to prevent some of Cape Town’s most popular pubs serving a drink to someone after a hard day’s work.

But, according to the chairman of the Liquor Board, Mr Tommy Vorster, the Act is designed to close a loophole in the present Act which enabled some wine and malt licences to operate what amounted to a bar. Wine and malt premises were supposed to be primarily eating places, not drinking places, he said.

New seven Democratic Party MPs, all representing Peninsula constituencies, have written to the Minister of Economic Affairs, Mr Danie Steyn, asking him to step in.

Proprietors fear the provisions of the new Liquor Act will force them to close, because many cannot exist on their lunch-time trade.

The pubs include the Forester’s Arms, the Perseverance Tavern, the Fireman’s Arms, the George, the Crow Bar, the Heidelberg, the Brass Bell, Seagulls, the Diaz Tavern, the Brunswick, the Harrington, the Vasco da Gama and the Windhoek Stubb.

In terms of the new Act, wine and malt licences will be automatically replaced by restaurant licences. The old Act said merely that food had to be provided on wine and malt premises. But in terms of the new Act, you’re going to have to eat.

Constantia MP Roger Hullery, the DP’s spokesman on trade and industry, represented the party on the Act’s drafting committee. He said that at no stage during discussions on the Act had it been suggested that the nature of wine and malt pubs be changed.

When first asked about the meaning of the Act last month, he was surprised at the possible outcome. He told Weekend Argus: “I wouldn’t assume that’s going to be the result. If it is, I would support a rethink on that point.”

He and six colleagues — Ken Andrew (Gardens), Tian van der Merwe (Green Point), Jasper Walsh (Pinelands), Jan van Eck (Clarendon), Jan van Gend (Grange Road) and Carl Eglin (Sea Point) — have now written to the Minister asking for his help.

“It has become clear that the provisions which apply to restaurants in terms of which they are required to serve a meal with liquor may, if they are narrowly applied, seriously affect the existence of a number of popular pub establishments in Cape Town which presently operate under malt and wine licences,” says the letter.

The key problem is the requirement that “an ordinary meal” be served with liquor. The Act says only that “an ordinary meal” is not “refreshments”. But does it mean, ask the MPs, a plate of food, or will snacks be acceptable?

“We direct an earnest appeal to you to ensure that regulations under the new Act are framed so as to provide for a broad interpretation of the relevant provisions so that the continued existence of the above traditional community pubs, and similar institutions, are not unduly affected.

“Alternatively we would appeal for an amendment to the new Act to be introduced to achieve the same objective.”

But Liquor Board chairman Tommy Vorster said many wine and malt licences had abused the system by exploiting a loophole in the current Act and running what amounted to a bar.

“From legislation dating back to 1964 it is quite clear that bars as such should be phased out,” he said. “Some licencees started operating their wine and malt premises as bars. In terms of the current Act a wine and malt licence must provide ordinary meals on the premises.

“This has been interpreted that food must be available on the premises, but that it is not necessary for people to eat.

“Wine and malt licences were designed for eating places, not drinking places. The new Act closes the loophole. The eating of a meal must accompany the consumption of liquor. That is quite clearly the intention of the Act.”

He said there were always complaints about pubs, “because people drink and get drunk.”

Hotels different

Hotels were different. “They exist primarily to sell accommodation,” he said. “And we are already in the process of phasing out ‘men’s bars’.”

Although bars were usually attached to hotels and were part of the service they provided, generally the problems there were “minimal” compared with those experienced at pubs.

Cape Town was not the only place affected by the new legislation, said Mr Vorster, as many other towns and cities had premises with wine and malt licences. But Cape Town was the only place where licencees had developed their businesses into bars.
R60m luxury resort for the South Coast

WELL-HEELED investors will soon be able to buy a stake in an exclusive R60-million private holiday resort on the South Coast, opposite the Wild Coast Casino.

The project will provide 146 luxury villas, and there are plans to build a hotel and sports complex. The first phase of Caribbean Estates will be the construction of 60 luxury villas with views over the Umtamvuna River, which will be sold on sectional title at prices ranging from R325,000 to R490,000.

Another 30 villas will be built for outright sale at prices from R390,000 to R481,000. More sectional title villas will be built later.

Mr. Green says the development has been welcomed by the Wild Coast Sun. "They believe it will help solve the shortage of beds at the casino resort," he says.

Development is to be undertaken by Prima Bank, AA Life and ID Green Investments.
Namibian hotel for Sun International

Business Times Reporter

SUN International is moving into Namibia. The hotel, resort and casino chain has bought a majority shareholding in prestige hotel Kalahari Sands in Windhoek, and is spending R6.5-million to make it one of the most luxurious in Southern Africa.

Chief executive officer Ian Heron says Sun International has big plans in Namibia.

Opportunities

"We aim to make the Kalahari Sands a hotel that all the people of Namibia can be proud of. We look forward to the independence of Namibia in October and the opportunities it will bring.

"Sun International is committed to investing and developing in the country. We believe that Namibia has tremendous untapped tourist potential which the group has the knowledge and expertise to help develop."

Mr Heron says the company's policy is to promote the tourist industry in the countries in which it operates. Namibia will be no exception, especially because of its considerable natural resources.

Namibia is scenically beautiful, with its spectacular coastline and game reserves. It has a developed infrastructure and the people are friendly and efficient. He believes that with these attributes, Namibia could become one of Africa's major tourist destinations.

"We also envisage Windhoek becoming an important regional capital and we will cater for the needs of the business and diplomatic community who travel there."

The 14-storey Kalahari Sands stands in the heart of Namibia's capital and has long been a premier hotel. Sun International acquired it by buying a controlling interest in holding company Sands Hotel.

The deal became effective on July 1, and Sun International immediately started refurbishing Kalahari Sands. The 181 bedrooms have been upgraded. The public areas are being redesigned. There will be a new a la carte restaurant to seat 100 people and a 140-seat coffee shop as well as a new luxury bar.

Sun International development director Dene Murphy says that in spite of the large scale of the project, the group is determined to have it completed by the time the elections are held.

By October, businessmen, holiday makers, families and children from both Namibia and South Africa will be able to stay in the hotel.
R45-m no-frills hotels planned

By TOM HOOH

Business Editor

The concept of cost savings in construction and selected low-service hotel guests next-star accommodation at R45-
million.

The new Cape Town City

The Western Cape's first City Lodge hotel, opened in March and is one of the hotels which Mr. Eberle's firm is promoting. It is a 90-room establishment located in the heart of the city.

"Our concept of cost savings in construction and selected low-service hotel guests next-star accommodation at R45-m million."

The company has built seven

hotels in four years at a cost of R100-room and a further five costing about R15-m million.

Mr. Eberle's firm, called City Lodge Holdings, is also promoting another five costing about R15-m million.

"We decided to incorporate some of the hotel's facilities, such as the swimming pool and gymnasium, into the buildings in the city centre," Mr. Eberle said.

The company has built seven hotels in four years at a cost of R100-room and a further five costing about R15-m million.

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Come 'n stay at Hotel Campus

By ALAN DUGGAN

Cash-strapped universities are having to find new ways of bringing in money after severe cuts in government subsidies — even if it means going into the hotel business.

Now the University of Cape Town is in line for a R2.5-million windfall, after deciding to open its residences to tourists and holidaymakers during the two-month Christmas vacation.

University spokesman Mr. Eugene Hugo said the move was intended to offset the ever-rising costs of student accommodation.

An estimated 1,000 beds will be available to families and individuals from December 6 to February 6 at a cost of R35 to R45 a person daily — well below hotel charges.

Added Mr. Hugo: "The facilities and level of comfort are modest. Bathing and toilet facilities are communal and rooms are simply furnished."

Spin-off

In most cases, accommodation would be available on a bed-and-breakfast basis, although full board would be offered on a limited scale.

Businessmen say holidaymakers spend a large proportion of their vacation money close to where they live and predict that a residence occupancy of only 50 percent could produce a spin-off of several million rand for local shops and restaurants.

To find out more about the university's accommodation, telephone Cape Town 650-3784.
Transun loses some shine

A major legal battle is looming in Transkei over Sun International's (Transun) exclusive gaming rights.

Resulting from the findings of the Alexander Commission and those of the Harms Commission, papers have been served on Transun challenging its exclusive gaming rights in two areas of Transkei.

Ian Heron, chairman of Transun, says the group will defend the actions and is now preparing detailed replies.

"It is expected these replies will be completed by September 30. As the matter is sub judice, it is not possible to deal with the matter further," he said last night.

Transkei authorities are challenging the validity of Transun's exclusive gaming rights at the Wild Coast Sun and Umntata.

The challenge has already resulted in Transun abandoning a proposed gambling and entertainment complex in Umntata, with capital expenditure of R12.9 million written off as an extraordinary loss.

Evidence presented to both commissions alleged Transun had acquired its exclusive gaming rights by means of a bribe of R2 million made by Sol Kerzner, former chief executive officer of Sun International, which controls Transun, to George Matatiele, former prime minister of Transkei.

Mr Kerzner has since resigned from Sun International.

A supreme court decision overturning Transun's exclusive gaming rights in Transkei, particularly in the area around the Wild Coast Sun, will be a severe blow to the group. Its total investment at the Wild Coast Sun is estimated at R300 million.

The popularity of the resort is demonstrated by the high occupancy levels. In the second half of Transun's financial year to June, it was still at 79 percent, despite some signs of a slowdown.

It is fairly certain that several of the other large hotel groups will jump at the opportunity of establishing rival gaming and entertainment complexes in Transkei.

The current uncertainty has filtered through to the bottom line, with attributable earnings in the year to June rising at a slower rate of 19 percent to R2.240 million.

This is equatable to EPS of 31.1c per share. A final dividend of 12c a share has been declared, bringing the total payout to 23.5c.

This is 18 percent higher than the total of 20c earned in the previous financial year.

Turnover remained fairly buoyant, despite some evidence of the austerity measures inhibiting consumer spending, rising by 24 percent to R145.157 million.

This was partly counteracted by an increase of 27 percent in operating profit, indicating widening margins.

With the effective tax rate rising from 23 percent to 28 percent, together with the extraordinary loss of R2.9 million, attributable profit rose by only 19 percent to R2.240 million. The total dividend is covered 1.3 times.

Despite admitting the future could well be affected by the legal wrangle, Transun remains positive about prospects.
By ANTHONY DOMAN
Weekend Argus Reporter

RESTAURANT owners have unveiled their battle plans — including planned court action — in response to the Cape Town City Council’s controversial bid to stymie smoking in eateries.

An amendment to the no-smoking by-law covering theatres, cinemas, buses and lifts includes bans on smoking in restaurants. The amended by-law is about to cross the final hurdle — the Provincial Administration.

If the law is approved, for at least the first year automatic exemptions will allow some smoking. However, smokers may have no more than half the seating space. Restaurants seating 20 or fewer will be exempt.

Objections

About 30 restaurateurs voiced strong objections to the by-law at a meeting called by the Cape Restaurateurs’ Association yesterday.

The association has been formed specifically to fight the smoking issue. Its first move has been to write to the council warning them to withdraw the by-law or face legal action.

In addition, the Federated Hotel, Liquor and Catering Association of South African (Fedhalsa) has continued its strenuous objections by petitioning the Administrator.

Advocate Boris Savvas told the meeting membership was restricted to restaurant owners and managers. In a legal opinion prepared for the organisation he said owners, managers and waiters would be guilty of an offence if they allowed smoking in the non-smoking area.

It was not necessary for the offending smoker to be caught putting away. Any eye-witness who saw a manager or waiter “allow” or fail to try to stop any person from smoking was enough to ensure conviction.

However, the by-law would not stand up in a court of law.

The council had exceeded its legitimate powers, he said. It had also tried to take away existing common law rights and freedoms. It was not against the law to smoke.

It had not been proven here that smoking was dangerous to the health of individuals. “Passive smoking” had not been proven under social (as opposed to laboratory) conditions.

By-laws also had to be “reasonable” to be valid. The onus was on the council to prove that there was no other way to avoid the supposed dangers of smoking. The council would also have to prove that the “good” intended in the proposed measures would outweigh the damage they caused.

Restaurants already had to comply with standard licensing practice, including laws governing the supply of fresh air and extraction of stale air.

Talk of the council’s duties under the Public Health Act was a red herring, he said. “This statute does not apply to by-laws, which have to comply with the Municipal Ordinance and the rule of law.”

To top it all, when the council advertised the amendment to the by-law, as it was obliged to do, the advertisement itself was invalid, he told yesterday’s meeting.

He emphasised that the council should “think about these things properly”. By-laws should be reasonable and logical.
High stakes on casino for Umtata

EAST LONDON
— Transkei Sun International has scrapped plans to build a casino hotel in Umtata, writing off R2.9 million already spent on the project.

However, sources in Umtata say that other developers are waiting in the wings, and there is an application for another casino on the Wild Coast at Port St John.

Transun’s exclusive gaming rights in Transkei are being challenged after recommendations of the Alexander Commission.

Papers have been served on the group by the Transkei Military Council seeking the setting aside of its exclusive gaming rights.

The chairman of Transun, Mr Ian Heron, said yesterday that a reply was being prepared and would be ready next month.

It is reported that the Transkei Development Corporation has been approached by other developers keen to build a hotel and casino in the capital. They are awaiting the outcome of the court decision on gambling rights.

It is said plans for at least one development worth R50 million have been submitted. — Sapa.
Hotels seek to overhaul tourist industry

Hotels have seized the initiative to formulate a national strategy for the tourism industry amid fears that South Africa will miss the lucrative international tourism boat.

The Federated Hotel, Liquor and Catering Association (Fedhasa) congress has stopped short of calling for outright privatisation of the Tourism Board, but has agreed to hold a national indaba of all interested tourism bodies within two months.

The brief is to develop an outline national and international blueprint for the tourism industry to overcome lack of co-ordinated effort.

With South Africa gradually coming on side politically and the global tourism industry set to double in size within a decade to $300 billion, international tourism marketing efforts are being severely hamstrung, delegates feel.

The lack of an overriding national blueprint is cited as a major shortcoming.

Apparent inertia at government level has to be overcome and it is up to private enterprise to seize the initiative, says David Wigley, president of Fedhasa.

The aims of the national seminar will be to create greater awareness of the importance of tourism, draw up a private enterprise manifesto of key action points to develop tourism and agree on the basis of discussion with governments of the future.

A White Paper on tourism is the objective, says Mr. Wigley. — Sapa.
Cape west coast set for boom times

By Tom Hood
CAPE TOWN — The Cape's west coast is heading for boom times as a result of unprecedented new developments in mining, fishing, tourism, diamonds and wine-making.

More than 600 workers are estimated to be employed by several companies searching for sea diamonds and this number could increase as a result of new prospecting.

Led by Dr John Gurney, professor of geochemistry at UCT and an international authority on diamond exploration techniques, a new company, Benguela Concessions, is to explore a large area off the Namakulaqand coast.

Potential reserves of gemstone diamonds with a total value of R16 billion are believed to exist in the area, he said last week.

Commercial fishing is to be resumed after 20 years at Port Nolloth in Namakulaqand by Jack Walsh, who heads the listed companies, Natal Trawling and Marine West.

He has obtained an experimental quota and licence and two boats should be leaving Durban in about a week to start fishing, he said.

In the early 1960s, one company had a fleet of 18 vessels operating from the port, catching crayfish and white fish. But when crayfish fishing collapsed, the price of white fish was low and fishing became uneconomic.

"Nobody has worked these grounds for 20 years and the shortage of fish in SA and the current price of white fish could make the fishing economic again," Mr Walsh said last week.

"We are not being restricted in the experimental period, but we need to catch about four tons of sole a month and some king-klip."

Mervest, the marine diamonds company, had a good half-year.

Now it is to start working with De Beers on a permanent basis north of the Orange River.

Granny and marble quarries at Vredenburg that closed more than 20 years ago reopened recently and shipped the first export order of granite to Italy last week.

Work is to start soon on a factory that will provide many new jobs.

A director of the operating company, Neil Gillman of International Marble, said representatives of some of the biggest companies in Italy would visit the place soon.

"The quality of the marble is superb and whatever we take out of the ground is sold."

Anglo American has also stepped up its search for minerals near the Namakulaqand coast and is studying the feasibility of producing titanium and zirconium — both high-tech specialist minerals.

The deposits are about 50 km north of the Olifants River and between one and 15 km inland, with few approach roads.

Most of the deposits are on farms owned by De Beers and the feasibility study will take about a year.

Annual production targets planned to start in 1982 are 100,000 tons of zircon, 25,000 tons of rutile and 1,000 tons of mazalite.

Technical investigations for the local upgrading of titanium are under way.

A wet concentration pilot plant has been set up near the proposed mine site.

At Vredendal, the long-established wine co-operative has completed a new building and claims to be SA's largest co-op under one roof, where 48,000 tons of grapes are pressed annually.

The cellar is so large that motorised tours are being arranged for visitors. Grapes are supplied by 188 farmers who get irrigation water from the Olifants River.

Tourism is also on the way up in the area. Two financial groups, Masterbond of Cape Town and Owen Wiggins Trust of Paarl, will spend more than R230 million on leisure developments.

About R50 million has already been spent at Masterbond's Club Mykonos timesharing resort near Langebaan, including an R8 million deep-sea harbour and a R4.5 million convention and sports centre.

Total investment will exceed R70 million when the resort is completed.

A golf course, country club and housing development are also being built at Langebaan by Owen Wiggins Trust as part of its R60 million investment.

Its major project is the Port Owen marina farther north, with its yacht harbour at the Berg River mouth and time-sharing of yachts and cabanas.

Two of the main West Coast hotels — at Lamberts Bay and Citrusdal — have been taken over by the Protea group and refurbished.

Tourism is also expected to get a major boost from a 160 km extension of the new West Coast road — doubling its length — which will open up the area from Velddrif to Lamberts Bay and Doringbaai. The four-year project is due to start early next year and cost R50 million.
SunBop does well

Finance Staff

Sun International Bophuthatswana (SunBop) has achieved excellent results, with all units continuing to contribute strongly.

For the year to June the group achieved a turnover of R699 million, an increase of 43 percent over last year. Attributable earnings were up 67 percent from R66.7 million last year to R114.5 million.

Average occupancy was 78 percent, two percentage points above last year and substantially ahead of competing hotel chains.

A final dividend of 46c per share has been declared, bringing the total for the year to 78.5c (47c).

Provided trading conditions do not deteriorate significantly in the coming year, the group should achieve a reasonable growth in earnings, albeit at a more moderate rate, facilitated by the recent opening of the Taung Sun and Naledi Sun, the directors say.

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SunBop's earnings and dividends per share
Kersaf still on expansion path

By Magnus Heystek
Finance Editor

Not content with reporting a surge in attributable profits of some 40 percent and turnover exceeding R1 billion for the first time, Kersaf Investments has no intention of going ex-growth and is looking at several "exciting expansion possibilities in Southern Africa" which augurs well for future growth.

Kersaf, the holding company of Sunbop, Transun and unlisted Sun International, yesterday released a sparkling set of financial year-end figures with turnover rising by 38 percent to R1,309 billion while operating profit, reflecting very buoyant conditions, soared by 52 percent to R395,7 million.

With the tax bill increasing from R68,9 million to R109,9 million the after-tax profits rose by 48 percent to R265,8 million. After allowing for outside shareholders' interest, attributable profits grew by 40 percent to R115 million (R82 million).

This translates into earnings of 153,3c per share, up 40 percent, while the final dividend of 57c a share, increased the total pay-out to 96c a share; an increase of 37c percent.

The balance sheet is still looking very solid, despite a surge in short-term borrowings from R67 million to R121,3 million which has depressed the interest cover from 36 in the previous financial year to 20. But Mr Ian Heron, chief executive of Kersaf, is very comfortable with this level. Expansions during the year were financed without putting any undue strain on the balance sheet.

Mr Heron revealed that his group is looking at several exciting expansion possibilities, including another hotel at Sun City, as well as another golf course.

He also hinted that the recent acquisition of the Kalahari Sands in Windhoek might be the precursor to some exciting developments in that area.
Bottle store battle

THE three members of the Alexandra Taverners Association, who bought a bottle store costing R25000 from the local town council and named it Ke-Ya-Rona, are at loggerheads and intend splitting up.

They are Jacob Funki, Thobejane, and Peter Matlhare, all well-known personalities in Alexandra Township.

They have taken their quarrel to the Rand Supreme Court with an application to remove Matlhare from the business.

In his affidavit, Thobejane accused Matlhare of mismanaging the business and of having created distrust.

Thobejane says that Matlhare accused him of stealing stock valued at R102000.

He said he had tried to explain but Matlhare had become extremely aggressive and had shouted at him.

Thobejane and Thabete received a letter from Matlhare's attorney with "numerous false allegations against us".

At one stage Matlhare drew a gun and threatened to shoot Thabete because he was tired of him, Thobejane said.

...
JOHANNESBURG. — Sunbop has turned in a 67% rise in earnings and dividends for the year to June, surpassing the 55% growth shown at the halfway stage.

Earnings a share reached 106.6c and a final dividend of 46c is to be paid giving a total distribution of 78.6c (47c) for the year.

All units continued to contribute strongly and turnover climbed 43% to R499m.

A rise in occupancy saw operating margins widen from 28% to 32% lifting operating profit 56% to R119.2m.

Hefty interest earnings of R18.1m boosted pre-tax profit 68% to R178.6m leaving after-tax earnings of R114.3m.

The shares which have been rising strongly since July gained 25c on Friday to reach a new high of R15 and the results have not disappointed.

The balance sheet shows healthy gearing with interest bearing debt to shareholders funds at 13% an improvement from the 19% of the previous year.

Strong liquidity is also shown in interest cover which has moved from 33% to 47%.

The recent openings of the Naledi Sun and Taung Sun will ensure continued growth in earnings.

Provided trading conditions do not deteriorate in the coming year, directors believe the group will achieve a reasonable growth in earnings, although

○ Sol Kerzner has resigned his position as director and CEO of Royale Resorts Holdings (Royale).

He has decided to head up a new international leisure consultancy group which has concluded an agreement in principle with Royale in terms of which Kerzner will be involved in conceptualising and planning new resort and entertainment projects for Sun International (Sapphirewana) (Sunbop).

Kerzner will therefore not stand for re-election as chairman of Sunbop but will remain on the board as a director of the company.
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Cape hotels get ready for record season

RECORD bookings for the coming season are reported by Cape hotels, while foreign tourists continue to pour in, in midwinter, to ride the wave of popularity being enjoyed by the Peninsula as a holiday and tourist destination.

With seasonal bookings well up on last year, hotel managements are unanimous that the Mother City has rapidly become one of the country's busiest tourist centres.

For Southern Sun MD Peter Smith, Cape Town has become "the be all and end all of tourism".

And Holiday Inn's Chris de Kock says: "Today, if Cape Town is not included in a package, tourists won't come."

"It's not just PR gloss that things have improved tremendously," comments Lew Reed, international sales manager for Springfield Atlas Saffa's, probably the country's largest incoming tour operator.

Tourism upturn

Sea Point's five-star President Hotel is already fully booked from mid-December to mid-January and occupancy of Peninsula Sun hotels overall is expected to run to between 90 and 100%, an anticipated 6% growth over last season, says Smith.

"After a downturn caused by inflation and the increased road rate, there are definite signs of an upturn in tourism, in which the Cape is getting a larger share."

Bringing its hotels up to top standard for the anticipated bumper season, Southern Sun has already spent R2,2m on refurbishing the city-centre St Georges and R3,1m on the De Waal Hotel.

A R1m upgrading is about to start at the Inn on the Square, while the "special situation" at the City Lodge is being overcome by the group's upgrading the City Lodge and launching the "On The Road" programme.

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Building technique – a first!

\[From Page 13\]

Property Services (Amaprog) – is one of the most exciting rehabilitations of property that the group has recently done. To improve the Belair Hotel in Cape Town, the architects and builders worked on the problem of the old charm hotel in terms of the building's roads, windows, doors and materials.

The original building, dated in the 1920s and inspired by Lever House in New York, was subject to fierce criticism of the architect in charge of the project, whose "special interest" was in making the tenants' lives more comfortable. The architect was faced with the problem of improving the existing structure without disturbing the tenants, who remained in the building throughout the building work.

"Special care had to be taken not only to protect their tenants, but also to keep noise and traffic through the building to a minimum," says Barry O'Connell, managing director of the Belair Hotel, who designed the project.

The "carpenter's" techniques they devised, which involved using three positions of the elevators in the building in the facade of the building.

\[From Page 13\]
of conservation
often base their campaigns on vague principles, and can sometimes do a great deal of damage. "The danger is well meaning people, who want to conserve monuments, are actually destroying the fabric of our cities. They may leave behind them poverty and decay."

O'Brien is also critical of the composition of the NMC. "It comprises housewives, academics, and an ex-administrator of the Transvaal — an administration which permitted the desecration of Parktown Ridge, replacing historic structures with a slab of concrete (the Johannesburg Hospital)."
The composition of NMC may be academic, he says, but its results are not. The Act gave extreme powers to NMC in 1986, and since then people have suffered real harm.

He cites Braamfontein, at the corner of Braamfontein's Joubert Street Extension and Hoofd Street, as an example of how would-be developers have run into difficulties. At the beginning of the year, developers Konstant Bruni s held an apparently successful tender to the council to redevelop the old fever hospital into a 42 000 m² office complex at a cost of R130m. But the bid ran foul of NMC — before the developers produced the necessary financial guarantees within the stipulated 90-day period. Negotiations are now in progress to break the deadlock.

O'Brien points out that with building costs escalating at 25% a year, a 12-month delay on a project of this nature could push development costs up by R30m. Another example quoted by O'Brien is an Old Mutual site in Johannesburg's CBD which cost R22m but which, thanks to NMC, cannot now be redeveloped as part of First National Bank's BankCity project.

TIMESHARE

Clutching straws
There's no guarantee people who were in the process of buying timeshare units through Timeshare Dynamics (TD), now in provisional liquidation, will automatically qualify to get their money back through the statutory Fidelity Fund.

Though, as a timeshare broker, TD was registered as an estate agent and is understood to have paid money into the Fidelity Fund — designed to protect buyers against such losses — the Estate Agents' Board (EAB) says it has been informed by TD's auditors that its transactions did not fall within the ambit of the Estate Agents Act — even though timeshare brokers are obliged under the law to register as estate agents.

If this is indeed the case, it could further damage the image of the timeshare industry which has taken a battering in recent months for, among other things, allegations of high pressure selling techniques and strongarm tactics on would-be purchasers.

It also comes at a time when Sapo (which TD is a member of), in an effort to counter the adverse publicity, has announced a new code of ethics to which practitioners will have to conform — or face expulsion. Sapo executive director Peter Erasmus says it is impossible to say whether TD would have qualified as a member of the new timeshare order, since the first meeting to consider qualification will be held only in October.

TD was established as a private company, before teaming up with the owners of the Natal South Coast hotel Blue Marlin and seeking a DCM listing under the Blue Marlin Holdings banner. A 75% share in TD was subsequently bought, in a R3,4m deal, by the World of Music (WOM) group.

WOM last week announced that it was liquidating TD as part of a restructuring aimed at reducing gearing in the organisation. It is estimated that TD owes its creditors around R6m. The organisation had a reputation as an effective operator in the lower cost end of the timeshare market and represented a number of well-known timeshare developers.

Erasmus says: "There are two main issues. Firstly, TD's problems are not symptomatic of problems in the industry. They flow from problems with its parent company World of Leisure and World of Music."

"Secondly, the public shouldn't lose money because a proportion of TD's income from the sale of units should have been paid into trust in terms of the legislation." He adds Sapo is in close liaison with the EAB, which is keeping a watchful eye on the matter. Hendrik Schepers of the EAB's legal department confirms that the matter is being investigated, but says the million dollar question still has to be answered. It is: will TD customers qualify for financial protection under the Fidelity Fund?

"We are still investigating the matter, but the board has received a letter from TD's auditors which indicates that TD was not acting as an estate agent. I don't know how the auditors arrived at that decision, but we have asked for an explanation." Once an answer is received, he says the EAB will be able to investigate further. He says at this stage it is impossible to know whether buyers will be protected.

"If the company acted as a developer then
there is no claim. We need answers to questions such as, how were the payments made? On behalf of whom? How was the money dealt with?"

He points out that even if TD was registered as an estate agent in terms of Section One of the Estate Agents Act (which time-share brokers are obliged to do) it does not mean any or every transaction had to involve payments into the Fidelity Fund.

Under these circumstances, he says, there are no guarantees for buyers. "We will have to complete the investigation. Buyers can help by contacting us if they believe they have a claim. The affairs of TD can then be investigated relevant to those specific claims."
Anyone for Oriental raw fish for supper?

The Kamakura, in a prime Main Road situation in the renovated Courtyard in Sea Point, represents a R1m investment for owner Shogo Okada who ran a successful restaurant in Tokyo before embarking on his Cape Town venture.

Okada’s inescapable Oriental expression changes to a smile as he parries negative questions about the development with positive answers.

A bold step in recessionary times when the cost of eating out is emptying rather than filling expensive places? When two Japanese restaurants have tried here before and closed? When Capenars tend to prefer substantial steaks, lower-priced pizzas and pasta to the subtleties of French cuisine — let alone raw fish?

Okada’s decision to set up the restaurant he had been running in Tokyo for five years and sink the profits in South Africa is the key to his confidence.

Remarkably he made the move after watching negative television footage of unrest. "As with sanctions, there is always money to be made when the going is difficult! I wouldn’t have come if I thought it was going to be plain sailing."

Once he was here, however, and things were not exactly as he had seen on the box, he wanted to stay anyway.

The dismal record of Japanese cuisine in Cape Town doesn’t disturb him. "You don’t consider failure. All you think is that it’s going to work."

The steak palate? He has one as well.

"I ate a 1.5kg steak just the other night. I love pasta. I don’t expect people to eat at my place every night. Two or three times a week is fine. Then they won’t get tired of our cuisine. I eat in lots of restaurants."

He chose Cape Town after personally doing extensive market research throughout the country. "You have good fish here. You have a variety of fish and quality fish and it will be coming to us straight from the sea. "Johannesburg’s Japanese restaurants are very popular, but I prefer Cape Town."

Cape Town’s newest eatery, the upmarket Japanese Kamakura restaurant, will host invited guests this weekend before opening to the public on Monday.

Gertrude Cooper talked to owner Shogo Okada.

Feast from the East: Nori Ohta, head chef of the Kamakura, shows kimono-clad waitress Sharon Lan the art of cooking teppanyaki.
Smoking ban chokes restaurant owners

By JANICE HILLIER

RESTAURANTEURS have chibbed together to fight a Cape Town city council bid to ban smoking in restaurants and coffee bars — even if it means going to the Supreme Court.

One Cape Town coffee shop proprietor has struck back at the controversial "30-30" proposed smoking ban by dividing each of her tables with adhesive tape, creating "smoking" and "no smoking" zones.

"Assured" the determined Mrs Dorothy Wodrich, "This ban will not be taken lying down! If it's enforced, I'll go out of business."

"By dividing her tables she could still seat her smoking customers with non-smoking customers at the same table."

She added that she had to fill all tables during peak time to survive. "I just cannot afford to be funny about the seating arrangements."

"The council claimed a survey showed that restaurateurs were in favour of the ban. But the survey was conducted in a questionnaire which we ourselves did not fill out."

"Someone asked us the most ridiculous question — one of which was: Do you think by instituting a ban on smoking it would reduce scullery work, as no ashtrays would have to be washed?"

A few months ago the Federation of Hotels, Liquor and Catering Association of SA sent a petition to the council — with 200 signatures — protesting against the ban.

A co-organiser of the Cape Restaurants Association and an advocate, Mr Boris Savvas, said a letter had been sent to the council advising it that a newspaper advertisement announcing the intended amendments did not comply with the law.

Action

Mr Savvas said it had been suggested that the council do the proper thing and voluntarily retract the resolution.

He added that the letter further stated, if no reply were received within 10 days of the date of the letter August 14 — legal action would be instituted.

The association also sent a copy of the letter to the Administrator asking him to hold his decision in abeyance until the matter had been resolved with the city council.

We did receive a reply from the Administrator, but have had no response from the city council at all."

The council's PRO, Mr Ted Deman, said the Fedhassa petition had been received, a few months ago and had been taken into account.

He also confirmed that the council had received a letter from the restaurateurs asking the council to act within 10 days.

He said the council had responded to the letter and the matter would be attended to as soon as possible.
RESIDENTS of Protea North in Soweto have resolved to halt the opening of a tavern in their area which they say was a project approved by the Soweto Council without their consent.

A spokesman for the residents said the tavern, which is nearing completion, was being built on a residential site and the residents only came to know it was intended to be a tavern from the builders.

"The site on which this structure is being built is not even in a business area, it is right among our houses and we have begun fearing what it will mean to the value of our property," said Mr J Msimanga, representing the concerned residents.

Msimanga said after they learnt about the development, the residents sent a letter of protest to the council through their township manager and their protests were "conveniently ignored."

The senior building inspector at the council was informed by our township manager but despite that the construction is still going on, we feel there are vested interests of quite a number of people there," Msimanga said.

Taxis

He added that besides not having been informed about the building, the tavern would be badly situated as it was being built on a taxi route where there would be no parking facilities.

Lack of consultation with the residents would also mean an apparent violation of the rules of the Liquor Licensing Board which requires that before a licence is granted, neighbours in the immediate vicinity of the proposed tavern be consulted for approval.

Residents expressed concern about the influence the tavern might have on the children and the criminal elements that such places could possibly bring about.

"We view the construction of this tavern as a violation of our rights as residents and we request you to give the matter your attention as tempests are already running high on this issue."

The council has denied that it gave approval for the construction of the tavern, "the council only gives consent for taverns to operate their businesses, but the actual licence must still be applied for from the liquor board," said Dr van der Westhuizen, public relations officer of the council.

He said the residents could go directly to the liquor board, which would investigate any problem area and suggest that they contact their ward councillor for advice.

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Uprising on Vaal

Vaal-triangle residents yesterday packed a church hall in Sebokeng to observe the fifth anniversary of the Vaal uprising.

It was on September 3 1984 when residents of several Vaal towns took to the streets in protest against high rentals imposed by the Lekoa Council.

About a 100 people died that day and scores of people were injured.
National strategy to strengthen tourist industry

FEDHASA and other related associations are meeting next month to formulate a national strategy to strengthen the tourism industry's support structures and hasten its enormous growth potential.

The decision to schedule a meeting was part of a resolution at the recent Fedhasa congress and is expected to form the basis of requests to government for an official investigation into the state of SA's tourism industry.

The Fedhasa congress in August exposed the frailty of the industry's support structures at a time when it needed to be accommodating an increasing inflow of foreign holidaymakers.

While the weak rand was inhibiting the SA Tourism Board's promotional activities overseas, the domestic infrastructure, particularly hotels and air travel, was often unable to accommodate the increasing flow of international and domestic holidaymakers in SA.

Fedhasa chairman, David Wigley, said yesterday the various associations representing the industry at the meeting would first have to decide whether or not they were prepared to work together on the issue.

They would then pinpoint major areas of concern and draw up an action plan to address these areas, he said.

Privatisation was high on the list of priorities at the congress with some delegates proposing a system in which the provinces would manage their own affairs at a regional level, but plug into a central board for national issues.

Wigley said he hoped to form an opinion in principle on privatisation at the meeting.
Stehlik: Hotel staff lack incentives

Financial Staff

The hotel industry is one of the least productive in the SA economy, according to Otto Stehlik, head of the Protea Hotels group.

Speaking at the National Association of Productivity and Quality Circles (NAPROQSA) convention yesterday, he said the utilization factor or occupancy rate was between 40% and 50%, while labour turnover is around 100% to 200%.

Added to this, only half the staff of a hotel actually work.

However, in contrast to the low productivity, Stehlik said the international tourism industry in SA generated about R1.7bn last year but benefitted the economy by about R7bn in total.

This was second only to the income produced by the gold industry.

The challenge facing the industry is to change the negative perception of the workers, which Stehlik sees as the primary cause of low productivity.

"Workers have a low commitment to the welfare of the business and the economy in general," he said.

Staff have to be given incentives to be more productive.

"The challenge is to train, educate, motivate and compensate other South Africans and develop more champions and give other people of all population groups the opportunities which we had."

Workers see the free market system as exploitative and that it benefits management and owners only.

Profits are not seen to benefit workers and therefore motivation is lacking.

The industry will have to become more resourceful, professional and responsible in their dealings with staff — which according to Stehlik is the most important asset of the hotel industry.

"Happy staff mean happy guests and ultimately happy profits."

"Let us never forget that without the loyalty, the dedication, the hard work of our staff, we (the industry) are nowhere," he said.

Krugerrands

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R60-m tourism boost for W Cape

By MAGGIE ROWLEY
Business Staff

TOURISM in the Western Cape could get a big boost from a R60-million country club development planned for Worcester which will include a hotel, timeshare chalets and artificial lakes.

Mr Andrew Marais, director of the commercial division of Christie’s Property Brokers which is co-ordinating the project, to be known as the Swaggasberg Hotel and Country Club, said that the response from local authorities had been extremely positive and applications for rezoning of the farmland would be lodged next month.

"Once these are approved in six to nine months’ time, construction will begin and the whole complex is scheduled for completion in two to three years," he said.

Negotiations for financing were well under way, he said.

The complex will include:

- A 100-roomed hotel on the banks of an artificial lake stocked with trout.
- Conference facilities separate from the hotel.
- A second lake on a 40-hectare site which will be used for windsurfing and related water sports.
- An 18-hole golf course and golfers’ village.
- A sports club and amenities for a number of sports including bowling, squash and tennis.
- Time share chalets at various locations in the development.
- Sailing and speed-boat amenities.

Mr Marais said that the hotel would fulfill the ongoing demand for hotel beds from both business and tourists in the area.

"There is presently a need for about 70 extra hotel beds. In addition, Worcester, is situated in a prime position to attract overseas tourists," he said.

The proposed complex would be built on a 1100ha wine and water-bloometjie farm, Riversiode on the west bank of the Breede River on the road to Villiersdorp.

The farm, owned by Mr Danie van Tubbergh, comprises about 560 ha of mountain fynbos in a proclaimed nature reserve known as Swaggasberg Nature Reserve and is bordered on one side by the Brandwlei Dam and on the other by the Swaggasloof Dam.

(See page 3)
New executive travel offer reduces costs

AN EXECUTIVE travel package which achieves major savings in costs for travelling businessmen — and still keeps the corporate flag flying high — has been unveiled by a major Cape property developer.

Five-star hotel accommodation at up to 50% below comparable prices, a pegged daily rate, car hire at a saving of as much as R30 per day, and full office support facilities — these are some of the "executive" perks built into the new Peninsula development in Cape Town's Sea Point.

In addition, the developers — Romulus Investments — are offering a "money-back guarantee" allowing purchasers to opt out if they find the concept is not working for them. These and other benefits, they say, add up to substantial bottom-line savings and assured capital gains.

Tris Cunningham, of Leisure Options — which is marketing The Peninsula — says: "Hotel accommodation costs in Cape Town are generally expected to keep rising at around 25% a year."

"This is proving a heavy burden for many companies which are faced with the prospect of having to lower their standards by putting their executives into inferior accommodation. Not a good thing for the corporate image, or for self-esteem of executives."

Basically, The Peninsula business package offers the purchase of accommodation, either for cash or with a deposit, the balance payable over five years.

If the owner takes the deposit option, during the remainder of the repayment period he gets accommodation for a pegged amount of R150 per night for the full five-year period, with the balance payable after five years. If he decides to pay cash up front, he has no further accommodation costs, merely a levy, and ever-spiralling savings in accommodation."
Development bank mooted for tourist industry

By Trevor Walker

CAPE TOWN — The government is to consider the introduction of a Tourist Development Bank and delegates to the regional congress of the Chambers of Commerce and Industry in the Western Cape were told that a decision was expected by the end of the year.

The Cape Town Chamber of Commerce, together with CapTour, has promoted the idea and it would open up the tourist industry in the Western Cape to a whole host of financial funding possibilities.

CapTour is planning on bringing an additional 200,000 people to Cape Town this holiday season. However, the infrastructure was not maintaining the necessary growth required to meet the huge increase in demand for accommodation, transport and general holiday entertainment.

The tourist spend has huge potential for the Western Cape and Wesgro, CapTour, and the various chambers of commerce in the region are well aware of the impact the industry could have on the region.

The introduction of a development bank could give a significant step forward in the funding potential of the industry.

Table Mountain National Park is one of the busiest tourist attractions in the city; yet the funding of a second cable way is beyond the capabilities of private enterprise and would require some form of official assistance, delegates were told.
Exceptional growth sees increased Safren earnings

CAPE TOWN — Safren, the parent company of Safmarine, Rennies and Kersaf (78%), has posted a 38% increase in attributable earnings to R213.1m, reflecting exceptional growth in its diverse shipping and leisure related activities.

Earnings a share of 40.4c (up 38% from the previous year's 29.3c) and a final dividend of 10.0c (up 33% from 13.3c) exceeded analysts expectations for the year to June and should please shareholders.

Operating profit before deprecation increased by 44% to R779.4m on turnover which grew by almost R1bn to R3.8bn.

While the group managed to reduce its interest bill by R1bn to R21.0m, its tax commitments grew by 78% to R38.8m. Rennies's significantly higher tax rate appears to have contributed to this burden.

Nevertheless, taxed profit attributable to outside shareholders in subsidiaries and preference shareholders grew by 41% to R419.4m, leaving ordinary shareholders with R213.1m before an extraordinary item of R7.6m.

Safren's 76% stake in the leisure sector through Kersaf contributed a marginally improved 41% to bottom-line profits, with Kersaf reporting 40% growth in attributable earnings to R157.4m.

But, given the sensitivity of the group's shipping activities, directors are reluctant to provide a break-down of the contributions of Safmarine and Rennies which merged in 1984 and are not quoted as separate companies.

The most they will say is that Safmarine had an "excellent year and continues to expand its activities in the international shipping field," and that the Rennies Group performed "satisfactorily" despite a significantly higher tax rate.

Calculations suggest that Safren's earnings, excluding those of Kersaf, grew by almost 37% and continued to contribute the lion's share to profits.

With Rennies's growth only satisfactory, Safmarine's performance must indeed have been excellent in flourishing import and export markets.

Safren is very import sensitive. The imported goods it ships tend to be of a higher value-added secondary and tertiary nature than the lower value-added primary products it exports. Thus, it thrives in economic upswings when imports are stronger.

The opening of an offshore operation in Switzerland earlier this year and general expansion into international shipping appears to be aimed at ironing out problems related to the cyclicalities of the domestic economy.

While Kersaf's share closed 25c down at R22 yesterday, Safren's was unchanged at R35.50. This puts Kersaf on a p/e of 14.3, compared with a sector average of 15.1 and Safren on a p/e of 8.8, compared with 8.5.

The market appears to undervalue the shipping interests, by rating Kersaf's contribution to NAV at almost 67%, when its contribution to attributable earnings is only 41%. Analysts say this could be the result of a lack of information about Safren.
By Magnus Heystek
Finance Editor

Safmarine, the holding company of Kersaf, Safmarine and Rennies, has handsome-ly beaten its conservative forecast at the halfway-mark with a set of sterling results for the financial year to end-June with attributable earnings rising by 38% from R213,1 million.

True to form, chairman Mr GA Macmillan, is again coy about growth prospects in the current financial year, prepared to say only that "the company will produce satisfactory earnings." Turnover for this large shipping, gambling, stevedoring and forwarding company increased at near-breakneck speed of 35% to R3,807 billion (1988:R2,799 billion) with operating profit rising by 45% to R535 mil-

lion.

A further increase in operating mar-
gins from 19,3% during 1988 to 20,3% contributed largely to this improved performance. The tax bill rose sharply from R130,2 million in 1988 to R197,3 million, mostly as a result of an increase in the tax burden of Rennies. This was the result of assessed tax-losses being used up, said Mr Macmillan.

There has been an increase in net interest cover from 1,1 to 29 times. Earnings per share rose by 38 percent from 23c to 40c a share while a final dividend of 15c has been de-clared on being total pay-out to 18c a share.

These results clearly indicate a high level of buoyancy in the domestic econ-
omy, with imports and exports as well as gaming activities still recording real growth. But Safmarine is expecting some slowing down in the growth rates during the current financial year, says Mr Macmillan.

Star performer

Star performer during the year was Safmarine adds Mr Macmillan, even outpacing Kersaf which was no slouch, after having posted a surge of 40 per-
cent in profits last month. Reason for this was the healthy state of the interna-tional shipping market, coupled with the fact that Safmarine is now concentrat-ing on the "things it knows best".

Several operations which fell outside the mainstream of Safmarine's busi-
ness, like the cruiser ship Astor, were disposed of during the year. The de-
cline in the dollar value of the rand also boosted the bottom line.

Safmarine has proved to be quite able to protect itself against the san-
crations threat and is today very much an invisible business. An office was re-
cently established in Switzerland which will be used to disguise its country of origin even better.

With great plans for Kersaf, which include yet another casino-complex at Babetlegi, north of Pretoria, this subsidiary is once again expected to record real growth in the current year.

"The gaming and entertainment market in South Africa is far from sa-
turated and several other schemes, in-
cluding the sixth hotel at Sun City and another golf course in the Pina-
seeberg, are close to finalisation," Mr Macmil-

It said.

The balance sheet of Safmarine is in great shape, indicating substantial scope to gear up if necessary. Share-holders' funds at end-June amounted to R1,398 billion compared with R1,165 billion a year ago.

Long-term borrowings declined from R164,4 million to R688,3 million at end-June this year.
Coastal lodges maintain their occupancy rates

CITY LODGE's three coastal hotels report occupancy rates of over 80 percent. The hotels — in Cape Town, Port Elizabeth and Durban — have achieved this in spite of the miserable weather conditions recently.

Super

Said Patrick Tate, general manager of City Lodge Cape Town: “Business here has been super.

“We have been running at over 80 percent occupancy and have managed to maintain this figure throughout the winter months.

“Our guests are mainly business travellers, although a number of sporting holidaymakers to the Cape find our location on the Mowbray Golf Course, at the entrance to the Mother City, a great attraction.”

Clifford Ross, general manager of City Lodge Durban, has a similar story to tell: “The mild Durban winters positively affect us and we have maintained exceptional occupancy rates of more than 80 percent on average.

“During the week, we mainly cater for business travellers while at the weekends most of our guests are holidaymakers and tourists, who are visiting Durban for the various popular annual events.

“We have also found that we are becoming increasingly popular with families.

“It now seems to be less expensive for a family to take two rooms at a City Lodge hotel than a double room at another luxury hotel.”

Said Wolfgang Buschhaid, general manager of City Lodge Port Elizabeth:

Appeal

“With summer coming up, I think our location directly opposite the Rummwood beach will also be very attractive to the transient tourist traveling along the Garden Route from Cape Town to Durban, or in the other direction.

“Our value-for-money tariffs are becoming increasingly appealing.”

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Kings and princes patronised Kapitan’s restaurant

Mandela’s haunt closing

THE building housing Nelson Mandela’s favourite restaurant at 11a Kort Street, Johannesburg, is going to come down after being in existence for 73 years.

The African National Congress leader was a regular customer at Kapitan’s Oriental Restaurant in the early 60s when curry chicken and roti - his favourite dish - cost the equivalent of 35c.

The owner, Mr. Madanji Kapitan, known to everyone as Kappy, said Mandela used to come to his restaurant nearly every day after court.

Kappy, who has prepared food for kings and princes, will tell you millionnaire John Schleusinger also ate at Kapitan’s.

Mandela was an ordinary man, a quiet man who sat chatting to friends long after the plates had been moved from the table.

He was preparing for the midday rush in the kitchen on an ancient, archaic stove and the aroma of curries, curries, pavadsams and hotachar.

Kappy’s wife, Marjorie, also remembers the young lawyer who later was sentenced to life imprisonment for treason.

“His used to come in for coffee and teas as well,” said Marjorie.

“We were one of the first multi-racial restaurants in South Africa,” said Kappy, who is something of an aficionado where bullfighting is concerned and bullfighting posters on the walls of the restaurant testify to this.

They also add atmosphere and colour to Kapitan’s the decor of which is one place where East meets West.

Football flags from international clubs throughout the world grace the walls and vie with jars of chillies, lime and mango pickles concocted by Kappy himself.

Decor

The decor has not changed much since Mandela’s time and above one table is a story headlined Mandela in Here.

Kapitan’s great-great uncle started catering in Johannesburg in 1887, just one year after the mining city was born in a gold rush and Kappy and his brother Hari took over after the old man died.

But Kappy’s culinary reputation has spread far beyond the Republic’s borders and is a favourite with tourists, bankers and diplomats who climb the ageing stairs at lunchtime.
Favourite Mandela haunt to come down

By Joe Openshaw

The building housing Mr. Nelson Mandela's favourite restaurant at 118 Kork Street is going to come down after being in existence for 73 years.

The African National Congress leader was a regular customer at Kapitan's Oriental Restaurant in the early 60s, when curried chicken and roti — his favourite dish — cost 35c.

The owner, Mr. Madanjit Kapitan, known to everyone as Kappy, told The Star that Mr. Mandela used to come to his restaurant nearly every day after the courts rose.

MILLIONAIRE

Kappy, who has prepared food for kings and princes, said millionaire Mr. John Schlesinger also ate at Kapitan's.

Mandela was an ordinary man, a quiet man who sat chatting to friends long after the plates had been moved from the table,” he said.

He was preparing for the midafternoon rush in the kitchen on an ancient anthracite stove and the air was redolent with the aroma of breyani, curries, pappadums and hot achar.

Kappy's wife, Marjorie, also remembers the young lawyer who was later sentenced to life imprisonment for treason.

“He used to come in for coffee and tea as well,” she said.

“We were one of the first multiracial restaurants in South Africa,” said Kappy, who is an aficionado of bull fighting. Bull fighting posters on the restaurant's walls testify to this, adding atmosphere and colour to Kapitan's, where the decor is distinctly east meets west.

Football flags from clubs throughout the world grace the walls, vying with jars of chilli, lime and mango pickles concocted by Kappy himself.

The decor has not changed much since Mandela's time and above one table is a story headlined "Mandela ate here."

Kapitan's great-great-uncle started catering in Johannesburg in 1887, and Kappy and his brother, Hari, took over after the old man died.

But Kappy's culinary reputation has spread far beyond the Republic's borders, and tourists, bankers and diplomats climb the ageing stairs at lunchtime.

The dilapidated building occupies prime land in Johannesburg's financial district.

Negotiations are under way for its sale to developers who intend demolishing it.
Action plan for tourism urged

CAPE TOWN — The tourism industry is to call for the removal of enforced constraints, including the Group Areas Act, the Sunday Observance Act and sections of the Liquor Act, as part of an action plan to be presented to government.

The move is part of a bid to develop the industry into what it believes could become one of the country’s leading foreign exchange earners.

A delegation led by Fedhosa president David Wigley and Association of Travel Agents (Asata) president Rupert Lawler will present the manifesto to new Trade, Industry and Tourism Minister Kent Durr and Board of Trade and Industry chairman Lawrence McCrystal within the next two weeks.

The manifesto, entitled Progress in Tourism, was drawn up after a meeting of tourism-related associations in Johannesburg last week. It is responding to invitations for comment from the industry following the gazetted announcement in September of an investigation by the BTi into the development of tourism.

Representatives at the meeting organised by Fedhosa included Asata, the Vehicle Rental and Leasing Association, the Tour and Safari Association, the Professional Hunters Association, SA Airways Association, and the Publicity and Tourism Association, together with a number of senior executives from the tourism industry.

Important

The delegates welcomed the extension of the Trade and Industry Cabinet portfolio to include Tourism for the first time and the official announcement of an investigation as a sign that government had recognised the significance of the tourism industry.

According to Fedhosa executive director Fred Thermann, important items on the manifesto also include:

☐ Consultation with the industry on the appointment of the 13 members of the Tourism Board to ensure that the industry is well represented;

☐ The short-term transfer of the SA Tourism Board’s role (Satour) from the marketing to the actual sale of holiday packages;

☐ The staggering of school holidays to avoid congestion during peak seasons and encourage occupancy during less busy times of the year;

☐ Government incentives for the upgrading of existing infrastructure and provision of new facilities to accommodate short-term and long-term growth in international and domestic tourism, including government assistance in the upgrading of existing tourism infrastructure — hotels, transport and tourist attractions — to accommodate short-term requirements. This could be achieved by establishing a special Tourism Development Bank as the French and the British authorities have, which would lend money at preferential interest rates and repayment periods;

☐ The identification of a longer term plan, including investment in new infrastructure to accommodate anticipated future growth. This, Thermann says, could be achieved by an improvement of the capital investment allowances granted to hotel developers for tax purposes.
Blacks being wooed into caravanning

Theo Rawana

A MAJOR caravan manufacturer has begun `wooing the affluent sector of the black market in a move which will see thousands of black families taking caravan holidays.

Thanks to a joint venture between black organisation Business Challenge (BC) and caravan manufacturer C.I. Caravans, an agreement has been reached to lease or rent out caravans to blacks.

"We see this as opening new avenues for blacks in the tourism industry," BC chief executive Phil Khumalo said in Johannesburg yesterday.

He said some caravan parks were dropping their whites-only tages and allowing blacks in.

Soccer lovers travelling from faraway places would now be able to pitch caravans next to match venues the night before the game, rather than using public transport and being booked into some uncomfortable block accommodation, Khumalo said.

BC, founded to create a capital base, provide professional services and offer business training to blacks, also got the Pinetown-based caravan-maker to design caravans to be used as "Spaza shops" and mobile toilets.

The specially-designed caravans would be leased out to BC members and the organisation would partly finance the transactions through a bank.
CAPE TOWN — Safren has broken with tradition in its newly released annual report, to provide a five-year breakdown of its diverse operating company's individual contributions to bottom-line profits.

The disclosure suggests a change in attitude from past years when the giant parent of Safmarine (75%) and Kersaf (75%) disclosed as little information as possible about its separate companies, largely because of the sensitivity of its international shipping operations. The break-down shows that wholly-owned shipping companies Safmarine contributed R955.3m, or 41.2%, to turnover for the year to June 1989, leisure group Kersaf R1 309.1m (34.5%) and freight and transport company Rennies R555.8m (22.5%).

But, while Kersaf achieved more operating profit from its turnover, contributing 51.2% to an operating profit of R779.6m, Safmarine moved ahead of it at the bottom-line, contributing 43.5% to taxed earnings of R211.1m against Kersaf's marginally improved 41.1% contribution.

Safren chairman and CE, George Alastair Macmillan, confirmed in his statement that Safmarine had had an excellent year with the development of trading opportunities outside the core SA operations contributing substantially to the improvement. He said plans to establish an operating base in Switzerland had been completed and that the company continued to expand its activities in the international shipping field.

With the planned unification of the European Community coming up in 1992, Macmillan said management was concentrating its efforts on ensuring that Safren remained at the forefront in the transport of cargo to and from Europe.

Dampening

Internationally, he said all trade routes were experiencing strong competition. But, the charter market had managed to hold its ground with the result that freight rates had increased and were expected to maintain higher levels in the year ahead.

A strong performance by Rennies had been offset by a higher tax rate which had reduced growth in attributable earnings. While both companies benefited from an increase in imports during most of the period under review, higher duties and surcharges began dampening demand and reducing volumes during the final quarter.

Macmillan warned that this trend was expected to continue, Kersaf's earnings growth was expected to slow down if trading conditions were affected by restrictive monetary and fiscal measures already introduced.

"The next 12 months are not going to be easy for the SA economy," Macmillan said in his statement.

Fire-damaged Matus & Co moves in with Tarry

THE directors of tool wholesaler Matus & Co have assured the market of continued supplies and "minimum delay in deliveries" following the fire which destroyed the company's premises in Hardy Street, Johannesburg, on Saturday, together with stock amounting to R5m.

Local suppliers have rallied round and filled the company's import orders for the past week and will maintain trade as Matus out of the Tarry complex in Eldorf Street Extension. Tarry MD Lindsay Ralphs was optimistic that a much larger Matus would be effectively operating soon.

TERRY WILKINS
City gets 12 days to
snuff out smokes law

By ANTHONY DOMAN
Municipal Reporter

RESTAURATEURS have given Cape
Town City Council until October 4 to
withdraw its controversial bylaw amend-
ment banning smoking in restaurants —
or face court action.

The amendment, awaiting approval
from the Provincial Administration, will
limit smokers to no more than half the
seating space in restaurants.

The Cape Restaurateurs' Association
hit back by serving a summons on the
council this week.

Trustee Mrs Dorothy Woodrich said
the thrust of the association's argument
was that the council had not properly or
legally advertised its intention to amend
the bylaw.

Amenities and health committee chair-
man Mr Louis Kreiner replied that the
decision was not up to the council.

"The ball's really in the Administra-
tor's court."

He said he could not understand why
court action was being threatened now.
"The thing isn't even law yet."

Mrs Woodrich said the council had not
reacted to an earlier letter from the as-
sociation outlining their stand. "We got
two notes from the Administrator to say
our letter to him was receiving atten-
tion," she said.

"Had the advertisement been correctly
placed we would have known what it
was all about. We would have made
some arrangements to have a meeting
with the council."

The organisation was not disputing the
danger of smoking.

Tourists die in Morocco

MARRAKESH. — At least six French
tourists were killed and a number in-
jured when a train collided with a bus
at a level crossing near this southern
Moroccan town. — Sapa-Reuters.
SEAFOOD SURCHARGE

Fishy logic

Prawns, calamari and other imported seafood delicacies may disappear from many restaurants in the wake of an unexpected 45 percentage-point hike in the import surcharge.

The increase took effect without warning on August 15 and raised the surcharge from 15% to 60%. It applies to fresh and frozen prawns, shrimp, crab, scallops, squid (calamari), oysters, mussels and snails.

Like many of government's efforts to protect the balance of payments, this decision could backfire.

Fred Themann, executive director of the Federated Hotel, Liquor and Catering Association of SA, calls the move short-sighted and argues that what it may save in foreign exchange or earn in additional revenue for the State will be outweighed by losses to tourism and the restaurant trade.

"We are doing all we can to attract local and foreign tourists and they expect these items on restaurant menus at reasonable prices. The industry can't absorb an increase of this size, neither can it pass it on immediately without suffering a backlash."

Themann has appealed to Deputy Finance Minister Org Marais to reconsider the increase. Figures on how much foreign exchange the government expects to save through the surcharge are not available but the amount is expected to be miniscule.

The rand's decline means consumers were already paying a premium for imported seafood. Prices are now expected to go through the roof when the new surcharge filters through in the next few weeks, says importer Russell Penny of Cape-based Selecta Sea Products.

Only about 60% of prawns and shrimp consumed in SA are imported so seafood lovers probably won't see a boost in menu prices equal to the surcharge increase. Also, importers have been switching to cheaper prawns to keep down prices.

However, one importer believes that people who have been paying high prices for these items will probably continue to do so after an initial period of resistance. "But that doesn't mean there won't be detrimental long-term consequences."

He adds that calamari has become an extremely popular dish in most middle-range restaurants and is no longer regarded as a luxury in the same class as prawns. Penny and other importers and restaurateurs expect that prawns, calamari and other seafood items eventually will be scratched from menus.

Ironically, large quantities of squid are caught off SA's coast but, because the quality is high, most is exported to Europe where it fetches better prices. The imported calamari is generally of lower quality.

The head of Southern Sun Hotels' food and beverage operation, Billy Gallagher, believes prawns will now become as much of a luxury as crayfish on menus.

"It's a big price hike and a substantial decrease in sales has to be expected. No doubt there will have to be some adjustment to menus."
Southern Sun woos business

SOUTHERN Sun is to make an all-out drive to woo the business hotel guest with two new-look discount cards carrying increased benefits.

The Corporate Club card, to be issued to employees of big companies which use hotels frequently, will entitle holders to 25% discounts on normal bed and breakfast rates. In the past, discounts were granted only on room rates.

The Executive Club card, for individuals and staff members of smaller companies which use hotels frequently, will offer 15% discounts on bed and breakfast rates.

Because most of its hotels are in downtown locations, Southern Sun believes business visitors are its bread and butter.

**Drink**

The cards, which will be launched at the Landcrot Hotel, Bloemfontein, on Tuesday, will entitle guests to extra services, such as preferential booking in eight Southern Sun hotels; a free drink on check-in and special reception desks. Cardholders will also receive Sun magazine.

They will be able to join the company’s Stars for Stars campaign, using credit built up on business trips to earn points towards free stays with their families at Southern Sun; hotels in SA and the Seychelles.

Another marketing innovation from Southern Sun is gift vouchers, which employers can give to deserving employees. They can be used for meals and personal stays at group hotels.
Demand for more control of R30-m investments

by June Beardl, Star Line

Johannesburg's Milpark Holiday Inn was turned into a battlefront Saturday when hundreds of angry Summer Leisure and Flexi-Club investors flocked there to attend a meeting to express their grievances about the way the leisure companies and holiday tycoon, Mr. Larry Botes, were doing business.

In a heated two-session confrontation investors called for a total shake-up and demanded more control in the management of their investments, worth almost R30 million.

Investors nominated a five-man committee to investigate the financial position of the holiday scheme and to look into how their money was being used.

A former Durban mayor and architect, Mr. Ian Williams, a points owner, voted on the committee, and he felt very badly about the present state of affairs and wanted to help set matters right for investors.

The committee was also given a mandate to arrange for investors' participation in the management of Summer Leisure and Flexi-Club.

A former Summer Leisure director, who served with the company for several months, said he would undertake to supply the committee with information which would be investigated. A change of management would also be negotiated.

Mr. Botes and Flexi-Club's executive director, Mr. William Nowworthy, also agreed to cooperate and supply information and an auditor's report of the companies' financial affairs by November.

While a large group was waiting outside the overcrowded venue, they angrily confronted Summer Leisure's client services manager, Mr. Hennie Coetzee, about their grievances.

An exasperated Mr. Coetzee said he would do what he could to resolve the huge volume of complaints.

Star Line spoke to dozens of Flexi-Club members at the hotel, including a Durban man who said he received members who had paid R13 million into Flexi-Club.

The press was barred from the meeting on the basis that the details of matters would be raised.

A Star photographer was caught up in the fray when Mr. Botes and a member of his colleagues attempted to forcibly remove the spoilt from his camera.

After the meetings, which lasted for about five hours, Star Line was told by several investors that they would do their best to get away from the hotel, and wait-and-see attitude while others felt the committee "would sort out the mess".

Holiday-scheme boss claims great sacrifice

by June Beardl, Star Line

Summer Leisure International boss, Mr. Larry Botes, says he made a great financial sacrifice to make the Flexi-Club points-based holiday scheme work and he felt it was unfair that he'd become the whipping boy.

"It's a magic scheme," he praised it in South Africa and I'm confident it's working," Mr. Botes said this after a five-hour meeting between his management team and the investors at Johannesburg's Milpark Holiday Inn on Saturday.

He said that funds were being forthcoming within 7 days to alleviate the companies' cash flow problem.

Mr. Botes claimed he had earned only R62,717 as Summer Leisure's Wykeham from December 1987 to the end of August this year.

"I had to sell personal assets to make up most of the Supreme Court award for 14 million were settled out of court last week," he said. His family's 14 million North Riding home had been sold by a company, My Scene, to raise funds for the companies.

Leisure company boss, Mr. Larry Botes, approved to be sacrificed, of which he was a director, six years before the launch of Flexi-Club and Summer Leisure holiday plan.

Flexi-Club's executive director, Mr. William Noworthy, also related his financial hardships, saying he had invested R10,000 into the scheme and had taken a salary since December 1987.

Two weeks ago Star Line was informed that certain computerised information on Flexi-Club had been wiped out.

Mr. Noworthy commented: "Someone has sabotaged our computer system and we are unable to send the information; they are not getting payments and will experience a cash flow problem."

Both men said they would cooperate with the five-man committee appointed by investors on Saturday. They could, in fact, supply more information.

Mr. Botes said the Summer Leisure yacht, leased for R25,000 and brought back by the Durban police for the alleged non-payment of R27,700 was planned to be a "flying memorial on Mauritius."

He said that he had spent about R10,000 on maintenance and repairs.

When asked to comment on a warning to investors by spokesmen of the Resorts Consumer's International and the SA Property Owners Association that their companies were contravening the Timeshare Act, Mr. Noworthy claimed:

"They'll lose out if we succeed, that's why they're criticizing us."
New twist in Flexi-Club battle

Blacks miss out on holiday deals

Hundreds of black investors in the controversial Summer Leisure International and Flexi-Club holiday scheme are getting a raw deal, Mayfair auditor Mr Mitch Mareseca has said.

This is the latest twist in the tough battle between dissatisfied holiday-points investors and the Bryanston leisure venture run by Mr Larry Botes.

Mr Mareseca told Star Line he had signed up for R7 400 worth of points after he was assured he could stay at any one of 64 resorts, including Mauritius.

"The salesman knew I was a man of colour yet later I discovered I was not allowed into 80 percent of the these resorts.

"I paid the same price as white Flexi-Club members and told the chairman, Mr William Nosworthy, that I wanted my contract cancelled. He refused on the basis that there were ‘15 resorts available to non-whites’, I’m not interested in buying into a scheme which I cannot make full use of," Mr Mareseca said.

Star Line was told that at least 200 black investors in Natal bought Flexi-Club points in the belief they would be able to take holidays on a luxury yacht in Mauritius.

They were very concerned as the yacht has been taken back by the Durban charter company because Summer Leisure had failed to pay R216 700 in charter fees.

Mr Botes said Flexi-Club and black investors were victims of the Group Areas Act. He said there were “about 17 international resorts” where blacks were welcome.

"I want to assure investors that Flexi-Club will pay for the chartering of yachts in Mauritius. We dropped the plan to charter a yacht on a permanent basis as it was too costly.

"After a heated meeting in Johannesburg on Saturday, a five-man committee was appointed by investors to scrutinise the leisure companies and attempt to salvage the scheme. Mr Botes and Mr Nosworthy told Star Line they would co-operate fully with the new committee."
Five years ago Protea Hotels and City Lodge were just two ideas for hotel chains untested in the local market.

Today the two groups are powerful competitors in the mid-scale accommodation market serving both the business traveller and holidaymaker. Protea manages 55 hotels aggregating 4 500 rooms and City Lodge has invested R65m in building seven hotels with a total 1 000 rooms. Both chains are still firmly in an expansion phase.

This twin success story is the tale of two European entrepreneurs — Protea CEO Otto Stehlik and City Lodge CEO Hans Enderle — who saw an opportunity in the demand for cheaper, low-frills accommodation in the mould of the European gîte hotels.

Management buyout

Five years ago Stehlik, then GM of the Heerengracht in Cape Town, joined his principals, Sanlam, in setting up an hotel management and franchise business based around the nucleus of subsidiary Bankorp's three hotels, the Heerengracht, Capetonian and Protea Gardens, and the Sunland resort on the Natal South Coast. Three years later the business had grown to encompass 40 hotels. Stehlik and his team staged a management buyout to acquire the 60% of Protea held by Sanlam.

Protea's annual turnover now is about R150m. "We are the 46th biggest hotel group in the world, as far as number of hotels is concerned," Stehlik says. Not bad growth in five years.

Protea's focus is different to that of City Lodge. Its clientele is almost entirely businessmen in a hurry. Protea's customers are roughly 55% business travellers, 35% local holidaymakers and 10% overseas visitors.

City Lodge owns all of its hotels but most of Protea's are franchises or hotel management contracts. They remain under separate ownership but Protea renovates, manages and markets them as part of the chain.

Protea's average room occupancy is 63%, well over the national average. One reason may be its low rates.

"Our rates are well below those of other luxury hotels because our starting costs were only a fraction of the average cost of about R250 000 a room for a new hotel today," Stehlik says. "We could refurbish existing hotels to modern standards at far lower costs."

Protea has no plans for a listing but it does have a vision for the future. "We are now looking at creating an international company for our hotels across the border," he says. "Apart from the Pigg's Peak in Swaziland, we are involved in the Transkei, Ciskei and now also in Ganyi, Gazankulu. We are looking keenly at expanding into Mozambique and we are familiarising ourselves with Malawi!"

In Namibia, Protea hopes to open a resort hotel near Swakopmund, says Stehlik. There are always the hundreds of one-star hotels waiting to join the growing Protea family back in SA.

City Lodge's performance is even more impressive. "We now run at an average 80% occupancy, compared with 57% for the rest of the industry," says Enderle, a Swiss who was MD and chairman of Holiday Inn SA until it was taken over by Southern Sun. Enderle and a few associates own 35% of the company and the Mines Pension Fund holds the balance.

The budget chain started four years ago and focuses on major business centres. It's opened four new hotels since August last year. "In future, growth will be slower as our focus is on no-frills hotels catering mainly for the businessman," Enderle says. "But we intend building at least one new hotel annually for the next five years."

City Lodges are located in Sandton, Randburg, Cape Town, Durban, PE and near Jan Smuts Airport. The newest recently opened in Bloemfontein. New hotels are planned for Durban, Cape Town and Johannesburg.

Enderle says, in addition to the natural limit on his market, other reasons for the general slowdown in hotel industry expansion include the reduction in tax allowances for new hotel developments and refurbishments and rising construction costs.

"Construction costs have escalated enormously and revenue has not kept pace," he says. "Running a hotel is not always very profitable, especially in view of SA's low average occupancy levels, which are well below the world average. Our focus in SA should be to fill spare capacity before undertaking costly expansions."

Why the success of the City Lodge no-frills concept?

Unnecessary frills

"I studied the US market and found that limited-services hotels grew fastest there," Enderle says. "This had to apply to us as well, as SA normally follows suit. Cutting away unnecessary frills like conference rooms, huge lobbies and restaurants and offering good accommodation obviously met with public approval."

Enderle believes the concept could also work for the non-casino holiday market but only in the high season. In popular areas such as Cape Town this could mean two-thirds of the year. But even that's not enough; he says expansion may have to wait until the Cape becomes an all-year resort.
Bidcorp had its sights on Drop-Inn Holdings

SYLVIA DU PLESSIS

Bidcorp chairman Brian Joffe was one of the bidders for retail and wholesale-listed liquor distributor Drop-Inn Group Holdings.

Joffe, which is rumoured to be looking for a buyer, issued a notice recently advising shareholders to exercise caution in dealing with the group's shares.

Joffe told Business Day on Friday that he had expressed an interest in the group and negotiations had been in progress for "a couple of weeks" before being called off.

He declined to elaborate.

Drop-Inn chairman Sam Berk and MD Jacques Kempen were visiting one of their Johannesburg branches at the weekend and could not be reached for comment.

The group, which is also an exclusive agent for various brands of Scotch whisky and imported wines and spirits, lifted sales by 27% to R109m in the year to end-February, while taxed profits were 54% up at R4m (R2.5m).
Feud over R150 000

By MZIKAYISE EDOM

SENIOR officials of the Kagiso Town Council on the West Rand are alleged to have used more than R150 000, mainly on trips and hotel accommodation, without the approval of the council.

This is contained in an audit report of the 1987/88 financial transactions of the council's Contingency Development Fund relating to the expenditure of R151 000 out of a total amount of R174 000.

The matter has been reported to the Transvaal Provincial Administration for investigation.

Sowetan has information that the commercial branch at John Vorster Square in Johannesburg has been investigating the case since early last year but have temporarily suspended their investigations.

The deputy mayor of Kagiso, Mr David Modiba, yesterday denied the allegations.

He said: "This is just a smear campaign to discredit us. It is all nonsense and rubbish and if anyone has information that we misused the funds, he or she can report the matter to the police or the TPA who will take the appropriate steps. The council has nothing to hide."

Asked about the audit report, Modiba refused to discuss it saying that the council had done nothing wrong.

Just a smear, says mayor

According to documents in the possession of Sowetan, part of the money was spent on the following:

* R13 000 for a trip to France by two senior council officials.
* In addition to that, one of the officials spent R1 500 on meals and no supporting vouchers were submitted to the council.
* R5 776 at Sun City for expenses for Mr and Mrs L. Moeketsi (mayor) and others.
* R3 972 at Thaba Nchu Sun for unnamed councillors which included R700 for gambling chips paid with council funds.
* R2 000 for Mr Moeketsi to spend at Sun City on another visit and no vouchers were given to the council.
* R2 200 for a party held by councillors and no vouchers were submitted.
‘Open homes’ holiday plan as Cape tops Natal

By DALE KNEEN, Staff Reporter

THE Western Cape has replaced Natal as the main tourist destination, according to Cape Town mayor, Mr Gordon Oliver.

The mayor was speaking at the launch of the Small Business Development Corporation’s “home bed-and-breakfast” project — a scheme in which residents open their homes to accommodate tourists.

The “phenomenal” growth of 20 percent a year might soon make tourism the region’s most important in terms of gross geographic product.

Income

This was in line with developments elsewhere, where government statistics suggested tourism had replaced agriculture as second most important after mining.

Cape Town’s tourist income was estimated at R300 million in direct and R1.2 billion in indirect spending.

“Hotel occupancy during the 1968/1969 in-season — which now extends well into May — was 40 percent ahead of last year and the Cape Province captured 41 percent of all bed-nights sold in December,” Mr Oliver said.

About 200 000 tourists visited the Western Cape in December and January. This figure was supplemented by 300 000 short-trippers.

Another 500 000 visitors — excluding short-trippers — are expected to travel to the city this year from the immediate hinterland.

However, urgent attention should be given to the need for accommodation in the city from November until May when the number of beds was critically inadequate.

“One route out of this impasse is the home bed-and-breakfast concept which, as so many South Africans know, is extremely successful abroad.

“Moreover, for tourism to flourish in Cape Town it is important to provide residents with opportunities to gain direct benefit from the industry. Stimulating the growth of bed-and-breakfast facilities is one way this can be achieved.”

The Cape Town City Council had been working with the SBDC and Cauthor to stimulate this growth.

Group Areas Act

Except for minor conditions, the regulations said almost any house in Cape Town which had a spare bedroom could accommodate up to five bed-and-breakfast visitors.

“Fortunately, and for once, the Group Areas Act does not impede progress and it is possible for a person from a different race group to stay in another area for up to 90 days in each year,” Mr Oliver said.

“Once this legislation is scrapped — and one hopes that this will not be far off — even this small constraint will go.”
Take in tourists — Mayor

Citizens could profit from bed-and-breakfast guests

By Peter Denneh

CAPE TOWN'S Mayor has urged citizens to boost tourism by accommodating up to five bed-and-breakfast guests in their homes.

Speaking at the launch of the Small Business Development Corporation’s Bed and Breakfast project this week, Mr. Gordon Oliver said that Capetonians could do this without having to acquire a licence.

'It is well known that from November almost until May, beds are in critically short supply in the city,' Mr. Oliver said. 'One route out of this impasse is the home bed-and-breakfast concept which is extremely successful abroad.'

Also, for tourism to flourish in Cape Town it was important that local residents should have opportunities to gain direct benefits from the industry.

The bed and breakfast (B&B) idea had been slow to take off in South Africa, whereas in Europe more people stayed at B&B places than at hotels.

Now, however, more and more South Africans were opening their homes to holiday-makers, and they were finding a ready clientele.

Some minor conditions, such as signage, had to be complied with to allow a householder to offer B&B accommodation, but no licence was necessary.

An association which would address issues such as marketing and the maintenance of standards, had just come into being and Mr. Oliver welcomed its establishment.

The association will make a significant contribution to the tourism mix in our city,' he predicted.

'Government statistics suggest that the tourist industry has superseded agriculture as the second most important industry in the country after mining,' Mr. Oliver added.

'Cape Town's share of tourist revenues is estimated at R300 million in direct expenditure.'

As tourism in the Western Cape was expanding by about 20% a year, Captour MD Mr. John Robert had forecast that it might become the biggest earning activity in this region. At present it was fourth.

Hotel occupancy last season was 40% up on figures for the previous season. In December the Cape captured 41% of all bed nights sold in South Africa.
Durban beach debate ‘has cost hotels thousands’

The Argus Correspondent
DURBAN. – The debate on opening Durban’s beaches to all has cost hoteliers hundreds of thousands of rands over the past five years, says the chairman of the local branch of Fedhasa, Mr Alan Gooderson.

Mr Gooderson appealed to the council to “get on with it” and open the beaches, as it should have done five years ago.

“But not right now, just when we are heading for what looks like a good season,” he said. “We have waited years for them to be opened, so let’s wait a few more months… please.”

CANCELLATIONS

Mr Gooderson said Fedhasa was in favour of open beaches but each time the debate came to the city council hotels had cancellations.

He wanted the council to put an end to the debate by opening the beaches to all races early next year.

“While the political types fight about it, we lose money,” he said. “The council must realise that good politics must be mixed with a bit of capitalism.

“We are the backbone of the tourist industry, and about 70 percent of our visitors come from the Transvaal and quite a number are conservative.”

Mr Gooderson said his views represented those of the hotel industry in Durban, and there would be no point in debating the issue at a general meeting.

He was responding to a call by a city councillor, Mr Peter Corbett, for Fedhasa to call a special general meeting to discuss the organisation’s stand on the beach issue.

Mr Corbett said he was “appalled” at Fedhasa’s call to council not to open facilities until pay beaches had been instituted.

“It shocks me that a business organisation should come out with something that is virtually National Party policy,” he said.

“I don’t believe this represents the view of the major hotel groups, which virtually make up Fedhasa. I don’t believe it is representative of its regional members.

“I believe somebody has done this thing off his own bat.”

Mr Corbett challenged Fedhasa to call the meeting at which policy could be defined and said he wanted an opportunity to address it.
Explosion-happy Spur’s turnover rises 61%

CAPE-based restaurant franchise group Spur Steak Ranches (Spur) and holding company Spur Holdings (Spurhold) increased earnings a share by 18% and 4% respectively for the six-month period to end-August.

The disappointing results of Spurhold (whose investment is a 46% holding in Spur Steak Ranches) is illustrated by a drop in turnover of 25.5% to R2.1m (R3.7m), and a decrease in operating profit of 41% to R390 000 (R619 000).

Bottom-line performance, however, improved slightly to R653 000 (R629 000) as a result of a strong increase in the portion of earnings attributable from Spur Steak Ranches of R388 000 (R324 000) and a more lenient tax bill of R62 000 (R365 000).

Expansion-happy Spur, for its part, posted a 61% rise in turnover to R5.9m (R3.6m) with operating profit climbing by 31% to R1.9m (R1.4m). Attributable income increased by 36% to R964 000 (R707 000).

Earnings for Spurhold increased very marginally to 5.2c (5.3c) with Spur showing an improvement to 6.1c (5.1c) a share. Respective dividends of 4c and 5c were declared.

Spurhold chairman Allen Ambor has said that the group is to begin trading through a retail franchise operation in Europe this year in partnership with a European consortium, and is actively developing an export market for Spur.

In addition, Spur has recently expanded into the fast food chicken business with the launch of three franchised Rancho Style Chickens and Burger stores. Spur at present operates over 80 franchised outlets.
By PETER DENNEHY
CAPE TOWN'S pubs have been saved.

The government yesterday shelved a threat to close down traditional pubs, where people wanting liquor need not also buy a meal.

The reprieve for the pubs was one of the last official acts by the Minister of Economic Affairs and Technology Mr. Danie Steyn, who has now been succeeded by Mr. Kent Durk. Pubs were threatened with closure under the new Liquor Act.

Those pubs facing imminent closure included well-known city pubs like the Forester's Arms, Perseverence Tavern, Fireman's Arms, the George, theCrow Bar, the Heidelberg, the Brass Bell, Seagulls, the Diaz-Tavern, theBrunswick, the Harrington, the Vasco da Gama and the Windhoek Stubbie.

In June this year the city council, which has in the past voted in favour of establishing more neighbourhood pubs, decided to approach the government and ask it to ensure that existing wine and malt licence-holders should not have to serve meals.

Yesterday a letter dated September 20 from Mr. Danie Steyn in reply to the council's approach was tabled "for information" at an executive committee meeting.

Mr. Steyn said one of the underlying principles borne in mind when drafting the 1989 Liquor Act had been to reduce the variety of liquor licences.

Three different kinds of licences under the 1977 Liquor Act, including that for wine and malt, had been converted into a single category, "Restaurant Liquor Licence"; in the new Act.

The only exception provided for in the new Act is in respect of the bar licence. This licence will, when the Act comes into operation, be converted into a special licence and the status quo will be maintained.
SAB strike giving retailers problems

THE nine-day-old SAB strike is causing major cash-flow and manpower headaches for retail liquor outlets, spokesmen for two of the largest liquor chains said yesterday.

And, said SAB, a "pretty effective" boycott of SAB products had been imposed in East London.

Solly Kramer's Boetie Rietoff said while there were shortages of certain lines, including Amstel 375ml bottles, and Castle dumpies, there was an adequate supply overall.

But all stores were still trying to build up as much stock as possible, and were forced to take large supplies of slow-moving lines.

"The big problem will come on November 15 when payment to SAB is due. Many bottle stores will not have sold sufficient of their stocks to be able to pay," Rietoff said.

Both he and a spokesman for the Rebel group said another major problem was that bottle stores were forced to arrange the unloading of delivery vehicles themselves.

Handling

"We are taking people off the streets and paying them casual rates," the Rebel spokesman said. But, he said, deliveries were often late and the casual labour could not perform as efficiently as normal SAB crews.

Rietoff said SAB was paying a small handling charge for this, but the amount did not add up to the time and effort involved.

SAB spokesman Adrian Botha declined to comment on these matters.

He disclosed that a beer boycott had taken hold in East London. Leaflets calling for such action had been circulated in many black townships but, other than East London, had had no noticeable effect so far.

Botha said the SAB welcomed the statement by the Food and Allied Workers' Union on Wednesday distancing the union from alleged acts of violence and intimidation.

Fawu said it was collecting a mandate from its 5,000 striking members on whether to take the initiative in arranging talks with management.

National organiser Rajin Nalecker said a decision would be made next week. Until then, the union remained open to approaches from management.
Confidence high
for Cape season

With Christmas only two months away, traders in the Western Cape are preparing for a big-spending season, despite forecasts of a lean Christmas elsewhere. ROGER WILLIAMS reports that the upsurge in tourism is seen as a key factor in the optimistic outlook at the Cape.

Peninsula traders are generally confident of a good season, with sales turnovers up by as much as 20% on 1988, a survey just completed by Cape Town Chamber of Commerce shows. This is in contrast with elsewhere in South Africa, where a bleak Christmas is being forecast.

This is despite interest rate increases and price rises of 12-15% on food, 18% on clothing and 20% on furniture, appliances and audio/visual equipment, compared with last season.

The Bureau for Economic Research at the University of Stellenbosch says the optimism of Cape retailers "can probably be ascribed to expectations of a better tourist season ahead".

Pick n Pay chairman Raymond Ackerman agrees that tourism "and the huge influx of people into the Western Cape" are among the plus factors producing an air of optimism in this region, in spite of increases in rates and commodity prices.

Politicians

Ackerman says his group is expecting "an enormous surge in sales" over the season.

"We are looking at an increased sales turnover country-wide of between 17% and 20% over last year — which represents real growth if one takes the overall inflation figure at 15%.

UCT economist Professor Brian Kantor says: "It's quite possible this will be a good Christmas. It will depend on the politicians and on the climate they create. If people are cheered by what is happening in the country, they will spend what pleases and encourages them, they will spend a lot more freely than if the national atmosphere is one of pessimism and negativism.

"By the same token, if people in the rest of the world see that positive moves are being made here, and if they feel this is a safe country to come to, the tourists will pour in, in increasing numbers."

The Chamber of Commerce says that despite slower trading conditions in the third quarter of 1989, retailers in the Peninsula polled by the Chamber believe the Christmas season will be better than last year.

The Chamber says an upturn in tourism probably contributed to the expected slow-down in retail sales in the third quarter and although business blackened from the second quarter onwards, the survey respondents reported more sales than the same period last year.

"Once again the non-durable sector performed the better during the third quarter, and is expected to do so again in the fourth quarter. Semi-durables also performed reasonably well, with men's clothing in particular reporting more-favourable business."

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Drop-Inn drop-outs threaten challenge

Business Times Reporter

EXECUTIVES of listed liquor distributor and retailer Drop-Inn who walked out a week ago over an aborted takeover deal are considering options — including the possibility of starting another big player.

Jacques Kempen, former managing director of the R109-million-a-year Drop-Inn group, resigned in support of three members of the management team who were not consulted about a R24-million offer by Brian Joffe’s Bidorcorp to buy a controlling 70% from chairman Sam Berk.

The offer has been withdrawn.

Mr. Kempen and his colleagues, financial director Brian McIntyre, marketing director Darryn Swarsky and director of operations Orion Meyer gave six weeks’ notice, but say they were told by Mr. Berk’s lawyers to leave their offices immediately.

Mr. Kempen says: “We have spent most of our working lives with the group, and have more than 65 years’ collective experience in the retail liquor industry. We have had many interesting propositions.”

Mr. Berk, who took Drop-Inn to the JSE in September 1997, says management has been restructured.

The group increased turnover by 27% to R109-million and taxed income by 54% to R4-million in the year to February.
CAPE TOWN will get a R10-million festive season tourism boost this year — probably climbing to R30 million by early in the new year — as specially chartered flights from Britain begin ferrying in hundreds of foreign tourists.

A local company, Master Leisure, has secured an unprecedented clearance from the National Transport Commission (NTC) for three of eight non-scheduled package-deal flights from London’s Gatwick Airport to D F Malan Airport.

The approval is the first given by the NTC since it received a ministerial directive recently to consider all applications for non-scheduled flight package deals more leniently than in the past.

The directive is a key element of the government’s latest tourism and privatisation initiative.

‘Breakthrough’

Mr Japie Smit, chief director of Civil Aviation and a senior NTC member, said three flights of 400 passengers each had been approved for December while another five identical flights were under consideration for January.

The unexpected economic boost to the Western Cape was yesterday lauded as a “magnificent breakthrough” by tour operators and businessmen.

Captour spokesman Ms Marion Kelder described the boost as “marvellous — a pity it’s taken such a while but better late than never”.

Master Leisure chairman Mr Koos Jonker said prices began from R3 000 for a return air ticket and a week’s accommodation.

A calculation of South African Airways “Cost Cutter” flexible package deals over the same period shows a R3 260 price tag.

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Mr Jonker said passengers would fly on board Caledonian Airways’ Tristar 400-seater jets, arriving in Cape Town on December 11, 18 and 24. So far his company had 800 confirmed reservations.

London-based Master Leisure spokesman Mr Charles Cooper said tourists would spend an average of 16 days in the Western Cape.

Mr Ian Masson, managing director of Master Leisure — owners of Club Mykonos at Langebaan, Park Avenue Hotel in Gardens and developers of Silverhurst Estate in Constantia, said he hoped passengers would use his group’s hotels but were free to choose.

Both he and Mr Jonker estimated that individual passengers would spend about R300 a day “all in”, totalling an initial R10 million and, by the end of January, possibly R30 million.

Mr Jonker said a premium on high-season aircraft seats and relatively high prices had caused South Africa to lose much tourist trade to South America and Australia.

“The European tourist market is huge and long hauls are growing in popularity. We can offer tremendous value for money with the rand,” he added.

He was confident that the local tourist growth rate would now exceed “even the most optimistic views”.

The newly elected director of the revamped private-sector-dominated South African Tourism Board, Mr Piet van der Hoven, said non-scheduled charter flights were “an aspect lacking in the overall tourism market scheme”.

Mr Smit denied that the package flights approval by the NTC would negatively effect SAA.

SAA spokesman Mr Gerhard Fritz said Caledonian had to fill their flights to make the scheme pay while SAA were only marginally more expensive and had to contend sometimes with a mere 25% passenger payload.

Mr Smit said of the new scheme: “This market was not previously being served. What we turned down previously were non-scheduled flight applications which excluded package deals. They would bring people here and then want to transport local passengers back to cover costs. This chewed into the local-scheduled market which is strictly regulated by bilateral air service agreements between governments.”

Caledonian Airways is owned by British Airways.

A second significant boost to Western Cape tourism will be the definite arrival of 97 globe-trotting wealthy American tourists on board the British Airways Concorde on April 7 next year for a four-day stay at the Mount Nelson Hotel. A second similar Concorde flight is “80% certain” for later in the year, local agent Mr Trevor Hewitt confirmed yesterday.
Police to buy R2.6m hotel

By SHARON CHETTY

INDIAN policemen have made plans to buy a R2.6-million hotel on the Natal south coast.

The SAP holiday resort fund-raising committee has made a bid for the two-star Marina Beach Hotel, 20km from the Wild Coast casino.

Committee chairman, Lieutenant Udai Singh said the hotel would be run as a 'multiracial' holiday resort, and that members of the public would be welcome.

The committee already had money in the coffers but fund-raising activities would be held to make up the balance, he said.

Cheaper

The 60-bedroom Marina Beach Hotel, with swimming pool and chalets, is intended as a 'cheaper en-route stop-over place' to the Wild Coast.

The committee is holding a fund-raising show at the Durban City Hall next Friday. The winner of the show's sari queen contest will win a trophy and other prizes.

"We have sent a memorandum to Law and Order Minister Adrian Vlok and the national SAP fund-raising committee about our plans.

"We hope to get financial assistance from the national body too," Lt Singh said.
Tourist dependence

Southern Sun’s interim results to end-September were disappointing, especially after its solid performance in the year to end-March. The latest six months saw attributable earnings to shareholders fall to R1,07m from R1,64m achieved for the same period in 1988.

After 1988’s good performance, directors expanded the refurbishment programme which pushed finance costs (interest plus preference dividends) to R14,4m (R9,1m), causing trading profits of R11,5m (R7,1m) to fall to a pre-tax loss of R2,97m (R1,99m).

Group MD Bruno Corte says the next six months should recoup the losses, because of “significant increase in overseas bookings received and the coming holiday season.” The larger number of tourists has already boosted occupancy and average room rates to 62%, reflecting a 6% increase over the same period last year. This higher occupancy level has, in turn, resulted in the proportion of operating profit generated by Southern Sun, as distinct from dividend income (mainly from Sun International), rising to R37,3m (R21,2m).

Dividends from Sun International also improved though. Dividends received added R10,7m (R8,5m) to profits and retained attributable earnings of associated companies R5,2m (R4,8m).

However, margins remain under pressure as finance costs reduced bottom line profits by 35% to R1,1m (R1,6m), and EPS from 2,3c to 1,5c.

The group considers short and medium term preference shares as interest-bearing debt which, with the R200m received from an additional August issue, caused gearing to leap to 0,66 (0,55). Directors say the funds were used to repay existing short-term borrowings, redeem some short-dated preference shares and finance part of the capex. Long- and medium-term borrowings thus fell to R57m (R154m) and interest-bearing debt (not including preference shares) to R85m (R180m). The cash pile rocketed to R40,8m (R300 000).

Corte says return on assets is still far from satisfactory. “Southern Sun is looking at a long term return on equity of about 20%.” At end-March, the figure stood at 7,1%.

Directors forecast further improvements in occupancies in the next six months, which should enhance profitability. However, the situation is volatile and could turn around at a moment’s notice, as it is directly linked to the prevailing SA political and economic conditions.

Jacques Magliolo
It seems everything is in place for the group to be delivered to gold with the exception of Transkei, and even there, Transkei Sun International (Transkei Sun) is making a profit many other companies envy. The group has been without Kerzner's direct control for about two-and-a-half years but it seems that, until he resigned from the different boards, he kept his finger on the pulse.

Will the gold show the same strength without the Kerzner flair? Kerzner, MD Ian Heron is emphatic that Kerzner made the necessary strong moves for the company in the southern African operations in the past two years. In 1987, Kerzner moved overseas with the intention of concentrating on developing the international interests of the group under the Royale Resorts banner. Unfortunately, the SA connection proved a major problem after the advent of the sanctions, there were also difficulties in France, where four casinos were bought. With the latest developments, Kerzner left Royale Resorts and Heron says there is no longer a need for French casinos - three have already been sold.

This does not mean there has been a change of direction. Heron says that the intention for Kerzner to receive 50% from overseas operations, as announced some years ago, remains unchanged but it will take longer than expected. The latest figure is that Royale contributed 30% but this includes the fees earned from running the local casinos.

Already there are interests in the Indian Ocean: the Mauritius hotels (San Geran, La Pirogue and Le Touessrok) as well as the new Comores Easius San and Le Golawa Sun. The Comores is proving successful and Heron says this area is becoming the playground of Europe.

But he says the group will also expand in Europe after the sale of French interests. Certainly the receipts from these sales, plus the rights issue of Royale Resorts, which raised R121m from Kerzner alone, should enable a major expansion of the European operation. Heron is spending about a week each month overseas - and is looking at many propositions - but will not commit himself at this stage to saying whether he intends buying a chain or establishing a company.

He does say it will be slow growth but that 1993 will provide many opportunities for supplying accommodation for business travellers. He alludes to the possibility of an increasing use of ground transport - specially trains - because European skies are so crowded. He suggests the group is unlikely to concentrate, as in the past, on casino operations overseas.

Kerzner is still involved with Sun Bop which contributes 32% of Kerzner's income. It is also the jewel in the Kerzner crown, with an average annual growth in attributable earnings of 34.5% in the past nine years and 67% in the year to June. Sun Bop has not done too badly over the past 10 years although Some have been no further development since the conversion of the Savoy Balmoral in 1984. Although Sun Bop MP Peter Wagner says that income from Sun City itself has consistently grown at a rate of 28%-34%, profit increases since 1984 have come mainly from developments outside Sun City. Morula Sun, Thaba 'Nchu, Molopo in Mmabatho and Taung, Heron says plans are for an expansion of Sun City with the building of two more hotels and another golf course, as well as a new mouth for day visitors (including a swimming pool), plus a new development at Babbelgei, which will be a large entertainment centre and hotel. These proposals are in the planning stage and subject to Bophuthatswana government and Sun Bop board approval.

Observers have long questioned whether the growth in Sun Bop must not slow but it seems that the growth of the Vlei Triangle has an insatiable appetite for casino-hotels. Morula affected Sun City for the first six months after it opened but the demand was so great that, within weeks of opening, facilities and rooms were expanded, Babbelgei, between Pretoria and Warmbaths, will also attract customers from the FWV. It seems possible that this development will attract more day-trippers who prefer not to make the two-and-a-half hour journey to Sun City.

But there is not a chance that Sun City itself will become too blasted with two more hotels, increasing the hotels - if not the rooms - by two-thirds? Wagner does not think so. It has not yet been decided whether the hotels will be five- or three-star, or whether a different type of approach will be used - but Wagner thinks the clientele is there.

The present hotels are booked out at weekends, during the Easter holidays, and during most of the week, there is heavy booking for conferences. Wagner notes that the two hotel and double conference facilities because the balance between conference rooms and hotel rooms must be maintained. The number of beds, sold for conferences in any year, is such that demand will continue despite the recession. Certainly there will be no problem with financing the expansion: Sun Bop has R202m cash.

There was a fall in operating margins in the second half of last year but management suggests that this is simply an anomaly and the annual figure shows an improvement from 20% in 1988 to 29% in 1989.

Wagner points out that the greatest impact of the recession in 1984-1985 was on the overseas tourist trade and this was mainly an effect of political circumstances. In the case of Sun Bop, only 15% of customers are from overseas and Wagner suggests his group benefited from the fewer overseas holidays being taken by local people because of the rand's fall. "Instead of taking an overseas holiday, for example, they may come to Sun City for four weekends during the year. In addition, the gaming industry overseas has not really been affected by the recession." There were suggestions that the fall in the local currency also meant the salaries offered overseas casino personnel and other foreign staff were lower in terms of their home currencies and that there was a resultant effect. Wagner, however, says salaries are comparable and the change to local personnel has been in line with that of an agreement with the Bophuthatswana government that employees would be 60% local. This has now been exceeded on merit and is 90% local.

If Sun City's size is increased 66%, and if the occupancy rate remains at about the same level as at present (65%) this has been in line with the special interest the Babbelgei development, will ensure that the Sun Bop growth rate is maintained.

But there are also the other Kerzner subsidiaries. A new investment is in Namibia and Heron suggests there will be further opportunities there after independence.

Troubled Transau contributed 16.8% of Kerzner's earnings but recorded an operating loss of only 11.8% after the R2.9m extraordinary write-off of costs of the Unitata Sun, which has been abandoned - at least until the group is sure of the exclusivity of its gaming rights in the state. Legal proceedings have been instituted to determine the validity of the exclusive contract and Heron.
says that Sun International has submitted its replies.

Obviously, there will be plenty of aspirant casino operators if the courts rule against Transun, but the fact that the original Wild Coast Sun was actually a Holiday Inn and had a number of problems before being taken over by Sun International shows it takes more than permission to operate to make a successful casino-resort, as also shown by the takeover of the Lesotho Hilton by Sun International.

As the write-off of the Umtata development indicates, Transun is awaiting the outcome of the litigation before investing further. Cash climbed from R34m to R58m in the year to end-June and now amounts to 40% of the total net worth per share of 68c. With an operating margin of 44%, it seems certain that, if the ruling is in Transun’s favour, there is room for considerable additional investment.

The other main contributors to Kersaf’s profits are Interleisure (29% last year) and

Kersaf Liquor (11%). Interleisure has experienced a number of problems with its food interests, whose contribution to profits halved over the year. But Heron says this was largely due to the fact that they were company-owned and 77% are now franchised operations.

Far more successful were the old Satbel operations and the new sports section. Film production, cinemas and related services contributed more than 70% of pre-tax profits and sports goods another 22%. Because cinemas alone account for 36%, the possibility of Sunday opening — which Interleisure management has made clear it expects before the end of the year — could cause a major improvement in the share price.

But the main interest in the Kersaf group must be in the international operations (which can only be invested in via Kersaf) and Sun Bop.

The international side is still very much an unknown quantity but Sun Bop will have some easing in growth until the next developments come on stream, expected in the 1991 financial year. Until then there should be a tailing off in the growth rate, but, depending on the trend of the market as a whole, analysts suggest the share could be cheap at the current price.

It seems that Sun International is managing well without Kerzner — and certainly growth in the past two years has not fallen below that of the Kerzner era. Pat Kenney
BOOKED SOLID!
Nothing to rent in festive Cape

CAPE TOWN hotels are preparing for a bumper season, caterers and entertainers are booked out and it will be very difficult to hire a car over the festive season.

Hotelliers maintain they could fill their establishments several times over at premium rates during the peak season.

It is not unusual for guests to reserve accommodation more than a year in advance and some establishments require pre-payment in full.

Accommodation is, however, still available. Fedhala Western Cape regional director Jack Viers, claims that "there is always space in Cape Town."

Last minute cancellations and no-shows will always supply a large number of beds and some of the major hotels do have room.

Party-planners who have delayed making firm arrangements are in for a shock.

Entertainment agent Sharon Irving says several of her top bands have tripled their usual rates over the season.

They were nevertheless booked long in advance, some a year ahead, and at prices up to R3,000 per performance.

Stephen Gallei, who rents out mobile discotheques, admits his fees also rise during the festive season. He charges about R100 more for the first four hours. "To hire one of my mobile discos for six hours during the high season would set you back in the region of R600."

Catering is simply unavailable unless booking was done months ago. Pick 'n Pay's division head Peter Benedix says he is fully booked.

Rates for the catering service stay the same as during the rest of the year, Benedix noted, but this is cold comfort for those who are only now beginning to plan. They cannot be accommodated.

Exchange the party plans for a New Year's Eve at the ballet? No way, unless you get cracking immediately. It is already virtually impossible to get booking for the ballet performance at the Nico Malan on New Year's Eve, warns the Nico's Philip Loxton.

Bookings were opened early this year.

With all discount air fares to Cape Town fully booked for the past three months tourists wishing to fly to the city for the peak season would have to pay the standard fares and even these will probably be booked out.

Car rental firms will not raise rates during the holiday season but visitors and tourists "will have a problem" hiring cars during the festive season if they do not book well in advance, according to Avlo spokesman Sharon Cockrell.

Sight-seeing tours in the Peninsula present a happier picture.

Hilton Ross Travel MD Laurie Hopkins says tourists can be assured of a seat on one of his day tours around the Peninsula.

He points out, however, that coach tours to the Garden Route and Durbans have been fully booked for some time.
Karos’s maiden results indicate strong growth

KAROS Hotels, in its maiden results since being listed at mid year, has shown strong growth for the six months to end September, with earnings up by 98,5% to 16,2c (10,2c) a share.

Profit after tax virtually trebled to R4,5m (R1,5m).

The listing has obviously made directors more prudent with their dividend declarations. Dividend cover for the period under review was lifted to 2,7 times on a dividend of 6c — very commendable when viewed against the 0,5 cover for the comparable period last year on a dividend of 13c.

Past year turnover, interest, depreciation and balance sheet figures have not been presented as directors felt that in view of the group’s recent restructuring they would not form a meaningful comparison.

However, comparative figures reflecting the position, had the restructuring occurred on April 1 last year, estimate a turnover increase of 98% to R25,4m (R13,3m) and a 37% rise in earnings to 16,2c (11,9c) a share.

Confident

Chairman Selwin Hurwitz said the group was confident of reaching its target earnings of 45c a share by year end.

He was especially satisfied with the results bearing in mind that the first six months were traditionally weaker as far as trading was concerned, and in view of the major refurbishment and expansion programme which the group was currently undertaking.

On the balance sheet the ratio of interest bearing debt to shareholder’s funds is at 40% with incurred capex for the period of R12,3m and an additional R1,7m contracted.

He said that the better room occupancies normally experienced in the second half of the financial year should influence room rates and margins favourably.

"The 88-roomed Karos Lodge at the Kruger gate is scheduled to open next March and major refurbishments of seven other hotels are scheduled for completion by year end," said Hurwitz. The Karos chain comprises 11 hotels.
Karos lifts profit by 41%
TABLE ON THE TERRACE... Enjoying the new decor and the view at the refurbished Zeelicht Restaurant at Sea Point are (from left) Tracey Spickernall, Sean Armstrong and Eva Herm.

**Group fighting for a better place in sun**

REVAMPSING of restaurants in the group's Peninsula hotels has been aimed specifically at bringing furnishings and food styles more in line with the expectations of the clientele. The group is devoting up to 50% of its multi-million-dollar refurbishing programme to its restaurants.

IN AN effort to claim a larger slice of the catering sector, the giant Southern Sun group is devoting up to 50% of a multi-million-dollar refurbishing programme to its restaurants.

GERTRUDE COOPER reports.

Hotels are more expensive, of course they are not.

"People also tend to feel intimidated by the drawbacks of a five-star hotel. We want, by encouraging them to come through the swing doors to realise we are not different from their favourite eating place."

"Cape Town has many fine restaurants to attract the eater-out. Through the changes we have introduced they will, we hope, realise that the food in an hotel can be of the same quality as in their favourite restaurants."

"With the increased in the number of Taiwanese tourists we have introduced an Oriental corner which is attracting to other international tourists."

"And at the outlet to our new decor, we offer guests both food and leisure."

**Ambience**

In addition to a sunny new menu and a new colour scheme of light blue and white with a touch of orange has been introduced. People love eating outside, and our new decor adds to the enjoyment.

"As far as ambiance and value are concerned, I am confident that we compete very favourably and offer a more English club than an hotel restaurant."

Initiator of the new trend in Southern Sun eating was the St George's La Brasserie which emerged from the hotel's R5mn revamp last year with a decor of marble floors and pale blue paint, carpet and bistro-style table and chairs. Since then, some more of an English club has come with a hotel restaurant.

The Provencal menu was also a breakthrough in traditional hotel fare.

The Inn on the Square's Spirit of Greenmarket Square restaurant and Cobbles and Square bars are to be redesigned next year as part of a R33m refurbishing.

**Resurgence**

"We are proud of our extensive cellar with its selection of wines, we have also brought in wines from smaller boutique vineyards to make our wine list realistic at every price level," says Gavill.

The President Hotel's Zeelicht restaurant, one of the Peninsula's finest eating places with a sea view, is experiencing a definite resurgence of interest. GM Nico Ross-Jones says:

"In order to re-establish our reputation for fine fish, the emphasis was on equipment which would not detract from the quality of the food. When the restaurant and kitchen recently underwent a R200,000-plus change, people commented: 'With our new decor and atmosphere we offer guests both food and leisure.'"
Whites attack blacks in bar

JOHANNESBURG. — A group of right-wingers attacked black customers at a hotel in Roodepoort, west of Johannesburg, on Friday, terrified the owner into closing on Saturday and threatened to shoot him if he continued to serve blacks.

Mr Robert Quartier, who bought the De La Rey Hotel five weeks ago, said he was taking the threats seriously.

"I informed my regulars that I intended turning one of my pubs into a multiracial bar as I could not make enough money from white trade only," he said.

About 9pm on Friday, the day he began serving black customers, nine white men had come in. "One grabbed me by the collar and asked what I was doing. He told me it was against the law to serve blacks and I was in CP country."

Mr Quartier said one of the men left and about half-an-hour later he returned with seven other men.

"They switched off the juke box and told the blacks to get out. They shouted AWB slogans," he said, adding that the men had thrown out the black customers and assaulted them.

"They told me never to let blacks in again or they would shoot me," he said.

On Saturday afternoon a man entered the bar and asked the barmaid whether the bar would open that evening. When she said it would open, he said he would be returning with AWB members to wreck the pub. "My barmaid ran away, forcing me to close the bar." — Sapa
Leading SA hotels unite to form marketing association

TANIA LEVY

A GROUP of SA hotels has banded together to form the Association of Leading Independent Hotels of Southern Africa (ALHSA).

In a Press release yesterday, Carlton Hotel GM Nick Martin said the association was officially launched at the opening of the Bay Hotel in Cape Town last week.

The list of members includes The Carlton, The Mount Nelson and the Vineyard in Cape Town, The Royal Hotel in Durban, The Plettenberg, the Eastern Transvaal’s Londorzi, Cybele Forest Lodge and The Coachhouse.

Martin said independent hotels were previously forced to curtail international marketing because of the cost factor.

As ALHSA members they would be represented as a group at international conferences and travel exhibitions, such as the World Travel Mart in London this week.

He said membership criteria reflected the values of more discerning guests, cutting across the normal grading systems.

Martin said quality — defined in terms of traditional hotel-keeping values, good food, top service and hospitality — was a priority.

As a group the independent hotels provided some of the finest accommodation options in SA, he said.
RCI records Cape timeshare membership boom

ENROLMENTS at Resort Condominiums International (RCI) in the Cape rocketed by 98% during the first three quarters of this year, says MD Bruce Ravenhill, and total enrolments were significantly larger than for the same period last year.

"The overall increase in membership is a sign of confidence in the quality of timeshare in this country, and in the basic stability of the industry," he says.

From January to September, RCI enrolled a total of 17,725 new members, compared with 14,306 during the same period last year — representing an increase of 23.8%.

In the first six months of the year a total of 15 new resorts were affiliated, bringing the number of RCI-affiliated resorts to 84.

Timeshare sales at the Cape resorts experienced the highest number of new member enrolments — 8,401 — contributing 38.4% to the national total.

The timeshare industry overseas is also growing and recently RCI International notched up a million members worldwide.
Hungry hotelier

Karos Hotels offers couples who use its facilities a free honeymoon suite and chauffeur-driven Rolls-Royce for brides on their wedding days. The idea has been a winner.

Karos chairman and joint MD Selwin Hurwitz (46) might be a hands-on manager but he stops short of donning a chauffeur’s cap and taking the wheel of the company’s 1961 Silver Cloud on his free Saturday mornings. Suffice to say the promotion was his idea.

It’s that kind of innovation that has seen Karos grow from a tiny, family-owned hotel company into a listed chain with 10 three-star hotels and assets worth more than R110m.

More surprising is that the company has found a profitable niche in an overtraded market. In the six months to end-September (in April the company was wrested into the New Bernice cash shell so figures are adjusted) Karos showed a 36% improvement in turnover to R26.5m, a 41% improvement in after-tax profit to R4.5m and a 37% increase in EPS.

Hurwitz is pleased with the results but maintains there’s no special science in what Karos has achieved. “We just looked for the gaps in the market and made sure we took them.”

In 1971, Hurwitz, advocate David Melamet (now a judge) and Ivan Sive, a Pretoria architect, bought the 10-roomed Northam Hotel near Rustenburg in their first exploration of the hotel business. It wasn’t really viable but they were after the liquor and off-sales licences.

The next 12 years saw them build the business into a 14-unit chain with country hotels in one-, two- and three-star categories. With the advent of government’s more liberal liquor licensing policies the group was forced to restructure because liquor sales had been the mainstay of the business.

Says Hurwitz: “I would be sitting with a R1m investment, doing very nicely, and along would come some liquor store competitor, get 45 days from his creditors, and he’d cut my business in half. That’s not what I call fair competition.”

Between 1982-1987 Karos disposed of seven hotels and about 20 off-sales and bottle store licences. Hurwitz and his partners repositioned the business in the three-star market and concentrated on acquiring quality hotels with about 100 rooms each in sought-after — if not prime — locations.

Included in the company’s portfolio are the Arthur’s Seat Hotel in Cape Town, Wilderness Hotel, Richards Bay Hotel, Mont-Aux-Sources Hotel in the Drakensberg and (nearing completion) Karos Kruger Lodge near the Kruger National Park. A 1977 merger with the privately owned Hoffmann group added the Safari Hotel in Rustenburg with Stan Hoffmann joining Hurwitz as joint MD.

Reversing Karos into New Bernice has given the group added clout. Hurwitz and his associates still own most of the equity but roughly 40% of the company is held by institutions. So, as hoteliers, they have ready access to capital.

They have already started developing timeshare units, at Kruger Lodge, Mont-Aux-Sources and Wilderness, and have plans for substantial expansion in Namibia where the group has acquired two sites, one near the entrance to the Etosha game reserve and another near Namibia park in the south.

Talks with the Mozambican government are also well advanced: the group is aiming to acquire the management contract for the Palma Hotel in Maputo.

Hurwitz was national sales manager of Premier’s bakery division 18 years ago. What made a middle manager give up his nine-to-five job and plunge headlong into the tough hotel business?

“I was hungry,” he says. Not literally but, with a legal BA and an MBA from Stellenbosch and UCT, he was hungry for achievement. “I wanted to see if I could make it on my own.”

Today he lives quietly with his wife (who runs her own executive development business) and two children in Norwood, Johannesburg. He exercises regularly at a gym, reads historical novels and enjoys long walks. His hunger seems to have been satisfied.
Room boom as tourists return

By Charnell Naidoo

To be what they want.
This opens up the country more and Tourism is the industry that welcomes the tourists as well. But he is appealed by local tourists who are the tourists that are staying in the tourist areas. There is a 3.5% increase in tourism, which is seen as being positive. The government is also doing a lot to promote tourism, such as the award of the "Best Tourism Destination" award to its tourism initiatives.

The Top 100 Companies 1989

Planning for the future, he believes, should come from all quarters—local, provincial, and national authorities, hotels, food service outlets, transport operators, and the government itself. "The only way to improve the situation is by investing in the industry," he says. "We need to be innovative and creative in order to attract more tourists.

A small, but significant, change in the tourism industry is the increase in the number of foreign tourists. This is due to the marketing efforts of the South African Tourism Board, which has been successful in promoting the country as a tourist destination. The board has also been working with airlines to improve the travel infrastructure, such as the increase in the number of direct flights to South Africa.

The government has also been working to improve the tourist facilities, such as the development of new tourist attractions and the improvement of existing ones. This has been done in order to attract more tourists and to improve the quality of the tourist experience.

The future of tourism in South Africa looks promising, with the potential for significant growth in the coming years."
Leak on Sun City’s talks with SA musicians slammed as ‘mischief’

Dated October 23, the document reads in part: “In light of the continuing changes towards unity in South Africa, Sun International pledges its unqualified support of the South African Musicians’ Alliance. “Sun International acknowledges with regret that the activities of Sun City to date break the international cultural boycott of apartheid South Africa and in this respect extends an apology to the people of South Africa. “The company agrees to sever all ties with the international cultural community.”

All cultural activities of any kind, including sports, music, theatre, art and literature originating outside of South Africa shall not be allowed at Sun City or any other venue owned by Sun International in South Africa.”

And, says the document, Sun International, in association with Sama, agrees to present concerts featuring South African artists. But, said Sun International’s group entertainment director Miss Hanel Feldman: “I am absolutely devastated by this. I saw this document more than three months ago and it was rejected out of hand without consideration. “Someone, somewhere is looking to do considerable damage to negotiations already under way and it’s a dangerous and destructive piece of mischief-making.”

Mr Jabu Ngwane of Sama said: “This document was drafted outside South Africa and had not even been considered by Sama.”

“How it was leaked in London we don’t know, but it most probably came from the States. People there see confidentiality slightly differently to us.”

Clear

“I don’t know what people are trying to achieve by doing this, but we want to make it clear we are continuing our negotiations with Sun City to reach a common ground, and when we reach the stage of issuing a statement it will be done officially as a joint issue.”
By Charmain Naldoo

FIRST National Bank ended an expensive dabble in hotel ownership this week.

It sold the Indaba, north of Johannesburg, to Karos Hotels for R20-million.

First National became involved in the hotel-conference centre when Bob Aldworth was managing director of the bank and romantically linked with one-time marketing professor at Wits Business School Sandra van der Merwe. She was marketing consultant to the bank — then called Barclays — at the time of the deal.

First National senior general manager Jimmy McKenzie says the experience cost the bank R33-million.

The centre was sold because the bank now has its Sandown management training centre.

*From Page 1*

Sandra’s Indaba goes for R20m

There are now 11 hotels in the Karos chain. Joint managing director Stan Hoffmann says: “The 12-year-old Indaba fits well into our stable.

“We are refurbishing our other hotels, and next year the Indaba will undergo some changes. We want to increase the number of rooms from 114 to about 200.”

Mr Hoffmann says: “We think R20-million was reasonable. There is potential for expansion.”
First new hotel in 10 years for Northern Cape

Business Times Reporter

The Northern Cape's first new hotel in at least 10 years will be built at Upington. It has been designed on the selected services concept. Developer Willie Burger owns the two-star Upington Protea Hotel.

Mr Burger bought the land for the new hotel from First National Bank.

Building will begin in June, and the project in Upington's business centre should be completed by the end of 1990.

Boost

Following the no frills concept, the hotel will offer only accommodation and breakfast, with a bar service in the evening.

Protea Hotels managing director Arthur Gillis says: "It will be a welcome boost to hotel accommodation at Upington.

The Boland town of Worcester is now on the Protea Hotel map with the signing of the three-star Cumberland Hotel.

Owner Egidio Cardoso entered into a franchise agreement with Protea in terms of which the group will be responsible for marketing the Cumberland.

Beautiful

Mr Cardoso will remain in charge of the 50-room hotel which has two restaurants, two bars, a gymnasium, squash court, swimming pool and tennis court.

Protea's regional director for the Cape, Mike Markovich, says: "The intention is to court the conference market."

"Worcester is a beautiful town, with its antique buildings and Karoo gardens, and is only an hour's drive from Cape Town."
that the council’s objectives could also be achieved if smoke-free areas were implemented in eating establishments on a voluntary basis.

The application to the administrator to promulgate the by-law would now be looked at again, he said.

“The situation will be monitored as we go along and we look forward to seeing significant progress in the next 12 months when the whole situation will be reviewed,” he said.

Mr James Vivier, regional director of Fedhasa, said: “The smoking by-law is quashed — that’s the main thing. We are very happy about that.”

He was confident of getting restaurants to set aside non-smoking areas on a voluntary basis, which was fair enough, he said.

“We have never been against the anti-smoking thing, but you just don’t impose it,” he said.

City councillor Mr Arthur Wienburg, an archnponent of the proposed by-law, was upset by yesterday’s events.

The restaurateurs have had all the time in the world to implement voluntarily the measures required by council, yet most have made no effort to put their house in order. It appears that they are not interested in the health of their patrons.”

He also thought it was “a disgrace” that the administrator “was not prepared to back up the medical officer of health and the full council where it was seeking to carry out the legal duties entrusted to it”.

He wondered whether political considerations had come into play.
Municipal Reporter

CITY restaurants are to set up a star-rating system and establishments which do not make provision for non-smokers will not be awarded the full five stars. According to Mr Boris Savvas, chairman of the Cape Restaurateurs' Association, the association plans to implement the system within a year.

He said the association represents about 80% of the restaurant business by volume in the Cape Town municipality.

Mr Savvas said that one of the evaluation criteria would be whether a restaurant provided a smoke-free area, "and anyone who does not provide one will not get all five stars".

The new rating move comes amid a war of words between city restaurateurs and the city council.

The council had tried to introduce a by-law forcing all restaurants to make 50% of their floorspace a non-smoking area.

On Tuesday, Cape Administrator Mr Kobus Meiring vetoed the proposed law, citing restaurateurs' opposition to the ban.

In spite of Mr Meiring's ruling, the confused row continued yesterday as the association threatened not to withdraw its Supreme Court action against the city council.

Mr Savvas said the association had agreed to abandon the court action only if the council would revoke their resolution on the proposed by-law.

He also quoted remarks made in the Cape Times by councillor Mr Arthur Wienberg.

Mr Wienberg had said in reaction to Mr Meiring's decision that restaurants "had had all the time in the world to implement voluntarily the measures required by council, yet most had made no effort to put their house in order".

Mr Savvas said that if the council endorsed Mr Wienberg's views or failed to rescind the resolution on the by-law, the matter will proceed for a "one-and-for-all" ruling by the courts.

Cape Town's Medical Officer of Health, Dr Michael Poppkiss, said he had never been in favour of the 50-50 rule (banning smoking in half of each restaurant) as it had not been shown that this would protect non-smokers.
Cape tourist influx set for new heights

BY PETER DENNEHY

TOURISTS are streaming into the Western Cape in their thousands and the influx is expected to reach new heights this weekend.

Mr Rainer Schmitz, general manager of Tucor, which operates the tollgate beside the Huguenot Tunnel, said yesterday afternoon that about 600 vehicles an hour were coming into the Western Cape on the N1.

Outside the holiday season not more than 200 an hour normally came through the tunnel towards the city, he said.

"In the past 24 hours we have had 7,600 vehicles passing through towards Cape Town," he said. "About 1,100 of those were trucks."

This year's holiday season figures for vehicles coming towards the city had been about 15% higher than last year's, Mr Schmitz said.

Traffic volumes in both directions were expected to rise further this weekend because the building holiday started yesterday. Several hundred people were predicted yesterday to leave the Peninsula, most of them going to Transkei and Ciskei.

Mr John Robert, managing director of the company, predicted yesterday that more than 10% more tourists would visit Cape Town and environs this season than had visited last season, which had itself been a bumper year.

Illegally parked at Sandy Bay to be towed away

TRAFFIC authorities have warned that illegally parked cars at Sandy Bay will be towed away — and lifeguards on the famous beach have heeded up their presence for the season.

Mr Les Kirk, chief traffic officer for the Western Cape Regional Services Council, said yesterday that "parking at Sandy Bay at this time of the year is particularly hazardous."

"Cars blocking the roads and the driveways are an annoyance and could obstruct emergency vehicles," he said. "Illegal parking will not be tolerated and besides the R30 fine, offenders could find their car towed away."

Ms Lisa Kruger-Liprot of the Sandy Bay Conservation Trust said the popularity of the bay was increasing and there was a "pressing need for lifeguards."

Mr Eddy Cassar, spokesman for the Western Province Surf Lifesaving Association, said Llandudno and the Sandy Bay Conservation Trust would be meeting next week "to see if lifeguards could put extra manpower on Sandy Bay over the height of the season."

He would not be drawn on the question of whether lifeguards would wear bathing costumes on the nudist beach.

Yesterday the Mayor of Cape Town Mr Gordon Oliver, hosted a "Welcome to the Cape" champagne breakfast at the Huguenot Tunnel along with scores of dignitaries and tourism officials.

The Administrator of the Cape, Mr Kobus Meiring, was among those who attended. The mayors of Parow, Krai- ffontein, Somerset West, Worcester, Stellenbosch, Paarl and Pinelands, wearing their chains of office, helped to make the travel-weary visitors feel welcome.

Mr Oliver said 130,000 people would visit the greater Cape Town area this month, 40% of them foreign visitors. The total number of non-foreign visitors for the whole of this year would be 600,000, and they would bring direct earnings of some R300 million. Yesterday afternoon Mr Robert said his office had already received five complaints from tourists who said they had been "ripped off" by sedan-car taxi-drivers.

Four said they had been charged R30 for a ride from Cape Town station to the Cape Sun, while one had apparently paid R30 to go from the station to the Royal Cape Yacht Club in the docks.

A taxi driver said yesterday that the journey from the central city to the docks should not have cost more than R5.

Red tide danger not over yet

A RED TIDE along the West Coast is continuing to poison some seafood.

According to Mr Neil du Bois, spokesman for the chief directorate for Sea Fisheries, the toxic tide, which originated off Elands Bay, will affect the West Coast until mid-January.

Mr Du Bois warned people not to eat white or black mussels collected along the affected areas. He added that seafoods like crayfish, perlemoen and angling fish are not affected by the red tides.

The first symptom of poisoning is a tingling sensation in the mouth and fingers. People with such symptoms should try to empty their stomachs by vomiting and go to a doctor immediately.

A"
They’ll do anything for room in the inn

By GORRY BOWES-TAYLOR, Weekend Argus Reporter

THE holiday hordes have arrived — and the good, or bad, news is that there are more to come.

"The major onslaught from the Transvaal will be only over this weekend," said Mr John Robert, managing director of Captour.

"Transvaal schools closed earlier but most working parents took their leave from yesterday. There will be a big rush in Cape Town on Monday.

"It’s been reported that the hotels still have accommodation available. We’re finding that there is a great demand for the more economy accommodation. The guest houses are heavily booked and there are more guest houses than last year.

Bed and breakfast

"It’s the right accommodation for a growing South African market.

"Captour would like to tell visitors there is always room in the inn.

In October the Homes Bed and Breakfast Association was launched — a scheme where residents open their homes to accommodate tourists. Lists of available accommodation are available through Captour and Satour.

"In Cape Town’s high season it has always been almost impossible to find accommodation for love or money," said Mr Roger Luyt, chairman of the steering committee.

"Our association, under the auspices of the Small Business Development Corporation, has been welcomed by all and is proving tremendously popular.

Both the President Hotel in Sea Point and the Mount Nelson in the city have been revamped and refurbished, largely with the same visitor in mind.

"We’re the usual pattern for this time of year — mainly English, German and Belgian tourists," said Mr Nico Rees-Jones, general manager of the President.

"There’s always a little lull in the middle of the month, and then we’re full through January and February," said Mr Nick Seewer, general manager of the Mount Nelson. "There has been more of a demand than this time last year and we’re busy through to April. We’ve Germans, the English are still there, the Swiss are coming quite strongly and the Americans are starting to come again.

"Mrs Pam Golding, of Pam Golding Properties, finds there is the usual seasonal influx of rich tourists willing to hand out R6 000 a month to rent a Constantia house with tennis court and swimming pool.

"She will let a three bedroom/two bathroom apartment at the Bayview in Hermanus for the same sum, and in Sea Point, tourists write out cheques for up to R5 000 a week without blinking.

"On all coasts the beaches are more crowded than they’ve been in the past for this time of year.

Shopping slow

When our visitors are not swimming or shopping for R1-million houses, are they shopping?

Not really, say the shops. Tills are not tinkling as expected, although the upmarket shops say tourists from abroad tend to celebrate Christmas at home and come out here in January and February. Tills should be more free-flowing then.

More adventurous visitors go into the country for day trips. There are pleasant surprises for them.

Cape Town’s Mayor, Mr Gordon Oliver, went to the Huguenot Tunnel yesterday to welcome the first of the influx of the season’s visitors to that area and hosted a champagne breakfast at the toll plaza.
Durban gears up to welcome holiday invaders

BY RYAN CRESSWELL

DURBAN is better prepared than ever before for the annual influx of holiday-makers, say city officials.

About 225,000 visitors are expected to pour into the city this season -- a large number of them black -- and Mayor Derek Watterson has sent out more than 50,000 letters appealing for them "to enter into the spirit of the season by exercising patience and tolerance."

The city council has made sure scores of people will be available to assist visitors on Durban's beaches, some only recently opened to all races, and city police will patrol the beaches on foot.

Parks department amenities inspectors will patrol the northern and Bluff beaches, a

Many major Durban complexes have already extended their shopping hours, with some staying open on Christmas Eve.
Square deal in timeshare

By Graham Naidoo

SATISFACTION of your money back — that is the guarantee now offered to first-time buyers by Southern Sun Timesharing.

Managing director, Gavin Michelmore, says the group is reinforcing its commitment to a fair deal for timeshare owners.

"Timeshare owners complained this year after Southern Sun Timesharing, one of the biggest operators, raised its levies by up to 60%.

The reason given for the increase was that the group's wage bill had soared.

SSS published a booklet last month for its 35,000 timeshare owners, telling them exactly what their levies were spent on and giving full financial statements for the various resorts.

Mr. Michelmore says of the guarantee which comes into effect today: "We are standing behind the products and services we offer our clients.

Guarantees are given to first-time buyers in any Southern Sun timesharing resort.

"The two important provisions of our money-back guarantee are that the buyer has personally stayed at the resort for the duration of the timeshare period, and that cancellation of the sale has been requested within a week of this visit."

The beleaguered R500-million-a-year timeshare industry experienced major changes this year when the SA Property Owners Association started to clean up the business.

It introduced a code of conduct for developers and laid down rules for timeshare marketers and brokers in an attempt to drive out unscrupulous developers and marketers.

Timeshare's image suffered when some operators ran into financial trouble. Brokers were accused of unfair, high-pressure sales tactics.

How do you measure what past? the disavowment had anything to do with sanctions.
GROWTH POINT: An aerial view of Port Alfred’s marina which some people believe has helped reduce unemployment.

Millions being spent as Port Alfred booms

The Argus Correspondent
PORT ELIZABETH. — Port Alfred is booming. The small coastal town is rapidly developing into one of the major tourist attractions along the Eastern Cape coast.

Millions of rands are being spent on building luxury homes in Port Alfred with the new marina and the Fish River Sun acting as catalysts.

A spokesman for the Port Alfred municipality said building plans passed this year totalled R6.1-million.

About R80-million has been earmarked for capital development.

Millions being spent

This included money for schools, roads, a sewerage scheme costing R3.7-million, townships and a hospital.

About R10-million is to be spent on upgrading black townships, R1-million on upgrading the coloured township, R15-million on infrastructure work for the marina, R2-million on a small boat harbour, R8-million on roads and bridges, R6-million on extensions to a high school and R4-million for a hospital for which tenders have been called.

Meanwhile, the first home owners at the marina will be spending their first Christmas in their new homes.

Among them will be the Mouton family.

Mr. Mike Mouton is a SAA jumbo pilot who finds Port Alfred his dream village.

"I searched the world. What I needed was a home from where I could commute to work with the least fuss, yet get away from the strain of daily life in the city," he says.

He finds it an easy drive to East London from where he commutes to Jan Smuts Airport to begin his next round of duty.

Families have already started moving into another three houses and dozens more are expected to be completed by early next year.

One of the marina developers, Mr. Justin Steyn, said 40 more homes were in the pipeline with values ranging from R180 000 to R1-million. All but 77 of the 360 plots had been sold.

Unemployment down

He said that even although many homes still had to be built people were flocking to Port Alfred to see the marina, look at their plots and just have fun.

He said Port Alfred was en route to the Fish River casino and the town reaped the benefit.

He said the building of the stone walls for the marina had given employment to many.

"There is no doubt whatsoever that the marina has reduced unemployment in this area considerably," he said.
Black tourism booms: R400m spent last year

JOHANNESBURG. — The black tourist industry has boomed, with 1.25 million blacks 'contributing' R400 million last year to the overall total of R8bn estimated for the sector.

Giving these figures yesterday, Ms Karen Kohler of Durban-Westville University's Institute for Social and Economic Research Unit (Tourism), said the figure would increase to 2.5m black tourists in 1995 and 5m by 2000.

The head of the research unit, Professor John Butler-Adams, said the figures could be considered "conservative", as there were different areas of expendititure by black tourists.

Ms Kohler said blacks constituted 20% of Durban's tourism market — and about 90% of the city's hotel accommodation was taken up by blacks. This was expected to be far higher this holiday season.

Tourism generated more than R5bn of Durban's revenue last year and there was a tremendous increase in inquiries this year.

Safaric executive director Mr Spencer Thomas said the opening up of amenities to blacks had made possible a vast tourism market which was a future area for expansion.

"The scenario has changed over the past few months and now we can actually promote black business," said Mr Thomas. "South Africa is unique in Africa in the sense that local communities can generate tourism."
Goss, Heron resign in Kersaf-Sunbop shake-up

By Ann Catty

Last night's announcement that Kersaf chairman Dick Goss and Sunbop chairman Neil Heron would resign from their posts at the end of the year, was greeted with a mixed reaction from the share market.

The news was accompanied by the resignation of Kersaf's chief executive, John Goss, and Sunbop's chief executive, Peter Heron. The resignations were announced simultaneously on the ASX, and were effective immediately.

There is some speculation that the move is a result of the two companies' performance in recent months.

Kersaf and Sunbop have both been buffeted by the volatile share market and have struggled to maintain profits. The resignations come at a time when both companies are facing significant challenges.

In recent months, Kersaf has been hit by a series of negative reports, including allegations of fraud and mismanagement. Sunbop has also faced a number of challenges, including a decline in its share price and a drop in profits.

The resignations have been met with mixed reactions from shareholders and investors. Some have welcomed the news, saying it is a step in the right direction for the companies.

Others have expressed concern, saying the changes are too little, too late and calling for more fundamental reform.

The resignations have also sparked speculation about who will replace the departing executives. There are rumblings that Kersaf's new chairman could be John Goss, who has been with the company for many years. Sunbop's new chairman is speculated to be Peter Heron, who has been with the company since its inception.

The future of Kersaf and Sunbop remains uncertain, but the resignations mark a significant change for both companies.
Sol set for comeback at Sun helm

Finance Staff

Casino tycoon Mr Sol Kerzner is set to make a comeback at the helm of Sun International, the hotel group which he built up into a multi-billion rand international entertainment empire.

Recent speculation about his imminent return to Sunbop/Kersaf resurfaced last week when he attended the Million Dollar Golf Challenge at Sun City and its 10th anniversary celebrations.

Mr Kerzner resigned from the board of directors of Safren (Kersaf's holding company), Kersaf, Sunbop and the Bermuda-registered Royale Resorts International, in February this year.

This was after his admission to the Harms Commission that he was responsible for a R2 million bribe to former Transkei leader Chief George Matanzima in exchange for exclusive gambling rights in Transkei.

Safren's deputy chief executive, Mr Buddy Hawton, replaces Mr Heron as executive chairman of both Kersaf and Sun International.

See Page 22.
Outlook bright for Karos shareholders

Shareholders in Karos are set to benefit from both good organic growth and acquisitions in the next few years, brokers say.

They predict that Karos will exceed management's earnings forecast of 32c a share for the current financial year to March 1996.

Karos, reverse-listed through the New Berlyn shell at the end of June, has been achieving occupancy levels in line with industry trends and should do better in the second half of the financial year, which is traditionally stronger.

Occupancy levels should be enhanced by group emphasis on facilities for the growing conference and training markets and by increasing tourism.

Recently completed refurbishment projects should further benefit occupancy levels. The major refurbishment of a further seven hotels is expected to be completed by the financial year-end.

The Karos chain comprises eleven hotels, including the 96-room Karos Lodge outside the Kruger National Park, which is scheduled to open next March.

The group wholly owns the land and buildings of ten of its hotels.

In the six months to September, turnover was R26.4 million. Assuming the restructuring of the group occurred in April 1993, this represents an increase of 30 percent on the adjusted sales figure of the previous interim period.

Operating profit stood at R6.4 million before depreciation and amortisation of R1.2 million at net interest expense of R670 000. These deductions resulted in a pre-tax profit of R4.6 million. After-tax profit dropped from R146 000 to R56 000. Attributable profit reached R4.5 million — 4 percent higher than the comparative figure provided for the previous interim period.

Earnings per share were 10.2c after the weighted average number of shares in issue climbed from 15 million to 27.8 million.

The increase in earnings was 37 percent-based on the pro forma comparative figure for the six months to September 1995. The rise in dividend cover from 0.3 times to 2.7 times caused the actual dividend payout to fall from 13c to 6c.

The balance sheet showed gearing of 40 percent, based on interest-bearing debt of R29.3 million. If cash holdings of R10.2 million are taken into account, gearing is reduced to a more comfortable 26 percent.

The net asset value is 259c. Based on projected earnings of 32c a share for the current year, Karos, priced at 185c, is trading on a forward P/E ratio of 5.7.

Assuming dividend cover is 2.7 times, the prospective dividend yield is 6.7 percent.

Brokers believe the share is a bit undervalued, especially in view of the group being in a development phase, with significant long-term growth potential.
Kersaf: gambling rights are at stake

GAMBLING rights in Bophuthatswana appear to be at the centre of the storm which culminated in the departure, announced on Monday, of two Kersaf directors — chairman Dick Goss and MD Ian Heron.

Top sources in the financial community said yesterday that Sun International (Bophuthatswana) — SunBop — originally negotiated a 10-year exclusive gambling rights agreement with the Bophuthatswana government, which would have expired on December 20.

SunBop MD Peter Wagner yesterday declined to confirm or deny this speculation. The speculation is that Bophuthatswana President Lucas Mangope was using renewal of the gambling rights as leverage to extract a better deal for the Bophuthatswana National Development Corporation (BNDC), which is joint controlling shareholder of SunBop, together with Kersaf subsidiary Sun International.

These two companies each have 41% of SunBop's equity, held in a pyramid holding company.阳光 is being asked by former Sun International supremo Sol Kerzner, is demanding a bigger slice of the cake for the BNDC.

This may even entail a takeover bid for control of SunBop, say sources. Business Day yesterday telephoned Kerzner at his residence in Hout Bay, but he refused to comment.

Analysts say it is common cause that

Kersaf

SunBop, and particularly Sun City, is the foundation stone and strategic future of the entire Kersaf group. In the last financial year to June 1989, SunBop was responsible for 38% of the Kersaf group's turnover, and 43% of its earnings. The analysts point out that growth potential for Kersaf is largely restricted to SunBop.

One analyst said that Transkei Sun had been largely neglected after the disclosures of bribery and corruption. "Ciskei Sun does not have the population to support significant growth. Maseru is losing trade to SunBop's Thabana Nchu Sun operation. Swaziland is already overtraded, as is Mauritius," he said.

The alternative theory is that Safren and Old Mutual may want to sell Kersaf but retain a role in SunBop, which would satisfy Mangope. But it is unclear how this explains the departure of Goss and Heron.

BRENT MELVILLE reports a high ranking SunBop source directly involved in negotiations last week with Bophuthatswana government representatives, confirmed yesterday that Sol Kerzner's name "had come up".

SunBop MD Peter Wagner said that Mangope was "definitely not involved at any level". He said Kerzner was involved but added that negotiations were at a very sensitive stage. The reorganisations would not effect SunBop at all, he said. The Kersaf board would meet again next month.
Sun makes headlines again

ROBERT GREG

Kersaf in turn controls three operating divisions: Sun International (60%), Interleisure (39%) and Kersaf Liquor (100%). SI holds 41% of Sun Bop, with the Bophuthatswana government and its Development Agency holding the remainder. SI also holds 43% of Transan and 39% of Interleisure.

Transan's operations in Transak eventually saw the exit of Kersaf from southern African operations, though the degree of exit has been debatable.

In July 1989, the Transan's Harms Commission found that Kersaf had paid a R7m bribe to former Transan prime minister George Malaniza.

The commission also disclosed three false statements in the Transan prospectus and referred that matter to the Transan government.

Mr Justice Harms recommended that neither Kersaf nor four associates be prosecuted in SA for bribery or corruption.

The disclosure both succeeded and preceded curious events. It succeeded fervent protestations of virtuous business practice by Sun International a year before. When Business Day alleged the contrary, SI sought and gained a public apology.

Paid newspaper advertisement placed by SI said "the conduct of Sun International and Transan is beyond criticism".

Kersaf's explanation of the bribe to the commission in a secret affidavit that Malaniza was threatening him with the loss of "exclusive gaming rights". The bribe was to protect them.

Reaction by leading companies and business figures to SA to the issues of business morality raised were ambiguous.

Safren "unanimously resolved to continue to enjoy our confidence and support", adding that this decision was based on a view of Kersaf's contribution to the Kersaf companies and the economies of southern Africa.

It did add, however: "This support in no way condones the unfortunate events which emerged at the commission of which we were previously unaware."

Having dedicated its confidence and support to Kersaf, while not condemning "unfortunate events", Safren let Kersaf go a month later, in July.

But apparently because of the insistence of Sun International, other majority shareholder, the Bophuthatswana government, Kersaf remained on Sun Bop's board.

In August, with little explanation, Heron succeeded Roseware as MD of Sun International.

Kersaf was to head an international consultancy, partly but not exclusively involved in planning Sun City Mark 2 and the Babalegi resort in Bophuthatswana which had been on the cards since at least 1985. He was also involved in the establishment of European operations.

The international wing, Royale Resorts, owned four French properties. It sold three and the proceeds, along with those from a rights issue, raised R121m for future European growth.

Target

At the moment, Transan's operations are on hold pending the result of litigation to determine Transan's exclusive Transan gaming rights claim. The Umkumbe Sun's R22m establishment costs have been written off.

Namibia is a target for a Kersaf subsidiary and the market has speculated about an operation in Mozambique. The Indian Ocean interests in Mauritius have been successful: the effect of the coup on the two Comoroans is unknown as yet.

Sun Bop's cash rich and poised for further development, presumably with Sol back in the saddle again.
Champagne is putting some fizz into the wine sector

SPARKLING wine is one sector of the declining wine market which is showing growth, with sales rising by 16% to 8 million litres this year.

Hoteller and Caterer magazine reports that the growth in the sector closely reflects European trends.

Despite the strong growth of the méthode champenoise sparkling wines, the market leader remains the Grand Marnier range, which accounts for more than a quarter of the R6bn market.

The best single seller is Chazano Spumante, with annual sales of more than 1.5 million litres, or 21.5% of the market.

DAVE LOURENS

Second place belongs to Grand Marnier Veuve Clicquot and third to J Lé Roux's Le Domaine.

The best selling pink sparkling wine is Fifth Avenue Cold Duck.

SFV's Mike Boemkle, brand manager of Grand Marnier, attributes the success of sparkling wine in general to people being more quality orientated.

SFV's Schalk Burger says growth in the sparkling wine sector has come mainly from products priced between R4 and R6.

The more expensive méthode champenoise products have also shown growth. The R6-R8 category has remained relatively stable in volume, and those brands are fighting for market share.

The méthode champenoise products are made in the same way as true French champagne. This technique was pioneered in SA by Frans Malan of Simonsig, who produced Kaapse Konk.

Anton Breitenbach, marketing director of The Bergkelder's J C le Roux range says the aim is to produce larger quantities of méthode champenoise sparkling wine so that the price will be more acceptable to the average consumer.
Kersaf shares plunge on Heron, Goss resignations

ALL SHARES linked to the shaken Kersaf group dropped sharply on the JSE yesterday, albeit in relatively thin Christmas holiday trade.

Top listed company Safren declined 11.4%, or 200c, to R33.50, Safren subsidiary Kersaf declined 11.8%, or 270c, to R21.25 and Kersaf-controlled Sun International (Bohuthatswana) declined 11.4% to R17.50.

With little hard information on the precise reason for the sudden departure of two top Kersaf directors, chairman Dick Goss and MD Ian Heron announced on Monday, some investors obviously played safe and bailed out of these companies while their shares were still relatively strong.

Meanwhile, Transkei leader Major-General Bantu Holomisa said yesterday he had been asked about the question of whether Sun International (SI) held exclusive gambling rights in the Transkei would be aired in the Umtata Supreme Court on 24 and 25 January.

Holomisa said that the Transkei Attorney-General was still considering issuing a warrant for Kersaf's arrest.

Analysts are unsure what will happen on the market tomorrow in view of the thin trading interest.

"Most investors are on holiday, and they really can't be bothered with these developments," said an analyst.

It appears as if former Kersaf supremo Sol Kerzner has set up an operations command at his Nooy Bay retreat in the Cape with mounting speculation that he is plotting a comeback to SA business.

All telephone calls to the estate were being screened by assistants who told callers that Kerzner was "very busy." It smells just like a Sol Kerzner campaign," said a VPB analyst.

"Whenever he's on the verge of pulling off a big deal, he huddles up with his trusted associates and plots his steps."

All directors of companies associated with the Kersaf group have apparently agreed to be silent on the matter.

In an attempt to explain the mystery, analysts have drawn parallels between the recent resignation of Goss and Heron, and the resignation of Goss from SA Breweries in 1983, only days before he joined Kerzner's famous deal to take control of the casino operations from SAB.
Flying high on success

By TOM HOOD
Business Editor

The first charter air flight to touch down in Cape Town this week could be the pathfinder of many more next year.

At least that is the aim of Mr Johan Brits, managing director of Masterbond Trust, the local organisation behind the cut-price flights bringing tourists to South Africa.

"We will be applying for further charters from Britain next year and we are also investigating the German market. It is a logical extension from England to Germany," he says.

"That's why we started looking at charter flights it looked like a money making venture."

Masterbond was largely a participation mortgage bond business when Mr Brits and chairman Koos Jonker left Owen Wiggins Trust to start it five years ago. Now it is heavily into the holiday, leisure and tourism businesses.

Investigating the tourist business, Mr Brits discovered the established air lines could not cope with demand at the end of the year. He started off by getting Caledonia Airways to organise 21 flights, but most of these were grounded when South Africa was able to prevent return flights picking up fare-paying South Africans. Eventually, live charters from London to DF Malan were allowed.

Mr Brits believes the attitude of SAA to protect its own business is short-sighted. More tourists have an important spin-off in internal flights as visitors go to other parts of country.

"If a tourist came here on a R2,000 flight and spent what he saved on fares inside the country, that could not be termed an outflow of capital. Each British tourist, for example, normally spent about £100 a day on holidays."

If we could get 21 flights, we would have more than R42 million coming into the country," he said.

Support from Capiour, Wesgro and the public had been "tremendous" and he believed there was a good chance of more flights being allowed next year.

Mr Brits, a chartered accountant who qualified at UCT, lists skiing and sailing among his leisure activities.

"When he took over the helm at Masterbond, the group controlled only R20 million of funds it now controls about R240 million. This exceptional growth he attributed to aggressive marketing."

The company got into the leisure business as Mr Brits and colleagues looked at new investment opportunities for its client base of 8,000.

"The stock market was booming in 1986 and Masterbond could not afford to invest in equities for growth, but we decided on property type investments to give capital growth," he recalls.

Industrial and commercial properties had very good potential. But he realised that the area of best growth was going to be the leisure business, especially the leisure business of property. But it had to be soundly researched. For a start there is a serious shortage of hotels and leisure type accommodation.

"When the tourist boom started three years ago we could see the potential in tourism. Leisure properties and holiday properties will see good growth in the next 10 years."

Cape Town is seen as one of the best growth areas for hotels and a 60 to 100 room hotel is planned for the Rosendal estate.
Slogging at Sun City's entertainment

There is something special about putting an idea forward for an act, working on it day and night and then sitting back on opening night and seeing the fruits of your labour unfold before your eyes, said Mrs Hazel Feldman, Sun International's Entertainment director.

The job, Mrs Feldman said, was by no means full of glamour and she cannot remember when she last had a work-free weekend or evening with her husband and two children. She is responsible for the booking, presentation and marketing of all major entertainment for Sun International. She controls an annual budget of about R20 million and is paid to negotiate and negotiate to bring stars to Sun City.

During Sun City's formative years her efforts were met with resounding success and a string of international stars ventured into the Superbowl between 1981 and 1985.

But then President Botha's Rubicon speech rocked the international community and greater support was given to the boycott movement.

"The wheels came off with the political situation - 95 percent of my time is now spent dealing with politics, and maybe five percent doing what I want to do — producing shows and events."

Mrs Feldman, not being the type of person to throw in the towel, changed course and started focusing on other acts such as "Gymnastics Goes Hollywood", the "Wheel of Fortune Show" and showcasing local artists.

"Anyone feels at some time, 'What am I doing this for?' I go through highs and lows like a yo-yo."

She said her biggest challenge this decade had been to keep up the momentum experienced in the formative years.

"We have not been able to pick and choose because of the political situation. This year, we had Laura Branigan and Irene Carter. There was a time when we were running six acts in a year, but we are not in that situation now (see biography)."

Her personal highlight was George Benson and "one of my finest moments was when I got Rod Stewart on stage with Elton John."

The extent to which the cultural boycott has affected showings is reflected in the budget, which she said had not altered much since 1984.

Reflecting honestly on her views on politics and culture, she said: "You cannot escape the fact that a cultural boycott exists, and that it has repercussions for the entertainment world, and that it has grown stronger teeth in the last few years."

The most notable blow occurred this year when the much-publicised Commodores pop group cancelled their booking shortly before they were due to perform at Sun City after mounting pressure from the anti-apartheid movement.

Her ambition for the 90s was to get the "cream of local talent showcased at Sun City"; artists such as Johnny Clegg, Mango Groove, Lucky Dube and Brenda Fassie. She realised this would be a difficult task.

Mrs Feldman has left with her husband for Mauritius to spend her first holiday in 10 years with her husband, which was not combined with business and was longer than two weeks.
Each hotel in Sun group gets its own signature

THE new year will see exciting changes in Sun International advertising of its resorts. Each of the hotels in the group has been given its own special identity with an equally relevant signature-phrase.

"As the group's hotel portfolio has expanded, it has become important to give each resort its own positioning and image in the minds of our guests," explained Ernie Joubert, group marketing director for Sun International.

"Perceptions must not be limited to an overwhelming impression of Sun City, or a sense of a smaller hotel's being inferior in any way. Each unit has a wonderful character of its own, with its own special attractions, and this will now be highlighted in all future marketing and advertising."

So the Venda Sun is naturally "The Doorway to the Land of Legend," while there is a world of "High Society" at the Royal Swazi Sun and its two sister hotels in the Ezulwini Valley, and one always finds "A Taste of the Unusual" at the Morula Sun.

"Devising this advertising approach, and the commercials for showing on television, cinema screens, and radio and into print, has been one of the most complex jobs we have ever undertaken because of its scale," said Alan Bunton, group managing director of advertising agency Ogilvy and Mather, Rightford, Searle-Tripp, Makin.

10 teams

"We had to reposition and identify the image of each hotel in a very short time, so there were 10 creative teams at work simultaneously. This allowed for fresh views to emerge during the three months concerned, which has resulted in an interesting degree of visual and audio impact in the advertisements."

The cinema/TV commercials run for between 40 seconds and two minutes, and have to encapsulate the style, excitement, vibrancy, and uniqueness of each hotel.

"The music was very important," added Bunton, "Sun International, after all, is in the business of fun and entertainment, so the music had to be equally memorable and appropriate."

Queen's recording of "We Will Rock You" for the Sun City commercial was a hard act to follow, but with the Troggs hit "Wild Thing" for the Wild Coast Sun, a glorious pattern has been set.

Alan Bunton has worked on the Sun International account since its inception, under the banner of several different agencies, and he comments that "it is impossible not to be infected by the hyperbole of glamour and excitement. It's helluva exciting! And shooting in some of the most beautiful locations in the world has been inspiring."

So far, only Sun City and the Wild Coast Sun (where guests are invited to "Take a Walk on the Wild Side") have been flighted, but others will be released during the coming months, according to the individual peaks and valleys identified at each separate unit.

Mr Joubert revealed that careful studies of profiles of occupations and day visitor numbers indicated obvious times for booking television and footfall slots, which build on established marketing momentum to gain maximum thrust, rather than choosing the more obvious, leaner periods.

The other signature-phrases for Sun International's hotels are "Sun International's Island Paradise" for the three Mauritian units, "In the Mountain Kingdom of Africa" for the Lesotho Sun and Masera Sun, "Cash in on the Action" for Naledi Sun, "Come to Where the Action Is" for Mdantsane, "Jewel of the High Plains" for Taung, and the invitation to "Discover a New World" at the Fish River Sun and Mpekweni Marine Resort.

The Molopo Sun's maxim of "Where You Are a Friend" emphasises its personal welcome to guests and Gaborone Sun is billed as "The Sophisticated Pulse of Botswana."

Sun International itself really does encompass a "World of a Thousand Thrills", which will become its own signature phrase. Internationally, tourists will soon discover that "There are still jewels to be found in Africa". 
Ruffled feathers in Kersaf shock
PERSONALITY clashes with President Lucas Mangope of Bophuthatswana and casino entrepreneur Sol Kerzner lie behind the sudden resignations last week of Kersaf chairman Dick Goss and managing director Ian Heron.

The principals in the high drama have taken refuge from the media at holiday homes and are saying little. But sources close to the Bophuthatswana Government, on the one hand, and Kersaf on the other, say President Mangope and Mr Kerzner were alienated from Mr Heron and Mr Goss after the Transkei casino scandal.

Mr Goss and Mr Heron accepted Mr Kerzner’s resignation from the Kersaf board after that incident. But Mr Kerzner remained a director of Sun International Bophuthatswana (SunBop) at President Mangope’s behest.

**Gaming**

Through the Bophuthatswana National Development Corporation, the Bophuthatswana Government has a shareholding in SunBop equal to Kersaf’s. Sun City and the Mamelodi Sun are extremely profitable and SunBop is the jewel in Kersaf’s crown.

The Bophuthatswana Government’s influence over SunBop and Kersaf is further strengthened by its ability to confer exclusive gaming rights.

Mr Kerzner is reported to have been deeply resentful that he did not get more support from fellow directors over the scandal involving the payment of R2-million to President George Matanzima of the Transkei for Sun International’s exclusive gaming rights in that territory.

The matter comes before the Transkei courts late in January.

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By David Carte

Kersaf’s new chairman, Buddy Hawton, told Business Times from his holiday cottage at St Francis Bay: “Ian and Dick evidently felt their roles had changed because the Bophuthatswana Government wanted a restructure giving SunBop more autonomy.”

Mr Hawton did not say what others close to the company say — that Mr Goss and Mr Heron were also put out because the Bophuthatswana Government discussed the matter of the restructure over their heads with Mr Hawton and Safren chairman Alistair MacMillan. Safren is the controlling company of Kersaf and thereby SunBop.

**Genius**

Mr Hawton said he was quite relaxed about taking the chair at Kersaf at short notice.

“It’s a fine company and, with the exception of Dick and Ian, all the key guys have indicated they’ll stay. My being on holiday at a time like this proves that the company can run without missing a beat in spite of changes at the top.

“We will announce the terms of the restructure in January. I can dispel rumours that control of SunBop might change. Kersaf will continue as a partner of the Bophuthatswana Government.”

“I can also confirm Sol Kerzner’s statement that he will not be involved with the day-to-day running of the company.

“By staying on the board, he has indicated that he is committed to the company. He will be there as a conceptualiser and an adviser, particularly on new developments. That, after all, is Sol’s genius.”

The SunBop share price gained 300c to 2 100c in the past week, largely on hopes of Mr Kerzner’s closer involvement. SunBop has been the best-performing share on the JSE this year.

Mr Kerzner said from his holiday home at Hout Bay that he had nothing to add to his statement last week that his involvement at SunBop would be part-time.

Mr Kerzner is an adviser to several casino and resort operators in different countries. He is involved with former Springbok tennis player Ray Moore and American Charlie Passarel in large resorts in Hawaii, Puerto Rico and other countries.

**Difficult**

Mr Hawton believes he himself has the necessary experience in difficult service industries to be able to oversee the group.

But the appointment of a chief executive either of Sun International or Kersaf with casino and hotel experience will be considered.

Analysts say an outstanding candidate for the job would be Peter Bacon, Mr Kerzner’s right-hand man for years, but it is not known how committed he is to foreign operations.

Ken Rosevear, a director who left Sun International only four months ago, may also be induced to return.
75 000 tourists expected in Cape Town

BY YVETTE VAN BREDA (288)

ABOUT 75 000 visitors are expected to have arrived in Cape Town by Christmas, providing retailers, restaurants and tourist attractions with a bumper season.

The figure is 20% up from last year, according to Captour's executive assistant, Ms Marion Kelder.

"Our information bureau is extremely busy, and we had 1 800 people on one day! There are lots of first-time visitors and I think the message is getting across that Cape Town has something to offer for the whole family."

About 80% of the visitors were "domestic" and the other 20% foreigners and most of these were from Germany and the United Kingdom, Ms Kelder said.

Mr Wynand Dreyer, the general manager of Tuncor, the company which operates the Huguenot Tunnel on behalf of the Department of Transport, said that from the beginning of December until 2pm yesterday, 68 708 vehicles had passed through the tunnel towards Cape Town and 59 646 towards Worcester.

This meant that 9 062 more vehicles have come in the direction of Cape Town. On December 15, 11 248 vehicles passed through the tunnel, he said.

Mr Geoff Rossouw, an employee of the Table Mountain cableway, said "there is definitely a percentage increase on last year's figures. There's been more calls for information than there was at this time last year as well."

Normal operating hours for the cableway was 7:30am to 10pm, but it is presently open from 6:30am. As from next week the service will start at 5am until crowds clear. This did not happen last year, Mr Rossouw said.

Mrs Anne Fainstein, the public relations officer for Checkers, said they expected a "bumper Christmas".
Tourist boom is giving Cape traders a bumper Christmas

Mr Arnold Brock, chief regional director of the Federated Hotel, Liquor and Catering Association of South Africa (Fedhassa), said liquor sales for the first half of December were 15 to 20 percent up on last year.

He said there had also been far fewer complaints by restaurant patrons that they had been ripped off.

Managing director of the Spur chain of restaurants, Mr Gerd Topal, said the holiday season was off to a very good start, and he foresaw a 40 percent improvement over last year.

A spokesman for Jucy Lucy said the pick-up in the number of up-country tourists was one of the reasons for an improved performance, especially in the suburban areas.

Cape Town — Cape Town traders, with the help of an injection of cash from visitors, are expecting a humdinger of a sales week.

Pick 'n Pay general manager of foods, Mr Alan Baxter, said there had been a dramatic increase in sales since last Thursday.

Traders will also benefit from a full trading week because Christmas Day falls on a Sunday.

"People are really spending this year," said Mr Baxter, and praised the tourism organisations for the outstanding job they were doing.

Checkers has also reported excellent sales on toys and gifts.
SERVICES SECTOR - Accommodation, Catering - General

1990

JANUARY — JUNE
Entercor will stay on track — board.

INTERIM earnings of Entercor International, Ltd., D.C.R., in March last year, indicate the failure to meet the December budget ranges of $12.75 million compared to $12.50 million for the six months ended in December. The directors say the results are as expected and that they are confident in the company's future. With the exception of a slight increase in the second quarter, the stock price has dropped to $75 per share and the annual dividend is $0.50 per share.
Tourism up in city

Non-racial crowd

Non-racial people are already attracted to the look of the beach and the city. This is a part of the manageable problem especially among those who live nearby. New beach facilities on the face pay cost are proving more popular.
Call for SA tourism to accommodate black market

THE tourism industry in SA needed to change its standards to accommodate the burgeoning black market, said Soweto-based travel agency ZemzooAction chairman Joe Seokatse.

Seokatse said the change would not necessarily mean lowering standards, but some areas of the travel trade could be modified to meet the requirements of the black tourists.

"For instance, tourism promotion, brochures and advertising are directed solely at the white market while the bulk of blacks — the future buying power — need to be informed of what is on offer," he said.

He said the black tourism market was so wide that it could not be measured by merely counting the number of people who booked into hotels and went to beaches.

"From women's clubs, comprising teachers, nurses and housewives, to the successful businessmen and academics who take their families on annual holidays, the contribution by blacks is large."

Hotels, travel agents and all the players in the tourism industry should embark on an education campaign, carrying the message to the black tourism market and teaching blacks all the facets of tourism.

"For instance, blacks have always been frustrated when they got to hotels at peak periods to find that accommodation had been taken up by whites who had booked 12 months in advance.

"Education would have saved the travelers from such embarrassing situations," said Seokatse.

Seokatse said the hotel integration drive had begun amongst five-star hotels, but the two-star hotels were still segregated, thereby turning away a very lucrative market.
Sharp increase in licenced shabeens

By Jabulani Sikhakhane

The number of liquor licences issued last year shows a substantial increase of 265 over the figure for 1988, with the taverns or licenced shebeens accounting for almost half of the total increase.

Statistics from the Liquor Board show that 10,240 licences were issued last year compared with 9,415 in 1988.

Licenced shebeens increased by 467 or 49.3 percent from 735 to 1,140 last year and of the total number of tavern licences the Transvaal accounts for 873, followed by the Orange Free State with 194, Cape 50 and Natal 23.

Liquor store licences were up by 146 from 2,194 in 1988 to 2,340 last year. The number of wine and malt licences also increased by 111 from 1,342 in 1988 to 1,453 and that of brewer's was up from 18 to 23.

The number of applications for licences for hotels and liquor wholesalers showed a marginal decline from 1,325 and 19 to 1,322 and 18 respectively.

The Transvaal accounts for almost half of the total 10,240 liquor licences with 5,033, followed by the Cape with 2,017, Natal 1,441 and OFS with 849 licences.
Karos Hotels' purchase of the Indaba, north of Johannesburg, from First National for R20m will add about R10m in borrowings to the group's balance sheet. With this, and other recent expenditure, Karos no longer holds the low-gear balance sheet it showed at its listing in mid-1989.

Half the R20m is being raised by issue of redeemable prefs, with the rest funded internally. This will lift debt to about R35m and the debt/equity ratio to just over 50%. Chairman and joint MD Edwin Hurwitz says the price paid for Indaba includes R5m in good-will which Karos will write-off immediately, leaving shareholders' funds at about R105m.

However, Karos's management estimates that Indaba's replacement cost would be well over R35m. According to Hurwitz, it is now profitable and has assessed tax losses of more than R30m. Karos already enjoys large tax allowances — in the six months to end-December it paid only R56 000 in tax on profits of R4.6m.

Indaba comprises a conference centre, liquor outlet and a 114-bedroom, hotel on 11 ha. Karos has plans to sell about 6 ha as well as the liquor outlet, after which it will add about 86 bedrooms to the hotel.

Andrew McNulty
1 million tourists coming our way

ALTHOUGH South African tourism earnings top R4 billion a year and are this country’s second-biggest money-spinner after gold, the country’s tourist infrastructure is badly in need of upgrading.

A record number of tourists — over a million — are expected this year, but South Africa’s main international airport, Jan Smuts, is hopelessly inadequate and outdated, according to Johannesburg Publicity Association (JPA) director Mr David Appleton.

The executive director of Sautour, Mr Spencer Thomas, disclosed this week that the Tourism Board is expecting more than a million tourists to South Africa this year.

“We expect the number of tourists to top last year’s figure of 850 000 international arrivals,” he said.

However, he admitted the country’s tourism infrastructure was a problem, adding: “In the long term we are busy with a development strategy in conjunction with the Development Bank to upgrade roads, accommodation and Jan Smuts Airport.

PAT DEVEREAUX

“Sautour specifically requested the Board of Trade and Industry to conduct an inquiry into the tourism infrastructure, and the study will probably be complete in the next six months.

Second terminal

“In the short term, there has been talk of a second airport terminal building,” he added.

The JPA’s Mr Appleton, who sits on a committee for the “beautification of the airport”, slammed facilities at Jan Smuts.

“The terminal buildings are not user-friendly and there is no consideration for the public. If one arrives to drop a flight passenger one can’t park near the entrance.

“The building is structured for the police, who work there, not tourists to this country. But even the security is a farce.

“Nobody can understand why they get a sticker stuck on their bag by the police in the first place and then nobody takes any notice of it again.

“There are two runways at Jan Smuts but one is hardly used because of a shortage of air traffic control people.

“There are 26 government departments involved in the running of the airport and therefore nothing gets done.”

Asked what could be done to change the situation, Mr Appleton said: “The building should be designed with modern concepts. Nairobi airport is a good example — it is circular in structure and has plenty of drive-in and check-in points, with skywalks.

“Double the amount of parking space is needed at Jan Smuts, and there should be adequate international restaurants with a view of the planes. And the number of check-in counters should at least be doubled.”

In response to queries about the upgrading of Jan Smuts, one of the directors of Civil Aviation which falls under the Department of Transport, Mr L Booysen, said: “Tenders for the upgrading of the airport have already been put out and the upgrading of Jan Smuts Airport should begin within the next couple of weeks.”
Durban’s holiday trade threatened

DURBAN’S multi-billion-rand tourism trade — the livelihood of more than 80,000 people — is threatened.

Businessmen along the Golden Mile are enduring a less-than-bumper holiday season. Tourists spend more than R3.5-billion a year in Durban, about 70% of it at Christmas and New Year.

Beachfront hotels say that occupancy levels this season were down on last year’s. Night clubs, restaurants, cafes, curio shops and food stalls report reduced turnover.

Durban’s deputy mayor and management committee chairman Jan Venter says that if the trend continues, SA’s premier holiday city will suffer economic decline.

“We have to act quickly or Durban will be a wasted dream in five years. Ten years ago, Durban was dead and it took a lot of effort and money to attract crowds of money-spending tourists.

“All that will have been in vain if we don’t resurrect tourism, get people to spend freely and get Durban’s holiday economy moving again.”

By Charmain Naidoo

white guests. We have a large number of A-income Indian guests, yet our food and beverage figures are down. Some Indian guests don’t eat in the restaurants or drink in the pubs for religious reasons.

Helder Pereira, regional director of Southern Sun — the biggest hotel chain in Durban — reports no drop in occupancy at his establishment.

But customer profiles since the beaches were opened to all races have changed slightly — there are more black guests. Mr Pereira believes it is a time of change and challenges.

“We need to look at and analyse the changes and prepare our product to meet them. The potential of the untapped black market is enormous.

“We’re going through a learning curve. There is nothing to draw from on what the requirements of the black market are. We will, by trial and error, learn how to attract these groups.”

Mr Gooderson says his figures indicate that between 18% and 22% of hotel rooms are taken by blacks.

Cancellations by white holidaymakers since colour restrictions at beaches were relaxed three years ago have dropped from 20% to 10% to 2%, says Mr Gooderson.

Sotiris Spotsiotis, owner of four food outlets and two curio shops on the beachfront, says his turnover was 25% lower than in 1988.

“The season started late. Although there were more people on the beaches, our

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Joe's grand hotel plan in danger

A R283-MILLION holiday resort planned for the Natal South Coast may founder.

The Aquillon Hotel and Holiday Resort project was conceived by Joe Forbes, an independent insurance broker, who is asking investors to subscribe for ordinary shares at R1 each plus a linked debenture of R17 500.

Only three applications have been received.

The offer opened on November 24 and will close on January 10. At least R183-million must be raised to buy the property and for construction costs. If the money is not raised, the project will be called off.

However, Mr Forbes is confident that money will be raised for the project, which he describes as the first of its type in the world.

The intention is to buy a site on the Umkondo lagoon from the Van Dongen family which operates the La Crete Hotel. It is intended to build a hotel with 329 rooms and 18 suites. It would have nightclubs, tennis courts, ten-pin bowling alleys and swimming pools.

Mr Forbes, who describes his project as an "outstanding and exciting investment opportunity", says several large institutions are interested. He believes money will pour in during the last few days of the offer.

Mr Forbes has spent R2.0-million on working capital and R11.4-million for the preparation of the prospectus and promotion. A double-page advertisement was placed in Business Times.

About 9,500 prospectuses have been sent out and Mr Forbes says the response from people in the Umkondo area has been encouraging.

If the funds are received, Mr Forbes is confident that a return of 13% to 15% will be paid on the debentures, even during construction. He thinks a dividend of 4.5% could be paid on the ordinary shares.

If completed, the project is expected to generate R11-million in profits by 1996 before interest on debentures, and R20-million by 1997.
Holiday threat

Even our ice-cream parlour sales were down. We learnt that many black people do not favour ice-cream. They also brought their own food which they cooked on the beach, then ate at our tables.

Durban's cheapest hotel chain, the Four Seasons group, experienced a 3% fall in room occupancy compared with 1993. To put the Four Seasons, Lonsdale, Killarney and Balmoral hotels in perspective, owner Tommy Smith says: "We're the cheapest at between R69.00 and R69.95 for bed, dinner, lunch and breakfast, but we did lose business."

Mr. Vincent says Durban will have to woo A-B income tourists. "An upper-class marina along South Beach is planned. People will have to choose what they can afford. Durban will prosper if it never loses its appeal — beautiful beaches and great weather."

Mr. Venter believes that pay beaches, with enforced crowd control and inspectors who could solve the problem of overcrowding, will work. "Durban's loss is someone else's gain. Resorts on the North and South Coast and in the Drakensberg report improved trade."

Cape Town is in the middle of a bumper season. "following tourist year since Van Riebeeck arrived," says Cape Town tourism manager. "Tourism's contribution to the economy is a 20% increase in visitors — 500 000 domestic and 250 000 international."

"This gives us a direct input of R610-million from tourism. Hotels were packed and we had to find accommodation as far afield as Franschhoek."

Cape Town introduced open beaches in 1994 and claims sharing was "happy and trouble free. The city council provided extra services and the cleansing department worked hard to keep beaches clean."
Smoking 'grading' system report denied

BY PETER DENNEN

THE Cape Restaurateurs' Association (CRA) says in its latest newsletter that it has not agreed to any 'voluntary' measures to demarcate non-smoking areas in restaurants. Reports about introducing a grading system in which restaurants that did not provide non-smoking facilities would be denied five-star status were incorrect, the newsletter added.

Mr. Boris Savvas, chairman of the CRA and author of the newsletter, said yesterday that the star-rating system had merely been a suggestion. "I don't see a situation where our association would make non-smoking areas obligatory," he said. "On the other hand, I do think those who make an effort to accommodate non-smokers should be rewarded in some way."

Mr. Savvas stressed that the CRA had not backed down on its position that the city council "has no power at law to interfere with smoking in restaurants."

Last month the Administrator, Mr. Kobus Meiring, facilitated an agreement between city council representatives and the CRA "that the matter would be dealt with on a voluntary basis."

The city's medical officer, Dr. Michael Popkies, asked yesterday whether he thought the CRA was now backing down on such an agreement, saying "What we agreed at that meeting was that an ad hoc committee be set up."

"Today the amenities and health committee nominated Mr. Louis Kreiner and myself as the council's representatives on the ad hoc committee," he added. "I hope we can make something of the committee."

Yesterday the amenities and health committee discussed whether it should now withdraw the proposed by-law. The full council will have to take a final decision towards the end of this month."
PLETTENBERG Bay is to get a new retirement village aimed at active, upmarket over-55s.

The resort — Homestead Village — is only the second retirement home in the area, according to Pam Golding Properties’ Alistair Walvis.

“Homestead offers secure, smaller homes and caters for semi-retired people looking for tranquility and security. A great deal of interest is being shown in the development.” The other village has a waiting list of several years, he says.

Construction starts in April, with 100 units to be built from 10 different designs. Prices range from R195 000 to R340 000.

“The resort is to be launched to prospective investors on Friday.”

Meanwhile, nearly 50% of holiday weeks worth R2m at the new Strand Pavilion timeshare resort have been sold, though construction of the complex only begins this week.

Strand Pavilion sales manager Christel Coetzee says some of the holiday weeks have been bought by local farmers and businessmen who already own houses directly opposite the resort.

“It is unusual to find such interest from the local residents,” she said. One reason could be nostalgia about the old pavilion, which was demolished about 15 years ago.
Interboard seeks probe by govt

Dramatic bid to identify
shareholder

IN RESPONSE to a mysterious change in its controlling shareholding last year, Interboard's board of directors has applied to government for a probe into the identity of its new controlling entity.

The proposed investigation, under Section 255 of the Companies Act, was formally announced on behalf of Interboard chairman David Olsen.

JSE executive president Tony Norton applauded the action: "The directors of the local company are taking all reasonable steps to protect their SA shareholders and are adopting a maximum disclosure position," he said.

Legal sources said Section 255 had never before been invoked in SA.

Olsen said: "It is imperative that we now control Interboard Holdings BV - based in Rotterdam - as a precaution against certain matters which have been reported to the board of directors."

He said his appointment to the board of Interboard Ltd was at the request of the trustees of Jersey trust which previously beneficially owned 100% of the shares of Interboard Holdings BV.

Olsen also said he was recently told by Interboard Holdings BV MD Joost Verlaat that during 1989 new shares were issued by the company, "but no one knew who controlled the company."

"He has refused to disclose to me details of the new controlling shareholder," Olsen said.

Under the circumstances, the board of directors of Interboard Ltd has applied to Trade and Industry Minister Kent Dury to investigate the nature of and interest in the shareholdings in Interboard Ltd of Interboard Holdings BV and other parties.

Interboard MD Barrie Jones said last night that, prior to the change in control, Interboard Ltd in SA had been 61% held by Interboard Holdings BV (registered in Rotterdam).

The Rotterdam-registered company was, in turn, 100% held by Interboard Limited NA NV (registered in the Netherlands Antilles), which was again 100% held by The Gibbs Industrial and Investment Trust (registered in Jersey).

Legal sources said the structure was a classic tax-efficient "Dutch Sandwich". It had never been put in place in 1979 and today had tax benefits ascribed to it.

Jones believed Interboard NA NV was the sole corporate asset of The Gibbs Trust. The trustee had been, and still was, Stonehouse (Guernsey) - registered in Guernsey - but it appeared to have lost effective control of Interboard Holdings BV, Olsen said.

It had been established that Verlaat was sole director of both the offshore Interboard companies.

"It appears Verlaat acted unilaterally in issuing shares out of Interboard Holdings BV to change the ultimate controlling interest of Interboard Ltd from the trustee, Stonehouse (Guernsey), to parties of his own choosing," Olsen said.

Interboard Ltd founder and chairman Ed Dutton had resigned in August 1989, before the change of control.

On December 25 Dutton was arrested on charges of common-law fraud and statutory forex contraventions. The SAP has said the amount involved could be as much as R100m.

Section 255 of the Companies Act grants the Minister "power to require information or has acted as the trustee or agent or nominee of the person having the interest, that is, persons who might themselves have no interest whatsoever in the shares or debentures of the company, and of the class of persons who are deemed to have an interest in a share or debenture."

Moreover, "it is satisfactory that directors or officers may be required to furnish the information since, for example, a person having or who has had an interest may no longer be resident in SA."
Business as usual

How did Durban’s tourist industry do over the festive period with all beaches and facilities open to all races for the first time? It depends who you talk to. (288)

Press reports have varied markedly. On the same Sunday, one national newspaper painted a gloomy future for beachfront hotels; the other reported that the transition was less traumatic and more positive for business than expected.

Financial takings and hotel occupancy levels indicate that, even if the tourist industry did not do as well as expected, business on the beachfront was no worse than last year. Alan Gooderson is local Fedhosa chairman and MD of the Kondotel Group, which runs several beachfront hotels. He says overall room occupancy levels were “very much the same as last year.” He believes that open beaches “will only enhance the industry in the years to come.”

But Tommy Smit, who owns four hotels, says his occupancy rate was down 6%. He says 15%-20% of his guests told him they would never return to Durban because of the crowds and bad behaviour.

Bruno Corte, group GM of Southern Sun and Holiday Inn (which have the biggest investment in hotels on the beachfront), says the number of guests was not up to expecta-

tions but the occupancy level was the same as last year.

The truth is that business patterns are changing. Corte’s hotels are bigger, more upmarket and became fully nonracial a long time ago. Smit’s hotels have traditionally been the holiday home for B- and C-income whites from upcountry.

Gooderson says the drop in bar and restaurant takings at big hotels was because both Christmas Day and New Year’s Eve fell on a Sunday.

Looking at the broader financial picture, marketing consultant Andrej Kiepiela (former director of the Durban Publicity Association) says the estimated annual R3.5bn spent in Durban has increased this season. “I don’t believe that 70% of the R3.5bn is spent by tourists over the peak season, as some people have claimed. That figure is closer to 35%-40%.”

Since the introduction of timeshare, Durban (with North and South Coast resorts) accounts for 70% of the national timeshare market. This means it has become less of a seasonal resort.

Kiepiela says with a capital investment of R660m in Durban over the past five years, about 70% from the private sector, the tourist industry can only flourish.

“I’m the first to admit that both the public and private sectors have a great challenge to meet in the management of people, but this problem should be turned into an opportunity. A strategy is needed to deal with the extreme ends of the market — we must woo back the traditional big-spenders, while also accommodating the needs of the mass market.”

Massive crowds, litter, abuse of facilities and bad behaviour are problems that the city council and tourist industry will have to address urgently.

Jan Venter, deputy mayor and head of the NP caucus in council, believes pay beaches could be the answer. Others, like Corte, disagree: they argue that pay beaches are a negative response and that Durban should look to Cape Town, where beach integration is no longer an issue.

“In three or four months’ time all of this will probably be forgotten. Something must be done about the large crowds, but at the same time it should be remembered that we don’t see numbers like this for more than seven days of the year,” says Corte. “What is more important is that the hotels and city officials start a major campaign to get holidaymakers back to Durban.”

Venter says he believes between R10m and R12m is needed for better facilities to spread the crowds. He will be meeting Finance Minister Barend du Plessis in the next month to try to raise money, which he says he cannot get from the provincial administration. “Of all the people I spoke to there was only one complaint on racial grounds,” says Venter.

He adds: “All the rest put problems down to overcrowding and the behaviour of some people, like adults swimming in the nude.”
More visitors avoid pricey hotels

Staff Reporter

WHILE 20% more foreign visitors came to Cape Town over the peak season holiday period, top hotels in the city saw 11% less business.

This statistic was given by Protea executive Mr. Keith Lambe at a Captour press conference yesterday. He said the top hotels had nonetheless lifted their revenue by 24%.

"South Africans are finding it more and more difficult to afford the upper-bracket hotels, now that the government is putting the squeeze on consumer spending." There is price resistance to the peak holiday prices and only about 30% of visitors stay in registered hotels. Others stay with friends, camp out or find other holiday accommodation.

When just about everybody wanted to cram into the Cape Peninsula in four weeks of the year, high prices and a shortage of accommodation over the peak period were bound to be the result, he said.

Representatives of hotels, restaurants and tour operators at the press conference yesterday agreed that the current peak season had started later than usual probably because Transvaal schools broke up only on December 12.

This year the situation should improve as the Transvaal schools' December holidays start on the 4th.

Mr. Albert Schultmaker of Cape Town Chamber of Commerce reported that retailers had had an excellent year, many of them notching up sales 40% higher than last year's figures.

One retailer had done 44% of his annual business in just four madly busy days from December 20, he said. The wine routes in Paarl and Stellenbosch also reported a particularly successful peak period this year, with literally thousands of visitors on single busy days.

SAA reported that a record of 10,000 people had passed through D.F. Malan Airport on Friday December 22.
Fedhasa takes government to task over allowances

THE Government seems determined to cut every possible tax allowance or alleged loophole, even to the detriment of job creation and generation of foreign exchange, says Fedhasa, the voice of the country's hotel industry.

Fedhasa was reacting to withdrawal of the 50:50:20 tax allowances on capital goods, a move which directly effects investment and refurbishment of hotels.

The organisation says it must seriously question whether the Department of Finance understands the value of the tourism industry to the country and the damage it is causing with its rash policies.

"How a move like this can be made at a time when South Africa is on the brink of a tourism boom, when the country is strapped for foreign exchange and when employment prospects for the broad masses are poor, is beyond our industry's understanding," says Mr Fred Therman, Executive Director of Fedhasa.

Without adequate infrastructure or the necessary high standard of accommodation, South Africa's incipient tourism boom could be nipped in the bud.

"We are anticipating more than a million foreign tourists this year. Sheer word of mouth is a powerful way of telling the world what we have to offer and if these tourists have a bad experience, we could set our tourism industry back ten years."

"There appears to be no unanimity on the issue either. Some parts of Government understand the value of tourism. The Board of Trade and Industry (BTT) for instance, is investigating a tourism blueprint, designed to maximise South Africa's enormous tourism potential."

"Apparently however, one hand of Government does not support the other and all we have seen so far is a determined effort to make the hotel sector less viable than ever."

"Fedhasa is aware of significant hotel projects which were scrapped as a direct consequence of this. Now, barely six months later, the incentive have been watered down even further with the announcement that equipment allowances are a flat 20 percent pa."
Holidays: Cape to become top spot?

DRAMATIC changes are being forecast in traditional holiday-making patterns in South Africa in the 1990s — with the Cape as possibly the main beneficiary.

Marius Leibold, professor of business economics at the University of Stellenbosch and economic advisor to Captour, says these changes are already evident, with an apparent switch of much of Transvaal and Free State holiday traffic from Durban to Cape Town.

"Much of this traffic appears to be in the middle-income group, adding to the high-income traffic already using Cape Town as a holiday destination," he says.

While tourism figures for the 1988/89 season at the Cape are more than 20% up on last year, across the board, Durban with all its beaches now "open", is reported to have had a relatively poor season. Its multi-billion rand tourism trade — the livelihood of more than 80 000 people — is said to be threatened.

At a seasonal feedback meeting in Cape Town this week, called by Captour, hoteliers, restaurateurs, coach-tour operators, winelands and other tourism interests reported not only an upsurge in tourist figures, they also said they had noted a great number of "first-timers" at the Cape.

Trends noted at the meeting were:

● Considerable expansion in the informal accommodation sector.

● An upsurge in demand for accommodation in country areas.

● An upsurge in visitors not only from overseas but also from other parts of Africa.

● An unprecedented demand for coach tours, which have done up to 40% more business than in the 1988/89 high season, with promise of continuing brisk business through the Cape's "Green Season," soon to be advertised extensively in a TV and print media campaign.

● A wider spectrum of people patronising city restaurants.

● Increase of 20% to 30% in the number of visitors to Boland wine farms. A spokesman for 17 of these farms said: "We've been absolutely inundated; all our wine has gone across the mountains!"

Prof Leibold says where Durban has positioned itself as the "fun" holiday centre of South Africa, Cape Town has several assets which are attracting a fast-growing number of holiday-makers to what could be termed a "heritage" holiday destination, offering a lot more than just fun and beautiful beaches.

"Apart from our historic and scenic assets we are also increasingly being seen as a health-resort area, with the development of many of our spas and hospita in the Western Cape."

Prof Leibold says there is now no doubt that, with wild-life reserves, the Cape has become a priority destination for foreign tourists and, he adds: "Recent trends and developments in Eastern Europe and elsewhere are going to impact strongly on tourism in South Africa — particularly the Cape."

"There are tremendous things in store for tourism in this area, and careful marketing strategy is essential."

By MARIUS BOSCH

CAPE coastal resorts including "playgrounds of the rich" report a marked increase in the number of visitors who previously spent their holidays in Natal.

Hermanus Publicity Association spokesman Eric van Beek says hotels and restaurants in the town have been fully booked. The coastal resort has seen its population grow from the normal 5 000 to more than 30 000 people.

Plettenberg Bay has had a shorter season, more concentrated than in 1988/89, says publicity association spokeswoman Ingrid Denny. "Although we had about 10% fewer visitors, more money was spent and local businesses were supported much better."

Greenlyn Lodge manageress Jacky Gordon says the lodge had "a frantic Christmas" with an increased off-the-street trade.

Resorts on the west coast have also experienced an extremely good season with Club Mykonos at one stage having to "close the doors", and Port Owen staff being given an extra week's leave to recuperate after a hectic holiday-peak.
R400m investment awaits gambling rule

FOUR big hotel groups are prepared to invest R400m in Transkei if the Supreme Court rules that Sun International (SI) does not hold exclusive gambling rights, a Transkei source said at the weekend.

The source, who declined to be identified, said three of the hotel groups were from overseas and one was based in SA. They had already applied to government for gambling rights.

An attorney for the Transkei government said at least 17 applications for gambling licences had already been received in recent years.

From January 23 the court will hear arguments on whether or not agreements concluded between the former Transkei government, led by Chief George Matanzima, could legally award exclusive gambling rights to Transgames, which was subsequently bought out by SI.

The court action follows recommendations from the Alexander Commission of Inquiry into Gambling Rights in which Mr Justice Alexander said it seemed "highly arguable that no licence granted under the Gambling Act of 1979 can confer exclusive rights..."

The Alexander report recommended the court be asked to decide whether:

1. government was entitled to confer exclusive rights;
2. government was entitled to withdraw from the agreements concluded with SI if the R2m bribe paid by Sol Kerzner and David Bloomberg to George Matanzima "was tainted with corruption".

Mandy Jean Woods

"Either the government must seek an order in the Supreme Court declaring the rights originally granted were of no force or effect, or that questions of policy require the status quo be allowed to continue and a suitable amendment to the Gambling Act be introduced," Mr Justice Alexander said.

Protection

Lawyers acting for government have filed a notice of motion with the court asking it to clarify whether SI had any rights at all and if so, if those rights are exclusive.

SI declined to comment on the matter. However, in a statement released early last year SI said: "The market for the gambling industry in Transkei was too small to admit fragmentation on a viable basis. An investor, prepared to spend tens of millions of rand on major developments... could not risk such investment unless the exclusivity of his market was assured for a limited but sufficient period."

"Such protection was afforded to the Wild Coast Sun (WCS) by three categories of rights granted by the Transkei government. The first was the grant of exclusive gambling rights for a period extended to December 1996 within a 100km radius from the WCS."

On the strength of these exclusive rights SI invested about R130m in the WCS, the statement said.
The Pan Africanist Movement (PAM) vowed at a placard demonstration outside the Johannesburg Sun Hotel yesterday to "practically and physically" stop the forthcoming rebel English cricket tour.

Carrying placards with slogans such as "war against the cricket terrorists," about 50 PAM members sang and chanted slogans outside the hotel for 30 minutes because they believed the rebel cricketers would stay there.

Addressing the media, PAM general secretary Mr. Benny Alexander said: "We are here to send a message to the Southern Sun's management that as a movement, PAM will take action against all those who support the rebels." The demonstrators marched to Lekton House in Wanderers Street as police arrived.
Kruger Park fees rise to hit upmarket groups

By Thabo Leshilo

The Kruger National Park has announced rises in charges, but the park management says it does not expect the increases to drive away the lower-income group.

Mr. Johan Verhoef, the National Parks Board's environmental education manager, said the differentiated increases, averaging 30 percent, favoured the lower-income group. Only those using more luxurious accommodation at the park would be seriously affected by the increases.

"Mr. Verhoef said a bushveld camp for the lower-income group, called Bateleur, had already been completed, and the medium-sized Mopani camp would be opened early next year.

More medium-sized camps, private camps, and bushveld camps were being built to increase accommodation from 3 100 to 4 000 beds. The project is expected to be completed in the next two to three years.

Mr. Verhoef said the number of cars would be cut down in accordance with a tourism master plan. "We cannot allow an unlimited number of tourists and cars because that will affect the quality of experience (of the wilderness) which is of utmost importance."
New rates set Kruger Park poser

Why the luxury route?

The National Parks Board is thinking about charging luxury rates to tourists who want to use luxury campsites at Kruger Park. The board has announced that it plans to raise the cost of using these campsites in order to support the maintenance of the park and to encourage the use of luxury campsites.

The announcement is part of a broader effort by the National Parks Board to diversify its revenue sources and to support the sustainability of the park. The board is also considering other measures, such as increasing the prices of park entry fees, to generate additional revenue.

The announcement has been met with mixed reactions from tourists and park visitors. Some have welcomed the move, citing the need to support the park's conservation efforts. Others have expressed concern about the potential impact on tourism and the affordability of park visits.

The National Parks Board has emphasized that the new rates will be applied in a phased manner, with gradual increases over the next few years. The board has also indicated that it will continue to monitor the impact of the new rates on tourism and make adjustments as necessary.

Overall, the National Parks Board is committed to ensuring the long-term sustainability of Kruger Park and to providing an enjoyable experience for visitors. The board is working to balance the need for revenue generation with the importance of protecting the park's natural and cultural resources.
Fast move for English cricketers

THE arrival of the English cricket team at their hotel yesterday has probably set a record for the fastest check-in of hotel guests in the history of the SA tourist industry.

It took less than a minute for the entire team to get from their bus, through the hotel reception area, into a bank of lifts and then to the safety of a first-floor reception room.

From the early hours of yesterday morning a strong contingent of uniformed and plainclothes policemen guarded all entrances to the luxury Sandton Sun hotel where a carefully rehearsed plan of action awaited Mike Gatting and his team.

When the team's tour bus arrived at the hotel at 2.45pm there were plenty of police, plenty of the press and a paucity of protesters. Not a single demonstrator was to be seen as the handful of bystanders broke into spontaneous applause for the English cricketers.

As the bus came to a halt opposite the main entrance to the hotel the visitors were shepherded through the doors, through the reception area and straight into four lifts that were being held open for them by hotel security staff.

They were ushered into the first-floor Gardenia reception room and the doors closed with half a dozen security personnel barring entry to everyone except Dr Ai Bacher and a hotel porter pushing a trolley-load of cricket kit in cardboard boxes.
Call for tourist access to Robben Island

CAPE TOWN — The Cape Town Chamber of Commerce has submitted a memorandum to the Board of Trade and Industry listing restriction of access to Robben Island as one of a number of issues it considers to be inhibiting tourism in the Cape Peninsula.

The memorandum calls on the authorities to help encourage tourism by reviewing factors that restrict air services to SA and legislation that offends visitors and by introducing steps to make the most of tourist resources.

The chamber also calls on the BTI to investigate the opening of Robben Island which has been restricted since the security prison was built on it.

This is not the first request to open up the island. The National Monuments Council has tried to have it declared a national monument, while the Future of Robben Island:
Cape chamber urges cheaper fares to SA

By DICK USHER, Business Staf

CHEAPER airfares to South Africa, and especially the Western Cape, have been urged by the Cape Town Chamber of Commerce as part of a national plan to boost the tourism industry.

The chamber recommends that D F Malan Airport be accorded full gateway status to allow a separate fare structure and use by international carriers.

The cost of airfares to South Africa, and to the Western Cape in particular, had to be urgently addressed, the chamber said yesterday.

It frequently received complaints from overseas visitors that airfares to South Africa were “way out of line” with airfares to other international tourist destinations.

Greater competition in international air services was required if South Africa was to attract more international tourist trade.

The fare policy which required passengers to pay an add-on fare to the "gateway", even if the actual distance to Cape Town was shorter than to Johannes burg, was indefensible and out of line with international policy.

"It is absurd that D F Malan Airport, which has full international facilities, should not be accorded gateway status to allow of a separate fare structure to and from this airport and use by other international carriers," the chamber said.

Charter flights should also be encouraged.

Although the government had decided to allow charter flights to South Africa, the conditions attached at the insistence of South African Airways made the charter arrangement unattractive to entrepreneurs and international charter carriers.

"If South Africa is to compete on world markets for international tourism, it must allow charter flights to operate at times when tourists wish to visit the country."

The issue of bottlenecks on domestic flights, which inevitably occurred during peak tourist seasons, had also to be addressed if international tourism was to be encouraged.

"Carriers should ensure that they had sufficient capacity and additional aircraft should be chartered as necessary at peak periods."
Sun loses exclusive gaming rights

By Norman Chandler

UMTATA — Hotel giant Sun International has lost its exclusive gaming rights in the Transkei, but has been guaranteed eight years without competition in the north of the country.

The Transkei Supreme Court yesterday ruled that, with immediate effect, the rest of the country was open to other casino hotel developers.

The country had, in terms of the constitution, been divided into north, central and southern areas and, initially, only one casino complex would be allowed in each area.

Yesterday's action came as a result of Major-General Bantu Holomisa's government challenging Sun International's exclusivity in gaming rights. These were granted to Mr. Solomon Kranmer by the previous government.
**Baker shoots assailant**

A Johannesberg butcher, Mr. Ettore Milano (57) of Eldorado Bakery in Kensington, was shot twice in the chest by three gunmen while walking to work on Tuesday at 5 am. Although seriously wounded, Mr. Milano managed to draw his gun and fired three shots at his attackers, killing one. The other gunmen escaped in a minibus. — Crime Reporter.

**Minister seeks union talks**

The Minister of Mineral and Energy Affairs, Dr. Dawie de Villiers, has asked for wage talks to be held with six coloured, Indian and white postal unions before he responds to the pay demands of the Post and Telecommunications Workers’ Association (Potwa). — Labour Reporter.

**Bank employee is hijacked**

A Volkskas bank employee was held up by a gunman on Tuesday at 10.30 am as he was loading a money trunk into a minibus at the South Rand Hospital. The gunman forced the employee into the vehicle and drove to South Hills, where he was dumped unharmed. — Crime Reporter.

**HÄGAR the Horrible**

By Dik Browne

**BMF plea to back De Klerk**

**EAST LONDON** — South Africans need to help President de Klerk to move forward boldly and create the right climate for negotiations.

The national president of the Black Management Forum (BMF), Mr. Don Mkhwanazi, told the East London Chamber of Commerce yesterday that change in the country was inevitable.

He said the private sector was one of the key players in the creation of a new South Africa. “Unavoidable change has created great fear among whites and it has robbed our beloved country of the best brains, thus compounding the critical shortage of skilled manpower,” Mr. Mkhwanazi said.

“South Africa stands on the threshold of a new era. We must put in place all the components to achieve new heights. History is not something that merely happens of its own accord.” — Sapa.

**Sun loses exclusive gaming rights**

By Norman Chandler

**UMTATA** — Hotel giant Sun International has lost its exclusive gaming rights in the Transkei, but has been guaranteed eight years without competition in the north of the country.

The Transkei Supreme Court yesterday ruled that, with immediate effect, the rest of the country was open to other casino hotel developers.

The court has, in terms of the court order, granted to the Transkei government been diluted into north, central and southern areas and initially only one casino complex would be allowed in each area.

Yesterday’s action came as a result of Major-General Bantu Holomisa’s government challenging Sun International’s exclusivity in gaming rights. These were granted to Mr. Sol Kerzner by the previous government.
Andrew Gil reports that Transun_Airport would be welcome
in the area after other airport proposals were	
rebuffed.

By control of airport would be necessary:

- By multi-national companies and opportunities
- By control of airport would be necessary

According to the settlement, the airport would be
operated by a joint venture of Transun_Airport
and other companies. The airport would be
powered by sustainable energy sources.

The settlement also includes provisions for
traffic management and noise control.

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SunBop: JSE awaits news

THE investment community continues to expect a major announcement about the future of JSE-listed SunBop.

The counter, which has shown the highest rise among non-gold shares on the JSE in the past year, is under increased pressure after an informal directors meeting last week, at which the dramatic proposal to split SunBop from Kersaf was apparently discussed in depth. Directors have declined to comment on the meeting.

The proposal would partially explain the relentless SunBop price increase, particularly in the past six months. A SunBop split from Kersaf would materially dilute the value of Kersaf, and proportionately increase the value of SunBop.

The proposal would necessitate delicate negotiations involving a large number of institutions and well-known personalities, as the shareholding structure is complex. Old Mutual holds about 49% of SunBop.

which in turn holds 75% of Kersaf, which in turn holds 60% of Sun International, which holds about 40% of SunBop. As such, SunBop is an associate of Sun International, which gives it much greater flexibility than a subsidiary.

JSE analysts believe the decision to announce the enormous Babelegi project north of Pretoria, was made last week, and needs only official announcement. Again, this would help explain the hefty increases in the SunBop share price.

Moreover, for the full financial year to end-June 1990, the Taung Sun will contribute for a full year, and the impact of the newly opened Naledi Sun will be felt. Analysts have also revised earlier estimates of a 25% increase in earnings and dividends per share, for the full year, to 50%.

SunBop

The expected announcement of a new resort at Babelegi may also be made with the official go-ahead for proposed substantial expansion at Sun City.

Babelegi is expected to be a family resort rather than a "hard core" gaming resort such as the Morula Sun. The idea of a "Disneyland" has been mooted, along with a "Water World" and an enormous casino. Babelegi could dilute interests in both Morula and Sun City for the short term.

The expansion at Sun City will probably include a 250-room hotel, an expanded Entertainment Centre and a new golf course, with total capital expenditure estimated at R250m. This will be financed with a combination of increased debt and retained earnings.

Babelegi has a cost that will also be relatively large and be similarly financed. The two developments should not increase SunBop's gearing above the self-imposed 60% level, as SunBop had a cash pile of R200m in its latest reported results.
Outcry over new Soweto tavern

RESIDENTS of Protea North, Soweto, who have for months opposed the building of a tavern on a residential site in their area, are now forced to fight the move in court.

Concerned Residents Association were yesterday taking legal action against the owners.

Residents say the tavern is due to open in February. Spokesman for the organisation, Mr. Nemo Simbahala, said: "The structure has been completed and all that is left now is for them to buy stock and start operating."

After "learning" that the tavern was being built, residents last year decided to oppose it.

Residents said they were not consulted and did not consent to the tavern which they contended was a serious violation of their rights.

After petitions and representations to the Soweto Council and their councillor, residents claimed they still do not know the person or the company behind the building of the tavern.

Simbahala said: "We hope that the court action will force the council to bring to us the people concerned and the channels they used."
POLITICAL uncertainty in the Comores had forced Sun International (SI) to temporarily wind down its new Le Galawa Sun Hotel, SI regional operations director in charge of the Comores George Lazley said yesterday.

Poor bookings — an average of about 24 people a week between mid-January and March — and uncertainty over the pending elections were the reasons for the shutdown, he said.

One guest told Business Day there were only six people booked into the hotel last week. The hotel could accommodate about 350 people.

Lazley said SI stood to incur monthly losses of about R600 000. SI had investments in the Comores totalling R15m.

He said while the restaurant was still open, SI was advising tourists to stay at its other hotel, Isandra, which accommodated 40 people, because of the "lack of atmosphere" at the hotel.

"Obviously this is an expensive exercise for us, so we have taken the opportunity of sending people on leave," he said.

Speculation that the hotel would be closed until at least April 6 was premature, he said.

"We think we will open before then but it depends on how things settle down after the elections on February 18.

"Normally in a case like this we would do a big sell, but we decided to wait and see what the outcome of the elections was. If things go smoothly I think we will open in about mid-March," Lazley said.

A Foreign Affairs spokesman said an investigation into the situation in the Comores two weeks ago showed the political position was "more stable now than ever before.

"There is no question that political uncertainty will prejudice SA interests. There has been a major downturn in tourism in the islands but we are not concerned about this in the long term."

The economy of the Comores relyed on a stable environment so that tourism, the single biggest foreign exchange earner and employer, could flourish.

Lazley and the spokesman said indications from the various political parties were that they expected to maintain close ties with SA and to foster tourism.

Trouble flared in the former French archipelago in late November after Comores President Ahmed Abdullah was allegedly assassinated by former French mercenary and Presidential Guard commander Col Bob Denard.

Sapa reports a decision on whether to extend Denard's temporary residence permit for another two weeks was expected later this week, a Home Affairs spokesman said yesterday.

Denard's previous permit expired on Monday. He has been in SA for six weeks after fleeing the islands with 39 mercenary members of the Presidential Guard.
Inflation is 'major culprit' in increases

Liquor prices up eight to 16 percent

By Shehnaaz Bulbulia

Major liquor outlets and others affected said yesterday they accepted the liquor price increases in the light of spiralling inflation.

- Liquor prices increased from between eight and 16 percent countrywide today.
- Both Stellenbosch Farmers' Winery and Gibneys — major liquor distributors — have announced across-the-board price rises.
- Inflation was the major culprit in the liquor price increases, said Mr Fred Terman, chairman of the Federated Hotel, Liquor and Catering Association of South Africa (Fedhasa).
- He added that price increases of any product would not go down well with the public.
- "Any increase is undesirable. We have to take the brunt of the public's complaints, but we have to cope and the public should understand that price increases are a result of inflation," he said.
- There were a number of liquor price increases annually and Fedhasa had no option but to cope with them, he said.
- Some companies split increases twice a year and this varies from product to product. The decision lies entirely with the particular producer concerned. In addition, there are price increases on imported spirits. We have no option but to cope with the situation," he said.

A spokesman for the Liquor Cellar Group said: "Like everything else that goes up in the country, we have accepted and expected liquor prices to go up. For the past couple of years we have had to cope with liquor price increases twice a year, one in August and the other in February.
- Price rises affected the group, but only for a short while, he added.
- "The public complains, but after a while they accept the increases, too. It's the same with cigarette price increases — people complain for a day or two and then continue buying cigarettes," he said.

Cashing in

A spokesman for a major bottle store in Johannesburg said the public always tried to cash in before price hikes, but after the increase in liquor prices the company had not witnessed a drop in sales.
- "We were very busy yesterday with consumers buying liquor at old prices. It's always like this before the liquor price goes up. After the increases the public may be unhappy for a while, but we have not experienced a drop in profits after the increases," he said.
- A spokesman for Cellar Master said: "Nobody likes to see prices going up, but the cost of everything else has gone up. That's the situation."
GOOD news for consumers. The age of the package deal holiday has arrived in South Africa.

That is the view of the country’s hotel industry which predicts that to beat the rising cost of holiday accommodation, South Africans are going to take fewer privately arranged holidays and will make greater use of combined travel and hotel packages.

At the same time, there will be a growing demand for more affordable, limited service hotels and increasingly, up-market hotels will cater for tourists and corporate business.

All this adds up to big changes in the holiday habits of South Africans, says Fedhasa, the hotel industry’s mouthpiece.

Says Mr Fred Thermann, Fedhasa’s executive director, “In Europe, for decades people have planned holidays and hotel bookings well in advance and have booked accordingly through less expensive package deals offered by hotel groups and tour operators.

**Trend**

“We believe the same trend will catch on in South Africa – and keep hotels not only affordable, but very attractive,” he said.

The new trend would be in keeping with what happened in air travel, when rising prices encouraged South Africa travellers to make use of budget services such as Apex.

The same thing is bound to occur in the hotel industry and package bookings will become far more popular, particularly as they offer tremendous value for money, often including air and rail travel in a highly discounted, attractive deal.

Hotels would also benefit from the trend, he said.

“The big advantage for hotels is that they will have volume bookings – and that in turn allows them to offer excellent value for money. South African hotels continued to offer the best value for money in the world to foreign visitors,” said Thermann.

“But the average South African has less disposable income, because of inflation and high taxation and the whole pattern of hotel usage could therefore change.”

Moreover, if Government introduced staggered school holiday periods for the different provinces, more people would holiday out of peak season, so benefiting from low out-of-season rates.

“A major problem for the hotel industry is the peaks and valleys in room occupancies. Hoteliers do not have a smooth flow of income and it is difficult to plan and keep costs as low as possible.

“Average room occupancies for all hotel grades during 1989, were 56 percent. A level of 65 percent has to be achieved to be cost effective.”

**Service**

Steadier volumes of business would also make it possible for hoteliers to maintain a more permanent nucleus of staff who could then be trained to provide higher levels of service.

“A swing towards off-peak season package deals would certainly help to overcome this problem, although it won’t provide the total answer,” says Mr Thermann.
Hotels need more capital to handle tourism — Fedhasa

PRETORIA — The SA hotel industry would need a massive injection of development capital if its infrastructure was to be developed to cope with the expected increase in the number of foreign tourists, Fedhasa executive director Fred Tharmann said yesterday.

He was reacting to the SA Tourist Board expectation of more than a million foreign tourists this year.

As the profitability in the industry was too low to attract significant capital investment from the private sector, government should become a partner in the industry.

Tharmann said government investment stretched over a reasonable period and earning competitive interest rates had been suggested by Fedhasa, but rejected by government.

He said the costs of building, refurbishing and equipping hotels had become prohibitive when measured against the likely financial rewards and were a stumbling block in the way of exploiting the vast tourism potential.

An expanded industry would not only mean greater potential for forex earnings, but would at the same time create hundreds of new jobs, he said.

A Satour spokesman said the trend for the number of overseas visitors to increase, apparent last year, was likely to intensify following President F W de Klerk’s opening address to Parliament last Friday.

A preliminary estimate is that last year, foreign visitors totalled 920 000 — 110 000 more than in 1988.
I & J profit stunted and squeezed

An escalation in operating costs stunted the interim profit growth of frozen food producer, Irvin & Johnson (I & J), which was simultaneously squeezed by the stranglehold which the stagnating economy placed on disposable incomes.

Earnings increased 2.5% to $4.6c a share ($92.6c) on a 17.5% growth in turnover to $90.6m ($18.6m).

And the scenario for the next few months looks equally tough, with hopes of reversing the last year's earnings as restrictive governmental measures to restrain the economy and restrain spending.

"Current levels of restrained consumer expenditure, depressed selling prices and high interest rates are expected to persist throughout the remainder of the financial year," the directors state in the profit announcement.

They say the prices of I & J's major products remained at last year's levels "and in some cases prices were lower than a year ago. The firmer rand reduced export realisations".

Another worrying factor is the uncertainty over the continued operation of SA companies in Namibian waters.

The rise in unit costs due to wage increases and hikes for petrol and packaging prices resulted in a fall in the operating margin from 8.5% to 7.3%, generating a 3.1% rise in operating profit to $44.2m ($42.7m).

Transun to exploit further Wild Coast Sun's potential

TRANSUN, announcing satisfactory interim results today, has ambitious plans to expand and glamourise the Wild Coast Sun (casino/hotel) complex presented at Transun's board meeting yesterday, MD Alberto Chaiaandra said in an interview.

The company reported a net profit increase in turnover to $60.2m ($71.95m) in the six months to December on which a 13% interest was paid to shareholders.

The company is said to be in the process of acquiring a hotel and casino for a total of $130m ($123.9m) and a 16% rise in attributable earnings to $24.7m ($21.1m) were achieved.

The interim dividend has been raised to 13c (11.5c), keeping the company's dividend growth record intact.

Directors say in the interim report that the interim results are satisfactory considering the fact that no major developments have taken place since September 1987.

They say notwithstanding continuing adverse trading conditions, the board believes that earnings in the second half should be satisfactory.

Transun's bottom line was affected positively by net interest earned.

The company's healthy gearing of 37% opens the door for expansion. The Wild Coast Sun achieved an average room occupancy of 80% for the six month period - 5% higher than room occupancies in SA's hotel industry.

This is a better occupancy rate than the hotel achieved in the previous year and an indication that the casino/hotel complex can attract a bigger tourist traffic if facilities are upped.

The gaming rights position is now made clearer for Transun to go ahead with expansions.

Revenues

An agreement, which has been made an offer of the Transkei Supreme Court but which is still subject to confirmation by the passing of the necessary legislation, has been reached with the Transkei government.

Transkei has been divided into three sections (northern, southern and central) for the purpose of gaming licences. In addition, gaming levies have been increased with immediate effect to 7.5% of gaming revenues for the next three years, increasing thereafter to 10% of gaming revenues for the next three years.

Transun will be entitled to its exclusivity in the northern division until July 31 1990 and no other party can be granted a gaming licence in this division before that date.

The group's own stand-alone slot operations, trading as Transgames, will be phased out over time. The Idutywa Casino and Portnor Enterprises will close on or before January 31 1991 and the Butterworth and two Umtata casinos will close on July 31 1990 or one year after the opening of any casino hotel in the southern division in the case of Butterworth and in the central division in the case of Umtata.

Transun will therefore continue to enjoy exclusive gaming rights in the northern division until 1992. The remaining divisions are available to applicants, including Transun, for the granting of gaming licences dependent on the declaration of a tourist development area and the development of a casino hotel in the relevant division.

Transun shares firmed to 30c yesterday ahead of results. The counter shot up to 45c on January 26 when the beverage and leisure sector was buoyant.

Metal Closures earnings crash in adversity

POOR weather conditions, industrial action, intense market competition and lower sales in some markets contributed to Metal Closures's 21% drop in earnings in the year to December.

The group produced earnings of $29.6c (83.5c) a share, the total dividend for the year of 16c (22c) a share, is up 14.8% and covered 2.4 times.

Turnover rose 8% to $133.3m ($123.4m), but operating income fell 17% to $13.8m as margins fell dropped to 12% (15.7%).

The interest bill soared to $13.6m

Zella Effat

(1320 000) with interest cover falling 15.5 (46.4) times, resulting in pre-tax profits dropping 25% to $11.4m ($19.6m).

On a drop in the tax rate to 4.5% (49.2%), attributable profits fell to $7.2m ($9.5m).

Directors say the low level of real growth, negative in the case of the rigid moulding business, when compared to extremely buoyant levels enjoyed in 1988 stems from various factors.

Include poor weather conditions in the first quarter, conversion by customers to the plastic Duct closure where existing aluminium stock was run down, illegal work stoppages and industrial action.

The reduced level of activity has impacted adversely on the recovery of overheads which have sharply increased due to the rapid growth.

Directors say the group has invested substantially over the last two years to expand and improve its manufacturing facilities and is confident, that it is well placed for growth.
European businesses cautious on prospects of early return to SA

By Chris van Wyk

This is the second of two articles in which the Financial Times examines prospects for relaxing sanctions and a return of foreign investment to South Africa.

These companies which have divested during the 1980s also remain cautious.

Barclays Bank, which divested from South Africa after pressure from the National Union of Students, says its position has not changed.

Nevertheless, an analyst at James Capel said it had received many inquiries about investment opportunities in South Africa from the business communities in the UK, West Germany and Switzerland in the past few weeks.

In the short term, financial analysts point out that investments in South Africa remain highly risky.

Companies investing there will also face opposition from pressure groups which still favour divestment.

These companies also risk a fall in their share price.

A recent survey by PIRC showed that last year more than 60 percent of top pension fund managers by value in the UK ran funds that had restrictions on stocks with involvement in South Africa.

Future investments in South Africa may be bargains. If these companies divestment to diversify or to put money back into the country, they may well find the money to pay much more in raising their businesses.

Paris

In Paris, businessmen react cautiously. France's economic presence in South Africa has always been modest, and few companies have divested from the country in response to the criticism of apartheid over the years, George Graham reports.

Few, however, appear enthusiastic about the immediate prospects for resuming business contacts.

French direct investments in South Africa are estimated by the Bank of France to have amounted to FFr1.6 billion ($100 million) at the end of 1987, substantially lower than in Belgian, German or Italian, and less than a third of total investments in Cote d'Ivoire. France's principal business partner in Africa.

The energy sector, including oil, coal and gas, accounts for three-quarters of this stock of investments, with chemicals and electrical equipment making up most of the rest.

The state-controlled oil company, Elf Aquitaine, is likely to be jeopardised by an oil refinery and a petrochemical plant together worth $100 million.

Total said the company was too early to draw any conclusions on the future.

Peugeot and Renault, the two car makers, are the only two big French companies to have pulled out of South Africa in recent years.

Recent sales of the decision had been made on purely business grounds, and it would have to wait to see if future business opportunities arrived.

Peugeot, whose Paris headquarters are close to the bank's head office, is a bomb planted in protest at exports to South Africa by a division of the group, was more cautious.

A spokesperson for Automobiles Peugeot said it was too early to review the company's policy.

No French listed companies have enough exposure to South Africa for the Paris stock market to see any significant damage to the recent investments in the political situation.

Financial analysts agreed, however, that the events of recent years have increased risks for companies like Total and Elf Aquitaine, both of which have substantial interests in nearby African countries such as Angola and Gabon, could benefit considerably from an opening up of the South African market.

Frankfurt

West German companies with interests in South Africa welcomed the latest turn of events, but did not expect immediate business there to take a marked turn for the better, writes Andrew Fisher, Two of the most prominent German companies with car factories in South Africa are Mercedes-Benz, the parent of the Daimler-Benz industrial group, and BMW, which employs around 2,000 people at its car assembly plant near Pretoria, and has no intention to offer on the future developments.

The company said it had now had any problems or strains. It had had no need to adopt hedging conditions in line with the standard set by IG Metall in late 1987 since it was already at this level.

The company announced all its current models and Komtradex kits supplied from Germany.

Mersedes said it was already well represented in the local market and had no particular plans for any further expansion, beyond its normal rate of investment there.
Day of toasting
drains shebeens

SHEBEENS in the Johannesburg suburb of Hillbrow ran dry yesterday as hundreds of patrons flooded the liquor venues to toast the release of Nelson Mandela.

The owners of Little Soweto, Sunbeam, Dicks and Best Juice said supplies had run out in the morning as record numbers of patrons turned up.

"When the announcement about his release was made yesterday (Saturday), I went to Alexandra to stock up. I bought about R1 000 worth of liquor. But by 10 this morning, I was sold out. I heard the owner of one shebeen in Hillbrow had added an extra 30c on the price of a quart," said owner of Little Soweto Gibson Tshabalala.

Sunbeam's owner Thula Hlatshwayo said business had been brisk and he, too, had run out of beer.

At 10.30am about 200 chanting and singing people wound their way through several Hillbrow streets.

And in the afternoon, about 400 people marched down Harrow Road celebrating the release of the ANC leader.

— Sapa.
Tourism

Still growing: Sun City to get a new hotel and another golf course

Kerzner returns with R1 billion hotel development at Sun City

From Malcolm Fothergill

JOHANNESBURG. — Sun King Sol Kerzner plans to more than double the number of day visitors to Sun City — around two million a year at present — with a multi-million rand development.

Appointed chairman of Sun International Bophutatswana

(Sunbop) at the weekend, he returned to the Southern African scene and announced plans a 400-room hotel surrounded by jungle, water features and special effects galore, including a 108m-long wave pool, waterfalls, slide pools and a coral reef.

If the new development does indeed double the number of day visitors it will make Sun City considerably more popular as a holiday resort than either Cape Town or Durban.

Hand in hand with the Sun City development could be a new R350 million hotel at Babalegi near Hammanskraal.

The Sun City development will cost R650 million. Mr Kerzner expects working drawings to be ready in the next few weeks.

He says the first ground should be broken in May and the complex should be open by December 1992.

The Babalegi hotel will have 60 or 70 rooms. It will have an amusement park theme with big wheels and bumper cars and should be completed by January 1992.

The centrepiece of the new, 80-acre development at Sun City will be a luxurious 400-room hotel designed to look like a palace.

Other features of the development will include an extra 18-hole golf course, for which Gary Player will be involved in the design, an aviary around 15 acres and a mountain that will join the existing entertainment complex and will contain in its depths fun rides featuring dinosaurs and other creatures which will be created by some of the world’s top special effects experts.

Mr Kerzner said the volume of work involved in a R1 billion Sunbop development would place a strain on Southern Africa’s construction industry and specialists such as shopfitters and stonemasons.

“Our construction guys are going to have to gear up. They might have to import specialist skills,” he said.

He said the only way for Sunbop to continue to show good returns was to create something new all the time.

“I believe the concept we have come up with in this project is unique worldwide.

“People want recreation. People want fun.”

Sun Bop achieved record results for the six months to December with all units contributing strongly, the company reports.

Turnover of R315.6 million was 24 percent up last year while operating profit of R65.9 million was 24 percent up.

The lower rate of increase in the operating profit was due to the higher rate of gaming levies which have now reached the maximum legislated rate.

Attributable earnings increased by 38 percent from R53 million last year to R73.3 million.

The group recorded an average occupancy of 82 percent for the six months which was 2 percentage points above last year and substantially higher than competing hotel chains in Southern Africa.

The reduction in the effective tax rate to 34 percent was mainly due to a change in allowances granted to hoteliers from January 1989.

A record interim dividend of 45c a share (1988: 32.5c) has been declared.

The directors say provided there is no significant change in trading conditions, the growth in earnings per share for the second half of the year should be in line with that achieved in the first half.

The board has appointment Mr Kerzner as chairman of the company and Mr Ken Roseyear as deputy chairman. Mr D.A. Hawton and Mr G.A. MacMillan have also been appointed directors.
Kerzner’s return as Sunbop chairman signals R1 billion expansion phase

Finance Staff

Sol Kerzner’s return to the helm of Sun International Bophuthatswana has signaled a new phase of expansion for the hotel group.

Mr Kerzner, whose appointment as chairman of Sunbop was announced on Friday, also heralded the return of Ken Rosevear as managing director, immediately announcing a R1 billion expansion for the group.

The project involves a 80-acre complex next to Sun City, and at a cost of R650 million, has been described as one of the most ambitious ever in South Africa, and a new R350 million hotel in Bablyenge, north of Pretoria.

The Sun City extension, that will rank among the world’s largest and most expensive resorts, includes an up-market Oriental palace hotel, with rooms costing R400 000 apiece.

The total cost of the hotel will exceed R200 million, but the bill will surge as the hotel will be surrounded by numerous caves, jungles, ruins, artificial rivers and waterfalls.

The development also includes a new 18-hole golf course, and, of course, more slot machines and increased gaming capacity.

“We want to double the 2-million visitors to Sun City every year,” Mr Kerzner said on Friday.

Messrs Kerzner and Rosevear left the management of Sun International after the bribery scandal in the Transkei, and were replaced by Dick Goss and Ian Heron.

Their resignation in December last year fuelled speculation that Mr Kerzner would return to Sunbop on the insistence of Bophuthatswana president Lucas Mangope.

Kersaf chairman Buddy Hawton played a major role in their return.

Mr Hawton said Sunbop had a contractual arrangement with Mr Kerzner for him to act as a consultant: “Our intention is to broaden that.”

Sunbop has reported a 38 percent advance in earnings to R78.5 (48.5c) a share on a 34 percent hike in turnover for the six months to December. A dividend of 45c (32.5c) a share has been declared, writes Ann Crotty.

Turnover was up to R316.5 million (R236.5 million) and operating profit rose 24 percent to R58.5 million (R47.7 million).

The directors say the lower rate of increase in operating profit was due to a higher rate of gaming levies now at the maximum legislated rate.

A hike in interest received from R6.8 million to R17.8 million and an easing in the tax rate from 35 percent to 34.4 percent helped lift the improvement at attributable earnings level to 38 percent at R78.2 million (R53 million).

The reduction in the effective tax rate was mainly due to a change in allowances granted to hoteliers. Gearing dropped from 16 percent to 12 percent. The group recorded an average occupancy of 83 percent for the six months, two percentage points above the previous year.
Blowing in the wind

Despite poor public response to a scheme to invest in a proposed R263m hotel complex at Umgeni on the Natal South Coast, the project will go ahead, says Joe Forbes, the Durban-based financial consultant behind the Aquilon venture.

Last year, Forbes issued a prospectus inviting the public to invest in debentures, the minimum of which would be R17.501 — including a R1 ordinary share. At the closing date, January 19, only about R19m had come in. As at least R185m was needed to get the hotel project off the ground, the offer was deemed unsuccessful.

But this week, Forbes said he had no doubt in the normal way."

Forbes says he has been negotiating with a party "not interested in the public offer" and expected talks to be finalised soon. He refused to disclose the name of the potential financier.

"We have also had many other approaches and we are confident we'll get the capital to start the project," he says plans for the hotel — which includes 10 suites, swimming pools, nightclubs and a bowling alley — have not changed.

But what happened to the R19m subscribed by the public, which, in terms of the offer, had to be returned within 80 days free of interest?

"We returned the cheques immediately," says Forbes. "In some cases, when it was clear the offer was not going to work, we did not even deposit them. I felt it would be immoral to hold on to the public's money."

He says the total outlay on the project to date is around R4m. The bulk of this involves subcontracting and consulting fees. His personal costs have been about R300 000.

"I think the bottom line of the poor public response was the uniqueness of the offer. Maybe the prospectus was a bit too sophisticated."

In the meantime, the old La Crete Hotel continues to trade. Forbes has a suspense sale agreement on the property, which will go through once the financial package for the Aquilon development is in place.
Now you see it, now you don’t

In the latest body blow to the timeshare industry it seems highly likely that people in the process of buying units through Timeshare Dynamics (TD), at the time of the company’s collapse last year, will lose their deposits.

This is despite reassuring noises, made by organisations such as Sapos, that buyers were unlikely to be prejudiced.

Their rationale, which the FM questioned at the time, was that their money would be protected by the two-tier financial safety net primarily involving TD’s “statutory” trust account and, as a back stop, the Estate Agents’ Board Fidelity Fund (Property September 1, 1989).

The FM was labelled alarmist when it warned that buyers’ deposits weren’t safe and that the case of TD, like others before it, had exposed gaping holes in the Estate Agents Act where it related to timeshare sales.

In the event it turned out that TD, which operated as a brokerage selling units for developers, therefore, apparently qualifying as an estate agency, never maintained a trust account for customers’ deposits as estate agents are required to do by law. Its excuse was that it simply operated as a commission agent.

This was a matter of grave concern when the board’s legal adviser, and head of its investigation into TD, Hendrik Scheepers, launched his probe in September.

Now, however, it seems the second financial safety net — that of Fidelity Fund protection — is also about to fail. Scheepers says he intends advising against paying “substantial claims” lodged against the board-administered fund by about 30 purchasers of timeshare units through TD.

However, he stresses that this is only a recommendation at this stage. It will be submitted to a board advisory committee. It, in turn, will re-canvas the matter before taking its own view and advising the board. Only then, probably next month, will the board make a final decision.

“So, while my recommendation is based on information gathered during the investigation, it is by no means a final decision. It is quite possible that the board could take the opposite view,” says Scheepers.

However, he adds preliminary indications are that the claims lodged aren’t valid.

“There are complicated legal reasons for coming to this conclusion. The arguments take into account all legislation which could have a bearing on the issue, including the Share Blocks Control Act, the Time Share Act, and the Sectional Title Act.”

Scheepers declines to be more specific on the grounds that he could be “jumping the gun. I would not like to spell out my case now before the hearings.”

He agrees, however, that based on his findings, it would be correct to assume that TD never qualified as an estate agent and was, therefore, not obliged to maintain a trust fund. On the same basis, it must be assumed that TD also fell outside the ambit of the Estate Agents Act. Therefore, customers, irrespective of what they believed, would not benefit from the board’s Fidelity Fund.

He adds that during the investigations each specific contract negotiated through TD by claimants was examined. “So we have looked into the merits of each individual case,” he says.
Michelmore goes in SST shake-up

By Frank Jeans

Shock changes in top management have taken place in one of the country's leading timeshare groups — Southern Sun Timesharing.

And one of the best-known executives in the industry, Mr. Gavin Michelmore, managing director of SST, has been retrenched in a major streamlining of management.

The restructuring centres on the Resort Ownership Division of SST and Southern Sun Hotel Corporation (SSHC) which was responsible for timeshare sales at eight coastal and inland resorts as well as the management of 10 Southern Sun hotels.

Now, Mr. Peter Smith, managing director of Southern Sun Hotels, is directly responsible for the hotel operations, while the sale and marketing of timesharing will remain in the control of SST.

**Duplication**

Mr. Brian Stocks, chairman of Southern Sun Timesharing, says: "The partnership has agreed to reallocate the function of the division so as to eliminate some of the duplication between the division and the on-site hotel operation.

"This has resulted in the retrenchment of a number of people, including the managing director of SST, Mr. Gavin Michelmore."

Southern Sun Timesharing is a major player in the timeshare industry and its involvement began with the successful ventures at Umhlanga — Umhlanga Sands and Cabanas next door.

Plettenberg Bay Hotel at "Plett" joined the family along with inland resorts at the Drakensberg Sun and Pine Lake in the eastern Transvaal.

Recent newcomers to the SST portfolio are The Palace in Durban's Golden Mile and The Breakers..."
URGENT NEED TO CATER FOR BLACK BUSINESSMEN

THERE is an urgent need for the SA tourism industry to cater for the black business traveller.

The rapid emergence of a travelling black business sector may well have taken the industry unawares.

As yet, blacks are not a major power in the tourism market, so few real plans or facilities have been made for them.

Satoru's 1968 survey of the domestic travel market handled the black market in a separate sample, noting that "blacks are not yet a significant power in tourism despite their potential. Only 4% spent their last holiday at any type of facility or resort.'

Chairman of Soweto travel agency Zenzo Action Joe Seokatui says although many five and four-star hotels are integrated, most two-star hotels are still turning blacks away.

"The black tourism market cannot be measured by simply counting the number of people who book into hotels and resorts."

"From women's clubs comprising teachers, nurses and black businesswomen to successful businessmen and academics who travel for business and take their families on annual holidays, the contribution being made by blacks is large." Boshoff & Du Plessis' study showed that 28% of the "relatively affluent" sample stayed in hotels — 14% of them in five-star hotels.

Coach travel companies report they are finding rapidly increased demand from black travellers, with the percentage in some cases having risen to as much as 30% of their custom.

The question that needs to be asked is if the tourism industry is already stretched meeting existing demands, how much development will be required when all population groups take their place in the travel market?

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The question that needs to be asked is if the tourism industry is already stretched meeting existing demands, how much development will be required when all population groups take their place in the travel market?
Lifting of the barriers will herald a boom

THIS year is expected to be a record one for tourism and, for inbound business travel in SA.

With political barriers to trade significantly removed by President F W de Klerk’s landmark changes to government policy, the travel industry seems set to take off.

Sibour executive director Spencer Thomas says over 1985 to 1986 — a disastrous year for tourism — SA lost about 40% of foreign tourists. But he predicts this year will bring a record figure.

The picture has improved consistently in recent years.

In 1980, tourism earnings were R335.22m on domestic (10.9% up on 1987) and R1.40bn on foreign tourism (23.8% up on 1986).

This represents 99% growth on a 1983 base for foreign travel and 82% growth on domestic.

Foreign arrivals in SA from January to September 1985 (621,242 visitors) were 16.4% up on the same period in 1984, with higher growth from specific origins such as Europe, particularly Germany (19%), France (33%) and Britain (21%).

Bed-nights SA hotels sold to foreign tourists in September and October 1985 were markedly up on the previous year judging by Central Statistical Service figures.

But as SA comes out of isolation, its tourist infrastructure has taken strain at peak seasons.

The task of the early 90s — expected to be a major finding of the Board of Trade and Industry inquiry into tourism to be completed by June this year — will be to improve and expand tourist facilities.

Thomas says, “Hopefully the findings of the BTI will include recommendations for more development of infrastructure.”

“Other helpful changes will be the removal of travel restrictions and perhaps changes to the patterns of school holidays, which create forced peak seasons of five to six weeks at a time.”

“SA has an all-year-round favourable climate and we shouldn’t be trying to cram a peak season into such a short period. There could be better planning, but changes need to be made to the national calendar.”

He says about 13% of foreign visitors in 1989 were travelling on business.

If positive developments on the sanctions front emerge in the course of 1990, this should grow.

When African countries are excluded, our top 10 foreign business markets are the UK, Germany, the US, France, Taiwan, Italy, Switzerland, Israel, Portugal and Japan.
Mother City: the place to do business

CAPE TOWN is rapidly gaining in popularity as a conference centre, with bookings for 1990 showing an average increase of 20% over last year, at more than 50 main conference venues in and around the city, mostly at hotels.

Mount Nelson GM Nick Seewer says the hotel's turnaway rate for conference bookings at its six venues has risen by 20% over last year and that for the first time bookings have had to be turned away in May.

The traditional mid-year山谷period for bookings is fast disappearing, he says, with a marked increase in reservations during the Cape's "Green Season".

Many national annual conferences are cyclical, and 1990 sees the return of some major conferences to Cape Town. We are looking at a marked increase — approximately 20% — of conference business reserved into our Cape Town hotels.

Up by 20%

"Our group has devised some innovative winter conference packages which have contributed to this increase, particularly from May to September, when this business is needed most."

Arthur Gilles, MD of Protea Hotels, says 1990 bookings of conference venues at the group's nine hotels in the Western Cape are up by 20% on last year, and revenue has risen about 28%.

Of the overall R50m earned annually by the group through conferences around the country, about R15m is now being earned in the Cape, he adds.

Alastair Trafford, who three years ago established a conference centre called Mont Fleur, on the slopes of the Helderberg near Somerset West, says that without advertising he has been running the centre on an 80% occupancy rate in the 45 weeks of the year during which there is demand for conference venues. Bookings at this 22-bedroom venue are about 10% up on last year, he says.

Ted du Toit, proprietor of the Hout Bay Hotel, says demand has been such that a conference centre capable of taking 150 people is being established on the hotel, which up to now has been able to handle only small groups of up to 20.

Peter Casey, sales and marketing manager of the Lord Charles Hotel at Somerset West and the Van Riebeeck Hotel at Gordon's Bay says bookings are about 25% up on last year at the Lord Charles — most of them for national conventions — and that the Van Riebeeck is doing "consistently steady" conference business throughout the year.

There is, he says, an increasing demand for professionally-run conference centres at the Cape.

A Cape Town City Council spokesman said the council is looking at ways of upgrading its two major conference venues, the Good Hope Centre with its capacity of more than 1,000 persons, and the Civic Centre in which the main hall can take 750.

Holidays

Sea Point hotelier Alan Romburgh, who is negotiating for the purchase of a large passenger liner for conversion to a permanent "Fletel" in the Victoria and Alfred Waterfront re-development scheme, said it is intended to provide a "very large" conference and banqueting facility in this line.

Captour MD John Robert says Cape Town's growing popularity as a conference centre is an offshoot of the Western Cape's growth as a holiday destination. "What is happening is that an increasing number of people who are interested in business with holidays."

Robert predicts that with fast-moving political developments, tourism opportunities will grow.
Goss, Heron ponder link

Business Times Reporter
DICK Goss and Ian Heron, who resigned suddenly from Kersaf boards last December, may team up in private business ventures.

Stressing that he resigned from Kersaf’s boards because he wished to, Mr Goss says he has plenty to do in “semi-retirement”.

He has business interests and game farms and is still on the boards of Old Mutual and Safren, the company that controls Kersaf. Mr Goss says his Safren position should not be the cause of any conflict.

Cattle

He and Mr Heron say they are considering certain opportunities. Neither will disclose why they resigned.

Mr Heron says he has been offered corporate jobs, but may prefer to do his own thing. He has bought a 2,000 hectare cattle farm near Ficksburg.

Mr Goss was chief executive of SA Breweries until 1983. He and Sol Kerzner, then managing director of Southern Sun, left SA Brews after JCI, Premier, and Liberty grabbed control as part of the Premier buyout.

SA Brews had previously been independent with the Old Mutual as largest shareholder. Old Mutual chairman Jan van der Horst resigned from Anglo American’s board because of the deal.

Mr Goss, a long-time friend of Mr Kerzner, became chairman of Sun International after the split from Southern Sun.

Mr Heron was managing director of the SA operations of Joy Manufacturing, an American mining machinery company, before he was made a director of Kersaf by Mr Kerzner.

The resignations have not been explained by the parties, but sources close to them say disagreement over the scandal involving payment of R2-million to Chief George Matanzima of Transkei sparked the fall-out.

Through the roof

PROPERTY prices are soaring in Cape Town and estate agents report that demand exceeds supply.

Cape Peninsula agent Carmella Seeff says house prices are up by between 20% and 25% in the lower to middle range, but about 40% in the higher price bracket. She puts the boom down to increased political confidence.
Kersaf jackpot

Business Times Reporter CRACKERJACK performances from Sun International Bophuthatswana and Royale Resorts helped Kersaf to earnings growth of nearly 30% in the six months to December.

The holding company for Sun International and Interlodge reports turnover up by 28% at R304.7-million, pre-tax profit ahead by 29% at R237.1-million and earnings rising by a like amount to R63.8-million.

Earnings a share were 85.1c (65.8c) and the Interlodge dividend has been set at 50c.

Royale grew as fast as the rest of the hotel and casino empire and chipped in about R38-million.

Says chairman Buddy Hawton: "Our management fees rose and the Mauritian operations did well. I can't say much else about Royale."

Mr Hawton says a rights issue is being considered to help fund the $1-billion Sun Bop expansion announced last week. He says a PE of 25 makes a rights issue attractive, "but we are not sure we would want to issue shares even at that multiple".

Sun Bop contributed R24-million to the bottom line, TransSun R10.1-million and Interlodge R6.5-million. Liquor's contribution was about R3-million.

Some analysts wonder whether the $1-billion Sun Bop extension will pay for itself, particularly because gaming revenue is not expected to grow commensurately with the capital investment.

Mr Hawton says the idea is to attract more visitors, who will spend more on all the facilities, not only gaming.
Kersaf Investments comes up trumps

Finance Staff

Kersaf Investments, Sun International's holding company, turned in a good growth rate in earnings of 29 percent for the six months to end-December.

Attributable earnings soared from R39.35 million to R63.85 million, which translated to earnings per share of 85.1c, a 29 percent increase on 1988’s 65.8c. An interim dividend of 50c (39c) was declared.

Revenues rose by 26 percent to R805 million (R633 million), while operating profits improved by 28 percent to R220.35 million (R172.53 million).

The directors say that trading conditions were affected by the slowdown in the South African economy.

Sun International resorts traded at an occupancy rate of 74 percent during the period under review, compared with 72 percent the previous year and 66 percent attained by the top hotels in the SA markets.

Directors expect a satisfactory performance for the full year, despite the further economic slowdown.

Kersaf’s balance sheet was strengthened considerably, with total assets rising from R1.6 billion to R1.94 billion, largely as a result of taking up its rights in the additional share offer by Sun International's offshore hotel group, Royal Resorts.
ROYALE RESORTS BOOST FOR KERSAF’S BALANCE SHEET

KERSAF Investments, the 76% Salfren subsidiary, has boosted its balance sheet by R164m at the interim stage, mainly as a result of offshore associate Royale Resorts’ rights offer last year.

In an interview on Friday, Kersaf chairman Buddy Hawton said the group would proceed with expansion in southern Africa, despite some uncertainty over whether SA would grant gambling rights in the future. This could pose a direct threat to Kersaf’s casinos in the TBVC countries.

Kersaf increased dividends 28% to 50c (29c) a share for the six months to end-December. Earnings increased 25% a share to 83c (65.8c) on the back of a 26% turnover increase to R160m (R128m).

Operating profit increased 25% to R20.4m (R16.2m). The tax rate remained steady at about 31.5%, the tax charge increasing in sympathy — at 29% to R7.1m (R5.6m) — with untaxed profit at R27.2m (R17.6m).

Kersaf’s fine results reflect healthy results from its holdings, comprising its wholly-owned Douglas Green liquor operation, the 30.5% stake in Interleisure and 80% stake in Sun International (SI).

Most important contributor to Kersaf group profits is 40% associate SI Bophuthatswana (Sunbop) which reported a 30.2% increase in earnings per share for the six months to end-December.

On Friday Kersaf shed 56c to close at 2.50c, reflecting a market capitalisation of about R1.9bn. Sunbop’s market capitalisation was about R2.7bn. Transun R500m, and Interleisure R300m.

In the interview Hawton said that details of the financing method for Sunbop’s announced R1bn expansion had not yet been finalised. Even further from completion were plans for expansion at 34% Kersaf associate Transun, which recently clarified its gambling rights in Transkei.

Transun will have exclusive gambling rights in the so-called northern part of Transkei until at least 1998. Hawton said the levies negotiated until then were very favourable — 7.8% for three years, 10% for the next three, and then renegotiated.

The northern part of Transkei is the most lucrative, and Hawton describes the potential of the area as providing exciting opportunities.

Kersaf’s balance sheet at December 31 reflects greater strength on both sides, with shareholders’ equity up 13.7% to R1bn, and net assets up 13.5% to R1.3bn. On the assets side, the largest increase at 48.3% is for investments and loans at R220m (R125m). Hawton ascribes this mainly to SI’s following its rights in a recent rights offer by offshore associate Royale Resorts.

Of the R54m (R40m) current assets, about R22m represented cash, swamping interest bearing debt which rose marginally to R230m (R223m).

PROTECTION

Interest bearing debt shareholders’ funds fell to 22% (25%), and net worth per share advanced 13.8% to 68c (60c).

Hawton said that at this stage the question of SA granting gambling rights in its probable new political dispensation was a moot point. He said that if this happened, the Kersaf group companies should have a strong case for a plea of continued protection.

“The group’s casinos have provided substantial ongoing employment in the TBVC countries.

“The effects have been to achieve many of the objectives stated in SA’s decentralisation policy, and have only been achieved at considerable capital cost and risk to the group.”
Mount Nelson transferred to Italian company

Financial Editor

CAPE TOWN's historic Mount Nelson Hotel now belongs to an Italian company, Cipriani Hotels, registered in Milan. But there has been no real change of ownership.

The principal shareholder, James Sherwood, explained yesterday that he had transferred ownership of the Mount Nelson and other hotels from Sea Containers, listed on the London and New York Stock Exchanges, to his new holding company in Italy.

"It was simply a case of moving it from one pocket to another," he explained.

"But the hotels had to be valued by appraisers and I think this gave rise to rumours last year that the Mount Nelson was going back on the market. There is no truth in that at all."

Sherwood said he intended to list Cipriani Hotels on the Milan Stock Exchange in about two years but would retain 60% of the company.

One reason for the transfer, made while he was fighting off a takeover bid for Sea Containers, was that Italian investors were prepared to pay more than US investors for shares in a company owning hotel properties.

"It was also easier for an Italian company to invest money in SA than for one with a US stock exchange listing."

Sherwood, who has stayed regularly in the Mount Nelson for years, said he intended to invest about R4m or R5m a year for the next five years in improving and extending it.

"We have already carried out some improvements but it has to be done gradually, so as not to destroy the ambience of the hotel."

He plans to rehouse hotel staff in other accommodation and use buildings they now occupy on the site as annexes to the hotels.

Discussing overseas investment in SA, he said he was confident of the future of the tourist industry.

But the present uncertainty about the political future discouraged investment in some sectors. The sooner a decision was reached on SA's new constitution the better.
Entercor exceeds expectations with R6.8m profits

TRAVEL and leisure group Entercor Holdings made taxed profit of R6.82m against the listings prediction of R5.2m for the 10 months to December.

This was achieved on a turnover of R90.17m, 14% higher than the forecast R80.154m.

MD Robin Binckes says the group benefited from a much stabilised political scene and the resultant surge in tourism.

All divisions performed up to desired levels with travel and tourism exceeding expectations.

Binckes says the past year was a period of bedding down the diverse activities of the individual operating units. This was achieved and Entercor has succeeded in firmly entrenching itself as market leader in its respective fields.

Travel and tourism division's Springbok Atlas and Greyhound had their most successful year.

Home of Cycling underwent major management changes and is now performing up to expectation, while the sport division continues to dominate with motor sport and golf.
The battle lines are drawn

One gets the impression that the Estate Agents’ Board is sailing into a minefield over the thorny issue of payouts to creditors of Timeshare Dynamics. The timeshare vending company went bust last year.

Far from being a simple issue of the board determining whether individuals should be reimbursed for deposits lost as a result of Timeshare Dynamics’ demise (Property February 16), it now seems probable that creditors will take legal action against the board if it throws out their compensation claims.

Sapoa’s timeshare committee must be following the issue closely and with some apprehension. Rejection of purchasers’ claims could set a precedent which would further damage the timeshare sector’s already tarnished image.

Nevertheless, the board is likely to reject purchasers’ applications for a refund when it meets next month — if it follows the advice of its legal adviser, Hendrik Schepers, who investigated their claims. While he won’t discuss why he came to his conclusion, Schepers implies that he doesn’t believe Timeshare Dynamics qualified as an estate agent and, therefore, was not subject to the stringent controls of the Estate Agents Act. This appears to be tacit acceptance of Timeshare Dynamics’ claim that it was a commission agent and not an estate agent.

However, a lawyer representing a substantial group of creditors, says rejection of the claims by the board could well result in legal action if all other avenues fail.

He adds he and his clients will take a decision on what action they will follow only once a formal response has been received from the board.

“Our preliminary view is that, with the failure of Timeshare Dynamics, the Estate Agents’ Board is liable, in certain circumstances, for money owed in deposits. It depends on how it was paid.”

He claims the moment Timeshare Dynamics received money or cheques, irrespective of whether it passed it on, it became liable for that money. “It is established that Timeshare Dynamics was selling timeshare on behalf of other organisations. That, clearly, makes it an estate agent. The fact that it never maintained a trust account for deposits should not prejudice unit buyers. That is as long as Timeshare Dynamics received the deposits — what happens to that money afterwards is not the concern of the buyer.”

While Sapoa’s timeshare division is unlikely to take an official view on Timeshare Dynamics issue until after its next meeting, director Peter Erasmus points out that, in terms of the organisation’s “tough new code of ethics,” registered timeshare developers will be allowed to sell timeshare only through brokers registered as estate agents who can prove they operate trust accounts for deposits.

Brokers representing signatories may not represent developers not officially affiliated with the new code. To date, he says, nearly 25 timeshare companies have become signatories.

“That is a deceptive figure, partly because they represent about 70% of the market. Secondly, a number of firms are still in the process of sorting themselves out in terms of the code’s requirements. When that happens, the numbers should swell significantly.”

One timeshare developer, Jan Kruger, chairman of Kondotel, points out only a small segment of the timeshare industry is attracting unfavourable attention. He adds that “90% of timeshare projects are successful and the timeshare industry is thriving. Proof of this is that the industry turned over R172m in the last year.”

Kruger says his organisation, for example, recorded a 120% increase in vacation ownership with 62% of this revenue coming from unit sales in Durban.

Kondotel may be doing well, but further evidence that all is not well in the industry comes with the news that the market’s largest operator, Southern Sun Timeshare, has dismissed MD Gavin Michelmore. While it is keeping mum over reasons for this, the organisation has had an unhappy year with considerable criticism levelled at it over substantial hikes in levies at certain of its timeshare resorts.

Meanwhile, Merchant banker Alpha Bank and timeshare vending company Leisure Life International have made an offer to buy the troubled Blue Marlin timeshare resort on the Natal South Coast (Property February 9).

They have made a cash offer to the liquidators of resort owners World of Leisure for its 50% of the timeshare units in Blue Marlin Shareblock and the 25% owned by Blue Marlin Time Sales (Pty) Ltd. If the offer is accepted, R2m will be spent almost immediately on upgrading the timeshare units and a further R10m on a new timeshare development on a vacant portion of the property.
MD goes as Southsun Timeshare retrenches

SOUTHERN Sun Time-sharing (SST) has trimmed operations and retrenched former managing director Givin Michelmore.

With the timeshare business in the doldrums, SST and Southern Sun Hotels have restructured their operation, with a new director for each division.

The executive chairman, Brian Stocks, says, "This division was previously responsible for the operation of the timeshare sales at eight resorts and the management of all Southern Sun Hotels.

The partners have agreed to reallocate its work to eliminate some of the duplication between the division and the hotels' operations.

All hotel duties at the timeshare resorts will fall under the direct responsibility of Peter Smith, managing director of the Southern Sun Hotels.

Acrimonious

Mr Michelmore's sales and marketing of timeshare will remain the responsibility of SST.

He says Mr Michelmore's retrenchment was a source of duplication at the company. He was a "very conscientious" man and his function fell away.

"Also, I now have a lot more time on my hands and will take over the general running of SST.

The parting was not amicable, but both men claim it was extremely acrimonious.

S+A's largest timeshare operation, jointly-owned by Sage and Brian Stocks Groups, and Southern Sun, produced disappointing results for the year to March 31, 1989.

Glossy

In spite of two popular Southern Sun magazines, "Era" and "Serena", a glossy timesharing magazine, "Sun Times", was started.

The reason: Mr Michelmore gave the time for the magazine was that after the levy increases of up to 80% and complaints from owners, SST needed a communication line with clients.

However, Mr Stocks says the company is rethinking the expensive magazine and could stop publishing it.

Mr Stocks forecasts a static year for timesharing.

Despite an improvement in confidence, disposable income has not grown. It will be a quieter year for the industry as a whole.

Mr Michelmore was not available for comment.
UK bookings boom for holidays in SA

The Argus Foreign Service

LONDON.—British tour operators are looking forward to a bumper crop of bookings for holidays in South Africa—but not, it seems, as a result of Mrs. Thatcher's decision to lift the ban on the promotion of travel to the country.

In spite of an early dip in business following the introduction of the ban in 1986 (the number of Britons visiting South Africa fell by nearly a third to 25,000), business rapidly recovered and continued to prosper.

Several British companies dropped South African destinations from their brochures and Thomas Cook divested itself of its interest in a South African subsidiary, but much of the slack was taken up by South African Airways and the South African Tourist Board.

SAA regional manager Philip Unnerstall has revealed to The Times newspaper that his advertising budget was boosted from nothing in 1986 to around $575,000 (R3-million) today. He says: "For the last nine months we've been operating to full capacity."

A weak rand and low prices boosted interest already whetted by the South African advertising campaign, "See what's happening for yourself," and Tempo, one company which retained close links, said: "Word just got around that South Africa was a good place for a holiday."

New weekly flight

Marion Tuckerman, a senior manager with Speedbird Holidays, also reports a prospering relationship with South Africa. She said: "We've seen a quite sensational growth in bookings—up 80 percent—over the past two years. We have difficulty in finding the space."

Companies, such as Kuoni and Abercrombie and Kent, who pulled out in 1986, are now starting to review their options. They will be aided by the new SAA weekly flight from Manchester to Johannesburg in six weeks' time.

"But nobody is prepared to say at this stage whether the release of Mr. Nelson Mandela and the lifting of the travel ban will, in fact, increase travel between Britain and South Africa to an even greater extent—but all indications are that whatever happens, no downturn in business is anticipated in the trade."
Southern Sun fails to give market confidence

The pending results of Southern Sun Hotel Holdings (SS) are not going very far towards boosting market confidence.

Market analysts say confidence has been left little room in the wake of top-level SS retrenchments.

Without the retained earnings of associated companies, including the group's 20% stake in Sun International (SI), SS showed an after-tax loss of almost R4m - anchored by a 59% hike in financing costs of R14m, for the half-year to end-September.

Group financial director Les Smith said the group's timeshare division (SST) had been adversely affected by unanticipated costs and delays in the commencement of the Drakensberg Sun project over the year, and that the new Palace and recently refurbished Breakers hotels in Natal were yet to contribute fully to profits.

He said the division's contribution to group profits was likely to be far less than last year's R1.5m, but expected it to show real growth in the upcoming financial year.

He said trading prospects for the last six months of the financial year were encouraging. "Despite the fact that the Christmas season was shorter, occupancies were still marginally up and ahead of the rest of the industry."

Food and beverage revenue was also shy of expectations due to a changed business mix, particularly in Durban.

On the whole he expects improvement in trading performance and earnings and dividends of associates this year, though he admitted that any rise would be mainly due to the contribution from SI.

Travel

Analysts say, however, that SI's contribution has traditionally been, and would continue to be, masked by the more stagnant earnings of the group's SST and TFC tour divisions.

TFC tours, representing SS's 50% holding in the travel and tour business, contributed earnings of over R500 000 last year. Smith expects this to fall.

Analysts are forecasting no more than a 15% rise in turnover to R460m (R390.4m for year-end) and are figuring on a gross operating profit of about R87m (R64m).

Retained earnings of associates should contribute just over R14m, on what Smith reckons will be an increase of at least 26% from SI.

Earnings are expected to show a negligible increase to about 36c (35.76c) with a dividend-outlay of 26c (25.6c) a share, said analysts.

Smith admitted that the group badly underestimated the impact of higher interest rates last year.

Wage increases were also a major factor. Labour currently constitude between 40% and 50% of SS's expenses and over the past two years had risen sharply. A moderate 15% average increase is anticipated next year.

SS hotels were allotted R20m-worth of refurbishment capex during the last financial year and Holiday Inns (HI) absorbed an additional R18m.

By December of the current financial year the group had spent R3m on refurbishing SS hotels and R7.5m on HI, with another R3.5m budgeted for.

Over and above that, R35m was expended on building the Landmark Hotel in Bloemfontein and refurbishing of the St Georges Hotel in Cape Town.
CARLTON UPGRADE

Johannesburg’s oldest five-star hotel, the Carlton, has pulled up out of its nosedive and is now operating at above 80% occupancy on the 460 rooms it has.

The rooms were renovated 18 months ago at a cost of R7.5m, but business is so brisk that Three Cities Hotels, which manages the hotel, is planning to renovate the 200 rooms that were closed in 1988. The exercise will cost R5m and the refurbished rooms are expected to be back in service by September, when “we believe they will be needed,” says chairman Russell Stevens.

In addition to the room refurbishments, the owner, Ampros, is spending R3.5m on revamping the foyer and R2m on renovating some suites and improving the plumbing and electrical systems. This work is due for completion next month.

Stevens says the hotel is now profitable. It has won back many of the patrons it lost and is being patronised increasingly by overseas visitors. This is certainly a turnaround in its fortunes. Two years ago, when occupancies dropped to 40%, closing 200 rooms made sense.
Full steam ahead for luxury train

Great news for lovers of steam travel: an up-market, steam-drawn passenger train will soon be operating in the winelands of the beautiful Franschhoek Valley, providing a further boost to tourism at the Cape.

ROGER WILLIAMS reports.

AN up-market, steam-drawn passenger train to be called the Champagne Express will be operating soon on the little-used branch line between Paarl and Franschhoek.

This exciting addition to the Cape tourist scene will make whistle-stop trips through the scenic Franschhoek Valley in what is claimed will be the only steam-train service in the world operating through winelands country.

The train, aimed primarily at the top of the tourist market, will offer a new attraction at a time when tourism is taken off in the region.

It could be to the Western Cape what Rohan von Staden’s Rovos Rail steam safari is to the Eastern Transvaal and what the George-to-Kaynna Gannicus Choo-choo is to the Southern Cape.

The train will be operated by a new company, the Crown Railroad Company, the partners in which are Franschhoek wine farm Michael Stander (C2D), who conceived the idea eight months ago, and Dr Gnomus van Hoogstraten, daughter of the late MP for Gardens, “Hoogie” van Hoogstraten of Hout Bay.

Stander plans to market the Champagne Express overseas at international travel exhibitions as well as in South Africa. Foreign visitors will be able to book on the train through travel agents as part of their tour packages.

With the full support of Transnet (formerly Sate) and of wine and fruit farmers along the route, Stander is planning to get the Champagne Express going in September, running five days a week with stop-overs at wine farms en route.

And when the Victoria and Alfred Waterfront redevelopment project is further advanced he hopes to run the steam train through to the Waterfront area from Paarl at weekends.

The train, initially carrying 40 passengers on each trip, will operate on the 30 km branch line between Paarl and Franschhoek and, says Stander, stations along the way will be upgraded and smartened. Franschhoek station itself will be revamped and landscaped.

Restaurants

"The idea", he says, "is to operate on an alternating roster with a stop on each trip at one of the wine farms on the route. Passengers will be taken by luxury coach to Paarl station, where they will board the train, and at the stops made along the way they will be given a chance to visit wine farms such as Boschendal, L’Ormarins, Bellingham and La Motte.

"Restaurants at Franschhoek will take it in turn to serve lunches to the passengers and we intend setting up an up-market gift shop and information bureau at the station.

A DREAM COMING TRUE . . . Franschhoek wine farmer Michael Stander with a Railway Museum calendar picture of a passenger train drawn by the type of steam locomotive, the 19-D, which will haul his Champagne Express through the Paarl and Franschhoek winelands. The passenger coach, dining saloon and kitchen car will be royal blue.

"The passengers will also be taken to the Hugenoot monument and museum and for those wishing to spend a night at Franschhoek, a private guest-house will be available to them on the mountainside, with magnificent views across the Franschhoek Valley.

"On the way back to Paarl, the train will stop at Stellenbosch for tea and for passengers to visit a new art gallery being created there by the community of artists living in the area."

Maintenance

The royal blue passenger coach, vintage dining car “Nyanga” (to the part of the Blue Train’s predecessor, the Union Express) and kitchen car acquired by Stander have until now been a static restaurant at Franschhoek station. They will be fully restored at Transnet’s maintenance works at Salt River and Stander plans to refurbish them in the elegant, old-world style of the Orient Express.

Meanwhile two class 19-D locomotives are being brought to the Cape from the Transport Museum in Johannesburg, to take it in turns to draw the Champagne Express. They are to be operated by Tramet staff and maintained at the railway depot at Delft.

Stander intends reinstalling the locomotive turntable at Franschhoek station and creating a museum-like “steam park” for steam enthusiasts visiting the area.
Karos signs Polana deal

By Ian Smith

JSE newcomer Karos Hotels has beaten off strong South African and foreign competition to tie up the management contract for Mozambique’s Polana Hotel.

A joint venture company, Hotels Poland Ltd, has been formed to handle the R350-million refurbishment of the hotel on Maputo’s beachfront. It will also develop a chain of hotels in Mozambique.

Karos Hotels and private French and Mozambican investors will hold 56% of the company and the Government the rest.

Balance

The Government’s stake will be held by the Department of Tourism, the State airline TAM and the State-controlled insurer SONEB.

The history of the Polana had been in the balance for two years while the US-based Sheraton group, the UK’s Holiday Inn and SA’s eastern Sun, Protea and Karos jostled with the Government.

Karos joint managing director Stan Hoffman, who signed the agreement with Mozambique Prime Minister Marie da Graça Machel on Thursday, is particularly pleased at the outcome.

His family and Mozambican partners own the Herbert Baker-designed Polana before it was nationalised in 1979 when FRELIMO came to power.

Occupancy

Karos found favour with investors after a heavy development programme and good figures for the six months to last September. Attributable profit was R4.2-million on a 36% jump in turnover to R29.6-million.

The share price had risen to 26c from 20c at the end of last year.

Karos takes over the management of the Polana from May 1 when fee income will begin to flow through.

About R6-million of the refurbishment costs will come from share capital of the joint venture company and the balance from a consortium of SA banks.

Mr Hoffman says the project will be managed, marketed and administered by Karos. The group will provide all design and technical services for the refurbishment, expected to take between 12 and 16 months.

The Polana is operating profitably with occupancy consistently above 80%. About 98% of clients are foreign, and they pay in dollars.

"There is a huge upsurge in business activity in Mozambique," says Mr Hoffman. "Turnover is expected to favour terms, says Mr Hoffman.

The Karos deal is first R25-million in the first year after renovation.

Mr Hoffman says he was impressed by the official attitude towards SA involvement in the project.

The Prime Minister told us how much he appreciated the return of South African know-how and entrepreneurial skills.

"He hoped our entry would be the forerunner of more SA investment."

Karos has another project in Mozambique under consideration, and it is looking for more hotel sites.

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* Karos deal top R25-million in the first year after renovation

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Kondotel hits R24m

KONDOTEL reports R24-million timeshare sales in the past year—a 120% increase on the previous 12 months.

Chairman Jan Kruger says the group experienced an unprecedented increase in holiday ownership, 92% of this revenue coming from Durban.

This despite the fact that the Natal seaside capital was reported to have had an influx of indigent people who invaded the city at Christmas and New Year, slept on the beaches and spent no money in the operating infrastructure.

Early this year, Durban's hotels complained about lower room occupancies, unused food and beverage facilities and reduced turnover.

Mr Kruger says Kondotel's Durban sales were strong.

"The timeshare market's turnover was R142-million in the past year. Most of our sales in December and January came from our three Durban projects—the four-star Tropicana, the Durban Spa and three-star Beach Hotel,"" Drakensberg Gardens Hotel & Chalet and Thaba Monale also exceeded expectations.

Mr Kruger says the Durban Spa's 104 units have been sold for R25-million.

"Good management and a professional approach are the essential ingredients for success in the timeshare industry," Mr Kruger says."
Cheap timeshare

A cut-price 10-year timeshare plan offers holiday ownership in Durban's beachfront area for as little as R2.80 a person daily. The developers have been able to keep prices low because after 10 years, the building reverts to them. They view the timeshare scheme as an investment more than a long-term profit-making venture.

"You cannot get a cheaper holiday than this," says developer Trevor Smith. Prices range from R79 a week, annually, for a four-bedroom apartment in low season to R1890 for a six-bedroom unit in high season.

Mr. Smith believes that 10 years is a "logical period" for people to buy. In the present climate in this country, we do not know what will be happening in 10 years so a sensible, low-risk investment.

It also spares buyers from worrying about refurbishment and resale because they pay only for the time they use. After 10 years, we will have a prime building on the beachfront. Leases have been kept to an average of R180 a week by rationalising facilities with a neighbouring block of holiday flats also owned by the developers.

Mr. Smith says the initial public reaction to the scheme has been good and 50 weeks of the 115 available have been sold. Legal documentation, prepared by an attorney, has been drafted to incorporate traditional timeshare features with new aspects.

The bottom line is that a family can now afford a longer seaside holiday or a cheaper one," says Mr. Smith.
Safren turns in a strong performance

Finance Staff

After a strong performance led by hotel and entertainment subsidiary, Kersaf, Safren lifted attributable earnings 19 percent to R18.4 million (R16.9 million) in the six months to December. This was equivalent to earnings per share of 203c (172c), enabling the company to raise the interim dividend by 10c to 55c.

Turnover rose R1.66 billion (R1.06 billion) and operating profit by 23.5 percent to R428 million (R346.5 million).

The directors say: “All divisions performed well and indications are that the satisfactory performance should continue in the current six months.”

Kersaf, in particular, showed good results after Sun International’s resorts reported improved occupancies of 74 percent compared with a national average of 65 percent.

Safmarine’s earnings, however, were weakened by the firmer rand and the fall in imports, while the results of Remmes reflected the generally weaker state of the economy.
Polana project just the first

A new company, with the Mozambican government and Karos Hotels as its largest shareholders, is to develop a chain of hotels in Mozambique.

The company, Hoteis Polana Lda, was formed last week to handle a R30m refurbishment of the Polana Hotel in Maputo. The contract to manage the hotel has been awarded to the Karos group, ahead of competition from other large overseas and SA hotel groups.

Karos Joint MD Stan Hoffmann says investigations for the development of a second hotel in Mozambique are at a preliminary stage.

While the Mozambican government holds 45% in Hoteis Polana Lda, Karos has about 33% and private French and Mozambican investors the rest.

Hoffmann expects Mozambican tourism to take off slowly and be boosted by a settlement of the bush war. He says the number of business and diplomatic visitors to Maputo is rising.

His family and Mozambican partners owned the Polana before it was nationalised in 1975. The Mozambican government has now retained the property title to the hotel and has given the company a long lease.

After the refurbishment, which will take 12 to 18 months, the Polana will be a five-star hotel with 40 suites and 160 rooms of varying categories.

It is expected to have a turnover of R25m in the first year after renovations, and Karos will offer special packages to Maputo within nine months.
Kersaf stake offshore is the wild card

BARRY SERGEANT

SAPREN, deputy CEO and executive chairman Buddy Hayton last night said Kersaf's stake in the offshore Royale Resorts was one of the more interesting points for JSE-watchers to ponder.

The JSE has accorded markedly different ratings for Safren, its 76% subsidiary Kersaf, and Saftren's 32% associate Sun International Bophuthatswana (Sunbop).

Hayton said the largest contributor to yesterday's Safren results, which showed earnings up 18% a share, was now Kersaf.

That contribution may be anywhere between 40% and 50%: the two other major contributors, shippers Safmarine and transport services group Bophuthatswana, were hit by a stronger rand and falling import volumes, particularly Safmarine.

Together, Saftren, Kersaf and Sunbop have a significant market capitalisation based on last night's prices, of R7,40bn.

But with the immediate economic outlook clouded by political developments and the behaviour of the rand, predictions about the relative ratings for Safren, Kersaf and Sunbop are uncertain.

On yesterday's closing share prices, Kersaf was trading at 32.7 times net asset value, Sunbop 62.3 times and Saftren just 29.9 times.

Sunbop, one of the most significant movers on the JSE in 1989 — tripling in price — fell to yesterday's 210c, from last month's 290c high.

In the view of stockbrokers Max Pollock & Freeman, partner Chris Gilmour, Kersaf offers the prospect of strong steady growth, during the next few years.

"It is under-rated relative to Sunbop and can be accumulated up to 500c," he says.

Sunbop has announced expansion at Sun City that will cost R1bn but absorb only R80m after the accrual of Bophuthatswana tax benefits.

But clearly the wild card in rating Saftren, Kersaf and Sunbop is future developments at Royale, which will remain guesswork until an announcement on it.

The interim Kersaf balance sheet swelled its loans and investments by R150m to R350m, mainly says Hayton, as a result of Kersaf following its rights in a Royale rights issue that took place last year.

This leaves Royale sitting on a significant cash pile, waiting to make a significant acquisition.

Gilmour says: "We suggest switching to Kersaf from Sunbop, given the lower risk profile of Kersaf and the fact that Kersaf's rating is substantially lower than that of Sunbop."

Kersaf also has significant interests in Transam, which is due for significant expansion, and Interiour, which is maintaining real growth.
Timeshare company finally wound up

By Cathy Stagg

Summer Leisure International Ltd was finally wound up in the Rand Supreme Court yesterday.

The application was brought by Epsom Downs Properties (Pty) of Sandton who claimed R181 220 in respect of a four-year lease.

They had previously sued for R81 916 for rent from June to November last year and after a sale in execution of all the office furniture left at the building on the corner of Sloane Street and Nicol Highway, Bryanston, only R15 247 was raised.

The documents left there, belonging to the company which was a marketer and seller of timeshare units, have been placed in plastic bags and stored, according to papers in the court file.

The Government Gazette of January 12 this year appointed a business practices committee to investigate the business practice applied by Summer Leisure International Ltd and Mr. L. L. Botes, Mr. W. L. S. Norsworthy, the Flexi Club Foundation and persons and agents under their control.

Various former employees of the company have contacted Epsom Downs Properties' attorney, Mr. A. Canny of Routledge-MacCallums, and said they were not paid their salaries. One woman, Mrs. McLeeman, said she was owed R18 000 for five months' work.

On January 23, Mr. L. L. Botes told Mr. Canny that Summer Leisure was still waiting to receive an overseas investment, it was expected to arrive by the end of that week, and the company had agreed to discount its debtor book of about R15 million as security for the investment. Mr. Justice J. P. Roux granted the final wind-up order.
Massive surge in SA unrest

Crime Reporter

A massive surge in unrest hit many parts of South Africa yesterday.

South African Police reported 66 incidents of unrest countrywide — about 50 percent more than the previous day.

At least 46 people have died in unrest around the country since Friday and violence in many townships shows no signs of abating.

Scores have been injured, especially in Katlehong on the East Rand and Khutsong near Oberholzer in the western Transvaal.

SAP Public Relations chief Major-General Herman Stadler said the unrest, which had increased dramatically since the beginning of the month, was "worrying" but added the SAP was in full control.

He said unrest had stabilised in December, and then an upsurge was apparent in January, which again stabilised — only to increase markedly with ANC leader Mr Nelson Mandela's release.

It again stabilised but spiralled again at the beginning of March, said General Stadler.

Two Sun hotels closed

Two of Sun International Bophuthatswana's hotels, the Marula Sun and the Amatola Sun, were effectively closed yesterday as a result of the unrest, Sun International chief executive Mr Ken Rosevear said today.

He said the Marula Sun would remain closed today as a second march was planned in Ga-Rankuwa. He said that management had appealed to the local security forces for additional security at the hotels.

"So far, property has not been damaged, but naturally people are scared of travelling," Mr Rosevear said, adding that Sun City had not been affected. — Staff Reporter.
Southern Sun Timeshare (SST) has been restructured by chairman Brian Stocks, who has separated the timesharing from the resort operations.

As a result, MD Gavin Michelmore decided, after amicable negotiations, to leave the company.

Stocks says: "The company's success and high profile owe much to Gavin's vision and entrepreneurial ability. He was successful in promoting the company locally and worldwide."

In the new dispensation it was clear that Michelmore's position was no longer one where he could exploit his particular talents and abilities.

Michelmore was not dismissed, as the FM erroneously stated on February 23. We regret and apologise for any embarrassment our error may have caused either to Michelmore or SST.
ANC to look at the future of the new SA casinos in the Independent Homeland.

The ANC says it will have to be looked at in future South Africa.

by David Jackson
TIME FOR STRAND PAVILION

False Bay's first timeshare development will be the R30m Strand Pavilion scheme in the Strand. The complex, ready for occupation in December, has 44 suites ranging from three-bedroom penthouses to one-bedroom apartments. A feature will be a restaurant extending 30 m out into the sea. The developer is Dave Venter of AD Architects and finance has been provided by Alpha Bank. The project is 50% owned by Venter, with Alpha Bank and its subsidiary, Interplan, holding the balance.

Orland Timeshares is doing the marketing. As of February 22, sales worth R9.3m had been concluded. A total of 456 unit weeks at an average price of R12 600/week had been sold. A selling feature is that every suite has sea and mountain views. A high proportion of unit weeks have gone to local Strand residents (60% as at the end of January). Having the road from the locals can't be bad.
Call to extend Business Watch

CAPE TOWN restauranteurs, determined to ensure that local patrons as well as tourists are safeguarded against muggings and assaults, are soon to form themselves into a guild of restaurateurs — with security as its top priority.

James Vivier, Cape Western regional director of Fedhams, says 420 restaurateurs are being invited to a meeting on April 9 at the Granger Bay catering school, to establish a guild under Fedhams’s auspices, similar to guilds operating in Johannesburg and overseas.

“Then we would like to arrange a meeting with the SA Police and other authorities with a view to getting the existing Business Watch extended, to help make the city a safer place, around the clock.”

“We want to ensure that our visitors as well as our local clientele can dine out without fear of being molested.”

‘Bobby’

A marked drop in daylight crime in Cape Town’s CBD has been noted since the SAP’s Business Watch went into operation. ROGER-WILLIAMS reports that restaurateurs, worried about the safety of their patrons at night, went this service extended to other areas and after dark.

A marked drop in the crime rate in central Cape Town has been noted by Cape Town Chamber of Commerce since it was instrumental in getting a special SAP “bobby on the beat” Business Watch established, last September. This unit has been operating successfully, with a three-to-four-minute response time, in daylight business hours in the CBD, between Riebeek Street and Wale Street.

Now, restaurateurs and hoteliers are wanting the Business Watch operation to be extended to the Foreshore area, after dark as well in daylight.

Allan Klizer, proprietor of the Europa restaurant in Sea Point and consultant to the recently opened Waldorf restaurant on Tuinhuis Square, says with restaurants functioning on and around the square, “There is an urgent need for security, particularly at night, in the lower CBD and Foreshore area.”

“This area will be a vital link between the city and the redeveloped waterfront tourist area in Table Bay harbour.”

Dependent

Michael Moore, chairman of the Cape Town Business Watch Liaison Committee, says: “We work closely with the SAP, who are well aware of the problem, but whose manpower resources are limited.

“We would like to see Business Watch extended, both in area and in hours, but we are wholly dependent on the police to bring this about.”

Major Kevin Cooke, designated Business Watch police officer for the Cape Town district, says: “We started with 120 businesses in our Business Watch area, which have since doubled in number. We would like to extend our patrols to take in the entire CBD, but only if we can keep to the quick response times as undertaken.”
The group is pressing on with expansion, believing the troubles will pass.
Sun Bop shares keep dropping
ANDREW GILL

SUN BOP and related Sun International shares continued to plummet yesterday as investors apparently began "disinvesting" from the volatile and often unpredictable homelands.

The shares' fall from grace appears to be a result of uncertainty over the unrest situation in the homelands and the question of re-incorporation.

Sun Bop dropped 11,1% or 200c yesterday to 1 600 in relatively thin trading. It has dropped dropped 1 200c — over 40% — since its February 12 high of 2 800c.

Transun also continued its downward trend yesterday dropping 26c to 270c.

Kersaf dropped 50c to 2 300c, 400c down from its February 8 high of 2 700c. The only company in the group network to make any gains was Safren, firming 25c to 4 400c.

Market sentiment over the past few days has been to move away from Sun Bop and Transun into the more diversified Kersaf and Safren.

Yabeng, a major Sun Bop investor, dropped 14% or 40c to 250c.

Sun International CE Ken Rosevere said the group had obviously been affected by the unrest in the homelands, but things were returning to normal.

Occupancy rates in Sun Bop's hotels for the 20 days up to March 20 were 82%.

All hotels are now open, except for the Mdantsane Hotel which was burnt down during the Ciskei coup. Transun occupancy rates have fallen 7% in March from from last years 86% but Rosevere pointed out this was above normal industry levels.

He said their planned R1bn development at Sun City and Babalule was on schedule.

"There will obviously be ups and downs in the future, but the investment is a long-term one," he said.

Last year Sun Bop made the largest price gain on the market over the year, over 220%.
Probe continues

The probe into the accounts of the controversial Flexi Club Foundation timeshare operation continues. The investigation was launched at the end of last year by the Business Practices Committee.

This is in spite of the liquidation of its sister company, Summer Leisure International, in the Rand Supreme Court two weeks ago.

Though the foundation itself was not part of the liquidation, it is not clear how the company will continue operating — or whether it intends doing so. It shared Summer Leisure's Sandton offices and telephones. Last week, company officials could not be contacted.

The liquidation proceedings, latest in a series of legal moves against the cash-strapped timeshare operation, were brought by Epsom Downs Properties, owner of the Sandton offices, which is apparently owed R181 220 on the four-year lease.

Liquidators for Summer Leisure should be appointed this week. The basis of the Flexi Club/Summer Leisure operation was the substitution of specific timeshare for "points" aimed at allowing participants a choice of holiday destinations.

Louise Tager, head of the committee which began investigating Flexi Clubs accounts at the end of last year (Property November 24), says the probe will run its course and a final report will be handed to Trade & Industry Minister Kent Durr. She says an auditor is examining Flexi Club's investments.

She adds that her report will identify the foundation's problems. It will also comment on whether the "unusual legal mechanism of a foundation," as opposed to a company or close corporation, is appropriate for holding interest and investments.
Lanzerac Hotel gets R25 million facelift

By MAGGIE ROWLEY
Business Staff

A TOTAL of R25 million is being spent on upgrading and extending Stellenbosch’s Lanzerac Hotel into a five-star establishment.

The project, which includes the construction of an additional 90 bedrooms and a conference centre to accommodate 150 people, is scheduled for completion at the end of next year.

Work began last August and so far R6 million has been spent on updating the sewerage and electricity system, cobbles ring roads, refurbishing six existing bedrooms, the main diningroom and reception area and two lounges. A separate student’s bar and beer garden with its own swimming pool area, a new wine cella, seafood restaurant, cheese lunch complex and an outdoor Gazebo have also been built.

**Health centre**

The new bedrooms will be built alongside the river on the 300-year-old estate and are expected to be completed by September. The existing 40 bedrooms will be refurbished with antiques.

Also to be built are tennis courts, squash courts, a wine cellar, a health centre and gymnasium.

The existing hotel, which has a three-star rating, accommodates 100 guests. By 1991 it will be able to sleep 260.

Purchased last year by Johannesburg businessman, Mr Attie Botha, the hotel is also offering fixed accommodation on a timeshare basis. The Lanzerac Estate Connoisseur Club has been formed and the cost of membership entitles patrons to a week’s holiday a year for a 10-year period in one of the restored old suites and a number of other benefits.

Membership will also provide clientele access to very rare wines no longer available to the public as well as an opportunity to store selected wines at a private Vinoteca.

The renovation project is being done under the supervision of the Historical Society of Stellenbosch to ensure the hotel remains an historical monument.
Timeshare cleans its image

By Charmain Naidoo

TIMESHARE is cleaning up its holiday flat.

The SA Property Owners Association has launched a campaign to correct misconceptions about the industry, and one of the crucial areas being tackled says Peter Erasmus, consultant to the timeshare division of SAPOA, is to clear up the confusion about timeshare and investment.

The words timeshare and investment are not meant to go together he says.

In fact, SAPOA strongly forbids member developers from selling timeshare as an investment for resale.

As a control measure, several safeguards have been introduced:

• Stringent examinations for timeshare salespeople so that misrepresentation is reduced to a minimum
• A register of salespeople who sell timeshare for brokers and developers
• A disciplinary code of ethics — SAPOA can impose compensatory fines

"It works on the same principles that apply to estate agents. But we won’t be bound by the Estate Agents Act," says Erasmus.

Certainty

"We’ll be more flexible — but still have the necessary authority to discipline sales people who misrepresent the industry," Mr Erasmus says.

He adds that timeshare, rather than being bought for investment purposes, should be acquired to provide fixed-charge holidays for people who would otherwise not be able to afford them.

"That doesn’t necessarily mean that some units have not appreciated in value, thereby providing a good return on investment. But in the main they provide the certainty of holiday accommodation in the most cost efficient way.

One criticism levelled at the timeshare industry is that once all the timeshare units have been sold, developers abandon the project, leaving a management company to take over. Standards, owners complain, often drop.

Said a chartered accountant who may not be named for professional reasons: "When all units have been sold, vast amounts of money are made by the developers.

"For example a 200-room ‘hotel’, selling units at an average price of R30 000 has the potential to raise in R5 million." In most cases, depending on start-up costs, many times the intrinsic value of the building is realised.

"Earning good healthy profits is what good business is all about. My concern is that the standards paid for initially are seldom maintained."

Levies

"When talking about maintaining standards, that’s where the levy comes in. Much negative publicity has been given to levies charged. If you were to ask a homeowner how much money he spent on general repairs and maintenance to his home in one year, he probably wouldn’t be able to put a figure on it."

"The problem with the levy is that it is quantified in a single figure which often gives people a shock because they are seeing everything added up at once."

Timeshare experts say one of the most critical aspects of purchase is the management company.

"Buyers should satisfy themselves that the managers really know how to run a resort and that they charge reasonably for their services. Management companies should be bound by tight contracts that prevent outright rape. Buyers are usually at a huge disadvantage to management companies because residents are usually weak and ineffectual."

With very few exceptions (such as in hotel-type situations where there are concomitant labour-related problems), the levy increases across the board are between 15% and 16% a year.

Problems

There are 92 000 timeshare owners in SA and last year, SAPoA had a total of 54 complaints.

"Proportionately that’s not very high. Out of 130 timeshare developments, only two have gone under."

"There is a lot of good news for timesharing. It’s young, and of course there are teething problems. We advise potential owners to buy from SAPOA-endorsed projects so we can investigate any complaints."

Resale

SAPOA is on the threshold of offering fidelity insurance in the form of a policy which guarantees a money back security if the developers go under.

Mr Erasmus agrees that resale of some timeshare units is difficult "because owners are in competition with new developments." SAPOA does everything it can to help the resale division, he says, and adds "We have a very good resale market in SA."

Port Owen, the timeshare yachting mecca on the Cape West Coast

per annum after only two months in the ophthalmic optic industries. These figures changed by 131.4 and 112.5 respectively. The lowest real change and real change per annum were experienced by watchmen in the sweet industry in K. Londen - the change of -7.9 and -13.2 respectively.
Reds to dominate Nederburg auction

ACHMED KARIEN

AN assortment of vintage red Cape wines will be featured when hoteliers, restaurateurs and liquor retailers assemble in Paarl for the 16th annual Nederburg auction on Saturday.

Only 7,992 cases will be on offer, which is down from 1989 when 215 of more than 11,000 cases went unsold.

Wine from 26 producers — 64 red and 27 white wines — will come under the hammer of auctioneer Patrick Grubb, who has knocked down wines to the value of R12.3m since the inception of the auction.

"The quality and scarcity of these wines need no exaggeration: they are among the finest reds ever produced in the Cape and they may not be available for much longer," said auction organiser Beanie Howard.

Nederburg has 16 reds and whites for the leading event on the SA wine calendar, including classics like the 1979 and 1973 Nederburg Cabernet Sauvignon.

Stellenbosch Farmers' Winery is offering 23 wines for the sale, many available only in limited quantities. The rare vintages include a 1987 Chateau Libertas and a 1985 and 1987 Lanzerac Pinotage.

Restaurateurs can offer all these wines to diners without maturation, since they are drinkable now.

The significantly reduced quantity on offer could increase competition in the bidding, resulting in better prices for producers.

Soweto town clerk...

Govt accepts Sabta proposal on taxis

THEO RAWANA

GOVERNMENT has approved black taxi organisation Sabta's proposal that acceptance of new entrants into the industry should be shelved until pirate taxis had been legislated, Sabta public affairs spokesman Mike Nkatleng said yesterday.

Nkatleng said a delegation of the taxi association met Transport Minister George Bartlett in Cape Town early this month to discuss the taxi industry.

Sabta gained a say in the running of the taxi industry last June when former Transport Minister Ell Louw approved recommendations of a committee comprising Department of Transport and Sabta representatives.

Sabta's main recommendation opposed the White Paper on Transport Policy, which proposed complete deregulation of all taxis with capacities of up to 16 people, demanding only that vehicles be roadworthy and driven by qualified, insured drivers.

Sabta, fearing that complete deregulation would legalise thousands of illegal taxis and that whites would muscle in on black business, proposed that deregulation be phased in over three years and with Sabta's input.

Nkatleng said yesterday: "Consensus was reached that the taxi industry is fast reaching saturation point and that a method should be considered to control the number of new entrants."

It was agreed the task of legalising existing "pirates" would be tackled first. This would be done by a national taxi association in conjunction with the department.
14 hotels are upgraded

Pretoria Bureau

Fourteen South African hotels have been upgraded, the South African Tourism Board has announced.

Another 13 have recently been graded and two have lost a star.

The country’s newest four-star hotel is the Drakensberg Sun, while the Hlala Lakeside Lodge at White River, has won three-star rating.

Also given three stars are the Stellenbosch, Upington Protea Inn and Drakensberg Garden hotels — previously two-star establishments.

Hotels which have been upgraded from one star to three stars are the Valley Lodge at Magaliesburg and The Don Hotel, Cape Town.

Hotels that have lost a star are the Claridges (previously three-star), in Cape Town, and the Diplomat, Johannesburg, down from two stars to one.
PROTEA’S MILESTONE

With the recent addition of another six hotels to the 54 it already manages, Protea Hotels – more correctly, the Protea Hospitality Corp – has become the biggest hotel group in SA. It also has hit the target of 60 set by Ott Stehlik when he founded the group in August 1984.

Next biggest is the Southern Sun group, which owns and manages 34 Southern Sun hotels and 23 Holiday Inn. There are 1305 hotels in SA, as of the end of 1988, so between them the two chains own or manage about 46% of the country’s hotels.

Protea’s six new acquisitions are two three-star hotels, the Marine Protea in Port Elizabeth, being refurbished at a cost of R6m, and the Tulbuck in Cape Town; three two-star hotels, the Salt Rock and the Stillwater in Natal, and the Country Inn in the Cape; and the Club Mykonos resort at Langebaan in the Cape.

Stehlik thought 60 hotels was about as many as the group could handle, but MD Arthur Gillis now feels it can manage another 15 quite comfortably. With these, he’ll be able to weed out the ones that aren’t meeting expectations or not complying with Protea’s standards.
Durban's tourism industry, harmed by reports of incidents on the beach during the high season, is working intensely to re-establish the city's reputation as the country's premier holiday resort.

Part of the campaign is a concerted effort to create the illusion that the beachfront incidents were just a flash in the pan and had no effect on the average beach-goer. In addition, the industry is making a concentrated effort to maintain the number of visitors to the city by stepping up promotion of the off-season.

Jan Venter, chairman of Durban's management committee, claims the situation on Durban's beaches over the festive season was "grossly misrepresented." He maintains that fewer people thronged the beaches than in previous high seasons.

They came in appreciable numbers on five days only, December 16, Christmas Day, Boxing Day, New Year's Day and January 2, he says. "They were not only exceptionally well behaved under the circumstances, there was also a unique spirit of goodwill among them."

So what went wrong? Venter blames the press. "It is a fact that there were large crowds on beaches throughout the country, not just in Durban. I can only imagine Durban was singled out by the media because, for the first time, all our beaches were opened to all races."

The reports of disturbances were many—people fighting in the paddling pools, defecating on the beaches, wrenched seats off loo and threatening the police with violence if they intervened.

Venter acknowledges, however, "there were a few teething problems that have to be sorted out." The council is starting an education programme "aimed at people for whom visiting a beach is a totally new experience, explaining the use of facilities, codes of behaviour and what is expected of them in terms of Durban's by-laws and seaside regulations."

Bruno Corte, chairman of the Southern Sun and Holiday Inn group, is more pragmatic. The problem, he asserts, was that the beaches were opened to all very late "and the guys didn't have enough time to get properly organised." He says the city will doubtless be better organised this year, but concedes "it will be more difficult to market Durban this year than it was before."

Certainly, many in the industry are worried. They know they are winning support from moneyminded blacks, but fear free-spending whites who normally flock to Durban at Christmas, will not return after last season's incidents. So the marketing emphasis is being subtly shifted to the off-season, when the beaches don't usually suffer from a mass invasion and hotels offer discount packages.

The Southern Sun hotel group may begin offering a train-hotel package for Durban in June (Business March 23). It will operate along the same lines as the highly successful air-hotel plan, but will be cheaper.

Alan Gooderson, the Durban chairman of the Federated Hotel, Liquor & Catering Association of SA, says there may be a push to get the Sunday Obsivance Act repealed. If it cannot be done nationally, an attempt will be made to free Durban and the vicinity from its restrictions. "Being able to open our pubs on Sundays will make the city more of a fun place than it is and will allow us to make some money," Gooderson says.

There are also plans to institute daylight saving by advancing Durban time by an hour in the summer. Gooderson says this will add an hour a day to every visitor's holiday.

Hotels are homing in on white visitors, not for any racial reasons, but because they spend more than black visitors on food and beverages, in and out of their hotels. Black visitors are inclined to eat only the meals included in their hotel packages and buy food for other meals from supermarkets, hoteliers say.

Southern Sun's Lynette Botterill says 58% of its guests between December 16 and January 7 were blacks. "The fall-off in food and beverage takings certainly surprised us. It was completely against the trend established down the years of families taking snacks and meals, other than breakfast, in their hotels."

The city may be trying to woo back whites, but it certainly isn't turning its nose up at blacks. Gooderson says "middle-class blacks are excellent clients and they have lots of disposable income." More than 40% of the rooms in all beachfront hotels were let to blacks over Christmas.

Durban's increasing popularity with blacks is underscored by the support for Trains 2000, Spoor's packaged tours to Durban. "The actions of the crowds had no effect on their popularity," says Spoor's Douglas Mlambo.

Clearly, Durban would be in trouble without black holidaymakers. It will need them to counter the threat its traditional rival, Cape Town, will pose this year, when Captour launches its Green Season campaign to market the Mother City's off-season attractions (Business December 8). The Protea Hotel group is throwing its weight behind the campaign with a heavily discounted air-hotel plan aimed at the PWV that will surely siphon off some of Durban's traffic.

David Pincus
Longman appeal dismissed.

BLOEMFONTEIN — The Bloemfontein Appeal Court on Friday dismissed, with costs, an appeal by Longman Distillers Ltd of Edinburgh, Scotland against a judgment in favour of the Drop Inn group of liquor supermarkets.

On May 19, 1998, Mr Justice G Friedman in the Cape Supreme Court ordered the Deputy Sheriff to attach, to found and confirm jurisdiction, all Longman’s right, title and interest in an order for costs against Drop Inn.

He granted Drop Inn leave to sue Longman by edictal citation for R127 271 damages that had occurred in the course of the companies’ business dealings. (285)

On Friday, Mr Justice Nicholas (acting judge of appeal) held that the essential fact was that Longman became possessed of property attachable within the area of jurisdiction of the Cape Supreme Court.

The Chief Justice Mr Justice Corbett, Mr Justice Grosskopf, Mr Justice Kumleben and Mr Justice Goldstone (acting judge of appeal) concurred. — Sapa.

CE defends job change

PRETORIA — Bankorp’s new CE Piet Liebenberg said here at the weekend his move from one employer to another, although they were in direct competition, was not ethically wrong.

‘Liebenberg, who resigned as Nedcor CE last month to join Bankorp, said his conscience was clear — a door had closed and another had opened.

Speaking on Ethics in the Business World at Pretoria University, he said he was satisfied his decision would, in the long term, serve the best interests of all parties.

He said he had a responsibility to protect his career and fully develop his talents. What might well have been wrong was, for example, if he had carried confidential and sensitive information to his new employer.

He said there were some questions arising from his resignation (from Nedcor) and he had used it as an example because it showed some of the problems with which business leaders had to contend when they had to decide what was right and what was wrong.

It was often not a simple process, he said.

Liebenberg added good business ethics were undoubtedly important and management had a responsibility to further the ideal.
Longman appeal dismissed.

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Relief greets\textsuperscript{a} new Liquor Act

\textsuperscript{a} BRENT MELVILLE 268

THE promulgation of the new Liquor Act will substantially deregulate an industry long frustrated by outdated and cumbersome red tape, Fedhans executive director Fred Thermmann said yesterday.

He said that though Fedhans was very pleased that the new simplified regulations had finally been brought into force, it had taken six years of intense lobbying to change the act, published as Act No. 27 early last year.

Thermmann said the act would "equalize" a long way to deregulating applications for licences in that applicants could now be made on a daily basis. "Applications will now be reviewed on a day-to-day basis following inspection, as opposed to the previous situation where the applicant would be forced to wait for up to a year for the licence to be reviewed."

Other important ramifications included the extension of hours of sale in restaurants and hotels from 10am to 2am the following day, even on closed days (for example Sundays). Hours of sale for liquor stores, though unchanged, can be extended on application and with the approval of the town clerk.

"The counter book situation whereby the buyer had to give his name and address if more than 10 litres of liquor was purchased has now been upgraded to 50 litres," he said.

"We were however disappointed with the fact that Sunday trading laws remained unchanged," he said, adding that issues regarding the new Act would be discussed when discrepancies were revealed. "It is an ongoing process," he said, but praised the new Act as progressive.
Guidelines for Cape coast get the nod

Lesley Lambert

CAPE TOWN - The Cape Provincial Administration (CPA) has approved plans which will act as guidelines for future onshore developments along the Cape coastline and possibly deter controversial proposals like the recently abandoned Robberg marina in Plettenberg Bay.

The structure plans have been released in five lengthy documents, each of which deals with a separate sub-region.

These include the west coast area from Veldrif to Bokpuin, the Cape Town coastline, the southern Cape area from Macassar to Gourits River, Oudtshoorn to Humansdorp and the area between the Gamsbaai and the Great Fish rivers.

The aim of the research programme, initiated by the CPA four years ago, was to draw up guidelines to address the potential conflict between conservation of rapidly diminishing natural areas and pressure for township and resort development.

The guidelines were intended as a refinement of the CPA's 1973 Coastal Plan.

The plans provide a framework for the evaluation of applications and proposed developments by the private and public sectors. They do not refer to developments already under way.

The issues dealt with in the documents have become increasingly relevant.

Political changes have removed racial barriers in recreational areas creating more pressure for development in these areas, government decentralisation has placed more emphasis on private sector development for which central guidelines are deemed to be necessary and the west cape coastline has been pinpointed as a major future development area.

Manpower expects doubled workload

Lesley Lambert

CAPE TOWN - New responsibilities, including the labour relations of commercialised public utilities, will virtually double the Manpower Department's workload.

Its 1989 annual report, tabled in Parliament yesterday, says the department has taken responsibility for the Workmen's Compensation claims and occupational safety functions of Transnet.

"The take-over of functions will virtually double the workload, and the department, with its present staff and funds, will be unable to cope," the report says.

Another new responsibility resulting from economic changes concerns the small business sector. The National Manpower Commission began investigating the effect of labour legislation on this sector last year and an amending Bill covering technical adjustments is expected this year.

The department is reported to be keeping a close watch on provisions of industrial council agreements which could hamper economic activities.

Developments in the field of labour relations during the year include a review of section 79(2) of the Labour Relations Amendment Act, following criticism of certain provisions of the legislation, and the introduction of a labour code and guidelines for labour relations in the agricultural sector, drawn up by agricultural unions in consultation with the Houses of Representatives and Delegates.

The department expects the winding up of certain industrial councils to result in more applications for conciliation boards and the scaling down of employee fringe benefits from industrial council agreements.
Fewer wines on offer reduces Nederburg auction turnover

CAPE TOWN — Although the total sales of this year’s Nederburg Wine Auction appeared disappointingly low — R300 000 down at R1.8m — fewer cases were on offer and at least an average price increase of 15% kept pace with inflation.

The quantity of wine available at Saturday’s auction was reduced by 83% to 7,861, all of which was bought by domestic and foreign buyers.

Checkers, Hans Schreiber of Neethlingshoek, Southern Sun, Rebel and Spar took the lead, while foreigners kept a low profile.

Schreiber set the ball rolling as he snapped up the first three items on the catalogue — a Lanzerac Pinotage 1965, a Groot Constantia Weisser Riesling 1969 and a Rust en Vrede Cabernet Sauvignon 1981. He then went on to secure the five most highly priced wines on the auction.

The highest price of R7 600 was for a case of Rustenberg Dry Red 1974, described by wine aficionado John Platter as a winemaker’s dream vintage. A case of Lanzerac Pinotage 1965 and another of the Lanzerac Pinotage 1967 vintage — the first and last items on the catalogue — fetched R5 200 each, while one of the last two cases of the 1973 vintage of Karookop Cabernet Sauvignon went for R3 600. The reserve price on all these wines was R450.

The auction was dominated by reds, most of which were more than 10 years old. Notable purchases included five cases of Lanzerac Cabernet 1965 and seven cases of Zonnebloem Cabernet 1969, both of which were sold for an average of R1 100 a case. There were nine cases worth R520 and R600 a case, respectively. Three cases of Chateau Libertas 1967 were bought for an average of R280 a case, with a high price of R1 050.

Checkers, the biggest buyer, concentrated largely on Nederburg, apart from some Zonnebloem Pinotage 1977 which sold at an average of R259 a case. Other active retailers included, Spar, WP Cellars, Drop In, the Liquor Inn and the OK Hyperama.

Of the Nederburg collection, 440 cases of the highly rated Private Bin R103 fetched an average of R529.50 a case, 404 cases of the Nederburg Cabernet Sauvignon 1979 fetched an average of R145.50, while the popular Edelkeur dessert wine went for an average of R200.10 a case.

There were 17 old reds from SFW’s Zonnebloem collection on offer. Apart from the Zonnebloem Cabernet 1969, five cases of the Cabernet 1970 fetched an average of R686 a case, 20 cases of the 1971 vintage fetched an average of R533 a case, 30 cases of the 1972 vintage fetched an average of R469, while 25 cases of the 1973 Cabernet Sauvignon fetched an average of R429 and 60 of the 1977 vintage fetched R419.

Of the whites on offer, the Hamilton-Russell Chardonnay 1987 fetched the highest price with 10/12 bottle cases averaging R241 a case. The Nederburg Chardonnay 1987 fetched an average of R194.42, a six-bottle case.

A regional breakdown showed a disappointing drop in purchases by foreigners from last year’s high of 16% to 11.25%.

Purchases by Transvaal buyers also dropped considerably to 41.2% of the total 100% of sales, while the Western Cape bought 35%.
Top-class hotels cheapest in Johannesburg

LONDON — Johannesburg's top-class hotels provide the world's cheapest accommodation for businessmen, according to a report released in Britain today.

The survey, Working Conditions Abroad, also found that Scandinavian capitals have replaced Tokyo as the most expensive destination.

London is unchanged in eighth place.

Oslo, the Norwegian capital, is top of the list with the total daily inclusive rate at a four-star hotel running at £208 (R334).

Then comes Copenhagen, Denmark, with £208 (R334), followed by the Swedish capital of Stockholm with £194 (R334).

Tokyo is now more expensive than London as a result of currency and other cost movements.

The daily inclusive rate works out at £169 (R275) against £161 (R275) in London.

Johannesburg came bottom of the list with the report showing the same standard of bed-only accommodation in a first-class hotel costing only £34 (R140).

This compared with £112 (R483) for a similar overnight bed in the most expensive city, Copenhagen.

A drink costing £1 (R4.30) in Harare would cost £10 (R48) in Baghdad, while a business dinner with wine would set the diner back only £20 (R86) in Nairobi but £40 (R200) in Frankfurt. — Daily Telegraph.
Interleisure sales to be ‘vetted’ first

8/10/90

THE Interleisure board will soon make a decision on franchising off 27 of its restaurants, amid criticism from some quarters that the deals are not being done ‘at arm’s length’.

In an interview yesterday, Interleisure MD Anthony Salusbury gave the assurance that the sales would ‘only be approved after thorough investigation’.

Some former employees have alleged that a scheme designed to ‘run down’ the profits of restaurants coming up for sale has been at work. This would, it is alleged, artificially depress the selling price.

Salusbury said the 27 restaurants had been informed at the beginning of February that there was a possibility of conversion to franchisee by sale.

Said Salusbury: ‘This short-time period would make it very difficult to artificially “run down” profits at any outlet.’

Kersaf subsidiary Interleisure currently has 182 restaurants on its books.

In its latest full year, Interleisure posted a R37m turnover and R30,3m attributable profits.

Of the Interleisure restaurants -

BARRY SERGEANT

Squires Loft, Mike’s Kitchen, Porterhouse, RJ’s, Cattleman, Combined Caterers, Bumbo’s and Captain Dorego – 141 are under franchise, with 41 company-owned by Interleisure.

Salusbury says the current proposal to sell 27 outlets to franchisees would leave Interleisure with its targeted 10% company-owned outlets or “the cherries in the group”.

He explained Interleisure had started on the “mistaken” path of acquiring company-owned restaurants at the beginning of 1987, starting with the Squires group, which “turned out to be poor acquisitions”.

It soon became clear that restaurants, with very few exceptions, are “momma and poppa” (informal) enterprises and that restaurants “run by a listed company within the constraints of the formal sector generally never perform at the growth levels expected of a listed company”.

Salusbury said experience had shown that franchised operations were able to

To Page 2

Interleisure

perform at rates acceptable to Interleisure. In the 1989 financial year to end-June, the food division’s contribution fell to R2.4m (R7.4m); the contribution to group profits to 6% (10%).

He said indications so far this year were that food division profits would increase by 75% – although the base was relatively low. This vindicated the group’s strategic policy of switching from company-owned outlets to franchisers.

Salusbury said the controversy about who the management was selling to was unfounded. ‘Generally speaking, the best people to sell to are the people currently managing the restaurant, who then become franchisees. As to price, the generally accepted norm in restaurants is a price of 4 to 5 times annual after-tax profits.

“For the 27 restaurants under consideration, the average price is 5.6 times. This is a good average price for Interleisure, espe-

From Page 1

cially given that some of the restaurants are on terminating leases, and some are overcapitalised.”

Critics have accused Interleisure of being subject to operators within the group who, anticipating that further restaurants would be sold, deliberately forced profits down by, for example, using “fillits to make carry”.

When the restaurants were ready for sale, the argument continues, the buying price would be automatically depressed. “If we had been aware of any such behaviour, we would have dismissed those concerns. However, profits of the 27 have not been suppressed,” says Salusbury.

He said the terms of payment for the 27 restaurants were “more favourable than was usually the case in the industry”.

Moreover, each sale had a 10-year franchise agreement with the suitable to secure future Interleisure income.
equivalent to 45% of its existing shareholders’ funds, is designed to minimise the eventual dilution of share capital.

Time will use the cash to invest in more property developments, to maintain its stake in its developing life assurance company and to reduce its short-term debt. At December year-end, short-term debt was R12,3m and gearing, 54%.

The 100c, 14% prefs, which will be listed, will be redeemed or converted into ordinary shares at the directors’ discretion in two equal instalments in June 1993 and June 1994. If they are redeemed, it will be at par (100c) plus 25c. Conversion is more complicated and will be calculated by dividing the prefs’ 100c issue price by 80% of the ords’ average price over the preceding six months. So the higher the price of the ords ahead of conversion, the fewer ords the pref holder receives.

Time’s share has fallen from around 130c in early 1989 to its present 70c. Assuming the share recovers by 1993, the dilution from the rights offer will be lower than if the offer had been of ords or if the prefs were convertible at a fixed rate.

In December 1988, Time issued 6,05m new shares in a rights offer at 105c. It has also offered bonus shares as an option to dividends. By December 1989, it had 18% more ords and prefs in issue than at December 1987 and EPS, which had grown from 1.5c in 1985 to 25c, fell back to 14c (4%) last year.

Hibbert says the 1989 dip in earnings is small compared with that of most listed housing companies and believes earnings will grow well this year because of some revival in the housing market and Time’s increasing diversification.

Overall, the housing division is profitable, but the extent of its downturn shows in the fact that housing’s contribution was about the same as that of TimeLife. Because of this, Time has decided to delay the separate listing of the housing division.

Commercial property was the leading contributor to Time’s income last year. Time has until now passed the developments it has project-managed on to its clients, but plans to use some of the rights offer proceeds to invest in selective developments as a principal.

The rights offer assumes either that the housing market will be booming by 1993 or that other divisions will be contributing so much that Time’s image will have changed. Now on a dividend yield of 14.3%, the share is rated as a housing company and the growing life company is ignored.
Easing the flow

The new, more relaxed Liquor Act, passed by parliament last year and effective from this week, promises most but not all in the liquor industry.

Mike Koversky, MD of the Cape-based Aroma Liquor Holdings and past president of the Federation of Hotel, Liquor & Catering Associations of SA (Fedhassa), says: "The purpose of the Act is to control the distribution of liquor; it is definitive in so far as what it demands from the trader and clear as far as how it is to be implemented."

However, he cannot agree that it will make it any easier for newcomers to the industry to apply for licences.

"It seems simple, and certainly is in line with government's policy of deregulation, but if anything, it will put more work into attorneys' way. The lay person will not be able to deal with it easily."

When word leaked last week that Trade & Industry MinisterKent Durr was to make an important announcement, liquor wholesalers expected him to outline his thinking on vertical integration — the ownership of retail outlets by wholesalers.

"He has spoken with most of us to canvass our views about how many retail outlets we thought each wholesaler should be allowed to have. I was hoping he'd say something about that," says a disappointed Wellesley Bruton, MD of Douglas Green of Paarl.

Fedhassa's executive director Fred Thermann likes the Act. "For six years the authorities have been getting feedback from the industry. It's about time something happened to improve productivity."

Unlike Koversky, he believes the Act will make it easier for the man in the street to apply for a liquor licence. One reason is that applications will be heard year-round by magistrates instead of once a year by the Liquor Board.

Longer hours

The feedback Thermann has been getting indicates the industry appreciates:

- That liquor stores may remain open from 08h00 — instead of 08h30 — to 18h00 on weekdays and may apply to remain open until 20h00;
- That they may remain open from 08h00 until 13h00 on Saturdays, an hour longer, and deliver until 17h00 if they get the approval of their local town council and the Liquor Board, which is also now more accessible; and
- The falling away of the need to record all purchases and sales in a liquor stock book. Liquor stores now need to record only sales of more than 50l to one customer in a counter book, instead of every one of above 10l.

The changes regarding on-premises consumption are far-reaching and needed, Thermann says. Restaurants may remain open from 10h00 on one day until 02h00 the next day, even if it is "a closed day, such as a Sunday."

In previous versions of the Act, such as the Liquor Act of 1977, which is now repealed, restaurants had to close at midnight on Saturdays to avoid being open on Sundays, or if the next day was a religious holiday, such as Christmas or Ascension Day.
Interleisure menu becomes more palatable

EN LESS than 18 months from early 1987, as the JRR was surging into its greatest listing boom, Kersal subsidiary Interleisure completed the acquisition of 30 food outlets, comprising 70 company-owned franchised.

In retrospect, says MD Anthony Salisbury, the expansion was far too rapid; many of the acquisitions were poor. Without a major strategic change of direction in 1988, the food division might have ended up making losses.

Perhaps more important, he says, is that the experience has shown "you can't buy businesses, because they simply don't operate according to the norms and standards of a corporate group."

Interleisure's interests include Ster Kinema Toron International Compu- tic  and Rent Film Labs, Cinemark, and a sportscatting. In its latest half year to end-June 1989, Interleisure posted a £32.3 million turnover and a £30.6 million attributable profit.

First acquisition in early 1987 was Mike's Kitchen, followed within months by acquisition from entrepreneur Costa Tomaras of Squires, Longhorn, RJ's, Captain Dorego and Thambi Pubs.

Tomaras, who built his food empire starting with one Squires in Braintree, listed Squires during the boom but sold out, and was paid with Interleisure paper.

With Squires in the Interleisure stable, acquisitions were rounded off with Porterhouse, Cattlemans, Bimbo's and Combined Caterers.

Interleisure then had 110 franchised outlets and 70 company-owned outlets. "Strategic from there," says Salisbury, "was to open 30 more company-owned outlets, mainly in the Porterhouse and Longhorn brands, within the next year."

"This proved to be more than operational management could cope with. Bad sites were chosen and practically all the new outlets started running losses from day one."

Replacement

With close to 200 outlets, the notional replacement value in today's money would be more than £100m.

In one month alone, the food division's overheads ran £500,000 over budget.

"It soon became clear we had done the wrong thing. We questioned whether a corporate giant could have so many restaurants. They're really mom and pop type businesses - informal."

"Privately owned restaurants have difficult earnings expectations; restaurants under our control simply grew too slowly for the kind of rate our shareholders expect."

In addition, franchisees disliked too many Interleisure company-owned outlets.

"This gives rise to an inherent conflict of interest - you can't be a wholesaler and a retailer at the same time."

BARNEY SERGEANT he says.

"The 30 new outlets lost a lot of money and profits fell substantially."

Then Interleisure decided to restructure its food business.

Interleisure has appointed new CEO of the division. The major strategic change of direction was to reduce the number of company-owned outlets and increase franchisees.

At financial year-end June 1989, the board reported the previous 180 outlets (70 company-owned and 110 franchised) were now 132 outlets (41 company-owned and 141 franchised).

Tomaras left the board of directors and Interleisure operational management. The disposal of stores to franchisees gave rise to a £5.7 million extraordinary loss that year.

Moreover, the food division's operating profits slipped from £12.7 million (68% of total group) to £5.6 million (36% of total group) coming from cinemas.

The rationalisation has worked: the full 1990 financial year to end-June is expected to show at least a 75% increase in profits from the food division, albeit from a low base.

Salisbury admits that many of the outlets disposed of were over-capitalised. "Too much was paid upfront, whether purchased or new, and the returns were totally below expectations."

"Franchisees have a greater incentive to perform than managers of company-owned restaurants - the franchised operation of Mike's Kitchen has been a huge success."

The current proposal is to sell 27 outlets to franchisees, leaving Interleisure with its targeted 10% company-owned outlets, giving Interleisure what it considers to be the right mix.

"Says Salisbury: "These remaining company-owned outlets constitute the cherry in the group."

He says the controversy about who management was selling to was unfounded.

"Generally speaking, the best people to sell to are the people currently managing the restaurant, who then become franchisees.

Fallacious

"As to price, the generally accepted norm in restaurants is a peak of four to five times annual after-tax profits."

For the 27 restaurants under consideration, the average price is 6.6 times. It is therefore fallacious to say that payment is below market rates.

"This is a good average price for Interleisure, especially given that some of the restaurants are on terminating leases, and some are over-capitalised."

"We have many good operators in the company. Interleisure cannot afford to pay the same rates as an entrepreneur earns, especially on the post-tax measure."

"We recognise that good operators will probably leave in the short to medium term. They are, therefore, the people we want as franchisees."

"Some of the proposals are to sell to ex-employees' syndicates, and they're paying a reasonable price, having regard to the importance of the future relationship."

Salisbury says the terms of payment for the 27 restaurants are "more favourable than is usually the case in the industry". Moreover, each sale will have a 10-year franchise agreement, with royalties to secure future income for Interleisure. Because they are tied in, capital gains are unlikely to arise for franchisees for a long time.

"Most of the people in the syndicates are relatives of the other in the organisation; they will go on and run franchises, saving substantial overheads in the food division."

"In terms of budgeting, we will achieve a rate of return previously not attainable."

"Certain of the food division management are permitted to take stakes in the restaurants, but these are fully disclosed and accompanied with a restraint that they may not conduct restaurant business."

FINANCE
Oycon to develop Cape Town dockside hotel

The contract to refurbish the old warehouse to create a new hotel on North Quay in the Victoria & Alfred Waterfront development in Table Bay has been awarded to Oycon (Cape) Building.

With Bertie's Tavern, the contract for which is also to be awarded to Oycon, and the forthcoming Maritime Museum, the project is the first phase of the proposed dockland redevelopment.

This is eventually expected to draw more than R600m redevelopment investment to the area and attract 1.5m visitors a year. Follow-up projects include a speciality retail complex with 10 cinemas, a further 10 to 12 restaurants, a fish market, fresh produce and speciality shops.

The hotel, to be called the Victoria and Alfred, will be built on the historic Alfred Basin quay, for which the rocks were first cut and placed in 1903. In the refurbishment, the character of the existing warehouse will be retained.

The existing heavy roof trusses will be reused at a higher level to allow for the construction of a second floor slab. Thirty-four bedrooms will be provided on the existing first floor and 34 on the new second floor slab.

The ground floor of the hotel will be linked to the waterfront promenade via a walk-through mall, and the hotel's coffee shops, lounge and terrace areas will overlook the quay. The mall itself will lead off to speciality shops and restaurants.

Two large cranes in front of the hotel will be retained to enhance the wharfside atmosphere, while the quay is to be developed into a waterfront promenade.
As guests feel the pinch, so do hotels

A CHANGING mix in hotel patronage and reduced average disposable income hit the SA hotel industry last year, the latest Central Statistical Service (CSS) survey on the financial statistics of 320 registered hotels discloses.

Commenting on the report, Fedhsa executive director Fred Termann said the changing market mix and existing economic conditions had hit especially hard at the hotel food and beverage market and had served to shorten the average holiday span of tourists to about four or five days.

In top hotels, food and beverage accounted for up to 45% of revenue. Guests are now watching their pennies in this respect, which helped push the industry's total real sales last year down by 5%. Total revenue was at R2 121m compared to R2 345m the previous year.

Termann said that even the traditional December boom period failed to live up to expectations with revenue for all grades of hotels down more than 11% to R2 220m (R2 345m) in real terms.

Over the year the biggest drops came in off-sales, which declined by 11% and food and beverages, down by 5%.

Termann said that although 133 million bed nights were sold, there were 31.7 million bed nights available.

For December overall room occupancy was virtually unchanged at 83% with one, three and four-star hotels fiddling most of the decline and five-star hotels experiencing an increase in occupancies of 2.2% over the year and 7.5% in December - reflecting the influx of foreign tourists.

Big improvements over December were in the eastern Cape, reflecting the marketing efforts of eastern Cape towns.
Durban quiet as Cape Town bustles

WHILE hoteliers in Durban are worried about the slow start to the autumn holiday season, Cape Town has seen a steady stream of up-country visitors.

The Durban hoteliers are hoping for a last-minute rush of holiday-makers to fill their empty rooms, but there are fears that the widespread unrest in Natal has scared off potential tourists.

And even if tourists arrive this weekend it will be a short season, as schools in Natal and the Free State open for the second term next Wednesday and those in the Transvaal the following week.

The managing director of Durban Publicity Association, Mr. Frank Vincent, admitted: “Durban is not as full as we hoped it would be.”

But, he said, many people should still arrive this weekend.

He said he doubted that problems on Durban’s beaches over Christmas were a factor in the slow start, but admitted the unrest may be a factor. Although it is in the outlying areas people may think it is in Durban itself.” — Staff Reporter and Own Correspondent

Natal violence — Page 5
Time Holdings targets 51% rise in turnover

MANAGEMENT and financial services group Time Holdings, strongly positioned in its key areas of activity, is targeting a turnover approaching R250m (R231.3m) in the current year — an increase of about 51%.

And chairman Colin Hibbert says that, barring unforeseen circumstances, he is confident attributable earnings and earnings per ordinary share will show "real meaningful growth" during this period.

Time, whose three major operating divisions are property, housing and financial services, posted bottom-line earnings by 11% to R32m up to December 1998 on turnover of R231.3m.

Earnings of 25c (26c) a share were achieved on an increase in the average number of shares in issue.

Hibbert says in the group's latest annual review indications are that the current economic slowdown is set to continue through the first half of 1999 and interest rates are unlikely to drop significantly before the third quarter of the year.

But strong ties with large institutional investors and a cross-section of private developers hold "considerable promise" for the group's property and housing divisions.

Growth in the housing division will be anchored in expanding into the lower cost housing market and it is well positioned to benefit from any upturn in the market, given its established infrastructure throughout SA, he says.

Time Properties, now handling about R500m worth of commercial development projects, is well-placed to contribute strongly to the group's earnings base, while the medium-term outlook for Time Life Insurance, where profits declared last year were conservatively estimated at about R1m, is "most promising".

On financing requirements, Hibbert says the group has more than adequate financial facilities to fund its current businesses.

"Growth in its core businesses, particularly in the financial services and property divisions, however, will require a better mix of short and long-term finance both to ensure adequate funding and to strengthen the balance sheet in preparation for the next growth phase."

Accordingly, directors hope to propose the issue of 19-million convertible redeemable 14% shares of R1 each by way of a rights issue to shareholders, Hibbert says.
Confusion, unanswered phone calls, staff claiming unpaid wages and salaries and about 3,000 timeshare members unable to take advantage of their holidays-for-life — which cost many of them their savings — is only the start of the sorry tale beginning to unfold as liquidators commence unravelling the affairs of Summer Leisure International (SLI) — the marketing arm of the controversial FlexiClub Foundation timeshare group. What is clear is that while FlexiClub is not being liquidated, the activities of the two organisations are inseparable in certain respects.

Furthermore, both organisations are under investigation. FlexiClub’s accounts are being scrutinised by Louise Tager’s Business Practices committee. At the same time, police at John Vorster Square’s commercial branch have been instructed by the Attorney-General to look into the affairs of SLI.

Meanwhile, for liquidator John Fourie of the Ernst & Young Trust, trying to get to grips with the tangled affairs of SLI has not been easy. One of his priorities was to interview SLI and FlexiClub directors Bill Nowsworthy and Larry Botes.

However, like those of the timeshare members themselves caught up in the liquidation, his telephone calls remain unanswered. All attempts to contact them over the past few weeks have drawn a blank. “All I hear is music when I phone Botes. Nowsworthy doesn’t have a telephone.”

In spite of this, he believes the financial status of the company and other issues related to the liquidation could be “crystallised” within a fortnight.

With the two directors apparently unavailable, Fourie’s office is fielding calls on a daily basis from disillusioned and anxious FlexiClub members trying to establish whether their timeshare agreements are still worth the paper they’re written on. Many are understood to have stopped paying the installments due in terms of their contracts.

This is perhaps understandable in view of the fact that, for the present at least, they (the timeshare members) cannot gain access to FlexiClub’s timeshare accommodation because the levies — the legal responsibility of SLI — have not been paid.

According to the successful application for SLI’s winding up, which was heard in the Rand Supreme Court in February, if the levies remain unpaid, SLI’s timeshare rights could be cancelled. This could further prejudice creditors.

Although Fourie won’t be drawn on the issue, FlexiClub appears to all intents and purposes not to be functioning as a business at present.

In the meantime, Fourie is attempting to get access to the FlexiClub documentation which relates to SLI. He explains: “My interest in FlexiClub is twofold. Firstly, all the SLI documentation is in the Foundation files, which I can’t touch until I’m granted legal access. Secondly, Botes has signed a document stating that FlexiClub owes SLI about R1m in management fees. I must ensure that the best interests of SLI creditors are served in terms of that debt.”

He adds that there are likely to be relatively few claims directly against SLI, most of them relate to FlexiClub. “But the two organisations operated from the same offices, which are now locked. The telephones have been disconnected because of unpaid bills and all the furniture and computers were sold before the company went into liquidation,” says Fourie.

Even SLI’s staff seem to have been left in the lurch. One is claiming R18,000 in respect of five months unpaid salary. Another former employee, Pat Myburg, claims she was not paid a salary for September or October. According to the winding up application, a number of other employees are out of pocket because of unpaid salaries.
In the swim

Durban is looking to recover its reputation as a happy holiday haven

The tourists flocking to Durban this week will want to know that the peak season overcrowding of last December-January has been attended to. It could be that their experiences now will help determine the future of the city as a tourist centre for some time to come.

Durban lives or dies by tourism. The industry accounts for a total estimated annual turnover of R3,5bn in the city, and more than 46 000 people are employed in it either directly or in associated services. A recent survey found that an average of close to R2,2m a day was spent in Durban by visitors — on accommodation, entertainment, food and beverages and internal transport. This figure excludes what is spent in shops on the beachfront and the CBD.

But is this still the case after Durban’s overcrowded Christmas and New Year (Business March 30)? Hotel bookings for Easter are slightly down for the same period last year, but that is not causing too much concern.

“There is a last minute decision by visitors. We can never be sure just how many people are coming down until the long weekend starts,” says Alf Sudheim, vice-chairman of Fedhala in Durban.

Open beaches

He admits that February was a bad month for hotels in Durban but says this was probably a hangover from events in early January. Durban’s beaches were opened on November 20, after several months’ debate in the city council, all of it attracting a lot of publicity. Sudheim believes it is this — and the novelty of open beaches — which attracted so many day visitors and led to the overcrowding of the beachfront.

He expects as many people to arrive again at the end of this year, but says that overcrowding will only occur on the five public holidays between December 16 and January 2. And, “this is going to be the case for the next few years — but the novelty will begin to wear off.”

“The let’s-go-have-a-look brigade will diminish.”

Even if the crowds do increase, Durban’s director of Parks, Recreation and Beaches, Errol Scarr, is confident they will be better managed. “We have all been on a learning curve since December. I think it is getting better. People are adjusting and learning to mix with people of other cultures. We have geared up the amenities and staff to handle large crowds.”

The city has taken on an additional 126 staff for the period which runs through to April 17. These include extra lifeguards, 60 “litter pickers” and 60 beach guides. The
Meals shock for pubs

By Vivien Horler

Weekend Argus

In terms of the new Act all pubs, that used to have a wine and malt licence now automatically have a restaurant licence, and this means they may not serve a drink without also serving a meal.

Colonel Miller Haggard, head of the Narcotics Bureau in Cape Town, said any complaints against the pubs concerned would be investigated. "And if we find a pub is not complying with the Act then we must prosecute."

Ironically, the Minister of Trade and Industry, under whose portfolio the Liquor Board falls, is also the Minister of Tourism — Mr Kent Durr. Pubs affected include the Forester's Arms, Ferryman's, Barristers, Seagulls, the Fireman's Arms, the Perseverance Tavern, the Heidelberg, the Dug Tavern, the Crow Bar, the Vasco da Gama, the Harrington, the Brass Bell, the George, the Brussel's and the Windhoek Sluice.

Pubs which operate under a hotel licence, such as the Tudor or used to have a bar licence (the Crown), are not affected.

Former wine and malt pubs may apply to the Liquor Board for a "special licence" under the new Act and several are planning to do so. It is understood, however, that there are no guarantees and each application will be treated on its merits. In the meantime pubs serving drinks without meals are expected to be operating illegally.

Landlords' reactions range from the fearful to the angry. Mr Iyan Hampshire, licensee of the Perseverance, said: "I know this makes good copy and gets people up in arms, but it cannot comprehend that anyone would be so stupid."

Mr Hampshire, who has not applied for a special licence, said he would be "very surprised if sanity does not prevail."

"You can't have the same minister talking about the importance of tourism and the wine route and, and, and, wanting to shut pubs down. Cape Town alone has a rich history of the Tavern on the Thames."

"The Perseverance was first licensed in about 1838 and I don't intend to apply for anything until I'm told to."

But Mr Jack Chandler, new publican of the Fireman's Arms, said: "It's frightening. It would seem that if someone comes in and just has a beer without food we are technically contravening the law when we applied for a special licence but it was a bit of a shock when this new law came in."

He was referring to a newspaper last year that seemed to have been widely read to imply that pubs have been reprimed. A city attorney who specializes in liquor licence applications said he thought that everyone, including the police, were feeling their way with the new Act and giving pubs a chance to apply."
Travel club fears R10m loss from lodge row

Debentures

Club Africa says in court papers that it was responsible for the design, development and marketing of the project. By late last year the company had spent R653,000 on it.

Club Africa says it has a formal and binding agreement with the KPC.

On March 21, Mr Justice Roux reserved judgment on costs pending the outcome of Club Africa’s action in the Supreme Court, Pretoria.

The KPC distanced itself from Club Africa in a statement this week, claiming that “the application was dismissed and all interim arrangements between the parties were discharged and terminated”.

It would “admit no persons to the reserve” or provide accommodation booked through Club Africa “unless payment has been made to the KPC in full and in advance”.

In particular, the alleged rights of debenture holders to accommodation at the lodge would “not be recognised on any basis whatsoever”.

Court papers show that Club Africa set aside nine units at the lodge for use by debenture holders for 25 years — equal to the alleged lease agreement granted by the KPC to Club Africa.

The KPC claims it did not authorise, nor was it a party to the debenture offer made by the travel group.

Club Africa applied on December 6, 1989, for an urgent interim order to prohibit the KPC from issuing “a one-sided press statement” regarding its contention that no binding agreement existed.

It said the matter was sub judice.

Club Africa asked that both parties agree on a statement giving both sides of the story. The result was that a joint statement was issued in the form of a court order.

On December 15, another interim order was issued by Mr Justice O’Donovan in the Rand Supreme Court to regulate the conduct of both parties until the matter could be heard by way of oral evidence on March 19.

Marketing

Mr Justice Roux’s ruling on March 21 that he could not hear the case rendered null and void the earlier order.

The essence of the order issued by Mr Justice O’Donovan on December 15 was that Club Africa would continue with the SA and international marketing of Gambule and control all bookings. The KPC would manage and operate the camp until the outcome of the court action.

Club Africa’s dealings with the KPC began early in 1989. The KPC planned to build a R1.2-million 12-roomed bush camp and was looking for someone to manage it.

A contract was awarded by the KPC to build, manage and market a 32-room luxury lodge to be built at a cost of R4.6 million, according to court papers.

The plan included leasing the land from the Mpane tribe for 25 years, renewable for another 25 thereafter.

The proposal called for Club Africa to fund 66% (R3.2 million) of the required R4.8 million.

Delay

This amount would be lent to the tribe, interest free for 25 years, and the R3.2-million would be advanced to it over two years after completion of the lodge. It would be funded from the debenture issue.

Club Africa claims that in February 1989 it was officially appointed to manage the lodge, and these interim rights were granted to it.

Club Africa says it accepted that the rights had been granted — and asked that a more formal contract be entered into with the KPC.

The lodge was due to open on December 1, 1989. On November 17, Club Africa received a letter from the KPC saying there was no agreement between the parties, thus claiming the debenture holders had no rights.

By that time, 59 debenture contracts had been concluded out of a possible 119.

The action is expected to be delayed for about a year because of heavy court rolls.
Blue Marlin deal almost complete

SHARE block owners in the South Coast Blue Marlin Hotel timeshare scheme who have heard nothing about their investment since November last year were assured by Leisure Life International that negotiations to purchase the block are near completion.

Leisure Life MD Sandy Quinn said yesterday that this offer had been put to the major creditors, including Trust Bank and Standard Bank.

"Trust Bank has a pledge from World of Leisure and we don't know if this is valid or not," the spokesman said. "If it is valid, the proceeds of the sale of the shares, less R200,000, would accrue to Trust Bank. In the meantime Standard Bank has applied to put Blue Marlin Time Sales into liquidation and this has held up the sale."

The spokesman said consent to the sale would have to be received from the liquidators of Blue Marlin Time Sales, to be appointed soon by the Master of the Supreme Court.

"But if the transaction does not go through the purchasers of timeshare units from Leisure Life will be reimbursed," he added.

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"But if the transaction does not go through the purchasers of timeshare units from Leisure Life will be reimbursed," he added.
Money rolls in for city hotels, traders

By DON HOLIDAY
Municipal Reporter

CAPE Town's hoteliers and traders are rubbing their hands in satisfaction after a highly profitable Easter.

Some hotels were reported to be fully booked throughout the holidays. Traders, also reported improved turnovers.

Mr. John Robert of Captour said it was clear that Cape Town had a big influx of holidaymakers and that traders were pleased with their takings.

More overseas tourists had been apparent than in previous years.

Another trend, which became noticeable last year, was that tourists, mainly South African, were exploring the hinterland to a greater extent. Guesthouses in small towns and on farms reported a marked increase in occupancy.

Two Oceans

Mr. Robert predicted that inland holiday centres, particularly informal guesthouses, would continue to experience better occupancies in the winter.

A spokesman for the Federated Hoteliers and Caterers' Association said it was too early to give occupancy figures, but indications were that hoteliers were well satisfied.

Last weekend's Two Oceans Marathon, which had a field of nearly 8,000, mostly from outside Cape Town, had been a big boost.
Divisional contributions to income are not detailed but the contribution from the housing division, previously the main earner, was not much higher than that from the new life company, TimeLife, which contributed almost R1m of R9.1m attributable profit.

Net interest-bearing debt rose 74% and — after deduction of R6.5m goodwill on the acquisition of R McCarthy — shareholders' funds fell marginally, with gearing rising to 0.6. Turnover was 27% higher but operating profit dropped 28% and finance charges more than trebled. A deferred tax reversal boosted attributable income but with more shares in issue EPS dipped 4%.

The innovative rights offer (Fox April 6) will help Time through a difficult period and provide capital for expansion. Preference shares were chosen over debentures largely because Time has a low tax rate.

Though the housing slump hit harder in the second half, chairman Colin Hibbert believes that, with cutbacks now over, housing's contribution will recover. A small re-

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**Time Holdings**

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The market has accorded Time's share a low rating, perhaps partly because it is seen as a housing company. This is not surprising because about half its assets and turnover remain in that sector.

The housing division did not escape the slump in the market, which has been reflected in results from companies like Bester, Quantum, Faircape and Goughco. Time's sales in Johannesburg, Cape Town and some mining areas slumped by as much as 50%, though they were buoyant in coastal areas. The strategy was to reduce overheads but not close in affected areas.

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* Annualised

**Tighe Payne**
No Golden Trust guarantee on refunds

A BUSINESS Day report on April 17 headlined "Blue Marlin deal almost complete" incorrectly quoted a spokesman from Golden Trust liquidators saying that if the transaction did not go through, the purchasers of timeshare units from Leisure Life would be reimbursed. S. D. 24/4/70

If the transaction does not go through, according to Golden Trust, purchasers of timeshare units from Leisure Life will have to approach Leisure Life directly regarding a refund. Golden Trust does not warrant that they will be paid at all.
South African tourism up 16%

PRETORIA— South Africa's tourism industry experienced a 'bumper year in 1989, with arrival figures up almost 16% on the previous year,' the South African Tourism Board said in a statement yesterday.

In all, the 1989 figure was set at 930,993 visitors, an increase of 15.6% over the previous year, according to extracts from Satoır's 1989 annual report.

The number of overseas and African visitors also increased by, respectively, 21.6% and 10%.

There were 472,076 overseas visitors and 454,918 from elsewhere in Africa.

In an industry worth an estimated R5.000 million, earnings from foreign visitors, excluding airfares, amounted to approximately R1.900 million in 1989.

During the year, and in a newly appointed cabinet, government added tourism to the portfolio of the Minister of Trade and Industry, thereby stressing the role the industry plays as a foreign-exchange earner and in the economic growth of the country.

Satoır and the Development Bank have also begun work on a national strategy for tourism development in South Africa, Satoır said.

These investigations should be finalised by mid-1990. — Sapa
HOUSE OF REPRESENTATIVES

QUESTIONS

† Indicates translated version.

For written reply:

General Affairs:

Persons: expropriation of property

7. Mr T R GEORGE asked the Minister of Planning and Provincial Affairs:

Whether he will furnish particulars of persons who have lost property by expropriation since 1948; if not, why not; if so, (a) how many (i) Whites, (ii) Coloureds, (iii) Indians and (iv) Blacks are involved and (b) (i) what areas were affected and (ii) on what dates?

The MINISTER OF PLANNING AND PROVINCIAL AFFAIRS:

The Department of Planning and Provincial Affairs has not been responsible for any expropriation of properties. This was done by the erstwhile Department of Community Development. Since the inception of Own Affairs the various Own Affairs Administrations passed their own expropriation legislation. The information required is therefore not available and (a) (i), (ii), (iii), (iv) as well as (b) (i) and (ii) consequently fall away.

Action against coloured persons in certain areas

8. Mr T R GEORGE asked the Minister of Planning and Provincial Affairs:

Whether it is his intention to take steps against people of colour residing in the areas of (a) Mayfair, (b) Homestead Park, (c) Hillbrow and (d) Berea; if so, (i) what steps and (ii) why; if not, why not; if so, why the step was taken; whether he will make a statement on the matter?

The MINISTER OF PLANNING AND PROVINCIAL AFFAIRS:

1. As Mayfair, Homestead Park, Hillbrow and Berea are situated within a White group area which falls within the ambit of Own Affairs the question should be addressed to the Ministers' Council: House of Assembly.

2. Falls away.

3. No.

TPA: camping resorts

19. Mr T R GEORGE asked the Minister of Planning and Provincial Affairs:

(1) (a) How many camping resorts falling under the control of the Transvaal Provincial Administration are there in that province for (i) Whites, (ii) Coloureds, (iii) Indians and (iv) Blacks and (b) what are the names of these resorts in each case;

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

The MINISTER OF PLANNING AND PROVINCIAL AFFAIRS:

1. (i) Whites — none.

(ii) Coloureds —

(a) One resort.

(b) Roodeplaat Dam.

(iii) Indians —

(a) One resort.

(b) Roodeplaat Dam.

(iv) Blacks — none.

2. No.

Vaal River resorts: amenities

20. Mr T R GEORGE asked the Minister of Planning and Provincial Affairs:

(1) What amenities are available to each population group at each of the Vaal River resorts falling under the control of the Transvaal Provincial Administration;

(2) whether it is his intention to declare these resorts open to all population groups; if not, why not; if so, why, when;

(3) whether he will make a statement on the matter.

The MINISTER OF PLANNING AND PROVINCIAL AFFAIRS:

1. There are no Vaal River resorts under the control of the Transvaal Provincial Administration. Camping, barbecue and ablution facilities are presently being developed for all race groups at the Vaal Dam. These facilities will upon completion, not be managed by the Transvaal Provincial Administration but will be privatized.

2. Not applicable.

3. No.

INTERPELLATIONS UNDER NAME OF MEMBER

Andrew, Mr K M —

General Affairs:

Education, 61

Own Affairs:

Education and Culture, 90, 830

Brewer, Mr A A B —

Own Affairs:

Agricultural Development, 706

Burrows, Mr R M —

Own Affairs:

Education and Culture, 569

Charlwood, Mrs C H —

General Affairs:

Finance, 670

Chetty, Mr K —

General Affairs:

Mineral and Energy Affairs and Public Enterprises, 933

Own Affairs:

Education and Culture, 739

Coetzee, Mr H J —

Own Affairs:

Health Services, Welfare and Housing, 196

De Jager, Adv C D —

General Affairs:

Justice, 1

Law and Order, 157

Eglin, Mr C W —

General Affairs:

Foreign Affairs, 408

Ellis, Mr M J —

General Affairs:

National Health and Population Development, 7

Own Affairs:

Health Services, Welfare and Housing, 324

Gerber, Mr A —

Own Affairs:

Education and Culture, 32, 1019

Herandien, Mr C B —

Own Affairs:

Housing, 213

Local Government and Agriculture, 218, 595

Issacs, Mr N M —

General Affairs:

Law and Order, 919

Jacobs, Mr S C —

General Affairs:

Justice, 539, 663

Landers, Mr L T —

General Affairs:

Law and Order, 119

Lean, Mr A D —

General Affairs:

Planning and Provincial Affairs, 164

Munberg, Mr J H —

General Affairs:

Law and Order, 956

Pandey, Mr K —

Own Affairs:

Education and Culture, 811
Sun International ready to ditch Comoros hotels

By David Carre

SUN International will walk away from its hotels in the Comoros Islands if negotiations with the new Government are not successful.

Managing director Ken Rosevear says his company does not yet know what the Government's attitude is to taxes, levies and imports.

The Government, which seized power in a coup last year, was divided over its predecessor, Sun International still has to find out whether it objects to gambling and Western dress (or undress).

Mr Rosevear says: "So far we have not been able to communicate with the authorities. If we don't get the right answers by certain deadlines, we will consider disinvesting and cutting our losses as best we can."

"But if the new Government accommodates us, we will reopen. We will reinstate our weekly Boeing 737 flight every Saturday — and we expect the South Africans will be able to enjoy these beautiful Indian Ocean islands for the bargain price of R2 500 to R3 000 a week."

Potential

Before the troubles, occupancies were good — about 83% — and they were getting better. We think the islands have great potential. Before the coup last year, women bathers on the Comoros followed Mauritian practice and shed their tops, according to Mr Rosevear.

"The few topless ladies confined themselves to beaches. There was no question of anyone walking into a mosque wearing a bikini. The issue of dress is hardly critical. The islanders seem relaxed. There are none of the dress restrictions of Malawi, for instance."

The bigger of Sun International's two hotels was closed in January shortly after the coup. Its staff is on unpaid leave, and the hotel is being maintained and repainted. The smaller hotel remains open.

Mr Rosevear says: "Many people think we stand to lose R80-million to R100-million, but that's not the case. We do not own the buildings. We merely rent them."

"We have 70% of the operating company. It is possible to sell our assets there. If we need to, we can bring back moveables."

The property is owned by a consortium of investors, in which the Government of the Comoros has a major stake.

The IDC has granted loans and Credit Guarantee is also involved.

The consortium took it over after the original developers ran out of money.

If Sun International walks away, the property owners would have to find another management company — and that would not be easy if the Government did not allow a friendly environment for tourism.
Back to baking on Comoros beaches...

By John Miller

Sun International hopes to re-open its resort-hotel Le Galawa Sun on the Comoros Islands by July if negotiations on concessions for lower food and beverage duties are successful.

Group Marketing Director, Mr Ernie Joubert, said negotiations were taking place with the Comorian government regarding the lowering of import duties on liquor and food and the lowering of electricity rates.

He hoped an agreement would be reached within the next two months.

These reductions would mean tariffs could be held at last year's levels or lower.

Le Galawa Sun was closed in January this year after the islands' government was overthrown in November, ushering in a period of political instability. However, after elections in March this year, the area stabilised. The smaller Itsandre Sun has remained open.

South African Airways has experienced a drastic reduction of passengers bound for the Comores. During the peak in July and December last year the airline operated two direct flights a week to the Comores. Since January this year they have flown once a week to the islands, via Malawi.
SA could have a record 1-m tourists in 1990

Own Correspondent

DURBAN.—South Africa is likely to attract a record 1 million tourists this year, delegates at a tourism conference in Durban will be told this week.

Nearly 300 delegates from 38 countries are expected to attend Indaba/Focus, which is being arranged by the SA Tourism Board in conjunction with SA Airways. It is being billed as Africa’s largest trade fair.

Among the countries represented for the first time will be Bolivia, Poland, the Ivory Coast, Hungary, Zambia, Norway, Cyprus and Singapore.

According to Tourism Minister Mr. Kent Durr, the local industry now earns R6 billion a year.

“I can see tourism becoming one of our major industries, if not the major industry,” he said.

Leisure and entertainment were already the biggest industries worldwide.

Latest figures showed that 1989 proved to be a watershed for South African tourism, with 990,528 visitors—more than 15 percent up on the previous year and the best results ever. Mr. Durr said he expected the industry to top 1 million arrivals this year.

Most visitors came from Britain and West Germany, topping the list. Most of these were quality tourists—well-heeled and sophisticated travellers prepared to travel long distances to get away from it all and enjoy a country which was unspoilt and filled with a kaleidoscope of cultures.

Their average holiday lasted 3 1/2 weeks, as compared with Europe where mass tourism made for holidays averaging 3 1/2 days. The result was that European holiday venues had become overrun, Mr. Durr said.

South Africa was not interested in competing for any travellers other than so-called quality tourists, but even so the country was already at peak capacity in dealing with them.

Instability

Surveys showed they were attracted to SA for a wide range of reasons, including the differing scenery, animal and plant life, and food and wine. They also came because many African countries, previously prime destinations, now offered inferior standards or suffered from instability.

In SA, by contrast, they were assured of instant medical care (a major factor with elderly travellers) and were able, for instance, to view a primeval forest from the comfort of a bus.

In addition to generating foreign exchange, tourism also created jobs. It was estimated that the arrival of each tourist created seven jobs.

According to Mr. Durr, “normalization” of the South African political scene would see tourism taking off.
A-G asks police to probe holiday points companies

The Attorney-General's office has asked the commercial branch of the police to investigate the Flexi Club Foundation and Summer Leisure International holiday points venture saga after receiving complaints from investors.

This is the latest development in the "inflation-bearing" vacation scheme run by Mr Larcy Botes and Mr Bill Nesworthy into which investors poured millions of rand.

Shortly after Star Line highlighted investors' dissatisfaction with the scheme last year, the Harmful Business Practices committee stepped in to probe the operation of the two companies and the activities of Mr Botes and Mr Nesworthy.

According to a Harmful Business Practices spokesman the investigation was still compiling a report. This would enable the committee to determine whether the holiday scheme's management or the companies they ran had been guilty of any unhealthy business practices.

However, it would appear that the holiday empire is crumbling financially as the marketing arm, Summer 'Leisure, was placed under liquidation last month when Epsom Downs Properties of Sandton sued for R161 220 in outstanding rent on the four-year lease on their Bryanston premises.

Flexi Club Foundation, however, remains intact, and several legal experts maintain it has been constituted in such a way that there is great uncertainty as to whether or not it can be liquidated.

One legal expert told Star-Line: "It is a ghost-like body similar to a trust into which the public has invested and it is difficult to say what can be done about it because of the way it was constituted."

A police spokesman has confirmed that investigations were underway after a complaint was received through the Attorney General's office.
CRICKETING legend Graeme Pollock is doubtful he will recoup much of his investment — which sources estimate at more than R200 000 — from his liquor distributorship Bartels Import International, formed to import the liquor range from Bartel Rawlings UK.

His team, including ex-Springbok Eddie Barlow and bowls champion Doug Watson, initially ran into financial trouble when it became involved with former Sterns chairman Maurice Jacqessential. Jacqessential purchased World of Music’s 51% holding in Bartels (Pollock holds 24%) last February.

WOM chairman Peter Cooke said yesterday that Pollock approached WOM in December 1988. "The original deal was that WOM would supply credit facilities through Standard Bank. The idea was also to offer immediate access to the liquor outlets of the Blue Marlin and Protea Hotels." (WOM’s 21% interest in Protea has since gone to Rand Merchant Bank.)

Protea Hotels MD Otto Stehlick said this week there had been no formal connection. Cooke said a "hiccup" had developed from the UK supplier: "A tripartite agreement was then entered into with Sterns, whereby Sterns would guarantee overseas creditors.

WoM subsequently sold its 51% holding to Jacqessential for R60 000 and it was agreed that WoM, Pollock and Watson would be released from obligations to Standard.

Cooke claimed the terms of the contract were not fulfilled.

Bartels was put under provisional liquidation and WoM’s application to have Sterns liquidated last December was postponed to February 6. Sterns subsequently undertook to make a settlement to Standard.

Cooke said he had had confirmation that Sterns had settled with Standard Bank, and payment of the outstanding monies to WoM was expected "soon".
New deal for liquor outlets

TRADE and Industry Minister Kent Durr will announce this week the final details of his department’s policy regarding vertical integration in the liquor industry.

Vertical integration is the term used to define ownership of retail outlets by producers/wholesalers.

Responding to widespread industry dissatisfaction with the proposals formulated by his predecessor Danie Steyn, Durr called for an extensive investigation of the views and needs of interested parties. His package differs substantially from Steyn’s 1989 deal and includes the following details:

- Producer/wholesalers will not be permitted to increase the number of retail licences they were authorised to acquire in 1983 liquor industry dispensation. This means chains will range in size, with a maximum possible number of licences in one chain of 30.
- All other chains will be limited to 12 liquor store licences or 36 grocers’ wine licences. However, an annual extension of up to six additional licences may be granted with ministerial permission, and more than six with Cabinet approval.
- Since Steyn’s proposal enforced the selling off by producer/wholesalers of their retail interests at the rate of 10% per year, and pegged all other chains at a maximum of 36, the new package suggests a substantial change in policy.
- Durr explained his motivation for the change by saying that it was a pragmatic way of getting a swift decision to instil confidence in the industry.

"Instead of dictating by executive action, I want to deregulate by degree," he said. He pointed out that only 14% of the industry’s licences were connected to the problems of vertical integration. The producer/wholesalers were in the process of selling down their licences and “I want them to continue to have confidence to move in that virtuous direction.”

Portier Pethans, president and MD of the Aroma Liquor Group, Mike Kovelansky, believed Durr’s proposal was the best possible compromise. "Ideally we would like the producer/wholesalers barred from ownership of retail stores.

"However much they may claim to operate at ‘arm’s length’, there is always the possibility that they will be used to distort the trade. The spectre of selective discriminatory discounts hangs over them.

However, I do accept that things are moving in the right direction and in the absence of perfect competition, any intrusive action by the Minister may have undermined the avowed intention of encouraging competition.

While Pick ‘n Pay’s Raymond Ackerman was not available for comment, he is on record as saying that he welcomed any decision which would enable his group to increase the number of its wine licences beyond the 36-store ceiling.

No doubt many retail licensees will also respond positively to the new arrangements. They may feel threatened by the producer/wholesalers’ entrenched right to own up to 360 stores. However, Steyn’s 1989 arrangement would have led to widespread selling off of retail licences by the major producer, with the value of licences falling accordingly.
Afcol results darkened by heavy interest bill

SYLVIA DU PLESSIS

STIFF competition and sluggish consumer spending in the year to March derailed hopes for a strong turnaround in Associated Furniture Companies (Afcol), but a higher operating profit helped to offset the downturn in earnings.

The JSE-listed group's turnover rose by 21% to R1,701.7m, but an interest bill of nearly R18m (R12.7m) translated into attributable earnings of R46.7m, down 3% compared with R48.1m (R41.6m) in the previous year.

A dividend of 42.5c has been declared, compared with 43c (35c) the previous year.

On the balance sheet, restricted assets, including working capital demands, increased by 21% to R170.2m, up from 28% of the higher level of turnover, and gearing improved to 41% (44%).

Executive chairman Laurie van der Walt said the group had achieved profit margins of 9c (8c), twice-covered.

In the context of strict management of working capital demands, the group's net assets increased by 12% to 18% of the higher level of turnover, and gearing improved to 41% (44%).

Executive chairman Laurie van der Walt said the group had achieved profit margins of 9c (8c), twice-covered.

Reunert earnings boosted by exports

ZILLA EFRAT

REUNERT's attributable earnings grew 33% in the six months to March — in spite of difficult trading conditions — after being boosted by exports.

Reunert, a member of the Barlow Rand group, achieved earnings of R101.6m (R61.1m), down 33% compared with R61.1m in the previous year.

The group's electronics engineering interests have felt the effects of the economic downturn.

In addition, uneasy industrial relations have made life difficult for certain companies.

Directors expect conditions to remain difficult in the second half, but they say they expect to continue to make a meaningful contribution to earnings.

Improvements in the second half are expected to be the result of the full year will show satisfactory growth, although not at the same level as the first half.

Play tough for toy wholesaler

PIERRE DU PLESSIS

REDWOODS Holdings' August interim results could be worse than the final results at the end of March, says the company's chief executive, W. A. Muirhead.

"The results in August are not going to be good," he said, adding that there had been signs of continued weakness.

Redwood's shares are currently priced at around 21c after trading above 25c in October at 50c in 1987.

Muirhead said the company would not be making any new acquisitions unless it was very certain.

"Improvements in the second half are expected to be the result of the restructuring of the business, which will continue to the end of the year," he said.

A retail analyst said Redwood's problem last year had been one of stock.

"The bottom line was that stock holdings were quite high," the analyst said.

Executive Suite

AS YOU KNOW, MAKE THE MOST OF TONE NEUTRALITY.
Escalating costs hit Southern Sun

By Sven Liinsche

A 92 percent rise in operating profits by hotel group Southern Sun reduced to a six percent increase at the attributable earnings level as a result of sharply escalating financing costs.

In the year to end-March Southern Sun's turnover rose by 21 percent to R471.9 million (R390.4 million) and operating profits surged by 92 percent to R282 million (R16.7 million).

But net financing costs virtually doubled to R34.4 million (R18.6 million) as interest bearing debt increased by R54.7 million to R323.5 million (R263.8 million).

The higher costs, which also pushed up gearing to 64 percent at the end of March, followed on further investments in the refurbishment and maintenance of the group's hotel properties and the higher level of interest rates.

The economic slowdown also resulted in a drop of local business-related and holiday packaging occupancies, although the improvement in overseas tourism helped overall occupancies to increase marginally from 62 to 64 percent.

Attributable earnings were up by six percent to R28.5 million (R25.1 million), equivalent to earnings per share of 37.6c (35.7c). The final dividend was raised from 25c to 26c a share.
Finance costs knock Suthsun

Johannesburg. — Southern Sun Hotel Holdings (Suthsun) financial statements for the year ended March reflect the effects of downward pressure on both business-related and holiday-package conditions in the second half of the financial year. The group still managed a 21% rise in turnover, which translated into a 92% increase in operating profit to R23,23m (R14,69m). This was achieved in spite of significant wage increases and inflationary pressures on operating costs.

However, this increase was eroded by a near doubling in net finance costs, as a result of high interest rates and increased borrowing levels, together with a decline in retained attributable earnings of associates.

Financial statements released yesterday show that the group nevertheless achieved a 6% increase in attributable earnings to R25,5m (R23,11m), representing earnings of 97,6c (35,7c).

A dividend of 26c (23c) was declared. Net group interest-bearing debt increased by R33,1m in the year mainly as a result of further investment in the refurbishment of hotel properties and moved the gearing ratio to 64% at year-end.

This ratio is not expected to be adversely impacted by capital expenditure budgeted for the year, which includes R42,5m relating to the acquisition of the Drakensberg Sun and Airport Sun hotel properties.

Hotel occupancies are expected to decline overall, but the directors feel that the group is well-placed to take advantage of any further improvement in foreign tourism.

Management expects to hold occupancies, which stood at 64% for the past financial year, for the coming year. Accordingly, a modest improvement in earnings is expected for current financial year. — Saps
New deal for charters will boost tourism

Staff Reporter

The government has made a vital concession in this week’s announcement of charter flights to South Africa—the aircraft bringing tourists in will be allowed to carry South African passengers on their return flights.

The so-called “upliftment” rights, announced by the Minister of Trade, Industry and Tourism, Mr. Kent Durr, will help local tourism operators.

Mr. Durr said the intention of the policy was to relax previous rigid control over charter flights.

However, the new rights would be allowed subject to approval from the National Transport Commission.

Restrictions on the right to carry South African passengers on outbound flights have in the past made international charter ventures financially unattractive to local operators.

It was the refusal by transport authorities to grant these rights to Cape-based company Master Leisure, which forced the company to close the Christmas season charter venture it launched last year.

Without upliftment rights there is the likelihood that return flights will be half empty or that carriers will be grounded until the first foreign arrivals, who are likely to visit for an average two weeks, are ready to return home.

Mr. Durr said that single or ad hoc flights, including charters over routes where no scheduled services were operated, round-the-world charter flights and other drop-in charters which included South Africa in a broader itinerary, would receive favourable consideration by the National Transport Commission.

Private sector operators and travel agents said yesterday that these services had all been available—subject to approval—before the policy was revised.

A significant condition of approval was the requirement that passengers on the charter services demonstrate through the applicant operator that they had spent a significant amount of money during their stay in SA. This would pressure the operators to sell package deals, including accommodation, industry spokesmen said.

Mr. Durr said government would not adopt a totally deregulated policy which would promote cheap mass-charter air traffic because it would be harmful to scheduled carriers and would lead to the development of low-income tourism which would not benefit the country.

He said the policy represented the most responsible method of achieving the development objectives of South Africa’s tourist industry, while maintaining a healthy network of scheduled services to and from SA.

Tourism bodies said yesterday that billions of rand could be injected into South Africa’s tourist industry following the decision.

Captour chairman Mr. Louis Kreiner said yesterday that the move was one of the “most exciting” happenings in the tourism industry to date and that it could result in billions of rand being injected into the South African economy.

Mr. Kreiner said tourism could become the country’s largest industry before gold and that South Africa could become “the tourist destination in the world”.

Association of South African Travel Agents (Asata) president Mr. Rupert Lawlor agreed with Mr. Kreiner but maintained that the charters should be geared for out of season.
Inviting the market back in

In a move to loosen the retail liquor trade and promote competition, government is reversing its policy on ending the industry's vertical integration and scrapping restrictions on the number of retail outlets liquor store chains and supermarket groups may operate.

Trade & Industry Minister Kent Durr says the pitfalls of the old policy became apparent in wide-ranging discussions with industry leaders. “It was clear that in the well-intentioned act of trying to promote competition, we would in fact be destroying it and distorting the market.”

The new policy, implemented this week, allows for a gradual but unlimited increase in the number of retail outlets owned by groups that are not vertically integrated. And it pegs the number of outlets the vertically integrated groups may own at the levels set by government in 1983. In some cases this will allow for considerable expansion, though the current trend is for the groups to reduce the number of their outlets.

The vertically integrated groups are the producers and wholesalers—such as Stellenbosch Farmers' Winery and Distillers Corp—that have their own retail outlets and use them to launch and promote their own products and generate revenues.

Retail chains may grow without restriction to a maximum of 12 outlets. After that they can apply to the minister for permission to expand by up to six new outlets a year. Cabinet approval will be needed for a higher expansion rate.

Supermarket groups will be allowed unrestricted growth to 36 outlets, then they too will be subject to ministerial and Cabinet approval for expansion.

Last year, former Trade & Industry Minister Danie Steyn shocked the major players by announcing a restructuring to phase out vertical integration. That would have meant producers and wholesalers would have been forced to get rid of their retail outlets over a 10-year period. As a concession to retail groups, Steyn increased the maximum number of outlets they could own from 12 to 36.

The policy meant the big vertically integrated groups, including Gilbeys, Union Wine and Douglas Green, would have had to unload more than 300 outlets.

At the time, retailers welcomed the increase in outlets and the curbing of what some saw as the inordinate power of the vertically integrated groups. Their jubilation was understandable; turnover in the retail liquor trade last year was estimated at around R6bn. But the producers and wholesalers didn’t like the new deal one bit.

Neither did Durr, Steyn’s successor. He went to President F W de Klerk, who gave him the go-ahead to rewrite the policy.

Durr says competition at the retail level is undeniable. Only about 14% of the more than 3,000 retail licences are held by the eight vertically integrated groups and the trend is for them to drop outlets rather than acquire more. In addition, government is moving towards a far more liberal liquor licensing policy that will allow easier entry for the small dealer.

Owning a retail liquor outlet is not as attractive as it used to be. Entry is becoming easier and competition is fierce. Margins are cut to the bone.

Market distortion was another reason why Durr chose to rewrite the regulations. There was a prospect of the producer-wholesalers selling off their retail outlets in batches of 36, thus creating a new type of concentration. “We have distorted the market and created groups that didn’t exist before. My feeling was that we had to let the market do its own thing.”

Durr was out to restore confidence after the confusion following last year’s announcement. He is confident the trend in the vertically integrated groups of getting rid of outlets will continue and there won’t be a mad scramble to expand.

“I could have pegged their number of outlets at current levels or negotiated new levels, but I believe it’s unnecessary. Groups are selling off and indications are that they will continue to do so. If the trend reverses, I will have to look at the whole situation again.”

“Liquor is a long-cycle industry. Uncertainty is dangerous. We have to treat it with kid gloves. I believe this new policy allows all players to know where they’re going and that’s important.”

Mike Kovesky, Aroma Group MD and a former Federated Hotel, Liquor & Catering Association of SA president, agrees. “When I was Fedhasa president I appealed for certainty in the liquor industry. This is the first time in 10 years that we’ve had it.”

He doesn’t believe the vertically integrated groups will use the retail power they now retain to disrupt the market. “They haven’t been guilty of disruption for years. Though it could re-occur, it’s unlikely.”

Kovesky says small retailers may regard the growth concession to supermarket chains as inequitable. The supermarkets already have established retail outlets and simply need to apply for liquor licences; establishing a new retail outlet from scratch is difficult and capital intensive.

Pick ’n Pay chairman Raymond Ackerman welcomes the new deal. “We’ve been fighting for years to be allowed to increase our number of liquor outlets. The quota of 36 prior to last year was set arbitrarily because we happened to have 36 outlets at the time. We now have 112 stores, which means most of them can’t sell wine.”

Ackerman says Pick ’n Pay will go all out to expand. He says additional outlets in supermarkets coupled with good marketing will benefit wine farmers. He flatly rejects criticism that supermarkets use wine sales as a loss leader to attract customers to more profitable lines. “All our wine outlets are profitable and will remain so.”

However, not all liquor industry watchers are enthusiastic about the new deal. Liquor consultant Michael Frishion says it’s unfair that government is entrenching a system that has been severely criticised by the Competition Board. In 1983, government rejected a board recommendation that the powerful industry leader Cape Wine & Distillers, should be broken up.

JAN SMUTS AIRPORT

Time to go private?

With the proposed R65m upgrading of Jan Smuts Airport expected to be outdated by the time it’s completed (Business May 4), the time may have arrived for the private sector to step in. F(19) 11/5/90

Bringing the airport up to international standards could involve an investment of R600m-R800m, funds that are way beyond government’s capacity when viewed against its spending priorities. The only solution may
GETTING SUNBURNED IN THE COMORES

Sun International is playing hardball with the new Comorian government. It wants lower import duties on food and beverages — and a drastic reduction in the price of electricity — as a condition for keeping open the 20-room Isandra Sun and reopening its 82-room Le Gawala Sun.

Marketing director Ernie Joubert says D-day is the end of June. If the archipelago’s government does not make the concessions, or fails to respond, “we’ll cut our losses and pull out,” promises Joubert.

Sun International owns only furnishings and equipment in the hotels. It rents the buildings from Novell Socotel, a Comorian company partly owned by the Moroni government.

The hotel group wants to attract tourists to Le Gawala by charging 10% less than it does at La Pirogue in Mauritius, one of its other Indian Ocean operations, but high duties set by the new Comorian government makes this impossible, Joubert says.

Very little is produced on the island so hotels have to ship in all their food and liquor. “That’s expensive. For example, we have to charge R7 for a beer. Moreover, air-conditioning is essential but, because electricity is so terribly expensive, it adds tremendously to the cost of operating the hotel.”

Despite the economic problems — and the turmoil caused by the assassination of President Ahmed Abdallah late last year — MD Ken Rosevear sees a bright future for the Comores operation. Six months after start-up, occupancy reached 63%. Last July and December it reached 85% and extra flights had to be scheduled.

Joubert estimates it will take only two months to get Le Gawala, which closed in January, functioning again. The staff was put on paid leave.

“It was agonising having to close the hotel; we were just breaking into the European market. But there’s still a lot of interest and we will be comfortable selling the destination again because of the improved political climate in the islands. They have the potential to become one of the classic destinations in the Indian Ocean.”
No booze or bacon in this hotel!

By BOETI ESHAK

A NO-BOOZE, no-bacon hotel has been opened in the heart of the Free State.

And the new Indian owner claims he is doing exceptionally well in attracting tourists. Welcoming the secular and vegetarian flâneurs.

Former textile wholesaler Goolum Sibda recently took over the one-star Los Angeles Hotel.

He has since renovated the establishment, turned it into a three-star hotel and renamed it the Los Angeles Hotel and Health Spa.

5/1/90

Invested

He says, "My no-bacon, no-booze policy has met with overwhelming support from all sections of the community. As a Muslim, I cannot be involved in any way with liquor or pork products."

"If any one wants liquor, there is an outlet right next to the hotel, with which I have no connection. I have not encountered problems with any one — either from the Left or the Right. In fact, the locals encouraged me all along. Most of the guests appreciate the bonom-no-bacon-ruling."

Mr. Sibda said that he has been able to establish strong links with stores on the Free State Goldfields.

But whenever he travelled through the area, he encountered problems in finding something to eat. Halal (kasher) food was unavailable.

He then decided to invest more than R2 million in the hotel.

"There are many Indian and Jewish salesmen who visit the Goldfields and for them my establishment is a haven," Mr. Sibda added.

Spa

"Apart from providing them with accommodation, food is no longer a problem for them.

"Mr. Sibda's staff was recruited from hotels in Durban. The manager and executive chef is Cezair Chohan, formerly of the Four Seasons Hotel in Durban."

The hotel's specialities are seafoods and curries. It has a well-equipped health spa and offers hydrotherapy and a swimming pool.

The Hotel Board said the sale of liquor to guests was not a prerequisite for the grading of a hotel.
SA tourism set to double, says Fedhhasa

Johannesburg — Black travellers are set to catapult the SA tourism industry into the R6bn-a-year bracket in the next 10 years.

The Federated Hotel, Liquor and Catering Association (Fedhhasa) says the tourism market could virtually double in size to 20m domestic and overseas visitors, with the major growth expected from the black market.

Transport consultant Paul Browning says the 1990s will see black people increasingly buying "mainstream", domestic and international packages.

In a comprehensive study of the industry, circulated among parliamentarians and other interests, Fedhhasa highlights the enormous growth that can be expected of an industry that currently generates about R4bn a year.

But it says there are serious doubts whether regional tourism infrastructures will be able to cope with an increase of between 50% and 100% in tourism inflows.

The publication welcomes the inclusion of tourism in the portfolio of Minister Kent-Durr and the constructive role he is already playing, particularly in initiating two studies aimed at producing a future blueprint for the tourism industry, says Fedhhasa.

However, these research efforts will only bear fruit if the tourism industry continues to be regularly consulted and fully involved.

Writing in the latest issue of Black Enterprise Magazine, Browning says the growing travel industry designed specifically to cater for black needs would contribute greatly to the overall gain.

"Until a few years ago black participation in the travel scene was a rarity. The reasons included the widespread restrictions which applied to both accommodation and facilities," Browning writes.

"Then, with increasing incomes, black families began to patronise city-centre hotels at weekends... today, many hotels recognise that without the income from these black customers, their bottom lines would be a lot less healthy."

Browning says today there are blacks — mostly executives of major companies — who travel far afield in SA, Africa and overseas.

"The big breakthrough will come with the next group. These are the tellers, supermarket managers and clerical staff in big companies. They are on 'equal pay' jobs, and with the emphasis on black advancement, their numbers are growing all the time.

"They will be joined by the hundreds of thousands of small businessmen who are taking advantage of the opportunities offered by the new economy."

Browning says it is in the interests of the established travel trade and authorities such as Saliour to help the development of the black travel industry.

Fedhhasa's document lauds government for its reported intentions to scrap the Separate Amenities Act, reiterates the organisation's view that school holidays should be staggered between the different provinces, welcomes the introduction of VAT, but criticises the lack of tourism road signage.

Overall, says Fedhhasa, government should be giving equal attention to the needs of the tourism industry "and not only concentrate on the needs of other segments of the economy."
SA in line for freebie top spot

SOUTH AFRICA could become a favourite destination for foreign businessmen after sanctions are lifted, says international incentive marketing expert Christopher Bonn.

He estimates that incentive freebie trips for businessmen could be worth R50-million a year.

Mr Bonn, principal of the Jersey School of Motivation, is in SA to prepare for the development of such a market and to speak to the Tourism Board.

He will also hold seminars for travel agents to show how to market SA and how to host specialised international business-groups.

Mr Bonn believes that SA has been neglected as an incentive destination because of sanctions.

“Once restrictions are lifted, the climate, beauty and hotel infrastructure in SA will make it a world leader in this market.

“Marketing this country as an incentive destination will involve reshaping the tourist industry in preparation for an upsurge in demand for trading relationships.”

“British industry and commerce spend £262-million a year on incentive travel packages, and the figure runs into billions of dollars in the US, so the sky is the limit for SA.

“Promote SA by breaking the seasonal tourist mould.”

By Charmain Naldoo

stay for 10 days on a budget of £2 500 and belong to a party of about 100.

“We should have no difficulty in sending 50 such parties a year.”

He believes that one of the spin-offs will be breaking of the seasonal tourist mould.

Bridges

“It will also provide a way of building bridges burnt through sanctions.

“This is a wonderful means of communicating with the corporate sector worldwide. It accelerates the dissemination of information and real-life as opposed to distorted media impressions,” Mr Bonn says.

Outlining the difference between incentive travel and ordinary tourism, Mr Bonn says: “Tourism packages generally run on a minimum management structure worldwide.

“There are low profit margins because of competition and the exchange rate is often an important consideration.

“Incentive travel is exactly the opposite. It requires lots of senior management involvement.

“Price is not a dominating factor because the equation is not what is saved, but how much more profit is generated by motivation.”
Hotel sector led JSE pack

ROBERT GENTLE

The beverages, hotels and leisure index was the JSE's top performing index in the year ending February 1990, showing an overall increase of 76.4% during the period under review.

Second was the tobacco and match index (56.8%) followed by food (55.2%), mining finance (47.4%), retailers and wholesalers (46%) and transportation (44%).

According to recent JSE figures, the industrial related sectors lagged behind the more retail/consumer orientated ones (28%).

The key changes in these industrial related sectors were the industrial holdings index (30.8% up), industrial (14.8%), engineering (20.8%), motor (18.6%), pharmaceutical and medical (7.6%) and building and construction (5.2%).

Four indices showed negative growth: electronics (-16.9%), fishing (-9.2%), investment trusts (-3.3%) and seaside and allied (-3.4%).
Hotels prepare for foreign tourism boom

CAPE TOWN — Leading South African hotel groups already benefiting from growth in foreign tourism have been told by international tour agents to expect further substantial increases in the number of visitors this year.

After the recent Durban Indaba/Focus which attracted a number of international tour operators on the lookout for holiday packages for their clients, some local hotel groups have increased their estimates of business from foreign visitors.

The Protea Hotel group expects to earn R30m, out of estimated turnover of R229m, from foreign tourism during its 1990/91 financial year. This represents a 60% rise on the previous year.

Southern Sun Hotels, which attracts the lion's share of foreign tourism — about 80% of the market, according to its marketing spokesman — is expecting to see growth of between 10% and 20% which comes off the high base of last year's 75%.

Foreign business accounts for up to 20% of the group's turnover, which means it could earn about R126m from this source during its current financial year.

The majority of visitors to SA are German and British, but tourism agents and hotel groups report increasing interest from the US, Italy and Spain.

Last year the SA Tourism Board (Satour) reported a record 15% growth in foreign tourism. Earnings from the 930,003 foreigners who visited SA last year, excluding air fares, amounted to a record R1,5bn in an industry that is estimated to be worth about R3bn.

The growth in numbers and earnings is attributed to improved perceptions of SA's political future and also to its weak domestic currency.
Drive to make shebeens legal

By MICHAEL DOMAN, Polye Boy Bureau

An organisation which aims to see South Africa's thousands of shebeens legalised has been on a national recruiting drive.

The National Shebeeners' Association has since March been meeting with shebeeners nationwide to discuss their needs, said NSA general-secretary Mr. Dan Fletcher.

He added: "We know shebeens are illegal, but if we formulate a code of conduct, we would like to approach the relevant government department with a view to shebeens becoming legal.

MANY PROSECUTIONS

Mr. Fletcher said that although some shebeens in black townships were legal, many illegal proprietors were prosecuted every week.

It was hoped that the NSA would also be able to put an end to alleged harassment, threats and "robbery" of shebeeners by various authorities.

An important first step would be to insist on high standards for all owners, to counter claims that shebeens are a breeding-ground for drug-trafficking and gangs.

Because they are mostly in residential areas, shebeens have traditionally been opposed by neighbours. Said Mr. Fletcher: "Shebeens are a way of life — you can't get away from that.

"About 70 percent of them are in black areas, where there may be more than 100 in a particular suburb. We know of one street which has six shebeens and one particular shebeen in Khayelitsha has a turnover of R30,000 a weekend."

Mr. Fletcher said the NSA was not "fighting" with organisations such as the Western Cape Tavener's Association, which sees to the needs of tavern owners.

"We would like to see ourselves working with them, by referring to them shebeeners who wish to progress to taverns."
The pay-off is expected to be another record year for foreign visitors. If this year's show follows the example of last year's, the 339 exhibitors at the Durban Exhibition Centre will have concluded tourist deals estimated at over R1bn. Deals worth more than half the industry's R1.9bn in foreign earnings were sealed at Indaba-89, says Satour chairman Piet van Hoven.

"According to the feedback we have been getting from participants, both overseas delegates and local exhibitors, this has been the most successful Indaba yet in terms of actual business transactions," Van Hoven says.

The Indaba attracts representatives of every sector of the travel industry, from hotels to adventure operators, and is usually a strong indicator of the coming year's tourist potential. Based on the success of this year's show, Satour is confident that more than lm. foreign tourists will visit SA this year. This would top last year's record 930 393 foreign visitors.

Kent Durr, Minister of Trade, Industry & Tourism, says the industry's major markets — France, West Germany, Italy, Taiwan and Israel — are sending a record number of visitors this year. And he says the US, Canada, Australia and Japan are showing increasing interest. Also, a large number of visa and immigration inquiries are coming from Hungary, Poland and East Germany — "an indication of possible future markets," he says.

It was clear at the Indaba that a strong draw card is the country's game parks and reserves. With the world swing towards ecological awareness and "Green" issues, SA's vast wilderness areas and rich animal life should provide a strong boost to tourism this year.
Fedhasa chief: lack of capital may hit tourism

PRETORIA — SA’s potentially vast tourist industry could be knee-halted by a serious lack of development capital, Fedhasa chief executive Fred Thermann warned at the weekend.

Thermann said: “If we hope to get anywhere close to supplying the infrastructure needed to cope with the huge expansion possible in the local and overseas tourist industry, a large-scale upgrading of hotels and related developments is absolutely essential.”

What was needed, he said, was a specialist hotel credit development bank similar to institutions established in Europe 20 years ago.

These institutions facilitated development of an industry earning many millions of dollars a year for European countries.

This year alone SA expected more than one-million foreign visitors and there could problems finding enough first class hotel accommodation.

Also to be taken into account was the enormous potential of the black tourist market, Thermann said.

By the end of the decade more than 10-million potential black tourists would multiply the need for suitable accomodation.

“The strategies needed must be planned now and to make these possible finance is needed”,

Government co-operation was also essential to ensure adequate air and rail services, and a well-maintained road network.

Greatly upgraded airport facilities were also essential, Thermann said.

Tourism could rival many of the country’s most valuable foreign exchange earning export commodities, but it had to have access to capital to make significant expansion possible.

What needed to be stressed in tourism marketing and promotion was that SA, unlike many other popular tourist venues, had no “shut-down” season.

By stressing this aspect the load could be spread and the burden on the industry eased.

Thermann said interest in SA worldwide was intense, caused mainly by the fact the country had been in the international spotlight for more than 20 years.

“Taking this into account, as well as the improved political climate and the fact that SA was on the verge of regaining international respectability, a bright future was assured for the tourist industry,” he added.
80 new shops, cinemas, restaurants for harbour

By MAGGIE ROWLEY Business Staff

AN R88-million "speciality waterfront" retail complex is to be built on the water's edge of Cape Town harbour stretching back from the Working Quay towards Granger Bay.

The Pier Head retail complex — part of the Victoria and Alfred Waterfront project — will consist of more than 80 shops, 10 cinemas, 15 restaurants, a flea market, and a 2,000m² fish and fresh produce market. Parking will be provided for about 2,500 cars to serve the maritime precinct, including about 500 underground parking bays.

Mr Louis Karol, the city architect whose firm is designing the complex, said construction would begin soon and would be completed within two years.

Managing director of the Waterfront project, Mr David Jack, said today that the new retail complex was planned as part of the historic maritime complex and will be built in a style very much in character with the harbour warehouses.

"It will complement other historic buildings in the Pier Head precinct including the Old Union Castle office, the North Quay warehouse which is being revamped into a R8-million hotel, the old harbour tearoom and the Port Captain's office on the Pier Head itself."

NEGOTIATIONS

"Negotiations are also under way with potential tenants for these old buildings. We plan restaurants in the Port Captain's office and the old harbour tearoom and speciality retailing for the Old Union Castle office."

"Mr Jack said the Pier Head precinct was approved by the city council last month. However, the services agreement was still being negotiated with the council."

Mr Karol said the entire project would be built around a glass-domed gallery looking out on the harbour and the old clock tower. Jogging off the gallery would be shops while the restaurants would face on to a large piazza which would be built up to the water's edge.

Space had also been allocated for large anchor tenants on the ground floor and first floor.

Mr Jack stressed that the complex would be unique to South Africa and similar to overseas "festival waterfront" complexes such as in Sydney, Vancouver and San Francisco.

"The closest thing to it in South Africa is the Workshop in Durban. The attraction of the complex will be its focus on entertainment and leisure. It will be a place where people will go day and night, seven days a week."

APPROPRIATE

"The shops will all be speciality shops appropriate to the waterfront and which also serve the adjoining residential areas."

He said the old North Gate customs building, which was later used by I&J, would be converted and house the fish and fresh produce section of the new complex.

"We see this being a showcase for the fishing industry. It will be open seven days a week and sell a whole range and variety of produce from the sea."
Comrades is a big boost to Durban

Last year's Comrades winner Frith van der Merwe is out of the race with injury. Meanwhile, Sam Tshabalala faces stiff competition from eight-timers winner Bruce Fordyce (centre), who re-enters the race after a year's break.

HOTELS, the sports equipment industry and many other sectors of the economy will benefit to the tune of more than R45 million as a result of this week's mammoth Comrades Marathon, in which close on 13 000 runners are entered.

The figure could soar beyond R60 million.

Revenue

The famous Durban-Pietermaritzburg marathon has become one of the world's biggest money-spinning single-day sporting events. Only major road races such as the New York, Chicago, Boston and London marathons, which draw more than 20 000 competitors, are likely to better South Africa's premier road race.

Estimates for just two of the major expenses facing the runners show that about R10 million is spent on running gear and R10 million on accommodation.

SOWETAN Correspondent

The race has grown beyond all expectations, since that first event back in 1921.

Comrades Marathon Association executive officer Linda Barron said today that it was almost impossible to put a figure on what revenue the race actually generated when a lot of the incidentals such as food, telephone calls and postage were also taken into consideration.

"The true figure could be as much as R60 million, but definitely not less than R45 million," she said.

Gear

"When you start with the major items like running gear, accommodation, air fares and petrol and then add food, doctors' and physiotherapists' bills, medication, paper, printing, telephone calls, postage, general sales tax, and a hundred other minor things you could think of, who knows what the real figure could be?"

"The Comrades Marathon alone has a budget of R1,67 million," she added, "but we at the CMA think it is excellent that we can boost the economy in this way."

A leading Durban sports shop quoted figures of R700-R800 to kit out each runner for the big race, without taking training equipment into consideration.

Some of the prices of running gear are as follows: cap, R15; peak, R25; sunglasses, R45; vest, R19; shorts, R19; socks, R9; running shoes, R100-R450; tracksuits, R150; T-shirt, R30; runner's belt, R14; carbo-booster, R20; endurance-boost, R20; squeezes, R15; jog bag, R50; and runner's watch, R30-R100.

With accommodation at an absolute premium in Durban, Pietermaritzburg and surrounding areas, it is estimated that this could represent a R10-million boost to the hotel industry.

Another important aspect is the value of the time which many hundreds of people - such as doctors and others in the medical field - spend in a voluntary capacity on the race. The Comrades also provides a big fillip for the media, filling huge amounts of space in newspapers and magazines and occupying great amounts of air time on television and radio.

The Comrades Experience Show at the Durban Exhibition Centre is better this year than ever before, says Comrades Marathon Association executive officer Linda Barron.

The exhibition will be open today, 10am-8pm.
Delegates turn red at CP talk

PORT ELIZABETH—More than 200 delegates walked out of a Fedhass conference yesterday when the newly elected regional chairman of tourism preached Conservative Party policies in his opening address.

A vote of no confidence was quickly held and Mr. Jan Du Randt, the owner of the Tulsikamma Forest Inn, vacated the chair.

Delegates at the regional conference at Wilderness were said to be stunned when Mr. Du Randt preached against black and coloured tourism.

"With the new South Africa, this attitude is really shocking," they said.

Delegates, said the committee, would decide later on when to vote in a new chairman.
Hoteliers turn backs on speaker

Argus Bureau

PORT ELIZABETH. — About 25 hoteliers at a conference in the Wilderness walked to the back of the hall in protest when the leader of a panel discussion made a Conservative Party-oriented speech.

Mr Mick Dwyer, Eastern Cape, Border and Southern Cape representative, said it was not true that 200 people walked out when Mr Jan du Randt, owner of the Tsitsikamma Forest Inn, was in the chair.

Mr Dwyer said that at the Federated Hotels Association of South Africa conference there were only about 150 people in the hall and about 25 walked to the back.

He said Mr Du Randt had been elected chairman of tourism for the East London-to-Riversdale area and was leading a discussion on "Tourism: Adapt or Die."

It had not been chosen as a political topic, but as a subject relating to the industry.

Mr Du Randt was to have opened the panel discussion but became carried away with a political speech about alternatives for the South African economy as opposed to those put forward by the National Party.

Mr Dwyer denied that Mr Du Randt spoke against black and coloured tourism.

"Most of the delegates did not approve of what he said and showed it. The former chairman of the committee, Mr Bryan Robinson, told him he was out of order. He stood down and those who had walked to the back of the hall returned to their seats and the meeting continued," he said.

"The whole thing is a storm in a teacup."

He said Mr Du Randt made it clear that he was not putting forward the Fedhasa point of view but was giving his own opinions.

Mr Dwyer said he was told later that Mr Du Randt had resigned from Fedhasa.

Mr Du Randt was not available for comment.

Mugabe to attend summit

HARARE. — Zimbabwean President Robert Mugabe is to visit Malaysia and Indonesia. A statement said Mr Mugabe would attend the first co-operation summit of a group of 15 nations in Kuala Lumpur, the Malaysian capital. — Sapa.

Fuel spill as train derails

ANCHORAGE (Alaska). — Eighteen tankers of a freight train were derailed near Fairbanks, spilling up to 305 000 litres of jet and diesel fuel, a railways official said. — Sapa-AP.
Shebeeners air their complaints at ‘big splash’

Staff Reporter

THOUSANDS of township shebeeners are the backbone of South Africa’s liquor industry and liquor outlets and taverners cannot survive without them, shebeeners claim.

However, they say they are most often on the receiving end of police harassment and often fall foul of the liquor laws.

Their complaints were aired when about 100 shebeeners from all over the Western Cape gathered yesterday on the first day of a marathon “big splash” ceremony at Monwabisi Beach, organised by the recently formed National Shebeeners Association (NSA). The object of the meeting was getting shebeeners to know one another and to discuss common problems, public relations officer Mr Dan Fletcher said.

Paid fines

He said a huge national drive for membership was underway. Unlike other small businesses such as hawkers, shebeeners could not get licences and police harassment in shebeens continued, he said.

They also faced problems with the more established taverners who “feared competition”.

“Although the liquor laws have been relaxed to allow black people to buy liquor, there is no provision to allow them to sell. People are still being raided, made to pay admission-of-guilt fines and have their liquor confiscated.”

He said only taverners—there were only about eight in all Cape Town’s black townships—could legally sell liquor.

“The reason why taverners are so few is that the R2 000 licence fee and the tortuous process to obtain it is beyond the reach of small-time operators.”

“The tavern licence stipulates that the drinking place should meet certain standards, which a small operator can simply not afford.”

Mr Fletcher said his association had had a number of meetings with Trade, Industry and Tourism Minister Kent Durr to ask for shebeeners to be allowed to operate freely as in other sectors. The minister had promised to look into the matter.

Daily takings

Our survey has revealed that there are more than 5 million shebeeners countrywide and we feel very strongly that deregulation should also apply to them,” he said.

Shebeeners interviewed said their daily takings ranged from R200 to R400 on weekdays to R1 000 daily from Fridays to Sundays.

Mrs Violet Williams, 60, who has been in the business since 1959, said she had single-handedly raised her six children after her husband died, through her liquor business.

“It was even tougher then but I managed to send four of my children through Fort Hare (the University College in Alice, Ciskei),” she said.
PORT ELIZABETH — The owner of the Tsitsikamma Forest Inn, Mr Jan du Rand, has apologised to Fedhassa for pushing Conservative Party policies during his speech at a conference on Tuesday.

Most of the delegates at the conference walked out during Mr Du Rand's speech — his first after being elected as regional chairman of tourism.

A vote of no confidence was held; and Mr Du Rand resigned from the chair.

He was not available for comment yesterday, but his wife, Mrs I du Rand, confirmed that Mr Du Rand had issued an apology to Fedhassa. (Federated Hotels Association of South Africa).

Mrs Du Rand said her husband had also resigned from all management structures of Fedhassa.

In his statement of apology to Fedhassa, Mr Du Rand said he was not a racist.

"All race groups were always and are always welcome in the hotel," he said.
Filling gap in the market

LEISURE and catering industry groups Ovland Timesharing and Supervision Food Services, a subsidiary of Tongkat Foods, have formed a company offering a management and marketing service to resorts and timeshare operations throughout the country.

Durban-based Remarkable Resorts already has a portfolio of top holiday and weekend resorts. And it has pulled off a privatization coup by negotiating a management and marketing contract for the Natal Parks Board’s posh new camp at Hala game reserve in Northern Natal.

“We believe Remarkable Resorts fills a gap for professional management with specialized knowledge of the timeshare market and a proven track record in staff management, training and catering,” says Trevor Coppen, chairman of the new company and of Ovland Timesharing.

The development and marketing of timeshare resorts marked the first two phases of the industry’s growth.

“Quality service will ensure the long-term growth of the industry, which already has 17 000 beds in SA,” says Mr Coppen.

Remarkable Resorts has taken over management contracts for Ovland Timesharing, including Bantry Bay, Mossel Sheba, Sodwana Bay Lodge, St. Michaels and Durban Sands. Other contracts include the Strand Pavilion in the Western Cape and Halyards Hotel at the Royal Alfred Marina.

Executive director of Remarkable Resorts is Peter Harris, former new-business director of Supervision Food Services.

He says the link between the two groups, which each hold 50% of Remarkable Resorts, provides complementary skills in all aspects of resort management.
Project aims to encourage black tourism market

THE black travel market, expected to propel SA tourism into the R6bn-a-year bracket in the next 10 years, looks set for a good lift-off with the establishment of Project Tourism 2000.

The programme, aimed at bringing blacks into the mainstream of the tourism industry, has among its major objectives the development of the black domestic market, elimination of factors restricting 'blacks' and education of blacks in all facets of tourism.

Founded three months ago, the project is headed by a committee of 12, with schools inspector Mamie Douglas as chairman and Satour board member Dr George Maibi as facilitator.

The committee has produced a mission document, "Project Tourism 2000 — The Tourism of the Future," which seeks to make tourism accessible to all South Africans.

The project is initially being sponsored by the SA Tourism Board (Satour), SAA and Springbok Atlas Coach Tours among others, while the aim is to get full private sector backing.

"The private sector will be shown the impact black tourism will have on the economy of the southern African region, and encouraged to adopt Project Tourism 2000 by giving financial support and other forms of sponsorship," says Douglas.

Project Tourism 2000 will set out to change existing perceptions about the black tourist and one-, two- or three- star hotel owners will be educated about the benefits of encouraging black tourists to patronise their establishments.

Governments and government institutions will be motivated towards the creation of a climate conducive for the promotion of black tourism and organisations such as Fada asa will be encouraged to assist in this promotion.

As part of its reach-out programme, the committee plans to organise social functions and cultural exchanges. Furthermore, non-racial travel clubs will be formed in order to extend the programme," says Douglas.

**Trails**

To bring black youth into the mainstream of the tourism trade, the committee will implement the following programmes:

- Educational excursions to expose the youth to the divergent resources available;
- Encouraging youth camps to bring about interaction among youth in the natural environment;
- Regular visits to game parks and nature reserves;
- The use of hiking trails to promote environmental awareness.

"The success of Project Tourism 2000 and the attainment of its objectives and ideals will depend primarily on the understanding by our communities of the impact that tourism can and will make on the transformation of perceptions which groups have of each other," says Douglas.

Protea Hotels' EC Otto-Stehlik says his group had set out to be a catalyst for change. "Considering our socio-economic and political circumstances in southern Africa, domestic tourism is likely to grow at an even faster pace than international tourism over the next five years."
Five employees of the Mariston Hotel in Joubert Park, Johannesburg, were allegedly shot and several others baton-charged when police dispersed more than 200 strikers at the weekend.

The strikers, members of the Catering and Allied Workers' Union, are demanding a "living wage" of R650 a month. They are now earning R380 a month.

A Mariston Hotel manager refused to comment.

Those injured were Irene Qika, Beauty Qika, a woman known as Sarah and two men known only as Buli and Johannes. They were admitted to Hillbrow Hospital.

Police denied there was shooting, but confirmed that about 60 demonstrators were baton-charged outside the hotel after being warned to disperse.
Hotel strike settled as wages raised

A strike at the Mariston Hotel in central Johannesburg was settled yesterday with workers receiving a R150 across-the-board increase, back-dated to March 1.

A SA Commercial Catering and Allied Workers' Union (Saccawu) spokesman said the two parties agreed to:

- A minimum wage of R575 from October 1 and four months' maternity leave.
- No disciplinary action against alleged union intimidators.
- Details of the company's finances being disclosed within a few weeks.

Mariston spokesman WH Westphal said he believed the settlement was amicable although the hotel had not shown a profit for the last two months and was likely to be in the red again this month.

Strikers had not been dismissed, he said, and were due back at work tomorrow. — Sapa.
Knocking off spots

Activities: Property, development and management.

Control: Anglo American.

Chairman: G G L Leisnser.

Capital structure: 45m ords. Market capitalisation: R35 1m.

Share market: Price: 780c; Yields: 6.4% on dividend; 8.6% on earnings; p/e ratio, 11.8; cover, 1.6. 12-month high, 800c; low, 490c.

Trading volume last quarter, 138 000 shares.

Year to March 31 '87 '88 '89 '90
ST debt (Rm) 230.2 228.0 229.4 218.1
LT debt (Rm) 70.1 71.1 81.1 8.6
Debt/equity ratio 0.36 0.49 0.48 0.39
Shareholders' interest 0.66 0.62 0.60 0.58
Int & leasing cover 2.1 2.2 2.6 2.6
Return on cap (%) 7.0 7.1 8.1 8.6
Turnover (Rm) 103 1.26 162 209
Pre-tax profit (Rm) 49.8 83.8 84.9 71.2
Pre-int margin (%) 47.5 42.8 40.1 34.1
Earnings (c) 32.1 46.3 54.8 67.4
Dividends (c) 29 30 35 42
Net worth (c) 781 908 918 987

This past year, Amaprop has been well up among the JSE's blue chip. And though its share price has shed a few cents this past week, the recent high of 800c represented a 60% advance in something less than 12 months.

Of course, in relation to the property company's total issued capital, the share trades comparatively lightly. But last year, everything seemed to be going right as investors scooped the market for defensive value. So, though the recent price shading probably represents some justified caution over chairman Gerald Leisnser's remarks that rental growth is slowing, it need not presage a sharp drop.

At present, Johannesburg has a glut of office space which has added to pressure on rentals. Nonetheless, Leisnser is happy with Amaprop's immediate prospects, saying the company's buildings were more than 98% let at the end of the financial year and that all leases contain annual rent escalation clauses.

Retaining those tenants as the economy slows will depend largely on the services the company supplies and that, in turn, implies some comparatively heavy expenditure on re-furbishing or re-vamping of older build-

ings. Last year, that programme was financed with part of the proceeds from the sale of properties — to Apex Property Fund and other property investors. Amaprop bought into Apex units and Leisnser says other investments in property trusts would be considered.

Long-term property management remains the single most important profit contributor. It weighted in with over 99% of last year's R30.3m attributable profit as estate development activity did little more than offset yet another year of shared losses at the Carlton Hotel. The Carlton's room occupancy rates are climbing, but slowly. Only 400 of the hotel's 600 rooms are open, which might be seen as strange with a booming tourism sector. But it seems to reflect the considerable amount of refurbishing and development in progress at the hotel and the Carlton complex as a whole.

Last year, the Carlton Hotel's turnover rose 24% to R36.4m and Amaprop's share of the hotel's losses was shaved to R690 000 from fiscal 1988's R1.32m. Once the closed rooms are re-opened to accommodate an apparently large influx of foreign tourists, the hotel should swing sharply into profit.

Profit growth is likely to be less substantial for the estates development division. Last year, it lifted sales to R61.4m from R34.2m but the contribution to attributable profit (granted after a substantially larger transfer to unearned profit provisions) increased to only R36 000, from R61 000.

Basically, then, Amaprop's immediate performance will depend on its management of the property portfolio and the strength of its escalating rentals. With interest rates declining and the group's present predisposition to cut debt, the leverage on rental profits looks attractive. Apart from that, there are the defensive attributes of a virtually irreplaceable property portfolio last reviewed two years ago.

Jim Jones

Acquisition costs

Activities: Retailer and distributer of consumer goods.

Control: F S Group via W & A.

Chairman: J Liebesman; CE: H Novitz.

Capital structure: 50m ords. Market capitalisation: R21.5m.

Year to Dec 31 '87 '88 '89
ST debt (Rm) 10.0 15.9
LT debt (Rm) 21.4 102.7
Debt/equity ratio 0.50 0.91
Shareholders' interest 0.57 0.37
Int & leasing cover 4.04 3.67
Return on capital (%) 43.4 28.3
Turnover (Rm) 507.2 631.4
Pre-tax profit (Rm) 72.0 76.5
Pre-int margin (%) 14.2 14.4
Earnings (c) 30.5 35.5
Net worth (c) 3.03 2.30

HOMEMAKERS' acquisition of shoemaker and retailer Edworks caused the group's interest-bearing debt to soar last year and interest charges are also rising sharply.

Total interest-bearing borrowings jumped from R31.4m to R118.6m. CE Hilton Nor- witz is not, however, concerned about high gearing. "We have subsidiary assets which we could sell to liquidate the debt if we chose to. Edworks was an opportunistic deal that will give long-term value."

See the road more prominent standpoint, though, the interest bill rose last year to
Southern Sun is suspended on JSE

SAB to refinance Suthsun; streamlining its operations. It was possible, said one, that SAB might sell Southern Sun's 29% holding in Sun International (SI), to inject capital into the group.

He said the rationalisation and possible delisting of the hotel chain would have been prompted by the results of Suthsun for the year to March.

The group was labouring under high debt, with interest bearing debt increasing by R24.7m for the year and pushing gearing to 64% (59%).
BRUNO CORTE
F/L 816/90
Southern Sun MD Corte believes tourism will expand rapidly in to the next century as SA becomes an increasingly popular international destination. As CE of one of the largest hotel chains he is, however, concerned that politics make investment in new hotels problematic and could drive tourists away.

Tourism has been through a tough time because of our poor image. That is changing. This year the number of foreign visitors should reach an all-time high, Government realises tourism brings in foreign exchange but the industry needs more incentives.

SA is too far from Europe, Japan or America to attract the package tourists who flock to Spain. This is a long-haul destination, so must attract high-quality tourists, people who will spend a lot of money.

We must target the international tourist who wants to travel around the country, but our tourism infrastructure is badly over-

provement. SA is competing with many other destinations and tour operators can swing elsewhere for more reasons than just a deterioration in the perceived political situation.

Traditional pattern

Now let's look at domestic tourism. It has been particularly strong, particularly as foreign travel has become more expensive. A lot of the traditional hotel business has been taken over by timeshares, and Southern Sun will continue to emphasise that. As I see it, the traditional pattern of holidays will grow stronger. Essentially our business continues to be getting people from the Transvaal to the coast. We will continue to develop package holiday deals for 10-20 years.

I do not expect black tourism to take off or even develop along the same lines as white. Whites travel to experience the destination. Blacks prefer to experience the hotel rather than the destination. Eventually, blacks will travel as extensively as whites but I don't expect that this century.

Tourism has risen worldwide, except in Africa, and this is where tourists will want to come, especially to our game reserves.

FINANCIAL MAIL, JUNE 8, 1990
LOONWET, 1957

INTREKKING VAN LOONVASSTELLING 446.—CHEMIESE- EN VERWANTE PRODUKTE-
NYWERHEID, REPUBLIEK VAN SUID-AFRIKA

Die Minister van Mannekrak is van voornme om kragsn artikel 16 van die Loonwet, 1957, Loonvast-
stelling 446: Chemiese- en Verwante Produktenwy-
werd, Republiek van Suid-Afrika, gepublisieer by
Goewermentskennisgewing No. R. 2531 van 8 No-
\n\n
Enige persoon wat kommentaar oor die voorgestelde
intrekking wil lever, moet sodanige kommentaar binne
30 dae vanaf die datum van publikasie hiervan aan die
Direkteur-generaal: Mannekrak, Privaatsak X117,
Pretoria, 0001, voorle.

No. R. 1202
8 Junie 1990

WAGE ACT, 1957

CANCELLATION OF WAGE DETERMINATION 446.—CHEMICAL AND ALLIED PRODUCTS IN-
DUSTRY, REPUBLIC OF SOUTH AFRICA

The Minister of Manpower proposes, in terms of sec-
tion 16 of the Wage Act, 1957, to cancel Wage Deter-
mination 446: Chemical and Allied Products Industry,
Republic of South Africa, published under Govern-
ment Notice No. R. 2531, of 8 November 1985.

Any person who desires to comment on the proposed
cancellation should submit such comment within 30
days from the date of publication hereof to the Direc-
tor-General: Manpower, Private Bag X117, Pretoria,
0001.

No. R. 1269
8 Junie 1990

LABOUR RELATIONS ACT, 1956

HOTEL, LIQUOR AND CATERING TRADE, BORDER.—AGREEMENT

I, Eli van der Merwe Louw, Minister of Manpower,
hereby—

(a) in terms of section 48 (1) (a) of the Labour
Relations Act, 1956, declare that the provisions of
the Agreement which appears in the Schedule
hereto and which relates to the Undertaking, In-
dustry, Trade or Occupation referred to in the
heading to this notice, shall be binding, with effect
from the second Monday after the date of publica-
tion of this notice and for the period ending 30
April 1992, upon the employers' organisation and
the trade union which entered into the said Agree-
ment and upon the employers and employees who
are members of the said organisation or union; and

(b) in terms of section 48 (1) (b) of the said Act,
declare that the provisions of the said Agreement,
excluding those contained in clauses 1 (1) (a), 2
and 14, shall be binding, with effect from the sec-
\n
E. VAN DER M. LOUV,
Minister of Mannekrak.

INDUSTRIAL COUNCIL FOR THE HOTEL, LIQUOR AND
CATERING TRADE, BORDER

AGREEMENT

in accordance with the provisions of the Labour Relations
Act, 1956, made and entered into by and between the
Fedhaha Employers' Association (East London and Border)
(hereinafter referred to as the "employers" or the "em-
ployers' organisation"), of the one part, and the
East London and Border Liquor and Catering Trade
Employees' Union

(hereinafter referred to as the "employees" or the "trade
union"), of the other part,

being the parties to the Industrial Council for the Hotel,
Liquor and Catering Trade, Border.
SAB's R128m Sun poser

SA BREWERIES — expected move to buy out minorities in its debt-laden Southern Sun hotel group could cost almost R128-million at the current share price of R3.65.

The directors refuse to give reasons for their request to the JSE to suspend Southern Sun shares. An announcement will be made on Tuesday, says managing director Bruno Corte.

Speculation about Southern Sun’s future surfaced after publication of its results for the year to March 31 when turnover jumped 21% to R472-million and operating profit nearly doubled to R29.2-million.

But without the group’s dividend from its 20% stake in Sun International, it would be in losses because of high gearing — last year’s interest bill was R34.4-million.

Analysts say SAB would be paying a high price to get the 31.5% stake that it does not already hold. Sun International owns 21% in a strange cross-holding.

It has been suggested that if Southern Sun sold its stake in Sun International the proceeds — they could be as high as R550-million — would wipe out its borrowings.

That might make more sense for SAB than waiting for the hotel trade to pick up sufficiently for returns to justify the high price. Southern Sun’s shares are rated at 15.5 times historic earnings.

The shares are trading close to the estimated net asset value of 650c, and buyer and seller could come to an agreement sooner rather than later on a price.

Expectations of higher room occupancy at Southern Sun hotels have contributed to the share’s reasonable rating, but investors have shied away because of high debt in the group.

Although international tourism is 85% higher than last year, it represents only 13% of Southern Sun’s business.

Southern Sun owns 53 hotels of which 23 are Holiday Inns. The number includes timesharing. It also manages three hotels.

Room occupancy last year was 62%, and the forecast for this year is at least 65% — close to break-even cost. The rate for rooms has been increased this year and another is possible.

But high concessions are likely in wage negotiations and operating costs are rising.
Southern Sun to be embraced by SAB

SOUTHERN Sun, having spent 11 of its 21 years on the JSE, is now giving up its independence to move into the familial embrace of SA Breweries (SAB).

The hotel group, which runs 94 of the country's most prestige hotels, moved onto the JSE in 1978, expanding rapidly on the strength of an expanding economy and a surge in tourism to SA.

However, over the past few years — marked by international sanctions against SA and escalating racial unrest — Southern Sun, and the top end of the hotel market, suffered from declining occupancies and rising costs.

Contributing dramatically to its gearing problems, Southern Sun decided in 1988 to build a new flagship, the 800-room, R110m Johannesburg Sun, which proved to be a financial nightmare.

At the hotel's inception it took the profits from every hotel on the Witwatersrand merely to keep its staff paid and food in the restaurant.

Although the waterfall has been slowed to more of a trickle, the hotel still loses almost R10m a year after rentals.

After expanding into the eastern Transvaal and the Drakensberg, as well as maintaining the standards of some of its more stately hotels (such as the Beverly Hills), the last financial year found Southern Sun servicing debt of R233.5m (R268.8m), pushing interest payments (including the servicing of its medium-term credit at 12.25%) to R344m.

It seemed that Southern Sun, and the hotel industry in general, had overestimated the effect that international tourism would have on the industry.

Although there has been a substantial improvement over the past year, foreign tourism accounts for only about 12% of Southern Sun's occupancy levels, now running at about 64%.
SAB plans Suthsun delisting in R120m deal

JOHANNESBURG. — SAB Breweries (SAB) is to take its subsidiary, Southern Sun Hotel Holdings (Suthsun) from the JSE in a R120m deal involving the buy-out of minority shareholders.

Today's announcement follows last week's suspension of Suthsun's shares, and speculation since the release of Suthsun's results to March that it would be delisted as a wholly-owned subsidiary of SAB.

In the wake of the announcement, market analysts are speculating that another of SAB's "underperforming" subsidiaries, OK Bazaars, could be going the same route based on a comparison of the two group's results, and the logic behind the Suthsun delisting.

In terms of the Suthsun deal, SAB — which holds 66.4% of Suthsun — is offering minorities (other than Kersaf) a premium of 65c on the prevailing 58c value of the share. For the 10.6% stake SAB will be paying R46.4m. For its part, Kersaf Investments will receive R71.6m for its 21% stake, translating to 485c a share.

Shareholders also have the option of accepting SAB shares offered at a price of 4.030c a share, or a combination of shares and cash. SAB dropped 50c to 4.000c yesterday.

Analysts said the cash option looked more attractive: "SAB's share price is overvalued, probably pushed up in anticipation of this announcement. The 485c offer puts Suthsun on a high p/e ratio of 17.2."

The 485c offer, proposed by UAL Merchant Bank and accepted by Kersaf, was considered "highly satisfactory" by Kersaf chairman Buddy Hawthorn said yesterday.

"It was a straight commercial decision," he said, adding that Kersaf had no specific plans yet for the proceeds of the sale.

Suthsun directors said that the group's high gearing and urgent need for cash, in light of the group's expected profitability, necessitated that the current dividend distribution practice of 70% of attributable earnings be "re-assessed."

The gearing — presently at 84% and almost double the 33% level of the previous financial year — was due to past refurbishment requirements of both the Southern Sun and Holiday Inn hotel chains.

OK Bazaars' gearing jumped to 57% (47%) in the past financial year.

Suthsun had also budgeted to spend further "significant" sums on both hotel chains, directors said.

"It would be appropriate for Suthsun to be delisted to avoid any possible conflict between the long-term requirements of the company and the interests of minority shareholders," the scheme is not expected to have any material effect on either the earnings of NAV per share of SAB."
ment ahead, we are entering a new phase in which, from these benches, a new spirit of leadership will be reaching out beyond the confines within which we are operating at present, which will include support from all sections of the population for certain basic political principles that South Africans of all persuasions have in common with each other. [Time expired.]

Debate concluded.

Tuesday, 12 June 1990

The DEPUTY MINISTER OF PLANNING (for the Minister of Planning and Provincial Affairs):

(1) Yes.

(2) Yes; the State-owned land affected by the development has been leased to a development company in terms of the Sea-Shore Act (Act 21 of 1935). The lease agreement between the Cape Provincial Administration and the developer is a standard agreement and is normally used in such cases and the rental is determined by the Treasury. As it is such a volumi-}


dous document it is not practicable to read the whole document to the House. The document can be placed at the disposal of the hon member if he so wishes.

Mr C H PIENAAR: Mr Speaker, arising out of the hon the Deputy Minister’s reply I should like to know from him, if someone looks at the contents of the agreement which is now available, whether he may publish it so that one can get access to it and whether it is a secret document.

The DEPUTY MINISTER: Mr Speaker, it stands to reason that it is not a secret document. It is a contract entered into by the Cape Provincial Administration, and the public has the right to see it. It is however not necessary to throw it around in the House or to distribute it gratuitously. The hon member can come and look at it, and if he would like to make the contents known, he is welcome to do so.

Question standing over from Tuesday, 5 June 1990:

Strand: private resort

*10. Adv C H PIENAAR asked the Minister of Planning and Provincial Affairs:†

(1) Whether a private resort being developed at the Strand extends from private land on the coast into the sea in the form of a pier; if so, what is the nature of the agreement if any, what is the official policy in regard to developments by private persons on State-owned land on the coast?  

(2) whether the State-owned land falling within this development was obtained in terms of an agreement with the State; if so, what are the terms and conditions of the agreement if any; if not, what is the official policy in regard to developments by private persons?  

The DEPUTY MINISTER OF PLANNING (for the Minister of Planning and Provincial Affairs):

The DEPUTY MINISTER OF LAW AND ORDER:

(1) to (4) On 7 August 1989 Jerome Mncwabe was arrested on various charges of murder, attempted murder and public violence. On 8 August 1989 he was released on bail by court.

On 9 December 1989 he was once again arrested on various charges of murder. On his appearance in court the application for bail was refused. During February 1990 he appealed against the refusal of the court to grant him bail. His appeal was upheld and he was thereafter released on bail.

During April 1990 further charges of murder and attempted murder were lodged against him. However, on 16 May 1990, before he could be arrested on these charges, he was murdered.

New questions:

Voters’ roll: removal of name of certain person

*1. Mr H D K VAN DER MERWE asked the Minister of Home Affairs:†

Whether application has been made for the name of a certain person, particulars of whom have been furnished to the Minister’s Department for the purpose of his reply, to be removed from the voters’ roll; if so, (a) at whose request; (b) on what date and (c) what is the name of the person concerned?  

The MINISTER OF HOME AFFAIRS:  

No.

(a), (b) and (c) fail away.

Mr H D K VAN DER MERWE: Mr Speaker, arising out of the reply of the hon the Minister, I should like to know on what grounds the particular person’s name was removed.

The MINISTER: Mr Speaker, my Department removed his name from the voters’ roll.

Mr H D K VAN DER MERWE: Mr Speaker, further arising out of the reply I should like to ask the hon the Minister on whose application the Department removed this name?

The MINISTER: Mr Speaker, on whose application the Department removed this name?

The MINISTER: In 1989 the hon member’s voter Mr Strydom died. [Interjections.]

Mr H D K VAN DER MERWE: Mr Speaker, further arising out of the reply I should like to ask the hon the Minister on whose name of the voter who died was removed after or before he died.

The MINISTER: Mr Chairman, he died on 28 September 1989 and his name was removed on 14 November 1989.

Unrest in Natal: persons killed/injured

1. Adv J J S PRINSLOO asked the Minister of Law and Order:†

(a) How many persons have been (i) killed and (ii) injured since the beginning of the present unrest in Natal and (b) in respect of what period is this information furnished?  

The MINISTER OF LAW AND ORDER:  

Mr Speaker, if the hon member Mr H D K van der Merwe has finished seeing the ghost, I may perhaps continue replying to the question.

Unrest in Natal: persons killed/injured

The DEPUTY MINISTER OF FOREIGN AFFAIRS:  

Whether the Government recognises the military government of Venda; if so, with effect from what date; if not, why not?  

The MINISTER OF FOREIGN AFFAIRS:  

Yes. I set out the Government’s position as follows in a statement of 6 June 1990:  

"Colonel G M Ramushwana het die bewind in Venda op 5 April 1990 oorgeneem, pas nadat President Ravelo bedank."  

Colonel Ramushwana het ‘n Raad van Nasionale Eenheid aangestel bestaande uit private persone, beampies asook veiligheidspersoneel.  

Sedert die bewindsoonneem het die RSA de facto erkennings aan die Regering van Venda gegee deur samewerking op verskeie terreine.  

Colonel Ramushwana en sy Regering het sedert sy bewindsoonneem suksesvolle stapte gedaan om die onrustteorie in Venda onder beheer te kry. Ook het sy Regering bewys gelewer van sy bereidwilligheid om gesig verhoudings met die RSA te handhaaf. Die Regering van Venda het daarom geslaag om effektiewe beheer oor die land te handhaaf en geniet wye onderskepping.  

Gevolgtlik het die Suid-Afrikaanse Regering vandag besluit om die Regering van Venda formeel te erkennings.

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Gevolgtlik het die Suid-Afrikaanse Regering vandag besluit om die Regering van Venda formeel te erkennings.
Tourism boom: Infrastructure lacking in SA

By AUDREY D'ANGELO

SA lacks the infrastructure to cope with the expected tourist boom - when millions of holidaymakers will be looking for accommodation and entertainment, said the president of Cape Town Chamber of Commerce, Lionel Hartmann, warned yesterday. Speaking at a party to launch Cape-Courtesy, a guide service aimed mainly at the corporate market and individual holidaymakers, Hartmann pointed out that the tourist industry was still waiting for its long-promised, co-ordinated development plan.

"It has been on the drawing board for some time, is expected any day now, and one hopes that it will not be delayed too long," he said.

"Included in such a plan would hopefully be incentives to assist with tourism by providing encouragement to developers of hotels and ancillary facilities.

"Industry operatives are also looking for an improved infrastructure to cope with the anticipated growth in tourism."

This growth, said Hartmann, would come from the domestic market including black holidaymakers as well as from international visitors.

"It is estimated that 10m people in SA have the means and desire to travel and 9m of them are potential buyers of domestic holidays and leisure.

"I wonder how many of us realise the potential ramifications of the increase in our tourist market. It is in these areas that we need to get our act together.

"Right now I doubt whether we have the basic infrastructure in place to cope with an influx on the scale anticipated."

Hartmann said "ways and means must be found of attracting foreign visitors in even greater numbers. "We need the foreign exchange, and we want to use every opportunity to show off our beautiful country."

"But the greatest potential and challenge is the local market. "In this context the growth opportunities that exist among our black community are awesome.

"Starved of facilities and opportunities for so many years, the relaxation of restrictive legislation, and the increased levels of income, are creating more and more opportunities. For so many the opportunity to travel internally and to see SA is a top priority."

Other vital issues to which both the Chamber of Commerce and Captour were giving attention included the cost of air travel to and from SA.

"It is reputed to be cheaper to fly from Europe to Australia than to SA," said Hartmann.

Travel problems included the restrictive conditions in respect of charter flights, the iniquitous add-on fare in respect of direct flights and out of Cape Town, the absence of gateway status for F. Malan Airport and major bottlenecks on our domestic services during peak periods.

SA also lagged behind other tourist orientated countries in the number of properly trained, well informed tour guides and qualified tour operators.

"If the numbers of tourists being baulked about come to pass - and I have no doubt they will - we will need to be prepared."

Cape-Courtesy is aimed at the corporate market or "the discerning visitor" not at large parties, its founder, Robert Verbruggen, explained yesterday. It provides a guide and transport to take people on sightseeing tours or round the city, recommending restaurants and arranging theatre visits.

It reaches its clients through recommendations by hotels and Captour. "We have also approached large corporations."
Minorities blackjacketed?

SA Breweries is planning a R120m take-out of Southern Sun’s minority shareholders just as free-spending foreign tourists are starting to flock back to this country and just as the hotel chain is on the brink of being freed to enter the black homelands where gambling is legal. SAB already owns 68.4% of the hotel chain’s equity and Kersaf, which has agreed to a 485c a share cash offer, has 21%.

Other minorities are being offered 650c a share either in cash or SAB shares at a price of 4030c or a combination of the two.

Southern Sun will be recapitalised, which SAB suggests will be of no medium-term benefit to minorities, though it does not mention that ownership could release the R200m-odd gross tax loss for use elsewhere in the group. It also helps cash flow, as 70% of the hotel group’s attributable earnings have to be distributed to shareholders in terms of an April 1985 agreement.

SAB’s public announcement says delisting of Southern Sun is necessary, “… to avoid any possible conflict between the long-term requirements of the company and the interests of minority shareholders.”

Kersaf acquired its 21% shareholding as part of the April 1985 deal struck to avoid a market share war at the end of Sol Kerzner’s 18-month restraint of trade agreement with Southern Sun. That was when Kerzner pumped Holiday Inns into Southern Sun and the hotel chain lost its direct stake in

Wyman says the buy-out does not reflect a shift in SAB’s policy. Kersaf’s decision to sell its stake gives SAB almost 90% of Southern Sun and the benefits of acquiring 100% rather than having unhappy minorities sealed the decision. But will those minorities be unhappy if Southern Sun heads towards the spinning wheels of the homelands?

Jim Jones and Pam Barkhud

...as Sun International’s Kerzner?

Kerzner’s casinos.

Kersaf took over 36.5% of casino operator Sun International from Safren. Southern Sun issued 14.8m new shares in itself to Safren for the purchase of Holiday Inns which Safren, in turn, passed on together with its Sun International stake to Kersaf for 35m new shares in Kersaf. Since then, the casinos have been a licence to print money while Southern Sun hotels in “white” SA have suffered from tourism’s decline and a heavy financial burden.

SAB’s planning director, Malcolm Wyman, assures us that the possibility of entry into the legal gambling of black homelands was not a factor in the bid for minorities and adds there is no intention of opening casinos. Merchant bankers UAL say they were unaware the exclusion is due to end within a year.

The hotel industry’s medium-term outlook is dreary, according to the public announcement of the bid. And there seems little prospect of cutting the group’s debt — though that ignores the cash flow potential of an entry into casinos. In the year to March 1990, total interest-bearing debt rose to R324m from the previous year’s R269m and interest paid at R34.3m exceeded operating profit of R28.2m. Only a healthy R22.7m (R18.5m) dividend from casino operator Sun International allowed for a small increase in attributable earnings.

Gearing has been rising progressively and, at 64%, last year exceeded management’s self-imposed limits. Debt has risen in line with an extensive refurbishing of the group’s hotels.

SAB’s Wyman ... aiming for the same game ...
M&F to take over NEG in R132m deal

LINDA ENSOR

MUTUAL & Federal (M&F), SA’s largest short-term insurer — has agreed to buy 100% of National Employers’ General Insurance (NEG) in a R132m deal.

M&F paid the amount in cash yesterday to Standard Merchant Bank, which is acting for the provisional liquidator of NEG’s UK parent, National Employers Mutual General Insurance Association (Nemgia). M&F has bought 73% of NEG from Nemgia and has agreed with effect from June 13 to buy the 25% stake held by African Finance Corporation (AFC) and the 2% held by staff and the public. As AFC has agreed to the sale of its interest, M&F is assured of at least a 98% stake.

The purchase price is equal to NEG’s 1996 gross premium income. M&F had the cash available and did not have to loan money to conclude the deal, M&F MD Ken Saggars said yesterday.

He said the acquisition would increase M&F’s market share from about 19% to about 22%. NEG would be incorporated into M&F and rationalizations would be made. NEG MD Peter D’Arcy Jones will be part of M&F’s general management team.

Saggars said the acquisition made sense in terms of the compatibility of the businesses of the two companies. NEG is involved in all classes of short-term insurance with motor comprising about 60% of its business.

It was a soundly run business with an investment portfolio valued at over R10bn.
Extradition bid against Kerzner

A REQUEST for the extradition of former Sun International chairman Sol Kerzner and Cape Town attorney David Bloomberg to face bribery charges was being prepared, Transkei Military Council chairman Maj-Gen Bantu Holomisa said yesterday.

In a policy speech in Umtata last night covering the 1990-91 financial year, Holomisa said the Transkei attorney-general was of the view that a prima facie case of bribery or corruption against the two had been established, arising from an alleged R1m payment to former Transkei leader George Matanzima for exclusive local gaming rights.

The attorney-general was preparing an indictment, and extradition requests would be forwarded to the two men's countries of residence. Should they reside in countries not party to an extradition treaty with Transkei, "other arrangements" would be made to secure their appearance in court.

Holomisa said Matanzima, who was serving a four-year prison sentence on an unrelated charge, was told no additional charges would be brought against him and his current sentence would be rescinded if he provided information about other cases in which his name had been mentioned.

Speaking in London yesterday, Kerzner said he had no comment on Holomisa's decision. Bloomberg could not be contacted for comment.
SAB buys into Southern Sun

SA BREWERIES' buyout of minorities in Southern Sun will cost the consumer giants R120-million. Southern Sun's next-largest shareholder, Kersaf, will receive 48c a share, compared with the market price of 50c before trading in the share was suspended pending the announcement of the deal.

The rest of the minorities will be paid out 65c — a nice premium for the holders of the underperforming shares. The price jumped by 35c to 67c after the announcement.

Minorities can choose between accepting cash or the equivalent value of shares in SA Breweries of 40c, providing this results in the issue of 100 units. A combination is permitted.

The price of SA Breweries itself fell to 98c below that level after the deal was announced, making the cash look more attractive.
Southern Sun faces strike over wages

By Julienne du Toit

Southern Sun hotels may face a strike after conciliation board discussions between management and the South African Commercial, Catering and Allied Workers' Union (Saccawu) broke down this week.

The union, with a membership of 6,000, over half the company's employees, has called for strike ballots at the end of next week.

The key issue is wages, the installation of casual workers as union members, and "racist canteen facilities", says the union.

Management is offering a R100 increase on its minimum monthly wage of R950, while the union is demanding a minimum wage of R800 and an across-the-board increase of R100.

Carl Ludick, group industrial relations manager, said that in real terms workers were earning close to R1,000, with such benefits as transport, meals, medical aid and a 13th cheque.

Union spokesman Allan Horwitz claimed that a worker at Pietersburg Holiday Inn was interrogated, detained and later assaulted by police called in by management because of an alleged theft. He said this would not have happened had the worker been white.
Overvaal resorts open to all

Own Correspondent

Overvaal resorts will be open to all South Africans from October 15, but the desegregation of the 10 resorts will not have any immediate effect.

The resorts have been fully booked for school holidays until July next year but bookings for weekends are still available.

The deputy marketing director for Overvaal resorts, Rudi Basson, said several measures would be taken to ensure a smooth process of transition.

These would include crowd and entry control at the resorts as they have been developed only for a certain number of people.

Increased security and hygiene measures will also be investigated.

Mr Basson welcomed the opening of the resorts.

He said a few cancellations were expected but reaction to the opening of the resorts was positive.

Conservative Party chief secretary Andries Beyers described the opening as "the most shocking thing I have heard in a long time".

Mr Beyers said the desegregation of the resorts would lead to enormous racial tension.

Boerestaat Party leader Robert van Tonder said once the Boer republics have been reinstated, the resorts would immediately be reserved for whites only.

He pointed out that President Paul Kruger had reserved the Kruger National Park for the use of whites, adding that he objected to the increased numbers of overseas tourists visiting the game reserve.
A NEW TOURISM

Government's three investigations into a new tourism policy should find its culmination in an Act to be promulgated early next year.

In the process, Trade & Industry and Tourism Minister Karl Dury's promise to bring the Travel Agency Board should become a reality because the 1983 Travel Agencies Act is due for the chopping block.

A DTI spokesman says the department is taking a closer look at the five Acts affecting tourism with a view to deregulating the sector. "A single, simplified tourism Act, which will include the remaining provisions of the five Acts (including the Travel Agencies Act), is being drafted and will be submitted as a Bill to parliament early next year.

The Board of Trade & Industry is also looking at the possible rationalisation of tourism bodies and the Development Bank of Southern Africa is examining new financing structures for hotels and tourism.

There is massive potential for growth in tourism to southern Africa in the Nineties and beyond if stumbling blocks - political and other - can be removed and all insurance can be stretched to cope with increasing demand.

FINANCIAL MAIL JUNE 22 1990
SA's five star hotels are set for a static year as the business sector continues to cut back on expenditure and, according to Sun International marketing director Ernie Jouhert, the industry does not foresee an increase in occupancy rates as the recession has resulted in a soft market.

Jouhert said his group's five star hotels were operating on an 80% occupancy level. Nationally, Sun International's revenue for five star hotel rooms increased 17% in the nine months to April, and food and beverage revenue increased 12%.

Central Statistical Service figures show room occupancy rates and income for five star hotels increased by 6.4% and 25% respectively for February 1990 compared with the same time in 1989.

Southern Sun group MD Bruno Corte said February was the height of the international tourist season. Foreign tourists accounted for about 20% of five star hotel income. His group's five star hotels were trading ahead of normal market share.
HOTELS AND TOURISM

Cape conundrum

Special pleading in the hotel industry has reached new heights now that there are three concurrent investigations into tourism.

Most of it appears to be focused on the Board of Trade & Industry investigation into rationalising the business with a view to offering government assistance to certain sectors to enable it to reach its "full potential." Deputy chairman Helgaard Muller says the report should be ready by the end of next month.

At best, hoteliers are hoping government will reinstate the generous tax incentives for new developments and refurbishments which were all but removed last year.

As an interim measure, Southern Sun group executive director Peter Hearfield suggests "the removal of GST on stock-in-trade items such as knives, forks and toilet paper."

Fedhasa CE Fred Thermann goes much further. He says SA needs an hotel credit development bank, similar to those formed in Europe 20 years ago to get tourism moving. Hearfield agrees: "If it worked for the European tourist industry, why not for us?"

The board is also investigating how to increase the number of foreign visitors. More than 1m should visit SA this year but many more would arrive in the November-February high season — provided sufficient accommodation were available in Cape Town.

Cape Town is a must on most overseas tourists’ itineraries but the city’s 52 hotels, offering 4 472 rooms, cannot cope with high-season demand. If foreign tourists can’t get accommodation in Cape Town in peak periods, most go to other countries.

The peak season accommodation crunch in the Cape is costing SA dearly. A total of 472 000 tourists visited SA in the high season in 1989 but travel agents contend at least 20% more, or 90 000, would have come had Cape Town been able to offer them summer accommodation.

One factor inhibiting Cape Town hoteliers from providing additional accommodation is the dramatic fall-off in occupancies during off-peak periods.

SA Tourism Board executive director Spencer Thomas accepts hotels have occupancy problems in the off-season. He says it’s clearly a problem that must be overcome before more hotels are built. Meanwhile, the board’s marketing thrust is aimed at selling SA in the winter months.

"Some new hotels have opened in Cape Town but the number of rooms added is insufficient to make a significant difference," says Thomas. A re-examination of the hotel development incentive package is said to form part of DTI’s brief.

Thermann is, meanwhile, pressing for an hotel and tourism data bank to be run by the board, his own organisation or the Cape publicity association, Captour. It would ini-

tially list hotels, rooms and beds available in Cape Town and could later be expanded nationwide.

"In season, one often cannot find a bed at any of the well-known hotels. But, by the end of the season, we find that suitable accommodation had been available at many lesser-known hotels," says Thermann. "So, while Cape Town was said to have been 100% full at the last high season, it was perhaps only 70% full."

Nevertheless, more accommodation should be available this year. The economic slowdown should ensure that many South Africans won’t go on holiday and others are likely to cut back on the length of their stay.

Hearfield believes government should help the sector resolve the Cape Town dilemma. "If it is concerned over our inability to meet peak season demand, it must make money available at low interest rates so that we can expand and still survive the off-peak periods," he says.

Gillian Saunders, hotel consultant with Horwath & Horwath, says it is unrealistic to expect hoteliers to invest vast sums to cater for high-season demand unless something is done to help fill rooms in the off-season.

Protea Hotels chairman Otto Stehlik says it’s unfair to point fingers at Cape Town because it cannot cope with peak-season demand.

"The current improvement in the market is leading to better use being made of hotels. But new developments will follow only once we can claim the infrastructure we have is viable — and we’re not there yet. Hotels that were running at a loss are only now beginning to show profits. But room rates are still too low to make the industry viable enough to build new units."

Hearfield puts the cost of building a 100-room hotel with one restaurant and a few conference rooms at R27m. "That’s without the land. Moreover, it takes five years after completion before it starts showing profits."

That’s why Southern Sun and Holiday Inn are spending R22m on refurbishments.

"But even upgrading is horrendously expensive — it now costs R17 000 to upgrade a bedroom, compared with R11 000 a few years ago," he says.
SUNBOP's 10th ... managing director Peter Wagner and Thabane Sun general manager Marc Vliehe

By CHARMAIN NAIDOO

THE R35,5-million Thabane Sun, designed and built by Sun International, opens tomorrow.

With investment capital put up by a Bophuthatswana parastatal provident fund, Sun International has leased the hotel and will manage it.

Built as part of a shopping complex 5km from Rustenburg on the road to Phokeng and Sun City, the Thabane Sun is the 16th hotel in Bophuthatswana to be built by Sun International.

Marketing manager Ernie Joubert says: "We are happy to lease the hotel - as we have done with the Molopo Sun at Mmabatho and the Naledi Sun at Thaba 'Nchu."

"Our investment is mainly in the moveable assets - including slot machines and furniture. Feasibility studies indicate that we will make healthy after-tax returns."

The 29-room hotel has a totalisator betting room, a slot-machine casino, an up-market restaurant, a fast-food coffee shop and conference facilities.

Mr Joubert describes the shopping complex-hotel as a "local market focus project". He believes the hotel will be used by businessmen travelling in the Rustenburg area.

"The slot casino will attract people from Rustenburg and Brits."

SunBop managing director Peter Wagner says: "It's an exciting hotel, built in Spanish style. It should prove a welcome addition to hotel amenities in the area."

"Its attractive restaurants and unusual gaming facilities will capture an entirely new set of customers who will find it convenient and relaxing."
Tourists are taking time to see the local sights

Tourists have always considered Johannesburg a gateway to SA, more than a destination in itself.

Yet Johannesburg Publicity Association executive director, David Appleton, says the number of bed nights spent in the city is rising.

"Johannesburg gets more international visitors, counted in terms of bed nights, than any other city in SA," he says.

"Only 13% go to Cape Town and 9% to Durban, as compared with 37% to Johannesburg!"

Although this may be accounted for by the fact that Johannesburg is the business capital of the country, he says the increase in the time spent in Johannesburg by the average visitor is an indication of the growing appeal of the city.

"The average stay of a visitor to SA is 16 days. In the past, a visitor averaged 1.8 nights in Johannesburg, which was regarded mainly as a place to get out of as fast as possible," he says.

But Johannesburg Sun manager Tony van Zantwijk says the number of international visitors has grown by 30% since last year.

Appleton says: "Our objective has been to increase the number of bed nights spent in the city by improving the facilities offered to the international visitor and making these known to him."

"In the past five years we have seen the average number of bed nights grow to 3.7 a visitor."

Wrong

He says the official figures on the number of international visitors to SA — which have been put at around 850 000 — are wrong, since 425 000 of these will have come from neighbouring states.

In addition these statistics count the visitor each time he enters SA via border posts in Lesotho, Swaziland or Transkei — which could happen several times during the course of one visit.

"Figures from hotels, transport organisations and tour operators indicate SA has some 150 000 overseas visitors annually — in other words, tourists who come to the country to spend money."

"Johannesburg attracts a healthy 37% of these," he says.

The city's major attraction is its shopping.

Carlton Hotel assistant GM Piero Farina says: "Johannesburg has the best shopping in SA."

The Carlton Centre is a big attraction — which will be enhanced by the extensions to what was formerly the dead-end of the centre.

In addition, pedestrianised areas such as Small Street Mall, have tremendous appeal, as do the Oriental Plaza and the malls at the Diagonal Street end of town.

"Johannesburg is a real African city — it's not just another sanitised Western centre like Sandton City," says Appleton.

"The mix of people, the pavement vendors, basket-sellers and the range of goods give the city a vibe that sets it apart and has tremendous exotic appeal to visitors."
Timeshare thefts

Bruce Davis was convicted in a Johannesburg Regional Court yesterday of stealing R78,138 from Southern Sun (Pty) between August 1988 and November 1989 by failing to deposit certain cash payments after selling timeshare units. The hearing was postponed to August 12.

Staff Reporter.
A delegation of the National Shebeeners Association will meet the chairman of the Liquor Board, Mr. Tommy Venter and the Minister of Law and Order, Mr. Adriaan Vlok, in Pretoria today, to discuss various issues, including "legalisation" of their trade.

Mr. Mutu Hulana, president of NSA, said many members had been harassed by the police.
AN independent research conducted by Markinor has revealed that nine out of 10 timeshare owners are satisfied with their time purchase.

The survey done on behalf of the Resort Condominiums International (RCI) investigated, among other things, the level of member satisfaction with the timeshare week purchased.

More than 89 percent of owners indicated that they were either "satisfied or very satisfied".

The survey also revealed that:

* Timeshare owners were on average English-speaking, with tertiary education, aged over 35, married with one or more children;

* Family income levels of purchasers were above R4 000 a month; and

* Only 34 percent of owners have Afrikaans as a home language.

Commenting on the findings, RCI's managing director Mr Bruce Ravenhill said the real benefits of timeshare had triumphed over the gloomy predictions made by some observers of the industry.

He said an increase in membership was also a reflection of the public's confidence in timeshare as the best holiday option.
Karos group lifts earnings by 61% to R8.5m

The Karos Hotel group, which lifted earnings by 61% to R8.5m in the year to March 31, is “constantly seeking new hotel and business opportunities”, chairman and joint MD Selwin Hurwitz said yesterday. “Several projects are currently being investigated.”

In spite of heavy expenditure on refurbishing and upgrading some of its hotels, including the Arthur's Seat at Sea Point, the group achieved operating profit of R13m on a turnover of R62.7m. Pre-tax profit was R9m and after-tax profit R8.2m. The interest bill was R1.7m.

Hurwitz pointed out that no meaningful comparison could be made with the previous year’s figures, since the hotel group was listed in July last year through a reverse takeover of New Bormica.

However, earnings per share had increased by 62% to 30.6c (19.1c). Net asset value per share had risen to R3.31 from R1.09.

The number of shares in issue has risen to 27.8m from 18m.

Hurwitz said the refurbishment of six hotels would reposition the group in the upper three and four star markets.

In addition to this, Karos had started several new projects during the year. The most exciting was the new R41m Karos Lodge on the Sabie River close to the Kruger National Park. This was opened in March and forward bookings looked promising.
FINANCE

Karos Hotels results cut by refurbishing

KAROS Hotels’ large funding requirements for the majority of its 13 hotels have eroded results to the point where earnings to March do not quite measure up to prospectus forecasts.

At its listing last July, directors forecast earnings of 35c a share. The actual results were just shy at 30.6c. A final dividend of 6c was declared, bringing the total to 12c a share and putting cover at 2.4 times.

With no directly comparable figures available in view of the group’s recent restructuring, turnover was R57.6m and operating profit R13.1m. Interest charges took a R1.8m bite, leaving attributable profits at R8.3m.

Chairman and joint MD Selwin Hurwitz said that although forecast earnings were not met, the performance was particularly satisfactory in view of the extensive refurbishing and upgrading programmes that took place over the year. Refurbishments were completed at the Karos Richards Hotel, the Karos Capital Towers Hotel, Karos Johannesburg and Karos Mont Aux Sources Hotel.

In addition, refurbishments have commenced and will be completed by September on the Karos Safari Hotel, Karos Manhattan Hotel, Karos Tranaco Hotel, Karos Bayside Inn and Karos Wilderness, Hurwitz said.

He said refurbishments worth R16m to the Karos Arthur’s Seat Hotel were due for completion in November.

Hurwitz said it was hoped the refurbishments would reposition the group in the upper three and four star markets, and expand the business client base.

Companies were finding that the best place to bring the emerging black management into contact with their white colleagues was the hotel environment.

To that end, he said Karos was expanding on its conference facilities in all its hotels. In particular, considerable extensions were being planned for the recently acquired Indaba Hotel and Conference Centre.

During the financial year Karos acquired shares in Polana Hotels Limited which in turn held a 69-year lease over the Polana Hotel.

Hurwitz said the Polana was undergoing a revamp worth R16m and was already running at 80% occupancy.

In addition, the group was looking for new hotel and business investment opportunities, said Hurwitz.

An existing hotel in Stellenbosch was currently under consideration, as well as the building of hotels in Port Elizabeth and Durban. The R21m Karos Lodge was completed and opened in March.

He said that although borrowings would increase as a result of the acquisitions and refurbishments, gearing would remain at acceptable levels.

“We are comfortable at 63.6% knowing our properties are undervalued,” he said.

On the balance sheet, Karos showed a current ratio of 0.61, and interest bearing debt was at R6.6m. However, total assets were at R166.3m.
Profits drop out

Activities: Retail and wholesale liquor distributors.
Control: Directors have control.
Chairman: S R Berk; MD: J E Miles
Capital structure: 50,000 ords. Market capitalisation: R17.5m.
Share market: Price: 36c. Yields: 9.3% on dividend; 17.6% on earnings; p/e ratio, 5.7.
12-month high, 46c; low, 30c. Trading volume last quarter, 467,000 shares.

Year to Feb 28

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The past financial year is one that Sam Berk, Drop-Inn’s chairman and principal shareholder, would prefer to forget. It brought to a head two major problems as a number of his senior executives abruptly walked out of the company and as revenues were hammered by a big theft ring in the Johannesburg Benny Goldberg’s outlet.

While turnover recorded a 13% improvement, it was principally the influence of these factors that resulted in the 23% drop in pre-tax profit. Non-recurring expenses of R248,000 were involved in legal and severance fees attaching to the management departures. And Berk reckons the thefts at Benny Goldberg’s cost the company more than R1m. But for these set-backs, Berk says, the results would have presented a far healthier picture.

The drop in profitability effected both return on shareholders’ equity and return on capital. Nevertheless, the financial structure of the company remains sound. There is no long-term debt and short-term bank borrowings of R9.3m are well covered by accounts receivable of R4.9m together with reduced stock holdings of R19.7m. Accounts payable have been reduced to just R7.3m (R12.8m) and this reduction almost entirely accounted for the increase in overdraft finance. Clearly, Berk must have obtained good discounts from suppliers to make the cost of short-term bank finance worthwhile.

While the retail trade in general is suffering from recession and austerity measures, Berk believes the liquor trade is not seriously affected. After the first quarter, Drop-Inn’s sales were 30% up on last year and showing a bottom-line increase of about 20%.

Drop-Inn group
Nightclubs focus on teenage drinking

By JOSHUA RABOROKO

THE South African Nightclub Association has called a meeting in Johannesburg next Tuesday to discuss the escalating number of schoolchildren, especially those under the age of 18, who patronize drinking places.

An executive member of the association, Mr Brian Bantsheke, yesterday said that they were concerned about violent incidents, robberies and other crimes that take place at nightclubs, taverns and shebeens involving youths.

He said: "Much as our businesses are not doing well because of inflation, unemployment and other problems facing our black communities, we feel strongly about the youths who drink at these places.

"Most of them - boys and girls - drink liquor and whenever under the influence resort to violence, sometimes causing damage to property."

"The situation often becomes intolerable and when remonstrating with them and owners have been attacked," he said.
Sun hotels gear for strike

SOUTHERN Sun hotels are expecting strike action to start next week and have begun to hire housewives, students and hotel school trainees, said the company's industrial relations manager Carl Ludick yesterday.

The official results of the strike ballot will be made known this weekend, Mr Ludick said, "but it seems there will be a majority vote in favour of strike action".

The strike is expected to involve 4,500 workers and to affect 42 hotels countrywide.

There was unofficial confirmation of this from the South African Commercial, Catering and Allied Workers Union (Sacawu).

The key issues are wages and the instalment of casual workers as union members, according to the union.

Management is offering a R100 increase on its minimum monthly salary of R500, and the union is demanding a minimum of R600, and an across-the-board increase of R150.

The union also wishes to address so-called "racist canteen facilities".
SERVICES SECTOR

Accommodation, Liquor & Catering - General

1990

August - Dec.
Soaring costs cut hotel expansion

PRETORIA — Soaring costs are undermining the country's hotel industry at a time when it should be expanding to cope with the expected sharp rise in foreign visitors, Fedhassa executive director Fred Thermann said yesterday.

This was dramatically illustrated by the latest profit performances and other statistics affecting the hotel industry. According to the Central Statistical Service the net profit of hotels throughout the country increased by 16.7% in the first quarter of the year to R37,023m compared with January-March last year.

Thermann said when inflation of at least 15% was taken into account the figures represented a virtual standstill in the hotel trade.

However during the three months there was a spectacular increase in capital spending by hotel groups.

Receiver has several VAT problems

PRETORIA — Procedures and problems associated with the introduction of VAT were discussed at a top level meeting of Receivers of Revenue at Warmbad last week, Inland Revenue commissioner W J Hattingh said.

The staffing problem associated with switching GST to VAT was also on the agenda.

However, not discussed was the black taxi tax drain which, according to authorities' estimates, is costing the country several hundred-million rand a year, he said.

Hattingh said his directorate was looking closely at the problem. He declined further comment.

Other sources said the number of black taxis plying between townships and work areas was between 50,000 and 70,000.

It is estimated that gross earnings of the industry exceed R2bn.

However, the SA Black Taxi Association (Saba) claims the tax loss is exaggerated and that the high costs of maintenance of vehicles, as well as their initial cost, has not been taken into account.

Saba also claims that the majority of black taxi operators have income falling below the taxable level.
‘Timeshare owners satisfied’
SURVEYS undertaken by timeshare companies have shown that nine out of 10 timeshare owners are happy with their purchase.

According to a recent Marknor study, 89% of owners say they are either satisfied or very satisfied with their purchase.

RCI MD Bruce Ravenhill says: “RCI figures reflect this continuing positive trend. During 1989 some 36,000 weeks of timeshare were sold with a value of R172.8m in sales.”

“Total new member enrolments for the first six months of 1990 have reached 11,114, representing average sales of 1,859 weeks to first-time buyers of timeshare each month.”

RCI’s enrolment figures for the first six months have shown a decrease of about 12% over the same period in 1989, but Ravenhill believes these figures are “an encouraging endorsement of the acceptance of timeshare, in spite of the depressed state of the economy.”

Timeshare company H Lewis Trafalgar MD Fiona Connell agrees with the survey.

She says if a purchaser is not happy he can sell his stake. Although timeshare marketing has sometimes come in for negative criticism, she says some companies give purchasers “a cooling-off period” before a contract becomes binding.

“The industry has done a dramatic amount of cleaning up in that developers and marketers who are not part of the SA Property Owners Association (Sapoa) will not have the same credibility as those who are,” she says.

Ravenhill says the Cape resorts represent the highest volume of timeshare sales, followed by inland resorts.

Cape enrolments include sales from Garden Route resorts and extend through the Peninsula to the west coast areas of Langebaan and Port Owen.”
Transun embarks on R100-m expansion

By Ann Crotty

Transun is planning a R100 million expansion of its Wild Coast operation over the next two years. The primary objective is to increase the number of day visitors to the resort, which will be helped by the completion of the motorway between Durban and the Wild Coast.

As Transun generates a massive cash flow, funding the operation can be done with minimum borrowings and without pushing gearing above management’s own guideline of 60 percent. During each of financial ’91 and ’92 years some R50 million will be devoted to the expansion programme.

The additional facilities will include a new hotel, new restaurants, an enlarged casino, a massive new parking area, and extensive new leisure activities.

The decision to invest in the Wild Coast highlights the importance of this operation to Transun. It also highlights the fact that this northern region of Transkei is by far the most attractive for casino/leisure type developments because of its proximity to Durban and the south coast.

In the Umtata Supreme Court settlement early this year, the Transkei government guaranteed exclusive gambling rights to the Wild Coast casino until July 1998 but said that the central and southern divisions were immediately open to competition.

The Cabana will have 150 rooms, bringing the total to around 550. As Transun chairman Ken Rosevear points out, occupancy at the Wild Coast has consistently been running at around 80 percent (79 percent in financial ’90), “In practical terms this means that accommodation is generally at capacity and makes the addition of extra accommodation an important priority.”

The new facilities are designed to take advantage of the increasing population in Durban and its hinterland. And also of the extensive residential development along the south coast.

According to Mr Rosevear the resort already receives one million day visitors each year and at peak periods operates at near maximum capacity: “In order to cope with a new influx facilities for day guests will have to be substantially enlarged and improved, particularly if we are to maintain the high levels of service and standards which are our trademarks.”

Management’s plan involves a forecast of an estimated additional 100,000 day visitors to the resort each year.

The announcement of the R100 million expansion was made at the same time that Transun released its financial ‘90 results, which were significantly constrained by the unrest in the Natal region. Management is expecting only marginal growth in financial ’91.

For the 12 months to June Transun reported a pedestrian 10 percent increase in earnings to 24.1c (31.1c) a share. A dividend of 25.5c (33.5c) will be paid for the full year, which means that dividend cover is unchanged at 1.3 times.

Mr Rosevear says the expansion programme will not necessitate an increase in this level of cover. This reflects the strong cash flow generated and the fact that management is unlikely to want to squeeze the dividend flow to shareholders, a major one of which is the Transkei Development Corporation.

Turnover was up 12 percent to R163 million (R145 million), but operating profit was up only two percent to R64 million (R62.5 million). This was attributed to the difficult trading conditions with a significant slowdown in consumer spending, the unrest in Natal and labour disputes. In the last quarter of the year Transun had to pay a 7.5 percent gaming levy — compared with the previous five percent levy.

The company earned R5.3 million from interest — up sharply on financial ’89’s R1.6 million. This was in line with its strong liquidity position and the high interest rates. At end-June Transun had cash of R70 million.

The interest income lifted the increase in pre-tax profit 10 percent — to R69.1 million (R63 million). Attributable earnings were R49.4 million from which an extraordinary amount of R1.5 million was deducted. This amount arises mainly from the write-off of goodwill relating to Transgames which will be amortised equally over the four years to end-June 1993.
R100m expansion for Wild Coast Sun

Own Correspondent

JOHANNESBURG. — A R100-million expansion plan for the Wild Coast Sun Resort, on Transkei's northern border with Natal, and which will include a new hotel and an enlarged casino, was announced here last night.

First phase of the expansion will comprise substantial additions to the day visitors' facilities, and the expansion of the casino.

There will also be a "state-of-the-art" entertainment area for all age groups.

The new accommodation will increase the number of bedrooms to more than 500.

Transun chairman Mr Ken Rosewear said improved road access from the south coast of Natal projected an increase in day visitors, already running at about one million a year, by another 10%.

The new hotel is expected to be ready by the end of 1992.
COMPANIES

Transun figures edge up 10%

TRANSUN'S attributable earnings improved a modest 10% to R484m (R444m) in the year to end-June as a lower day visitor rate and higher gaming levies brought results down.

In the past year, the number of day visitors suffered as a result of harsher economic conditions and the unrest in Natal, Transun chairman Ken Rosevear said yesterday. "But room occupancies held up. The hotel had an average room occupancy of 80% for the year, in line with that attained last year but higher than room occupancies attained by the hotel industry in SA."

Gaming levies paid to the Transkei government rose from 5% to 7.5%. A total of R68m (last year's figure was R44m) was paid to the government this year.

A final dividend of 12.5c a share was declared, bringing the total to 35.5c (23.5c) on earnings of 34.1c (27.8c) a share.

Cash in the bank totalling in excess of R70m (R84m) helped to offset negative trading conditions, Rosevear said.

"We forecast marginal growth next year, but with the expansion, we believe we will be well placed to take advantage of any resurgence in the economy," he said.
Casinos ‘unlikely to be shut’ if homelands reincorporated

By ROBERT LAING
TRANSKEI Sun International (Transun) has obtained exclusive gambling rights in northern Transkei until 1998 in exchange for the government’s gaming levy increasing to 7.5 percent from 5 percent in March.

Chairman Ken Rosevear, speaking yesterday at the release of Transun’s financial report for the year to end-June, said: “We foresee gaming rights being retained if the Transkei is reincorporated into South Africa.

“Transun paid about R50-million to the Transkeian government last financial year — revenue that any future government would presumably want to keep.”

The Transkei government presently owns 29 percent of Transun.

Rosevear said locating casinos in outlying areas was an international practice and would be kept if the homelands were disbanded.

To prove its confidence, the group is embarking on a R100-million expansion programme to the Wild Coast Sun casino and entertainment facilities.

Transun said the past year had been difficult because of labour disputes, a slowdown in consumer spending and unrest in Natal.

Its operating profit of R64,0-million was only 2 percent higher than last year (R62,4-million).

Rosevear would not divulge what percentage of the group’s profits was generated by its casino.

The attributable earnings of R49,4-million translate into 34,1c earnings a share (31,1c).

A final dividend of 12,5c a share was declared.

Because of the higher gaming levy, depressed economic activity, a deteriorating rand and high interest rates the group forecasts only marginal growth this year.

The first phase of the expansion project is scheduled for completion by December 1991 and the second phase by December 1992.

The project includes an under-cover car park that can double as open-air sporting arena.

A fun-fair to entertain children while their parents get down to serious gambling at the enlarged casino is to be built.

The Wild Coast Sun had an average room occupancy level of 79 percent last year — high by local standards.

Rosevear expects more than 100 000 visitors a day when the new South Coast highway is completed this year.

The number of hotel rooms will increase from 400 to 550.
Forbidden paradise opens to S Africa?

CHRIS MOERDyk

SOUTH African jet-setters could soon have another exotic island paradise opened up to them if President F W de Klerk and Foreign Minister Pik Botha succeed in normalising relations with the Malagasy Republic during their visit to Madagascar this week.

It is also believed that the visit might put the seal on landing rights on the island for SAA which earlier this year was granted overflight rights by the island government.

While President de Klerk's reform initiatives are seen to be the major motivating factor in Malagasy's about face on South African ties, the small republic - the 11th poorest nation in the world - recently set in motion an ambitious tourist development plan in order to boost the local economy. And it clearly sees South Africa as a nearby and lucrative source of revenue.

Watershed decision

Four weeks ago Saturday Star reported on the Malagasy government's watershed decision to renew ties with the West and plans by the third-largest hotel group in Europe, Pullman International, to build no fewer than 10 new hotels on the island. This week, Beachcomber Hotels, which hosts about a quarter of the 40 000 South Africans who visit Mauritius every year, confirmed that it is to build three new hotels on Madagascar.

The five-star 412-bed Royal Tana Hotel will be built in the Malagasy capital Tananarive and is scheduled to open in October 1992. Two Beachcomber group seaside resort hotels will open in the Diego Suarez area in 1994 and 1995.

According to Beachcomber commercial director Robert de Sperville, the major markets for Madagascar are expected to be France, West Germany, Switzerland, Italy and South Africa.

"Madagascar has immense tourist potential, thanks to its rich cultural background, diversity of scenery, magnificent forests and unspoilt beaches and lagoons," he said.
Getting ahead with a hard hat: SunBop's Sol Kerzner and Bophuthatswana president Lucas Mangope at a sod-turning ceremony for the R650 million development of The Palace in the Pilanesberg last week. The Palace, part of Sun City, will house 3,000 guests. It will be set in artificially created jungle and will be the biggest single hotel development in southern Africa.
SunBop

surpasses

forecasts

Finance Staff

Results from Sun International Bophuthatswana (SunBop) for the
12 months to June have surpassed
most expectations.

Turnover of R527 million was
26 percent ahead of those for the
previous year. Operating profit of
R180 million was 30 percent up.

The lower operating margin
was mainly due to the higher rate
of gaming levies applicable at
certain major resorts, which have
now reached the maximum legis-
lated.

Enhanced tax allowances relating
to hotel buildings and fixed
plant resulted in a lower effective
tax rate of 30 percent.

Attributable earnings grew 38
per cent to R157 million and earn-
ings per share at 145.2c were 33
per cent up.

The group had an annual av-
erage occupancy of 80 per cent—
16 percent higher than that of
3, 4- and 5-star hotels in SA.

A final dividend of 63c has been
declared, bringing the total to
206c per share (75c the previous
year).

Difficult trading conditions of
recent months are unlikely to im-
prove significantly in the coming
year, the directors say. The group
nevertheless expects a reasonable
improvement in earnings, al-
though at a more moderate rate.
Value of SI building projects increases R118m to R1,1bn

Mandy Jean Woods

CASSINO resort and hotel giant Sun International is to begin an R18m expansion and refurbishment of its Mmabatho Sun hotel before the end of the year, bringing to R118m the value of new constructing projects announced this week.

Sun International (Bophuthatswana) (Sunhop) also announced a 38% increase in attributable earnings to R157.4m (R114.5m) and an equal rise in earnings a share to 145.2c (105.6c) for the year to end-June, reaffirming its blue chip status and its ability to buffer tough economic times.

Rosewar said Sunhop’s results were “outstanding, especially if compared to the industry as a whole, and matched half-year forecasts.”

The company has had average annual compound earnings growth of 32% a year in the past 10 years.

A final dividend of 63c a share was declared, bringing the total dividend for the year to 108c (78.5c), a 38% increase.

Turnover of R626.5m was reported, 28% ahead of last year’s R491.1m, resulting in a 20% increase in operating profit to R190.4m (R159.2m).

The lower operating margin was mainly due to the higher rate of gaming levies applicable at certain of the major resorts which have now reached the maximum legislated,” Rosewar said.

Enhanced tax allowances relating to hotel buildings and fixed plant resulted in a lower effective rate of taxation of 30%.

Holding company Kersa’s results which are due out today are expected to reflect its subsidiaries’ good fortunes.

Interisuro last week reported a 10% increase in attributable earnings and Transun a 14% increase.

Sunhop is the largest of the subsidiaries in the Kersa group.
Sun City has ‘political buffer’

SUN CITY's ability to foster a profitable regional tourist industry as a result of its fame as one of the world's most luxurious and imaginative resorts would hopefully buffer it against detrimental political changes in the region, Sun International (Bophuthatswana) (Sunbop) chairman Sol Kerzner said at the weekend.

In an interview at a ground-breaking ceremony to mark the beginning of construction of the R500m Lost City project at Sun City, Kerzner said he believed the changes taking place in SA were encouraging for the whole region.

Two factors, he said, favoured continued development by Sun International (SI) in Bophuthatswana — political changes in SA and already had a positive effect on negative perceptions abroad and regionally; and the expansion at Sun City would serve as an added attraction for tourists and boost its international image.
Kersaf increases earnings by 22%  

KERSAF Investments, a holding company with major interests in hotel group Sun International, cinema, film production and restaurant group Interleisure and Kersaf Liquor, improved its attributable earnings by 22% to R140.5m (R115.4m) in the year to end-June.

Kersaf chairman Buddy Hawton said yesterday he was pleased with the results particularly those of Sun International which reported a 33% increase in attributable earnings for the year.

The 23% increase in casino levy was also pleasing, he said.

A final dividend of 66c (57c) was declared, bringing the total dividend to 115c (96c) a share, a 21% increase.

Mandy Jean Woods

An extraordinary loss of R3.9m was incurred, the net result of the loss on the closure of Sun International’s Comores operations and the profit realised on the sale of the investment in Southern Sun Holdings.

Turnover rose 19% to R1,46m (R1,38m) and operating profit improved 20% to R456,6m (R383,4m) despite the slowdown in consumer spending and unrest.

“Our offshore interests came through strong this year as well and, depending on the rand/dollar exchange rate, should do well next year,” Hawton said.

To Page 2

Kersaf  

In the year to end-June, interest-bearing debt fell to R201m (R224,4m) with the debt-equity falling to 17% (23%).

Trading conditions are expected to be tough in the coming year with economic activity depressed, interest rates high and the labour situation difficult. However the group expects further earnings growth.

Sun International (Bophuthatswana) and Sun International (Transkei) should continue to show growth, Hawton said.

Interleisure would probably show a more modest increase next year compared with the 14% increase in attributable profits it reported last week as new tax legislation for film production took effect.

“Ster-Kinekor, which showed a 13% increase in cinema attendance, should do well.” He said there had been a large increase in black attendance at cinemas. The group was looking at taking cinemas into black areas or catering for those coming to cinemas in white areas.

This would be an important trend in determining Ster-Kinekor’s growth over the next few years, he said.
High hopes for Spurhold

SPUR Holdings (Spurhold) directors are anticipating a substantial increase in earnings a share and dividends in the current year to end-February, chairman Allan Ambor says in his latest annual review.

Their optimism is based on the continuing success of the group's export activities and the value of the rand hedge, coupled with the returns from its re-entry into direct retail restaurant activity, he says.

Spurhold, with a 40% holding in Spur Steak Ranches (Spur), posted earnings of 12,38c (12c) a share during the period under review on turnover which fell to R4,22m from R7,5m. Dividends of 10,75c (10c) were declared.

Ambor says while the past financial year has been a difficult one for many SA companies, Spurhold saw the first "glimmers of success" in its quest to establish an overseas export market.

It also returned to, and set in motion, its philosophy of equity participation in direct retail restaurant activities and concluded the development of the initial phase of its fast food franchise.

Insofar as the financial results are concerned, the increase in dividend to shareholders may, to some, look disappointing when viewed in isolation.

"If viewed in the context of the medium term development activities and infrastructural reorganisation which occurred during this transitional period, the overall result in terms of cash dividend, share growth and enhanced long-term potential comes together as a much more stimulating picture."

Commenting on Spurhold's export activities, Ambor says the group achieved "some success" in penetrating a very competitive EC market towards the end of the financial period.

The first three shipments of catering equipment have been successfully manufactured and despatched, and directors are optimistic that substantially increased orders will be forthcoming throughout the year.

With the continued strength of EC currencies against the rand, Spurhold's export activities will produce "a steady flow" of foreign after-tax profits, which will be utilised for dividend distribution and further expansion into export markets.
SunBop gives boost to Kersaf

By Ann Crotty

Strong performances by SunBop and Royal Resorts enabled Kersaf to report a 23 percent hike in earnings for the 12 months to June.

The increase, in line with market expectations, took attributable earnings to R140,2 million, equivalent to 187c (153,8c) a share.

A final dividend of 66c (57c) has been declared, bringing the total to 116c (86c).

Turnover was up 19 percent to R1,5 billion (R1,3 billion).

Operating profit rose 20 percent to R46,6 million (R36,2 million). A hike in net interest income lifted the increase in pre-tax profit from R375,7 million to R465,1 million.

At the attributable level, listed subsidiaries contributed R90 million of the total R140,2 million.

The listed entities include a 39 percent stake in Interluse and an 89 percent stake in Sun International.

The former reported a 44 percent increase in attributable earnings to R35,3 million, with Kersaf taking a 39 percent stake of this — just under R14 million.

Sun International, in turn, comprises a 41 percent stake in SunBop, 53 percent of Transun and, until end-May '90, a 21 percent stake in Southern Sun.

In addition, there is an unlisted Royal Resorts and various Southern African hotels and casino.

The star performer overall was SunBop, with a 38 percent surge in attributable profit to R157,4 million. Kersaf's share of this is around R51,6 million.

Transun reported a 10 percent increase in earnings to R49,4 million, with R21 million of this going to Kersaf.

Southern Sun's contribution was not much more than R4 million and was for the period to May 23, from which date the sale of Sun International's 21 percent stake to SAB was effective.

Kersaf's unlisted interests include 100 percent of Kersaf Liquor, Sim International's Royal Resorts and the Southern African hotels.

Kersaf's chairman Buddy Hawton won't be drawn on specific contributions, but says the bulk of the balance came from Royal Resorts: "The offshore operation made a very meaningful contribution and reported a substantial increase."

The directors refer to an extraordinary loss of R3,9 million incurred during the year. This does not appear in the income statement as it was deducted from shareholders' funds.

The amount is the net result of the loss on the closure of operations in the Comores and the profit realised on the sale of the investment in Southern Sun.

Sun International's 21 percent stake in Southern Sun was sold for R71,6 million.

Kersaf received R57 million of this and Mr. Hawton says the profit element on the sale of the shares was R22 million.

This means Kersaf took a R25 million loss on the closure of the Comores operation.

The balance sheet at end-June shows gearing down from 23 percent to 17 percent, reflecting the strong cash flow generated by subsidiaries.

Capital commitments have shot up to R1,18 billion from R77 million, the bulk of it accounted for by planned expansion at Sun City, Babaegi and Transun.
Kersaf ups earnings by 22%

By MANDY JEAN WOODS

KERSAF Investments, a holding company with major interests in hotel, group, Sun International, cinema, film production and restaurant group Interleisure and Kersaf Liquor, improved its attributable earnings by 22% to R140,2m (R115,4m) in the year to end June.

Kersaf chairman Buddy Hawton said yesterday he was pleased with the results particularly those of Sun International which reported a 39% increase in attributable earnings for the year.

The 23% increase in casino levies was also pleasing, he said.

A final dividend of 66c (96c) was declared bringing the total dividend to 116c (96c) a share, a 21% increase.

An extraordinary loss of R3,3m was incurred, the net result of the loss on the closure of Sun International's Co'nores operations and the profit realised on the sale of the investment in Southern Sun Holdings.

Turnover rose 15% to R1,6bn (R1,5bn) and operating profit improved 20% to R241m (R200m) and although consumer spending and unrest threatened strong this year as well and, depending on the rand/dollar exchange rate, should do well next year," Hawton said.

In the year to end June, interest-bearing debt fell to R201m (R224,4m) with the debt/equity falling to 17% (22%).

Trading conditions are expected to be tough in the coming year with economic activity depressed, interest rates high and the labour situation difficult. However, the group expects a further earnings growth.

Sun International (Bophuthatswana) and Sub International (Transkei) should continue to show growth, Hawton said.

Interleisure would probably show a more modest increase next year compared with the 14% increase in attributable profits reported last week as new tax legislation for film production took effect.

"Ster Kinekor, which showed a 13% increase in cinema attendance, should do well," he said there had been a large increase in black attendance at cinemas. They were looking at whether to take cinemas into the black areas and cater for those coming to cinemas in white areas.

This would be an important trend in determining Ster Kinekor's growth over the next few years, he added.
Members deny it has anything to do with a recent racial incident

By ANDREA WEISS
Staff Writer

CONTOVERSY surrounds a move by a group of young McGregor farmers to establish a private club for themselves in the town, denominating the traditional watering place at the local hotel.

Supporters of the hotel believe the move was prompted by a racial incident in the hotel's bar two months ago, but the club members maintain that they are only trying to provide some entertainment for young farmers in the area.

Chairman of the new club Mr. Japie Oosthuizen said their plans had been in the pipeline for more than a year.

Wives can come along

Of the allegation that the club had its origins in a racial incident, Oosthuizen said, "There's absolutely falsehood. It's purely a social club. There is not so much to do here as in the city and there is a stigma attached to going to a hotel while your wife sits alone at home. At the club, the wives can come along and there are braai facilities and a swimming pool which the hotel can't offer."

The local hotelier, who was reluctant to be named, believes the club has its origins in an incident a few months ago.

She maintained that a group of farmers stood up and left her bar when two colored men entered and were served there. However, another source said the men were known to be troublemakers and the group was trying to avoid an argument.

Local garage owner Mr. Norman Schulte, who still patronizes the hotel, said he believed the farmers did not wish to sit "shoulder to shoulder" with their laborers and lose authority in the workplace.

Constitution

Former actor Mr. Johan Nel, who recently settled permanently in McGregor, said of the hotel: "This has been a gathering place for a while. It's not until the end of March that the hotel was opened. Nobody bothered about forming a club and then all of a sudden all the noise."

But Mr. All Crous, who has helped draw up the club's constitution, contested the view that racism had anything to do with the move. He said he had specifically advised the young farmers not to have anything to do with race or politics in the constitution.

He said the club was intended to be a darts and pool club possibly expanding to rugby. It would also serve as a social gathering point for the wives.
Karos to focus on consolidation

KAROS Hotels would end its refurbishment programme in November, focus on consolidating, chairman Selwin Hurwitz said recently.

"In the group's latest annual report, Hurwitz said 25% of the group's total rooms and facilities were unavailable from April last year to March this year because of refurbishment.

During the past financial year, Karos Hotels acquired the Indaba Hotel from First National Bank for R22m and a 33.3% stake for R2.25m in the Mozambican company that holds a 60-year lease on the famous Polana Hotel in Maputo, as well as the management contract worth $324,000 annually.

It also acquired a 33% stake in Namib Etoha Tourism Group and opened the R11m Karos Lodge and Timeshare Resort.

"The decision to embark on a major expansion project to meet both local and foreign market needs had affected short-term profits. However, the long-term benefits would fully justify this action. Hurwitz said the first four months of the current financial year had been "extremely tough but we hope the next eight months will be much better". He said they believed shareholder benefits would be substantial.

During the next year, it was hoped at least five of the group's hotels would be upgraded to four-star ratings."
Scent of success

Aroma Liquor Holdings' hotel division seems set for a record year, with additional accommodation of 50 rooms and conference facilities now fully operational at the Bruckensfell Aroma Protea Inn.

Chairman and MD Mike Kovensky says public response to the new facilities is favourable despite current economic conditions. The expansion in hotel and conference facilities may help to protect earnings from keen competition in the liquor industry. A two-month delay in completion of the hotel expansion hampered operating income owing to loss of potential business over the peak summer season. Set-up and related costs also eroded income.

Trade & Tourism Minister Kent Durr's announcement in May of the abolition of the...
Back to the screen

The movies are still an affordable luxury but enthusiasm for trips to the tables of far-flung casino resorts is being tempered, as reflected in Kersaf’s results for the year to end-June.

But, while tight economic conditions will continue to restrain the group’s growth this year, expansion plans at the resorts and the return of day-trippers should set the wheels spinning again.

Kersaf’s operating profit rose 20% on a 19% turnover advance compared to the 1989 fiscal year. Attributable earnings were boosted by interest earned on the cash pool and a slightly lower tax rate. These results reflect the performances of listed subsidiaries Sunbop, Transun, Interleisure; unlisted resort hotels in Ciskei and neighbouring states; Riviera International; Kersaf Liquor and the group’s offshore interests.

Turnover and operating profits of both Sunbop and Transun were restrained by declining consumer expenditure and also by a fall-off in the number of day-trippers because of unrest in surrounding areas, particularly in Natal. A rise in gaming levies and labour disruptions at both resorts placed further pressure on margins. Room occupancies were high — 79% in the Transkei and more than 80% in Bophuthatswana. Sunbop’s operating profit rose 20% but Transun only managed a 2% increase.

The other side to the coin of tight trading conditions is high interest rates and the cash-flush casino resorts benefit from this. Transun earned net interest of R5.1m (R0.5m) and Sunbop R34.14 (R14.4m). And with lower effective tax charges, Sunbop and Transun lifted their earnings by 38% and 10% respectively.

Interleisure only reported a 3% turnover rise, but the directors point out that 43 company-owned food outlets were franchised in 1989 and an additional 18 in May and two “minor operations” in the sports division were sold — on a comparable basis turnover rose 13%. Ster-Kinekor and the related service division escaped the effects of declining consumer spending, with cinema attendance rising 13%. The retail operations, and particularly the sports division, felt the impact and Interleisure’s EPS rose only 11%.

Kersaf CE Buddy Hawton says the unlisted resorts performed satisfactorily and produced better trading results. Per share earnings of Kersaf not attributable to the listed subsidiaries increased 17%, from about 47c in the 1989 year to 55c.

This year, conditions such as those experienced since February 1990 are expected to continue. Growth at Sunbop and Transun will thus ease, but of the unlisted companies, only Sunbop will produce positive real growth. Costs continue to rise and the higher gaming levies will apply for the full year.

The R1bn additions to the Bophuthatswana resorts and the R100m expansion announced this week for the Transkei operation is expected to meet demand for accommodation and provide for a greater stream of day-trippers. Roads to Mzamba and to Sun City are being upgraded, which will reduce travel time and avoid potential unrest situations.

Some investors may well be concerned about the risk attached to these large investments now. Management, for its part, attempts to allay fears about possible loss of exclusive gaming rights at the resorts in the “homelands”, and of the threat of greater government participation. They point out local governments already have very large stakes in the operations; in Transkei, 43% of value-added accrued to government in dividends, taxes and levies.

The difficult economic conditions and a higher effective tax rate are expected to limit Interleisure’s earnings growth in the 1991 year but its longer-term growth looks promising.

Kersaf’s results will merely reflect the lukewarm prospects for its subsidiaries. Chairman Buddy Hawton merely offers the cautious prediction of “further growth in earnings in the year ahead.”
Call for casinos ‘within SA’

JOHANNESBURG. — The country’s hotel industry has come out firmly in favour of casinos within South African borders.

In a statement here yesterday, the industry’s representative body, Fedhassa, said the issue had again become pertinent in the light of possibly reintegrating the TBVC countries into the Republic.

Should this occur, says Fedhassa executive director Mr Fred Thermen, the existing casinos in the so-called homeland areas would effectively become casinos within South African borders.

“It would be totally impractical and financially disastrous to insist upon the closure of these facilities, which represent multi-million investments and which generate employment and wealth.”

At the same time, however, it would not be equitable to continue to ban casinos from cities such as Cape Town or Durban, “thereby giving unfair preference to some existing casinos”.

Hundreds of thousands of South Africans had frequented casinos across the borders over the past decade and there could no longer be any moral arguments against opening such facilities in South Africa itself. — Sapa
Safety in campus pubs

By JOHN VILJOEN
Staff Reporter

RESIDENCE pubs provided safe social recreation venues, said University of Cape Town student leaders.

They were commenting on a UCT application for liquor licences for pubs in 14 residences — a move which has provoked protest from some Rondebosch and Rosebank residents. But said the students, the pubs were meeting places with a long history and where behaviour was strictly controlled.

"They are good places to socialize, especially as they bring first-year students into contact with seniors," said Smuts Hall head student Brad Rutherford.

Students who used the pub in his residence were well behaved, he added.

If the new regulations were properly enforced, the public would have no problems.

Driekoppen head student Roger Vineall said it was safer for students to drink in a residence.

"If a guy drinks too much he can crawl up to his room, rather than perhaps getting killed on Main Road," he said.

These pubs were social gathering points and played an important role in residence life, he added.

Glen head student Kaiser Ntsihomboni commented: "They are a place for students to get together and an important form of recreation."

Residents of Rondebosch and Rosebank had little cause for concern as student behaviour, at his residence's pub was generally acceptable, he said.

Another head student said there had been no alcohol abuse by students at his residence.

Students should have a pub in their residence as he had found that not all bars near UCT welcomed blacks.

"It's a bit problematic for students to go to the townships and there have been incidents of students being attacked in Rondebosch, so I think it is better to have a pub here," he said.
Sanctions

by Kiwi MP
Recession hits hotels

Weekly Mail Reporter

The recession has hit the hotel industry hard. Always a barometer of economic conditions, the industry reports a 9.5 percent decline in occupancies in May compared with May 1989. Every category except five-star hotels was affected.

The May returns for the industry confirm the trend since the beginning of the year and the January to May moving average for room occupancies is down 4.6 percent overall compared with 1989.

The biggest drop in May of 16 percent was experienced by hard-pressed, one-star hotels.
Making the big play

The Federated Hotel, Liquor & Catering Association of SA (Fedhasa) plans to ask the government to allow casinos in SA. But, as a sop to a non-resident member, Sun International, it doesn't want government to close any casinos in the independent homelands if they are re-incorporated into SA.

This pitch was prompted by a resolution at Fedhasa's annual congress last month. The association will also lobby for the repeal of the Sunday Observance Act which, it says, is hurting tourism.

Fedhasa has supported the call for casinos for five years. It would like to see at least one in Durban. "Where hoteliers are complaining that they're being hurt by casinos in Swaziland and on the Wild Coast," says executive director Fred Ther mann.

He adds: "The law should be the same for all. We know we'll run into flak from church groups and others but we can see no reason why casinos should be allowed in the TBVC countries and not in SA."

He suggests that, to appease objectors, the State should use gambling taxes to finance health services and social programmes. "That's the way it's done overseas."

Fedhasa Natal chairman Alan Gooderson is foursquare behind Ther mann. "We believe Durban should have casinos. Tourism is down there but gambling groups are recording record profits in TBVC countries. That's unfair trading. It will certainly be unfair trading if the TBVC countries are re-incorporated and gambling is allowed there and nowhere else."

Gooderson says the Portuguese and Spanish routes should be followed in Durban. One-armed bandits should be allowed in hotels with other gaming, such as blackjack and roulette, restricted to casinos owned by the city and operated by entrepreneurs for the ratepayers' benefit.

Southern Sun says it would be in no rush to establish casinos if they were allowed in SA. That's a predictable response, seeing that it owns 20% of southern Africa's biggest casino operator, Sun International.

"That shareholding must obviously influence any decision we take," says Southern Sun's Bruno Corte. "It must also be borne in mind that Sun International will move in and be one of the main players if casinos are allowed in SA. And they would be formidable opponents."

Sun International MD Ken Rosewar concedes that "if they do allow casinos in other centres, our operation would be affected." But he believes the experience in the US and Far East would be repeated here. Each state in the US can decide whether it wants them. Only Nevada, New Jersey and South Dakota have them; Florida rejected them in 1987. In the Far East they're found only in the enclave of Macao.

"The lesson is, they aren't desirable in major population areas," he says. "Neither New York nor Los Angeles have them. There are ways, other than casinos, to attract tourism. Lotteries and football pools could be one way to satisfy gambling appetites in large cities and generate funds to develop tourism."
Casinos can’t gamble on future

Should the homelands be re-integrated into South Africa, it could have serious effects on the legality of casinos within South African borders.

It was with this in mind that Fedhass, the industry’s representative body, announced its decision to support the idea of casinos operating in South Africa at its annual national congress.

Mr Fred Thernmann, Fedhass’s executive director, said:“It would be totally impractical and financially disastrous to insist upon the closure of these facilities, which represent multi-million-rand investments and which generate employment and wealth.”

Unfair

It would be impractical and unfair to still ban casinos from cities like Cape Town and Durban, he said.

Mr James Viviers, regional director of Fedhass in the Western Cape, said it was highly likely that Cape Town’s hoteliers and businessmen would grab the opportunity to establish casinos in the city.

Mr Alan Romburg, involved in the hotel side of a project to launch a floating hotel and casino pleasure craft to sail from Table Bay to Durban next year, said that he, on the hotel side of the venture, would definitely be interested to obtain a licence for a separate hotel casino on the craft.

The planned pleasure craft will, under current law, have to be at least 17km out at sea and outside national waters before the captain can switch on the slots for gambling to begin.

Romburg said he believed the legalisation of casinos could do a lot for tourism to Cape Town.

The Minister of Trade, Industry and Tourism, Mr Kent Durr, said the scrapping of laws to allow for gambling in the country should the homelands be incorporated, will be a bridge crossed “if and when we come to it”. - Sovietan Correspondent
Careful planning is crucial in restaurant game

In a restaurant industry currently over-traded and characterised by fragmentation and keen competition, leading franchised operations are proving the most successful.

Mike's Kitchen Franchising, MD Mike Ross, says many major franchised restaurant brands are developing at a frantic pace. "In an over-traded industry, this is perhaps not always in the best interests of the branch or the franchisee."

"Franchising is obviously a low risk method of achieving growth. But if it is not done on a carefully planned basis, the medium to long term results could be disastrous," he says.

The net effect of over-trading has been a reduction in profitability. This has been particularly acute for individually owned, non-branded restaurants.

He says there is a tendency among restaurant chains to attempt to become all things to all people.

The competitive nature of the restaurant business has resulted in a mode of operation which has one- and-a-half eyes on the opposition and half an eye on one's own business. This results in a tremendous amount of 'copycat' type of marketing.

Mr Ross says it is becoming more difficult to become a franchisee. In some (but not all) of the larger brands, restaurant development costs are around the R1-million mark. This has the effect of raising barriers to entry.

Mike's intends becoming a long-term player in the southern Africa restaurant market and will thus develop new restaurants in a careful and planned manner.

"Our emphasis is on high-quality franchisees and prime locations. With this in mind, considerable emphasis is placed on the franchisee selection process."
Hotels face hard times

By Michael Chester

The hotel business has been hit hard by the cash squeeze on holiday budgets caused by the economic slowdown.

The current wave of violence has worsened the blow to the hotel trade.

On the latest count taken by the Federated Hotel, Liquor and Catering Association of South Africa (Fedhasa), released yesterday, more than half the hotel rooms in South Africa were standing empty — stranded by the lowest rate of bookings since the recession and political turmoil that hit South Africa in the mid-1980s.

Fedhasa chairman Alan Gooderson said the average drop in bookings in Natal was no less than 15 percent compared with a year ago.

Hotels along the south coast had suffered most, with bookings down a dramatic 22.8 percent.

Much of the blame for the fall, he said, was because many Transvaal travellers were nervous of running into trouble if they tried to motor to Natal and encountered violence in the province.

The shrinkage in hotel reservations had been worsened by hard economic times, the toll of inflation on budgets and the cost of high interest rates on credit drawn to foot holiday bills.

Mr Gooderson still saw good chances of a recovery in tourist traffic to Natal in time for the Christmas/New Year holiday break.

"After all," he said, "Durban is the holiday mecca of the southern hemisphere and still one of the cheapest holiday destinations in the world."

Fedhasa executive director Fred Thermann estimated that on a nationwide count, the number of hotel room occupancies in May showed an overall decline of 9.5 percent compared with a year ago.

Hotels in all grades had suffered, he said.

This was with the exception of hotels in the five-star class, which saw a 6.2 percent increase in bookings, thanks largely to an influx of visitors from overseas who took advantage of weak rand exchange rates with their holiday cash.

The biggest drop in bookings was suffered by one-star hotels, which were down 16.4 percent.

Two-star hotel room occupancies were 9.7 percent lower, three-star hotels were down 2.4 percent and four-star hotels by 4.5 percent.

Mr Thermann said the entire hotel trade was worried by signals that room occupancies as a whole were running at less than half of capacity — 49.4 percent, the lowest since the mid-1980s.

"The results show once again how sensitive the hotel and tourism industry is to economic conditions and political developments, " he said.

"The implementation of a new blueprint for the entire industry had now become still more pressing," he added.
Kouvaras threatens to complain to Minister, police chief

By Norman Chandler 2X3

February 23, alleging that the Civil Co-operation Bureau (CCB) had been exonerated.
Lawyer Allan Levin, for Mr. Kouvaras, made the threat when the South African Media Council heard a complaint against a Sunday Star story.

It was claimed that the report was intended to defame, injure or cause embarrassment to Mr. Kouvaras.

Yolande reporter Jean Bearzi told inquiry chairman Mr. Justice G. Kotze that Brigadier Basie Smit, former head of the SA Narcotics Bureau, had informed her "we are working on getting Mr. Kouvaras deported...he was virtually running Zambian before he was deported (from that country)."

Access to eight police dossiers on Mr. Kouvaras had been granted to Sunday Star reporters, Ms. Bearzi said.

The inquiry was adjourned until October 18.
Hotelier denies report on 'sex, drugs, den'
He claimed the report was "not truthful, accurate and objective". It was not balanced, the facts were untrue, no attempts had been made to verify the correctness of what had been published; and the newspaper had "refused to rectify the matter spontaneously and without reservation or delay".

The inquiry, which has been adjourned until October 19, is being heard by Mr Justice G. P. C. Kotze, assisted by a panel consisting of Professor S. A. S. Strauss of Unisa; Sapa editor Edwin Linington; Professor Arrie de Beer of Potchefstroom University; and Potchefstroom newspaper editor S. Hoogenboem.

Mr Kavouras is represented by Allan Levin of Allan Levin and Associates, and the Sunday Star by Peter Reynolds, of Webber Wentzel.

"Nothing that appeared in the Sunday Star article was ever discussed with me," said Mr Kavouras.

Questioned by Mr Levin on his links with Zambia, Mr Kavouras denied he had ever been deported from that country.

Ordered out

The inquiry heard that the Sunday Star had contacted Zambian lawyers and on July 23 this year had heard that Mr Kavouras had in fact been served with a deportation order in December 1985.

Mr Kavouras again denied he had ever been deported from Zambia or even involved in drug activities. He conceded, however, that he had left Zambia in December 1986 after his temporary residence permit had expired.
**Sunday Star report ‘true and objective’**

By Norman Chandler

Mr. Gibson said: “We are ready to deal point by point with each item of the complaint, but we believe it is also necessary to explore the nature of investigative reporting.”

He said investigative journalism was “not a licence to publish without being damned. It is not exempt from the council’s code of conduct nor from the ordinary laws of the land. But it is very different from ordinary reporting.”

He said the report conformed to the definition of investigative journalism.

Mr. Kavouras claimed the hotel to be a “sex and drug den” and that the Park Lane Hotel had been used as a meeting place by the Civil Cooperation Bureau (CCB).

**Mr. Gibson said:** “We are ready to deal point by point with each item of the complaint but we believe it is also necessary to explore the nature of investigative reporting.”

**Mr. Kavouras tried to put a stop to the Star’s investigations:** “Once he threatened an interdict and summonses for defamation. Nothing happened.”

Then he complained to the Media Council, also threatening future action through the courts. We submit that, too, was intended to have a gagging function.”

Mr. Gibson said the complainant had sought to “weave a web of half-truths in an attempt to create the impression that he is an innocent person who has been wronged by a dishonest and self-seeking newspaper.”

The deputy editor-in-chief of The Star, Rex Gibson, told the SA Media Council yesterday that a report about a millionaire hotel-owner was “substantially true, accurate and objective”. It had also been published in the public interest.

He said Alexander Kavouras, owner of the Park Lane and Quirinale hotels in Hillbrow, Johannesburg, had been “let off lightly” by the report which appeared in the newspaper on February 23 this year.

The Sunday Star had reported the Quirinale Hotel to be a “sex and drug den” and that the Park Lane Hotel had been used as a meeting place by the CCB.

“By doing so, he launched an attack not only on this newspaper but also the two journalists to whom he makes reference.”

Mr. Gibson told inquiry chairman Mr. Justice G.P.C. Kotze there were four facts which linked the essence of the report.

These, he said, were that “the complainant is a shadowy figure of dubious reputation; he hired Staal Burger (regional manager of the CCB’s Sector 6) as manager of a hotel even though Mr. Burger had no experience of the hotel business; the exposure of Mr. Burger as leader of the CCB cell and meetings at odd hours between Mr. Burger and other men subsequently identified as CCB agents.”
Wheels fall off attraction of seeking market listing

By Ann Crofty
Fedvolks and Southern Sun will probably be delisted next month, bringing to 20 the number of companies that have withdrawn from the JSE in calendar 1990.

In calendar 1989 some 22 companies were delisted.

An additional 21 companies are currently suspended. Some of these will become cash shells, others, at a later stage, will be delisted.

There are currently only one or two applications for listing. This is in sharp contrast to the boom year of 1987 when 211 new names came to the boards.

Many of the companies delisting or considering delisting are those that came to the boards in the heydays of '86 and '87.

A number of things went wrong. The exchange collapsed in October 1987, leading to greater circumspection on the part of investors — no more pouring money into an investment simply because it was listed.

A residual effect of the '87 crash is the virtual disappearance of individuals and the dominance of institutional investors.

As institutions have increasingly concentrated on blue chips and the individual has not been around to take up the slack on second-liners, these share prices have languished at levels that are often unjustified. The situation has deterred a number of aspirant public companies.

In instances where an employee share-participation scheme was involved, the subsequent under-performance of the shares has provided little motivation for employees.

The weakness in the economy has also aggravated the situation by holding back profit performances.

Sam O’Leary, a partner at Price Waterhouse, says some of these listings have disappeared as a result of mergers, acquisitions and consolidations.

But he adds a lot of companies that did come to the boards in '86 and '87 did not have the right motivation, which is to get funds to finance growing businesses and not to give owners the opportunity to realise part of their investment.

Mr O’Leary believes delistings will continue for a while as some smaller companies endure difficult conditions and neither see nor reap the benefits attached to the costs of listing.

These costs can add as much as R100 000 to a company’s expenses, which is a hefty sum for a small DCM company earning a profit of around R500 000 a year.

In its latest In Touch magazine, Ernst & Young says the costs of listing include: “The requirement to publish more information about company activities to the investing public than in the case of non-listed companies; the need to comply with JSE regulations and the need to publish expensive annual reports.”

“There is also the real but hidden cost of management’s focus becoming short-term in response to the pressure to publish attractive results.”

And, as Ernst & Young says, these costs don’t go away merely because a company’s shares are not being actively traded.

The lack of attraction a flotation holds for company founders is not a JSE phenomenon.

In London, the October ‘87 crash, the limited liquidity of smaller shares and the increasing pressures of public company life have all led to a growing awareness of the drawbacks of going public and have reduced the numbers of companies taking the route.

Ernst & Young advises that a delisting should not be taken lightly, chiefly because of the costs attached — walking away from a listing that cost hundreds of thousands of rands and incurring more professional costs in establishing a buyout price for minorities. In addition, delisting is a step not easily undone.
Clamp on taverns

The Lekota Town Council will no longer consider requests to recommend liquor licences for people wanting to operate shebeens.

The council took the decision after complaints from residents that robberies, rape and assaults were rife in the township because of the taverns.

Tavern associations in the Vaal—the South African Taverners' Association and the National Taverners' Association—have expressed their disapproval at the decision and indicated that they would seek meetings with the council.

The acting-town clerk, Mr. Thomas Mkaza, said a council-appointed committee found that residents encountered numerous problems, such as robberies, rape and violence at the taverns.

Mkaza said that the council had informed the liquor board about the decision, but tavern associations would be told about the decision later.

The decision not to recommend the issue of more licences has affected more than 200 people awaiting the results of their applications for licences to operate shebeens. Town councils do not grant licences but their approval is necessary before the liquor board grants one.

There are more than 110 legal shebeens in the area, although the number of shebeens in the area could be anything reaching the 500 mark.
Pleasure Foods earnings slashed

JOHANNESBURG. — Pleasure Foods's expected profit performance for the second half of the financial year ended June did not materialise and the substantial loss incurred by the Pizza Hut division impacted on the group's earnings, which fell sharply.

The Wimpy, Milky Lane and Golden Egg divisions of Pleasure Foods improved their performances in the year ended June 30, but the Juicy Lucy division reported an unchanged profit, while the Pizza Hut division incurred a loss, the board reports.

These results are reflected in the consolidated income statement for the year which shows a satisfactory 9% increase in turnover at R88.4m, compared with the previous year's R80.3m.

This led to a profit before tax of R2.5m (1998: R4.6m) and bottom-line earnings of R1.2m (R3.5m). This was equivalent to earnings of 2.6c (7.8c) a share and the annual dividend was reduced to 1.5c (3c) a share.

However, the current year's outlook is brighter, with the board of this Anglovaal operator and franchisor of fast-food outlets stating that, providing trading conditions improve in the current financial year, based on the recovery potential within the Pizza Hut division.

In the light of the lower earnings, the declaration of a dividend of 1.5c reflects this confidence and the sound cash flow.

Sharply reduced capex of R33m (R86.5m) and tighter cash controls led to lower borrowings and thus interest paid decreased to R674000 (R1.2m).
Stokvel industry looks set to be covered by Liquor Act

THE "R32bn-a-month" stokvel industry looks set to be accommodated in the Liquor Act. Following the first talks between the National Stokvels Association of SA (Nassaa) and the Liquor Board, Mthetho said yesterday the association held a meeting with Liquor Board chairman Tommy Vorster in Pretoria on Tuesday, and the parties agreed that provision was needed for the black, informal savings clubs, in the Liquor Act.

Lukhele said Vorster did not want to impose on Nassaa, and had asked the association to work out guidelines on standards to be observed, and come back with recommendations. "Of importance was the venue aspect," said Basson, that major input would be the stokvel set up. Since crowds confederations are being sought from the informal sector before the finalisation of the new Deposit Taking Institutions Act as mobile toilets have to be provided. At a meeting, observing that the whole concept of attention has to be given, too, to such by-laws, stokvels was based on private enterprise as those concerning mutual-type savings, Basson had said these savings clubs would be exempted from provisions of the Act.

Vorster confirmed that the two parties had met and discussed the need for the Act. "Representatives of stokvels will be consulted in the adaptation to make it possible to suit in drawing up legislation — on the them to be licensed," Vorster said. "We have a problem in that there is no recognition of their operations," providing for stokvels in the Liquor Act. A Marketer survey has estimated that and, having given them our opinion, we asked Nassaa to go back to their members among stokvel members in the metropolit areas.
Imphold improves profitability

By Duma Gqubule

Imphold, the diversified car rental, truck systems, motor trading and financial services group has announced an impressive 21 percent increase in earnings per share to 30.3c (23c) for the year to June.

Turnover advanced 22 percent to R544.5 million (R446.5 million) and with margins widening from 9.7 percent to 9.2 percent, operating profit jumped 29 percent to R50.1 million (R38.8 million). Although interest payments were 22 percent higher at R7.9 million (R6 million) pre-tax profits were 25 percent ahead at R42.2 million (R32.8 million).

Attributable earnings improved 21 percent, to R15.9 million compared with last year's R14 million, translating into per share figures of 30.3c against 23c last year. A final dividend of 5.5c (5.5c) a share was declared giving a total payout for the year of 12.05c (10c) a share.

Imphold executive Chairman Bill Lynch said all four divisions performed strongly during the year. "Perhaps the most pleasing aspect of our results is the fact that notwithstanding the economic downturn, our businesses improved their profitability.

A divisional breakdown shows the motor division still the largest contributor to turnover at 43.7 percent, marginally higher than last year's 43.5 percent. The fast-developing truck systems division makes the largest contribution to pre-tax profits. It earned 33.8 percent of the group's pre-tax profit.

The car rental division had pre-tax profit 33.8 percent higher at R12.3 million. The recently formed Regent Insurance Company saw its pre-tax profit soar to R3.8 million compared with the R434,000 achieved last year.

Imperial Group Limited, the group's pyramid company, which holds 75 percent of Imphold, increased its earnings by 20 percent to 90.4c (75.2c) a share. The annual dividend was 35.85c (30c) a share.
Balalaika gets R6m bedroom wing

Business Times Reporter

ENTHUSIASTIC response to the new look Balalaika Protea Hotel in Sandton has prompted the go-ahead for a R6m bedroom wing.

Work has started on the 65-room wing, cocktail bar and three conference rooms, which form a cornerstone of the R60m Village Walk development by Commercial Union and Oakwood Ventures.

Building should be completed by November.

In keeping with the hotel’s rural ambience, the new wing has an attractive courtyard and adds an air of intimacy to the Balalaika Protea’s 150 rooms, restaurant, bar, beer garden and six conference rooms.

Healthy

Balalaika managing director Richard Pickering says occupancies have been 75% to 80% since completion of the first R16.5m stage.

This success prompted Commercial Union and Oakwood to approve funds for the new wing.

Commercial Union property manager Charles Walker says: “Building in phases allows a conservative yet practical approach to the Village Walk project.”

It is designed to be an intimate village square office, shopping and entertainment complex. It will cover 14 000m² and is due to open in August 1991.
Township streets may soon run red with wine...

THE Wine Foundation has launched a new drive to market wines in the Pretoria-Witwatersrand-Vaal townships.

"As part of its drive, the Foundation has introduced new faces to its marketing fold," Mr Lucky Nkosi and Mrs Virginia Thebe, both armed with a wealth of experience in the black consumer market.

Nkosi is a former sales consultant with 12 years of experience in the liquor trade.

**Fruit**

He also owned his own business specialising in hair-care products.

"Thebe was formerly employed by a food company, specialising in nutrition and home-economics."

The Foundation's director, Mr Bill Cooper-Williams, said: "Research showed that the organisation's marketing programme, now in its third year, was already bearing fruit.

"The black market is becoming increasingly aware of wine, whereas previously they never considered it a part of their lifestyles."

**Patterns**

"The Wine Foundation's efforts will change black drinking patterns forever," he said.

Thebe will focus on women's organisations, particularly housewives' leagues and clubs, while Nkosi will try to induce a new approach to wine drinking in the townships.

"Initially wine marketers introduced dry wines to the black consumer — something that they should not have done."

"They were supposed to introduce sweet wines and then progress to semi-sweet and dry wines so that black consumers gradually got used to the stuff," said Cooper-Williams.

LUCKY NKOSI
He leaves his wife and six children, one of whom is an advocate at the Johannesburg Bar.

4 500 hotel workers strike

JOHANNESBURG. — About 4 500 workers went on strike yesterday in 35 Southern Sun hotels, after a 75% vote in favour of strike action.

Union publicity officer Mr Jeremy Daphne said management were trying to lock out striking workers, but despite this, workers at over half of the hotels were at present conducting canteen sit-ins.

Too late for classification

BIRTHS

MOORE

To James and Gayle, a healthy son born 25th June 1990. Both well. Thanks to doctor and staff at Louis Leipoldt.

Media association move

JOHANNESBURG. — The Media Workers Association of SA’s registration with the Department of Manpower was a major step towards the development of Mwasa as a trade union, said acting general secretary Mr Mathata Tseedi.

Missing boy’s body found

PORT ELIZABETH. — Police divers have found the body of 5-year-old Gerald Spandiel, who went missing after a motor accident near Middleburg on Saturday night. A dam on the farm Grootvlei was partly drained to enable rescue teams to recover the body.

Renamo area recaptured

MAPUTO. — Mozambican armed forces say they have recaptured a string of rebel-controlled small towns in a three-month offensive in the centre of the country. The Renamo rebels’ general staff was destroyed in the offensive.

Parabats put to the test

PRETORIA. — More than 400 paratroopers yesterday attacked and destroyed an “enemy” base north of the city in one of the largest military exercises of its kind in recent years.

Reports by Staff Reporter, Own Correspondent, Sapa-Diasur-AP and UFI.
Strike hits Sun hotels

MORE than 6,000 Southern Sun Hotel employees, countrywide, began a wage-related strike yesterday.

The South African Commercial, Catering and Allied Workers' Union held a strike ballot last week after a conciliation board failed to resolve the wage dispute.

On deadlock, management offered an across-the-board monthly increase of R100 or 15 percent, whichever was greater.

Skeewaa was demanding R160 a month more and a minimum wage of R800 a month.

A major issue in dispute was the union's demand for an end to fixed-term contract labour.

Source: Correspondent.
Thousands of hotel workers go on strike

MAITHEW CURTIN

THOUSANDS of Southern Sun/Holiday Inn workers went on strike yesterday after 75% of SA Commercial and Catering Workers' Union (Saccawu) members voted in favour of action in a ballot last week. Saccawu national co-ordinator Jeremy Daphne estimated that 4 500 workers took part in the strike yesterday and services in 35 hotels were disrupted.

Southern Sun/Holiday Inn industrial relations spokesman Carl Ludick said 19 hotels out of the 43 with majority Saccawu representation went on strike. The group has 53 hotels.

Workers have gone on strike over pay and conditions. Management's offer stands at a minimum monthly wage of R550 and R160 or 15% increase in wages, whichever is greater.

Saccawu has demanded a minimum wage of R800 and an across-the-board increase of R160, or 18%.

Saccawu insists casual workers be covered by the existing collective bargaining agreement.

Ludick said the agreement would not be extended. The trade's seasonal nature meant large numbers of casual workers were employed and management would entertain only a separate agreement.

Ludick said management's latest offer accounted for the company's annual profit margin of between R185m and R188m and given the downturn in the economy and the four- and five-star hotel industry, he was not optimistic further wage concessions could be granted.

The company had made extensive arrangements, including recruiting hotel students and housewives, to ensure hotel ser-

Hotel strike services were not seriously affected. All services were operating normally yesterday. Saccawu vice-president Chris Mohlatsi said yesterday the strike would continue indefinitely and no meeting had been arranged to resolve the situation. Management and Saccawu met last night to decide upon strike conditions. Ludick denied union claims of lock-outs at some hotels, but said strikers' occupation of hotel staff canteens was unacceptable.

Management would be seeking legal advice if occupations continued.

In Sable, police fired teargas on 120 toy-toying strikers after protests were made by hotel neighbours. Ludick emphasised management had not called the police.
Good timeshare marketing would boost SA tourism

PROPER marketing of SA's 8 000 vacant timeshare beds at an average of R40 a night over 90 timeshare resorts could boost income to the tourism industry by R716m in a year.

Remarkable Resorts chairman Trevor Coppen said occupancy rates in timeshare rental pool weeks were around 35%, compared with 65% in the hotel industry.

Coppen believed he could double the timeshare occupancy rates within a year.

"With rising hotel costs, holidaymakers are turning to top quality self-catering resorts to meet holiday needs - and the timeshare industry can fill this gap," he said.

He said the marketing of vacant beds in timeshare resorts had not been done before on the scale planned by his company.

Remarkable Resorts, which was launched about six weeks ago, does the marketing and management of Ovland's timesharing resorts including Hantry Bay, St Michael's Sands, Durban Sands and Sodwana Bay Lodge.

It is also taking on the management and marketing of timeshare resorts for other companies.

Coppen said timeshare needed a support industry to look after levies, ensure adequate reserves and maximise return on investment to shareholders.
Hotels consider taking legal action against sit-in strikers

SOUTHERN Sun/Holiday Inn management were considering legal action last night against 1,000 striking Saccawu hotel workers who defied a management ultimatum to end sit-ins by 4pm.

Company industrial relations spokesman Carl Ludick said all legal options would be considered against the strikers, who had occupied staff canteens in 13 hotels mostly in the PWV area and the Free State.

Saccawu spokesman Alan Horwitz said yesterday strikers would continue their sit-ins "as a matter of principle".

Horwitz condemned management's approach, which included denying strikers access to telephones and toilets as typical of the company's strong-arm tactics in industrial relations.

The growing tension in what is the largest strike to affect Southern Sun/Holiday Inns - Saccawu said yesterday the strike had spread to 38 hotels involving 5,500 workers - comes after both sides failed to reach agreement on strike conditions during Tuesday night.

Ludick said the company was adamant strikers could not have access to hotel premises and regretted Saccawu's intransigence. He said the company was prepared to discuss the questions of picketing and use of hotel facilities.

He added despite union assurances that strikers would not disrupt hotel services, there had been a substantial number of incidents yesterday with numerous complaints from hotel guests and intimidation of working staff.

Horwitz said four strikers were arrested for picketing in Cape Town.

Yesterday, management at the Johannesburg Sun, Sandton Sun and the Downtown Holiday Inn said hotel services were operating normally.
Management warns hotel ‘sit-in’ strikers

By Shareen Singh

Southern Sun management yesterday warned striking workers to leave company premises or face an eviction order, company spokesman Mr Karl Ludick said.

The South African Commercial, Catering and Allied Workers Union (Saccawu) and Southern Sun failed to reach agreement on Tuesday over strike rules and access to canteens.

Yesterday, the company warned workers that their sit-in was in breach of strike rules.

Saccawu spokesman Allan Horwitz said Southern Sun had locked out workers at 43 hotels.

The union yesterday threatened “serious confrontation” if the lock-out continued.

Mr Ludick said not allowing workers on hotel premises did not constitute a lock-out.

Workers at 18 hotels staged canteen sit-ins, Mr Horwitz said.

Tear gas

Johannesburg Sun workers held an overnight sit-in at the hotel canteen because management threatened to lock them out, the union said.

Police fired tear gas at workers outside the Sable River Bungalows in the Eastern Transvaal, resulting in four workers being sent to hospital.

At the Hartsmith Holiday Inn, police allegedly evicted striking workers from a canteen.

Sixty workers were detained at the Ermelo Holiday Inn and four picketing outside the Cape Sun were arrested yesterday.

Both management and the union estimated about 5,500 workers were on strike.

Workers were demanding an across-the-board increase of R160 a month, an end to contract labour and the reinstatement of 107 dismissed workers.

Management offered an increase of R100 a month or 15 percent, whichever was the greater.
EXPANSION PHASE

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† New Bernica figures.

stuck its neck out by buying land in Angola and reckons there is money to make in prime tourist locations in Namibia. Three hotels are planned near the Etosha Game Park, the Namib Naukluft Park and on the Zambezi River near Katima Mulilo. In the next two or three years, the hotel group hopes to have hotels in Port Elizabeth, Durban and Stellenbosch.

The rationale is that by owning most property assets, it will be easier for the group to expand further as it will be able to provide collateral against borrowings. “We can also sell part of the property if we need to raise capital,” Hurwitz says. Plans for a property trust, details of which are still unannounced, will also provide the structure the group wants for ongoing expansion.

Hurwitz concedes that by owning assets growth will “initially be slightly retarded” but says this will be offset by the longer-term benefits of owning, instead of leasing, fixed assets.

The expansion programme, which includes the R20m purchase of the Indaba Hotel outside Johannesburg, completion of the R21m Karos Lodge near the Kruger Park, a shareholding in the Polana and extensive refurbishment of previously three-star hotels, have helped lift borrowings to R52m from virtually nothing. As a result, interest rose to R1.8m last year and seems set to rise further this year as a further R15m-R20m is to be spent on additional upgrading.

However, it is difficult to make any meaningful comparisons with 1989 figures as the group was reversed into the New Bernica cash shell in May and the structure was radically altered. Preliminary year-end results compare figures to New Bernica, “as it’s important to show the market to what extent New Bernica shareholders have benefited,” Hurwitz says. EPS, which rose from 19.1c to 30.6c, perhaps proves his point.

But looking at figures for the year, the cost of higher gearing did not bite too deeply into profit expanded by greater business volumes. Hurwitz sees conference facilities, which have been established in most hotels, smoothing the cyclical nature of occupancy levels.

Levels of 60% are still low, but, from prebooking evidence, Hurwitz expects overseas tourist numbers to pick up from September. The upgraded hotels, six of which Hurwitz hopes will get a four-star rating, should appeal to this market, though he says the group is not placing any more importance on the overseas market than it is on the local market.

But the hotel business, like many other businesses, is reliant on what happens next in the political arena. This will be the deciding factor for tourists planning to visit the country, who will obviously give the necessary spur to an ailing industry. Hurwitz does not see “business booming” but forecasts “a modest improvement in profits for the current year.”

Heather Formby

KAROS HOTELS F1/6/1/190 (288)

E agora para Angola

A hotel group showing a debt/equity ratio of 63.8% might look out of line with normal gearing practice — especially from a zero base a year ago. But Karos Hotels, listed last year, goes about things differently from some other hotel chains. Instead of leasing its hotel properties, Karos has bought all but one. “We see ourselves as much a property-owning group as a hotel group,” says chairman Selwin Hurwitz.

Karos owns 12 prime-site hotels in SA, manages and jointly owns the Polana Hotel in Maputo and is looking at buying land and building on Inhaca Island. It has already
Tourism 'not able to cope with influx'

BRENT MELVILLE

THE recent scrapping of the Separate Amenities Act effectively opens to about 8.5-million blacks SA's tourist attractions, which are ill-equipped to deal with the potential influx.

This is the view of Computerized Lodging Systems (CLS) MD Tally Dorse, who says that during 1990 more than 11-million South Africans will have the time and financial ability to utilise SA's tourism facilities.

However, he believes the industry is incapable of reaping the benefits of this new potential market because of inherent inefficiencies, a lack of understanding of the market's demands, and a lack of ability to provide the services required.

Potential

Dorse says that while the cry in the market place has been directed towards foreign tourists, with the admittedly valuable foreign exchange that they bring into the economy, the market is nevertheless limited in the short-term simply by the number of seats available on commercial airlines.

Numerically it is a drop in the ocean compared to the vast potential of South Africans of all races to holiday in SA.

"The two vital elements essential to the exploitation of this new potential are efficiency of resort control and simplification of upgraded procedures," he says.
Strike bites at busy Durban hotels

By Velina Grange

The Southern Sun hotels strike has left at least three busy Durban hotels without the bulk of their black staff.

As the holiday season reaches its peak, Natal Southern Sun hotels are nearly all fully booked and using casual labourers to meet demands.

A spokesman for the Elangeni Hotel said room service had been affected and some items on the menu were unavailable. Operations were "slower" than usual.

Although many workers had not turned up at the other Southern Sun hotels in Durban, all reported they were coping with casual labourers.

In Cape Town, where striking workers set up pickets outside five hotels, hotel spokesmen said business was carrying on.

- The Southern Sun/SA Commercial Catering and Allied Workers Union (Saccawu) dispute will go to mediation tomorrow but court actions against the union continue, Shareen Singh reports.

By yesterday afternoon, management had secured three more eviction orders to remove strikers from company premises in East London, Cape Town and the Free State.

Southern Sun management has now interdicted workers at Sun hotels countrywide.

Saccawu's application challenging the eviction orders will be heard in the Industrial Court today. Saccawu said the strike was growing daily and yesterday estimated 6,000 workers were on strike at 24 hotels.

- OK Bazaars management and Saccawu were to meet at mediation today. Weekend talks had made no progress.

- Mediation in the Checkers/Saccawu strike continued yesterday.
Hotel, union fail to agree on strike rules

By Shareen Singh

Southern Sun management and the South African Commercial, Catering and Allied Workers' Union (SACCAWU) failed to reach agreement on strike rules at yesterday's meeting.

Management said the sit-in by workers at several hotels was a breach of the company's strike rules which were given to workers on Tuesday when the strike for more pay started.

The company locked out workers at 43 hotels, SACCAWU said.

The union did not view this action as legitimate and threatened "serious confrontation", and posi-

ly a Supreme Court interdict against the company if the lock-out continued today.

SACCAWU spokesman Allan Horwitz said workers at the Sandton Sun, Bloemfontein Sun, two hotels in Port Elizabeth and the Airport Sun at Jan Smuts managed to stage canteen sit-ins yesterday, despite security police at the hotels.

The union yesterday criticised police involvement in the strike.

Strikers locked-out at Sable River Bungalows were dispersed by police who allegedly fired tear gas, resulting in four workers being taken to hospital, Mr Horwitz said.
Unlucky Elizabeth

Elizabeth Radebe of Mofolo, Soweto, was a semi-finalist in the Miss Eastgate beauty contest. But unfortunately, Elizabeth, who likes rap music, did not make it to the finals which will be held tomorrow at 7pm at the shopping centre. Miss South Africa, Suzette van der Merwe will be among the judges. Entertainment will be provided by "Rock and Roll Madhouse". The event is open to the public, free of charge. Eon de Vos will compare the event.

Inkatha is at the receiving end - report

CHIEF Mangosuthu Buthelezi's Inkatha yesterday released a report "into the plight of Inkatha victims of violence in KwaZulu/Natal", and said this proved the movement was at the receiving end of the Natal violence.

The report, released in Johannesburg where Inkatha was holding a business forum, said thousands of people in Natal had fled their homes and were living as refugees elsewhere.

Listed in the report were names of Inkatha supporters killed in the violence in Maritzburg and interviews and profiles of members who lost relatives in the carnage.

The "graphic accounts of these victims of violence", said the introduction to the report, gave the lie to the African National Congress/United Democratic Front alliance's claims that Inkatha had been the prime instigator of political violence in the area.

Said the report: "The personal testimony of these victims indicates nothing less than that there has been an organised and ruthless campaign of terror reminiscent of the death squads of some of the Latin American republics - to eliminate all political opposition to the ANC/UDF alliance."

Victims

"But a striking feature emerging from the survey is the victims' total rejection of counter-violence and retribution against their tormentors. "Without exception, they indicated they were weary of the violence and longed for peace. All favoured negotiations to find a formula for peace."
JOHANNESBURG's Shareworld is to be restructured as a R50m development incorporating the world's largest taxi interchange and garage and the biggest postal office in the southern hemisphere.

Johannesburg City Council Transport Committee chairman Paul Asherson has called on the private sector to help realise the site's full potential.

He envisages a hotel with a soccer theme, shopping complex, entertainment and study centres, office block, Cape Dutch homestead-style restaurant and wine tasting centre for the property midway between Johannesburg and Soweto.

He estimates crowds of 6,000 a day will represent millions for investors.

Asherson says Soweto residents will be able to catch taxis to Shareworld, where they will transfer to one of 400 platforms.

The extensive garage complex planned will realise R621,000 a day in petrol takings if each of the estimated 8,000 taxis expected to utilise Shareworld each day fills up with 90 litres of fuel, Asherson says.

Roadworthies a year and loan vehicles will be made available to operators whose taxis are in for repairs or inspection.

Private enterprise will build the 25,000-box post office which will represent about R765,000 a month in postage stamps alone and R375,000 in mailbox hire, he says.

Special provision will be made for wholesalers to spaza shops, shebeens and hawkers. There are plans for 90 shops.

The entertainment centre - with eight cinemas, conference facility, multisport arena for 3,000 people and nightclub for 1,500 - is available for private sector hire.
Number of strikers nears
30 000

By CHIARA CARTER
ACCESS to company premises has increasingly become a flashpoint as a wave of national strikes involving thousands of workers continued to snowball this week.

The number of workers on strike countrywide is now approaching the 30,000 mark.

Employers have countered this unprecedented worker militancy with lockouts and ejection orders.

Wineries
More than 500 workers in the liquor industry were locked out by employers last Thursday after they embarked on an overtime ban and a go-slow in support of wage demands.

The workers, members of the National Union of Wine, Spirit and Allied Workers (Nuwaw), began the first national strike in the industry on Wednesday.

The strike involves workers at 83 wineries and depots which form part of the Wine and Spirits Industry Employers’ Association.

The strikers include about 1,500 workers in the Cape — mostly from small towns in the rural areas.

Nuwaw is demanding a R45-a-week across-the-board increase backdated to April 1 and 20 days’ leave after 10 years of service.

Employers have offered R33 across-the-board.

A Nuwaw spokesperson said the union was meeting with community organisations to discuss solidarity action, including marches.

Boland
The strike is expected to heighten tensions in the Boland where there have been several violent clashes between township residents and the police recently.

Meanwhile about 6,000 strikers at 41 hotels which form part of the South African Breweries-owned (SAB) Southern Sun group have been excluded from company premises.

They include about 1,300 workers at the Cape Sun, De Waal, Inn on the Square, President, Newlands Sun, Cape Town and Bellville Holiday Inns and St George hotels.

Southern Sun Industrial Relations spokesman Mr Carl Ludick said the company had obtained ejection orders for all strike-hit hotels.

The workers are demanding a minimum wage of R800 a month and a R160 across-the-board increase.

The Southern Sun final offer stands at R100 or 15 percent.

A mediation meeting between the two parties is scheduled to take place later this week.

Saccawu this week declared a wage dispute at the giant Clicks chain of companies.

About 1,600 union members downed tools at 29 Trador Cash and Carry Stores over a dispute about wages and retrenchment.

Saccawu members are also involved in strikes and disputes at dozens of chain stores and shops — including OK Bazaars, Checkers and Edgars.
Hotel strike: sides opt for mediation

By Shereen Singh

After six eviction orders, and allegations by both management and union in the Southern Suns national strike, the parties have opted for mediation to try to solve the dispute.

The Industrial Court hearing in the South African Commercial Catering and Allied Workers Union's (Saccawu) application against the company's eviction orders was postponed to next Wednesday.

Southern Suns' application to declare the strike at Malibu Hotel illegal was heard in the Supreme Court, Durban yesterday. The court ruled that the union must prove majority membership and conduct a strike ballot. Workers must resume work while this process was taking place.

Vast sums

Union spokesman, Allan Horwitz, said the strike was costing Southern Suns vast sums of money. Scab workers were being paid R3,50 an hour amounting to R1,500 a month and the company had also employed many security guards, he said.

This, coupled with the phenomenal costs involved in obtaining the six interdicts he confirmed, for the union that the company was playing "a power game" rather than considering economics, the union said.

Southern Suns spokesman, Karl Ludick, said higher rates were paid to casual workers because the company had to obtain casual staff at short notice.

Mr Horwitz stressed that the strike was not only about wages. A central issue in the dispute was the union's demand for the re-instatement of 107 workers dismissed at four holiday resorts.

Management must move on both issues and offer a package deal if it wanted settlement, the union said.

The parties will start mediation tomorrow.
Hotel workers march through Jo'burg streets

BY GLENDIA DANIELS and DREW FORREST

ABOUT 3 500 Southern Sun strikers yesterday marched through central Johannesburg to three of the group's hotels, as mediation aimed at resolving the 10-day strike began.

And, in another development, Cosatu yesterday threatened consumer boycotts against four dispute-hit subsidiaries of SA Breweries, including Southern Sun, accusing them of "poverty wages, racist attitudes and union-bashing tactics". About 20 000 workers at SAB companies were on strike or in dispute, it said.

The federation said it would embark on a programme of action, including demonstrations and marches, to highlight the practices of the hotel group, OK Bazaars, Edgars and Afcol.

Describing the statement as "inappropriate and irresponsible", SAB spokesman Dunbar Bucknell said the group believed the disputes should be resolved by negotiation "within our decentralised operating mode".

Yesterday's march — to the Downtown Holiday Inn, Rand International and Johannesburg Sun — was staged without official permission and marchers dispersed on the instructions of police.

It coincided with a further police crackdown on strikers. The South African Commercial, Catering and Allied Workers Union (Saccawu) said 168 workers had been arrested during a protest by Checkers, Southern Sun and Wimpy employees in Newcastle, and would appear in court on charges of attending an illegal gathering.

And 15 hotel workers had been held in Johannesburg, Pietersburg and Harrismith. Saccawu added that 79 strikers detained at the Ga-Rankuwa OK had been released and re-detained. It also blamed rightwingers for the firebombing of the Springs homes of two OK workers.

Yesterday's personnel director Keith Hartshorne challenged Saccawu to state its position on an alleged "act of thuggery" against non-strikers at OK's Elsberg store. Workers had been abducted and assaulted at union offices, he said.

Mediation aimed at resolving the five-week-old OK strike is continuing.
Plenty of room at the inns — except in the Kruger Park

By SAMANTHA WEINBERG

THE prospect of half-full hotels over the July holidays is worrying hotel owners across the country — who blame the economic downturn for the drop in domestic tourism.

According to a statement issued by the Travel Services Division of the Automobile Association, there has been a noticeable drop in the demand for accommodation at hotels and resorts around the country during the current winter school holidays.

"While accommodation in all national parks and the Eastern Transvaal seems to be fully booked, elsewhere in the country virtually all hotels have plenty of rooms available," said Graham Smith, general manager of travel services for the AA.

Fred Thermann, executive director of the Federation of Hotel Associations of South Africa, said the fall-off in hotel bookings had been expected.

"Whenever there is a drastic downturn in the national economy like the one we are experiencing now, the hospitality industry is directly affected. Travel is one of the costs that companies cut first, and ordinary people cancel their holidays as part of a belt-tightening process."
THE Long Tom Bar at Diepkloof Hotel should gain popularity for its African Cabaret Concept designed to bring popular and budding entertainers to Soweto.

Various styles of music will be presented at the venue, making it possible for artists to get exposure.

However, the hotel’s management said it had introduced the concept to highlight the importance of several quality musicians whose original items do not get exposure because of a rush to play and record commercial sounds.

It is hoped the concept will help retain an African identity that is lost in the music played by groups who are unable to get breaks because their music does not sell, and they do not feature in major music events.

Two superlative musicians, Sibongile Khumalo and Mandla Masuku, were the first to perform at the Long Tom Bar.

Khumalo is a violinist and music teacher. Her presentation of songs popularised by veterans such as Miriam Makeba and Letta Mbulu and jazz songs is mind-bending.

Backing:

Both Khumalo and Masuku were backed by Tuka, comprising saxophonist Matome Rachabane, drummer Carlton Malate, bassist Pat Mokoka, guitarist Smal Dolokwe, percussionist Mose Manaka and keyboardist Mike Manzl.

"While there are no respectable eating places in Soweto for business people and tourists, it is envisaged that the introduction of pub-lunches at the hotel will fill a long-felt need in the area," said Martin Sebesho, owner of the hotel.

Sebesho said the place can also be used for record launches as it was ideal for promotional events.

Local artists can use the foyer for the exhibition of their wares to be sold to the public.

"Part of the proceeds from the sales of the art works will be invested into a fund to promote quality production," Sebesho said.
Unions reject Southern Sun latest offer

THIS week’s publicised wage offer made to striking hotel employees by the Southern Sun/Holiday Inns group has been scorned by the SA Commercial, Catering and Allied Workers Union (Sacawu).

The union was responding to a full page newspaper advertisement placed by the Southern Sun/Holiday Inns Group which stipulates an offer of a minimum wage of R600 a month and a total wage of R655 a month — including the annual bonus and value of free meals.

Meanwhile, the union and hotel group management were locked in mediation for the second day in an attempt to resolve the 10-day strike which has been marked by “enormous police interference”, according to union officials. Marches and demonstrations outside hotels have led to the arrest of almost 180 union members.

Sacawu official Mr Alan Horwitz said: “Southern Sun’s assets total R56 million. It is the largest hotel group in the southern hemisphere.

“Occupancy levels improved to 64 percent this year from 62 percent. The R20 million set aside by the company for wage increases this year could if equally divided mean R200 across the board for each of the 10 000 workers employed.

“But the 3 000 workers earning below R600 a month have been offered R160 — an annual wage increase of R125 million.

“The balance is clearly going to the minority of employees who already earn a living wage,” argued Mr Horwitz.

His union’s demand for an R160 across the board increase and a minimum wage of R600 “is definitely realisable”, he added.

Mr Horwitz pointed out the costs of the strike to the hotel group which is paying white casuals R8.50 an hour at its city hotels — R150 a month. “And it is hiring a small army of additional security guards,” he said.
Floating casino planned for Cape Town waters

BRENT MELVILLE

BOUNTY will soon be within reach of gambling-starved Capetonians with the announcement that a local company is planning to launch a floating casino off Cape Town’s Atlantic coast.

Delta Queen Sporting International (DQSI), a privately placed unlisted public company, has placed an order worth R16m with a Cape-based manufacturer for the construction of a 400-ton bateau casino.

DQSI Joint MD Philip Marcus says the casino will offer gambling in the style of Monte Carlo, adopting a “members only” attitude to all but foreign tourists.

He estimates an initial membership of about 10,000 at a cost of R100 per person a year, with an additional ship’s fare of R30 a trip.

The Delta Queen will offer blackjack, roulette, punto banco or slots, from well before Christmas next year, he says. It will leave Cape Town twice daily to reach international waters within 40 minutes.

Round trips will take about five hours and full restaurant facilities will be available, with sophisticated revues to be staged in a cabaret bar, says Marcus, 8.10.84. 16.11.79.9.

He says advanced design ensures complete safety and remarkable stability and the CSIR has completed tests to ensure the safety of the vessel in rough seas.

The Delta Queen has been insured to the value of R25m with Lloyd’s of London.

Man-made gems open new doors — De Beers

BRENT MELVILLE

DE BEERS Consolidated Mines spokesman Naville Huxham said after last week’s announcement by General Electric (GE) of a new synthetic diamond would not close the door to other producers but would open new opportunities instead. 8.10.84. 16.11.79.90.

The SA company, which controls 80% of the world’s rough diamond market, said GE’s announcement would have no bearing on the market.

If it did have an impact it would enhance the areas of application for diamond synthesis,” Huxham said in response to a report in Friday’s Business Day which noted the GE announcement had served as a catalyst to a drop in the fortunes of De Beers on the market.

“...It is not a new concept, but if it has refined the process it does not close the door to other producers but opens it to a wider range of opportunities,” said Huxham.

The crystals are the first diamonds comprised almost totally of the isotopic carbon-12 (C12), GE said last week. De Beers has been producing C12 since 1985.

Huxham said synthetic diamond producers worldwide, including De Beers, were pursuing research and development of synthetic diamonds for applications in electronics and communications.

Huxham said De Beers had filed in 1985 for a patent for production of isotopically pure diamonds but did not pursue the application when it learned of an earlier application made by a researcher in 1975.

The company had manufactured synthetic diamonds of up to six carats and had produced one of 11 carats, the largest ever, he said.

Steel shipments impounded

MICHAEL HARTNACK

HARARE — The parastatal Mines and Minerals Corporation of Zimbabwe (MMCZ) has confirmed at the weekend that three ships containing R18.5m worth of Zimbabwean steel had been Impounded in the Kenyan harbour of Mombasa and the Italian port of Madeira.

An SA sub-charter firm, known as TCL, had allegedly failed to pay the ship owner his fees, despite being paid US$500,000 by the MMCZ, its GM Njoloe Machiriroti told The Zimbabwean Financial Gazette.

The MMCZ’s customers had already paid for their steel, and MMCZ managers had been hastily dispatched to Italy and Kenya to get the cargoes released.

“We have reacted very quickly and we think that the situation in Italy is under control,” said Machiriroti.

“Our interest is to make sure that if our cargo is not released, then the ships are impounded.”

Lawyers for the MMCZ would fight any move to have the Zimbabwean cargo seized by the ship owner, whose identity was not known, said Machiriroti.
Violence obstacle to booming tourism

Business Editor

The South African tourist industry seems headed for a bumper year — bringing badly needed jobs and foreign exchange — unless visitors are frightened away by bombs and violence, Mr Dale Pretorius, deputy director of the international department of Satur, said yesterday.

He said in a telephone interview that thousands more visitors had come to SA from Europe, the US and neighbouring countries in the first four months of this year than in the same period last year.

The biggest increase in foreign visitors was from Zimbabwe. Nearly 29,000 holidaymakers and business people had arrived from there in April alone.

But, Mr Pretorius warned, while a report of one bombing incident might not put people off, continued violence giving the impression that SA was not a safe destination could have a disastrous effect on tourism.
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But, Mr. Pretorius warned, while a report of one bombing incident might not put people off, continued violence giving the impression that SA was not a safe destination, could have a disastrous effect on tourism.

Report — Page 9
SA tourism push is paying off

By AUDREY D'ANGELO
Business Editor

THE SA Tourism Board (Satour) is co-operating with some neighbouring countries to market Southern Africa as a tourist destination in a stepped-up publicity campaign overseas which has attracted thousands more visitors this year.

Thousands of black African holiday-makers and business people visited SA in the first four months of this year.

Disclosing this in an interview yesterday, Dale Pretorius, deputy director of the international department of Satour, said Zimbabweans of all races were “our best customers in Africa”.

“In April alone 28 900 visitors came here from Zimbabwe.

“Black Zimbabweans tended to come here mainly for shopping. They spent three or four days here and spent a lot of money. Others came by sea for a holiday here because their travel allowance was not enough for a holiday in Europe, once the air fare had been deducted from it.”

Figures produced by Pretorius showed there had already been an increase in the numbers of overseas and African visitors to SA in the first four months of this year, before the beginning of the tourist season.

A total of 239 640 visitors came from other African countries between January 1 and the end of April compared with 304 645 the previous year. Of these, 72 260 came from Zimbabwe compared with 67 695 the previous year.

The number of visitors from Britain and Continental Europe rose to 137 965 people compared with 116 011 last year. The number from North America rose to 20 398 compared with 16 972.

A total of 55 294 visitors came from Britain compared with 49 149 in the first four months of last year and 34 127 from Germany compared with 26 646.

Pretorius said that although Satour, spending taxpayers’ money, was primarily concerned with marketing SA, it made sense to join with other countries in marketing the region as a whole.

Some European and American visitors came only to SA but others were attracted by a package including famous sights such as the Victoria Falls, Malawi, Botswana, Lesotho and Mozambique were represented at the tourism trade fair in Durban this year, visited by leading travel agents from overseas.

“Emphasising the importance of tourism to the economy, Pretorius pointed out: “It can be an greatest employer. Every 60 visitors create a job in the hospitality industry, and the tourist rand has a ripple effect which is felt immediately.”

In its annual report, Satour says arrival figures for 1989 were the best ever recorded. There was a new and positive marketing climate abroad.

“This new situation presents a marketing opportunity which should be keenly grasped and exploited.”
New deal for hotel workers

BY DON SEOKANE

THE R28 million set aside by Southern Sun for wage increases this year could mean a R200 across-the-board increase for each of the 10,000 workers, a spokesman for the South African Commercial, Catering and Allied Workers Union said yesterday.

Saccawu official Mr. Daphne was commenting on an advertisement placed by Southern Sun and Holiday Inn stating that the minimum wage offered to employees was R600 a month plus an annual bonus of R57 a month and meal worth R8 a month.

He said Saccawu had demanded for a R1.50 across-the-board increase and a minimum wage of R800, was reasonable. Given the R28 million allocated by Southern Sun for wage increases...
Crime Reports

TWO petrol bombs caused thousands of rands' damage to a dry-cleaning company which cleans linen for the Beacon Island Hotel, where workers are on strike.

The Deputy-Mayor of Plettenberg Bay, Mr John Truter, was in the Kiene Centre in Paris Street when the bombs were thrown through a side window about 8pm yesterday.

The building is in an industrial area next to the Bosseigf squatter community, where people have been protesting this week.

DOUSED FIRE

A smoke-detecting alarm was sounded and Mr Truter walked downstairs, where he found that a fire had started.

He called the Alarm, Mr Bass De Lange, and the two doused the fire with extinguishers.

Mr De Lange said a "substantial amount" of linen was damaged.

"Fortunately very little clothing seems to have been damaged," he added.

Mr De Lange searched through debris today to establish if equipment had been damaged.
Mugging ‘driving tourists away’

FEAR of being mugged in the centre of Cape Town at night is driving holidaymakers away from city hotels, the president of the Federated Hotels, Liquor and Catering Association (Fedhassa) in the Western Cape, Mr Angus Dodds, said yesterday.

He said in an interview that it had been proved that violence in the city centre was causing hotels there to lose business to others in the suburbs, particularly Sea Point.

“We are writing to the SA Police, who were very helpful to us last year, asking them to step up patrols in the city centre again in the holiday season.

“We think the best deterrent to mugging is the ‘bobby on the beat’, but if the police are too short of manpower perhaps there should be a municipal police force to make the city centre safer at night.”

Meanwhile, he said, hotels must warn foreign tourists that the city streets were dangerous at night, and advise them how to avoid danger.

Earlier, Fedhassa’s regional director in the Western Cape, Mr James Vivier, told members at their annual general meeting that it had been suggested there should be mounted police in the city centre to make it safer and as an added tourist attraction.

He said mugging was a growing problem in the city centres of Cape Town, Durban and Johannesburg.

The Minister of Law and Order, Mr Adriaan Vlok, had been made aware of the problem by Fedhassa and the SA Tourism Association (Satour).

Drop in hotel occupancy — Page 10
Drop in hotel occupancy by overseas tourists

By AUDREY D’ANGELO
Business Editor

ALTHOUGH the number of overseas visitors is soaring, only 25% of the 283 000 who came to greater Cape Town last year stayed in registered hotels, members of the Federated Hotels, Liquor and Catering Association (Fedhaca) in the Western Cape heard yesterday.

Keith Lamb, chairman of the Tourism Committee, said that 53% stayed with friends and relatives, 12% at timeshare and other resorts, 5% in holiday apartments and 5% went camping or caravanning.

Both he and Philip Krawitz, MD of the Cape Union Mart group of companies — who was the main speaker at a luncheon following the annual general meeting — urged members to make more effort to attract and keep regular customers.

"Of all the bednights sold to overseas visitors last year, 23% were sold in Cape Town," said Lamb.

"Foreign visitors spent R81m in the Western Cape — but bearing in mind that hotels netted only 23% of that amount, I suggest that this is no time to be complacent."

There had been a move towards staying in cheaper hotels. "The last holiday season saw quite a remarkable change. In the midst of the biggest spending spree that this country has ever had, holidaymakers opted for less expensive hotels."

"Four and five star properties saw a decrease of 3% in room occupancy. One and two star hotels moved up by 6%."

"Overall, of the 36 hotels regularly surveyed by the Central Statistical Service, the revenue was virtually static after correcting for 16.5% inflation. In other words, the market did not grow."

Lamb said that self catering and bed and breakfast accommodation which had "suddenly emerged on the scene" were providing more competition for hotels.

"Where families are concerned, self catering makes it all so easy — whereas few hotels make any real effort for the family."

Pointing to the loss of tourist business suffered by Durban last year, Lamb urged local hoteliers to make more effort to attract and keep the custom of both foreign and SA visitors of all races — particularly by training staff to make guests feel welcome.

"There is change in SA now — socio economic change and socio political change."

But this could be turned to advantage. "New markets are emerging for you, but you will have to make the effort to go for them."

He continued: "Socio political change has radically altered the shape of holiday tourism in Durban, probably forever."

"Please do not let change take you by surprise. Please do all you can to ensure that tourism continues to flourish in the Western Cape."

Philip Krawitz urged members to make the most of new opportunities opening up now that the rest of the world was prepared to welcome SA back.

Pointing out that figures recently released by the SA Tourism Association (Satour) had shown a huge increase in visitors from black African countries, he urged hoteliers to carry out market research to find out more about these tourists' tastes and requirements.

A data base should also be built up on the individual tastes and requirements of overseas visitors staying in hotels, so that they could be provided with service of a standard that would encourage them to return.

It was vital for the hotel industry to identify its best customers and go out to attract them and cater for their tastes.

The Satour figures had shown that 55 294 visitors had come from Britain, 30 040 from the US, 34 127 from Germany, and 28 398 from the US. Many more Germans were likely to be attracted to SA in the future. "Many more Germans were likely to be attracted to SA, in see what it was like as things were changing. But so far there were few Japanese with "the powerful yen."

And pointing out that people over 50 had more money to spend than those in their twenties, Krawitz urged hoteliers to pay more attention to this market.
Hotels hard hit by unrest

The Argus Correspondent
DURBAN.—The solution to the drastic drop in occupancy in Natal hotels lies in the hands of politicians, says Natal regional director of the Association of South African Travel Agents (Asata), Mr. Neil Mockler.

Reacting to claims by Mr. Alan Gooderson of Fedhassa that Natal hotels had experienced their worst Easter season, Mr. Mockler described the situation as "a tragedy for all of us, not only the tourist trade".

"Undoubtedly the unrest is a major cause of the problem and the influx of black holiday makers is an aggravating factor, turning away the rightest element who will find other places they can more readily relate to."

Predicting that some businesses could go under before the predicted upturn in Natal, Mr. Mockler said hotels would have to drastically reduce tariffs to survive.

"Some extremely good bargains will be on offer to attract customers," he said.

Mr. Gooderson said that February/May occupancies had dropped 22 percent but bookings had been down only 10 percent for the June/July season.

He predicted black tourists would make up 50 percent of the overall tourism mix for Natal within seven to 10 years. In the short term there would be a downtrend, but in the medium to long term he was positive, due partly to anticipated growth in the number of foreign visitors."
Hotel strike will continue, workers pledge

Johannesburg. — The three-week hotel strike by about 5,500 workers at 41 hotels will continue, the SA Commercial Catering and Allied Workers' Union said yesterday.

The union said in a statement that it would today challenge Southern Sun's interim interdict preventing Maliba Hotel workers in Durban from joining the national strike.

Southern Sun have an order from the Natal Supreme Court forcing employees to continue work.

Mediation talks between Southern Sun and Sacawu on resolving the strike ended in deadlock on Friday night.

A management statement said the deadlock came after Sacawu rejected the company's offer of re-employment of retrenched workers at the company's Sabie River and Pine Lake Inn hotels. The union insisted on immediate re-employment of retrenched workers, whereas the company offered re-employment "as soon as possible".

Southern Sun industrial relations spokesman Mr. Carl Ladick said basic agreement had been reached on all wage-related issues, including an offer by the company to increase the minimum wage to R100 on October 1, in addition to the current wage offer of R100 or 10%, "whichever is the greater".

About 300 Sacawu members staged a 15-minute protest on Saturday at three hotels here. They dispersed peacefully. — Sapa
Taverners will fit into structure

THEO RAWANA

NAFCOC is to enter the liquor trade with the inclusion of the 25,000-member National Taverners Association (NTA) in its fold.

NTA secretary Ray Mullins confirmed yesterday that his organisation had applied for affiliation to NAFCOC.

NAFCOC executive director Mofatani Lekota said the affiliation would be a welcome move. A new organisation such as NTA would fit into NAFCOC's structure well. NAFCOC's bargaining power, existing infrastructure, and contacts will be of mutual benefit to both organisations, said Lekota.
No success in talks on striker access to hotels

THE SA Commercial Catering and Allied Workers' Union (Saccawu) and Southern Sun/Holiday Inn management failed to reach an agreement on striker access to hotel premises yesterday.

Saccawu national co-ordinator Elias Hlungwane said yesterday's meeting concentrated on the issues of striker access and salaries, but as yet the situation had not changed.

"We still have no access to hotel premises," Hlungwane said.

Saccawu had obtained an Industrial Court order on Friday, instructing the company to enter into negotiations immediately on allowing strikers to hold meetings on strike issues in the hotels.

By Friday, negotiations between Saccawu and Southern Sun/Holiday Inn had reached deadlock over union demands.

According to Hlungwane, Saccawu reached agreement with management for casual workers to have the right to be part of the union. They also agreed that sick leave would be 42 days on a three-year cycle and the night shift minimum wage would go up by R100.

However, negotiations deadlock over dismissed striking workers from Pine Lake and Sabi River and over the wage settlement, he said.

Southern Sun/Holiday Inn management said it would re-employ all the dismissed workers four months after signing a settlement that was "unacceptable" to the union, which wanted their immediate reinstatement, Hlungwane said.

He said that while agreement was reached on a R120 across-the-board minimum wage increase, the company's offer of R100 backdated to April 1 and R20 from October 1, 1990 was unacceptable to the union, which preferred a R15% increase backdated to April 1 and R15 from October 1. However, he emphasised that the difference over wages was not crucial.

"Our priority is on dismissals because there isn't much of a gap between us on wages. As soon as agreement is reached on that we anticipate calling the strike off," Hlungwane said.

Southern Sun/Holiday Inn industrial relations spokesman Carl Ludick was unavailable for comment.

Meanwhile, Federal Council of Retail and Allied Workers Union (Federaw) spokesman Ned Ketele said a meeting between Federaw and Saccawu at the weekend had ended in disagreement over accepting Edgars' offer of a minimum wage increase of R165 a month and a 100% bonus after eight years.

"We have confirmed with Saccawu that they have as yet not accepted Edgars' offer," Ketele said.

He added that a meeting between the two unions was planned for tomorrow to "iron out differences" that had arisen over the weekend.

Saccawu and Federaw would be meeting jointly with Edgars management on Thursday to reach a settlement, he said.

The unions are demanding R180-a-month increase and a 100% bonus after five years.
OK and Checkers settle, hotel strike continues

OK Bazaars employees will return to work this week after management and the SA Commercial Catering and Allied Workers Union settled their bitter seven-week wage dispute on Friday.

Both Saccawu and OK are committed to a negotiation process aimed at identifying and solving the areas of conflict between them, which had led to union accusations of a "baasskap" attitude by management.

In a statement, OK said it hoped the settlement marked the beginning of a period of reconciliation and dialogue aimed at establishing "a relationship based on mutual respect, understanding and a shared economic interest".

Saccawu's national organiser Jeremy Daphne said that, apart from the material improvement coming out of the strike action, it had served to bring to light the principles underlying the wage dispute to the surface.

"The focus of the strike was on two key areas: Bad management attitude and low wages," he said.

The union emphasised that these are historical problems which have resulted in the build-up of a high degree of shopfloor dissatisfaction and hostility towards OK management.

"An important outcome of the strike has been to make OK Bazaars acknowledge that management attitudinal problems do exist, are severe and must be addressed," Daphne said.

In terms of the settlement, workers with less than five years service will receive an increase of R12.5 a month retroactive from April 7.

SUSAN RUSSELL

Retrenchment

Employees with five to less than 10 years service will receive R135 a month. Those with 10 years service or more will receive R145.

Workers will also receive an across-the-board increase of R10 a month from January 7 next year.

OK had also withdrawn the 367 notices of retrenchment issued to union members during the strike, but reserved the right to raise the retrenchment issue in terms of the retrenchment procedure in future.

Workers will return to work on Wednesday.

Daphne said Saccawu would focus on the harassment and arrests of picketing workers during the union's national hour of action on July 27.

The union, he said, would be calling for the right to picket without interference.

"Withdrawal of facilities to striking workers by management heightened the level of conflict.

"Another demand that will be made is the right of access for striking workers to company facilities."

The end of the OK strike coincides with the settlement between Saccawu and Checkers after two weeks of industrial action.

Saccawu said in a statement that in contrast to the OK and Southern Sun/Holiday Inn strikes, Checkers union members had full access to canteens, telephones and other facilities.

Saccawu members are continuing strikes at Southern Sun/Holiday Inn.

Sapa reports that about 300 Saccawu members staged a Johannesburg protest on Saturday at the Johannesburg Sun, Rand International and Downtown Holiday Inn under the watchful eye of police.

At all three hotels they sang and toyi-toyi for 15 minutes before dispersing peacefully.
From RAMSAY MILNE, The Argus Foreign Service

NEW YORK. — Americans have been warned of the dangers of travel in South Africa, Transkei and Ciskei. Noting "escalating strife", the State Department said today that the African National Congress might be preparing to increase violence if talks with the government broke down.

The Argus political staff reports that while President De Klerk has again criticised the militancy of the ANC, talks are still scheduled for August 6.

The State Department advisory, a warning frequently offered to Americans about to leave for foreign trouble spots, also claimed that some Americans in South Africa had been harassed by rightwing political groups.

A department spokesman said in Washington: "There have been reports that the ANC is stepping up preparations to intensify the armed struggle if negotiations fail. There has also been a sharp increase in the number of violent incidents."

"The political situation in South Africa remains volatile."

Bush plea to Mandela

The department reminded reporters that in talks with Mr. Nelson Mandela during his visit to the US the Bush administration urged the ANC to end the armed struggle.

However, radical elements in the ANC have been urging an end to the talks and a return to the armed struggle, the department said.

The ANC said yesterday that its armed-struggle strategy remained in place.

A statement by Mr. De Klerk, in which he referred to the arrest of ANC infiltrators and the seizure of arms, was issued after a meeting of the State Security Council in Pretoria yesterday.

Senators members of the ANC could be among those arrested.

Mr. De Klerk said that in the spirit of the Groote Schuur Minute temporary immunity was granted to people who would otherwise have faced prosecution.

He stressed that such immunity applied only in respect of actions on a date before the immunity came into operation.

A political observer today pointed out that immunity had been granted mainly to senior members of the ANC who had been outside the country.

The ANC national executive is continuing its meeting in Johannesburg today and the matter is bound to be considered there, but as far as there has been any reaction to Mr. De Klerk's statement.

An ANC spokesman said yesterday that the national executive might issue a comprehensive statement after its meeting.

The movement knew of some people who had been detained but had no details of actions they were supposed to have been involved in.

The spokesman pointed out that "before, during and after Groote Schuur" Mr. Mandela and other ANC leaders had stated that all ANC strategies including the armed struggle remained in place.

As long as this remained the case all other events remained matters of detail.

Mr. De Klerk said that change, in whatever area, must be orderly and should follow peaceful negotiation and discussion. Government action since February 2 had been aimed at normalising the political process.

Since then nobody had been prosecuted merely because of his membership of a political organisation, he said.

There were, however, certain basic rules attached to this process.

They did not provide for any political organisations to stockpile arms in order to force its will at the negotiating table or in any other way to prevent the political process taking its normal course.

The peace and immunity process did not provide for anybody to sneak in through the back door and try to seize power by force, Mr. De Klerk said.\n
'Serious flaw in SA hotel scene'

JOHANNESBURG — SA lost nearly 20% of its one-star hotels in the past decade, said Fedhasa executive director Fred Therman at the annual Fedhasa congress yesterday.

The total number of hotels declined nearly 10% in that period, reflecting tough business conditions.

More recently, as a result of elimination of depreciation and investment allowances, an actual decline in overall room capacity was recorded for the first time.

This was in spite of the fact that three-star hotels proliferated in the 1980s, increasing in number by 70% to 731, while 13 new four-star hotels were also built, doubling their number.

There was a less dramatic 11% increase in the number of five-star hotels while the number of two-star hotels increased marginally.

"With the international tourism inflow gaining momentum, this is a serious flaw in the SA hotel scene," said Therman.

— Sapa
Tourism in SA expected to soar

JOHANNESBURG. — About 2m visitors to SA could be expected by the turn of the century, the Minister of Tourism, Kent Durr, said yesterday. “Given the right socio-political climate and commitment to reconciliation and negotiation, we may confidently expect a peak of 2m visitors by the turn of the century,” Durr said at the Fedhara National Congress held at a Johannesburg hotel.

He said SA was now seen in a new light as “a respectable tourist destination”. He have just returned from Europe and can state unequivocally that the changes in SA are now fully accepted and encouraged.

“We are therefore planning large new industrial investments in concert with European partners, as well as strengthening tourism links in a variety of ways as the market expands.”

SA tourism had a “remarkable year” in 1989 with a total of 1,980,000 arrivals, 15.8% up on the previous year.

The foreign arrivals showed an increase of 18.3% from January to April 1990 compared to the same period for 1989, while overseas countries excluding Africa showed a 19.6% increase.

Durr said Tourism was also a job creator offering opportunities at lower costs than in the industrial sector as a whole. — Sapa.
SA can expect up to 2-million tourists by 2000, says Durr

SA's fast growing tourism industry would attract 2-million visitors by the year 2000, Trade and Industry Minister Kent Durr said yesterday.

In his opening address to the 40th annual Fedhaas congress in Johannesburg, he said SA was seen in a new light as "a respectable tourist destination", reports Sapa.

"I have just returned from Europe and can state unequivocally that the changes in SA are now fully accepted and encouraged. We are therefore planning large new industrial investments in concert with European partners, as well as strengthening tourism links in a variety of ways as the market expands."

Durr said there was a need for "planning for qualitative travel, not cheap mass travel". Host communities resented their way of life being adulterated by what they saw as "hordes of intruders".

SA could learn from the "mistakes of Europe", he said, where both host and guest resented what had become known as the "ghetto" destination — the result of the herd instinct and overcrowding.

Uncontrolled tourism growth had a negative impact on culture and the environment. "Tourism must retain its human dimension; it should be seen as a social and cultural phenomenon, and an educational experience, quite apart from its commercial aspects," he said.

A strategy for future development had to be devised. For example, lesser-known areas of SA could be developed to take the pressure off well-patronised tourism spots.

Foreign arrivals in SA in the first quarter of this year showed an 16.3% increase compared with 1989.

He said last year proved to be a remarkable year for SA tourism with an overall 15.8% increase to 990 383 arrivals compared with the previous year.

"Within the next decade, SA tourism could well leap ahead and top all its local rivals, including gold, as a foreign exchange earner," said Durr.
SA can expect up to 2-million tourists by 2000, says Durr

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Fears of US curbs on tourists

TRAVEL AGENTS have greeted with dismay reports that American tourists have been warned by their State Department of the dangers of travel in South Africa, Transkei and Ciskei.

Association of South African Travel Agents vice-president Mr. Barney Singer said he feared such negative publicity could curb the "tremendous increase" in tourists visiting the country since foreign approval of recent political changes.

Mr. Singer said American citizens were usually "the first to avoid trouble situations" and that this could have a ripple effect on tourists from other countries.

He added that a successful board meeting of the Universal Federation of Travel Agents held in South Africa earlier this month was still expected to promote the local tourist industry despite the warning to Americans.

Meanwhile, United States Information Service spokesman Mr. Mike Scanlin said the State Department's routine traveler's cautionary note has been combined with the response to a question about alleged ANC arms caches.

The response had "simply reaffirmed the US's long-held view of the need for all sides to recommit themselves to a non-violent approach to a solution to South Africa's problems," he said.

The warning was an updated version of a cautionary note of several years standing, which told travelers to "pay attention," Mr Scanlin said.

Tourism Minister Mr. Kent Durr yesterday said he had "no comment" on the warning issued by the American government.

Last year was a bumper season for tourists visiting South Africa, with a total of 2,333,393 arrivals -- 18.3% up on the previous year.

The rate of increase for foreign arrivals jumped to 22.3% for the January to April period compared with last year, with the US showing an increase of 18.4%.

Mr. Durr told a Fedhara congress in Johannesburg on Monday that SA's fast-growing tourism industry could attract two million visitors by the year 2000--and could top gold as a foreign exchange earner.

However, he cautioned that SA needed "to work against the destructive and wasteful effect of the mindless pollution of violence."

The Minister of Foreign Affairs, Mr. Pik Botha, was not available for comment last night.

However, "foreign-affairs" sources did not appear unduly alarmed by the State Department warning against tourist visiting South Africa. -- Staff Reporters and Own Correspondent
Hotel strikers present demands to MD

MORE than 2000 SA Commercial, Catering and Allied Workers' Union (Sacawu) members marched to the Sandton Sun from the Sandton Holiday Inn at noon yesterday and handed over a memorandum to Southern Sun/Holiday Inn MD Bruno Corte.

Sacawu national negotiating team member Setsike Khale said the memorandum included a demand that wages should be increased by R160 across the board; that management eradicate the flexwork programme used in the hotels; and that it end job reservation and segregated canteens.

Khale said Corte had accepted the memorandum and offered to meet Sacawu as soon as possible. A meeting was set to take place at the Johannesburg Holiday Inn early today.

In a telephone interview yesterday Corte said his meeting with the marchers was a "positive exercise".

"The strikers wanted me to clarify the company's position on ending the strike, and so I told them that we were very keen to see it end since it benefited no-one," he said.

Sacawu national organiser Allan Horwitz said the intention behind the march was to demonstrate to management that the strikers were dissatisfied with the company's termination of mediation last Friday.

"We wanted to force management to re-examine its position," he said.
**Striking hotel staff toyi-toyi in Sandton City**

By Brendan Templeton

About 1,000 striking Southern Sun workers yesterday descended on Sandton City shopping centre, demanding to see Southern Sun/Holiday Inn group managing director Bruno Corte.

The centre reverberated to the thunder of shuffling tackle as workers toyi-toyiied, shouting for Mr Corte to take steps aimed at ending the strike deadlock at 41 of the group’s hotels.

Startled shoppers stood aside as the strikers, who had marched from the nearby Holiday Inn, swept up to the main entrance of the complex.

About 20 riot policemen armed with shotguns stood around, but the spirit between the workers and the authorities was cordial. A traffic officer even offered the use of his ear’s loudhailer when the workers’ megaphone failed.

Mr Corte was ushered down and, soon he and worker representatives had organised a meeting at the Downtown Holiday Inn at 9 am today.

The traffic department blocked off the road to the entrance to allow the informal conference to take place. Workers sat on the tarmac while their representatives and Mr Corte negotiated the meeting.

Worker leaders accused him of trying to ensure that the strike stalemate continued, and of not being concerned about ending it.

Mr Corte denied this: "Oh, come on. We were able to work out an agreement on the Mike Gatting (cricket tour) issue. I’m sure we’ll be able to solve this.”

They then demanded he address the workers directly.

"Sure I will, I’m not scared of them,” Mr Corte said.

He told the workers about today’s scheduled meeting and they cheered his announcement.

Shortly afterwards they sang Nkosi Sikelel' iAfrika before dispersing to waiting buses.
Airways deregulation report nearly complete

Findings on several recommendations by the steering committee which investigated the deregulation of the domestic air travel market will be completed within the next few months.

The Domestic Air Transport Policy document, published two weeks ago, said detailed recommendations on how to implement the steering committee’s recommendations should be completed by December 7, “with a view to implementing these on July 1, 1991”.

Guidelines for a study of the future of SAA in a deregulated market would be completed by the end of this month with the contract being awarded about mid-September, a Privatisation Unit spokesman said yesterday.

And the investigation into the possible privatisation of the state’s nine airports would be completed within the next two months, a Directorate of Civil Aviation (DCA) spokesman said.

The steering committee’s report said the Department of Transport should preferably not be involved in offering services such as the provision and operation of airports, and airport and air traffic services.

The department’s role should be to set, monitor and enforce safety standards in this regard.

Functions

DCA director Japie Smit said the department was “very, very keen on getting an independent airport authority which could decide on matters concerning airports, like capital expenditure”.

The report also recommended that:

- The National Transportation Committee’s aviation functions should be abolished from July 1991.
- The Air Services Act 1949 should be renamed the International Air Services Act 1949 and be retained for international air services to and from SA.

- A new licensing system, based on safety-related criteria, should be introduced and make provision for the licensing and control of operators;
- A new statutory body, the Air Service Licensing Council, should be established to judge prospective entrants against the entry criteria to ensure they rendered a safe and reliable service;
- Auxiliary services such as the provision and operation of airports, airport services and air traffic services should be rendered on a commercial basis and the principle of user-charging should be applied to ensure users paid for these benefits.

Government accepted all the recommendations but reserved judgment on those affecting the position of SAA in a deregulated domestic market, according to the report.

It would only make its position on these recommendations known once consultants have put forward proposals on how SAA should operate in a deregulated market.

Hotel industry ‘has management skills shortage’

The SA hotel industry suffered from a lack of management skills, National Productivity Institute (NPI) executive director Jan Visser said yesterday.

In his address to an annual Fedhasa congress, Visser said there was a need for solid management development in the industry.

An NPI productivity study of the hotel industry showed that there was an annual labour turnover of about 57% among middle management, 27% of whom left the industry completely.

- ACHMED KAREM

The study showed many managers were not aware of the extent to which staff were leaving the industry.

Further, management was not based on industrial relations, “A lack of trust existed between management and unions,” he said.

Managers needed to build relationships of trust and to train people properly.

More than 50% of the hotels in the sample had an occupancy rate of less than 50% and barely 25% had an average room occupancy rate higher than 70%, showing a major marketing problem, he said.

Another criticism was that some hotels had no idea where they made their money.

In the decade to 1989 the industry’s salaries, and wages index had increased from the 1976 base of 100 to 478.7, while the Consumer Price Index had risen from 100 in 1985 to 383.7. Visser said the real standard of living went up.
HOTEL MARCH: Members and supporters of the SA Commercial Caterers' and Allied Workers' Union took part in a peaceful march in Cape Town yesterday. A petition calling for improved pay and working conditions was delivered at the Cape Sun Hotel.
Give black business a chance in tourist industry

Staff Reporter
A conducive atmosphere should be created for black businessmen to enter the tourism industry, delegates to Feda sa's annual congress in Johannesburg heard on Tuesday.

Willy Ramoshaba, chief executive of WR Consultancy, told about 50 hotel owners and managers that unless they started talking seriously to black entrepreneurs, the call for nationalisation would never cease.

"You have called on the Government to open the doors of your hotels, but you can play a much greater role. This does not mean a major exercise; it means sharing advice with black businessmen."

One

Mr Ramoshaba said Soweto had only one hotel and it was not graded.

Lawrence Mavundla, president of the African Council of Hawkers and Informal Businesses (ACHIB), told delegates that prosperity in the hotel industry depended entirely on the black market.

"The only way any hotel or company can benefit in the future is by creating some form of partnership with black businessmen."

Mr Mavundla said there were attitude problems towards black customers in hotels. The fact that some hotels and restaurants were still reserved for whites also needed urgent attention.
Sunbop a good bet for star results

ANALYSTS predict SunBop will turn in a star performance when its year-end results are announced in the next few weeks with earnings growth estimated at between 30% and 36%.

Its dividend should similarly shine.

But tighter economic conditions are expected to affect SunBop's second-half-year results making them lower than in previous years, several analysts said.

The trend has generally been for SunBop to report a much higher growth in the second half compared to the first half of the year.

"In the past SunBop has been relatively immune to economic downturns. But South Africans like to gamble and even making concessions for the fact the average spend per person at Sun City is down, it should still do well," an analyst said.

While SunBop grew rapidly off a small base which made the group virtually recession-proof, management believes it has reached such a high level of market penetration that it can no longer escape the effects of economic cycles, according to a report by stockbrokers Ferguson Bros.

"Thus with consumer spending slowing we do not expect any further increase in occupancy rates and believe the second half gaming income growth could well be below the 40% plus apparently achieved in the first half," the report said.

"We have assumed second-half growth will, as management has suggested, match that of the interim results. Accordingly we have increased our earnings forecast to 143c from last year's 165,6c and our dividend projection increased to 106c from last year's 78,5c," the report said.

The expansion at Sun City and new development at Batseli — totalling R1bn — was a positive development with earnings potential for the two projects estimated at more than R200m (equivalent to more than 13% of current operating profit). SunBop could achieve a compound growth in earnings of more than 30% a year over the next five years although tax equalisation is likely to smooth earnings a share, resulting in growth of 25% a year, the report said.

However, the planned expansion raises the risk profile of the group by increasing SunBop's volume sensitivity, its dependence on Bophuthatswana's favourable tax structure, increases its sensitivity to the homeland's political situation and moves the group closer to market saturation, the report said.
Tourism: 'Politicians hold key'.

THE solution to the drastic drop in occupancy in Natal hotels lay entirely in the hands of the politicians, said Natal regional director of the Association of South African Travel Agents (Asata), Neil Mockler.

Rejecting to claims by Alan Gooderson of Fedhassa that Natal hotels had experienced their worst ever Easter season, Mr. Mockler described the situation as "a tragedy for all of us, not only in the tourist trade".

"Undoubtedly the unrest is a major cause of the problem and the influx of black holiday makers is an aggravating factor, turning away the rightist element who will find other places they can more readily relate to."
Caterers down tools as strike action spreads

By SHARON SOROUR
Labour Reporter and Sapo

MORE than 100 000 workers in the commercial and catering trade — members of the SA Commercial, Catering and Allied Workers' Union (Sacawu) — were to down tools for one hour throughout the country today, continuing the spate of nationwide strike and work stoppages.

Union general secretary Mr Vivian Miwa said the "hour of action" aimed to highlight Sacawu's living wage campaign and other demands, including:

- The right for union members to picket without police or municipal interference.
- The right to strike.
- Access to company premises and facilities while on strike.
- The end to right-wing harassment and assaults on union members.

Meanwhile, about 5 000 Metro Cash and Carry workers, also members of Sacawu, embarked on a nationwide strike at about 150 stores yesterday.

Workers participating in a strike ballot this week voted in favour of taking strike action after wage negotiations broke down.

The union is demanding a R150 minimum wage increase while management is offering R135.

The three-week strike involving nearly 6 000 Sacawu members at 41 Southern Sun/Holiday Inn hotels is continuing after attempts at mediation ended in deadlock last week.

WILDCAT STRIKE

In Parow, a wildcat strike by about 200 council workers over conditions of service enters its fifth day after informal talks between the South African Municipal Workers' Union (Samwu) failed yesterday.

About 30 000 leather industry employees will get a 19 percent wage increase following a final national wage agreement between unions and the Footwear Manufacturers' Federation of South Africa.

According to federation director Mr Dennis Linde, the increase is backdated to July 1 and also applies to non-parties to the National Industrial Council for the Leather Industry.

Negotiations between about 200 employers and two trade unions in the industry lasted about three months and were marked by sporadic work stoppages.
Looking for favours

Two points were clear at the annual congress of the Federated Hotel, Liquor & Catering Association held in Johannesburg this week — SA still does not have a tourism strategy and government is anxious to pass its responsibility for tourism over to the private sector.

This does not displease the hotel industry, but in return it wants a back-scraper, which can take the form of either soft loans or incentives from government.

A strategy may emerge from studies being conducted by the Development Bank of Southern Africa and the Board of Trade & Industry. The board’s inquiry was not finished, as promised, by the middle of this year. But it may be complete by the end of the year when the bank’s report is expected to be drafted.

Minister of Trade, Industry & Tourism Kent Durr told the congress that the reports may be combined to form the basis of a White Paper — which may be the beginnings of a tourism strategy for SA — and is likely to be tabled in parliament.

Ironically, government has made more progress in privatising tourism. It appointed a private-sector representative as chairman of the SA Tourism Board, Comair MD Pieter van Hoven. Privatising the grading of hotels and the scrapping of the Travel Agents’ Board is in the pipeline.

In 1988, government ended the tax incentive scheme on new hotels. Since then, said outgoing chairman David Wigley, virtually no new hotels have been planned. Consequently, the tourism industry may find it difficult to accommodate the 2m foreign tourists Durr expects each year by the end of the century.

Wigley emphasised that the hotel industry is not asking for special treatment but merely to be treated the same way government treats other industries.

He cited the case of the Industrial Development Corp lending R317m at 5% a year for five years to industrialists whose assets were worth no more than R50m and how proud the corporation is that those loans earned or saved R1bn in foreign exchange by boosting exports and replacing imports.

He feels the hotel industry should be shown the same courtesy because he claims it is probably a more powerful job creator and earner of foreign exchange than industry. Tiaan Behrens, MD of TBK Marketing, said more than 20 government organisations and R750m in cash is available to help manufacturers. The tourism industry needs funds to establish an entire infrastructure, of which hotels are only one element.

Van Hoven maintains that government wants one super body to represent the industry and dictate to other government bodies that have an interest in tourism. The need for this was underscored by Peter Hearfield, group operations director for Southern Sun, who said there are 50 to 60 government bodies that have a say in tourism.

But it took Protea Hotels MD Arthur Gillis to inject a sense of realism into the debate. “Before we ask for cheap money to build more hotels,” he said, “let’s take note of the fact that 49% of the accommodation we had last year was unoccupied.”
Tourism could offset bleak Christmas

AN INDICATED increase of at least 20% in foreign tourists in the coming season is expected by Cape businessmen and hoteliers to offset the effects of a downturn in the economy, and a "Christmas without jingles" forecast by economists.

Theo Behrens, vice-president of Fedhasu, says the 20%-increase figure being worked on in the tourist industry is based on bookings already made, and that the Western and Southern Cape will be major beneficiaries of increased tourism.

"The economists claim the current tough times, with the ranks of the unemployed swelling and the number of business insolvencies rising, will be transmitted into less spending over the festive season.

They predict the consumer will be worse off over Christmas, with the battle for survival continuing over the rest of the year."

First National Bank economist Cees Bruggemans says: "The next six months will be harder on the consumer than the first part of the year, leading to a further slowdown in consumer spending."

Decline

The general impression is that lower interest rates, expected later in the year, as well as a declining inflation rate, should eventually lessen the burden, but not enough to count by Christmas.

Old Mutual's economist Dave Mohr says the largest part of the inflationary decline has already impacted on the economy and no further easing of the country's economic plight should be expected till 1991.

He says that some relief in the way of tax reforms, introduced in the budget, which comes on stream in July, would have worked its way out of the system by December.

The generally gloomy forecasts of economists are not shared by some leading businesses in Cape Town.

John Barry, Western Cape regional GM of Pick n Pay, says the company's turnover this month is up 22% on July last year, "and we are confidently budgeting for an increase of up to 30% in the coming Christmas season over last year's figures".

"Except in that shoppers are tending to be more selective in their buying, the supermarkets have not really been affected by the downturn in the economy, and our bullish forward planning has been in the belief that the Cape will be the number one holiday destination this year.

"We also believe the Western Cape will feel any downturn in the economy far less than elsewhere in the country."

Optimism

Leon Kellett, general sales manager of Melotronics, says although demand has fallen off for electric appliances, the market remains good for electronic equipment such as TV and hi-fi sets, video machines and radio cassette, and is expected to remain firm until the Christmas shopping season.

"While many customers are now looking at equipment a shade lower in quality and price than the very best on offer, turnover are being maintained and could even pick up towards the end of the year, with the increased optimism and progress on the political front that we expect."

"We feel confident and positive about the prospects for the coming season."

Only about 140 shopping days until Christmas and economists are not enthused over business prospects for South Africa generally, but Cape businessmen expect an upsurge in tourism to offset the effects of the economic downturn. ARI JACOBSON and ROGER WILLIAMS reports.
Police hold more than 300 union picketers

MORE than 300 SA Commercial, Catering and Allied Workers' Union (Saccawu) members were arrested while picketing during a national hour of protest on Friday, a union spokesman said at the weekend.

SAP spokesman Capt R Maree confirmed yesterday that 166 people were arrested for illegal demonstrations on Friday.

"Forty-five people were arrested at Checkers centre in Middleburg and 121 people were arrested in Pietersburg," Maree said.

In a statement Saccawu deplored the arrests, saying it was "unfortunate that the police had again intervened while the situation was volatile.

"Police intervention was uncalled for and acted as a catalyst," Saccawu said.

The union said its members stopped work and held pickets in all major centres and most smaller towns between 2pm and 3pm on Friday.

"Rightly percent of stores closed down in the city centre of King William's Town," the spokesman said.

Friday's hour of action was part of Saccawu's campaign for a living wage and the right to strike.

"During the recent strike at OK Bazaars and at Southern Sun/Holiday Inn the union was unable to exercise fully its legal right to withhold labour because of massive police interference and the removal of access to store facilities by management," Saccawu said.

In another development, Saccawu has said it would meet Metro Cash and Carry management today for mediation in a bid to resolve the wage dispute.

"The union is demanding a R150 across-the-board increase and the company is offering R130. There are no other issues in dispute," the union said.

The strike action involving 5 000 workers at 150 Metro Cash and Carry stores throughout SA started on Thursday.

According to the union, the striking workers were conducting canteen sit-ins.

Saccawu added that it would meet Southern Sun/Holiday Inn management on Friday, following a meeting last week.

"Southern Sun continued to refuse information detailing the breakdown of the R28m allocated to wage increases this year. The present division of resources provides an increase of R12m for the top 2 000 employees and R14m for the remaining 8 000 workers, who are earning less than R800 a month.

"This allocation perpetuates poverty and protects elitism," the union said.
Tourism

Sweeping plan to turn SA into tourism Mecca

Among the recommendations that will be put in place is that plans be set in motion to turn South Africa's coastal towns into a tourist destination. The Department of Tourism has already made contact with various authorities engaged in the tourism business in the country to discuss the feasibility of such an undertaking.

The proposals envisage the establishment of a Tourism Board in South Africa in conjunction with the Bank of South Africa. The Tourism Board will be responsible for the promotion of tourism in the country. The Board will comprise representatives of the private sector, the government, and the Department of Tourism.

The proposals also envisage the establishment of a tourism authority to be responsible for the implementation of the Board's recommendations. The authority will be responsible for the development and promotion of tourism in the country.

In addition, the proposals envisage the establishment of a tourism fund to be used for the development and promotion of tourism in the country.

The proposals are expected to be presented to the cabinet for approval in the near future.
THE Government was urged this week to back a financial package by the National Parks Board to raise loans of a stunning R333 million to set about improvements and expansions at its network of reserves.

The proposal was listed by the Board of Trade and Industry as a top priority in new moves to boost South Africa's status as a global attraction for both local holiday-makers and international tourists.

It is the main feature of a chain of recommendations made by the BTI in a masterplan on the future of tourism that has been delivered to Minister of Trade and Tourism, Eric Durr.

The board has reminded the minister that at the moment the world-famous Kruger National Park can cope with only one in five of the thousands of tourists seeking accommodation at peak periods.

It suggested that the Government should either provide the R333 million in three annual instalments, or else subsidise the interest paid out on cash raised in the capital market.

It estimated that the cash injection would boost the operating surplus of the National Parks Board by R664 million over the next nine years - but provide an overall boost to gross domestic product of a massive R4.3 billion because of the spending generated by the larger number of tourists.

BIG PLANS TO COPE WITH THE EXPECTED TOURIST AVALANCHE

MICHAEL CHESTER

The BTI recommends similar financial packages for the Department of Environment Affairs to launch improvements by the Natal Parks Board and at botanical gardens and conservation areas under its control.

The Minister has been told research shows that South Africa's fauna and flora are by far the biggest draw for nine out of every 10 overseas tourists.

Proposed developments envisaged that the present capacity of National Parks Board game reserves would be doubled by the addition of 4134 beds to total accommodation.

The following spending patterns were recommended:

- Kruger Park - R7,3 million
- Creation of a new rest camp between Letaba and Shingwedzi (532 beds): R24 million.
- Completion of a new rest camp between Letaba and Shingwedzi (100 beds): R22.5 million.
- Building four small bushveld camps at Sirheni, Shrimwini, Talamati and Mbyamiti (each with 70 beds): R11.8 million.

New Doornplaat rest camp (70 beds): R3 million.
- Upgrading of Suckuz, Lower Sabie, Pretoriuskop and Punda Maria: R10 million.
- Raising other accommodation to first-class standard: R2 million.

- Kalahari Gemsbok National Park: R27.8 million.
- Augrabies Waterfall National Park: R5 million.
- Kransberg National Park: R35.8 million.
- Vaalbo National Park: R30.5 million.
- Golden Gate Highland National Park: R1.5 million.
- Bergkwagga National Park: R1 million.
- Karoo National Park: R1.5 million.
- Addo Elephant National Park: R2 million.
- Zuurberg National Park: R12 million.
- Tankwa Karoo National Park: R1 million.
- Bontebok National Park: R67 million.
- Richtersveld National Park: R12.8 million.

- West Coast National Park: R17.8 million.
- Wilderness National Park: R40.5 million.
- Knysna National Lake Area: R3.5 million.

The proposals included not only the creation of more tourist accommodation but also major extensions of several of the game parks.

The BTI said it had considered the option of privatisation of the commercial operations of official conservation bodies. It came to the conclusion, however, that such moves would not be in the long-term interests of the country.

The United States had followed the privatisation route with some of its national parks - with devastating effects on the environment because of over-exploitation.

It added: "The best way to ensure that the resources which lie at the heart of the tourism industry in South Africa - its fauna and flora as conserved in its parks - should remain under the control of government authorities, with the proviso that they at all times strive to maintain a balance between conservation and the demands of tourists.

"If this balance leans too far towards conservation it could impair the optimum development of the tourist industry, while to lean too far towards commercialisation the parks could detrimentally effect the most important tourist attraction which South Africa has."
Report moots raising of R333m loan to promote tourism in SA

A WHITE paper on the future expansion of SA tourism will be tabled in Parliament early next year following the release at the weekend of a far-reaching official report on the industry.

Trade and Industry Minister Kent Durr said at the weekend the white paper would be compiled against the background of a Board of Trade and Industry (BTI) report and another by the Development Bank of Southern Africa.

The board stresses in its report that the country's nature reserves are the lynchpin of overseas tourism and the main reason why foreign visitors come to SA.

The report recommends that the National Parks Board raises a loan of R333m in the capital market for 10 years which would enable it to create more than 4 000 new beds inside reserves — double its current capacity. The package would enable the board to become financially independent after eight years.

Durr said the Development Bank report — still to be submitted to him — aimed at setting out a long-term strategic development plan for tourism. "I am determined we will produce parameters for tourism growth to fulfill the industry's enormous potential in the new SA of the nineties and beyond," Durr added.

The BTI report stressed southern Africa's "unique selling point" in the world's tourism market — its wildlife and game parks.

The said occupancy of the 240 000 beds available daily across the entire range of accommodation establishments was at a maximum for only three months a year. For half the year accommodation was substantially under-utilised.

Investment in the country's tourism capacity in the last few years had been small. A national tourism policy should aim at eliminating government restrictions hampering the industry's development and to replace public sector involvement with private initiative.

Stressed, too, was the great scope for expanding the capacity of the country's wild life parks. The report pointed out that as long as SAA had to fly around the bulge it would be impossible to level the field of airline competition except by subsidisation — and this the board could not support.

It also rejected the suggestion of a tourism industry bank.

Other recommendations were:

* Planning for the future of Jan Smuts airport should start immediately, as the current improvements may not be adequate beyond the year 2004.
* Safour should withdraw from its involvement in domestic tourism as soon as possible and the various regional development advisory committees should co-ordinate efforts to promote tourism at a regional level.
* The various regional tourism promotion bodies form links with the Tourism Liaison Council which should have direct access to the SA Tourism Board.
* The development of the tourist potential of SA's dams, which have a total perimeter twice the country's coastline, should be given high priority.
* The Association of Southern African Travel Agents should investigate the formation of a pool arrangement to ensure more economical use of luxury coaches; and
* It was not in the best interests of the industry to privatise the commercial operations of the official conservation bodies.
Tourism needs capital to expand

PRETORIA — The availability of capital to develop the industry's infrastructure was basic to any effort to significantly expand foreign tourism, Fedhassa CE Fred Therman said yesterday.

Therman was "furious" that Trade and Industry and Tourism Minister Kent Durr's office had failed to supply him with a copy of the Board of Trade and Industry (BTI) report.

GERALD REILLY

He agreed, however, that tourism was vital to the future of the country.

He welcomed Durr's intention to table a white paper on the industry in Parliament next year.

He said he agreed with Durr that investment in the industry in the past few years had been limited.

It was hoped the paper would acknowledge the need for making development capital available under favourable conditions — to allow for the rise in tourist numbers.

PEANUTS

By

THIS GIRL CALLS ON THE PHONE... MY SISTER ANSWERS. THE GIRL TELLS SALLY THAT SHE'S AN OLD FRIEND OF MINE. HOW CAN THAT BE? I DON'T HAVE ANY OLD FRIENDS, I DON'T EVEN HAVE ANY NEW FRIENDS... I DON'T UNDERSTAND.
Hillbrow’s last white stronghold is no more

The last bastion of whites-only hotels in Hillbrow has fallen.
Under new management, the Chelsea Hotel has opened up to all races — much to the dismay of the regulars.

By PHILIPPA GARSON

It’s dusk and things are starting to happen. Dozens of people — fisted by slick new Marxists, lookalike security guards — pour into the formerly quiet hotel.

Pupa Diamini, a sales rep, strides in with: “I’m a happy man tonight. I’ve been living nearby for the past four years and I’ve been longing to come here, but I’ve never been allowed to. All the whites will move because of the new atmosphere. I feel bad for them but they must change their attitude.” Though he lives around the corner he intends to book in for the weekend, just to celebrate the new development.

Hillbrow’s last white stronghold is no longer. Since last weekend when the hotel changed ownership, the atmosphere has been charged with anguish. All the signs of white angst are there. Most pool players say they are likely to be their last visit.
But grumpy and disgruntled, they keep coming back. Old habits die hard. Regular drinkers have moved to the Public Bar across the corridor. There they hobble, hoping the new clients will not discover the other drinking hole. Diamini does though. He hurries out again in a rush, “Go and speak to those people in there,” he says. “You’ll find out what the whites really think!”

“Kaste”, a flitter and turner stumps over his drink in the Public Bar, moody and explosive: “This is unfair. Surely they can have one side white and one side black. Why give everything away?” Look, I work with them daily, I can accept that. But that is their line and here is mine. I feel like getting on a plane and going... gee, I feel so bitter.”

John Meyer, new general manager of both the Little Roseanath and Chelsea hotels admits there has been resistance from white regulars reluctant to let their last outpost go. “You know, there’s been racist talk like ‘This is the white man’s area’. People...”

To PAGE 6
Hillbrow’s last white stronghold falls

have told me: ‘This is our place and if blacks start coming we’ll make sure they won’t come back.’

“Blacks did come before but they were encouraged to sit on the verandah. We noticed they weren’t really welcome.

“But you have to move with the times. How do you cater for a few whites when the whole place is going multi-racial?”

There’s no money in pandering to the few, says Meyer, who envisages his new clientele will be predominantly black. He is frantically overseeing plans to create a new dance area and jazz up the gloomy old-fashioned hotel, which has for years catered mainly for residential customers.

Prostitition is a phenomenon plaguing Hillbrow’s hotels, and while Meyer plans to stop any brazen soliciting which may occur on the steps of the hotel, little can be done to curb it, he says.

“If you’re a hooker and you come and rent a room, how must I know you’re a hooker?”

Anthony, the owner of a security firm who has patronised the hotel for the past seven years is on the way out.

Nothing will stop him, he says, short of the arrival of a stunning white girl in a mini-skirt. Not for him the glamous black nubilies likely to descend in droves on new territory.

“No ways. From now on I’ll jol in the northern suburbs where I live. Not that I’m a racist. I just choose the better things in life.”
If the Board of Trade & Industry gets its way, foreign tourists will envisage more than the Kruger National Park when they think of SA game parks.

A new report identifies conservation areas as the magnet that draws foreign visitors. It also proposes that the National Parks Board should be allowed to borrow R333m to fund an expansion programme.

This is in line with the board's own development blueprint which envisages raising the awareness of other parks to relieve pressure on Kruger and spread the visitors over a wider area.

The BTI says conservation areas are SA's unique selling point and the main reason why 90% of 237,000 foreign holidaymakers came last year. (An almost equal number of foreigners said holidaying was not the main reason for their visit but the BTI believes many used the tourist facilities.)

The Parks Board is concerned that tourists focus too heavily on Kruger because of its high international profile. It has limited facilities that are fast reaching saturation point. Unless the pool of equally attractive national parks and other conservation areas can be expanded and upgraded, a growing source of foreign exchange may be lost.

The report makes many other important recommendations. One is to replace the official hotel grading system with industry-regulated registration and grading.

Other proposals include: uniform road signs throughout the country; a single manpower training body for the sector; better co-ordination of school holidays to reduce strains on tourist facilities; review of regulations governing caravan parks, guest houses and bed-and-breakfast accommodation; and an "aggressive promotion, marketing and selling strategy" to encourage the 50% of local tourists who don't take leave during school holidays to take their holidays out of season.

The report also says the SA Tourism Board (Satour) should stop marketing in SA as soon as possible and that the private sector and local authorities should take over this function, as they now do in some areas in cooperation with Satour.

The report is one leg of a strategy to develop a master plan for tourism development. Its objective is to identify obstacles hindering foreign tourism.

The other key aspect is a Development Bank of Southern Africa and Satour investigation into the longer-term development of an adequate tourist infrastructure. Its report is due in November.

Satour will then consolidate the two reports and publish a document for industry comment after which, in collaboration with the Department of Trade & Industry and Tourism, it will draw up a White Paper and a Tourism Bill for submission to parliament, probably next year.
PEDICS has completed a decade of steady growth. Profit of the food service company has risen 15 times, albeit from a small base in 1980. Group managing director David Wigley acknowledges that it is not a brilliant performance when inflation is taken into account.

PEDICS has 200 contracts today after 190 in 1980. Turnover in the year to March was R135-million compared with 1980’s R153-million.

A cautiously optimistic Mr Wigley expects turnover of R240-million in the current year. Having spent 10 years at the helm, he has noticed dramatic changes in the market.

Keen

“In 1980, PEDICS was way ahead. The market then, as now, consisted of many owner-operators. There is no high-capital, high-technology entry level in an industry like ours,” he says.

Several major companies have entered food service and competition is keen.

Mr Wigley came to SA from England to look after Southern Sun’s city hotels. He left after working closely with Sol Kerzner for three years.

“I felt that with Sol, the chance to run my own company was not possible. My appointment to PEDICS was fortunate but I was coming into its own,” he says.

Has he achieved the things he set out to do when he joined PEDICS?

“You achieve some things, but do they last? Quality has been a catch phrase at PEDICS where our motto is a happy and satisfied customer.”

But customers’ requirements have changed.

“Many of the high-street names in food today were not around then. People are eating out more and expect the same quality in staff canteens as they get in restaurants.”

To keep up with changing trends and ensure high standards of quality and service, PEDICS restructured late last year.

Mr Wigley says: “We decentralised. Individuals in the company are now mature enough to handle more responsibility and authority.”

“In the past, everything from decision making, personnel and marketing to accounts was handled from Johannesburg. Now we have a leaner head office for food services.”

Mr Wigley says the major thrust this year is to look closely at opportunities in the food market.

Revamp for station

DURBAN’s historic old station building is to be turned into offices with nearly 4 000m² of A-grade space when a suitable tenant is found.

Anglo American Property Services (Ampros) development director Fred Bihl says the Victorian facade of the building, a Natal landmark, will be kept.

The property, acquired by Anglo American Properties recently, will be managed by Ampros.

Mr Bihl says a structure will be built behind the Victorian front to provide offices.

The building has not been used since the main station was moved to Umgeni Road several years ago.

Charmain Naidoo

David Wigley

Knitting

“Lots has been said about the contracting out of Government food services. It is possible that hospitals, schools, prisons and Spooners will start using outside caterers — as SA Airways does.”

PEDICS has had the SAA account for five years.

“The adage, ‘stick to your knitting’, has become pertinent. Government departments are also considering sticking to their knitting.

“In an economic downturn, there is more chance for growth than in an upturn. People become more aware of costs and can better analyse them. We are concentrating on organic growth. We are an important part of the hospitality industry.”

PEDICS is not capital intensive and the food-service division has few overheads other than providing food and staff.

“Service-based businesses deal with food and drink, which means cash. Control is vital. A major challenge is motivating and training staff — the lifeblood of our industry.”
ANOTHER FIRST . . . Jeff Liebesman (centre) and Peninsula All Suite Hotel developers Joe Davidovitz (left) and Mervyn Bassarab Picture: TERRY SHEAN

By EVELYN HOLTZHAUSEN

FORIEGN investors convinced that South Africa is on the brink of a tourist boom have bought accommodation worth several million rands in a luxury hotel in Cape Town.

“We welcome foreign guests,” says Jeff Liebesman, chairman of W&A Investment Corporation — one of the main backers of the Peninsula All Suite Hotel.

The hotel was opened this week by Privatisation and Public Enterprise Minister Dawie de Villiers.

Mr Liebesman, whose company was voted Sunday Times Top Company in 1989, and which has a 20% stake in the Peninsula, says the hotel is the first investment by the Transvaal-based consortium in property on Sea Point’s Golden Mile.

Investment in the 118-suite hotel complex “is tangible demonstration of our commitment to our country and our faith in its future”, says Mr Liebesman.

One of the project’s consultants, Joe Davidovitz, says careful research and an absolute belief in Cape Town led to building of the Peninsula.

The Peninsula, developed from the shell of the old Alhimer apartment hotel on a prime site, is owned by the All Suite Hotel group. It also owns the Century in Sea Point.

Each suite has its own spa bath and catering facilities, supplemented by a coffee shop and restaurant offering 24-hour room service. All suites have sea views and range in price from R7100 for low season to R32500 for a penthouse in high season.
A new force has emerged in South Africa's travel business

Odyssey Group, which is expected to have a turnover of R150 million in its first year, has grown out of RCI, the SA arm of the worldwide holiday exchange organisation.

The group has bought independent travel company Williamsworld and corporate travel specialists Travel Experts.

Milestone

The restructuring with RCI's own diversified operations has created a strong, fast-growing group which is placed to expand geographically and into other sectors of the market, says group managing director Bruce Ravenhill.

"Mr Ravenhill says: "It has been our strategy in the past five years to expand the core business of RCI from timeshare exchange alone into travel and related activities. The formation of Odyssey Group is an important milestone in our growth."

Group subsidiaries are:

- Wholly-owned RCI
- Former operations director Stephen Griessel as managing director
- Travelink, which is 65% owned, incorporates the R12 million-a-year Williamsworld and data agency Travel Experts. Discount travel partner: Rob Williams, who holds 30% of Travelink, will head the operation.
- Leisure Computer Corporation (50% owned) sells computerised resort reservation and management systems. It is run by Wayne Kruger and
- Platinum Publications (75% owned), publisher of leisure magazines Endless Vacation and Holiday Inn Traveller as well as specialist trade publications. Sandra Gordon is managing director.

Mr Ravenhill, who joined RCI in 1985 and three months later negotiated a licence deal with the US-based parent, says the acquisitions and reorganisation have strengthened the group.

RCI has an SA timeshare membership of 32,000, forecast to grow to 90,000 by the end of the year. Its travel club, Endless Vacation Travel, which will turn over about R30 million this year, and is said to be one of the fastest-growing travel companies.

This will boost Travelink operations and open a new marketing arena. RCI members will benefit from Williamsworld preferential rates, including discount airfares and theatre tickets.

"Every link fits together so well that I see this as a classic win-win situation," says Mr Ravenhill.

"We can consolidate our buying power and combine complementary resources in the form of people, expertise and technology."

He says internationally renowned travel brands have become a more significant element in the travel business with the entry of heavyweights like Disney and Hilton Holidays.

All the companies have a strong technology base, says Mr Williams, who was the first SA travel operator to be given Reserve Bank permission to import discounted air tickets.

From Williamsworld preference rates, including discount airfares and theatre tickets."
Sowetan Business

Stokvels to formulate strategies

MEMBERS of the R52-billion-a-month stokvel informal savings industry are to hold a series of meetings where they will formulate strategies and make recommendations to the Liquor Board regarding selling liquor without police harassment.

This follows a decision made at the first meeting between the chairman of the Liquor Board, Mr Tommy Vorster, and a delegation from the National Stokvel Association of South Africa (Nasasa) in Pretoria last week.

Nasasa president Mr Andrew Lukhele said that the board had promised to look into their problems of selling liquor when a member gets his turn.

Shebeens

They were optimistic that some provision would be made to accommodate them.

He added that the stokvels did not operate like shebeens and, as such, needed some form of concession to allow them to sell liquor during their meetings, usually held at weekends.

"We need input from our members before we present our recommendations to the authorities. "Stokvel members are being harassed and their liquor confiscated during raids by police," Lukhele said.

Vorster confirmed that the meeting took place between the parties. He said that the board had proposed to stokvel members to present recommendations which would be considered by the board.

He conceded that there was no provision made for the stokvel members to sell liquor, but the board had asked them to discuss their problems with their members and to make recommendations.

He did not rule out the possibility that the stokvels would be given concessions, but said that they would have to abide by certain rules.

By JOSHUA RABOROKO

Hands

A Markinor survey has estimated that about R52-billion changes hands every month among stokvel members in the metropolitan areas.

In July, Nasasa received an undertaking from the Finance Minister's economic adviser, Mr Japie Jacobs, that major input would be sought from the informal sector before the finalisation of the new Depositing Institutions Act.
Cape tourism boosted by R50m hotel

TOURISM, one of the fastest-growing sectors in the Cape, has been boosted by the recent opening of the R50m Peninsula All-Suites Hotel in Sea Point.

Leisure Options, which is marketing the Peninsula's timeshare suites, reports that the hotel offers 112 suites for timeshare sales. They vary in price from R7,000 to R50,000 depending on the size and season, and overseas levies are between R290 and R669 a week, for R24m of timeshare has been sold of the available R200m. Major investor FSI should make a good return on the investment, not including the profits on the hotel's facilities.

In nine months, about R5m of timeshare has been sold. A spokesman from Leisure Options said all suites at R30,000 — the price relates to top suites over the Christmas season — have been sold.

Suites range from three bedrooms to studios. The kitchens are fully equipped and include microwave ovens. Each has a jacuzzi in the main bathroom and a patio overlooking the sea. Timeshare owners have the use of all the hotel's facilities, including a swimming pool, gym and squash courts.

Unfortunately, on the night of the official opening last week, service did not quite match up to the five-star facilities.

In summer, the hotel provides a ferry service to Clifton beach.

Mineral and Energy Affairs and Public Enterprise Minister Dawie de Villiers said at the opening that a recent study by Stellenbosch University's Marcus Leibold showed foreign visitors to the Western Cape increased by 24% to 1203,000 in 1989 compared with the previous year.

The number of domestic holidaymakers rose 20% to 600,000 in the same period. The total benefit to the Cape from this source was R60m.
Pichold, Cape liquor firms issue cautionaries on talks

CAPE-BASED Picardi Holdings (Pichold), Union Wine and Drop-Inn have issued cautionary announcements to shareholders that negotiations are in progress which could affect the price of their shares.

This is the second cautionary announcement by Drop-Inn in the past month, but analysts believe the cautionaries—invoking, as they do, two Cape-based liquor businesses—must be linked. However, they could not confirm what the connection would involve.

An analyst speculated that Pichold subsidiary Union Wine—which is fairly small—may want to sell off some assets to Drop-Inn rather than be involved in any acquisition. It was reported in the Financial Mail in June that Drop-Inn was planning to increase the number of stores it managed after the lifting of restrictions on vertical integration. In terms of the same legislation, Union Wine would have to sell its bottlemarts over the next decade.

However, another analyst says there could be a takeover by Union Wine of Drop-Inn, although neither company is in a strong position to make acquisitions. Drop-Inn's shares were suspended from the board in October last year, and the group was rumoured to be looking for a buyer. However, buyout talks ended with the resignation of four top Drop-Inn executives, who proceeded to buy 50% of Union Wine subsidiary Picotel.

Debt

There was also speculation in June that Pichold would delist Union Wine—which it has a 90% holding—by making an offer to the 10% minority shareholders. Union Wine posted a loss of R3.5m (R3.3m earnings) for the last nine months to December.
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This is the second cautionary announcement by Drop-Inn in the past month, but analysts believe the cautionary involving, as they do, two Cape-based liquor businesses — must be linked. However, they could not confirm what the connection would involve.

An analyst speculated that Pichold subsidiary Union Wine — which is fairly solid — may want to sell off some assets to Drop-Inn rather than be involved in any acquisition.

It was reported in the Financial Mail in June that Drop-Inn was planning to increase the number of stores it managed after the lifting of restrictions on vertical integration. In terms of the same legislation, Union Wine would have to sell its bottletstores over the next decade.

Debt

There was also speculation in June that Pichold would delist Union Wine — of which it has a 90% holding — by making an offer to the 10% minority shareholders. Union Wine posted a loss of R40.7 million (R49.8 million earnings) for the six months to December.

However, another analyst says there could be a takeover by Union Wine of Drop-Inn, although neither company is in a strong position to make acquisitions.

Drop-Inn's shares were suspended on the board in October last year, and the group was rumoured to be looking for a buyer. However, buyout talks ended with the resignation of four top Drop-Inn executives, who proceeded to buy 60% of Union Wine subsidiary Picotel.
Sol Kerzner and SA in big Comores hotel ‘coup’

HOTEL magnate Sol Kerzner’s latest manoeuvre into the Comores reflects the irrepressible nature of a man whose reign as SA’s “Sun King” appears far from over.

The move gives Kerzner, 55, rated by an international magazine several years ago as one of the top 15 hoteliers in the world, control of two defunct hotels with a net worth estimated by hotel sources at roughly three times what he will effectively be paying.

The deal is sweetened by the apparent eagerness of the new government of the former French archipelago to regain the international tourist appeal it lost following the assassination of former President Ahmed Abdallah last year.

Kerzner has in effect pulled off a minor coup. Through his British and Virgin Island-registered company World Leisure Management (WLM), and assisted by SA taxpayers’ money redirected by the Department of Foreign Affairs in the form of a loan, Kerzner has taken control of the prestige Usandra and Galawa hotels on the Comores.

Sun International (SI) has been on the island for two years but, based on the political instability on the island and citing “outrageous” import taxes, SI’s parent group, Kerzner made the decision this May to walk away from its R280m investment, although an undisclosed but marginal amount was recouped by selling Kerzner the existing furnishings for the hotels, originally price-tagged at R15m.

WLM’s new Comorian deal involves a loan agreement between the SA government and WLM — the terms of which involves the cancellation of R5m into WLM.

Foreign Affairs deputy director Rusty Evans says the money represents the amount not yet written down of R28m bridging finance supplied as part of a R24m loan made by the Industrial Development Corporation (IDC) to Novelle Societe, the government-controlled holding company for the two hotels.

WLM also has a new lease agreement with the Comorian government controlled holding company for the hotels, Novelle Societe and another with the Comorian government relating to conditions of operations.
Regulatory code for timeshare salesmen

The SA Property Owners' Association (Sapoa) had adopted measures for better discipline and control within the industry, timeshare division chairman Brian Stocks said.

Certain regulatory measures, such as the recent introduction of the diploma in timeshare-sales principles, were deemed essential to upgrade the standard of expertise and professionalism of timeshare salesmen.

In addition to the diploma — which would qualify salesmen to sell timeshare on behalf of any member of the timeshare division — salesmen employed by members of the division were required to register with the association.

Salesmen operating as agents or brokers and employees of organisations who develop and sell their own timeshare must have passed either the Estate Agents Board examination, or the association's examination to qualify for registration.

"In future, members of the public who are interested in buying timeshare will be able to insist on dealing only with salespeople who are specifically qualified to sell timeshare," Stocks said.

The diploma, of which the first examination had already taken place, was developed by the association in conjunction with Wits University's Department of Building and the Human Sciences Research Council, he said.

Commenting on the latest Sapoa rulings, Riviera project developer Rodney Epstein said: "The stage has now been reached where, if an organisation is not affiliated to the association, buyers will want to know why."

The association's timesharing members were carefully vetted for both financial strength and standards — and if an organisation could not meet their demands it was likely to be suspect.

The association would print brochures and run television and Press adverts stressing the advantages of a timeshare developer being an association member.

These notices would also summarise the association's code of ethics and warn timeshare buyers of loopholes they should beware of before signing for a purchase, Epstein said.
More foreign interest in Cape — Wesgro

FOREIGN interest in investing in the Cape had risen noticeably in the last six months, Wesgro executive director David Bridgman said earlier this week.

Wesgro is a Section 21 company formed with the objective of promoting growth in the Western Cape. It is supported by local municipalities and businesses.

Bridgman said comprehensive figures on the amount of investment coming into the Cape were not available. The only way Wesgro picked up foreign interest in the Cape was through inquiries.

Moreover, Johannesburg investors had their own advisers and only some would come to Wesgro.

In June, Wesgro received 22 inquiries from inside SA and four from abroad. In July, 15 local inquiries and eight from foreign countries were received.

“We have found a tremendous increase in the number of foreign investors considering the Cape over the last six months. The Cape has four main growth areas: export-related products, technology or skills-based products, tourism and its own population growth,” he said.

A primary area of demand was in buying retirement and holiday homes in the Cape, making it a strong property market. Because of this Wesgro had an active building programme.

Cape Town is to see a second new hotel opening towards the end of the year in the V & A Waterfront development, a 10-year building project which is to include restaurants, boutiques and exhibition facilities.

The Cape Town city planner announced that commercial buildings totalling R1,5bn had been completed in the last two years and a further R340m was under construction.

Central Statistical Service figures show that out of R5,3bn invested in completed buildings in 1989 countrywide, the Cape province accounted for R1,3bn compared to R2,9bn in the Transvaal, R1,9bn in Natal and R260m in the Free State.

Non-residential buildings completed in the Cape accounted for R207m of the R1,3bn and residential buildings completed amounted to R780m of a total of R2,7bn.
Transvaal stake in Cape development

By Frank Jeans

Big business from the Transvaal has taken a stride into Cape property development with the opening of the R50 million Peninsula All-Suite Hotel on the seafront at Sea Point.

Opened by Dr Dawie de Villiers, Minister of Mineral and Energy Affairs, who termed it "the most expensive luxury accommodation project to date in Cape Town," the hotel and timeshare operation has already topped timeshare sales with a total value of R20 million.

The new resort, which was converted from the Albonor apartment block, has 110 suites, pool terrace, health centre, pool and conference facilities.

The Peninsula development is by a Transvaal consortium.

Alan Schlesinger, group operations director of WA Investment Corporation, which has a 24 percent stake, says "Until now, Sea Point front development has been the preserve of Cape financiers and institutions."

"While we are not long-term property investors as a rule, the prospect of involvement in a prime Sea Point development with a strong entrepreneurial flavour, was an opportunity not to be missed."

Referring to a survey on the Cape as an international holiday destination, Dr de Villiers, said a survey showed that the number of foreign visitors to the Western Cape rose by 24 percent in 1989 to 283,000 and there was a 20 percent rise in domestic holiday makers to 600,000.

"Of the foreign visitors, 53 percent stayed with relatives and friends, while 25 percent booked into hotels and 12 percent in timeshare and other resorts."

"The remaining 10 percent used holiday apartments or went camping and caravanning.

"These figures show that the hotel and timeshare industries have scope to improve their share of the holiday business."
Places nets resorts with development value of R100m

Places, an independent arm of the Protea Hotel group, has listed twelve major resorts with a total development value of more than R100m in its first two months of existence.

"The company's objective is to have 30 resorts under its wing by December and 50 by the end of its June financial year end," MD Jacqueline Osse said.

The new company, which would utilise Protea's centralised reservation system, was developed to capitalise on the rapidly growing overseas trend towards self-catering accommodation, Osse said.

Places's first Johannesburg contract, the recently completed luxury share block The Courtyard in Rivonia, was the jewel in the company's crown.

Marketing manager Andre Steyn said the aim of Places was to provide professionally run self-catering accommodation.

This was because of a worldwide shortage of hotel facilities.

Osse said resorts, timeshare blocks and sectional-title projects aimed at attracting a self-catering clientele, would form part of a national grid of guaranteed accommodation.
Activities: Franchises the Hard Rock and Spur Steak House restaurant chains.
Control: Spur Holdings 45%; Directors 37%.
Chairman: A J Ambor; MD: G Topat.
Capital structure: 15,8m ords. Market capitalisation: R19m.
Share market: Price: 120c. Yields: 10.6% on dividend; 12.3% on earnings; p/e ratio, 9.1; cover: 1.2; 12-month high, 125c; low, 85c.
Trading volume last quarter, 1.86m shares.
Year to Feb 28
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group's strength is in the "sit-down" area. Here, a new franchise is "in an advanced stage of development" which should see the first outlet opening in November.

Efforts to develop exports continue. Ambor hopes for sales of catering equipment to Europe to build up in calendar 1991. He expects the 100th Spur outlet to open during the 1992 financial year and is heartened that more Hard Rocks are being opened (four planned in the next six months).

Ambor says 1990 pre-tax profits and dividends should be "well exceeded" this year.

Holdings, which a year ago decided to cut back on direct restaurant activities, has changed tack again and now plans to take up equity in successful existing or promsing new outlets. It, too, will adopt a more conservative dividend policy to finance this. Ambor says the difference is that this time round it will only go into partnership with proven operators, not take majority positions.

Last year, though, the main investment was not in this area, but on the other 837 000 Ranches shares for R786 000, pushing borrowings up by R816 000. As Ranches is now 120c, it's showing a good profit. For Holdings, Ambor expects "substantial" growth in earnings and dividends in 1991 and beyond.

Both shares are close to the post-1987 Crash highs, but offer yields that do not appreciate the excellent record. Maybe investors are doubtful about the industry's ability to withstand recession — plus, perhaps, reservations about changes in policies and continuing spending on new ventures with as yet little return. Maybe greater understanding of how the group operates would contribute to a rerating that on the face of it seems deserved.

Michael Cowan

SPUR STEAK RANCHES

CHANGING TACK

It was an intriguing year for both Ranches and its holding company, Spur Holdings. Ranches opened another eight franchised outlets (less than the targeted 15), bringing the total to 88 and recorded turnover and profit growth well ahead of inflation. However, whereas at the time of the listing we were told there was no need to retain funds to finance expansion, chairman Allen Ambor now says a more conservative dividend policy will enable planned organic growth to be financed without recourse to borrowings.

Development of the Ranch Style chicken/burger fast food franchise, under way for a couple of years, has been "concluded and is in a consolidation phase pending future expansion." Ambor tells me this means a few outlets have been opened, but he feels the
NOEL DE VILLIERS

LESSONS TO LEARN ON TOURISM

Noel de Villiers is a tourism consultant in Cape Town and vice-chairman of the SA Tourism Board (Satur).

For years, SA’s tourism potential was wounded by politics. But now, as the international impression of the country improves daily, the rapidly healing tourism sector is emerging with a vengeance.

Perhaps tourism’s stunted growth here was a good thing. While apartheid kept dunking tourism’s head under water in this country, much of the rest of the world raked in billions from the tourism phenomenon of the last two decades. But many countries now are realising that they pay a heavy price for their popularity. Examples are endless: the throngs that threaten to sink Venice, the shutdown of prehistoric caves in France because the primitive drawings are being ruined, the endless high-rises along the Florida coastline that wreck the ecology.

Countries got swept up in tourism without defining objectives or outlining a vision of what they wanted to achieve. Developments were built haphazardly. Co-ordination was poor. All the time, more and more aircraft with bigger and bigger bellies were disgorging vast numbers of tourism consumers into fragile cultural environments that had taken thousands of years to evolve.

As SA tourism shifts into a higher gear, we must be guided by the experience of other countries. The resources that draw tourists here — the beaches, the game reserves, the fabulous vistas — are extremely sensitive and must be treated with a great deal of care even now, lest alone if they become a worldwide attraction. SA can become a worldwide attraction, and properly managed, that could be worth far more than all the gold the country has ever produced.

SA is now developing a strategy for tourism. The first step was a report last month by the Department of Trade & Industry that identified immediate obstacles to hindering foreign tourism (Business, September 7). The next step is a Satur and Development Bank of Southern Africa study of the country’s longer-term infrastructure needs for tourism. That report is due in November.

Much needs to be done, and quickly, if the fruits of tourism are to be harvested. In addition to adopting a plan for tourism, SA must develop accurate statistics to measure tourism. Without good statistics, tourism will almost certainly be underestimated.

Worldwide, it’s hard to underestimate tourism. A recent study for American Express found that “travel and tourism is the largest industry in the world in terms of employment and ranks in the top two or three industries in almost every country.”

Tourism often creates jobs in places that have few other means of support. In Calvinia, tucked up in the northwestern Cape, a woman has just paid off the last installment on a R10 000 Small Business Development Corp loan that she used to start a small crafts shop 18 months ago. Her stock is supplied by 72 artisans from the area, many crafting items that can’t be found in the cities.

Tourism as a commercial activity is unmatched for the way it crashes through or simply ignores discriminatory barriers. In this business, old and young, skilled and unskilled, male and female can all find a niche. It straddles many activities, from transport through food to finery, thereby defying its description as an industry.

At the same time it embraces a vast range of concepts, even if some appear to be contradictory. As was said recently regarding tourism’s reliance on the environment and the danger imposed on the environment by poverty, “Poverty is a threat to tourism that tourism itself can solve.”
sanctions softening to American attitude to

By Derek Tommer
R25m loan to restore Polana’s splendour

STANDARD Merchant Bank (SMB) yesterday signed a R25.5m loan agreement with a Mozambican-based company in terms of which Maputo’s legendary Polana Hotel will be restored to its former splendour.

The money, underwritten by Credit Guarantee Insurance Corporation and provided at a special capital export risk interest rate of 9%, will be advanced to Hotel Polana Limitada (HPL), in which SA hotel group Karos and the People’s Republic of Mozambique are major shareholders.

The project is believed to be the biggest of its kind in Mozambique to be funded from SA since Mozambique’s independence.

SMB MD Pieter Prinsloo, at a ceremony to mark the signing of the agreement in Johannesburg, said the loan was unusual in that it provided for booking payments made to the hotel to be used for repayment of the 10-year loan.

Karos joint MD and HPL chairman Stan Hoffmann, whose family and Mozambican partners owned the 65-year-old hotel before it was nationalised in 1975, said current occupancy averaged 76%, with guests being mainly international travellers.

His group had secured the hotel’s management contract with effect from May 1.

“We’re very excited about the project and believe we can restore the Polana to its former glory and place it among the leading hotels in Africa,” he said.

The R30m upgrading programme includes reconfiguration of the Polana’s 255 existing rooms into 300, provision of a conference centre and restoration of the building’s roof.
Tourist fever

Hotels, tour operators predict bumper season for city

Staff Reporter

SPRING tourist fever has hit the Peninsula, with tour operators reporting a 20% increase in trade and hotel occupancies up by at least five percent on this time last year — four days ahead of the Transvaal school holidays.

With the Peninsula and environs taking 36% of the national local summer tourism market and 43.9% of the overseas market from January to March this year, prospects this spring are at an all-time high.

The marketing manager of a major local tour company, Mr. Richard Gebhardt, said his figures were 23% up on the equivalent April-September period last year.

Local hotel general manager Mr. Bruce Humphreys said earlier predictions for the September 6 election had caused a "slight downturn" in occupancies at the time. However, this had rebounded to an overall 2% increase in the remaining weeks.

He expected his September occupancy of 75% to be slightly down this year as the Jewish New Year (Rosh Hashana) falls on this Friday.

Other hotels canvassed showed occupancy rates from 20% to 25% (Woodstock) and 63% to 67% (Newlands).

While hotel chain spokesmen attributed occupancy rates to special seven-day package deals, including flights, tickets and bed and breakfast, most agreed that Capotour initiatives had begun to pay off.

Mr. Nick Seewer, general manager of a prestigious Cape Town hotel whose occupancy rates were up by 5-10%, said that the Capotour "Green Season" promotions had begun to increase, with tourism having eaten into the Durban market.

"I also think we can do a lot more by including Cape Town in the winter package tours of the Kruger Park, Eastern Transvaal and Namibia," he said.

A spokesman for Satour said a Satour study had shown that 71% of South Africans liked to visit new destinations every year.

Mr. Humphreys said the devastating Natal floods of December 1987 had been a turning point for Cape Town, as thousands more people had discovered the Peninsula.

Tourist from as far afield as Kroonstad and Nelspruit look to the hills — or rather the Kamiesberg mountains — to see out the last of Namibian flowers at the weekend.

Although patches of purple, orange, yellow and blue are still to be seen on the plains, they are beginning to fade and the mountains are now the repositories of Namibian's floral riches.

Recently returned travellers advise late-comers to turn off the national road near Garies, then travel roughly northwards and come off the mountain again by way of the Kamiesberg pass.

SUMMER'S A TAN AWAY ... A Clifton boulder was the perfect spot for 14-year-old Kim Wyngaardt, of Goodwood, who yesterday joined numerous sun-worshippers on the picturesque beach.
SHERATON HOTELS

TESTING THE WATER

The US Sheraton hotel group is eyeing the lucrative SA market. It now has investments in Swaziland and Botswana, but says it won’t enter the local market until US sanctions against SA go.

The group already operates nine hotels in sub-Saharan Africa, including a new hotel in Botswana, two under construction in Swaziland and one being built in Mauritius. “But the sentiment to enter the SA market is still academic at this stage,” says Mike Prager, vice-president and marketing director for the Africa and Indian Ocean division. “We have to wait until the US Congress lifts its restrictions on new investments in SA.”

That hasn’t stopped Sheraton selling into the local market, though. It has appointed American Airlines’ Johannesburg office as its SA sales representative. The tie-up enables Sheraton to interface its computer system with American’s Sabre reservation system, which is capable of handling up to 3 600 transactions a second.

The reason for the heightened profile, says Prager, is that SA is the region’s economic locomotive and there’s a lot of goodwill in the country towards Sheraton. Most of the sup-

port for the regional Sheraton hotels in Gaborone and Harare comes from SA nationals.

Longer-term, Sheraton is readying itself to benefit, by direct investment, in the tourism boom which is expected to hit SA once the country’s political problems are behind it. But if it does decide to invest, it will have to fight hard for market share. The hotel group operates in the top end of the market and SA is already well-served in this area by groups such as Southern Sun, Protea, Sun International and the independent chains.

Nevertheless, its eventual entry would put SA firmly on the map for US travel agents wishing to offer their American clients a southern African tourist package. The group’s enormous international clout and prestige would give it a decided marketing advantage in the US.
hotel occupancy rates fell, CSS survey shows

The overall decrease in tourist numbers and hotel occupancy rates for all graded hotels in July compared with the same period last year, but they all showed a decrease in real terms. Although the average occupancy rate was not adjusted for inflation, the overall decrease in tourist numbers was given as 11.5%. However, Fednon executive director F. C. Bowden, at the Central Statistical Services CSS, noted that this was higher than the overall average for the country, and the country was not a recession.
Let’s develop tourism, Kotze tells neighbours

CAPE TOWN — Southern African countries should forget their differences and work together to develop a booming tourism industry in the region, Environmental Affairs Minister Gert Kotze said yesterday.

Addressing the Association of Southern African Travel Agents (Asata) congress in Windhoek, Kotze said SA and its neighbours could start building up tourism in the area immediately, by establishing cross-border travel packages.

"Tourism can help to build international bridges where other forms of diplomacy cannot. It plays an important role in the strengthening of ties in southern Africa in the political, social and economic spheres," he said.

Trade, Industry and Tourism Minister Kent Durr said at the weekend conservative estimates indicated that SA would receive more than a million foreign visitors this year and more than two million by the turn of the century.

Some of the income generated by tourism could be used to maintain costly wildlife sanctuaries which had proved to be one of the major tourist attractions in the region, Kotze said.

But he warned that there was a limit to the number of tourists any region could accommodate.

"Destroy our environment through over-exploitation and you destroy our international tourist industry which many impartial observers maintain has the capacity to replace gold as our most important export earner of foreign exchange.

"We must ensure that southern Africa’s natural environment, fauna and flora are developed rapidly to maximise their contribution to tourism, with due care being exercised to protect the environment. A careful balance between development for tourism and conservation will have to be maintained to ensure that this central element in southern Africa’s tourism industry remains an attractive feature," Kotze said.

Lesley Lambert
Prospects of growth are looking good

Despite rapid growth, the timeshare industry is confident it has not reached saturation point — though there are some important issues facing developers. Resort Condominium International chief Bruce Ravenhill says estimates last year put the number of timeshare weeks at about 156,000, owned by some 92,000 families.

"If we accept there are 7.3 million households which qualify economically for timeshare, the present level of timeshare weeks sold represents a 7% market penetration. "Opportunity for growth must be good if one considers how many people have qualified as prospects and have attended sales presentations but not bought. The sale of 370,000 weeks, or a 15% market penetration, is achievable. The time it takes to reach this level will depend on how well the industry regulates itself and delivers the promise of hassle-free holidays," says Ravenhill.

Timeshare is a luxury item and, in comparison to other forms of ownership, such as whole ownership, fractional or syndicated ownership, it is a relatively low-ticket item.

"It is not a necessity and largely has to be 'sold', rather than 'bought'. The number of unprofessional sales agents that pass through the industry and are unleashed on the unsuspecting public is appalling — though this has improved considerably.

Ravenhill says the trend will be towards more selling on site so the potential buyer can experience the resort first hand.

The prospecting method of getting a customer to the resort and the selling method will be accomplished with more dignity and less 'heat'.

"Currently, one in eight prospects buy and about 91% are satisfied with that purchase. He says the sophistication of the market and competitive options are leading to an emphasis on value and quality.

In all segments, there is evidence that better amenities, furnishings and locations are proving the key to a competitive edge. "Price is not a sensitive issue in resorts targeted at the A-income group. Margins can be held, though sales volumes tend to be slower."

On the other hand, resorts aimed at the lower income groups are proving price conscious. Developers are finding margins thinner, but they are able to maintain good volumes. Ravenhill says the word "levy" should be dropped from timeshare jargon.

"It conjures up negative images. There is a great deal of misinformation in people's minds — they appear to believe that somehow they are being 'ripped off'."

"This is far from the case, and most resorts keep levy increases in line with inflation."

"The term should be changed to 'service charge' as this would more accurately reflect the nature of the charge. One gets what one pays for, and comparisons should be made taking into account the services provided," he says.
HOUT BAY HARBOUR

FULL STEAM AHEAD

Cape Provincial Administration has at last given the go-ahead for redevelopment of Hout Bay Harbour as a tourist attraction. The rights for two separate developments have been awarded. The larger area will be leased to a consortium comprising Masterprop, the property development division of Masterbond Trust group, and SA Sea Products, part of the Oceana Fishing group. The smaller development will be undertaken by Marion’s Wharf (Pty) Ltd, which operates a fishmarket and restaurant at the harbour.

Permission to upgrade Hout Bay harbour opens the way for private sector redevelopment of 14 other small harbours controlled by the province. Next in line is likely to be Hermanus harbour.

Robin Ellis, project co-ordinator for the Masterbond/Oceana consortium, says a R40m development proposal has been agreed, though final details may change after consultations between the consortium and local residents.

At this stage, the plan comprises five main elements: a tourist village with a retail component and overnight tourist accommodation; a warehouse development with conference and sports facilities and an indoor market; a quayside fishmarket; a boatyard for commercial and pleasure craft; and a water-orientated development including additional floating jetties and quayside berths for specialised craft.

Ellis says the consortium will consult with all sections of the local community and is planning a presentation of its scheme. A new company will be formed to undertake the development. More research is needed before the plans can be finalised and construction should begin in a year’s time with completion by the end of 1993.

Mariner’s Wharf MD Stanley Dorman says work on his R6m-R7m scheme could begin before the end of the year with completion next summer. It will include a new restaurant and additions to the existing complex.

He adds the project will complement the company’s plans to create a turn-of-the-century fishermen’s village in nearby Hout Bay village along the lines of Gold Reef City. An 80 000 m² site in the village has been acquired and R40m-R50m will be spent on the development over five years.

Even in its undeveloped state, Hout Bay harbour is one of the most popular, man-made, tourist attractions close to Cape Town. Dorman says on a good day it attracts 25 000-30 000 visitors.

rights legislation in the process of being gazetted in the Transkei won’t impinge on their schemes.

C C Transkei is confident its proposed hotel and casino will be given the go-ahead. It is on the site of Unita Country Club where work started in 1987 on the Sun International scheme which was abandoned when the Transkei government decided to contest SI’s exclusive rights in the homeland.

MD David Harrop says it involves two phases costing about R95m. They include a 150-room, five-star hotel and international casino, a new clubhouse at the country club, upgrading of the golf course, and about 150 townhouses or cluster homes.

The company says it has the backing of the country club but, according to Transkei Development Corporation’s Arthur O’Connor, there could be rezoning problems.

There are also rival plans for a R65m, five-star hotel and casino at the nearby Independence Stadium. Presentations have been made by B M Faria Holdings. The only objection so far came from a high school.

Bernadino Faria says his proposal includes a large office block and health centre. “We are now waiting for the new gambling legislation to be passed so we can apply for a licence.”
Niche schemes do well as the industry enters mature phase

THE timeshare industry is worth an estimated R200m a year, though there are signs of the recession biting into sales.

Resort Condominium International (RCI) chief Bruce Ravenhill says the figures for the year to end July showed a 9% drop in the number of weeks registered.

"However, the Cape and inland areas show a slight increase, with most of the resorts being registered purpose-built, higher-priced resorts."

"The Natal area appears to be experiencing a degree of saturation."

The industry has become very competitive. Those companies operating in niche markets tend to do well. Marketing strategies tend to be tired and there is nothing new."

"But timeshare is still acceptable, with over 90% of buyers happy with their purchase."

Southern Sun Timeshares executive chairman and South African Property Owners Association timeshare division chairman Brian Stocks says timeshare originated overseas when an oversupply of condos led the developers to look for alternative methods of selling their properties.

"Convinced" "A few figures scratched on the back of a cigarette box convinced them that selling the properties by the week would be profitable. Little did they realise what was involved in proper resort management."

"The SA market has developed in a different manner. The larger companies became involved and offered their management expertise."

"Specialist companies have appeared to manage developments and timeshare is mature and accepted in SA."

"Timeshare in SA (in the white market) has a greater penetration than anywhere else in the world," says Stocks.

"Demand has been stable over the past 12 months. There have been some predictions of a downturn, but there are no signs yet."

"Around six years ago, the industry was worth an estimated R30m. Currently, Supos estimates it is worth about R200m a year."

"There has been tremendous growth, which has resulted in a high penetration of the white market."

"The market is not saturated, but it has entered a mature phase and companies with a lack of commitment to the industry have tended to fall by the wayside."

"The companies remaining tend to be in for the long haul. They either operate their own management companies or employ outside specialists to manage their resorts."

"We are seeing a lot of construction of specialised timeshare projects. This illustrates the more mature nature of the industry as it moves away from the upgrades and conversions of existing properties, which were a hallmark of many past timeshare projects."

Timeshare is not the one-off payment which many buyers seem to believe. Levies must be paid and these are related to the running costs of the resort.

Higher Costs cannot be compared to the levies charged in a normal sectional title development as the expenses are higher. There are numerous employees who must be paid, such as porters and receptionists.

There are also facilities, such as tennis and squash courts and water sports, which are not found in a residential development.
Holiday cottages may not be cheap alternative to hotels

A spokesperson for Cape Town Holiday Booking Service said the holiday season started at the end of October. For the pre-holiday season, a rented house sleeping four would cost about R250 a day. In December, the same accommodation would cost about R250 a day.

She said the maximum price in Cape Town could be up to R1 000 a day for a serviced house in Clifton or Bantry Bay, which included a jacuzzi and swimming pool.

A spokesperson from Ballito Accommodation, which handles “upmarket” rented holiday flats and cottages around Ballito on the Natal North Coast, said out-of-season accommodation for four would cost from R110 a day. In peak season, this would cost R250 to R440 a day.

She said these rates covered an average of a three-bedroom, two-bathroom house with a pool and sundeck.

SPENDING the summer holidays in a rented flat or cottage may be a convenient alternative to a hotel but it is not necessarily cheaper.

Advertisements for rented accommodation show prices range from R60 a day for a flat in Cape Town, which sleeps four, to R650 for two weeks in a room sleeping four in Plettenberg Bay.

Other examples are a three-bedroom house in Cape Town costing R1 000 a week for November and R1 500 a week for December and January, R300 a day for a house in Hoist Bay sleeping six between December 17 and January 5, and R425 for a week in a luxury cabin in Umhlanga in November.

Prices vary according to the standard and extent of the accommodation, where it is located, and the time of year it is being taken.
City set for

200 million tourists

CAPE Town is bracing itself to absorb the first waves of a record-breaking million tourists who will visit the city over the next year - and "Woopies" will be leading the stampede.

According to Captour managing director Mr John Roberts, Woopies (well-off older people opposed to Yuppies) are in the vanguard of a growing demand for cultural, educational and specialist tours.

Mr Roberts wrote in Captour's annual report that this will be the first time the million figure is realised and will represent a more than 20% rise in tourism.

An estimated 883,000 tourists spent about R904 million in Cape Town and its environs in the past year.

Mr Roberts said research indicated that tourists have become more conscious of "the need for a healthy, unpolluted environment and the need to care for their health".

While there is a declining trend in overseas travel from the United States and from the Middle East, this will be more than compensated for by increased tourism from Europe and the Far East, he said.

He said if spending kept pace with the growth in tourist numbers, the R1-billion mark in direct spending by tourists might well be reached.
Mr Rooster hopes to raise R2.5m in share offer

CARNIE Matisson, one-time MD of leisure group Blue Martin Holdings and current owner of a range of restaurants including Freddie's Parkmore Tavern, is back in the public eye with an offer of shares in his latest venture.

The Rooster's Group (TRG), a holding company for the Rooster's fast food chain, Matisson plucked from Blue Martin for R1m when he left the company in May 1988, was registered as a public company on October 4.

A statement yesterday said TRG, with an authorised share capital of 60 million shares, was intending offering 10 million shares to the public at 35c apiece.

A prospectus has been lodged for registration with the Registrar of Companies and the shares will be marketed by Selected Portfolio Brokers.

Matisson, who restructured Leisurtime Investment Holdings as a parent for Rooster's and other interests in 1988, said he had plans to list the company.

He would not only raise R2.5m through the public share offer to be used to cover the purchase price of assets and organic growth.

The TRG statement said 40 outlets were in operation, while 14 were in "various stages" of development.
St James hotel to be auctioned

CHARLOTTE MATHEWS

THE St James Hotel near Moutonberg, Cape Town, which is part of the sequestered estate of Jean Ronald Getty’s JRG (Cape) Trust, is being auctioned tomorrow.

Auctioneers Michael James Organisation’s Andrew James said it was expected to fetch R3m to R4m. He said there had been many offers.

The hotel belonged to the legendary John Paul Getty’s son Jean Ronald Getty, who left the country in June after the provisional sequestration of his estate in the Cape Supreme Court.

The 60-room hotel is run by the Protea Hotels group on a management contract.

The gross revenue of the hotel rose 29% to R3,4m in the year to June from R2,6m in 1999, the financial statements showed.

Operating costs amounted to R2,2m leaving a gross profit of R1,2m which, after deduction of administration and overheads, fixed costs and management fees, produced a pre-tax profit of R162 530. This was 16% above the previous year.
Fedic group acquires 40% of Protea

Neil York Smith

Steilkh and fellow directors will retain control of Protea.

Three directors from Fedics will be invited to the Protea board—David Wigney, Delwin Eggers, and Festovis chairman Peet van der Wall.

Stehlkh was optimistic about the outlook for the SA tourism industry. Protea had achieved its original target of 68 hotels in SA and was now focusing on southern Africa.

The deal, effective from July 1, would have benefits in terms of training, purchasing, developing offshore opportunities, and financial strength. Protea chairman Otto Stehlik said yesterday.

The tie-up would give both companies excellent opportunities in the growing hospitality and tourism industry, Fedic's MD David Wigney added.
Describing South Africa as again becoming a land of opportunity, Mr Durr said Europe in 1992—when that continent becomes a unified group—was putting up fences of quality, standards and specifications. It was important for South Africa to maintain standards and quality to be able to compete.

The SABS, which had obtained an international reputation, had tried to build bridges to facilitate international trade. Certification of products and systems was increasingly used to indicate compliance with relevant standards.

In the past 18 months, technical advice, help and publications had been given to many African and South American countries.
Cape Town hotel boom set to beat recession

By ANDREA WEISS
Staff Reporter

CAPE TOWN's hotel trade is buoyant despite the deepening recession which has hit the business in Natal.

According to group consultant for Protea Hotels and member of Fedhassa's tourism committee, Mr Keith Lamb, Cape Town's hotels are doing "rather well" at the moment.

"It's looking very good, for this time of the year, independent hoteliers have confirmed that we are looking at a very healthy situation," he said.

The Argus correspondent from Natal reports that hotels have been hit by poor occupancy rates for the October holiday break.

Mr Lamb said Cape Town was fortunate in that October was a good conference month and many retired people chose to holiday here at this time of the year. Overseas trade was up six percent on last year.

Budget ventures, not the three- and five-star hotels, were generally hit first in a recession, he said.

He also pointed out that there had been a big swing towards self-catering and time share accommodation.

On bookings for December he said about 50 percent of accommodation had been booked and deposits paid for.

This was confirmed by Mr James Vivier, Cape Town director of Fedhassa, who said about 50 percent of accommodation was still available for booking in December.

Commenting on trends during a recession, Mr Vivier said tourism was always one of the first industries to be affected. He said there had been a definite increase in overseas trade but this depended on the political situation.

While Cape Town hoteliers hope that the tourism boom in the city would grow, West Coast hoteliers are looking back on a particularly good flower season.

Fedhassa chairman, Mr Elias Nel, owner of the Maaskam Hotel in Vredendal, reported an average 15 percent increase on bookings last year. He said bookings had been up 15 percent in August, the start of the flower season.
Kenya air link seen as major reform reward

Air links between Kenya and South Africa are to be renewed from December in one of the biggest breakthroughs yet for South Africa's reform initiatives.

Sources forecast a large flow of tourists from South Africa to Kenya, especially to the many hotels on the coast. And South Africans will, for the first time in decades, have access to the famous game parks of Kenya.

The air link will become a reality before the end of the year, according to industry sources.

The Nairobi link will also be used to fly local Muslims on pilgrimage to Mecca, a business expected to be highly lucrative.

SA Government diplomatic sources were wary of commenting today, saying the diplomatic procedures had not been finalised. However, they confirmed talks had been taking place and they believed the deal would go through despite a premature leak from London.

The sources stressed that at this stage it was not envisaged that Nairobi would be used as a stopover for SAA flights to Europe, because Sudan was still denying SAA overflight rights.

The Johannesburg-Nairobi run would be purely regional. They expected confidence that this would change and that Sudan's opposition to overflight might go.

A full statement is expected next week.

Media manager for South African Airways Leon Els confirmed yesterday that talks were 'taking place with Kenya Airways, but could not give a date for the possible introduction of flights between the two countries'.

However, an official Kenyan airline official claimed the air link between the two countries, severed 27 years ago, would be reinstated in early December.

"The plan is that the airlines from both countries will make one flight a week between Nairobi and Johannesburg," said the Kenya Airways official.

The official, who declined to be identified further, said both national carriers had already signed a memorandum of understanding.

He said South African Airways would fly a Boeing 747 and Kenya Airways a Boeing 757.

This would necessitate a certain amount of mutual technical assistance, because neither airline flies the other's type of aircraft, the official added.

The Kenya Times newspaper reported yesterday that Kenya Airways aimed to tap the lucrative London-Johannesburg route.

Quoting an unidentified government official, the newspaper, which is linked to the government, said "imminent majority rule" in South Africa had encouraged Kenya to explore trade links with Pretoria.

"Kenya, like many African nations, officially severed all commercial, cultural, and political ties with South Africa on gaining independence in 1963."

However, Kenya continued to allow landings in Nairobi by half a dozen airlines enroute from Europe to South Africa despite criticism from most member of the Organization of African Unity... Political Correspondent-Staff Reporter-Associated Press.
Board, which this year turned over R4.5m in livestock sales — almost double last year’s R2.5m. The National Parks Board revenue from the same source, by comparison, was R122 843, down from R143 000 last year.

The Natal Parks Board sells black rhino, an endangered species, to approved buyers at R450 000 each. More common white rhino fetch R76 000 apiece. Nearly every southern white rhino found in international zoos and game parks originated from a small breeding herd at the Umfolozi game park, according to board director George Hughes.

R4 500 elephants... pack your trunks

The board’s efforts have lifted the white rhino from the brink of extinction. The 2 000 white rhino in Natal game reserves are worth about R100m, he says.

The best seller on the National Parks Board list, on the other hand, is the elephant, which sells for R4 500 each. However, a spokesman says the board also donates large quantities of game to smaller game reserves.

Soaring wildlife sales are a product of not only 30 years of successful game conservation policies, but also burgeoning private game areas, including farm conservancies and timeshare game parks. Protected wildlife areas now comprise one-tenth of Natal, Hughes says.

Quoting official tourist figures, he notes that 90% of visitors to SA say wildlife viewing was their top reason for coming. The average visitor spends 15 days in the country, but just four are spent in game parks. This creates a considerable revenue spinoff for other areas.

Nevertheless, with satellite pictures clearly showing Natal game reserves as lush oases in the middle of barren homelands, Hughes says wildlife has to become more self-sufficient to justify its presence in a country where poverty and a battle for land continually threaten the survival of SA’s nature heritage.

Mozambique, for example, once had among the finest game reserves on the continent and the largest herds of elephant; park infrastructure is now down to 12 nature conservation officers with not a single vehicle among them. Zimbabwe, too, is fighting a war against well-armed rhino poachers with an understaffed and under-equipped conservation force.
Backed by the recent Board of Trade & Industry report on tourism, which recommended a R133m soft loan to expand accommodation facilities in game reserves (Business September 7), the parks board is poised to control more than 8 000 new beds for which foreign tourists are prepared to pay big bucks. The board estimates that the additional income will make it financially self-sufficient in eight years.

But hotellers and resort developers are anxious to get a slice of the lucrative, State-run, accommodation market. The private sector is now essentially limited to charter flights, bus tours and car hire in the parks. To many tourists, hotels and resorts built just outside reserves such as Kruger National Park just don’t have the same appeal as those built inside.

Hotellers argue that allowing them into the parks to manage facilities owned by the board would be in line with government’s commitment to privatisation. They say, with some justification, that while the board is the best authority to manage wildlife, accommodation should be left in the hands of professionals.

Protea Hotels MD Arthur Gillis says joint ventures with the board may be the answer. The board, he says, could set rental fees for the facilities and lay down parameters within which the private sector should operate.

But the board’s chief director, Tol Pienaar, disagrees. To hand over the most lucrative aspect of game reserves, he says, would undermine the financial base the board wants to establish to make itself self-sufficient.

He says the rentals the board would have to charge the private sector to compensate for not fully benefiting from the accommodation income would make the cost to the customer prohibitive. He is also concerned that the private sector would only be interested in the more lucrative parks and the board would still have to provide facilities in less popular areas.

Pienaar also disagrees with the assumption of hotellers that the board can’t match the standards of the private sector. “I can safely say that the facilities we provide are of a higher quality than can be provided by the private sector because profit is not our primary motive.”

No one can argue with the board’s goal of financial independence for the parks. But putting beds in unpopular areas and providing facilities of a higher standard than the public is seeking is certainly, no way to achieve this.
LIQUOR Retailer Drop-Inn is selling all its property interests for R12.7m and consolidating its shares on a five to one basis, the company has announced today.

The proceeds from the sale of the property will be paid to shareholders as a special dividend of 24c a share. This will be paid in addition to the interim dividend for the six months to August, which has still to be announced.

The directors say Drop-Inn is disposing of its property to become a more focused retail operation with all its assets employed in liquor retailing.

The directors also feel the share is undervalued against its net asset value because the property holdings are yielding a lower return.

If the properties had been sold on March 1 and the proceeds invested in the money market, earnings a share would have been 6,65c instead of 4,16c. Net asset value would have increased to 99,61c from 89,26c.

The disposal of the properties and consolidation of shares is conditional on shareholder approval. A general meeting will be called to approve the transactions.
COM panies

Steak ranches dig in spurs and bound ahead

MARCIA KLEIN

SPUR Steak Ranches (Spur) reported a 41% increase in attributable income to R336m for the six months to August from R284m for the same period last year.

The franchise steak ranch chain’s results were "exciting", with a 41% increase in earnings to 8,6c (8,10c) a share, MD Gerd Topat said yesterday. An interim dividend of 6,5c was declared, 30% up on 5c a share last year.

Topat said the group posted good, solid results— including a 30% increase in turnover to R7,85m—which were "ahead of what was anticipated, especially in today's climate".

The group consolidated its position "without stunting growth", he said, and it was being run much tighter than in the past. He was reasonably confident Spur would continue to show the growth of the first half at the year-end.

Spur, planned for the opening of 16 new stores in the current year. Five are open already and the balance will be opened by the end of November.

Topat said the group was encouraged by its export activities, which were looking attractive with a potential for growth. (2,3m)

Spur's holding company Spur Holdings (Spurhold)— which holds 40% of Spur's fully diluted share capital— posted attributable earnings of R897,000, 37% up on R653,000 for the same period last year.

An interim dividend of 6c (5,22c) was declared, and earnings rose 37% to 7,15c (6,22c) a share.
With a severe shortage of tourist and de luxe hotel beds looming — in the face of an expected foreign tourist boom — the Protea group has established a company to tap a largely unexploited resource — timeshare developments and public resorts.

The new company, Places, will franchise or manage self-catering establishments. Protea executive chairman Otto Stelahik believes there's a strong market for the concept long popular in Europe. He aims to have 50 locations signed up by early next year and 150-200 in three years. The move will give Protea Hotels, which manages 60 hotels in SA, access to a wider range of accommodation.

There's certainly no short-term prospect of a rash of new hotels going up and putting a damper on Protea's plans. Not with the economy now firmly in recession and building costs creeping ever higher. The estimate for a five-star hotel is now R300,000 a room.

Places will handle any self-catering establishment with 20 or more units, including timeshare developments, apartments and local government resorts.

The advantage to owners, Stelahik says, will be Protea's ability to generate additional occupancy through its computerised central reservations system and its domestic and international marketing expertise. "The troubled timeshare industry should be delighted by the development because it will provide additional occupancies, revenue from unsold units and introduce potential buyers to timeshare."

Owners can continue to manage their establishments under a Places franchise or Places will put in its own management. Stelahik says Places will grow faster and bigger than Protea Hotels because it will deal only with accommodations and not food and beverage management.

Protea Hotels, which is forecasting a R250m turnover this year, is also expanding its regional interests. It has taken over the 250-room Maputo Hotel in central Maputo. The establishment was formerly the Portuguese Naval Officers' Club but has been owned by Frelimo since independence. Stelahik says he is also negotiating for hotels in Mozambique, Madagascar and Botswana.
Tourism is on the increase and so is the demand for more upmarket tourist hotels. ROGER WILLIAMS reports on plans to fill a gap in the market at Hout Bay, with a 5-star beach hotel on one of the most popular scenic routes in SA.

A FIVE-STAR, 'low-profile' hotel of about 100 rooms is being planned for the Hout Bay beachfront, as an adjunct to the R35 m Fisherman's World project being developed off the main road through Hout Bay village.

The hotel is to be built on the edge of the beach between the Dias River outlet and the village.

Stanley Dorman, MD of Cape Coast Properties, told The Times the hotel, which would be to international standards, would blend with the beachfront topography and character of Hout Bay.

**Independent project**

He said: 'We hope to start construction by the end of 1991 and to have the hotel, which will be franchise operated, open by the 1992/93 season.'

Dorman said the hotel, from which residents would be able to step straight onto the beach, was aimed at filling a gap on one of South Africa's most important tourist routes.

While the hotel and Fisherman's World are not linked with the R40 m development plan for Hout Bay harbour, approved last month by the Administrator, Kobus Meiring, Dorman said they would be complementary to the Mariner's Wharf complex in the harbour.

Mariner's Wharf itself is to be extended.

Robin Ellis, project co-ordinator of the Master Leisure Consortium which is undertaking the harbour development project, said the consortium's proposals, still being formulated, would be put to the local ratepayers at a meeting early next year.

Meanwhile the first phase of the Fisherman's World project, to be called 'The Passageway', is scheduled to open next month. This will have 14 upmarket shops. A post office to replace the old one on the Fisherman's World site is to be attached to 'The Passageway' and is due to be completed and ready for business early next year.

Dorman said in the second phase of the Fisher...
Weather and scenery attract visitors to SA, research shows

CLIMATE and scenery were the greatest motivations for overseas tourists to visit SA, a Satour study has found.

The study also showed that the majority of the tourists would definitely return to SA.

The survey was conducted among 5 014 people, covered 14 days of January 1990 and included only tourists departing from Jan Smuts Airport.

The majority of the respondents were in the high and very high income ratings and aged between 18 and 55.

Most said the main purpose of the visit was to holiday (41.8%), while 35% were visiting friends and relatives and 12.8% were here for business or professional reasons.

After climate and scenery as the motivation for visiting SA, the third was "people" and business or work opportunities came fourth.

For European visitors the total expenditure amounted to R5 201 a visitor or R265 a visitor daily. In an August 1989 survey, the amounts were R7 118 and R241 respectively.

The figures for US visitors were noticeably higher at R7 261 a visitor or R297 a day.

Visitors who were part of a tour group showed the highest overall expenditure per visitor at R306, compared with R205 for those who were not.

The survey found that apart from political and theological visitors, the highest amount spent per visitor day was for managerial visitors at R326 and the second for commercial visitors at R249.

The visitors with the highest income rating had the highest expenditure (R332 a day), and as the income rating declined, so did expenditure.

The highest expenditure per visitor day was in the age group of 56 to 55, at R269 per visitor day, followed by the 56-and-older age group at R177 a day.

The UTA passengers reflected the highest daily expenditure of R324, with Luxavia passengers accounting for the lowest at R134.
Kersaf to increase overseas investments

By Derek Tomney

Kersaf is planning to increase its overseas investments in the Comoros.

Kersaf's chairman, Mr. Buddy Hawton, reports that the group's offshore investment arm, Royale Resorts, has acquired an indirect stake in an offshore casino operation, and the possibility exists for further such investments in the year ahead.

However, he is not saying where the casino is situated. He explains that in view of the political difficulties facing South African investors overseas, future offshore investments are likely to be by way of indirect rather than direct holdings.

Although establishing an offshore presence involves considerable time, effort and cost, and runs the risk of political and other pressures, the group considers that the focus on offshore remains valid, he says.

Following a prolonged political impasse and civil strife in the Comoros, Sun International decided in principle in the second half of the year to withdraw from that country.

Negotiations are now taking place with the Comorian Government which was a partner in the venture and other possible operators.

This decision resulted in Sun International incurring a loss of R30.5 million of which Kersaf's share was R24.4 million.

Mr. Hawton says that since February the group has experienced depressed economic activity, high interest rates and a difficult labour situation and he expects these conditions to continue. But he believes the traditional resilience of the group's core businesses will produce a further growth in group earnings.
Tourism white paper on the way

GERALD REILLY

Durr said it seemed tourism facilities and amenities had in the past been created in a vacuum. Development had been haphazard without being seen as part of a larger design, and still less so as part of a total design for tourism.

Tourism was a positive force in SA not only because of its significance as an earner of foreign exchange, but also as a force for creating jobs.

Durr said his department had been almost totally restructured and the spotlight had been focused on service to the tax-paying public.

PRETORIA — A white paper on tourism and consolidated Sاتour legislation would point the way ahead for tourism in SA, Trade and Industry and Tourism Minister Kent Durr said yesterday.

Speaking at the opening of Sاتour’s new head office, he said reconciliations and renewal were paramount considerations for all South Africans.

Within these parameters there was a need for a review of Sاتour’s functions. This brought with it the need to consolidate the current five parliamentary Acts defining Sاتour’s ob-

jectives into one Act.

The Act would be strongly influenced by the findings of the joint report drawn up by Sاتour and the Development Bank of Southern Africa.

“We expect this national strategy plan for tourism development to be completed before the end of the year. The Board of Trade and Industry report on tourism will also be taken into account,” he said.

After public reaction and comment, a white paper would be presented to Parliament.
Sol to put more than R7m into Comores hotels

WORLD Leisure International (WLI), the recently established British company owned and controlled by Sol Kerzner, is to spend more than R7m to re-open two hotels it has leased in the Comores.

WLI Southern Africa and Indian Ocean Islands director Bruce Hutchison said yesterday the company had planned to spend R6m re-commissioning and improving the R30m Le Galiwa and Isandra hotels and R1.2m to launch them under the WLI banner. The planned opening date for the hotels is March 1991.

Details for the lease of the hotels had recently been finalised between the Comoran government, the company Nouvelle Socotel (in which the Comoran government has a 74% shareholding) and the industrial Development Corporation.

WLI also had an option to develop a site next to Le Galiwa called Malougha Beach, Hutchison said.

The company was also in the final stages of concluding deals for the establishment of two other hotels in the Indian Ocean.

He said WLI had signed a three-year agreement with SAA to operate regular flights to the islands, beginning March next year.

“Our forecasts indicate that, with SAA, we will be moving at least 10 000 SA tourists to the islands within the first 12 months of operation.

“With this flow of tourists, the hotels will achieve an annual occupancy of 85% and SAA’s weekly flights a seat occupancy of 75%,” Hutchison said.

Plans were being finalised to improve facilities, including a professional diving centre, a sailing academy and deep-sea fishing infrastructure.

“These will be ready for implementation in November,” he said.

WLI was established in April this year with former Southern Sun MD Peter Bacon as MD and SA cricket administrator Joe Patmankay on the board.

Its headquarters are near Kerzner’s London home at Henley-on-Thames. However, the international marketing and reservations centre would be in SA, WLI’s local offices, yet to be set up, will probably be in Randburg.
CONCORDE TRAVEL

TRAVEL PLANS

Activities: Corporate travel services.

Controls: Directors 86.2%.

Chairman: A Rogoff; MD: A D Lunz.

Capital structure: 16m ords. Market capitalisation: R4.8bn.

Share markets: Price: 30c. Yields: 12.5% on dividend; 34.5% on earnings; price ratio, 2.8.

Cover, 2.8. 12-month high, 60c; low, 30c.

Trading volume last quarter, 66,700 shares.

Year to Mar 31

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† Annualised.

+ Nine-month trading period.

Chairman Ales Rogoff} hopes pent-up demand for new tourist destinations, such as the Soviet Union and China, will be the main force boosting growth. Concorde now has a second tour group visiting the Soviet Union.

With recent political developments opening up new destinations for South Africans, the group has developed new packages. Rogoff is not particularly worried about airfare increases resulting from soaring fuel prices; airfare is not the biggest cost factor for an SA tourist. With the weak rand, land arrangements — particularly hotel accommodation — are usually the biggest expense.

Most business is related to the corporate sector. Much private business also stems from corporate relationships.

Rogoff says weakening corporate profits have not yet persuaded the sector to cut back on travel.

The strategy to sell the 20% interest in Pride Consultants and focus on expanding basic travel operations was successful. Results more than offset the loss of Pride's significant contribution to earnings.

Pre-interest profit doubled on turnover which advanced 97.5%, helped by the acquisition of several Miller Weeden Travel branches. This year Rogoff intends to concentrate on improving efficiencies rather than pursue further takeovers.

Deregulation of the travel industry enabled many new agents to enter the market and rising competition is likely to mean narrower margins. Concorde's response was to introduce new facilities and better standards.

The market takes a bleak view of the travel industry, as indicated by the share's 2.9 earnings multiple. Events in the Middle East and other political developments could continue to influence performance.

Gerhard Stehler.
WILL IT SHINE?

Activities: Owns and operates the Wild Coast Sun and other gambling outlets in the Transkei.
Control: Kersaf and ultimately Safren.
Chairman: K A Rosevear; MD: A Chiaranda.
Capital structure: 145m 6.8% preference shares, 1,368,000 ordinary shares, Market capitalisation: R340.8m.

Share markets: Price: 235c. Yields: 10.8% on dividend; 14.8% on earnings; PE ratio, 6.8:1; cover, 1.3; December high, 425c; low, 190c. Trading volume last quarter, 466,000 shares.

Year to June 30

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ST debt (Rm) 3.5 3.2 3.4
LT debt (Rm) 14.5 38.0 39.4 39.4
Shareholders' interest 0.57 0.47 0.47 0.51
Return on cap (%) 27.1 28.2 33.1 20.9
Turnover (Rm) 81.5 116.7 145 183
Pre-int profit (Rm) 35.8 49.8 62.9 64
Pre-int margin (%) 44 42.7 43 38.2
Earnings (c) 22.8 26.1 31.1 34.1
Dividends (c) 19 20 23.5 26.6
Net worth (c) 51.8 56 67.5 86.3

Fewer day-trippers to the Wild Coast Sun and lower average spending lift results but haven't deterred the group from R100m ex.

TRANSUN

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COMPANIES

since gambling legislation was passed in March. Prospects could be better if gambling was allowed in a shorter term.

Heather Family.

pansion plans now that it has retained exclusive gambling rights in the northern region of Transkei until July 31, 1998.

Operating profit rose just 2.5% to R64m. However, R5.3m interest received from large cash holdings helped push pre-tax profit up 9.8% to R69.2m, while attributable earnings rose 9.6% to R49.4m.

Though chairman Ken Rosevear expects little improvement in earnings this year, he says the group builds for the medium to long term, which "will place it in a good position for any resurgence in the economy."

He believes improvements to the road south from Durban, improving accessibility to the Wild Coast Sun, will encourage more day-trippers. Extended casino facilities and an additional 100 gaming machines will cater for them in the first phase of the expansion, due to be completed in December 1991. The second phase is related to hotel occupants, with an additional 150 cabana rooms planned for completion by December 1992.

The group has a strong balance sheet and plans to pay for the extended facilities with the help of R77.4m cash on hand. Rosevear says borrowings will fall, in line with the policy to restrict interest-bearing debt to 60% of shareholders' funds (now just over 30%). Rosevear also plans to maintain interest cover at no less than five times. In the light of the expansion plans, dividend cover will increase from 1.3 times to 1.5 times.

With little hope of earnings rising significantly short-term, this could mean pegged dividends this year.

Before legislation in March confirmed the gambling rights, Transun had put all expansion plans on hold. In exchange for the extension, Transun's five slot machine outlets, under the name of Transgames, will be closed in time, depending on when others complete casino facilities in those areas. Transgames contributed about R5m to earnings in the past year and the major outlets are expected to be in operation for at least the next three financial years.

Transun will be able to apply for gaming licences in the central and southern regions in competition with other applicants, on conditions still to be legislated.

Uncertainty over gambling rights in Transkei has caused the share to be rated poorly against other listed hotel groups on a pe of 6.9 and yield of 10.9%. The share price, which was knocked from just under 400c in February, has battled to rise again.
PRETORIA — The SA hotel industry was facing one of the leanest ends of the year, holiday period, Federation executive director Fred Thiemann said yesterday.

Forward bookings at most hotels were weak and down on last year, he said. The sharp fuel price increases, the recession and below-average room payments and stays were all having a negative effect on bookings, he added.

Thiemann said many hotels were cutting rates and on offer special deals. Most hotels were offering special Christmas packages at the end of December to attract business. These deals were aimed at the period between December 14 and December 21, before the seasonal peak was reached.

Average stays at hotels a few years ago were between seven and 10 days. They were now between five and seven days. It was hoped the expected increase in overseas tourists would materialise and help compensate for what looked like a poor season, Thiemann said.
Business is booming at Drop-Inn

LIQUOR distributor Drop-Inn has turned around its Benny Goldberg's operation which has resumed its profit contributions.

This enabled the company to post a 15.6% increase in after-tax income R1,62m (R1,37m) in the six months to end-August in what were described as difficult trading conditions.

In the year to end-February Benny Goldberg's performance suffered from widespread thefts and a reduction in margins which had a severe impact on group income.

Executive chairman Sam Berk said one factor contributing to the "satisfactory" interim results was the restructuring of the executive management.

Sales to end August rose by 22.3% to R66,3m (R54,1m). This translated into earnings of 3,77c (3,36c). Dividends have been maintained at 1c a share, but dividend cover has increased to 3.77 times from 3.20.

Berk said yesterday business was booming and Drop-Inn had gained market share. He said a new buying trend was favouring beer and lesser priced products.

The group sold its properties to the Berk Family Trust for R12.7m, a transaction which was subject to shareholders' approval.
Jo'burg a 'five-star' destination

JOHANNESBURG was on the road to regaining its rightful place as SA's premier business and tourist destination, Anglo and De Beers chairman Julian Ogilvie-Thompson said yesterday.

Speaking at the official opening of the Carlton Hotel's new R3.7m lobby, Ogilvie Thompson said more five-star overseas visitors would come to SA once sanctions were lifted.

One could assume SA's tourist industry remained largely unrealised and that hotels like the Carlton could become the foreign exchange factories they ought to be.

The Carlton Centre project – now 18 years old – took 10 years to complete at a cost of about R1bn, the equivalent of between R600m and R700m in today's terms.

In 1972 when the hotel opened, the Anglo American Corporation raised its holdings in the development to 80% by acquiring from SA Breweries its 45% interest for R10,6m in cash. Last year Anglo bought out the remaining outside interest so that the centre was wholly owned by Anglo American. Properties (Amaprop) and Anglo American owned its largest single long-term property investment.
Jo'burg 'ready for 5-star visitors'  

By Adam Gordon

Johannesburg was poised to regain its rightful place as a premier business and tourist destination, Anglo American chairman Julian Ogilvie Thompson said at the official opening of the Carlton hotel's new R3.7 million lobby yesterday.

"As surely as sanctions are on their way out, five-star visitors are on their way in," he said.

This marked the emergence of Johannesburg as a modern international metropolis, he told a gathering of about 200 guests.

He said the fact that Spain earned more from tourism than South Africa did from its gold mines suggested that the tourist industry remained largely unrealised in this country.

The R8.7 million world-class foyer revamp would help the Carlton and others like it become "foreign-exchange factories".

The Carlton Centre, built in 1972, was Anglo American's largest single long-term property investment. It probably remained the most ambitious attempt to address what he termed "the urban failings" of the central business district.

However, Anglo American's participation in urban renewal was not confined to the Carlton, Mr Ogilvie Thompson said. Anglo American Property Services was pursuing the redevelopment of Newtown with the Johannesburg municipality. "We hope these important initiatives in urban renewal will also be allowed to unfold," he said.

Anglo American's previous chairman, Harry Oppenheimer, opened the original Carlton lobby in 1972.
Worker-owned hotel will provide jobs for returning exiles

By MONU MAKHANYA

A WORKER-OWNED hotel which will provide more than 800 jobs — including for returning exiles — is being built in East London.

The R90-million project, the first cooperative venture of this size outside the agricultural sector, is the brainchild of Comrades for Christ (CFC), a worker-oriented Christian organisation which runs social upliftment programmes.

The proposed hotel and conference centre is to be built on the site of the King's Hotel. CFC executive member Barend Schuitena said a loan for the project would come from a Swiss bank.

The co-op will provide 350 jobs during the construction period and after completion of the project, due in November 1991, qualified and experienced hotel staff will be hired and part of their function will be to "train people interested in entering the catering industry". Up to 800 jobs will be provided once the project is completed.

Schuitena said although CFC had initially earmarked returnees as potential employees, the need to provide employment for local people would take precedence.

East London mayor John Badenhorst gave a tacit welcome to the project: "For the sake of East London it is important for the centre to be completed. I am however pessimistic about the latest financial venture by the African National Congress."
International tour operators back for a look

By Tom Mook

CAPE TOWN: Many international tour operators who have not been seen in South Africa for some years are starting to show their faces again, says Otto Stehlik, chairman of Protea Hospitality Corporation.

International tours stopped almost overnight after the 1973 Soweto riots and had not come back, he said.

Nevertheless, a drop in domestic hotel business caused by the recession had been compensated by international use.

South Africa had been taken out of all the major tour operators' programmes and virtually no overseas travel agent featured this country.

However, when tourists returned they were less likely than before to stay in hotels.

"We believe there is a huge international market for self-catering accommodation," a spokesman for Skyway Tours confirmed that four chartered air flights would bring about 1,250 people from Britain in December.

They would land in Cape Town and go on to Johannesburg on the return leg they would start in Johannesburg and pick up passengers in Cape Town.

The international market formed part of the thinking of Protea's subsidiary, Places, which specialised in self-catering accommodation.
Lost City project and R350m Botetegi resort. Borrowings will be resorted to "particularly in temporary low periods of cash flow" — when dividend payments are made, for example. But he says borrowings will stay below the 50% self-imposed gearing limit.

**Generous tax allowances**

Relatively low gearing is possible despite such expansion because of large cash flows and Bophuthatswana's generous tax allowances to encourage the development of resorts and hotels — likely to be worth around R300m to SunBop over five years. Benefits were already felt in the 1990 financial year as the effective tax rate fell from 40% to 30%. Continuing capex included extensions to Marula Sun and the new Thabane Sun.

A cut in interest income as a result of lower cash resources will probably be offset by lower tax this year. Rosevear expects sustained real growth, though not at recent heady rates. Concern has been expressed about the new SA and laws that might allow gaming throughout the country, but chairman Sol Kerzner says the industry "should follow the trend established overseas with casino licences likely to be issued in a controlled and responsible manner."

The new developments are likely to come on stream towards the end of the recessionary period. And perhaps by then foreign tourism will have risen further. Long-term prospects are full of ifs and buts but one is optimistic about the new SA, the group could have exciting prospects.

Heather Faraday
Sea filthy, Cape tourists warned

Own Correspondent

CAPE TOWN — Top travel writer T.V Bulpin has caused an uproar by suggesting that prospective holidaymakers to the Cape stay at home rather than risk swimming in the polluted waters of False Bay.

As the battle between Durban and Cape Town hots up for the wallets of land-locked holidaymakers, the writer has infuriated the Cape tourism trade with his outspoken views.

Despite pleas not to "rock the boat", Bulpin has publicly come out and condemned the sluggish attitude of the authorities to the pollution problem.

His reasoning is that the municipality and other bodies will clean up their act only if they are punched where it hurts — in their pockets. And a blow to the upcoming summer season could do just that.

In a letter to a local newspaper, he said deserted beaches and empty hotels might be the only way to get the authorities to stop treating the sea as a sewer and get them to spend money on purifying the Peninsula's waste.

He wrote: "Perhaps the most positive thing that could happen would be to advise prospective holidaymakers, including the much-maligned Transvaalers, to stay at home, save petrol and spare themselves from being killed on the roads or poisoned in False Bay.

Swimmers could be endangered by taking to the dirty water of Muizenberg or Fish Hoek, he said. Perhaps the authorities would respond only if they were sued by members of the public on the grounds that they had picked up infections from the filthy sea.

Apart from the sewage and effluent that poured into False Bay, there were also stormwater drains "laced with pure street dirt of dog and human faeces, bacteria, bugs, microbes, consumptive spit and a vast concentration of other nastiness", said Bulpin.

A look at the laboratory analysis of water that children swam in was "enough to make you puke!"

"Whatever happened to the pristine Mozambique-Aguhas current on its way down the coast to the south?"

"The answer is that it got filthied up. It reached its terminal point in False Bay and found that man regarded it as a sewage disposal unit."

Unlike Natal's beaches, where the current pulls out to sea — as many a swimmer has found — the more sluggish Cape waters' drag along the coast, collecting additional garbage on the way.

In False Bay, where there are 70 major outfalls, it has earned itself the reputation as "one of the most polluted portions of the sea to be found anywhere on Earth."

That statement was made by Professor Alec Brown of the University of Cape Town, who has found that some species in Gordon's Bay are no longer breeding.
Jo'burg industrial rentals are in levelling off phase

INDUSTRIAL rentals and land values around Johannesburg are levelling off, according to the latest Russell Marriott & Boyd Trust (RMBT) property guide.

"In Johannesburg, values for most areas remain unchanged since June and notable declines have been detected in older, less attractive areas," the guide says.

"In those areas land and rental values are now correcting to market levels after being artificially swept up in the last two years by the wave of demand in better quality areas." However, in areas such as Kramerville and City West, where the supply is still limited and demand steady, values have increased.

Where industrial land has been released in areas of short supply around the M2 strip and Eastgate for example — prices have risen by up to 11% to about R170/m² in the last quarter.

Investment yields for industrial property have risen to 11%-13%.

High interest rates have made it more attractive for developers to sell and lease back their properties.

In Cape Town there is a short supply of good quality warehouses and factories, especially in the 500m² to 1 500m² range, but RMBT says the demand for rented space has dropped because of the coming Christmas, political uncertainty and the economic downturn.

Land prices in Cape Town have stabilised but RMBT expects these will rise rapidly once the economy and confidence improves, because there is a shortage of good land.

In Durban, there is a shortage of centrally-situated A-grade premises although there are more B-grade premises available and their rentals are negotiable. Because land is in short supply, land prices are not affected.

The investment market has eased slightly. Capitalisation interest rates are up 5% on average.

UBS details average house's cost

THE United Building Society’s quarterly housing review reports that the average price of a medium-sized house is about R156 000, which may surprise Johannesburg residents.

Property advertisements show that prices of three-bedroomed houses with some trimmings in the PWV area start at R140 000 to R150 000.

Most of the advertised houses go for R120 000 to R140 000 and there is a bracket of R150 to R180.

But UBS chief economist Hans Falken points out that the data used in the survey is "smoothed" to allow for seasonal changes in the market and variations between respondents.

He says the raw data on average price for a medium-sized house of 140m² to 220m² in Johannesburg is about R138 000, but only 13% of the medium-sized houses in the survey are in the Johannesburg area and 8% are in Pretoria.

Institute of Estate Agents president Dave Miller says the figures are representative of the market for houses in SA as a whole.

"You can get houses for less than R160 000 on the East and West Rand. In Maritzburg a medium-sized house costs R90 000 to R80 000.

"Johannesburg is the most expensive area in the country."

Cape homes are cheaper than hotels

A FAMILY can save money by renting a home for a holiday instead of staying in a hotel, says Holiday Booking Service Cape MD Andrzej Jankowits.

He says his service is not in direct competition with the hotel industry, whose market is more the businessman, single traveller or enterprising tourist.

"Renting a house is purely aimed at the family — mom, dad and the kids and perhaps the grandparents and a cousin — who want privacy and the feeling of being at home."

If the holiday home rental service has a competitor it is the timeshare industry. Holiday Booking Service is aimed at families who do not want to be tied into a timeshare purchase.

Jankowits — previously a systems analyst — started his organisation a year ago and says the supply of and demand for rented family accommodation in Cape Town has been very good.

His company has about 200 flats, houses and cottages on its books ranging from R55 a day to R1 500 a day. The rates depend on size, area and grading.

For example, a flat in Camps Bay with sea views which sleeps two and is graded one costs R55 a day whereas a four-bedroomed house in Bantry Bay with sea view, Jacuzzi, tennis court and sauna graded five costs R1 500 a day.

Jankowits says each grade is similar to the star hotel grading system. The company inspects all accommodation and then grades it.

As far as possible the service has kept its rates at the same level as in 1989.
Thirst for beer boosts SAB profit by R28m

By TOM HOOD, Business Editor

THIRSTY beer drinkers provided an extra R28 million profit for SA Breweries in the six months to September.

The growing population helped to lift sales by 11 percent, according to the beer giant, which claimed today its product is increasing its share of the total drinks market.

Aggressive

But SAB also used what it calls “aggressive advertising, promotions, keen pricing and good management” to get people to drink more beer.

Profit from beer jumped by 17 percent to R140 million and accounted for 65 percent of the group’s total earnings of R211 million.

This happened while consumer spending elsewhere is falling as the recession deepens.

The beer boom also helped to put R258 million into the pockets of shareholders. The interim dividend was raised 20 percent from 25c to 30c a share and gave them R45 million more than last year’s interim payout.

Almost R1.8 billion is to be spent in the current year to cope with the country’s growing thirst, most of it going on brewery expansions and new plant.

Group turnover jumped by more than R1 billion or 19 percent to R8.89 billion, with trading profit up 33 percent to R384 million.

Profit margins increased to 8.47 percent from 6.2 percent, which chairman Mr Meyer Kahn said was due to increased operating efficiencies and stringent overhead controls.

Associated Beverage Industries, Edgars and the international operations were close seconds to beer in performance.

Southern Sun, which from September became a wholly owned subsidiary, did poorly by Mr Khan’s standards, however.

Unrest led to a reduction in the number of tourists. The local downturn knocked domestic activity. Moreover, season factors always dampen Southern Sun’s first-half performance, he said.

Against a background of socio-political turbulence, high interest rates and a deteriorating economy, he said the results from Da Gama and Afcol were good.

“Amrel’s earnings reflected a formidabile performance, given that it provides for deferred tax on a fully comprehensive basis.

“OK faced very difficult circumstances and in view of the boycotts and the weak economy, it performed well.”

Given the steady deterioration of the economy, Mr Kahn believes second-half growth will be well below what was achieved in the first six months.

But he says there will be reasonable growth for the full year.
SAFREN

Activities: Shipping, transport and (through Kersaf) gaming and other leisure-related industries.

Control: Old Mutual holds at least 41%

Chairman: G A Macmillen; Chief executive: D A Hawton.

Capital structure: 53.4m ords. Market capitalisation: R1,8bn.

Share market: Price: R33.75; Yields: 6.2% on dividend; 14.4% on earnings; p/e ratio: 6.8; cover: 2.3. 12-month high, R51; low, R30.

Trading volume last quarter, 380,000 shares.

Year to June '89 '90 '91 '90
ST debt (Rm) ......... 28.6 167.1 34.1 21.5
LT debt (Rm) ......... 650.7 716.4 690.0 732.7
Debt/equity ratio .... 0.37 0.40 0.22 0.033
Shareholders' interest 0.44 0.38 0.41 0.41
Int & leasing cover .... 7.3 9.0 12.1 76.6
Return on cap (%) .... 11.2 14.1 18.5 17.8
Turnover to cap (%) .. 3.7 3.7 3.7 3.7
Pre-tax profit (Rm) .... 283 437 643 796
Pre-int margin (%) ... 18.4 15.5 17.5 18.2
Earnings/ord ......... 225 283 411 457
Dividends (c) ......... 110 136 180 210
Net worth (c) .......... 1,174 1,179 1,448 1,742

KERSAF

Activities: Leisure interests including hotels and casinos, cinemas, restaurants, sporting goods and liquor.

Control: Saffren owns 76%

Executive chairman: D A Hawton.

Capital structure: 75m ords. Market capitalisation: R1,46bn.

Share market: Price: R18.50; Yields: 6.3% on dividend; 10.1% on earnings; p/e ratio: 9.9; cover: 1.6. 12-month high, R27; low, R15.

Trading volume last quarter, 280,000 shares.

Year to June '89 '90 '91 '90
ST debt (Rm) ......... 22.3 67.2 121.4 74.3
LT debt (Rm) ......... 70.9 170.3 103.0 128.7
Shareholders' interest 0.75 0.62 0.63 0.68
Int & leasing cover .... 117.5 721.4 88.2 4.0
Return on cap (%) .... 13.2 18.1 19.6 21.0
Turnover (Rm) ......... 623 948 1,309 1,654
Pre-tax profit (Rm) .... 144.3 2610 367.4 439.6
Pre-int margin (%) .. 22.9 26.4 27.3 28.1
Earnings (c) .......... 81.6 110.0 136.4 167
Dividends (c) ......... 92 70 96 116
Net worth (c) .......... 624 956 687 787

Kersaf is confident that it can finance this without exceeding its self-imposed gearing limits (a debt/equity ratio not exceeding 60% and interest cover of at least five times). Nor is there any reason to doubt this view — cash flow alone (approaching R400m annually) is likely to exceed the cost of the programme spread over three years, in addition to which the group has borrowing capacity of at least R400m at current interest rates. This still does not take into account net cash balances of R161m at June 30.

To summarise, Kersaf seems to have both the will and means to complete its expansion programme without undue strain. Profitwise, it needs — as do most companies — a more settled political environment and a growing economy before its own growth is likely to return to the 30%-40% of previous years; but even in current conditions its performance during the second half of financial 1990 suggests that keeping pace with inflation is not an impossible target.

Kersaf's Hawton...

will benefit from rejoining the world (2.8%)

more glamorous Kersaf, which has been worse affected by the unrest.

Whereas Kersaf saw first-half growth of 29% shrink to 16% in the second half, the Safren group as a whole remained on an even keel, indicating that other interests chipped in proportionately more as the year progressed. This appears particularly to Rennies, where attributable earnings rose 31% over the year, against Safmarine's 16%.

The significance of Safmarine and Rennies is that these two sub-groups probably stand to benefit far more than Kersaf in the long run from political developments. As SA rejoin the world and sanctions are lifted, they cannot but benefit from improved opportunities for trade.

SAFREN'S SOURCES

1989 1990
Rm % Rm %
Salmarine .... 97.1 45 112.6 43
Kersaf .... 67.5 40 106.4 41
Rennies .... 26.6 12 34.8 14
Other ....... 5.7 3 5.4 2

So, too, will Kersaf, particularly in opportunities for developing its offshore interests. But there may be an offset from domestic political developments — re-incorporation of the TBVC states would almost certainly put a lid on the granting of new gaming licences and the domestic industry could, consequently, become mature virtually overnight.

Such thoughts may in fact have contributed to Sun International's decision to spend well over R1bn on expansion over a relatively short period. This includes further extensions to Sun City (R650m), another casino resort at Babelo in Bophuthatswana (R350m) and expansion of the Wild Coast Sun in Transkei (R100m), all due for completion by the end of financial 1993.

Even if the market chooses to place question marks over Kersaf, it should at least recognise that the perceived risks are diluted in Safren which should, accordingly, enjoy a better market rating. The fact that both companies are tarred with the same brush to the same degree raises the question whether investors are not voting with their feet instead of their heads.

Brian Thompson

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There is something paradoxical about Safren and Kersaf at the moment. Despite excellent growth, which has seen EPS in each case compound at more than 30% annually for the past five years, dividend yields of around 6.2% (versus an industrial average of just over 4%) are a clear indication that investor sentiment is anything but positive.

Such ratings would be justified were there signs that profits might not be maintained. Instead, both companies forecast further growth this year, even though trading conditions are likely to remain tough.

Kersaf's image problem can almost certainly be traced back to the management upheaval within the Sun International subgroup towards the end of 1989 and subsequent speculation about SunBop's position. But that does not adequately explain the equally depressed rating of the more widely

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Businessmen blamed for
city’s fading fortunes

DURBAN mayor Jan Venter has slammed the local hotel industry, publicity association and businessmen for not paying more toward promoting the city.

Last month local hotels reported Christmas bookings were 30 percent down on previous years.

Almost immediately, a strong faction in the city criticized the council for not giving enough promotion money to the Durban Publicity Association, which is a private company. The faction included Fedhasa, former mayor Henry Klota and the DPA itself.

This week Mr Venter said, "I would like to ask what the DPA has done to raise the extra revenue it requires to market Durban. Furthermore, what is commerce and industry doing? How much did Fedhasa give the DPA?"

"These are the bodies that really benefit from a good holiday season." He pointed out the DPA had received R1.4-million from the council to market the city.

He said the council would spend more than R6-million this financial year on promoting the city.

Mr Venter also claimed Durban would not have as bad a holiday season as some experts were predicting. "People are making this assumption on the basis that hotel bookings are down. The fact is demand in certain sectors - such as holiday letting, self-catering and time-share accommodation - is as strong as ever. There is also an indication that hotel bookings will pick up later. Let’s wait and see," he said.

DPA managing director Frank Vincent said his company did not want to argue with the mayor because the council was its biggest client.

But he claimed the DPA raised about the same as the council allocated it for promotions each year.

"Last financial year the council gave us R1.5-million and our overheads were R2.5-million. Fedhasa also does what it can: It helps not only with cash, but also in kind. For example, they have promised to reduce the rates in some hotels during the Fish Week promotion to those of 10 years ago."

A tagged fish will be released in Durban Bay on December 7 and anyone who catches it will get R500,000.

Mr Vincent said commerce and industry were always willing to help with promotions.

Fedhasa spokesman did not return repeated calls from the Sunday Times this week.

Bookings at hotels and resorts on the south and north coasts are up on last year.
WE WERE RIPPED OFF

By COLETTE CAINE

ANGRY City Press readers complain that they are being tricked into buying timeshare holidays.

But broken promises, huge debts and threats of legal action are all that several disgruntled clients have to show for responding to timeshare promotions.

In what appears to be a major marketing thrust directed at black clients in Johannesburg, at least two timeshare companies are exploiting black telephone canvassers to phone black people, telling them they have won big prizes.

The "winners" are told they have to attend a special meeting to get their prizes.

No mention is made of the prizes being conditional on buying timeshare. In fact, no mention is made of timeshare at all.

At the meeting - which turns out to be a festive affair complete with video promotions of holiday resorts and champagne - the "winners" eventually find out the reason they're there is to buy timeshare holidays - at anything between R7,000 and R30,000 (and upwards) for a week-long holiday.

Some clients sign for the timeshare because they get the impression they will not get their prizes unless they do. But buying the timeshare entitles the suspecting clients to a chance to win the prizes.

Following readers' complaints, City Press phoned Cape Share to enquire about their promotional meetings.

Posing as the wife of a winner, our reporter asked whether the meeting was about selling timeshare. The question was avoided and she was told everything would be explained at the meeting.

She asked whether any money was involved and again was told everything would be explained at the meeting.

She was urged to attend with her husband - and to make sure they both brought their identity books.

She asked why they needed ID and whether they would have to sign anything, and was again told everything would be explained at the meeting.

She was told that her name had been chosen by the computer because she was one of the first to apply for a holiday in Mauritius for two, a R1,000 unit trust certificate, a 24-hour National TV, a R100 Edgars voucher and a pack of super grade lamb. She was told she had to attend a meeting to see which prize she'd won.

Two City Press reporters posed about 10 other couples watching videos of holiday resorts in Natal and the Eastern Transvaal. Each couple was led into an office by a salesman who revealed the promotions were for timeshare holidays.

After filling in forms to buy timeshare, the reporters drew their prize: a pack of lamb. But they were told the butcher hadn't delivered, so they couldn't get it.

We got the impression several clients were signed up that afternoon, and one astonished client asked City Press.

"I still think it's a gamble because I intended to sell the car and use the proceeds to pay for my kids' education." (The firm said it was a bargain because it intended to sell the car and use the proceeds to pay for its kids' education.

Firms deny they misled with bubbly prizes

SOWETO sales representative Greenwood Zwelazala claims he was told by an employee of Cape Share that his wife had won a Ford Sapphire car and that to collect the prize they had to attend a meeting at Cape Share "by Aeroplanes.

No mention of prize being conditional on buying timeshare was made until Zwelazala and his wife were at the meeting. They claim.

"When we went to the meeting, we realised we had to buy timeshare holidays in order to get the car, so we signed for R19,000 at the Blue Lagoon Hotel." He said he told City Press.

"I still think it's a gamble because I intended to sell the car and use the proceeds to pay for my kids' education."

Timeshare 'winners' coaxed into deals

Lerato Mashifane and Janne Kay ... off to New York for the One Child, One World summit. Lerato's message was a winner.

Prof cries, walks free

Ngeboshembi R250 for illegal possession of a firearm and ammunition.

Evidence before the court was that Ngeboshembi was stopped by police and found to be carrying a firearm. He was charged with possessing weapons and ammunition.

Beck said psychiatric evidence confirmed Ngeboshembi was suffering from post-traumatic stress.

Boy, 13, guilty of murdering 'witch'

A 13-YEAR-OLD boy is to receive six lashes and five co-accused were given varying jail terms this week after the Venda Supreme Court found them guilty of murdering an alleged witch and setting her alight.

But the judge also
SOWETO sales representative Greenland Zwedala claims he was told by an employee of Cape Share to tell his wife she had won a Ford Sapphire car - and that she needed to attend a meeting at Cape Share's Aeroton offices.

No mention of the prize being conditional on buying timeshare was made until Zwedala and his wife were at the promotional meeting, the couple claim.

"When we got to the meeting, we realised she had to buy a timeshare holiday in order to get the car, so we signed for R19 000 at the Blue Lagoon Hotel in Natal," Zwedala told City Press.

"I still thought it was a bargain because I intended to sell the car and use the proceeds to pay for the timeshare. I would still have had about R12 000" he explained.

"But after signing, we realised we were not going to get the car at all. I even took friends with me to Cape Share's offices so they could drive my old car home while I drove the Sapphire," he said.

Cape Share's Aeroton branch manager Stephen Flowerday denied the Zwedalas had been misled into believing they had definitely won a car, but when Zwedala's employer approached Cape Share, the company cancelled the contract, saying information supplied by Zwedala was incorrect.

He said the term "timeshare" was not mentioned in the telesales presentation because the term "holiday ownership" was new used.

Finding themselves in the same boat, Highbrow couple, Vincent Motimela and Petunia Dhidaa, thought they had won a holiday in Mauritius when they were invited to a timeshare promotion by Leisure Life International at the company's plush Dunkeld offices.

They claim no mention of buying timeshare was made.

The unemployed couple said they had been pilled with so much champagne by the time they bought a week's holiday for R7 000, that they didn't know what they were signing.

Once they had signed, they realised they had not won a holiday in Mauritius at all - they had bought one they couldn't afford at the Blue Lagoon Hotel on the Natal South Coast instead. The prize they did win was a discount of R1 000 on the timeshare.

"They gave us so much champagne that we didn't even sign our name on the papers, they gave us. Only later we saw that we had only signed our first names," said Vincent.

The couple tried to have the contract cancelled because they could not afford the R6 355 deposit and R18 300 monthly instalments, but were told they would be sued if they did not pay.

When the couple received a final notice, Legal Resources Centre (LRC) took up their case and told Leisure Life if they issued a summons, LRC would act on their behalf as they regard the matter as one of considerable public interest.

Leisure Life managing director Sandy Quinn then told City Press the company had cancelled the contract.

Quinn denied the couple had been misled into believing they had won a holiday in Mauritius.

She also denied the couple had been given enough champagne to get drunk.
Blacks expected to boost tourism to R10 billion

By Michael Chester

The South African travel business forecast yesterday that spending by tourists should more than double to R10 000 million a year in the 1990s as more and more black families join the annual trek to holiday resorts.

Sweeping new plans are being laid to expand and improve tourism facilities to cope with a huge jump in black holiday travel.

Minister of Trade and Industry and Tourism Kent Durr confirmed that spending by tourists in South Africa broke all records at R9 billion last year — R1 900 million by foreign tourists and R3 100 million by local holidaymakers.

He predicted that the number of tourists would swell from less than a million to more than two million a year by the end of the 1990s as the political climate settled and thousands more black families joined the annual holiday exodus.

Mr Durr was addressing travel business leaders in Johannesburg at the formal launch of Tourism 2000 — a project designed to expand tourism inside the black community.

Tourism 2000 executive Chris More said emphasis would also be laid on drawing more black entrepreneurs into the hotel and travel trade to cope with the tourism bonanza. He expected that thousands of new jobs would be created.
Hotel bookings down by 30%

THE SA hotel industry faced one of its worst Christmas seasons unless there was a last-minute improvement in forward bookings, which were estimated to be down 30%. Federated Hotel, Liquor and Catering Association (Fedhasa) executive director Fred Thermann said yesterday.

Thermann attributed the drop in bookings to political unrest which had affected overseas demand, poor business conditions, lack of basic spending power and increased petrol prices.

"In one instance alone overseas, tours to SA worth more than R3bn in foreign currency have been cancelled and the effects will be felt through 1991 as tours are usually booked a year in advance," Thermann said.

The downward trend in bookings had been detected as early as July when room and bed occupancies dropped by about 6%, compared with the same period last year.

Income over the same period declined by 6%.

Thermann added that room occupancies dropped by 17,5% in one star hotels, 9,3% in two star hotels, 5,2% in three star hotels and 6,3% and 6,5% in four and five star hotels respectively.

However, there was optimism that there would be a last minute pick-up in the bookings, Thermann added.

"South Africans love to holiday and they will usually find a way to finance one, even if it means dipping into savings or using the 13th cheque," he said. The recent drop in the petrol price would also help.
Hotels face season of gloom

By DANIEL SIMON

TOUR operators said Cape Town would be busy, but not as busy as in previous seasons.

Springbok: Atlas Tours marketing manager Mr Richard Gebhardt said the general feeling was that the season was not going to be "bushfire" busy.

"We don't think there will be a big drop in tourism but the increase will not be as high as we predicted." Welcome to SA Tours co-owner Mr Kevin Gilmore said he expected the same number of foreign tourists to visit the Cape as last year.

"Foreign tourism has increased in leaps and bounds over the years and the number is always more than I projected. However, the domestic side will take a bit of a drop."

Mr Elyton Ross of Ross Tours, however, expected the tourist season to be significantly quieter than in 1989.

Mr Thermaun blamed the hotel drop on political unrest which had hit overseas demand, poor business conditions, lack of spending power and dearer petrol.

"In one instance alone, overseas tours to SA worth R18m in foreign currency have been cancelled."

As early as July room and bed occupancies dropped by about 9% and income by 6%.

Room occupancies dropped by 17.9% in one-star hotels, 3.9% in two-star hotels, 6.2% in three-star hotels and 5.3% and 6.5% in four- and five-star hotels respectively.

However, there was optimism that there would be a last-minute pick-up in bookings. Mr Thermaun added.
The timeshare industry is still on an upward course, says Brian Stocks, chairman of the Timeshare Congress organized by the South African Property Owners' Association, to be held in Johannesburg, Sun and Towers, on November 19 and 20.

Mr. Stocks, head of Southern Sun Timeshare, will be one of the key speakers on the theme, Progress in the Future. Others are Bruce Ravenhill, managing director of the South African arm of timeshare exchange group Resort Condominiums International and Trevor Coppen of the Ovland group.

Speakers from overseas are John Spence of Global Development Tenerife (Canary Islands) and Phil Hall, MD of Merall Properties.
Earnings of Aroma down 8%

MARC HASENHUSS

AROMA Liquor Holdings performed poorly during the six months to end-August, posting an 8% drop in earnings a share to 2.2c (3.4c).

The group, which transferred to the main board of the JSE two years ago, managed a 13% increase in 'operating' profit to R764,000 (R679,000), but a 'high interest bill' caused attributable income to decline by 6% to R361,000 (R384,000).

Aroma MD Mike Kovensky said the sharp downturn in the economy had hit the entertainment and consumption divisions of the group's hotel — the Aroma Protea Inn — although significant growth was achieved in income derived from accommodation and conference facilities.

Marketing

"As anticipated, interest paid has increased significantly to fund the cost of providing the additional facilities which will prove to be a sound long-term investment, providing a meaningful return to shareholders."

Kovensky said the liquor division embarked on a successful marketing campaign this year, despite a five-fold increase in advertising spending.

Little progress had been made on opening or acquiring new outlets as suitable sites were difficult to obtain, with sellers demanding unrealistic prices.

Kovensky said the nature of the industry in which Aroma operated was such that a substantial portion of its earnings accrued in the second half of the year.

Aroma said yesterday Fedhasa executive director Fred Therman would join the group from March next year as CEO of the Aroma Protea Inn.
Durban hotel prices cut

The 30% drop in advance December bookings for Durban hotels has led some to offer major discount deals on hotel rooms.

Most Durban hoteliers said they were "living on tenterhooks" as they waited for the last-minute rush of tourists.

Meantime, hotels were offering an average discount on rates of between 15% and 30% and, in some cases, up to 50%.

Ali B. Gooderson, Natal chairman of the Federated Hotel, Liquor and Catering Association of SA said hotels were going "flat out" to entice holidaymakers with special packages.

"There are specials at nearly all hotels in Durban up to December 22," he said.

"A holiday and a half" package deal offers visitors R250 back for every R500 they spend at their Durban hotel if they stay five consecutive days.

Most major hotels are offering major discounts on their room rates and throwing in breakfast. — Sapa.
Hotels entice festive trippers

COASTAL hotels are offering huge discounts on accommodation over the festive season in response to an alarming drop in advance bookings.

Bookings have dropped by 30 percent on the Natal coast and by 6 percent nationwide. Although figures for Cape hotels are not yet available, hoteliers said there had been a dramatic decline in demand for accommodation in the city.

Recent petrol price hikes and domestic air fare increases of more than 70 percent in the past 12 months have aggravated the situation, as fewer families are able to afford the trip.

Incidents

Council authorities were reluctant to admit past racial incidents on city beaches could be linked to hotel bookings and pointed out security in coastal towns would be tight this year.

“This is the first time that discounted accommodation rates—averaging between 15 and 30 percent and more than 50 percent in some cases—are being offered during high season,” said Solly Goodman, financial director of a hotel group which operates four top hotels in Durban, said: “I am holding my breath until the end of November—hopefully I will not still be feeling so gloomy then. Our rates have been trimmed to the bone to entice December holidaymakers.”

Only an upward swing in the economy would boost the hotel industry, said Fred Thermann, executive director of the Federated Hotel Associations of South Africa.

Big discounts offered as bookings plummet

The regional director of another popular hotel chain, Aart van der Heijden, said: “Durban bookings are markedly down this year and the bookings on hand are much fewer than previous years. North and South Coasts are on a par with last year, but I am hoping sincerely for last-minute bookings.”

Accommodation trends for the coming festive season appear to favour the cheaper family resorts—particularly those offering chalet accommodation.

A spokesman for the National Parks Board said resorts were heavily booked although caravan parks still had a number of sites available. This was probably due to petrol price rises.

The Kruger National Park, however, remains the most favoured holiday resort—bookings have not been affected.

Oversaal Resorts’ marketing deputy director, Rudi Basson, said accommodation at all of their hotels and chalets in the 15 resorts countrywide were booked out by March.

In the current economic downturn, family-oriented resorts were more cost-effective than expensive hotel holidays, he said.

The price of petrol, however, had led to a downward trend in demand for caravan sites.

Some coastal resorts have not only stepped up beach security to ensure the safety of beachgoers but have also lined up a feast of events to promote racial harmony.

Durban will spend nearly R1 million over the coming holiday season to boost its status.

The Durban City Council launched “Be Beach—Wise” on November 1 to promote racial harmony, said programme co-ordinator Lylie Msemagwe.

An entertainment-based programme, “Be Beach—Wise” aims to instill a sense of pride and ownership in the city’s beaches, among beachgoers. The programme has linked up with the Durban Chamber of Commerce’s “Be The Best We Can Be” campaign, which involves local businesses in a tourist promotion.

“Through theatre, music and comedy, we hope to convey the message about the proper use of beach facilities for the maximum enjoyment for all,” Mrs Msemagwe added.

The Durban City Council’s communication officer, Jeanine Orzecowski, said security personnel would be considerably increased over the festive period.

Cape Town City Council spokesman Ted Doman said security measures had been stepped up and additional lifeguards employed.
Tourism board to change tactics

THE SA Tourism Board intended to move away from regulation towards a market-orientated strategy, chairman Piet van Hoven told the annual SA Property Owners' Association (Sapoa) timeshare conference in Johannesburg yesterday.

"We believe that by promotion and stimulation the public sector should take hands with the private sector in jointly working out policies that can and will stimulate our markets."

Van Hoven said 36% of tourists visiting SA in 1989 were from Europe, 7% from the Americas, 7% from Australia and Asia and 56% from Africa.

"Obviously the European market does contribute much more in forex than does the African market."

"Growth in tourism in 1989 was in excess of 15%, and we expect in 1990 that although the growth will be in the order of 10% to 12%, it will still show a fairly healthy growth in relation to the beginning of the '80s."

Sapotour believes SA could attract 2 million tourists by the year 2000 on an aggregate growth of less than 15% a year. This would generate R4.2bn in foreign exchange.

In 1991 several international air

line companies were expected to introduce services to SA which would assist tourism marketing and bring new partners to help develop the market.

"The valley periods during SA's winter season have a fairly serious impact, particularly on the accommodation industry."

"We need to straighten out these curves to develop the industry to its maximum potential."

Replaced

Van Hoven praised the timeshare industry, which in 1989 invested R600m in new developments, for providing a broad service to the domestic, regional and international tourism industry, and for reviving properties that would otherwise have become derelict.

Sapoa timeshare division outgoing chairman Brian Stocks said Sapoa's division would be replaced with an independent institute representing timeshare developers, marketers, sales agents and resort managers.

The new institute would be called Timeshare Institute of SA (TISA).
Board expects surge in number of tourists

The SA Tourism Board believes there is potential to attract 2 million tourists by the year 2000.

This is based on the 1989 performance and current indications, Satour chairman Piet van Hoven said yesterday.

Several international airlines would be introducing services to South Africa next year, Satour had noticed that South Africa had become a destination looked at with much renewed interest.

"We find that tour operators are displaying a keen interest for contact with South Africa to develop joint tourism markets," Mr van Hoven said. — Sapa.
SAA is 'starrying' Cape, Durban tourism

DURBAN. — Durban and Cape Town are being starved of wealthy foreign tourists because South African Airways has been blocking foreign airlines from establishing frequent direct flights to the two cities.

And because of the serious tourism decline, Durban Mayor Mr Jan Venter and Cape Town's Mayor Mr Gordon Oliver have agreed to join forces to lobby the ministers of tourism and regional development for more direct international flights.

A meeting between Mr Venter, Mr Oliver, representatives of the Durban Publicity Association and Captour took place last week and another is planned for early next year.

Mr Venter said it was assumed that SAA saw a loss in its domestic business if a foreign carrier was given rights for Cape Town and Durban.

Only Johannesburg had international gateway status and Durban and Cape Town were disadvantaged by fare add-ons and surcharges.

"A person flying direct from Mauritius to Durban must pay the Johannesburg fare as must the person flying from London to Cape Town even though the distance is shorter in flying miles."

"SAA have never given a satisfactory explanation for this ridiculous situation."
Faircape sells remaining interest in health group

The disposal of its remaining 37.4 percent stake in Health and Racquet Club Holdings for R2.5 million will have a positive effect on Faircape Homes’ capital base says joint managing director Mike Vietri.

"The transaction will strengthen shareholders' funds and further improve gearing," he says.

The group's balance sheet at June 30 states shareholders' funds of R10.4 million against long term liabilities of R5.4 million.

Faircape purchased 49.9 percent of the Health and Racquet Club group in October 1988 for R2.4 million. In December 1989, the company sold 25 percent of its shareholding to Masterbond Trust for R4.6 million.

Mr Vietri said the group was looking for new opportunities.

—Sapa
From listing to delisting

THE shake-up at SA's top hotel group, R472-million-a-year Southern Sun, took the industry by surprise.

Group managing director Bruno Cortie has resigned after 17 years with the group and controlling its destiny since 1984. He plans to remain in the hotel business in SA cannot disclose his plans. "Watch this space," he says.

Ron Stringfellow, 39, moves into the top job at the recently delisted Southern Sun straight from the listing of the group's Zimbabwe cousin.

Mr Stringfellow took over the struggling Zimbabwe chain in 1985 and turned it around so well that its listing in Harare in July raised $234 million.

By IAN SMITH
Within a month it was ranked second in market capitalisation on the JSE.

Top company on the exchange is parent Delta Corporation, which is still 28% held by an SA Breweries company.

Target
Chartered accountant Mr Stringfellow joined Delta nine years ago as group treasurer and later headed the retail chains OK Bazaars and furn ishers Pelhams.

He becomes group managing director of Southern Sun on December 1 recognising that he faces many of the problems he found at Zimbabwe Sun. But he says potential for the group of 56 hotels and a substantial timeshare operation is great.

Both the Southern Sun and Holiday Inn chains have suffered from low occupancies and the high cost of refurbishment which has added to the interest burden.

They contributed to SAB's R120-million offer to Southern Sun minorities in June which led to the delisting.

Mr Stringfellow says SAB is "100% committed" to the hotel industry. "I would not have taken the job if I wasn't convinced of that."

There is enormous scope to improve the tourist industry by marketing Southern Africa.

"Because we are a long-distance destination we must appeal to the top end of the tourist market. This will be the main target."

Could Southern Sun return to the JSE? "Nothing is impossible," says Mr Stringfellow.
Southern Sun’s new MD plans major changes

SOUTHERN Sun Hotels Holdings new MD Ron Stringfellow, who was appointed on Thursday after the resignation of Bruno Corte, wants to re-establish Southern Sun and Holiday Inn as undisputed leaders in the three- to five-star hotel bracket.

Stringfellow said in an interview at the weekend that the group would rationalise its portfolio and strengthen separate identities for Southern Sun and Holiday Inn.

In his new position he hoped to turn things around and position the group for long-term growth, while making the most of the situation in the short term.

He said he would ensure the business was structured to maximise the limited opportunities in the industry. This included gaining market share by improving quality and service.

He would also position the group to capitalise on the expected increase in demand in business hotels and resorts.

Stringfellow was born in Zimbabwe and has a B Com CA degree.

He became a partner at Deloitte Haskins in Zimbabwe in 1975, and joined SA Breweries’ (SAB) Zimbabwe operation, Delta Corporation, in 1981 as group treasurer.

In 1983 he was appointed chairman of Delta’s retail portfolio and became head of the group’s hotel interests in 1989 as chairman and CE of Zimbabwe Sun Hotels.

He said the hotel industry was in trouble and losing money at the time. However, since 1986 the group had turned around. It restructured, acquired the Holiday Inn group, expanded the casino portfolio and entered the timeshare and the specialist safari markets.

Stringfellow was asked recently by SAB MD Meyer Kahn to take over as executive deputy chairman from November 1. But with the resignation of Corte, he was asked to take over as MD from December 1 and the position of deputy chairman fell away.

The SA hotel industry was poised by a breakthrough in the international market, Stringfellow said. The industry benefited SA as it generated foreign exchange, was labour intensive and was decentralised.
Durban sharpens image to woo visitors

DURBAN is going all out to polish its image and woo potential visitors after a drop in early hotel bookings seemed to indicate a bad tourist season.

Local police and traffic officials have unveiled contingency plans to ensure the safety of tourists this season.

Durban Mayor Jan Venter told a media conference yesterday the drop in hotel bookings was due to the recession.

"Air fares have gone up, fuel and hotel accommodation is expensive. Many people are simply not going on holiday any more," he said.

Fredhara's Natal chairman Alan Gooderson said hotel bookings had picked up since last month, when they were reported to be 20% down on previous years. Bookings were at present 15% down.

Noting that about 65% of tourists to the city were planning to lodge with friends and relatives, Gooderson said some hotels were offering bargains rates of R55 a night.

Satour Natal region assistant manager Basili van Blemmenstein said he knew of hotels which were offering accommodation for as little as R30 a night.

Other areas, such as the South Coast and North Coast, had not been spared sluggish holiday bookings.

Natal SAP Baison officer Col Reg Reynolds said the police had made contingency plans to avoid a recurrence of the violence which took place during the festive season last year.

Read traffic safety W/O Rob Askew unveiled an "Operation Awareness" plan which would involve the Natal Co-ordinating Traffic Committee and the Natal Medical Rescue Co-ordinating Committee.
Lost City hotel contract awarded

By Frank Jeans

The construction industry's most prestigious contract in recent years — a proposed six-star hotel and entertainment complex in the R300 million Lost City development near the Sun City complex — has been awarded to the Bophuthatswana division of the Stocks group.

The total value of building work at Lost City over a four-phase development is about R300 million, including the 35-bedroom Palace Hotel.

Des Murphy, Sun International's director of development, says: "The new Sun City project is the largest building development anywhere in the sub-continent and the most complex undertaken in modern times."

Bart Dorreistin, group managing director of Stocks, says: "This is the most exciting project ever tackled by any one company."

"It will be far more splendid than anything ever before built in southern Africa."

"Sol Kerzner and the Sun International team have come up with a mind-boggling concept."

All four phases of the development have to be finished by December 1, 1992.

Because the schedule is so tight, Sun International has not had time to put the contract out for full-scale tender.

"We were able to negotiate a very keen and competitive deal with Stocks. That company has been involved in many other developments at Sun City and has a proven track record of success in resort construction," says Mr. Murphy.

However, the hotel contract is only the first to be awarded and other major local and international contractors and sub-contractors will be involved in construction, landscaping and other specialist phases.

The Palace will be Africa's first six-star hotel and certain aspects of it are "enormously complex and elaborate."

Features of the project include a waterworld, complete with wavepools and water slides, and a golf course and country club.
Durban tourism faces slump

By DON SEOKANE

MAJOR hotels and time-share resorts in Durban are experiencing a slump in advanced bookings for the coming festive period.

Addressing a media conference in Durban, Mr Alan Gooderson, chairman of Fedhasa Natal, said hotel bookings had declined by 15 percent compared with last year’s figures this time and time-share resorts were also experiencing an eight percent slump.

Gooderson said because of the slump in bookings, hotels were offering 50 percent discount on rates from now until December 16 and 30 percent discount to 22 December.

He said hotels have lost most of their clients to timeshare resorts and self-catering chalets.

Publicity

Gooderson estimated that 65 percent of visitors to Durban were staying with friends and relatives and that was one of the reasons hotels were experiencing a downturn in bookings.

In an effort to woo tourists, Durban City Council has allocated R1.3 million to the Durban Publicity Association to market the city and its attractions.

Durban mayor, Mr Jan Venter, said safety measures would be taken to ensure that there was no recurrence of the violence experienced last year on the beaches.

Venter said extra patrols and policemen on foot would supplement policemen on the beaches and in the business districts of the city.

Police spokesman for Durban, Colonel RR Reynolds, said police intend to keep a low profile.
Pullman International, Europe's third largest hotel group, was considering entering the SA hotel market; Pullman's Indian Ocean vice-president, Abdullah Lefevre, said in an interview in Mauritius last week.

"We have already been there to explore the options," he said.

Lefevre is expected to visit SA again in the next few weeks.

Pullman, which recently began construction on the first of some 10 hotels it expects to build in Madagascar, has a strong foothold in the Indian Ocean region and sees SA as a growth area.

Commenting on Sun International's well-established position and the move by Sol Kerzner's new company World of Leisure into the region, Lefevre said he was not afraid of competition.

"In Madagascar, our programme has taken into account the market potential and new relationships between East and West and Madagascar.

"Our business is really totally different to Sun International's. Their hotels are entertainment centres. We see ourselves in a milder way.

"We expect strong competition in Madagascar, but we have the benefit of exceptional facilities, and the nature of our agreement with the government. This stipulates tax rebates and other advantages, like renewable 50-year leases."

The tax advantages would give Pullman a strong lead, as it had the government as a partner, it had also been given options on the best sites, he said.

The group's philosophy was to allow local investors to participate in developments and this would apply in the case of Madagascar and SA.

"I believe there is plenty of room to develop in the region and the South African hoteliers really know how to plan developments well," he said.

Pullman has more than 20 projects planned for the greater Indian Ocean region, including Mozambique, Seychelles, Kenya, Reunion, Tanzania and Madagascar.

Sun International commercial manager George Laxley said that while Sun International executives had made several trips to Madagascar, no definite proposals had been made.

"We have made a number of visits to assess the investment potential, sites, attitudes to tourism, logistics and costs of operating there," he said.

"Our next step is to do a financial feasibility study before any proposal is put to the government," Laxley said.
says: "We are catering for more foreign tourists than we did last year but the massive increase we were hoping for hasn’t happened. Stop-start reform and political activity does us no good at all."

He adds: "In January we were looking at a 25% growth in international tourism. After F W de Klerk’s February 2 speech we thought we were in for a boom. We were looking at a 400% increase in planned tours but the violence created the impression abroad, particularly in the US, that SA isn’t a safe place, so many bookings were cancelled."

Had it not been for the violence and other factors, more than 1m foreign tourists would almost certainly have entered SA by October. By the year’s end, according to Spencer Thomas, executive director of the SA Tourism Board (Satour), the number would probably have been 20%-30% up on the 930 393 foreign tourists, including 460 632 from Africa, who visited last year.

The violence caused a massive fall in May, June and July but a minor drop in August stabilised things. Says Thomas: "An 18.9% increase in the January-April period enabled us to show a 9.2% increase in European visitors from January to August and a 13.5% increase in the total number of foreign visitors through to August. (The August foreign tourism figures are the lastest available.) If there is no major setback, we can still exceed 1m by the year end."

Domestic tourism also seems to be bouncing back from a mid-year nadir. A few months ago the industry expected that business would be off 30% during the Christmas season, largely because of the economy. Now it believes domestic tourism will be

Continued on page 63

Table Mountain... the lines are shorter than expected

On the other hand, the discount packages by hotels are a welcome sight. "Durban is now the bargain city," says Durban Publicity Association MD Frank Vincent. "For one week some hotels reduced their rates by up to 60%. Until December 15, the Maharani is offering a bed-and-breakfast deal of R55 a day per person for two people sharing, provided they stay for three nights."

This discounting has helped to lure bookings that are now only 15% down on last year compared with 30% a few weeks ago, he says.

"We did a lot this year to encourage people to come to Durban. We distributed pamphlets in the PWV and ran an ad campaign in the Transvaal press (see Currents).

Overall, Protea’s Gillis says the prospects for domestic tourism are about the same as last year. Chris du Toit, executive director of the Association of SA Travel Agents, concurs. "When Christmas comes the guy who cancelled his holiday because of what he read in the press will change his mind and go anyway."
HOLIDAY ACCOMMODATION  FM / 30/11/90  288

TIMESHARE ETHICS TEASER

With the holiday season upon us timeshare has once again been brought sharply into focus with the decision by the sector to bolt the SapaSo fold.

The timeshare industry previously enjoyed the patronage of SapaSo as a fully-fledged division of the organisation. But at the SapaSo annual timeshare conference in Johannesburg last week it was decided that the timeshare division should break away and form a separate body — the Timeshare Institute of SA (Tisa).

The question now being asked is whether the new timeshare body, without the stature and backing of SapaSo, will be able to continue to gain the trust of timeshare buyers and effectively work towards improving the image of timeshare developers.

The organisation has committed itself to doing just that. But some see the latest development as a way of overcoming the strictures and disciplines imposed on the timeshare industry by its membership of SapaSo.

But Tisa chairman Bruce Ravenhill insists that its inheritance of the code of business practice developed by SapaSo's timeshare division, combined with the planned establishment of a timeshare standards authority — including non-industry members — will ensure that the organisation has the teeth to deal with maverick members.

He denies that the move away from SapaSo implies that the former timeshare division was a failure. It was established to centralise and isolate the problems of the timeshare industry. It has now moved beyond that with greater emphasis being placed on consumer protection.

The education features prominently in Tisa's plans with between R500 000 and R1m earmarked for this purpose in the new year.

"Initially, developers were key elements when the SapaSo timeshare committee was established. Then the marketers got into the act and now we're examining selling and marketing practices. For example, the timeshare sales principal's diploma has official Estate Agents Board recognition," he says.

Tisa is also looking into the composition of a list of timeshare management organisations and a register of levies and tariffs charged at individual resorts. Individual timeshare owners will be able to make comparisons to ensure that they are not paying over the odds for services.

All that is clearly well intentioned. But it shouldn't be forgotten that timeshare has been a problem child almost since it was introduced to SA.

It would be well advised for buyers and practitioners to take note of some of the cautionary remarks made by Business Prac-

tices Committee chairman Louise Tager at the timeshare conference.

Her "call a spade a spade" message was delivered in the form of some advice to the timeshare industry to get its house in order.

And, in pointing out that the industry's image has been "severely tarnished by a variety of malpractices spanning several years," she could have, ironically, been cautioning that it will take more than a name change to rid the industry of its poor public perception. Consumers have long memories.

Tisa will have to tackle the fundamental issues which allowed the Flexichub Foundation and Timeshare Dynamics debacles, to name two, to occur.

At the core of Tager's concern is the issue of just what people pay for when they buy timeshare. She says: "Many timeshare advertisements offer ownership or vacation ownership. This implies buyers are acquiring a real estate investment opportunity when in reality they are buying pre-paid vacations."

Most timeshare, she points out, is sold on share block which gives only the right of occupation. In these circumstances, it must be made clear what the buyer is actually getting. To assist buyers further she urges that cooling off periods should be written into timeshare contracts.

Tager adds her committee is looking at drawing up industry-related codes of practice which would cover matters like timeshare sales.

Ravenhill welcome's Tager's commitment to enforcing business codes but he feels Tisa's existing ethical codes are adequate. He stresses that Tisa would not hesitate to expel a member who flaunted the code.

OFFICES

REVERSE ROLE

In one of the biggest Durban property deals recently the Board of Executives, Natal, has bought Allied House from the Allied group for R7.5m.

BOE MD John Dixon says the 40-year-old, 13-storey landmark, on the corner of Smith and Gardner streets, will be added to the company's growing portfolio.

Sale of the building, a valuable CBD property, raises some interesting questions — particularly as the Allied was the original developer and will now become the anchor tenant. Allied now occupies nine floors of the building which serves as the group's Natal head office. A long-term lease is in the process of being finalised.

It has been speculated that the sale could be linked to the Allied-Sage-United merger talks. However, Allied's Carl Gustafsson, chief manager, group premises, denies this, adding that the property had been on the market for more than a year. "We weren't happy with any of the offers, and were busy exploring alternatives when BOE came up with an offer we couldn't refuse."

GUIDELINES

Despite tough trading conditions, Russell Marriott Boyd Trust has persuaded Santam to sign a five-year lease on 1 750 m²

in the SABC Pension Fund building in Wellington, Parktown (below). Rentals start at R250 (grosse).

Alling canned food producer Gants has put its 20 ha Somerset East property on the market. The canning division has not been performing well and Gants is relocating machinery to its Transvaal (Bop and Venda) and Swaziland factories.

The property includes a 17 714 m² factory, 23 914 m² of warehousing, 2 145 m² of offices and several other buildings.
FOREIGN TOURISTS PROP UP HOTELS

Holiday season crunch for city

CAPE TOWN appears to be heading for a shorter, no-frills Christmas holiday season this year.

Many visitors are opting for cheaper bed-and-breakfast accommodation or discount hotel rates, while the fast-selling five-star end of the market is being propped up by hush overseas tourists.

F优势es' spokesman Mr. Stephen Ford said statistics yet to cut the hotel booking statistics but room rates were definitely down. In some cases hoteliers have decided to offer discount rates.

Ford said he had been informed by the hotel industry's hotel booking statistics that this year's occupancy rate would equal last year's.

Mr. Gordon Oliver, the manager of the South African hoteliers, said: "This year, the occupancy rate has been down, but we're still making a profit." He said discount rates were more prevalent than in previous years.

The holiday season is one of the peak times for business in the city, but it appears that people are choosing to stay at home and save money.

Mr. Richard Linder, one of Cape Town's largest established agencies, said: "The winter season is traditionally the worst time for bookings. We're not seeing as much activity as usual, but we're hoping for a good year overall."
Foreign tourists to SA set to top a million for the first time this year

By IAN SMITH

SOARING growth of worldwide tourism has caused the hotel industry to outgrow national boundaries, leading to the formation of international chains which are expanding to new destinations — but not to South Africa.

The number of foreign visitors to SA is growing by 10% a year and there has been a promising increase in their numbers in the past 12 months.

Arrivals in the first half of the year were 10% up on figures for the same time last year. By the end of the year their number is expected to reach a million for the first time.

International hotel chains have looked at SA and its tourist attractions with interest — but they will not invest until the country is fully welcome in the world community.

If SA is to accommodate hordes of new tourists it will have to be done with its own resources.

But the traditional hotel industry is in the doldrums. Building of full-service hotels has been brought to a standstill by a combination of high construction costs, falling occupancies, caused largely by the recession, and the rising price of materials and labour. The result is a low return on investment.

Overall occupancies have been running at about 50%, well below most hotels' break-even levels of 60% to 70%.

Two finely focused innovative groups, City Lodge and Protea Hotels, both unlisted, report much better occupancies in their niche markets.

Natal seaside hotels report a 30% decline in Christmas bookings this year — and for the first time they are offering discount rates and other incentives.

"There are specials at nearly all hotels in Durban until December 30," says Natal Pestana chairman Alan Gooderson. "We are still desperately hoping that we will at least be full over the Christmas week."

The biggest hotel group, Southern Sun, ended its listing on the JSE's leverages and the new section earlier this year, largely because of poor profit prospects.

Karoo Hotels, the largest privately owned hotel group which was reverse-listed last year through New Berlins, disappointed the market when it failed to achieve its earnings forecast of 5c a share for the year to March 31.

A decision to accelerate a major refurbishment programme resulted in higher interest charges and meant that 25% of rooms and facilities were not available for the peak Christmas season.

That will not happen this year. The R75-

million refurbishment programme was completed at the end of November and the group is better placed than before to take advantage of the peak season, says chairman Selwin Hurwitiz.

"The refurbishment may have been expensive, but it leaves us well placed for whatever happens until the end of the century."

Mr Hurwitiz says occupancies in the hotel group are difficult to work out because rooms were closed for refurbishment. But most of the improved hotels were running in the "mid-sixties" and Richard Bay has experienced better bookings.

The Polana Hotel in Maputo, which is being upgraded in three stages, is running at more than 70% occupancy.

The only group still building hotels is City Lodge. It built a chain of "no-frills" lodges while other hotels were closing.

Managing director Hans Enderle says his biggest problem is finding the right site. He is launching a chain of selected- service hotels, Town Lodge, which will save on development costs by clever design. They will also have showers instead of baths.

Mr Enderle says the cost of a Town Lodge room will be R85 000 compared with R20 000 for a City Lodge room and R50 000 for a five-star hotel one.

They will be built in towns and country areas.

No-frills.

The first Town Lodge opens in Bellville, Cape, next month. It costs R5 million. The group has found a site at Nelspruit, but is still negotiating with the town council.

He hopes to build 10 Town Lodges in the next five years. Half would be owned and operated by City Lodge and the rest would be franchise operations. Five City Lodges would provide 1 500 rooms.

Mr Enderle says the no-frills hotel is the hotel of the future. Growth in the market segment has been dramatic in the US — from zero in 1970 to 5 000 hotels with 600 000 rooms in 1989.

Protea Hotels expanded rapidly into a 66-hotel chain turning over R265 million a year by offering management, marketing and design services to established businesses. It has also moved into the lower-price bracket with its Places chain of self-catering apartments.

"Self-catering holidays are a growing trend in the US and Europe," says chairman Otto Stehlik.
Durban gets ready for holidaymakers

By CHARLES MOGALE

DURBAN has geared itself for the traditional influx of holidaymakers expected to flock there during the festive season.

The Durban City Council has already spent R1,3-million to woo visitors to the city and avoid a repeat of the chaos which erupted last year when beach facilities could not cope with the thousands, who took advantage of the opening of beaches to all races.

Mayor Jan Venter said he had received letters and calls from people threatening never to return to the city because of the events last year.

Venter said: “Those people who think they can come here and have an acre of space to themselves will find that unfortunately it cannot be so.”

He believed the facilities available were sufficient for everyone to have a good time.

The Durban Publicity Association, which is running the advertising campaign for the council, has also launched a 'Be Beachwise' show to encourage tourists to use facilities to the optimum and to be tolerant.

Hotel bookings have dropped 15 percent compared to this time last year. However, the council blamed the recession, and pointed out that 65 percent of the people who visit the city do not stay in hotels.

Several promotions, including Fish Week (from December 7-15), are expected to draw more visitors with hotels reducing tariffs to as low as R30 a night.

SAP public relations officer Col RR Reynolds said although a major clampdown was planned, the police would not act harshly for minor offences.

“They include women going topless,” Reynolds said.

They would be handed over to the city police department.

Lowveld pension blues

SEVERAL pensioners from a remote lowveld village have not received their payouts since March last year.

Phineas Malatela of the Legal Aid Centre in Marble Hall said problems started for 18 pensioners from Kgaitswe village, Lydenburg, when payouts were transferred from Lydenburg to an outlet 60km away.

Eastern Transvaal TPA pensions official Jan van der Merwe confirmed there were “certain problems” with pensions, and called on pensioners with problems to submit their names, ID numbers and other particulars to his office so queries could be forwarded to Pretoria. The next payout will be on December 6. — Sapa
Portnet to invest millions in Richards Bay scheme

Portnet's Richards Bay (RB) has revealed its plans for a multimillion-rand waterfront development which will comprise marinas, residential and holiday homes, hotels and shops.

Portnet RB is a fully autonomous operating division of Portnet, which is a subsidiary of Transnet.

Port manager Jan Scheepers said yesterday Portnet RB would make a R60m short-term investment in the project, to be used for the construction of buildings, a yacht club, a hotel and to upgrade and improve the existing infrastructure.

However, he said more money would be allocated for longer-term development, and that building was expected to begin in June 1991.

The programme has been encouraged by environmental organisations such as the Wildlife Society and the Natal Parks Board.

Portnet RB, which owns much of the town's coastal land, has embarked on this programme as the northern Natal town is considered "an environmental eyesore" needing urgent and enduring attention, says Scheepers.

Portnet RB believes that Richards Bay is an attractive option to investors as the bay is ideal for all types of watersports.

In addition, developers will be saved the expense of dredging canals or making the sea entrance safe as this has been taken care of and is maintained by Portnet RB.

"Developers will have more than seven kilometres of water frontage to choose from with a wide diversity of sites. One of the biggest drawbacks for Richards Bay is its proximity to the Mozambique canal and Indian Ocean islands," Scheepers says.

The development should result in the area becoming a major tourist attraction and Portnet will set aside large tracts of land as nature conservation areas.
SUN International has awarded Bophuthatswana company a R189-m deal - southern Africa's largest current single building contract - for the construction of the 350 bedroom, ultra-luxury, Palace Hotel at Sun City.

The deal with Stocks Pty Ltd, is a component of a massive four-phase development at Sun City with a total construction value of around R300-m.

"Certainly this is the most exciting project ever tackled by one group," said Mr. Bart Dorrenstein, group managing director of Stocks.

**Jobs**

The first phase will employ 2,500 people who between them will use 10 million bricks, 35,000 cubic metres of concrete and 240,000 square metres of plaster.

All four phases of the development have to be finished by December 1, 1992 when the first guests are scheduled to check into the Palace Hotel.

"The project comes a time when the economy is in a downward phase and unemployment is rife. This development will create employment for a number of contractors and sub-contractors who ordinarily would be exposed to the downturn in our industry," said Dene Murphy, Sun International's director of development.
Urban crime ‘threatens SA tourism’

By Shehnaaz Bulbulia

While township violence had taken its toll on the South African tourism industry, urban crime could pose a greater threat to the industry, executive director of the South African Tourism Board Spencer Thomas said yesterday.

Mr Thomas was reported to have said that attacks on foreign tourists in urban areas were causing the tourist industry serious harm.

He told The Star yesterday that township violence in the past months had led to a drop in foreign tourists visiting the country compared to figures for January to May this year.

The tourist industry, while it had a growth of 5 to 7 percent for this year, still showed a downward trend compared to last year’s figures of 13 percent growth over the previous year.

However, Mr Thomas said that muggings in Johannesburg had reached “intolerable proportions” and this might affect the city’s tourist industry.

“The township situation is definitely not good news, but crime in the city could also affect tourists’ perceptions. Tour operators have told us they were placing Pretoria above Johannesburg as the destination of travel,” he said.

Township violence was the main deterrent to the South African tourist industry, said Johannesburg Publicity Association executive director David Appelton.

Foreigners’ perception of South Africa was influenced by media coverage of the violence in the township. Crime in the streets did not make international news, he said.

The safety of tourists was undoubtedly of paramount importance, Mr Appelton said, and together with the police, his organisation was taking steps to ensure this.

He said the association had submitted cards to all major city hotels warning tourists of pickpockets.
Natal’s unrest scares off Transvaal black tourists

BY MEGAN POWER

DURBAN hotels patronised mainly by blacks are facing a bleak Christmas with some hoteliers reporting only a handful of seasonal bookings.

Fear of the on-going violence in the strife-torn province appears to be the main cause of the sharp decline in bookings.

Said Sanjith Dukhi, a director of Hotel Asoka in Durban’s Reservoir Hills: “Business is bad. I have about five confirmed bookings this Christmas. Last year at this time the hotel was fully booked. ‘We normally get a lot of black visitors from the Transvaal, but the unrest in Natal is frightening them off. The beachfront hotels claim to be down by 15 to 20 percent, but we’re down much more. ‘We’re losing an enormous amount of money. This is going to be a bleak Christmas for hoteliers.”

Tholosee Naidu, manager of the Himalaya hotel in Durban, claimed to be about 60 percent full, but admitted that occupancy was down from last year. “We’re getting fewer black visitors from the Transvaal. Last year we were almost full,” he said. “The unrest here is causing fear among the tourists.”

Logie Naidoo, of La Mercy Beach hotel, said he had noticed a drop in Transvaal visitors: “People feel it’s unsafe to come to Natal.”

But hotels that attract locals instead of up-country tourists have not been affected.

A spokesman for the Railway Hotel in Isipingo said: “We’re generally full. We don’t rely on tourists — if we did, we’d be dead by now.”
R1bn locked up in SA timeshare

By DIRK TIEMANN

SOUTH AFRICANS own a total of R1-billion in timeshare units, but market growth is limited by an oversupply and low resale values.

Research by Resorts Condominium International shows a supply of 200,000 timeshare weeks, but demand for only 178,640. These figures are only for primary sales from developers.

RCI chairman Bruce Ravenhill does not believe supply is excessive, because an average 30,000 weeks are sold a year.

"Our research shows that about 110,000 families are in timeshare and the potential market is much bigger. The average price of timeshare has risen by 25% to R10,500 a week over last year."

Enrolment at RCI’s inland resorts increased by 6%, in the Cape by 16% and on the Natal North Coast by 17.5%.

Property economist Neville Berkowitz says the oversupply will remain because schemes are continually coming on the market.

Timeshare is not an investment: it is a way of containing holiday costs. Prices will not rise much because of the excess supply and lower resale value. Marketing costs of up to 40% are subtracted from the selling price. Most people try to sell privately.

Mr. Berkowitz says profit margins in any property development are at most 20% and 50% of the scheme must be sold before it becomes profitable. Developers are suffering because levies on unsold units are eating into profits.

Developers structure their projects on how many weeks they expect to sell. If they do this incorrectly, they will be saddled with average levy costs of R200. If the levy is payable on all 34,000 unsold weeks, the industry will pay R7-million a year.

Mr. Ravenhill thinks this unlikely, but his report advised developers to "structure projects" with 15% of unsold weeks and not to incur the cost of servicing the levy for the balance.

Prudent

"It may be economically prudent to block off the low demand time and close the resorts for 10 weeks."

Mr. Ravenhill says there are 140 timeshare schemes in SA.

The report says there are 40 off-season weeks. Demand for the in-season weeks exceeds supply. Buyers are prepared to pay a premium for such time and "there are indications that such weeks are underpriced."

Potential buyers should note that the SA Property Owners Association’s timeshare division has "broken away" to form the Timeshare Institute of SA (Tisa).
Tourism heads for record year

This year is expected to be a record one for the tourism industry, with almost one million visitors, says the South African Tourism Board.

It said in a statement that tourist arrivals were higher than ever before.

"January to September figures for this year already show an increase of 13.1 percent over 1989," the statement said.

The board said that its Tell-A-Friend campaign, which was launched six months ago in conjunction with South African Airways, had drawn a vibrant response from outbound tourists.

"Through postcards posted by outgoing tourists to SAA's various overseas cities since the start of the campaign, more than 11,000 names of friends or relatives have been added to the marketing address list," the board said.

"From these postcards, a winner is nominated every three months, the prize being SAA flight tickets for two to South Africa, in the case of an overseas resident, or to any SAA destination in the case of a South African resident."

Christine Hackel of Vienna, who visited South Africa earlier this year, is the winner for the second quarter of the Tell-A-Friend campaign, and wins two return SAA tickets to South Africa.
Karos earnings take big knock

REFURBISHMENT costs, a high interest bill and preference dividend payouts caused Karos Hotels to report a 33% decrease in earnings to R3,6m (R5,5m) from the six months to end-September.

Although several of its hotels were closed or partially closed for refurbishment, turnover increased by 21.6% to R35,09m (R29,4m) and operating profit was up by 28% to R8,17m (R6,38m). Karos chairman and joint managing director Selwin Hurwitz said yesterday that the group had had to bear R77m in capex for refurbishment since July 1989 without the benefit of full operations.

This resulted in a fivefold hike in the interest bill to R3,20m, which brought pre-tax profits down by 27% to R3,26m (R4,6m).

A R777,000 attributable profit from an associated company derived from the Polana Hotel in Maputo, which was doing well with “a lot of business activity” despite little tourism.

A R1,26m preference dividend payment in a subsidiary, reflecting the R26m acquisition of the Indaba hotel in January, further reduced earnings, and attributable profits were down by 35% to R2,76m (R4,3m).

Hurwitz said year-end results would reflect “a considerable improvement”.

Trading, traditionally, was better in the second half and all Karos hotels were fully operational by December 1, in time for the peak season.

In view of the unequal distribution of earnings over the financial year, an interim dividend of 3c (6c) was declared, proportionately lower than the expected full-year dividend...
Karos Hotels to set up property unit trust

CAPE TOWN — A property unit trust with investments in hotels is being planned by JSE-listed Karos Hotels.

This was disclosed yesterday by Karos chairman Selwin Hurwitz in the interim report for the half-year to September.

On September 30 the group sold five hotels to a trust with the intention of ultimately creating a property unit trust, he says.

Attractive long-term leases have been entered into and the inflow of funds from the sale enabled the group to reduce borrowings for capital expenditure already completed and to complete its extensive capex programme.

The group continued to own the land and buildings of six of its 12 hotels and was currently operating on a debt/equity ratio of 52 percent.

The group’s interest bill soared to R3.2 million from R870,000, which reduced earnings to R2.7 million from R4.5 million.

Turnover jumped by 26 percent to R23 million and operating profit surged by 38 percent to R8.1 million.

Several of the group’s hotels were either partly or fully closed for refurbishment in the half year.

The directors forecast considerable improvement in performance in the second half of the year.

The interim dividend has been halved to 3c from 6c — it was lowered to take into account the unequal earnings distribution of the hotel industry.
Ill-fated Drakensburg hotel put on the block

DURBAN — Southern Sun and Standard Bank are proposing to buy out the owners of the luxury Drakensburg Sun Hotel, which has faced a cash crunch since a fire devastated the inn only seven months after its opening in December 1997.

A scheme of arrangement — understood to be worth considerably more than R20 million — is to be put to concurrent creditors of the hotel for approval at a meeting on January 7.

Southern Sun Holdings executive director Peter Hearfield said he could not say what the scheme would cost his group.

Philip Vareco, a director of Vareco and the man who initiated and backed the plan to build a hotel on the site about 15 years ago, said considerable sums were owed to creditors as a result of development work; some of it as a result of the fire.

Asked if the deal would cost about R20 million, he said the figure was a "good starting point."
By DAVID CARTE

WORLD Leisure Holdings, Sol Kerzner’s international hotel and casino company, has launched a joint venture with Holiday Holdings of Randburg to promote tourism from SA to the Comoros and other Indian Ocean islands.

The new wholesale tour company, with exclusive rights to the Comoros will be called World Leisure Holidays.

Charter

It will be owned 51% by World Leisure and 49% by Holiday Holdings. The chairman will be long-time Kerzner right-hand man Peter Bacon.

The deputy chairman will be Gavin Simpson, the founder of Holiday Holdings. Bruce Hutchinson, of World Leisure, will be managing director. He is also a long-time Kerzner lieutenant.

WLM hopes to take 100 000 South Africans annually to Mauritius, Madagascar, the Seychelles, Reunion and the Comoros. It hopes that 10% will take in the Comoros. That alone would give World Leisure’s La Galawa hotel in the Comoros an occupancy of 50%.

On January 2, using Safair’s Skybird charter Boeing 707, World Leisure Holidays will start a fly-now-pay-later scheme, costing only R3 000 a person (R82 a month for 60 months) for a week in the Comoros.

The cost includes all water sports, breakfasts and dinners. Island Ventures of Margate, Natal, has laid on water-sport facilities costing R2.4-million, including two 35-foot catamarans and a 44-foot sailing yacht. The yacht will be used by Chris Bonnet’s Ocean Sailing Academy to train would-be sailors.

Diving lessons will be given by Buddy Lebanon. The only extra are lunches and liquor, whose price Mr Hutchinson guarantees, will be comparable with those in Cape Town. The general manager of the hotel, Marcello Giebi, was formerly head of the Touche Rock and Gaube hotels, Mauritius.

Biggest

Holiday Holdings has bought a cargo vessel to ship in supplies to the Comoros. The island-hopping ship will leave 64 berths for passengers.

World Leisure, started from scratch by Mr Kerzner only five years ago, is already something of an empire. It has management contracts for several large hotels and casinos all over the world. It also has the contract to build the R558-million extensions to Sun City and the R358-million Bahia Beach in Durban.

Holiday Holdings, founded by Mr Simpson, is the biggest leisure-based travel services group in SA.

It collected another R15-million in fares for other airlines.

It is also the agent for several foreign travel principals, including Top Deck Travel, the Venice Simpson Orient Express, the Mississippi Steamboat Company and UK Motorhomes.

Holiday Holdings is also one of the biggest inbound tourism companies in SA.
Nu-Metro buys Shareworld

By Jovial Rantao

He said Shareworld would be renamed "Nuworld" and the company would attempt to find operators for individual outlets. It is hoped that the cinemas would in turn receive a boost from the proximity of other amenities.

Shareworld, the insolvent multi-racial recreation complex south of Johannesburg, has been taken over by cinema giant Nu-Metro in partnership with the Standard Bank.

Since Shareworld went under Standard Bank and Nu-Metro have had a contingency plan to implement if the "worst came to the worst".

The Shareworld Educational and Entertainment Company was wound up in March this year, owing Standard Bank R63 million. Erect Africa, the company owning the development rights, was liquidated at the same time.

Announcing the new deal, Danny Lerner of Nu-Metro said his company decided to enter into a deal with the Standard Bank, because Nu-Metro had invested a lot in the eight cinemas at Shareworld and was opening soon afterwards.
Man shot

Waiting for

the big rush

Burleyby pic

Head in

Amer. Press
The sales expectations of the retail trade over this period have a significance beyond the business sector concerned. It gives analysts a further insight into the state of the economy by confirming or otherwise the effect of the current downturn on likely consumer spending,” the report said.

It showed optimism to the extent that some retailers expected sales to increase by 30 percent — and pessimism by others who expected sales to contract by 10 percent.

Mr Alan Snyman, operations director of Garlick’s, said business started picking up last Tuesday and since then, the store was generally busier.

“Our houseware, cosmetics and gift lines are doing well. The fashion lines are not doing as well as expected,” he said.

The jewellery trade also expected the usual last-minute rush. A major city jeweller reported that trading over the past five to 10 years was busiest a week before Christmas.

“Going nicely”

Mr Roger Trigg, director of Trigg Jewellers, said: “Trade is going nicely, especially with the opening of Sundays. People are spending between R2 000 and R4 000.”

He added that many well-known brands of watches and bigger pieces of jewellery were sold out, with some, particularly those with high prices and the sagging economy.

Mr James Viviers, Fedhassa regional director of the Western Cape, said hotels were showing “fair” bookings.

“Some are not as full as expected and reports that Cape Town hotels were fully booked were untrue,” he said.

“Certain hotels still offered a discount rate up to December 20. This would not have been the case had business been excellent.”

The busiest time for Cape hotels was between December 23 and January 3, Mr Viviers said.

Hire-purchase

- Business Editor Tom Hood reports that according to a bank report hire-purchase spending is sweeping the country.

Hire-purchase and rentals accounted for R1 164 million in cars, furniture and other goods in the September-quarter, a report by Nedfin said.

And R27 060 million was owing to banks from HP on September 30, up from R23 596.6 million by July 31, in spite of Reserve Bank restrictions to stop banking institutions extending their lending.

Banks “appear to have increased” lending for motor vehicles and buildings societies into instalment credit had made inroads into this market — mainly by reducing interest rates, the report said.

Latest industry figures indicate that the furniture industry is enjoying an upswing in sales.
SunBop shares add on 42.8% after April's low

AN INVESTMENT in Sun International (Bophuthatswana) when the shares were at their year's lowest would have been no gamble — SunBop shares have risen by 42.8% since their April low.

Between February and April the share price halved from R23 to R14, when investors turned twitchy about unrest. Investors apparently forgot that SunBop's average annual compound growth rate had been 32% over the past 10 years.

The release of better than expected June year-end results in August restored the lustre of the casino-tourist group — attributable earnings were up by 38% to R157m and the group reported an occupancy rate of 80%, well above the hotel industry's level.

Analysts reported favourably on the group's prospects and advised investors to buy the then cheap shares. The result has been the recovery in the price to R20.

Over the past five years SunBop's earnings have risen from R1.1c a share to 149c, and dividends from 27c to 108c. This is an enviable growth record.

Perhaps a fact to be borne in mind is that gambling is a distraction in difficult times and that SunBop, through the fertile brain and energy of chairman Sol Kerzner, has kept coming up with new glamorous packages to attract gamblers and tourists.

SunBop emerged with cash resources of R223m at the end of June 1990 and borrowings of only R58m and promptly launched into new ventures totalling R7bn, in the belief that to be bold is to be successful.

The R650m Lost City at Sun City will open in the 1993 financial year. This ambitious project should provide the necessary impetus for continued growth through the '90s, according to Kerzner.

The R350m Bulelani Carousel Entertainment Complex will open in the 1992 financial year. It was expected to contribute markedly to group revenues and earnings, said Kerzner.

Significantly, the projects will open towards the end of the recessionary period.
Tourism could generate R10bn

FOREIGN tourism would boost the economy by R10bn next year, Fedhasa, executive director Fred Thermann said yesterday.

"The right political environment could double to R20bn in five years," he added.

The industry expected about 1.1-million visitors who would generate R2.5bn and through the multiplier effect in other economic areas, this figure would rise to about R10bn.

"Looking ahead at a SA with stability through the right political environment, the figure could double to R20bn in the next five years."

Figures released by Satour early this year showed 933,933 visitors arrived from foreign countries in 1999.

Apart from using hotels, taxis and other transport and buying souvenirs, overseas tourists bought many appliances which were cheaper in SA, he said. "Every facet of the SA economy from vendors to retailers - profits from tourism," he added.

Thermann said tourism was also the most powerful job creator in SA.

"It creates new job opportunities even for the least educated, and gives them a chance to advance and become professionals."

Thermann said Fedhasa was the major player in the Tourism Liaison Council (TLC), on which all tourism actors - from the aircraft industry, tour operators, car hire companies to publicity associations - were represented.

"The TLC meets regularly and gives a united view in the members' recommendations to Satour and the Tourism Minister," Thermann said.

The industry stood to gain if the National Parks Board privatised services and concentrated its own operations on the ecology, flora and fauna, Thermann said. "Our view is that operations should be available on tender to private operators."

Hoteliers and other industry players could provide everything needed in these parks.

Commenting on reports that liquor retailers were drifting away from Fedhasa, he said the idea was hatched and was born of changes that came when groups sold their stores; there would be recruitment with the new order.

"Talks concerning the affiliation of black liquor association Ukhamba to Fedhasa were continuing," he said.

"Ukhamba is a fairly small association and it is desirable that we work together for greater membership and greater strength in tackling such issues as new legislation and social responsibility campaigns."

Thermann said an environment of stability and law and order had to be created in SA to ensure overseas tourists continued to visit.
Sun-Ciskei plans listing in '91

SUN International would proceed with its attempts to list Sun-Ciskei (SIC) early in 1991, Sun International financial director John Allison said yesterday.

When the firm's directors returned in January, they would reassess the situation and call a meeting of shareholders, he said, adding listing had been contemplated by the company's directors for some time.

**Compel**

He was commenting on a judgment handed down in the Bishop Supreme Court by Mr Justice W Heath on Tuesday prohibiting Sun International from holding an extraordinary shareholders' meeting on Saturday to adopt the resolutions needed to procure a listing.

Minority shareholders contended that Sun International had convened the meeting urgently and in bad faith to frustrate their rights concerning the purchase of their shares.

In terms of a 1987 agreement, minority shareholders have the right to compel Sun International to purchase their shares unless SIC is listed before June next year.

Allison said the court order had merely postponed the attempt to obtain a resolution to list the company on the JSE.

But analysts said there were a number of reasons why minorities might opt for receiving a payout rather than accept a listing. There were doubts about whether the value of a listed SIC share would exceed the amount they would receive.

Sun International MD Ken Rosewar said last night that minorities, which held one-third of SIC's shares, would receive a multiple of seven times this year's earnings if the company was not listed.

Their shares would be taken up jointly by Sun International and Ciskei People's Bank, which jointly hold two-thirds of the shares.

Analysts said political violence in the Ciskei — which resulted in the Mdantsane Hotel being destroyed by fire earlier in the year — had intensified speculation as to the viability of investment in the area.

Attempts to list SIC earlier in the year were postponed because of unsettled trading conditions caused by political unrest.

**Approve**

Analysts said with Sun International planning major developments in early 1991 — a R380m complex at Babelegi and extensions to Sun City totalling R650m — the group could be trying to raise additional capital, and the public listing of the Ciskeian operation might be a way to do so.

Allison said existing shareholders would have to approve a listing at a general meeting.

Only when the necessary Companies Act requirements had been met would the Ciskeian operation be listed on the JSE.
TOURISM 21/12/90

LINKING UP

Several attempts have been made at establishing a central, computerised travel reservation system linking all the accommodation available in SA. Each time the system failed to get off the ground. Now First Reservations, a subsidiary of Travel Communication Systems, has succeeded in launching one.

A Unisys mainframe computer in Johannesburg will list thousands of beds available at caravan camps, municipal parks, game lodges and hotels. Travellers can get information on accommodation by calling a toll-free number or a regional office. Computerised Lodging Services, a Price Waterhouse subsidiary, wrote the software. The system began operating in October.

There is no charge for using it but travelers will have to pay a deposit on the beds. “That’s not necessary with corporates,” says Kobus Botha, project director, “but hotels are going to be wary of accepting a booking from Joe Public without a deposit, and Joe Public will be wary of giving it.”

The project has taken five years and about R2,5m to develop. Russel Wolpe, of the parent company, expects First Reservations to achieve a positive cash flow by April and to break even in three years.

“We conducted a survey that showed the tourism industry is losing out on R4bn a year, much of it because travellers lack information,” Botha says. “We’ve budgeted for recovering about 15% of that — about R600m, most of which will accrue to the hotel industry.” First Reservations expects to make about 15% of that — R90m a year.

“This is the closest anyone has got to a central reservation system for the entire accommodation industry,” says Federated Hotel, Liquor & Catering Association of SA executive director Fred Thurmann. “It holds great potential for the hotel trade.” Previous attempts failed because of a lack of cash and inadequate technology.

About 200 organisations in the Transvaal and Natal have signed on and a push into the western Cape will be made next. Botha says several franchise-holders in the Protea Group have signed on and negotiations are under way with other hotel groups for the company to take over their entire reservations system.
Within three to four years, Karos Hotels expects to float a property unit trust on the JSE. Ultimately, the hotel group will sell all 12 of its properties to this company, with the purpose of injecting cash into Karos Hotels and reducing its debt/equity ratio, which has soared after heavy capital spending on refurbishment of existing hotels.

On September 30, the group disposed of five of its properties to a consortium consisting of Karos and two unnamed institutions. Karos Hotels owns the operating leases, while Karos and the two financial institutions control the property trust. Not all properties were sold to the consortium, as Karos still receives tax allowances exceeding R30m from the remaining seven properties. "As these allowances fall away, so we will dispose of the remaining properties to the trust," says chairman and joint MD Selwin Hurwitz.

Sale of the five properties injected about R42m into the hotel group, reducing interest-bearing debt to R29m from R42,3m at end-March and the debt/equity ratio to 52% from 64%. Hurwitz expects debt/equity to rise again to around 60%, as about R5m is to be spent on further refurbishments. "Next year we expect debt/equity to start falling consistently," he says.

The group will have spent close to R80m on upgrading its 12 SA hotels and the Polana Hotel in Mozambique since its reverse listing into the New Bernica cash shell in March 1989. Five hotels have been partly closed, while Cape Town's Arthur's Seat has been completely closed.

Given that, the group did well to lift interim turnover by 21,7% to R32m and operating profit by 28,1% to R8,2m. Even so, high interest-bearing debt took its toll on the bottom line, as interest payments nearly quadrupled to R3,3m, depressing attributable profit by 38%, to R2,8m.

Karos now has 2,000 rooms, which Hurwitz estimates would cost R250,000 to R350,000 each to replace. All operations will be trading from this month and Hurwitz expects "considerable improvement" for the rest of the financial year.

The group has focused on the conference market and believes more companies are seeing the value of holding conferences outside their boardrooms.

The board has reviewed the dividend policy, to declare an interim dividend of 3c (6c) a share, proportionately lower than the year's total, in line with the historical better performance in the second half. Hurwitz hopes the first-half dividend will constitute 25%-30% of the total. Shareholders can, therefore, expect a final dividend of about 9c.

The price has hardly reacted to news of the sale of properties to the consortium. It trades around 180c, up from earlier lows around 150c. Karos stands on a P/E of 5,9 and dividend yield of 6,7% and there is a discount of 45% to the 327c net worth.

The share offers value, but investors may remain cautious until gearing is considerably lower.
Liquor sales not a case of small beer

GARETH SELI

GROWTH in liquor sales for the 1990 festive season could outstrip the 9% real increase of the previous season but retailers reported a "buying-down."

Beer sales have remained resilient in the face of lower disposable incomes, helping to boost overall liquor sales. Retailers reported a "buying-down" on corporate and personal levels.

Consumers appeared to be seeking value for money quality products. However, top of the range whiskys continued to feature and have almost reached "inflation hedge" status. Demand for wine remained flat.

Dealers, including Rebel-end Aroma, estimate growth at about 20% before adjustment for inflation for the festive season. Aroma MD Mike Kovesky says the gift market had become more focused with quality products, like whisky, maintaining their value in an inflationary environment.

Dealers also said it was an advantage that the days before Christmas and New Year fell on normal trading days.

Stockbroker Sid Vlamello said beer was the only recession-proof beverage. He expected a real increase in beer sales of between 7% and 8.5%.

Only 20% of beer sales were to white customers — which helped explain why beer sales lent stability to the industry during recessions.

SAB had a good year with no production losses, SAB spokesman Adrian Botha said.
Turnover for timeshare resorts have reached a record R210 million this year, an increase of 22 percent over the 1989 figure of R112 billion.

Providing insight on the present economic climate, and predictions for the future, Mr. Bruce Ravenhill, managing director of the Odyssey Group, and chairman of Resort Condominiums International, said total investment in the Natal South Coast rose 45 percent.

"From January to October, inland resorts have exceeded R1 billion," said Ravenhill. "Total sales of timeshare resorts in Durban have also shown a significant growth of 15.7 percent, compared with the same period last year," he said.

The Government has now recognized the role that tourism can play in the economic and social development of the country."
Time-share sales are humming at above 60 percent of available stock.

By Frank J. Doremus

BUSINESS

Sixth Ave. Exponent
long and arduous prisons terms for opposing what they believed was unjust.

Both tourism and a monument could be accommodated in a national park — which is in line with Malherbe's thinking. There's no denying that the 500 ha island 8 km off Cape Town lends itself to managed conservation. It's been under the control of the SA Prisons service for 25 years, during which time considerable conservation work has been done, including the re-introduction of a penguin colony and the ongoing eradication of alien vegetation.

The prison buildings themselves occupy only a small area on the north-east of the island. There is also a village for warders and their families which includes a number of historic buildings, a legacy of more than 300 years of permanent habitation.

During World War 2, an airfield and a harbour were built and massive guns — whose rusty hulks are still in place — were taken to the island to protect Cape Town from enemy attack. They were never fired in anger. The prison buildings are now regarded as antiquated, but the cost of replacing them on the mainland — estimated by Justice Minister Kobie Coetsee at R65m — means they will remain in use for the time being.

The best that potential redevelopers can hope for in the foreseeable future is a further easing of access to the island. In recent years, the Prisons Service has allowed interest groups to visit Robben Island but not the prison. According to Coetsee 33,661 people visited it last year (including people visiting prisoners).

The Royal Cape Yacht Club was given permission some time ago to build an ablution block and a braai area on the shores of Murray's Bay (the harbour) for use by members who regularly sail over at weekends. Access is either by private boat (with prior permission) or aboard one of the Prisons Service's high speed ferries.